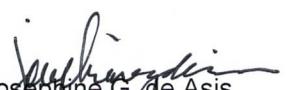


Certification

I, Josephine G. de Asis, Comptroller, a duly authorized representative of Ayala Corporation (Company) with SEC registration number 34218 with principal office at 37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, do hereby certify and state that:

- 1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 9, series of 2022, the Company is timely filing its December 2024 SEC Form 17-A by sending the same (in portable document format) through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.
- 2) The information contained in the December 2024 SEC Form 17-A dated April 4, 2025 is true and correct to the best of my knowledge.
- 3) I am executing this certification this April 4, 2025 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



Josephine G. de Asis
Comptroller
Passport No. P0174919B

SEC No. 34218
File No. _____

AYALA CORPORATION

(Company's Full Name)

**37F to 39F, Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City**

(Company's Address)

(632) 7908-3000

(Telephone Number)

December 31, 2024

(Fiscal Year Ending)
(Month & Day)

SEC Form 17-A

(Form Type)

SECURITIES AND EXCHANGE COMMISSION (SEC)

SEC FORM 17-A

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

1. For the fiscal year ended: **December 31, 2024**
2. SEC Identification No.: **34218**
3. BIR Tax Identification No. **000-153-610-000**
4. Exact name of the registrant as specified in its charter: **AYALA CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: **37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City** Postal Code: **1226**
8. Registrant's telephone number: **(632) 7908-3000**
9. Former name, former address, former fiscal year: **Not applicable**
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 issued and outstanding As of December 31, 2024
Preferred A	0*
Preferred A (reissued) (ACPAR)	5,244,515
Preferred B	0**
Preferred B Series 3 (ACPB3)	7,500,000
Voting Preferred	200,000,000
Common	623,596,775***

* net of 6,755,485 treasury shares

** net of 50,500,000 treasury shares

*** net of 12,174,702 treasury shares

Amount of debt outstanding as of December 31, 2024: **P31.0 billion in bonds******

**** amount represents only debt of Ayala Corporation registered with Philippine SEC. The debt of subsidiaries registered with SEC are reported in their respective SEC 17-A reports.

11. Are any or all of these securities listed in the Philippine Stock Exchange? Yes [x] No []

As of December 31, 2024, a total of 628,905,481 common shares, 12,000,000 preferred A (Preferred A and "ACPAR") shares, 50,500,000 preferred B shares, and 7,500,000 preferred B series 3 ("ACPB3") shares are listed in the Philippine Stock Exchange ("PSE"). A total of 12,174,702 common shares, 6,755,485 Preferred A shares, and 50,500,000 Preferred B shares are held in Treasury by the Company.

12. Check whether the registrant:

- a. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports): Yes [x] No []

- b. has been subject to such filing requirements for the past 90 days: Yes [x] No []
13. Aggregate market value of the voting stock held by non-affiliates: About ₱189.5 billion (based on closing price of Ayala Corporation's common shares as of March 31, 2025 and outstanding shares owned by the public as of December 31, 2024).

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.
Not applicable

Yes [] No []

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2024 Opinion on and Individual Supplementary Schedules
2024 Consolidated Financial Statements of Ayala Corporation and Subsidiaries
2024 Consolidated SFFS of Ayala Corporation and Subsidiaries
2024 Ayala Corporation's Financial Statements (with BIR ITR Filing Reference) and SFFS

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The SEC 17-A Report (Report) of Ayala Corporation and Subsidiaries as of December 31, 2024 make reference to certain financial information and disclosures in the December 31, 2024 annual audited consolidated financial statements. This SEC 17-A Report should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2024*.

This SEC 17-A Report also includes financial and operating data with respect to Ayala's material subsidiaries [Ayala Land, Inc. (ALI), Integrated Micro-Electronics, Inc. (IMI), and AC Energy and Infrastructure Corporation (ACEIC or AC Energy) with key subsidiary ACEN Corporation (ACEN)], associates [Bank of the Philippine Islands (BPI) and joint venture [Globe Telecom, Inc. (Globe)]]. This SEC 17-A Report should be read in conjunction with the financial information and operating highlights of these investees as contained in their respective December 31, 2024 audited financial statements and SEC 17-A Reports, as applicable.**

* The audited consolidated financial reports and SEC 17-A Report of Ayala Corporation and Subsidiaries (the Group) as of December 31, 2024 are available at Ayala Corporation's (the Parent Company) website www.ayala.com.ph.

** The audited consolidated financial reports and SEC 17-A Reports as of December 31, 2024 of the following companies under the Group are available in the following websites: ALI www.ayalaland.com.ph, IMI www.global-im.com, ACEIC www.acenrenewables.com, BPI www.bpi.com.ph, and Globe www.globe.com.ph.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Ayala Corporation (the Parent Company, the Company, Ayala, or AC) is the holding company of one of the oldest and largest business groups in the Philippines that traces its history back to the establishment of the Casa Roxas business house in 1834. The Parent Company was incorporated on January 23, 1968, and its Class A Shares and Class B Shares were first listed on the Manila and Makati Stock Exchanges (the predecessors of the PSE) in 1976. In 1997, the Parent Company's Class A and Class B Shares were declassified and unified as Common Shares.

The Parent Company is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines. As of December 31, 2024, the Parent Company is 47.57% owned by Mermac, Inc. and the rest by the public. Mermac, Inc., a private holding company incorporated in the Philippines is the dominant shareholder of Ayala. The Parent Company's registered office address and principal place of business is at the 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City.

The Parent Company is organized as a holding company holding equity interests in the Ayala Group (the Group), one of the largest and most diversified groups in the Philippines. Ayala's business activities are divided into real estate and hotels, financial services, telecommunications, power, healthcare, logistics, industrial technologies and automotives, infrastructure, education, technology services, business process outsourcing, air charter, consulting services, and investment holdings.

Ayala's real estate business is primarily conducted through its subsidiary, Ayala Land, Inc. (Ayala Land or ALI), a diversified real estate company in the Philippines. Its involvement in financial services is through an affiliate, the Bank of the Philippine Islands (BPI), which, together with its subsidiaries (collectively, the BPI Group), form a universal banking group in the Philippines. Ayala's telecommunications business is carried out through an affiliate, Globe Telecom, Inc. (Globe), a leading telecommunications company in the Philippines. Ayala's investments in the power sector are held under AC Energy and Infrastructure Corporation (ACEIC or AC Energy), which owns 58.23% of ACEN Corporation (ACEN), one of the fastest growing energy companies in the region and Ayala's main platform for its energy investments.

Ayala's emerging business in healthcare is conducted through Ayala Healthcare Holdings, Inc. (AC Health), and in logistics operations is housed under AC Logistics Holdings Corporation (AC Logistics).

In portfolio investments, Ayala's international business in electronics manufacturing services and vehicle distribution and retail are under AC Industrial Technology Holdings, Inc. (AC Industrials or ACI). Its investments in infrastructure are housed under AC Infrastructure Holdings Corporation (AC Infra). Ayala's interest in education is conducted through iPeople, Inc. (iPeople), where it owns a 33.5% stake while its investments in technology ventures are in AC Ventures Holding Corporation (AC Ventures).

As of December 31, 2024, Ayala had a market capitalization of ₱373.5 billion based on its closing price of ₱599.00 per share. In addition, certain members of the Ayala Group, namely ALI, BPI, Globe, ACEN, iPeople, Integrated Micro-Electronics, Inc. (IMI), AREIT, Inc. (AREIT), AyalaLand Logistics Holdings Corp. (ALLHC or formerly known as Prime Orion Philippines, Inc. (POPI)) and ENEX Energy Corp. (ENEX or formerly known as ACE Enexor, Inc. (ACEX)) are likewise publicly listed corporations. Some of Ayala's subsidiaries, associates and joint ventures have holdings in the equity of other subsidiaries, associates and joint ventures.

The lists of subsidiaries, associates and joint ventures are contained in the attached Ayala's Audited Consolidated Financial Statements as of December 31, 2024.

Refer to Schedule I - Map of Relationships of the Companies within the Group of the Supplementary Schedules attached as Index to this Report.

For management purposes, the Group is organized into the following business units:

- Parent Company – represents the operations of the Parent Company including its financing entities such as ACIFL, AYCFL, PFIL, and MHI.
- Real estate and hotels – planning and development of large-scale fully integrated mixed-used communities that become thriving economic centers in their respective regions. These include development and sale of residential, leisure and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential condominiums and office buildings; development of industrial and business parks; development and sale of high-end, upper middle-income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management.
- Financial services and insurance – commercial banking operations with expanded banking license. These include diverse services such as deposit taking and cash management (savings and time deposits in local and foreign currencies, payment services, card products, fund transfers, international trade settlement, and remittances from overseas workers); lending (corporate, consumer, mortgage, leasing, and agri-business loans); asset management (portfolio management, unit funds, trust administration, and estate planning); securities brokerage (on-line stock trading); foreign exchange and capital markets investments (securities dealing); corporate services (corporate finance, consulting services); investment banking (trust and investment services); a fully integrated bancassurance operations (life, non-life, pre-need, and reinsurance services); and other services (internet banking, foreign exchange, and safety deposit facilities).
- Telecommunications (Telecoms) – provider of digital wireless communications services using a fully digital network; domestic and international long distance communication services or carrier services; broadband internet and wireline voice and data communication services; also licensed to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services. In recent years, operations include developing, designing, administering, managing, and operating software applications and systems, including systems designed for the operations of bill payment and money remittance, payment facilities through various telecommunications systems operated by telecommunications carriers in the Philippines and throughout the world and to supply software and hardware facilities for such purposes.
- Industrial technologies – global provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services with manufacturing facilities in Asia, Europe, and North America. It serves diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-development to manufacturing and order fulfillment, the IMI's comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs.
- Power – unit that will build a portfolio of power generation assets using renewable and conventional technologies which in turn will operate business of generating, transmission of electricity, distribution of electricity and supply of electricity, including the provision of related services.
- Automotive and Others – includes operations of the following:
 - Automotive/ Motors – business of manufacturing, distribution, and sale plus providing repairs and services for passenger cars, commercial vehicles, motorcycles. Initiatives include industrial manufacturing activity for long-term synergy and integration with automotive business.
 - Healthcare – catering to accessible, affordable, and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care.
 - Infrastructure – development arm for various types of infrastructure
 - Logistics – business unit provides end-to-end logistics solutions to cater to all customers across the value chain.

- Education – delivering accessible, quality education that enables significantly improved employability for our high school and college graduates; with mission to transform lives and society by innovating Philippine education and research.
- Venture capital – platform for peeking into new technologies and business models that are relevant to the group; aims to be an enabler by investing in adjacent businesses that are complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses.
- International unit – strategic investments in overseas property companies and projects.
- Others – includes outsourcing services unit (onshore and offshore outsourcing services in the research, analytics, legal, electronic discovery, document management, finance and accounting); aviation (air-chartered services); consultancy, and other operating companies.

Please refer to Note 29 of Ayala's Audited Consolidated Financial Statements attached as Index to this Report regarding operating segments which presents assets and liabilities as of December 31, 2024 and 2023 and revenue and profit information for the years ended December 31, 2024, 2023 and 2022.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended December 31, 2024, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenues from external customers.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results include transfers between operating segments. Those transfers are eliminated during consolidation.

The various business segments in the Group is not affected by seasonality in operations.

Ayala has a value creation framework which is anchored on its purpose of "building businesses that enable people to thrive." The Group's strategic priority revolves around its three-point agenda on (1) focused execution, (2) brand and transformation, and (3) leadership in sustainability. A critical component of this framework is value realization and portfolio sharpening which aims to achieve US\$1.0 billion valuation within 10 years.

For the full year 2024, Ayala achieved multiple milestones towards the fulfillment of its three-point strategy pillars:

1. Focused execution
 - a. Financial resilience and growth – ₱45 billion core net income and ₱42 billion reported net income, both 10% higher year-on-year;
 - b. Expansion of core business units – ₱59.8 billion core equity earnings from Ayala Land, BPI, Globe, and ACEN, up 15% year-on-year;
 - c. Scale-up of emerging businesses – Mynt, the parent company of GCash, became the first and only \$5 billion unicorn in the Philippines, more than doubling its valuation in 2024, ACMobility achieved 4.9% consolidated industry market share and 82% market share in the new energy vehicle (NEV) segment, AC Health continued to expand its portfolio, and AC Logistics recalibrated its focus areas into four growth pillars: Contract Logistics & National Distribution, Crossborder Logistics, Cold Chain Logistics, and Project Logistics;
 - d. Portfolio rationalization – from the divestment of Manila Water, total value realization proceeds reached ₱51.5 billion which is over Ayala's ₱50 billion target, AC Logistics phased out its CEP business operations, and the Group completed the equity fund raising round for Merlin Solar;

- e. Balance sheet management – Ayala optimizes its cost of capital through capital markets issuances, hedged foreign currency loans, and sustainable finance to fund green and emerging portfolios resulting in 0.81x consolidated net debt-to-equity ratio and 13.9% loan-to-value ratio;
 - f. Partnerships – Ayala and Mitsubishi Corporation celebrated their 50-year partnership in 2024; and
 - g. CAPEX rollout – ₱224 billion Group CAPEX which included ₱32.5 billion Parent Company CAPEX, ₱50.4 billion ACEN and ACMobility CAPEX; and
2. Brand and transformation
- a. Transformation – AC Analytics is helping the Ayala Group become a data and AI-driven conglomerate; Ayala Land's redevelopment of its flagship malls, ACMobility's close collaboration with Ayala Land, BPI, Globe, and ACEN to advance the EV ecosystem in the Philippines, Ayala's partnership with Anko to drive group-wide synergy in a consumer-driven economy, among various Group initiatives; and
 - b. Customer centricity – ACEN's Philippine retail electricity supply unit, ACENRES, continued its strong growth trajectory in 2024, expanding 36% to 374 MW, reflecting the increasing demand for renewable energy among commercial and industrial customers in the country.
3. Leadership in sustainability
- a. Net-Zero commitment – As of 2024, Ayala sourced 56% of its electricity needs from renewables, up from 35% in 2021;
 - b. Ayala Sustainability Blueprint – The Group has continued to make progress on its contributions to the SDGs as illustrated in the Ayala Sustainability Blueprint;
 - c. Diversity, equity, and inclusion – Ayala reaffirmed its pledge to foster an inclusive workplace, building upon last year's Group-wide Leadership Commitment to DEI and the subsequent expansion of non-pay benefit packages;
 - d. Sustainable finance – Ayala taps both banks and multilateral organizations for its sustainable finance credit facilities and obtains Second Party Opinion (SPO), which certifies alignment of its sustainable finance availments with the Sustainability-Linked Loans and Bonds Principles; and
 - e. Employee empowerment – Ayala consistently implemented initiatives for employee engagement and career support, approved a Human Rights Policy, aligned with domestic laws and international statutes, further enhanced its talent pipeline development efforts.

For the detailed discussion on the specific subsidiaries falling under each business unit as well as the major transactions of the Group, please refer to Note 2 of Ayala's Audited Consolidated Financial Statements as of December 31, 2024 which forms part of the Index of this Report. Other major transactions and developments were also disclosed in the Parent Company's previously filed SEC 17-Q and SEC 17-C reports, a listing of which also forms part of the Index of this Report.

The consolidated financial statements of the Group as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 was endorsed for approval by the Audit Committee and authorized for issue by the Board of Directors (BOD or "Board") on March 13, 2025.

Strategy

Ayala's unique portfolio of businesses provides various engines for growth and diversification. The positive domestic environment experienced over the past decade has served as a catalyst for Ayala to unlock opportunities and incubate new businesses. Ayala took advantage of this encouraging environment to

create a portfolio that creates certain hedges against specific macroeconomic and socio-political trends and balances its two major pillars: its core value drivers in real estate, banking, telecom, and power; and its emerging businesses in healthcare and logistics. It also has portfolio investments in industrial technologies, infrastructure, education, and technology ventures.

Ayala's value creation framework will leverage on its strong financial position, diversified business portfolio, and low cost and reliable access to capital; its rich corporate history, deep expertise of the Philippine economy, and corporate culture of innovation and lifelong learning; its best-in class talents and diversified multi-disciplinary workforce; lastly, its relationships with partners, investors, communities and other institutions combined with the strong, recognizable and trusted "Ayala" brand.

For 2024, coinciding with its 190th year, Ayala's business objectives remain straightforward: continue to double down on winning businesses, in terms of capital and other resources; carry on in reconfiguring the strategies of businesses that need adjustments and exit those that have limited competitive advantage and ability to scale; and recycle freed capital. These can be further achieved through key initiatives such as:

1. Focused execution
 - a. Financial resilience and growth – strong financial performance across Ayala's diverse portfolio of investments;
 - b. Expansion of core business units – driving market leadership and continued expansion of ACEIC, ALI, BPI, and Globe as core businesses;
 - c. Portfolio rationalization – increased focus on exiting underperforming businesses and capitalizing on value realization opportunities to fund future investments and strengthen the balance sheet;
 - d. Growth initiatives in emerging businesses – growing the emerging businesses of AC Health and AC Logistics;
 - e. CAPEX rollout – capital expenditure delivery to fuel growth ambitions and spur economic growth; and
 - f. Balance sheet management – active management of credit metrics, value realization initiatives and sustainable financing as an alternative funding source ensure Ayala's balance sheet remains strong to support and grow its businesses.
2. Brand and transformation
 - a. Transformation and customer centricity
 - i. Be at the leading edge of new developments and position to be a key player in shaping the customer experience amid a dynamically changing landscape, integrating new technologies and leveraging innovation across the Group.
 - ii. Aim to deliver best-in-class customer experience, with products and services that anticipate and adapt to evolving consumer preferences. Ayala prioritizes quality and differentiation, targeting to stand out in meeting the diverse needs of customers.
 - b. Pioneering new industries – Be at the forefront of embracing emerging technologies and leading the shift towards innovative models. Ayala's entry into the electric vehicle (EV) space demonstrates its commitment to innovation and sustainable progress.
3. Leadership in sustainability
 - a. Net Zero commitment – Develop a roadmap and appropriate metrics to achieve Net-Zero GHG by 2050.

- b. Ayala Sustainability Blueprint – Continue progress towards the 2030 Ayala Sustainability Blueprint, which is aligned with the UN SDGs.
- c. Employee empowerment – Solidify the Ayala brand as employer of choice in the Philippines and across the region by providing continued support and meaningful opportunities to employees, and developing a reputable and diverse bench of leaders within each business unit.
- d. DEI – Strive to champion DEI through leadership commitment, policies and practices and board composition.
- e. Public-private partnerships – Cultivate and strengthen partnerships with a myriad of institutions.
- f. Sustainable finance – Strengthen its commitment to sustainable financing through constant stakeholder engagement that keeps it abreast of latest regulatory developments and best practices. As Ayala broadens its alternative funding sources, it seeks to drive thought leadership across the group through the Ayala Group Treasury Council.

Based on SEC's Parameters, the Significant Subsidiaries of Ayala Corporation as of December 31, 2024 are Ayala Land, Inc. (ALI – organized in 1988), Integrated Micro-Electronics, Inc. (IMI – organized in 1980), and AC Energy and Infrastructure Corporation (ACEIC or AC Energy – established in 2005). Except as stated in the succeeding paragraphs and in the discussion for each of the Parent Company's significant subsidiaries, there has been no other business development such as bankruptcy, receivership or similar proceeding not in the ordinary course of business that affected the registrant for the past three years.

As to the Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets

For detailed discussions of material reclassification, merger, consolidation, and purchase transactions with subsidiaries and investees, please refer to Notes 2, 10, and 23 of Ayala's Audited Consolidated Financial Statements as of December 31, 2024 which forms part of the Index of this Report.

Distribution Methods of the Company's Products and Services

This is not applicable to the Parent Company being a holding company. The Parent Company's operating companies, however, have their respective distribution methods of products and services. Please refer to the Significant Subsidiaries, Associates and Joint Ventures portion of this Report for the discussion on distribution methods.

Competition

The Parent Company is subject to significant competition in each of the industry segments where its subsidiaries and investees operate. Please refer to the Significant Subsidiaries, Associates and Joint Ventures portion of this Report for the discussion on competition.

Transactions with Related Parties

Please refer to Item 12 on Certain Relationships and Related Transactions of this Report.

Developmental and Other Activities

Other than the trade name and mark "Ayala" and the brands used by its operating companies, being a holding company, the Parent Company has no material patent, trademark, or intellectual property right to a product or any of its direct services. The Parent Company's operating companies, however, may have these material intellectual property rights, but the dates and terms of their expiration or renewal are not perceived to have a material adverse effect on the Parent Company. The Parent Company complies with all existing government regulations and environmental laws, the costs of which are not material. As a holding company, it has no material development activities.

Employees

The Parent Company has a total workforce of 210 employees as of December 31, 2024, classified as follows:

Staff	82
Managers and executives	112
Consultants	16
Total	210

Ayala views its employees as essential partners in creating value and has shifted its strategy from traditional talent management centered on an employee life cycle to one that creates a workforce ecosystem allowing employees to pursue non-linear careers while keeping them agile, skilled, and engaged. Employees are offered a competitive renumeration package that reflects pay for performance, internal equity, and external competitiveness.

The Parent Company is committed to fostering a workplace that values diversity, equity, and inclusion, promotes overall health and safety, respects human and labor rights, and builds community engagement across the Ayala Group. These thrusts are at the core of the various Ayala employee programs and initiatives throughout the year.

Risks Factors

At Ayala Corporation, risk management is a strategic enabler that preserves value and enhances adaptability in an increasingly complex business landscape. The current risk environment, shaped by unpredictable and evolving externalities, demands a proactive and integrated approach that aligns risk oversight with corporate strategy.

Strong governance remains central to Ayala's approach, ensuring that risk oversight is seamlessly embedded into corporate decision-making. The Board of Directors and senior management actively champion risk-informed strategies, reinforcing transparency, accountability, and a culture of risk awareness across all levels of the organization.

As part of Ayala's enhanced risk assessment approach, the Enterprise Risk Management (ERM) Team introduced several improvements to its ERM process. These improvements were driven by lessons from previous years, the evolving business environment, and the need for a more comprehensive and forward-looking approach to risk management. This resulted in a refreshed risk universe, which provides a more comprehensive view of emerging threats and evolving business dynamics. With a clearer and more structured understanding of risks, Ayala strengthens its ability to anticipate disruptions, align business priorities with stakeholder expectations, and reinforce its resilience.

For 2024, the Parent Company assessed that key risk exposures include information and cyber security, regulatory and/or legislative changes, and macroeconomic developments. Meanwhile, the Group's biggest exposure comes from information and cyber security, macroeconomic developments and human capital management and development. The Parent Company and the Group have laid down the objectives to address these exposures.

Risk Policy

For the Parent Company

Risk Exposure	Risk Definition	Objective/ Strategy
Information and cyber security	Failure to safeguard confidentiality, integrity, and availability of critical data and sensitive information may significantly disrupt core operations and damage our brand..	To ensure that confidential business and personal information are secured, and that systems are available when needed.
Regulatory and/or legislative changes	Our ability to anticipate and influence changes in the regulatory landscape may affect our business model, process design, and profitability.	To uphold compliance to and minimize financial impact of changing laws and regulations

Risk Exposure	Risk Definition	Objective/ Strategy
Macroeconomic developments	Our ability to respond to macroeconomic developments may impact our financial viability, strategy execution and brand.	To enhance organizational resilience and continue to create long-term value for stakeholders amidst macroeconomic shocks

For the Group

Risk Exposure	Risk Definition	Objective/ Strategy
Information and cyber security	Failure to safeguard confidentiality, integrity, and availability of critical data and sensitive information may significantly disrupt core operations and damage our brand.	To establish a robust cyber risk management that will reduce the Group's vulnerability to cyber-related incidents.
Macroeconomic developments	Our ability to respond to macroeconomic developments may impact our financial viability, strategy execution and brand.	To ensure that the Group can withstand economic headwinds and continue to create long-term value to all its stakeholders
Human capital management and development	Our ability to attract talent, facilitate their professional growth, and manage their holistic well-being affect talent retention and succession planning, which may constrain the achievement of objectives and business expansion.	To develop a diverse and competent talent pool who are able to contribute to the achievement of business objectives

Please refer to the Significant Subsidiaries, Associates and Joint Ventures portion of this Report for the detailed discussion on Risk Management.

Financial Risks Management

For detailed discussion, please refer to Note 32 of Ayala's Audited Consolidated Financial Statements as of December 31, 2024 which form part of the Index of this Report.

Risks Associated with the Parent Company and the Group

The Group is active in many regulated sectors and failure to adequately anticipate and/or address regulatory changes may adversely impact the Group.

The Group, one of the largest conglomerates in the Philippines, engages in the following sectors: real estate, financial services, telecommunications, industrial technologies, power, infrastructure, healthcare, education, and others. Some of its business activities are in regulated industries that regularly undergo a significant amount of regulatory and/or political changes. These sectors are subject to the authority of various regulatory bodies, including the DHSUD, the BSP, the PSE, the SEC, the NPC, the BIR, the DICT, the BOI, PEZA, and the DOE. While Ayala and certain member companies of the Ayala Group have dedicated resources and personnel to monitor and study the potential impact of proposed policies in their respective industries in the Philippines, Ayala cannot fully ensure the accuracy of such studies or the effectiveness of such attempts in a constantly shifting environment. Any failure to accurately predict or address policy outcomes may have a material adverse effect on the Group's business, financial condition and results of operations.

Ayala is actively monitoring the regulatory landscape for current regulations and any changes that may have an impact on its existing and potential markets. Ayala's Policies and Regulations Management and the Group's Regulatory Council regularly identify, monitor, and evaluate new policy issues across sectors and industries. In collaboration with External Affairs and Relations, the unit is also in charge of maintaining and strengthening relationships with all levels of government by conducting policy dialogues and consultations among others.

Any restriction or prohibition on the Company's Subsidiaries', Associates' or Joint Ventures' ability to distribute dividends would have a negative effect on the Company's financial condition and results of operations.

The Company is a holding company that conducts its operations through its Subsidiaries, Associates and Joint Ventures. As a holding company, the Company's income is derived primarily from dividends received by the Company from its Subsidiaries, Associates and Joint Ventures. For the year ended December 31, 2022, 2023, and 2024, the Company recognized ₱26.3 billion, ₱19.2 billion, and ₱19.3 billion in dividends, respectively.

The Company is reliant on these sources of funds with respect to its obligations and in order to finance its Subsidiaries. The ability of the Company's direct and indirect Subsidiaries, Associates and Joint Ventures to pay dividends to the Company (and their shareholders in general) is subject to applicable law and may be subject to restrictions contained in loans and/or debt instruments of such Subsidiaries and may also be subject to the deduction of taxes. Currently, the payment of dividends by a Philippine corporation to another Philippine corporation is not subject to tax.

Any restriction or prohibition on the ability of some or all of the Company's Subsidiaries, Associates and/or Joint Ventures to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating or financial difficulties or other limitations, could have a negative effect on the Company's cash flow and therefore, its financial condition.

Claims of creditors of the Company's subsidiaries and associates, including trade creditors, bank lenders and other creditors, will have priority over any claims of the Company with respect to the assets of such subsidiaries and associates.

To ensure that the Company has the capability to honor its obligations, it monitors the level of its net debt to value and cash flow adequacy ratios. The Board has set an internal limit of 20% for its net debt to value ratio. This measures the Company's capability to repay maturing debt with its assets. On the other hand, the cash flow adequacy ratio measures the percentage of incoming cash (includes dividends, rentals, interest, among others) to operating expenses and interest payments. The loan to value and cash flow adequacy ratios for the year ended December 31, 2024 were 13.9% and 1.03x, respectively.

The Group is subject to cyclical risks.

A significant majority of the Group's revenues are derived from its real estate and financial services businesses. Traditionally, these industries have been subject to cyclical risks relating to the broader economic environment. As a result, the Group is subject to cyclical risks and its financial condition may be materially and adversely impacted as a result of any economic slowdown or stagnation in growth in the Philippines.

Furthermore, the receivables and inventories of Ayala Land, Ayala's largest subsidiary, have historically exhibited cyclical trends based on the timing and progress of its projects and their respective stages of development. Historically, such cyclical trends have in turn resulted in similar cyclical trends in the cash flows of Ayala. There is no assurance that Ayala Land's receivables and inventories will not continue to fluctuate in the future, which may adversely impact Ayala's financial condition.

The Investment and Finance Committees review the performance of each business unit at least twice a year: a general review, which covers Ayala's portfolio of businesses; and a specific business unit review. In the latter, the business unit's performance is measured against several metrics including the current budget, the latest medium-term plan and often, against competitors. The objective of these reviews is to refine capital allocation depending on performance, and if needed, suggest changes to the business plans or strategies.

Ayala is increasing its investments in the logistics, healthcare, and other sectors and may not realize short- or long-term gains from these planned investments.

As part of its business strategy, Ayala is rebalancing its portfolio by investing in sectors that it believes are key growth areas in the Philippines, including, but not limited to, logistics, healthcare, education and technology ventures. Additionally, Ayala, through its Subsidiaries, Associates and Joint Ventures has

increased and may continue to increase its investments in other businesses. These investments may not realize short- or long-term gains for multiple reasons. As a result, it is possible that the expected benefits of these investments may not materialize within the time periods or to the extent anticipated or at all, thus affecting Ayala's financial condition.

Ayala's core businesses in real estate, banking, telecommunications, and energy are dominant industry players that will continue to drive a significant component of its earnings and value in the medium term. Over the past decade, Ayala has been establishing a presence in new sectors from which it can derive new sources of growth and value creation.

While Ayala is always open to new areas of investment, it employs a rigorous gating process at the management level, with final evaluation and approval at the board level. During this process, a thorough discussion of the business plan, strategy for execution, and risks is carried out and responsible persons are identified.

In addition, Ayala has adopted a capital allocation process where the board's Finance Committee, upon recommendation of management, determines the amount of capital assigned to the various business ventures. Capital is allocated and committed over a set time frame (usually three to five years), which ensures that management has the funds to execute their proposed business plan. The Finance Committee endorses the recommended capital allocation to the Board which has final approval over all investments.

The Company is controlled by the Controlling Shareholder, whose interests may not be the same as those of other shareholders.

Mermac, Inc. (Mermac or the "Controlling Shareholder") the principal and controlling shareholder of the Company, is a private holding company incorporated in the Philippines. It held 47.57% of the outstanding common shares, and 88.63% of the outstanding voting preferred shares, or 57.54% of the total voting shares of the Company, as of January 31, 2025. Mermac is able to elect members of the Board and pass shareholder resolutions (not including special resolutions, which require a two-thirds (2/3) majority), which under the Amended By-laws generally require a majority vote by its shareholders. If the interests of the Controlling Shareholder conflict with the interests of other shareholders of the Company, there can be no assurance that the Controlling Shareholder would not cause the Company to take action in a manner which might differ from the interests of other shareholders.

The Board is responsible for strategic decisions that affect the business practices or general direction of the Corporation. The Board is responsible for promoting and adhering to the principles and best practices of corporate governance, for fostering the long-term success of the Corporation, for overseeing the proper monitoring and management of enterprise-wide risks, including climate-related risks and opportunities and other sustainability-related concerns and for securing its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility. Given the large scale of Ayala's operations, its decision-making process has to be inclusive and responsive to the needs of shareholders and address a wide base of interests. Ayala seeks to maximize good governance to ultimately guarantee that long-term considerations are prioritized over short-term gains. Toward these goals, Ayala strives to adhere to regulatory requirements and global best practices. In addition to compliance with regulations, Ayala develops governance summits and internal councils, supports scholarly efforts on good governance and advanced shared value business models aiming to voluntarily embed global frameworks into Ayala's operations and support sustainable development.

Failure to obtain financing on reasonable terms or at all could adversely impact the execution of Ayala's expansion and growth plans.

Ayala's expansion and growth plans are expected to require significant fund raising from external sources. Ayala's continued access to debt and equity financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, including: (a) Philippine regulations limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (b) the Parent Company and Group's compliance with existing debt covenants; (c) the ability of Ayala to service new debt; (d) the macroeconomic fundamentals driving credit ratings of the Philippines; and (e) perceptions in the capital markets regarding the Group and the industries in which it operates and other factors, some of which may be outside of its control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the Philippine

regulatory environment or the bankruptcy of an unrelated company operating in one or more of the same industries as the Group, any of which could increase borrowing costs or restrict Ayala's ability to obtain debt or equity financing. There is no assurance that Ayala will be able to arrange financing on acceptable terms, if at all. Any inability of Ayala to obtain financing from banks and other financial institutions or from capital markets would adversely affect Ayala's ability to execute its expansion and growth strategies.

Ayala maintains a conservative and diversified funding strategy, mitigating the Company's financing risks for its expansion plans. Ayala sets a maximum amount of debt maturities guided by a strategic capital allocation plan to anticipate funding requirements, manage refinancing, and related market liquidity risks. The Company maintains strong relationships with both domestic and foreign banks, providing wide access for Philippine Peso and U.S. Dollar loans, through committed standby bilateral facilities.

Ayala's strong balance sheet provides flexibility to tap both debt and equity capital markets in various stages of the economic cycle. Ayala, through a sound asset management strategy, may also recycle capital and realize value from its various investments providing additional sources of financing for new projects, acquisitions and continued growth plans.

Ayala has conducted and may continue to conduct acquisitions, the impact of which could be less favorable than anticipated or which could affect its financial situation.

As part of its business strategy, Ayala has conducted and continues to carry out acquisitions of varying sizes, some of which are significant at the Group level. These acquisitions involve numerous risks, including, without limitation, the following: (a) the assumptions used in the underlying business plans may not prove to be accurate, in particular with respect to synergies and expected commercial demand; (b) Ayala may not integrate acquired businesses, technologies, products, personnel, and operations effectively; (c) Ayala may fail to retain key employees, customers and suppliers of the companies acquired; (d) Ayala may be required or wish to terminate pre-existing contractual relationships, which could be costly and/or on unfavorable terms; and (e) Ayala may increase its indebtedness to finance these acquisitions. As a result, it is possible that the expected benefits of completed or future acquisitions may not materialize within the time periods or to the extent anticipated or affect Ayala's financial condition.

To mitigate this risk, Ayala, through its Strategic Planning Unit provides market intelligence, compares key metrics with competition, conducts periodic portfolio performance review, and strengthens Ayala's gating process, where all possible business ventures are discussed and monitored. The CFO, through the Financial Planning and Analysis team, complements these activities with regular deep-dive analysis of portfolio and business unit performance. The Senior Management Team is also expected to strengthen relationships and establish networks with potential partners and advisers.

Members of the Group enter into numerous transactions with related parties.

In the ordinary course of business, Ayala transacts with its related parties, such as its Subsidiaries and certain of its Associates and Joint Ventures, and members of the Group enter into transactions with each other. These transactions have principally consisted of advances, loans, bank deposits, reimbursement of expenses, purchase and sale of real estate and other properties, guarantees, construction contracts and various services such as consultancy, project development, management, marketing and administrative support. Certain members of the Group maintain current and savings accounts, money market placements and other short-term investments with BPI, and have short-term and long-term debt payable to BPI, which are governed by BSP regulations on loans to directors, officers, stockholders, and other related interests. In addition, members of the Group have receivables from officers and employees relating to housing, car, salary and other loans, which are collectible through salary deductions.

The related party transactions entered into by members of the group may involve conflicts of interest, but to ensure its fairness to all stakeholders, Ayala has instituted internal policies with respect to these transactions, including establishing a board committee to oversee such matters. The Company also believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms.

For further information on the Group's related party transactions, see Note 31 of Ayala's Audited Consolidated Financial Statements as of December 31, 2024 which form part of the Index of this Report. Except for those discussed in the said audited consolidated financial statement, no other transaction, other

than as appropriately disclosed by Ayala, was undertaken by the Group involving any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of Ayala's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Ayala's employees are required to promptly disclose any business and family-related transactions with Ayala to ensure that potential conflicts of interest are reviewed and disclosed as appropriate.

The Group may face risks associated with debt financing and refinancing activities.

Ayala, similar to certain Group companies, is party to several loan agreements. Consequently, the Group may be subject to risks normally associated with debt financing, including the risk that it may not be able to meet required payments of principal and interest under such financing. If there is a failure or delay in the payment of any Group company, such Group company could be declared in default resulting in all amounts becoming immediately due and demandable. Pursuant to the terms of certain agreements, a payment default by a Group companies could trigger a cross-default on such Group company's other obligations, or those of other Group companies. Further, Ayala Corporation guarantees loans of its wholly-owned subsidiary, AYC Finance Limited. Consequently, any failure of AYC Finance Limited to pay its obligations, could trigger payment obligations on the part of Ayala.

The Group may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may restrict the ability to acquire properties or require it to set aside funds for maintenance or the paying back of security deposits.

Further, certain Group companies have constituted securities over their respective properties to cover debt financing. In the event that such Group company is unable to meet interest or principal payments in respect of such indebtedness, the properties or any of them could be foreclosed by or otherwise transferred to the creditor, or the creditor could require a forced sale of such property with a consequent loss of income and asset value to the relevant Group company.

To manage these risks, the Issuer (i) closely monitors its financial covenants and (ii) plans and implements interventions to ensure liquidity through recycling of capital.

Certain Group companies are subject to restrictive debt covenants.

Certain Group companies are subject to debt covenants for their respective existing debt. Failure to comply with these covenants may result in an event of default, which if not waived, could result in debt becoming immediately due and payable. This could affect the relevant company's liquidity and ability to generally fund its day-to-day operations. In the event this occurs, it may be difficult to repay or refinance such debt on acceptable terms or at all. Furthermore, if the debt is unsecured debt, then it will be effectively subordinated in right of payment to such company's secured debt to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

Ayala and its subsidiaries are prudently managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenants. Prior to securing any debt, a thorough review of both mid-term and long-term operating, cashflow and performance metrics projections or targets is performed to support the use and settlement of debt. At the parent level, Ayala ensures that its debt maturities are well-spread out and in compliance with its internal policy.

During the life of the debt and major obligations, alongside the semi-annual and annual review of operating results, certain related performance metrics are assessed to ensure these are aligned with targets and would ultimately honor obligations from its creditors, bondholders and shareholders. Metrics include cash level, cash flow adequacy ratio, debt-to-equity ratios and loan to value ratio (please see additional discussion on parent and the Group's cash and debt in the Management's Discussion and Analysis section of this report).

Ayala may not be able to adequately influence the operations of its Associates and Joint Ventures.

Ayala derives a substantial portion of its income from Associates and Joint Ventures. Ayala does not have majority voting control of its Associates and Joint Ventures and, therefore, may not be able to direct the operations of these entities. As a result, cooperation among its partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. Disagreements with these partners or other shareholders over business strategy and direction may lead to a material impact on Ayala's results of operations.

In order for Ayala to operate on the same principles of timeliness, integrity, and transparency, its senior management team regularly engages with business partners and associates through high-level meetings and dialogues to address topics of concern on financial performance, governance, commercial viability, business outlook, and management strategies. Further, Ayala and its senior management participate in relevant global organizations to keep abreast of developments and trends in various sectors.

Ayala is highly dependent on the continued service of key senior management individuals.

Ayala relies on certain key individuals in senior management for leadership. The experience, knowledge, business relationships and expertise that would be lost should these key individuals depart the business could be difficult to replace and could result in a decrease in Ayala's financial performance.

Ayala's management team is composed of seasoned professionals with a proven track record of success both within and outside the group. In addition, Ayala has a well-defined succession bench to ensure the presence of strong leaders for the group. Each independent business unit is also led by its own deep bench of skilled executives. The Ayala Group Management Committee, composed of Ayala Corporation's senior management team and the CEOs of the Ayala Group companies, ensures alignment of individual business unit priorities to group-wide targets while maximizing synergies across the group. Ayala acknowledges that its ability to execute strategies is driven by its people who have the experience, expertise and discipline. In order to have such pool of talents, Ayala provides continuing training and development programs, from specific job skills to long-term professional development provided by in-house and external partners to ensure that there is continuity of business in the event that key personnel decide to retire or pursue interests outside Ayala. Ayala periodically implements initiatives to identify potential successors to key senior management position and prepares talent for taking on greater responsibilities as the circumstances may require.

The transactions of the Group may be subject to review under the Philippine Competition Act.

Republic Act (R.A.) No. 10667, the Philippine Competition Act (PCA) became effective on August 8, 2015. The PCA prohibits and penalizes anti-competitive agreements and abuse of dominance; however, it provides that administrative, civil and criminal penalties may only be imposed if violations are not cured upon the expiration of two years after the effectivity of the PCA. This transition period ended on August 8, 2017. Under the PCA, there is a rebuttable presumption of dominance when an entity has a market share of 50% or more. Members of the Group that possess a market share of 50% or more are proscribed from committing any of the acts listed as abuse of dominance. Based on public information as of September 30, 2024, Globe's share of mobile subscriber market share was 45.1%.

In the past, members of the Group have been subject to regulatory scrutiny in respect of certain actions. In particular, the Philippine Competition Commission (PCC) has claimed that the acquisition of VTI by, among others, Globe cannot be claimed to be deemed approved. Following a decision dated October 18, 2017 by the Court of Appeals (CA) to permanently enjoin and prohibit the PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved, the PCC elevated the case to the Supreme Court via Petition for Review on Certiorari and the case remains pending. As the Group continues its strategy of acquisitions and joint ventures, there could be more reason for certain of its transactions to be subject to the PCA. There can be no assurance that none of the Company's existing or future businesses or strategies will not be subject to PCA scrutiny, and the result of any such scrutiny, whether in terms of review, penalties or any conditions imposed on the Company, may have a material adverse effect on its business and strategies.

In addition, the PCA authorizes the PCC to review mergers and acquisitions to ensure compliance with the PCA. The PCA, its Implementing Rules and Regulations ("IRR"), as amended, and the Rules on Merger

Procedure (collectively “Merger Rules”) provides for mandatory notification to the PCC of any merger or acquisition within thirty (30) days of signing any definitive agreement relating to the transaction, where the value of such transaction exceeds ₱3.2 billion, where the size of the ultimate parent entity of either party exceeds ₱7.8 billion and other prescribed thresholds are met. The parties may not consummate the transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void, and will subject the parties to a fine equivalent to 5% of 1% of the value of the transaction for the first thirty (30) days of delay or fraction thereof. The fine shall be increased by 1% of 1% of the value of the transaction for every additional thirty (30) days of delay or fraction thereof, provided that the total amount of fine to be imposed shall not exceed ₱2.2 million. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (a) a fine of not less than ₱110 million but not more than ₱275 million; and (b) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱110 million to ₱275 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities. Given the usual volume of the Group’s transactions, mergers or acquisitions undertaken by the Group would likely meet the notification threshold under the PCA and its IRR. To manage these risks, the Group adheres to corporate best practices as it continually evaluates and explores opportunities to create and enhance business and shareholder value, including considering both potential investment as well as divestment opportunities. Through the respective compliance offices of the business units, the Group monitors its compliance with the PCA and its IRR, and complies with its obligation to notify the PCC when required by law.

The Group’s international businesses and results of operations are subject to the macroeconomic, social and political developments and conditions of the countries where its projects and investments are located.

In addition to the Philippines, the Group’s portfolio of projects and investments are located in other jurisdictions around the world. Existing operations and future plans for international expansion may be affected by the respective domestic economic and market conditions as well as social and political developments in these countries, government interference in the economy in certain countries and changes in regulatory conditions. While the Company endeavors to carefully consider the prevailing macroeconomic, social and political conditions in each of the jurisdictions in which it does business, nevertheless it cannot provide assurance of adequate mitigation to such systemic risks. As a result, there is no guarantee that the Group’s operations, investments and expansion plans will be successful in those countries. The Group’s financial condition, prospects and results of operations could be adversely affected if it is not successful internationally or if these international markets are affected by changes in political, economic and other factors, over which the Group has no control.

The Group, through one of its foreign subsidiaries, has invested in the Yoma Group, the businesses of which are based in Myanmar. The World Bank’s Myanmar Economic Monitor notes challenges and risk factors that negatively impact the outlook of the country, particularly due to the elevated conflict, macroeconomic volatility, and a challenging business environment. Also noted were the trade and logistics disruptions, rising inflation, and shortages of key inputs. Various countries have also imposed sanctions on the Myanmar regime and its associates, potentially impacting business in the country. As such, the Yoma Group is subjected to risks surrounding the general Myanmar geopolitical conditions, but it continues to navigate through the current situation and to function despite the operational challenges. The carrying value of the investment in the Yoma Group as of December 31, 2024 is ₱3.4 billion.

The Company’s subsidiaries and associates are subject to specific industry risks.

Ayala operates in several key sectors: real estate, financial services, telecommunications, industrial technologies, power, infrastructure, healthcare, education, technology, logistics and retail ventures. These various industries have inherent risks, which ultimately exposes the Group. Below are some of the key risks that Ayala’s subsidiaries face in their day-to-day operations.

- a. Heightened competition;
- b. Presence of market disruptors and changes or shifts in technology and market preferences;

- c. Slowdown in business activity due to global financial and local political, socio-economic turmoil, and security concerns;
- d. Inability to implement growth strategies across its various business segments, including, but not limited to, realizing value from its various acquisitions and business integrations, securing of business contracts, concessions, and business partnerships, completing its business expansion plans, etc.;
- e. Lack of skilled and properly trained workforce to deploy to its various business operations;
- f. Loss of key personnel or the inability to attract and retain them;
- g. Risks associated with information and cyber security, and technology infrastructure;
- h. Non-compliance with, or breach of, regulatory limits imposed on some of its highly regulated businesses;
- i. Changes in tax policies, government regulations, laws, or the interpretation thereof, and sudden shifts in government policies and initiatives that could adversely affect Ayala's businesses;
- j. Litigation risks both on business dealings with the private and public sectors, which could result in financial losses or harm its businesses; and
- k. Business interruption caused by natural catastrophes or supply chain disruption.

To mitigate such risks, Ayala ensures that each of the operating companies has a robust risk management program and a management team who is responsible for developing the appropriate risk mitigation strategies and actions, which are reviewed by their respective Risk Management Committees and periodically by Ayala.

The implementation and effects of current and any future changes in accounting standards may affect the financial reporting of the Group and its members.

The Philippine Financial Reporting Standards Council, or other regulatory bodies, periodically introduce modifications to financial accounting and reporting standards under which the Group and its members prepare their financial statements. Although the Group closely monitors its compliance with the relevant financial accounting and reporting standards, it cannot anticipate the significance of the impact that the implementation of new accounting standards in the Philippines may have on the Group's and its individual members' financial statements in the future.

The Group's business operations are subject to Environmental, Social, and Governance ("ESG") risks.

Over the past years, various stakeholders have begun requiring companies to report on ESG risks as a means of determining the companies' sustainable practices. Investors and creditors in particular are looking into how companies address ESG risks as part of their investment decisions. Customers are increasingly becoming aware of issues concerning ESG and have been seen to not support companies that do not incorporate sustainable practices into their businesses. Governments and regulators around the world, including here in the Philippines, have also begun setting up regulations that will require companies to report on ESG risks as part of ensuring good corporate governance practices. ESG risks include, but not limited to:

- Environmental Risks – risks concerning responsible use of natural resources, responsible handling and disposal of waste and other pollutants, reduction of greenhouse gas emission and resource consumption footprint, evaluating vulnerability to climate change and biodiversity loss, adopting green technologies and other opportunities.
- Social Risks – risks concerning employee health, safety, and welfare, diversity and inclusion, adherence to labor standards, transparency and accountability over products and services, upholding privacy and data security, and delivering positive impact to the communities served.
- Governance Risks – risks concerning responsible business operations (including supply chain), commitment to good corporate governance practices, transparency and accountability at the top management level, transparent and responsible reporting of financial and tax information, compliance with prevailing laws and regulations, stand against corruption and unethical business practices.

Various stakeholders are becoming increasingly conscious of the manner by which companies address climate-related physical and transition risks. As the regulatory landscape is slowly shifting its support towards environment-friendly and low GHG emission practices, the Group is monitoring climate change as

an emerging risk that could have a major impact in its businesses in the future. Further, the shift in consumer preferences to organic and waste-free products and services is also starting to shape the market in selected industries. If left unaddressed, these may cause significant difficulty in maximizing the Group's value for stakeholders and may adversely impact the Group's brand and reputation.

Ayala Corporation, with majority of its core value drivers, has committed to net zero GhG emissions by 2050. Nonetheless, the Group will continue to identify and assess risks associated with climate change, as well as uncover opportunities and improve disclosures to provide clear and reliable information to stakeholders.

Failure to manage risks associated with information and technology systems (“IT”), cyber threats or other breaches of network or IT security could adversely affect the business of the Group.

The Group is subject to risks relating to its information and technology systems and processes, as the hardware and software used by the Group in their respective IT systems are vulnerable to damage or interruption by human error, misconduct, malfunction, natural disasters, power loss, sabotage, computer viruses or the interruption or loss of support services from third parties such as internet service providers and telephone companies.

Any disruption, outage, delay or other difficulties experienced by any of these information and technology systems could result in delays, disruptions, losses or errors that may result in customer suits, loss of income, regulatory investigations, penalties and fines and decreased consumer confidence in the Group. These may, in turn, adversely affect the Group's business, financial condition and results of operations.

In addition, the flexible work arrangements employed by the Group, and reliance on software as a service and other third-party providers heightens the cybersecurity risk faced by the Group. New technologies and systems being installed in the name of advanced capabilities and processing efficiencies may introduce new risks which could outpace the Group's ability to properly identify, assess and address such risks. For instance, the growing use of artificial intelligence may increase the Groups vulnerability to cyber-attacks and data breaches. Furthermore, new business models that rely heavily on global digitization, use of cloud, big data, mobile and social media may expose the Group to even more cyber-attacks.

The Group seeks to protect its systems and network infrastructure from physical break-ins, as well as security breaches and other disruptive problems caused by the increased use of the internet. Certain Group companies employ security systems, including firewalls, multi-factor authentication and password encryption, designed to minimize the risk of security breaches and maintain operational procedures to prevent break-ins, damage and failures. Further, certain Group companies have obtained insurance covering losses from data leakages, security breaches and any business interruption arising therefrom. Nevertheless, the potential for fraud and security problems is likely to persist and there can be no assurance that these security measures will be adequate or successful. The costs of maintaining such security measures may also increase substantially. Failure in security measures could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

Ayala or the Group companies may be unable to attract and retain skilled personnel in a competitive job market.

The Group has experienced a recent increase in the attrition rate of its employees as workers have been leaving their jobs in a job market trend that has been enhanced by COVID-19's unprecedented disruption and uncertainty. Employees in search of better work-life balance have resulted in job vacancies widely reported as the “General Resignation” or the “Great Reshuffle.” The Company believes that health and wellness issues brought about by the pandemic have been significant factors. Any loss of key personnel and an inability of Ayala or the individual Group companies to replace personnel and to train and retain replacement personnel, could materially and adversely affect the Group's ability to provide products and services to its customers. Losses of trained personnel could also result in the Group incurring additional expenses in hiring and training replacement personnel and it may take time for these new personnel to reach the level of technical skill and expertise of the personnel they are replacing. Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group has relied and will continue to rely significantly on the continued individual and collective contributions of its senior management team. If any of the Group's key personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing business,

the Group may not be able to replace them easily, and its business may be significantly disrupted and its business, financial condition, results of operations and prospects could be materially and adversely affected.

Ayala continually seeks to hire talented and dedicated professionals and believes that it is well positioned in the market for talented personnel as it offers opportunities for professional growth in businesses across the Group. Toward this goal, Ayala provides market-competitive compensation and benefits, which are aligned to corporate goals, annual targets, and long-term strategic plans. At Ayala, a performance based variable compensation scheme uses the Key Result Area scorecard accomplishments as metrics. Ayala measures employee engagement every two years and creates and enhances people initiatives to address the employees' evolving priorities.

Negative publicity associated with the “Ayala” brand could negatively impact the Group.

The Group is exposed to reputational risks which may result from its actions or that of its competitors; indirectly due to the actions of an employee, through actions of outsourced partners, suppliers, or joint venture partners. Damage to the Group's reputation and erosion of brand equity could also be triggered by the inability to swiftly and adequately handle negative traditional and social media sentiments against the Group's products and services resulting from unfavorable customer experience, among others.

Regular process effectiveness and efficiency reviews on existing customer-impacting processes are being conducted by the Group to identify and address existing gaps, thus minimizing exposure to reputational risks arising from problem areas. Further, the Group closely monitors online sentiment to quickly detect issues being surfaced in social media and to be able to manage them early on.

Risks Associated with the Philippines

Substantially all of Ayala’s operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect Company’s business, financial position, and results of operations.

While Ayala has foreign Subsidiaries and Affiliates, a substantial component of Ayala's business activities and assets is based in the Philippines, which exposes Ayala to risks associated with the country, including the performance of the Philippine economy. Historically, Ayala derived substantially its revenues and operating profits from the Philippines and, as such, their businesses are highly dependent on the state of the Philippine economy. Demand for Ayala's products and services are all directly related to the strength of the Philippine economy (including its overall growth and income levels), and the overall levels of business activity in the Philippines. Factors that may adversely affect the Philippine economy include:

- a. decreases in business, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- b. scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- c. exchange rate fluctuations and foreign exchange controls;
- d. rising inflation or increases in interest rates;
- e. levels of employment, consumer confidence and income;
- f. changes in the Government's fiscal and regulatory policies;
- g. Government budget deficits;
- h. adverse trends in the current accounts and balance of payments of the Philippine economy;
- i. natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- j. geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the South China Sea;
- k. trade tensions and the rise of protectionism among trade partners of the Philippines;
- l. political instability, terrorism or military conflict in the Philippines, other countries in the region (including North Korea or Myanmar) or globally; and
- m. other regulatory, social, political or economic developments in or affecting the Philippines.

There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect Ayala's

business, financial condition and results of operations. Although Ayala derives revenue from outside the Philippines through its foreign Subsidiaries and Affiliates, there is no assurance that such revenues will be sufficient to offset any negative effects of an economic downturn affecting the Philippines or that Ayala will be able to adequately manage such risk despite risk mitigation strategies in place.

The sovereign credit ratings of the Philippines may adversely affect Ayala's business.

The sovereign credit ratings of the Philippines directly affect companies resident and domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. The Philippines enjoys investment grade credit ratings from the following major agencies:

- Fitch Ratings - BBB (stable), which was affirmed last June 2024
- Standard & Poor's - BBB+ (positive) which was affirmed last November 2024
- Moody's Investors Service - Baa2 (stable), which was affirmed last January 2025

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are resident in the Philippines, such as Ayala. There is no assurance that Fitch, Moody's, S&P or other international credit rating agencies will not downgrade the credit rating of, or the outlook for, the Philippines in the future. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine Government and Philippine companies, including Ayala, to raise additional financing, and will increase borrowing and other costs. Ayala maintains a diverse portfolio that could withstand various economic cycles. Nonetheless, there is no assurance that Ayala will be able to fully manage the impact of such risk.

Fluctuation in the value of the Peso against the U.S. Dollar and other currencies may affect the Group's business.

The Company's revenues are predominantly denominated in Pesos, while some investment initiatives and certain expenses, including debt obligations, are denominated in other currencies (principally U.S. Dollars).

Further, Globe's foreign exchange risk results primarily from movements of the Philippine Peso against the U.S. Dollar with respect to its USD-denominated financial assets, liabilities, revenues and expenditures. Part of its total service revenues are in USD while substantially all of its capital expenditures are in USD. In addition, part of its long-term debt is denominated in USD before taking into account any related hedges. There can be no assurance that declines in the value of the Philippine Peso will not occur in the future or that the availability of foreign exchange will not be limited. The occurrence of these conditions may adversely affect Globe's financial condition and results of operations.

At present, the country's exchange rate policy supports a freely floating exchange rate system whereby the BSP leaves the determination of the exchange rate to market forces. Under a market-determined exchange rate framework, the BSP does not set the foreign exchange rate but instead allows the value of the Philippine Peso to be determined by the supply and demand of foreign exchange. The implementation of the revised Foreign Exchange rules eased the purchase of foreign currencies in the banking system. There is no assurance that the Philippine Peso will not depreciate further against other currencies and that such depreciation will not have an adverse effect on the Philippine economy and the Group's financial condition and results of operation. As of December 31, 2024, according to the BSP reference exchange rate bulletin, the Peso was at ₱55.892 per US\$1.00 from ₱55.370, and ₱55.755 per US\$1.00 at the end of 2023 and 2022, respectively.

To fund its foreign currency requirements, the Company taps the international market to raise needed funds and capitalize on the offshore market's flexibility in volume and in pricing. The Company only incurs foreign currency debt for foreign currency assets. To hedge against minimal foreign currency exposure, the Company may utilize short to medium term hedges to protect itself from any Peso depreciation. Furthermore, the Company also keeps short-term U.S. Dollar investment as part of its liquid assets. Despite these efforts, there is no assurance that Ayala will be able to manage such systemic risk.

The Group's business operations may be affected by any political and military instability in the Philippines, including those which may arise from territorial disputes with China and other neighboring countries.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration.

The Philippine general elections for national and local officials took place on May 9, 2022. Since the 2022 Philippine general elections, there have been public disagreements between the incumbent president, Ferdinand Marcos, Jr. and the vice president, Sara Duterte. Duterte resigned as Secretary of Education in June of 2024, a post she held following her appointment by President Marcos after the 2022 elections. The Vice President has since alleged that threats have been made against her life, attributing them to the present government.

On March 11, 2025, the Philippine National Police (PNP) implemented the arrest warrant issued by the International Criminal Court (ICC) and arrested Former President Rodrigo Duterte in connection with the ICC charge against him for crimes against humanity in relation to killings in the "war on drugs". After his arrest, the Philippine Government turned over custody of Duterte to the ICC in the Hague. As of date, Duterte awaits trial in the Hague.

There can be no assurance that election-related acts or political violence will not occur in the future, and any such event could negatively impact the Philippine economy.

In addition to domestic issues, territorial disputes with China and other neighboring countries may also give rise to instability, adversely affect the Philippine economy and business environment. The Philippines, Vietnam and several Southeast Asian nations have been engaged in a series of longstanding territorial disputes with China and other Southeast Asian countries over certain territories in the West Philippine Sea, also known as the South China Sea. The Philippines' efforts at bilateral talks with China failed, and thus the dispute remains unresolved. Actions taken by both sides have threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports and a temporary suspension of tours to the Philippines by Chinese travel agencies. In January 2013, the Philippines initiated arbitral proceedings before a tribunal under the United Nations Convention on the Law of the Sea, in which China refused to participate.

Recent months have seen increased frequency of incidents as well as heightened intensity of confrontations between Chinese Coast Guard (CCG) and Philippine personnel in the West Philippine Sea. These have resulted in public accusations and diplomatic protests from both countries. On April 30, 2024, while Philippine government vessels were distributing fuel and food to the fisherfolk in the Scarborough Shoal, CCG vessels attacked them using high-pressure water cannons, causing damage to the vessels. This caused the Philippine government to file another diplomatic protest against China. On January 14, 2025, the Philippines lodged another diplomatic protest over the presence of a 165-meter long Chinese coastguard vessel, which was spotted 142 km off the coast of Zambales province. On February 18, 2025, the Philippine Coast Guard reported that a Chinese military helicopter flew within three meters of a Philippine patrol plane flying over the Scarborough Shoal. On February 21, 2025, the Chinese military drove off three Philippine aircrafts flying over the Spratly Islands. As such, the Philippines has filed a total of 199 diplomatic protests against China during President Marcos' tenure.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result.

Should the territorial dispute in the West Philippine Sea escalate or continue, the Philippines' interests in fishing, trade and offshore drilling, the volume of trade between the Philippines and China, and the supply of steel available to the Philippines may be adversely affected, which in turn may affect, among other things, infrastructure development and general economic and business conditions in the Philippines, any of which could adversely affect Ayala's business, financial condition and results of operations. Despite

these issues being taken up at management meetings and regularly monitored by the Company's State Affairs Group, there is no full assurance that Ayala will be spared from the impacts of such systemic risk.

An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines and critical sectors which, in turn, could have a material and adverse impact on the Group's business, prospects, financial position and financial performance.

There can be no assurance that the current administration will continue to implement social and economic policies that promote a favorable and stable macroeconomic and business environment. Any major deviation from the previously established policies or a fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any such instability could materially and adversely affect the Company's business, financial conditions, results of operations and prospects, reduce consumer demand or result in inconsistent or sudden changes in regulations and policies that affect the Company's business operations, which could adversely affect the Company's results of operations and financial condition. Cognizant of the uncertainties in both political and regulatory landscapes, these are actively discussed in management meetings and risk workshops. Nonetheless, there is no full assurance that Ayala will be able to completely shield itself from the impacts of such systemic risk.

The operations and financial results of the Group may be influenced by major political and economic developments abroad

The current international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. The growth and profitability of the Group may be influenced by these major political and economic developments, which may have a negative effect on the operations and financial results of the Group.

Since 2018, the U.S. began to increase or impose tariffs on many products, particularly from China, including, but not limited to, solar panels, steel and aluminum products, consumer electronics, medical goods, clean tech goods, and industrial chemicals. In response, the European Union, China and other affected jurisdictions have introduced tariffs on U.S. goods. An escalating trade war may have material adverse effects on the power industry and our business may be impacted by these tariffs. Any further expansion in the types or levels of tariffs implemented has the potential to negatively impact our business, financial condition and results of operations. Additionally, there is a risk that the U.S. tariffs on imports are met with tariffs on U.S. produced exports and that a broader trade conflict could ensue, which has the potential to significantly impact global trade and economic conditions. Potential costs and any attendant impact on pricing arising from these tariffs and any further expansion in the types or levels of tariffs implemented could adversely affect the Group's business, financial condition and results of operations. While there are ongoing discussions between the U.S. and China to reduce tariffs in phases, there is no certainty as to the timing and scale of the reduction in tariffs, and overall impact on global markets. U.S. President-elect, Donald Trump, who won a second term in November 2024, is proposing to increase tariffs and renegotiate trade agreements.

On February 21, 2022, Russian president Vladimir Putin announced that Russia recognizes the independence of two pro-Russian breakaway regions in eastern Ukraine. On February 22, 2022, the Russian Federation Council unanimously authorized the use of military force, and the entry of Russian soldiers into both territories. On February 24, 2022, places across Ukraine, including Kyiv, the national capital, were struck with missiles. The Ukrainian Border Guard reported attacks on posts bordering Russia and Belarus. Shortly afterwards, Russian Ground Forces entered Ukraine prompting Ukrainian President Volodymyr Zelenskyy to enact martial law and general mobilization (the "Russo-Ukrainian War"). While the Group does not expect any material impact from the ongoing Russo-Ukrainian War to its current and future businesses, the ongoing tensions may affect oil and commodity prices in the near to medium term.

Any political or economic developments of a global scale could impact prices in general and disrupt supply chains, which could in turn increase the costs of the Group. The Group continuously monitors such developments abroad and will assess any direct and indirect impact that the Russo-Ukrainian War may have on its current and future businesses. Despite these efforts, there is no assurance that Ayala will be able to adequately manage such systemic risk.

The operations and financial results of the Group may be adversely affected by heightened impacts of climate change

As a result of the increasing global surface temperatures due to climate change, droughts and catastrophic typhoons will continue to pose a threat not just in the country but globally. The 2025 World Economic Forum Global Risks Report highlights climate related risks as among the top risks to look out for both in the next two (2) years and in the coming ten (10) years. This means that impacts of climate change such as extreme weather events are already being felt and will only intensify in the next decade. These may cause property damage and prolonged business interruption across the different operating entities. As a result, the Company may incur losses which could materially and adversely affect its business, operations and financial performance.

Any economic slowdown or deterioration in economic conditions in the Philippines may adversely affect the Group's business and operations in the Philippines

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine Peso, higher interest rates, slower growth and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector. Likewise, the 2008 global financial crisis affected the emerging markets, including the Philippines, as global investors limited their exposure in the region to minimize risks. By the end of 2008, the PSEi was down 48%. The 2008 GDP was at 4.2% lower than the 2007 GDP print of 6.6%. The country's GDP output further deteriorated to 1.1% in 2009.

In 2020, the COVID-19 pandemic pushed the country to implement tight quarantine restrictions and constrained economic activity resulting into a 9.6% decline in GDP. However, the country subsequently exhibited signs of recovery and recorded GDP growth rates of 7.6% and 5.6% in 2022 and 2023, respectively. On July 21, 2023, President Marcos issued Proclamation No. 297 lifting the Public Health Emergency throughout the Philippines due to COVID-19, with all orders, memoranda, and issuances effective during a State of Public Health Emergency deemed no longer in effect.

Dividend Policy

Dividends declared by the Company on its shares of stocks are payable in cash, in property, or in additional shares of stock. The Company does not have a minimum dividend policy: the payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors.

Pursuant to Article VII, Section 1 of the Company's Amended By-laws approved by the SEC on October 14, 2020, the net profits before taxes shall be distributed as follows:

- a. An amount for management bonus to be recommended by the compensation committee of the Board of Directors and approved by the Board of Directors, and
- b. The balance shall be made available for distribution as dividends to stockholders.

As indicated in Ayala's Amended Articles of Incorporation approved by the SEC on June 17, 2022, the dividend rate shall be determined by the Board of Directors at the time of issuance of the shares.

For the details of the dividends declared during the year ended December 31, 2024, refer to Note 20 of Ayala's Audited Consolidated Financial Statements which form part of the Index of this Report.

SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

AYALA LAND, INC.

Background and Business

Ayala Land, Inc. is alternately referred to as “ALI”, “Ayala Land”, “the Company” or “the Group” in the entire discussion of Ayala Land, Inc.

Refer to Schedule I - Map of Relationships of the Companies within the Group of the Supplementary Schedules attached as Index to this Report.

ALI is the real estate arm of the Ayala Group. Its defining project was the 1948 development of a planned mixed-use community on 930 hectares of swamp and grassland in the Makati district of Metro Manila. Over the course of the following 25 years, the Ayala Group transformed Makati into the premier central business district of the Philippines and a site of some of Metro Manila's most prestigious residential communities. Ayala Land has become the largest real estate company in the Philippines engaged principally in the planning, development, subdivision and marketing of large-scale communities having a mix of residential, commercial, leisure and other uses.

Ayala Land was organized on June 30, 1988 when Ayala Corporation decided to spin off its real estate division into an independent subsidiary to enhance management focus on its real estate business. ALI went public in July 1991 when its Class “B” common shares were listed both in the Manila and Makati Stock Exchanges (the predecessors of the Philippine Stock Exchange – PSE). On September 12, 1997, the Securities and Exchange Commission (SEC) approved the declassification of ALI’s common class “A” and common class “B” shares into common shares.

Ayala Land is the largest and most diversified real estate conglomerate in the Philippines. It is engaged in land acquisition, planning, and development of large scale, integrated, mixed-use, and sustainable estates, industrial estates, development and sale of residential and office condominiums, house and lots, and commercial and industrial lots, development and lease of shopping centers and offices, co-working spaces, and standard factory buildings and warehouses, and the development, management, and operation of hotels and resorts and co-living spaces. It is also engaged in construction, property management, retail electricity supply, and has investments in AyalaLand Logistics Holdings Corp., AREIT, Inc., Ortigas Land Corp., Avaland Berhad., and Merkado Supermarket. Ayala Land has 53 estates, is present in 57 growth centers nationwide, and has a total land bank of over 10,000 hectares at the end of 2024.

Businesses

Ayala Land’s businesses are organized into several core and non-core supporting business units. Its core business units consist of property development, strategic landbank management, and leasing and hospitality. Its non-core, supporting business units include construction and property management.

Property Development

Ayala Land’s Property Development comprises the Estates Group, Residential Business Group, and Avaland Berhad, Ayala Land’s listed subsidiary in Malaysia.

Estates Group

The Estates Group handles the acquisition, planning, and development of large-scale, mixed-use, and sustainable estates and the development, sale, or lease of its commercial lots in its estates across the country.

Residential Business Group

The Residential Business Group handles the development and sale of residential and office condominiums and house and lots for the luxury, upscale, middle-income, affordable, and socialized housing segments, and the development and sale of commercial lots under the Premium and Core

Residential Segments. The Premium Residential Segment is composed of two brands: AyalaLand Premier (“ALP”) for luxury lots, residential and office condominiums and Alveo Land Corp. (“Alveo”) for upscale lots, residential and office condominiums. The Core Residential Segment is composed of three brands: Avida Land Corp. (“Avida”) for middle-income lots, house and lot packages, and residential and office condominiums, Amaia Land Corp. (“Amaia”) for affordable house and lot packages and residential condominiums, and BellaVita Land Corp. (“BellaVita”) for socialized house and lot packages.

Avaland Berhad.

Avaland Berhad. is a publicly-listed property developer in Malaysia engaged in land acquisition, planning, and development of residential condominiums for sale to the middle-income segment. MCT Bhd has a land bank of 192 acres located in Subang Jaya, Cyberjaya, and Petaling Jaya. Ayala Land owns 66.3% of MCT Bhd.

Leasing and Hospitality

Commercial Leasing involves the development and lease of shopping centers through Ayala Malls, and offices, through Ayala Land Offices, co-working spaces through the “Clock In” brand, and standard factory buildings and warehouses under the “ALogis” brand, and the development, management, and operation of hotels and resorts through AyalaLand Hotels and Resorts, Inc. and co-living spaces through “The Flats” brand.

Services

Ayala Land’s services include construction, property management, retail electricity supply, and airline services.

Construction of Ayala Land and third-party projects and land development are conducted through Makati Development Corporation (“MDC”). Property Management is done through Ayala Property Management Corporation (“APMC”). Retail electricity supply is done through Direct Power Services, Inc. (DPSI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy).

Strategic Investments

Ayala Land’s strategic investments include AyalaLand Logistics Holdings Corp. (71.46%), AREIT, Inc. (66.01%), MCT Bhd. (66.3%), Merkado Supermarket (50.0%), and Ortigas Land Corporation (21.01%).

Products/Business Lines (with 10% or more contribution to 2024 real estate revenues before intercompany adjustments):

Property Development	64%
Leasing and Hospitality	26%
Services	10%

Distribution of Products

ALI's residential products are offered to property buyers through various sales groups.

Ayala Land has its own in-house sales teams for the Premium (AyalaLand Premier and Alveo) and Core (Avida, Amaia and Bellavita) Residential Segments. Ayala Land uses a sales force of about 8,000 brokers and sales agents guided by a strict Code of Ethics. Ayala Land and its subsidiaries also tap external brokers to complement these sales groups.

Marketing to the Overseas Filipino market is handled by Ayala Land International Sales, Inc. (ALISI). Created in March 2005, ALISI leads the marketing, sales and channel development activities and marketing initiatives of the brands abroad through project websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. ALISI has marketing offices in North America (Milpitas and San Francisco), Hong Kong, Singapore, Dubai, Rome, and London. ALISI likewise assumed operations of AyalaLand Int'l., marketing in Italy and London, in 2014.

Since 2008, all residential sales support transactions are undertaken by the shared services company Amicassa Process Solutions, Inc. (APSI) while all transactional accounting processes across the Ayala Land Group are handled by AyalaLand Business Solutions, Inc. (formerly Aprisa Business Solutions, Inc.) since 2010.

Competition

Ayala Land is the only full-line real estate developer in the Philippines with a major presence in almost all sectors of the industry. Ayala Land believes that, at present, there is no other single property company that has a significant presence in all sectors of the property market. Ayala Land has different competitors in each of its principal business lines.

With respect to its mall business, Ayala Land's main competitor is SM Prime Holdings, Inc. whose focus on mall operations gives SM Prime Holdings, Inc. some edge over Ayala Land in this line of business. Nevertheless, Ayala Land is able to effectively compete for tenants primarily based on its ability to attract customers – which generally depends on the quality and location of its shopping centers, mix of tenants, reputation as a developer, rental rates and other charges.

For office rental properties, Ayala Land sees competition in smaller developers such as Kuok Properties (developer of Enterprise Building), Robinsons Land (developer of Robinsons Summit Center), and non-traditional developers such as the AIG Group (developer of Philam Towers) and RCBC (developer of RCBC towers). For BPO office buildings, Ayala Land competes with the likes of Megaworld, SM Prime, and Robinsons Land. Ayala Land is able to effectively compete for tenants primarily based upon the quality and location of its buildings, reputation as a building owner, and quality of support services provided by its property manager, rental and other charges.

With respect to residential lot and condominium sales, Ayala Land competes with developers such as Megaworld, DMCI Homes, Robinsons Land, and SM Development Corporation. Ayala Land is able to effectively compete for purchasers primarily on the basis of reputation, price, reliability, and the quality and location of the community in which the relevant site is located.

For the middle-income/affordable housing business, Ayala Land sees the likes of SM Development Corp, Megaworld, Robinsons Land, and DMCI Homes as key competitors. Alveo and Avida are able to effectively compete for buyers based on quality and location of the project and availability of attractive in-house financing terms. However, for horizontal residential development, key competitors include Century Properties and Vista Land.

For the economic housing segment, Amaia competes with 8990 Holdings, Cebu Landmasters, and Camella Homes.

BellaVita, a relatively new player in the socialized housing market, will continue to aggressively expand its geographical footprint with product launches primarily located in provincial areas.

Suppliers

Ayala Land has a broad base of suppliers, both local and foreign. Ayala Land is not dependent on one or a limited number of suppliers.

Customers

Ayala Land has a broad market base including local and foreign individual and institutional clients. Ayala Land does not have a customer that will account for twenty percent (20%) or more of its revenues.

Transactions with Related Parties

Please refer to Item 12 on Certain Relationships and Related Transactions of this Report.

Employees

Ayala Land has a total workforce of 257 regular employees as of December 31, 2024. The breakdown follows:

Senior management	34
Middle management	186
Staff	37
Total	257

Employees take pride in being an ALI employee because of the company's long history of bringing high quality developments to the Philippines. With the growth of the business, career advancement opportunities are created for employees. These attributes positively affect employee engagement and retention.

ALI aims that its leadership development program and other learning interventions reinforce ALI's operating principles and provide participants with a set of tools and frameworks to help them develop skills and desired qualities of an effective leader. The programs are also venues to build positive relations and manage networks within the ALI Group.

ALI has a healthy relation with its employees' union. Both parties openly discuss employee concerns without necessity of activating the formal grievance procedure.

Further, employees can report fraud, violations of laws, rules and regulations, or misconduct in the organization through reporting channels under the ALI Business Integrity Program.

Ayala Land is subject to significant competition in each of its principal businesses of property development, commercial leasing and services. In property development, Ayala Land competes with other developers to attract condominium and house and lot buyers. In commercial leasing, it competes for shopping center and office space tenants, as well as customers of the retail outlets, restaurants, and hotels and resorts across the country.

However, Ayala Land believes that, at present, there is no single property company that has a significant presence in all sectors of the property market.

Government Approvals/Regulations

Ayala Land secures various government approvals such as the environmental compliance certificate, development permits, license to sell, etc. as part of the ordinary course of its business.

Risk Factors

Ayala Land faces a highly competitive business environment.

Ayala Land is subject to significant competition in each of its principal businesses. Competitive pressure is expected to remain as large property developers focus on the value-conscious middle market. Sustained demand growth is not likely to occur without real improvement in employment and real incomes. However, Ayala Land believes that, at present, there is no single property company that has a significant presence in all sectors of the property market.

Ayala Land competes with other developers and developments to attract purchasers of land and residential units, office and retail tenants as well as other construction and property management firms, and hotel operators. Facing the challenge of losing market share as competitors aggressively offer more flexible terms and innovative product offerings is a significant concern. This competitive landscape demands a strategic response that not only addresses the immediate threat but also positions the company for sustainable growth in the future.

To manage this risk, Ayala Land (1) focus on customer-centricity through improved customer service and enhanced customer experience with newly created focus teams; (2) continuously improve project delivery and product quality; (3) keep products up to date with renovation and refresh programs for leasing

developments; (4) continuously promoting a mixed-use approach in property development; (5) introduce third-party studies to identify areas for improvement in customer experience and detailed competitive study on product offerings; and (6) revisit and upgrade standards and defining the next generation of products and customer experience. It continues its active land acquisition and development activities in key growth centers and its aggressive build-up of recurring income within tried and tested estates through its integrated mixed-use model versus pocket developments. Particular to the leasing business, one of the major drivers of competition is ALI's ability to attract and retain merchants and tenants – which is generally dependent on the location of the leasing properties, price offerings to the tenants and merchants, as well as the quality of service provided by ALI's property management team. And for this, Ayala Land continues to do the following: (1) active land acquisition in key geographies and partnering with other developers; (2) continue current mixed-use model versus pocket developments; (3) gathering market intelligence and translating information into competitive proposals; and (4) strong push for the timely opening of new properties / developments, among other control activities and procedures.

Property Development

Property Development comprises the Estates Group, Residential Business Group, and Avaland Berhad, Ayala Land's listed subsidiary in Malaysia.

Estates Group

The Estates Group handles the acquisition, planning, and development of large-scale, mixed-use, and sustainable estates and the development, sale, or lease of commercial lots in its estates.

Residential Business Group

The Residential Business Group handles the development and sale of residential and office condominiums, house-and-lot packages and commercial lots under the Premium and Core Residential Segments.

With respect to land, condominium and office sales, Ayala Land competes for purchasers primarily on the basis of reputation, reliability, price and the quality and location of the community in which the relevant site is located. With respect to its horizontal residential housing developments, Ayala Land competes for buyers based on quality of projects and reasonable pricing of units.

Premium Segment

The Premium Residential Segment comprises two brands: AyalaLand Premier (ALP) for luxury lots, residential and office condominiums, and Alveo Land Corp. (Alveo) for upscale lots, residential and office condominiums.

Ayala Land continues to be the leader in the high-end residential market. It competes with a price premium over other high-end developers but justifies it with superior locations, workmanship quality, and overall reputation in the real estate industry. Through these, it has been able to keep well ahead of other high-end players.

Real estate has always been a major investment vehicle for the affluent. However, in a volatile environment, such as the recent financial crisis and the subsequent global economic downturn, the high-end market tends to "wait and see," or they simply choose to place their money in other investment instruments. As of December 31, 2024, AyalaLand Premier ("ALP") recorded revenues of ₱28.50 billion, up 32% from ₱21.56 billion in the previous year attributed to higher bookings and incremental Percentage of Completion (POC) of Miravera in Altaraza, Bulacan, Park Villas in the Makati Central Business District (CBD), Arbor Lanes Tower 5 and Garden Court Residences Narra both in Arca South, Taguig City.

In the upscale market segment, Alveo posted revenues of ₱27.19 billion, a 37% improvement from ₱19.85 billion, owing to the higher bookings of Callisto Tower 2 in Circuit, Makati, The Veranda Towers 1 and 2 in Arca South, Taguig, and The Gentry Residences in the Makati CBD.

Ayala Land has mitigated the market risks it faces through carefully planned project launches, clear product differentiation, product innovation, and increased market expansion through overseas sales and new segments.

Core Segment

The Core Residential Segment is composed of three brands: Avida Land Corp. (Avida) for middle-income lots, house and lot packages, and residential and office condominiums; Amaia Land Corp. (Amaia) for affordable house and lot packages and residential condominiums; and BellaVita Land Corp. (BellaVita) for socialized house and lot packages.

Avida totaled ₱19.57 billion in revenues, an 18% increase from last year's revenues of ₱16.64 billion due to higher bookings and incremental POC from Makati Southpoint in Makati City, Parklane Settings in Vermosa, Cavite and Towers Riala in Cebu I.T. Park.

Ayala Land entered the economic housing segment in 2012 with the launch of Amaia Scapes in Laguna under ALI's Subsidiary, Amaia Land Corp., carrying the brand Amaia. For the quarter ended December 31, 2024, Amaia posted ₱8.00 billion in revenues, a 5% rise from ₱7.61 billion, attributed to higher bookings incremental POC in Steps in Pasig City, Steps The Junction Place Clara Tower in Quezon City and Scapes in General Trias, Cavite.

In terms of socialized housing, Ayala Land formally launched its first socialized housing project in 2012 under the BellaVita brand in Cavite from Subsidiary, BellaVita Land Corp. Ayala Land, through BellaVita, partnered with the Department of Human Settlements and Urban Development (DHSUD) and various local government units to build housing and community-building projects. In partnership with the Department of Agrarian Reform, BellaVita provided 184 houses for the department's BALAI Farmers Housing program. The repair and reconstruction of three mosques in Marawi City, destroyed by Daesh-inspired terrorism in 2017, was undertaken with DHSUD. BellaVita recognized revenues of ₱329 million versus ₱109 million recorded in the prior year, on the back of higher bookings in its developments in Lian, Batangas; Cabanatuan, Nueva Ecija; and Pila, Laguna.

Avaland Berhad (formerly MCT Bhd.)

Avaland Berhad is a publicly listed property developer in Malaysia engaged in land acquisition, planning, and the development of residential condominiums for sale to the middle-income segment. MCT has a land bank of 192 acres located in Subang Jaya, Cyberjaya, and Petaling Jaya. Ayala Land owns 66.3% of Avaland.

Avaland Berhad contributed revenues of ₱11.24 billion, 51% higher than ₱7.43 billion from last year, mainly driven by bookings from its new launches namely; Amika Metropark, Aetas Seputeh, Casa Embun Phase 2 and Anja Bangi Phase 2 and incremental POC of Aetas Damansara and Alira Towers A and B.

Positive factors spurring interest because of their long-term effects in the real estate industry are the:

- Infrastructure, highway and railway projects within Metro Manila and nearby provinces;
- Increasing purchases by the overseas-based Filipino market due to marketing and promotions by various developers;
- Availability of financing from the Home Development Mutual Fund ("Pag-IBIG"); and
- Relatively low mortgage rates and longer maturities.

Office for Sale

With respect to its office rental properties, Ayala Land competes for tenants primarily based on the quality and location of the relevant building, the reputation of the building owner and operator, the quality of support services provided by the property manager, and rental and other charges. Under the current environment, lease rates and occupancy levels are under pressure in the Makati CBD where Ayala Land office buildings are located.

Revenues from sales of office units declined 12% to ₱3.47 billion as the lower incremental POC offset new bookings.

Commercial and Industrial Lots

Revenues from commercial and industrial lots jumped by 48% to ₱14.59 billion from ₱9.84 billion driven by lot sales outside Metro Manila. These were mainly from Nuvali in Laguna, Laguindingan Technopark in Misamis Oriental and Azuela Cove in Davao.

Sales Reservations

Notwithstanding headwinds in the Metro Manila condominium space, Ayala Land achieved residential sales of ₱127.09 billion, up 12% year-on-year, anchored on resilient demand from the Premium residential segment, horizontal projects and developments in suburban estates. Sales from the Premium Brands, AyalaLand Premier and Alveo, jumped 25% year-on-year to ₱80.75 billion, accounting for 64% of total sales. By product type, there was increased demand for horizontal lots and house-and-lot offerings, 16% higher than a year ago. Moreover, demand for developments outside Metro Manila remained robust with take-up accelerating 14% from 2023 levels and now accounting for 46% of total sales reservations.

72% of sales were from local Filipinos which notably grew 20% year-on-year last year to ₱91.59 billion, underscoring the strength of the domestic market. However, sales from overseas Filipinos and other nationalities declined 8% and 2%, year-on-year respectively, to ₱21.64 billion and ₱13.87 billion.

Leasing and Hospitality

Leasing and Hospitality involves the development and lease of shopping centers through Ayala Malls, offices through Ayala Land Offices, co-working spaces through the “Clock In” brand, and standard factory buildings and warehouses under the “ALogis” brand, and the development, management, and operation of hotels and resorts through Ayala Land Hospitality and co-living spaces through “The Flats” brand.

Leasing and hospitality revenues reached ₱45.60 billion, a 9% improvement year-on year, on higher rental rates and the contributions of newly completed assets. With respect to its retail properties for lease, Ayala Land competes for tenants primarily based upon the ability of the relevant retail center to attract customers, which generally depends on the quality and location of, and mix of tenants in, the relevant retail center and the reputation of the owner and/or operator of the retail center, as well as rental and other charges. Some competing shopping centers are located within relatively close proximity of each of Ayala Land’s commercial centers.

Shopping centers

Despite our ongoing reinvention initiatives, shopping center revenues advanced 9% to ₱23.00 billion due to higher average rental rates, the full-year the contribution of Ayala Malls One Ayala and improved operations of AyalaMalls Manila Bay. The malls are 90% leased and have a total gross leasable area (GLA) of 2.2 million square meters.

Offices

Office leasing revenues also grew by 9% to ₱12.88 billion from increased rental rates and the contribution of One Ayala BPO Towers and Ayala Triangle Tower Two. The offices are 90% leased and have a total GLA of 1.4 million square meters.

Hotels and Resorts

Revenues from hotels and resorts reached ₱9.73 billion up 11% year-on-year owing to higher average room rates the contribution of new rooms at Seda Manila Bay and Seda Nuvali Tower 2. This segment has 4,267 rooms.

The hotels and resorts business manages 660 hotel rooms in its international brand segment – 312 from Fairmont Hotel and Raffles Residences and 348 from Holiday Inn & Suites, both of which are in the Ayala Center, Makati CBD.

There are 12 Seda Hotels, operating 3,268 rooms – Atria, Iloilo (152 rooms); BGC, Taguig (521); Centrio, Cagayan de Oro (150); Abreeza, Davao (186); Nuvali, Santa Rosa, Laguna (356); Vertis North, Quezon City (438); Capitol Central, Bacolod (154); Lio, Palawan (153); Ayala Center Cebu (301); Seda Residences Ayala North Exchange (293), Central Bloc (214) and Manila Bay (350).

EI Nido Resorts operates 187 rooms from its four island resorts – Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 50 rooms under its Bed and Breakfast (B&B) and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 102 B&B rooms.

Services

This segment is composed of Ayala Land's construction business through Makati Development Corporation (MDC), property management through Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI) and Philippine Integrated Energy Solutions, Inc. (PhilEnergy). Total revenues grew by 57% to ₱18.02 billion on account of higher bookings from external projects and stable property management fees.

Construction

Ayala Land's construction business is exposed to any potential sector-wide slowdown in construction activities.

Notwithstanding stiff competition in the industry, Ayala Land intends to maintain and enhance its position as the leading property developer in the Philippines by continuing its over-all business strategy of developing large-scale, mixed-use integrated communities within growth centers that perpetuate its strong market presence while ensuring a steady revenue growth ALI. Ayala Land further intends to diversify its revenue base by expanding its real estate business into different markets, specifically the economic and socialized housing segments where bulk of consumer "end-user" demand lies, and geographic areas and growth centers across the country where there are significant growth opportunities or where its proposed developments complement its existing businesses.

As ALI continues to expand its footprint all over the country, continuing pressures are felt on the following areas, among others: maintaining developmental costs within competitive levels, getting qualified and reliable contractors and suppliers in the market, and ensuring that quality standards are consistently being enforced across all projects in different geographies.

Standardization and streamlining of processes to achieve increased operating efficiencies, complete partnering agreements on critical materials with suppliers, aggregation, advance buying for critical commodities to avoid delays, and continuous external sourcing are among the major mitigation activities being done by ALI to meet project execution and delivery targets.

On top of these, ALI is continuously improving its self-perform and self-manufacture capabilities for better quality control in its developments.

MDC posted net construction revenues of ₱13.03 billion, almost double from last year due to the contribution of its external projects.

Property Management and other Services

APMC and other ancillary services combined revenues was steady at ₱5.00 billion.

Industrial Property, Factory Buildings and Warehouse Business

The prospects are bright for industrial and real estate logistics. Ayala Land through its Subsidiary AyalaLand Logistics Holdings Corp. (ALLHC) will aggressively grow this space, expanding warehouses and industrial and logistic hubs in the short term to maintain its leadership in this segment.

Laguna Technopark, a development of Ayala Land's indirect subsidiary, Laguna Technopark, Inc. (LTI), remains the preferred location for locators and has been successfully expanding its offerings at a time when industrial parks in the Calabarzon area have been experiencing the effects of an oversupply of manufacturing and processing facilities.

Cavite Technopark is the newest industrial park development located in Naic, Cavite, with an initial area of 118 hectares. Similar to Laguna Technopark, Cavite Technopark will cater to manufacturing locators that specialize in electronics, automotive, consumer products, food processing and pharmaceuticals. At full development, the locator companies of Cavite Technopark are expected to generate employment for over 20,000 employees.

Alviera Industrial Park is an economic zone with first-class facilities that aims to spur economic growth in Central Luzon. Expansion plans for the said industrial park were announced in January 2018 due to strong sales take-up of the industrial lots during the initial phase, growing from 32 to 64 hectares. The industrial park will also now cater to both non-PEZA and PEZA-registered industries. It will feature 16 lots ranging from 1 to 1.4 hectares and 3 clusters of ready-built standard factory buildings. The second phase has 22 one-hectare lots (for a total of 38 locators) that may generate up to 1,500 new jobs, contributing to the ever-growing economy of Pampanga as well as that of Central Luzon.

Both Laguindingan and Pampanga Technoparks were launched in 2019. Laguindingan Technopark in Habini Bay, Misamis Oriental is envisioned to be a new logistics hub in Northern Mindanao while the 192-hectare Pampanga Technopark paves the way in making Mabalacat City a new growth center in Central Luzon.

In May 2022, ALLHC acquired a 55-hectare land parcel in Padre Garcia, Batangas for the development of the future Batangas Technopark, making it ALLHC's fifth industrial estate.

ALLHC continued to expand its ALogis brand of standard factory buildings and warehouses to address the growing demand for industrial ready-built facilities. It added a total 17,000 square meters of GLA in ALogis Biñan at the Laguna Technopark and ALogis Calamba at the Lepanto Industrial Complex, growing its portfolio to 224,000 square meters as of end-2021. ALLHC ended the year with a total warehouse GLA of 309,000 sqm, a 38% growth since last year, with deliveries from ALogis Sto. Tomas and ALogis Naic.

ALLHC broadened its warehouse offering with its entry into cold storage through the ALogis Artico brand. In 2021 it acquired two (2) existing facilities within Laguna Technopark, with a combined pallet position of 7,300 in April and December. In December 2022, ALLHC secured 3,000 pallet positions, increasing its pallet position count by 42% to 10,300. With both cold and dry storage capabilities, ALogis aims to be the full-range brand of choice for real estate logistics.

In April 2023, our real-estate logistics subsidiary, ALLHC, unveiled the Batangas Technopark, spanning 55 hectares in Padre Garcia, Batangas. The industrial estate will evolve into a mixed-use development featuring an ALogis warehouse, cold storage facilities, a transport terminal, a gas station, an agricultural wholesale market, and restaurants. It will host light, medium, and non-polluting industries. It is set to become a mixed-use hub to meet the evolving needs of domestic and international manufacturing and logistics enterprises seeking to establish or expand their presence in the Philippines. With ALogis' dry warehouse and cold storage facilities as its cornerstone, the park will integrate essential amenities, including a transport terminal, a strategically located gas station, an agricultural wholesale market, and an array of food and beverage outlets.

Ayala Land's leverage creates a number of operating risks and might affect its ability to repay its debt obligations.

The increase in debt of Ayala Land could have certain adverse consequences. For example, it could:

- reduce Ayala Land's ability to service its existing debt obligations;
- affect Ayala Land's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require Ayala Land to divert a substantial portion of its cash flow from operations to debt service;

- affect Ayala Land's flexibility in reacting to and taking advantage of developments and opportunities in the Philippine economy, the Philippine property development industry and its business; or
- place Ayala Land at a competitive disadvantage to its competitors that have less debt.

As of December 31, 2024, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱282.2 billion.

Ayala Land's ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of which are beyond its control. If Ayala Land is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, Ayala Land would have to consider other various financing options such as sale of assets, procuring additional capital and other options available to Ayala Land under applicable law. Ayala Land might also have to modify, delay or abandon its development and expansion plans.

ALI has stringent monitoring mechanisms in place designed to manage its debt levels and to ensure that these are within sustainable limits. ALI also actively tracks its inventory levels, accounts receivables and its contingent liability, all the while ensuring flexibility in its planned launches to adjust to operating and market conditions.

Ayala Land's business may be affected by the risk posed by an asset price bubble.

Inherent to any property market is the risk posed by an asset price bubble. This situation arises when a gross imbalance between demand and supply causes an unusual increase in asset prices and as supply begins to outstrip demand, a drastic drop in prices ensues causing the proverbial bubble to burst.

In the domestic market, the current property boom has been fueled by both business and public confidence which in turn is driven by a number of factors including the robust domestic economy, low interest rates that support both business expansion and domestic consumption underpinned by a young demographic profile, moderate but consistently growing remittances from OFWs, and the Philippines' success as a choice Business Process Outsourcing destination.

These factors alongside the prudential measures put in place by the BSP to safeguard the health of the local financial system point to the Philippine property market being adequately protected against a domestic asset price bubble. For its part, ALI has embarked to achieve a balanced portfolio of (i) residential businesses, which thrive on robust economic periods, and (ii) leasing businesses, which have proven to be more resilient across economic cycles thus providing some cushion between periods of economic trough. Ayala Land's expansion of its residential businesses has likewise allowed it to cater to both the economic and socialized housing segments where the country's housing backlog primarily occurs thus tapping into another source of demand for its residential products.

The prospects of Ayala Land may be influenced by major political and economic developments abroad.

The growth and profitability of Ayala Land may be influenced by major political and economic developments, which may have a negative effect on the operations and financial results of Ayala Land and the level of dividends paid and distributions made by Ayala Land's Subsidiaries.

On February 21, 2022, Russian president Vladimir Putin announced that Russia recognizes the independence of two (2) pro-Russian breakaway regions in eastern Ukraine. On February 22, 2022, the Russian Federation Council unanimously authorized the use of military force, and the entry of Russian soldiers into both territories. On February 24, 2022, places across Ukraine, including Kyiv, the national capital, were struck with missiles. While ALI does not expect any material impact from the ongoing Russo-Ukrainian War on its current and future businesses, the war may affect oil and commodity prices in the near to medium term.

Territorial disputes concerning the Philippines and China's claims over the WPS received renewed international interest in 2024 in the wake of reports citing that former President Rodrigo Duterte allegedly entered into a "gentleman's agreement" with Chinese President Xi Jinping, effectively ceding the country's claims over such economic zone's natural aquatic, oil, and gas resources. Incumbent President Ferdinand

Marcos, Jr., on the other hand, was reportedly “horrified” that the Philippine government compromised the territory and sovereignty of Filipinos. At present, US and Philippines armed forces have begun joint military exercises in Laoag, Ilocos Norte, in a show of military force and strengthening ties, as regional tensions rise. US officials, including US President Joe Biden, have affirmed their “ironclad” commitment to defend the Philippines against any armed attack pursuant to the US-Philippines 1951 Mutual Defense Treaty.

Any political or economic developments of a local to a global scale could impact prices in general and disrupt supply chains, which could in turn increase the Ayala Land’s costs for the construction of its future projects. Furthermore, any decrease in investor confidence and disruptions of the credit and equity markets may impede or prevent access to the capital markets for additional funding to expand the Ayala Land’s business and may affect the availability or cost of borrowing. While the Ayala Land also seeks to obtain funding from counterparty banks through credit facilities other than capital markets, if the Ayala Land is unable to obtain the required funding, the Ayala Land will have to adjust its business plans and strategies, which may adversely affect the Ayala Land’s future prospects, market value and results of operations. Nevertheless, the Ayala Land continuously monitors such developments and will assess any direct and indirect impact that the foregoing events may have on its current and future business.

Ayala Land is subject to certain debt covenants.

The bond agreements and agreements for certain debts of Ayala Land contain covenants that limit its ability to, among other things:

- incur additional long-term debt to the extent that such additional indebtedness results in a breach of a required debt-to-equity ratio;
- materially change its nature of business;
- merge, consolidate, or dispose of substantially all its assets; and
- encumber mortgage or pledge some of its assets.

Complying with these covenants may cause Ayala Land to take actions that it otherwise would not take or not take actions that it otherwise would take. Ayala Land’s failure to comply with these covenants would cause a default, which, if not waived, could result in the debt becoming immediately due and payable. In this event, Ayala Land may not be able to repay or refinance such debt on terms that are acceptable to Ayala Land or at all.

Ayala Land has historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenants. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, Ayala Land shall endeavor to obtain the necessary waivers in accordance with relevant debt agreements.

Ayala Land from time to time considers business combination alternatives.

Although Ayala Land’s loan covenants contain certain restrictions on business combinations, Ayala Land will be able to engage in certain types of combinations. Business combinations involve financial and operational risks and could result in significant changes to Ayala Land’s operations, management and financial condition.

Ayala Land takes into consideration its existing debt obligations and concomitant debt covenants in making any major business investments or acquisitions. Any financial commitments under such business combinations are evaluated in terms of the inflow of revenues of such projects and their ability to service their own financial requirements once fully operational.

The restriction on business combination alternatives under Ayala Land’s loan agreements, requires the lender’s written consent in case (i) Ayala Land will not be a surviving entity in case of a merger, (ii) dispose of all or substantially all of its assets except in the ordinary course of its business (except when made as a contribution to REIT).

Alternative business combinations which Ayala Land considers from time to time is the consolidation of its businesses, such as (a) the merger of Cebu Holdings, Inc., Asian-I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developers, Inc. with and into Ayala Land, with Ayala Land

as the surviving entity; and (b) the merger of thirty-four (34) entities that are wholly owned directly by Ayala Land, or through AyalaLand Estates, Inc. and AyalaLand Hotels and Resorts Corp., with Ayala Land as the surviving entity.

Successful development of Ayala Land's projects is dependent on various factors

There is no certainty that Ayala Land's current and future projects will be implemented as planned and within the projected timetable. Real estate developments are subject to risks such as delays in obtaining financing and/or finalizing project plans and/or obtaining approvals, increases in construction costs, natural calamities and/or market downturns hereinafter described. Ayala Land's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully.

Ayala Land continually looks for growth opportunities in different market segments and geographic areas in order that any negative impact on a particular market segment or geographic area by reason of political, economic or other factors will allow it to pursue its projects or other developments not affected thereby, thus, providing it with a steady revenue base.

Ayala Land's business is affected by regulation in the Philippines

Ayala Land operates a material part of its businesses in a regulated environment. Ayala Land is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and wastewater discharges, odor emissions and the management and disposal of, and exposure to, hazardous materials.

Ayala Land cannot predict what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

The HLURB Resolution No. 926 was promulgated to narrow the grounds to grant additional time to complete a given project. Ayala Land endeavors to complete its projects within the time granted by HLURB, now the DHSUD in the Licenses to Sell of the projects.

DHSUD issued Department Order (DO) No. 10-2020, which grants a one-time one-year extension for all projects, which have been delayed or affected by the COVID-19 pandemic, with original completion date of March 2020 onwards. Further, DHSUD issued DO No. 2021-009, providing for an additional period of one (1) year for project completion, reckoned from the end of the time of completion of the project as indicated in the license to sell or availed under DO No. 10-2020.

Ayala Land, through its construction and property management arms, aims to keep itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost-efficient means, a strategy which has earned Ayala Land awards from several local and international organizations.

Moreover, through its wholly-owned MDC, Ayala Land is able to rely upon forty-three (43) years of experience in engineering, and an array of construction-related services including construction management, procurement and construction equipment management for the timely delivery of its various projects in accordance with safety and quality specifications.

Ayala Land may be affected by the Comprehensive Tax Reform Program and other tax regulations.

Republic Act No. 12001, known as the Real Property Valuation and Assessment Reform Act (RPVARA), was part of the third package of the Comprehensive Tax Reform Program (CTRP) of the Duterte administration, was signed into law on June 13, 2024, and took effect on July 5, 2024. The RPVARA adopts a Schedule of Market Values (SMVs), which serves as the single real property valuation base for the assessment of real property-related taxes in the country.

The Bureau of the Local Government Finance (BLGF) of the Department of Finance (DOF) is mandated to develop and implement the Philippine Valuation Standards (PVS) to be used by the local government units, and other persons and entities that conduct valuation of lands, buildings, machineries and other real properties for taxation and other purposes. Local assessors shall prepare the SMV for different classes of real properties within their respective jurisdictions based on the PVS and other rules issued by the DOF. Relatedly, the BLGF issued Memorandum Circular No. 003-2025 dated 6 January 2025, which reiterates the implementation of tax amnesty on real property taxes under the RPVARA.

The BLGF is also mandated to develop and maintain an up-to-date electronic database of:

1. the sale, exchange, lease, mortgage, donation, transfer and all other real property transactions and declarations in the country;
2. cost of construction or renovation of buildings and other structure; and
3. prices of plant, machinery and equipment.

The RPVARA further mandates the following:

1. The Register of Deeds shall submit to the local assessor copies of all contracts selling, transferring, leasing or mortgaging registered real properties every end of the month.
2. The Bureau of Internal Revenue, notaries public, officials issuing building permits, and the geodetic engineers conducting surveys within a locality shall electronically transmit to the BLGF relevant real property transactions data every quarter.

Additionally, certain tax measures proposed under, and are currently referred to as, the Passive Income and Financial Intermediary Taxation Act (PIFTA) are pending with the Philippine legislature. The PIFITA measures are currently part of the measure approved by the Philippine House of Representatives known as House Bill No. 4339. House Bill No. 4339 was passed by the Philippine House of Representative under and is currently being heard by the Ways and Means Committee of the Philippine Senate. As consultations between the Ways and Means Committee's technical working group and key industry players continue, the bill is currently targeted to be sponsored in May 2024.

The PIFITA proposed to lower the rate of transaction taxes on land, including DST, transfer tax and registration fees. While PIFITA aims to lower the rate of transaction taxes on land, the centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review and adjustment property valuations contemplated by RPVARA may lead to an increase in valuation of real property, which could in turn lead to an increase in the taxes to be paid by Ayala Land. In November 2024, the PIFITA underwent further amendments and is currently known as the Growth Bill, which is projected to bring in additional revenue of P300 billion by 2030.

No assurance can be given that the Growth Bill will be adopted without amendment, or approved by the President without veto, and become law in its current form, or if other tax measures may affect Ayala Land, or when such changes would come into effect.

Operational and Physical Risk Factors in Ayala Land's Business

Just like any other business, Ayala Land is not exempt from the various risks associated with property development and operational management. It is however cognizant of the fact that a thorough understanding of risks, its complexities and continuous improvement in design and business operations is key to better abatement of risks and ensuring leadership in the industry.

Since the inception of ALI's risk management program, the Management has consistently emphasized the need for a higher level of safety and security awareness and diligence to ensure customers have pleasant experiences in our shopping centers and other managed properties and estates.

The importance of adequate and effective maintenance practices and procedures is always advocated to prevent serious and unscheduled operational losses such as equipment breakdown and to maintain quality standards in our owned and managed properties. In 2020, MDC and three of its subsidiaries successfully passed their respective surveillance audits for ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety). MDC projects have maintained 100% compliance with the regulations of the Department of Labor and Employment (DOLE)

through the implementation of their Construction Safety and Health Programs (CSHP), designed for employees, workers, and subcontractors. These programs are aligned with MDC's Employee Health and Safety (EHS) Policy and the International Standardization Organization (ISO) Integrated Management System. Meanwhile, APMC was recertified for ISO 9001:2015 (Quality) and ISO 14001:2015 (Environmental) and successfully migrated its OHS management system from OHSAS 18001:2007 to ISO 45001:2018, without any exception during the external certification audit. APMC implemented an eight-point program to effectively manage its properties and communities. Called APMC SAFE 8, the program focuses on protecting the property, preparing the workforce, protecting frontliners, contactless access control, social distancing, reduction of touch points, communication, and working with partners and customers.

Product and service quality and safety risks are also relatively high in ongoing construction projects from safety-related incidents up to quality or workmanship issues. In 2023, Ayala Land achieved a 0.05 Total Disabling Injury Rate (TDIR) slightly higher than 0.03 in 2022 on account of more ongoing projects and people onsite translating, to an increase of 10,000,000 person hours of exposure. Despite this increase, it is still below the maximum industry threshold of 0.25 and the US Bureau of Labor Statics rate of 3, reflecting MDC's strong commitment to safety. MDC's reported EHS statistics include subcontractor person-hours, as well as data on work-related injuries and illnesses. Likewise, it has attained a 92% Safety Maturity & Engagement, a rating that is higher than global norms, based on Employee Health and Safety survey conducted by Towers Watson. Property management and operations achieved zero disabling injuries and an additional 1 Million safe man-hours. This is made possible through the strengthened controls and mitigation activities being employed by ALI.

Among such controls are (1) adequate supervision and safety inspections for all critical and hazardous activities; (2) ensuring that workers are provided with pre-activity trainings on safety before any construction work can commence; (3) empowering the Safety Officers to declare work stoppage and to override project managers if they see that things are not being done in accordance with Ayala Land's safety standards and practices; (4) stricter monitoring of all EHS permits and licenses for all projects; and (5) engagement of MDC for project supervision even for projects that are sub-contracted to third parties.

On May 31, 2013, an explosion occurred inside a residential unit in Section B, Two Serendra. Two Serendra is a district of Serendra, a condominium development of Serendra, Inc., a subsidiary of Ayala Land. It is located at the Bonifacio Global City in Taguig City. The incident claimed the lives of four persons, including the occupant of the unit in Section B. Initial reports indicate that the explosion may have resulted from an improper accumulation of gas inside the unit. A government inter agency task force investigated the incident and its findings, that the explosion was caused by an accumulation of gas inside the unit due to the lack of care by the unit renovation contractor, and the parties possibly responsible, is still pending review by the Department of Justice as of the date of this Report.

Ayala Land's subsidiary, Ayala Property Management Corporation, as the property manager of Serendra, provided support and assistance to the Serendra Condominium Corporation, the affected parties and the investigating units of government.

Natural catastrophes may affect Ayala Land's businesses adversely

The Philippines has experienced a number of major natural catastrophes in recent years, including typhoons, volcanic eruptions, earthquakes, mudslides, and droughts. Natural catastrophes may disrupt the Company's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. Furthermore, there is growing political and scientific consensus that emissions of greenhouse gases continue to alter the global atmosphere in ways that are affecting the global climate. These effects may include changes in temperature levels which may in turn bring about changes in weather patterns (including storm frequency and intensities, drought and rainfall levels), and ultimately, changes that may negatively affect global water and food security. Climate change and geohazards also remain as threats as evidenced by the heavy floods brought about by three major typhoons and the eruption of Taal Volcano in 2020. Ayala Land continues to take climate adaptation practices, such as environmental hazards screening, due diligence, management of carbon sinks and site resilient features, into high consideration. Climate mitigation actions such as shifting to renewable energy and investing in resource efficiency programs, are continually undertaken to hasten the company's transition to low-carbon operations.

To mitigate the risk of changing environmental and site conditions, and as part of a more thorough due diligence process, all land acquisitions and project launches undergo a thorough technical due diligence process and environmental scanning to identify all other potential risks that ALI may be exposed to. These technical due diligence reports include, but are not limited to, environmental studies not just for the specific land parcels but for adjacent areas, as well. Ayala Land has established 24/7 Operation Centers all throughout the country that continuously monitor and track weather situations to facilitate early mitigation and quick response during typhoons, flood incidents, earthquakes and other natural or manmade disasters.

To protect the company assets and to ensure cost recovery for property damages other losses during these disasters, ALI maintains comprehensive insurance against catastrophic perils including but not limited to earthquake, typhoon and flood to cover its various developments against physical damage and business interruption based on declared values in each location and on probable maximum loss scenarios. Despite the series of natural disasters that befell the country in 2014 and 2013, including super typhoon Yolanda which caused massive destruction in the Visayan provinces as well as the Bohol earthquake in 2013, there have been no significant impact to ALI's business as proper mitigating measures have been put in place, such as but not limited to, engineering interventions and insurance.

In 2016, a major review of ALI's major business lines was conducted to identify the most critical business activities and the potential business impact on the business unit should these activities be interrupted over varying timeframes. This information is critical in helping Ayala Land determine the timeframes within which critical business activities must be resumed following a disruption, as well as the resources required for business continuity.

Ayala Land's business operations may be affected by any political and military instability in the Philippines.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business.

In addition, Ayala Land may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact ALI's business.

No assurance can be given that any changes in such regulations or policies imposed by the Government from time to time or the future political environment in the Philippines will be stable or that current or future administrations will adopt economic policies conducive to sustaining economic growth. Political instability in the future could reduce consumer demand for retail and consumer goods to ALI's disadvantage or result in inconsistent or sudden changes in regulations and policies that affect ALI's business operations, which could have a material adverse impact on the results of operations and financial condition of the company.

Any economic slowdown or deterioration in economic conditions in the Philippines may adversely affect Ayala Land's business and operations in the Philippines.

The growth and profitability of Ayala Land may be influenced by major political and economic developments that can adversely affect the Philippine economy's performance which subsequently may be detrimental to the operations and financial results of Ayala Land and its subsidiaries.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine Peso, higher interest rates, slower growth and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector.

The government instituted several reform measures in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals, resulting in improved investor confidence and increased economic activities.

The sovereign credit ratings of the Philippines directly affect companies resident and domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign.

Working Capital

Ayala Land finances its working capital requirements through internally-generated cash, pre-selling, joint venture agreements, borrowings and proceeds from bond issuances, and the sale of non-core assets.

Domestic and Export Sales

The table below illustrates the amounts of revenue, profitability, and identifiable assets attributable to domestic and foreign operations for the years ended December 31, 2024, 2023, 2022 (in P'000):

	Dec. 2024		Dec. 2023		Dec. 2022	
	In P'000	In %	In P'000	In %	In P'000	In %
Revenues						
Domestic	167,353,472	93.72%	139,682,111	94.97%	121,749,465	97.81%
Foreign	11,209,617	6.28%	7,394,433	5.03%	2,731,641	2.19%
Total	178,563,089	100.00%	147,076,544	100.00%	124,481,106	100.00%
Net Operating Income						
Domestic	57,192,761	96.71%	49,803,769	97.60%	41,568,898	99.95%
Foreign	1,946,520	3.29%	1,223,655	2.40%	19,158	0.05%
Total	59,139,281	100.00%	51,027,425	100.00%	41,588,056	100.00%
Net Income Attributable to Equity Holders of ALI						
Domestic	27,260,440	96.56%	23,835,625	97.26%	18,703,909	100.47%
Foreign	972,112	3.44%	671,956	2.74%	(86,673)	(0.47%)
Total	28,232,553	100.00%	24,507,581	100.00%	18,617,236	100.00%
Total Assets						
Domestic	879,226,550	95.70%	812,461,554	95.96%	749,404,896	96.12%
Foreign	39,528,441	4.30%	34,170,927	4.04%	30,249,625	3.88%
Total	918,754,992	100.00%	846,632,482	100.00%	779,654,521	100.00%

For further information on ALI, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www/ayalaland.com.ph.

INTEGRATED MICRO-ELECTRONICS, INC.

Background and Business

Integrated Micro-Electronics, Inc. is alternately referred to as IMI, “the Company”, “the Parent Company” or “the Group” in the entire discussion of Integrated Micro-Electronics, Inc.

Refer to Schedule I - Map of Relationships of the Companies within the Group of the Supplementary Schedules attached as Index to this Report.

Established in 1980, IMI has grown into a global company offering core manufacturing capabilities as well as higher value competencies in design, engineering, prototyping and supply chain management. IMI is a vertically integrated EMS provider to leading global original equipment manufacturers (OEMs) across industries including computing, communications, consumer, automotive, industrial, and medical electronics segments, as well as emerging industries like renewable energy. IMI also provides power semiconductor assembly and test services.

Business Development

IMI, a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). IMI is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation, a corporation incorporated in the Republic of the Philippines and listed in the PSE.

The registered office address of the Parent Company is at North Science Avenue, Laguna Technopark-Special Economic Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna.

IMI was listed by way of introduction in the PSE on January 21, 2010. It completed its follow-on offering and listing of 215,000,000 common shares on December 5, 2014. On March 2, 2018, IMI completed the stock rights offer and listing of 350,000,000 common shares to all eligible stockholders.

IMI is registered with the Philippine Economic Zone Authority (PEZA) as an exporter of printed circuit board assemblies (PCBA), flip chip assemblies, electronic sub-assemblies, box build products and enclosure systems. It also provides the following solutions: product design and development, test and systems development, automation, advanced manufacturing engineering, and power module assembly, among others. It serves diversified markets that include those in the automotive, industrial, medical, storage device, and consumer electronics industries, and non-electronic products (including among others, automobiles, motorcycles, solar panels) or parts, components or materials of non-electronic products, as well as to perform and provide information technology services such as but not limited to data labeling/encoding or image annotation services.

IMI Singapore is a strategic management, investment and holding entity that owns operating subsidiaries of the Group and was incorporated and domiciled in Singapore. Its wholly owned subsidiary, Speedy-Tech Electronics Ltd. (STEL), was incorporated and domiciled also in Singapore. STEL, on its own, has subsidiaries located in Hong Kong and China. STEL and its subsidiaries (collectively referred to as the STEL Group) are principally engaged in the provision of electronic manufacturing services (EMS) and power electronics solutions to original equipment manufacturers (OEMs) in the automotive, consumer electronics, telecommunications, industrial equipment, and medical device sectors, among others.

In 2011, the Parent Company, through its indirect subsidiary, Cooperatief IMI Europe U.A. (Cooperatief) acquired Integrated Micro-Electronics Bulgaria EOOD (formerly EPIQ Electronic Assembly EOOD) (IMI BG), Integrated Micro-Electronics Czech Republic s.r.o. (formerly EPIQ CZ s.r.o.) (IMI CZ), and Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (formerly EPIQ MX, S.A.P.I. de C.V.) (IMI MX), (collectively referred to as the IMI EU/MX Subsidiaries). IMI EU/MX Subsidiaries design and produce PCBA, engage in plastic injection, embedded toolshop, supply assembled and tested systems and sub-systems which include drive and control elements for automotive equipment, household appliances, and industrial equipment, among others. IMI EU/MX Subsidiaries also provide engineering, test and system development and logistics management services.

In 2016, Cooperatief acquired a 76.01% ownership interest in VIA Optronics GmbH (VIA), a Germany-based company with operations in Germany and China and sales offices in the USA and Taiwan. VIA is a leading provider of enhanced display solutions for multiple end markets in which superior functionality or durability is a critical differentiating factor. The acquisition allows the Group to strengthen its partnerships with customers by offering complementary automotive camera and display monitor solutions for advanced driver assistance systems. The Group together with VIA enables the scale to introduce patented technology into automotive camera monitor systems for increased safety.

In 2018, VIA acquired 65% ownership interest in VTS-Touchsensor Co., Ltd. (VTS), a Japanese entity that develops and manufactures metal mesh touch sensor technologies and electrode base film.

In 2019, VIA formed VIA Optronics AG (VIA AG) by way of a contribution in kind against issuance of new shares making VIA AG the sole shareholder of VIA Optronics GmbH. The contribution in kind and resulting re-organization was recognized as a business combination under common control. As a result of this contribution, VIA AG became the holding company for the VIA Group. In the same year, VIA Optronics (Taiwan) Ltd was also founded as a new subsidiary with the purpose of conducting sales activities.

In 2020, VIA raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32%.

In 2021, VIA Optronics GmbH (VIA) announced the acquisition of Germaneers GmbH (Germaneers), a high-tech engineering company focusing on automotive system integration and user interfaces. VIA also formed a strategic partnership with SigmaSense, a global leader in touch sensing performance. As part of the strategic partnership, VIA has made a financial investment into SigmaSense and expanded their collaboration to develop new touch solutions for automotive applications, industrial displays and consumer electronics. In December 2021, VIA incorporated a new entity in the Philippines, VIA optronics (Philippines), Inc. (VIA Philippines), to provide customized and platform camera solutions, from design and development to process testing and quality control. VIA Philippines was incorporated to facilitate the integration of a camera design and development team that was previously a part of IMI.

In 2018, the Group opened its manufacturing site in Niš, Republic of Serbia in line with the IMI's strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

IMI France serves as a support entity which provides manufacturing support services, market research and analysis, sales promotional activity support, strategic planning advisory, and general corporate marketing support.

In 2017, IMI, through its indirect subsidiary Integrated Micro-electronics UK Limited (IMI UK), acquired an 80% stake in Surface Technology International Enterprises Limited (STI), an EMS company based in the United Kingdom (UK). STI has factories in the UK and Cebu, Philippines. STI provides electronics design and manufacturing solutions in both PCBA and full box-build manufacturing for high-reliability industries. The acquisition of STI strengthens the Group's industrial and automotive manufacturing competencies, broadens its customer base, and also provides access to the UK market. Further, the partnership allows the Group's entry into the aerospace, security and defense sectors. STI was sold to a third party in 2023.

IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies. In October 2024, IMI entered into a Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC., which are California-based firms engaged in prototyping and low volume EMS service. Under the agreement, IMI will channel or refer prototyping and low volume EMS services needs of selected customers to XLR8 and Concisys, while XLR8 and Concisys will refer IMI to their customers for volume production services. Consequently,

IMI USA ceased its prototyping and manufacturing operations in December 2024, with production functions transitioned to IMI facilities across North America, Europe, and Asia.

IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI. In 2024, with a move to better align support costs with current business needs, IMI closed its sales office in Japan and currently in the process of dissolution of the entity. IMI's extensive sales team, strategically positioned across various regions, will continue to address opportunities in Japan, eliminating the need for a physical office and reducing overhead costs.

PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. PSi provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices. In 2021, the principal office of PSi was changed to North Science Avenue, Laguna Technopark – Special Economic Zone (LTSEZ), Bo.Biñan, Biñan, Laguna following the transfer of its manufacturing operations inside the IMI premises. PSi remains to be a separate legal entity.

Principal Products, Services and Market Segments

Mobility

IMI's Mobility business unit significantly increased its booked business for the coming years with US \$112 million of annual revenue potential secured in 2024. Over the past three years, IMI has strategically focused on car electrification, laying the foundation for leadership in this rapidly growing sector. As it moves forward, a significant portion of its new business acquisition continues to be driven by the EV market. With its enhanced capabilities, IMI is now poised to produce complex box-build projects with electronic content up to 10 times greater than traditional automotive platforms. These advancements have allowed IMI to expand its portfolio and secure new Tier 1 and OEM customers who trust in its ability to tackle the evolving challenges of mobility electrification. As it looks ahead, IMI is well-positioned to lead in the electrification of the mobility market and embrace the exciting opportunities that lie ahead.

In 2024, IMI leveraged its experience and solid foundation to fuel our ambitious growth trajectory. Looking ahead, it remains committed to strengthening its position in the Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV) markets, where the company sees exciting opportunities. To ensure a balanced and resilient product portfolio, IMI will also continue to pursue proven opportunities in lighting, opening systems, and sensors – key areas that are independent of powertrain typology. IMI's focus will remain on innovation and adaptability as it drives forward into the future.

While improvements were seen in the supply shortage of electronic components, hurdles remain ahead. Specifically, imbalanced inventory levels and supply chain issues continue to keep the cost of raw materials and logistics elevated. IMI's new leadership team has therefore taken a proactive approach by restructuring the company's procurement organization. By decentralizing this function and integrating it into the manufacturing site level, IMI has enhanced its agility and formed bespoke strategies unique to customer needs.

Automotive Cameras

IMI has firmly established itself as a leading player in the automotive camera manufacturing industry. Since 2010, IMI has been at the forefront of developing and refining key processes to manufacture and test automotive cameras for various Advanced Driver Assistance Systems (ADAS) applications. With over 15 years of experience perfecting the Chip on Board (COB) process for mounting bare die image sensors, IMI has successfully expanded its capabilities to include the assembly of next-generation Lidar receiver modules and high-resolution driver monitoring cameras.

Use of Bare die imager sensors for automotive cameras would allow the camera to perform with superior low light sensitivity, enhanced signal-to-noise ratio, and reduced image flare compared to traditional packaged sensors.

This technical proficiency has enabled IMI to undertake new projects for major European Tier 1 suppliers, further solidifying its position as a trusted partner in the automotive electronics industry. In 2024, IMI secured \$13 million of annual revenue potential business wins in this market segment.

By continuously innovating and adapting to the evolving demands of the automotive market, IMI remains committed to delivering high-quality, reliable solutions that enhance vehicle safety and performance.

Industrial and Others

IMI has long been recognized as a global leader in automotive electronics. One of its goals is to extend this expertise and absolute commitment to quality into new markets including the industrial and medical sectors. IMI has been pursuing new opportunities in the industrial sector, focusing on mid to large, high-mix customers with significant growth potential. In 2024, IMI secured \$72 million of annual revenue potential business wins in the industrial and others market segment.

Connectivity is the other major focus point of our Industrial business unit. We see IoT as a key enabling technology that will drive a more interconnected future. By seamlessly connecting multiple systems to real-time data, our devices drive efficiency in logistics, manufacturing, energy management and asset tracking. Similar sensor systems that we develop for top automotive manufacturers in the world also go into our own facilities. Our advanced sites utilize these devices to enable robotics and automation systems that enable us in manufacturing high quality, high reliability products while maintaining peak efficiency.

Power Business

IMI's Power Device package platforms in Discrete and Power modules are optimized to enable a wide range of applications meeting market demands from automotive, industrial, renewable energy systems and AI data center.

IMI's high performance industry standard and customized power module footprints include innovative packaging capable to accommodate high voltage up to 2.3kV at various current ratings from 200A to 900A. It offers advanced process technologies including SiC wafer dicing, silver sintering, heavy aluminum and copper wirebonding, ultrasonic welding interconnects and pre-applied TIM for easy integration.

IMI's experienced engineering team delivers end-to-end OSAT services from design, virtual simulation, NPI, design verification, test and product validation services that meet automotive standards for all power products.

IMI has demonstrated its capability to full turnkey Si top cool DBC baseplate-less transfer molded and SiC pin-fin baseplate package platforms to electric vehicle manufacturers. IMI's own designed plastic enclosure for high voltage and high current package platform is a cost-effective solution for industrial application.

VIA

VIA is a leading provider of enhanced display solutions for multiple end markets in which superior functionality or durability is a critical differentiating factor. About 800 employees worldwide working on high-end products for our customers in the automotive, consumer electronics, industrial and specialized end markets.

Since IMI acquired VIA in 2016, its management teams have identified strategy roadmaps to maximize VIA's potential in high margin markets. VIA leveraged IMI's position as a top automotive EMS company and VIA's expertise in robust, high reliability display processes to continuously improve automotive proficiency and build relationships with proven industry partners. Over the past six years, VIA started with a service company mainly focused on the industrial and consumer segments, and transformed it into a key player in mobility displays.

In 2024, VIA signed a contract for the design and development of a new automotive camera with Immervision Inc. ("Immervision"), a specialist in the design of advanced vision systems. VIA will work with Immervision to develop specialized lens technology to customize and produce exterior automotive cameras which can be brought to market quickly while reducing non-recurring engineering costs. The new

technology for the next generation cameras will enhance VIA's camera portfolio and meet growing customer demand for a variety of field of views (FOVs). VIA expects these next generation cameras to be used most frequently with e-mirror and surround view applications.

VIA together with Grupo Antolin-Irausa, S.A.U. ("Antolin"), a global provider of automotive technology solutions, unveiled their new Sunrise vehicle cockpit concept at an event in Nuremberg around the European exhibition "Embedded World". Both companies are leveraging their combined expertise and capabilities to design, develop, and produce innovative integrated display systems for vehicle interiors including cockpits, floor consoles, door panels, overhead systems and seat headrests. VIA and Antolin unveiled the initial results of their strategic collaboration with a joint product demonstration of their new concept vehicle cockpit named Sunrise. The companies believe that Sunrise sets a new benchmark in user experience and seamless display integration offering many benefits including: a sleek and minimalist design; integrated displays and smart surfaces; on-demand technologies for improved user experience and versatility, immersive ambient lighting and an enhanced safety profile that helps prevent driver distractions. Moreover, the Sunrise cockpit also incorporates innovative, environmentally friendly materials, aligning with the companies' commitment to sustainable practices and responsible manufacturing.

VIA also received two new business awards from a tier 1 Chinese electric vehicle (EV) maker for pillar-to-pillar display solutions. One product combines two 24-inch displays on one cover glass. The other one combines two displays with mentioned size on one flat cover glass. These awards bolster VIA's presence as a trusted solutions provider within the automotive market. VIA has already started production on the first award and expects to begin production in the second half of 2025 for the second award.

Product Capabilities

Automotive

As the tenth largest automotive EMS provider as per New Venture Research based on 2023 revenues, IMI continues to provide end-to-end solutions to the global automotive market, with manufacturing lines that are IATF 16949:2016 certified.

- Automotive Camera
- PCBA for Electronic Stability Program (ESP)
- Electronic Power Steering (EPS) ECU
- Gear Shifter controller
- Dual clutch transmission ECU
- Power module
- Body Control Module (BCM)
- Rotor Position Sensor (RPS)
- Steering Wheel Control Device
- Tire Pressure Sensor PCBA
- Wiper controller
- Car Windshield Temperature and Humidity Sensor
- Switch Controller for Main Light
- Communication Power PCBA
- Powertrain Control Solutions
- Semiconductors used in Electric Drive/ Hybrid Electric Vehicles
- Fuel Management
- Pump Driver
- Cockpit Control Device
- Audio Processor
- Vehicle detections equipment
- ECU Control PCBA for BEV
- e-Scooter ECU
- ADAS ECU and controllers
- Seat Occupancy Sensor

Industrial

IMI specializes in durable electronics for long product life cycle segments, offering customized solutions in industrial engineering and manufacturing markets while taking advantage and maximizing new applications of industrial electronics for the industrial field market.

- Automated Meter Reading (AMR)
- Security Control Device
- Electronic Door Access System
- Electronic Toll Charging device
- Building automation
- Aircon damper controller
- Smart Card
- Intruder system
- Point of Sales System
- Power Amplifier
- DC-DC Power Converter
- Engine Controllers
- Welding Machine Inverter
- Motor Drivers for Conveyor
- Fan Motor Control Board
- Computer Numerical Control (CNC) Control Board
- Main power supplies for LED street lighting
- Modules for renewable energy generation, transmission and conversion
- Inverter Control Unit
- EV Charging Pile Control Board
- Optical Fingerprints for Biometric security
- Power distribution unit for EV charging station

Power Electronics

IMI is one of the few companies in the world capable of handling not only the electronics manufacturing side of the power modules but also the power semiconductor side of it. IMI has the capability to scale and produce within a wide breadth of module specifications.

- Medium-High Power Packages
 - SOT 93 3L
 - SOT 227
 - TO 247 3L
 - TO 264 3/5L
 - Standard Package 3 (SP3)
 - Standard Package 4 (SP4)
 - Standard Package 6 (SP6)
- Low-Medium Power Packages
 - TO 220 Fpak 3L
 - PowerFlex 2/3/5/7L
 - TN234 / TN233
 - TO 263 3L
 - 3 x 3 mm QFN
 - 3.3 x 3.3 mm QFN
 - 5 x 6 mm QFN
- Small Signal Packages
 - SOT 223 3L
 - TO 220 2/3/5/7L

Communications

The company is a key player in the development and manufacturing of systems and products in a world where information is power. IMI closely collaborates with its partners in moving such information around quickly and intelligently.

- Back Panel for Telecommunication Board
- Fiber to the “X” (FFTx) systems
- Booster Amplifier
- GPON (Gigabit Passive Optical Network) Systems
- Wireless Security System
- Base Station Power Supply
- Digital Station Control Board
- Power Transistors for amplifiers in cellular base stations
- Power Conversion ICs in adapters and chargers
- DC Port and USB Port protection for satellite radio peripherals
- Enterprise Network Wireless

Medical

IMI enables its partners to better handle and address the increasing volumes of electronic content in the medical industry.

- Flat Panel Imaging Equipment
- Auto Body Contouring Imaging Equipment
- Dental Imaging System
- Defibrillator Component Device
- Concealed Hearing Aid
- Biomedical and Laboratory Equipment
- Centrifuge Control Board
- Fitness Equipment Control Board
- Non-invasive Ventilation Device
- Continuous Positive Airway Pressure (CPAP)

Other Capabilities and Services

New Product Introduction

While thriving on speed and quality, IMI cuts down time-to-market and maintains the highest product quality.

IMI offers rapid prototyping and makes every effort to get it right the first time. By offering process development and tool design locally, customers save on valuable lead-time.

Test and Systems Development

IMI guarantees customized test solutions of high quality and reliability of its products.

Robotic automation processes in many of its production facilities are implemented in various test platforms while sharing common software and hardware architectures.

Collaboration among IMI's various Test and Systems Development (TSD) teams from different regions ensures continuous innovations in complex tester projects.

- Design for Testability
 - Parallel test solutions
 - Test coverage analysis & improvement
- Rapid turnkey hardware design and fabrication
- Flexible test platforms for product ECNs

- SW revisions
- Hardware field upgrades
- Test process and hardware documentation
- Training and 24x7 manufacturing

IMI has five TSD Centers of Competence with more than 70 engineers serving its global factory network.

The company continues to innovate for sustainability, constantly rolling out customized test solutions for the EMS and automotive industry.

IMI's unique five-stage Tester Development Process involves a rigorous set of *gate check points* that help ensure compliance to quality standards and customer requirements.

2024 highlighted fruitful collaboration among TSD teams from Global IMI sites to develop test and automation solutions for new projects of new and existing EMS customers.

In Mexico, local engineers partnered with colleagues from China and the Philippines to build a new compact automated test line for the latest model of an ECU for the electric steering control system of vehicles in less than a year from concept to qualification. This new automated test line includes in line PCBA test, hot temperature run-in test and end of line test for the fully assembled ECU. The same teams collaborated in the development of an EV charging system tester for another OEM.

In the Philippines, TSD supported growth in automotive camera and IOT products businesses in 2024. Manufacturing and optical testing of automotive cameras have spanned more than a decade of operations in Laguna. Last year, the engineering teams qualified new processes including test systems for LIDAR automotive camera receivers. A focus and alignment system was built in collaboration with a Chinese equipment supplier while the function testers for LIDAR PCBAs were designed and built internally. Additional new automotive cameras and models from OEMs were qualified in standard automated end of line test stations built two years ago. The intrinsic calibration test system – internally designed – was implemented for new customers/camera projects. In the realm of IOT products, new testers were built, in particular for those used for electronic lock systems and security applications. Last year also marked the full deployment for mass production of test systems for battery and cell management PCBAs for a new electric motorcycle customer.

In China, replication and improvement of test equipment to support increased volume requirements of customers for various automotive applications (automotive lighting, car wiper control, motor hall and RPS sensors). The TSD Team in Jiaxing is also a proud recipient of six patent awards in 2024 (four in standard test platform development, one in software architecture and one in data acquisition innovation) from the Chinese Patent Office. This recognition affirms the innovation in test solutions developed in IMI.

In Bulgaria, the team implemented a pilot project for a major EU OEM to integrate measures for cybersecurity for firmware programmed in an automotive product. This is an emerging requirement for automotive as well as other IOT products i.e. those for electronic lock systems. Similar to China, several testers were modified to increase the test capacity and support volume surge requirements of some customers. The Bulgaria team also implemented a new SCARA robot-controlled test station for an IOT product with a replication of this system due this year.

These accomplishments clearly demonstrated the significant value-add of internal test development capabilities in IMI to enable and expand business development.

Analytical Testing and Calibration

As one of the Philippines' premier test service providers, IMI's Analytical Testing and Calibration (ATC) laboratory demonstrates its commitment to excellence by continuously improving and expanding its range of testing capabilities.

ATC laboratory, an ISO 17025 Accredited Test Service Provider, specializes in a wide range of services including reliability testing, failure analysis, and calibration for critical industries: automotive, industrial, power electronics, aerospace, defense & security, communication, and medical. Equipped with advanced instrumentation and guided by specialized expertise, IMI's method development team applies protocols

like ISO, VDA, AECQ, Military, and JEDEC to provide innovative test plans and accurate analysis, committed to long-term client partnerships as a global manufacturing solutions provider.

Segment Information

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. IMI and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ, and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA under Germany segment in 2024, and STI was combined with VIA under Germany/UK segment representing non-wholly owned subsidiaries in 2023, IMI USA, IMI Japan, IMI UK and IMI Singapore/ROHQ are combined being the holding and support facilities for strategic management, research and development, engineering development and sales and marketing.

Prior period information is consistent with the current year basis of segmentation.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Revenue Contribution by Industry Segment (in US\$)

	2024	2023	2022
Automotive	\$750,049,973	\$800,268,154	\$748,133,702
Industrial	273,984,151	390,166,599	476,146,759
Consumer	32,474,716	33,872,523	71,740,418
Medical	22,237,892	23,204,347	23,005,325
Telecommunication	7,670,651	30,321,101	37,895,276
Aerospace/defense	—	36,165,083	39,953,992
Multiple market/others	12,275,269	13,215,125	12,141,040
	\$1,098,692,652	\$1,327,212,932	\$1,409,016,512

Revenue Contribution by Customer Nationality (in US\$)

	2024	2023	2022
Europe	\$802,970,863	\$921,631,187	\$940,205,928
America	114,236,905	182,120,031	175,174,834
Japan	62,158,240	57,307,924	70,436,636
Rest of Asia/Others	119,326,644	166,153,790	223,199,114
	\$1,098,692,652	\$1,327,212,932	\$1,409,016,512

Foreign Subsidiaries' Contribution

	2024		2023		2022	
	Revenue	Net Income*	Revenue	Net Income*	Revenue	Net Income*
Foreign Subsidiaries:						
China/SG	19%	N/A	20%	N/A	24%	N/A
Europe/UK	48%	N/A	49%	N/A	46%	N/A
Mexico	12%	N/A	12%	N/A	11%	N/A
Total	79%	Net Loss	81%	Net Loss	81%	Net Loss

*Attributable to equity holders of the IMI Parent Company

Revenues are attributed to countries on the basis of the customer's location. The current top customer which is under the automotive segment accounts for 14.76% (\$163.05 million), 12.33% (\$163.64 million), and 10.68% (\$150.48 million) of the IMI's total revenue in 2024, 2023 and 2022, respectively.

Sales and Distribution

IMI's global presence allows it to provide solutions to OEMs through its Tier 1 customers catering to regional and international markets. IMI's unique global footprint significantly contributes to the differentiated value proposition that it offers to its customers, further driving incremental growth with existing customers as well as attracting new customers.

- Philippines: offers a low-cost manufacturing option with an improved cost structure through low labor and tariff export advantages. In addition, the Philippines capitalized its competencies in camera and power module manufacturing.
- Mexico: provides an opportunity for North American customers to onshore manufacturing
- Europe: provides European automotive OEMs close proximity to the manufacturing operation
- China: meets Chinese domestic demand (100% of IMI's revenue with Chinese-domiciled customers is generated out of its China sites)

In 2024 as part of the IMI's organizational transformation, a European-led restructured commercial leadership team supported by dedicated market segment leads, enhances our market intelligence, responsiveness, and customer engagement. It was established with a balanced portfolio tapping on horizontal markets for mobility and industrial, and vertical markets for the power module and camera businesses. Apart from shifting sales focus to higher value add segments, part of the strategy was to also achieve shorter gestation periods for revenue generation and to focus on more box build and system assemblies for higher differentiation. IMI also optimized and expanded the businesses with its key customers through global and regional key account management to tap regional and global opportunities.

IMI's global sales teams have boosted their efforts to ensure a strong rebound for the company. New project wins in 2024 reached US\$197 million of annual revenue potential (ARP) for IMI wholly-owned sites.

Mergers and Acquisition

IMI did not enter into any merger and acquisition in the last three years.

Competition

IMI ranks 23rd in the list of top Electronics Manufacturing Services (EMS) providers in the world, and 10th in the automotive EMS market based on 2023 revenues as per New Venture Research.

From its 18 manufacturing plants across eight different countries, IMI provides engineering, manufacturing, support, and fulfillment capabilities to diverse industries globally.

IMI has created an extensive global manufacturing network that enables it to best serve its global, blue-chip customers. It has a strong global footprint with foothold in key major markets worldwide. IMI is a technology leader in attractive areas such as camera vision, power modules, sensors and connectivity. Its leading-edge capabilities, including robust design and advanced manufacturing engineering and processes, and bare die assembly, position the company for accelerated growth. IMI also provides solutions for advanced technology products in attractive end markets with long product life cycles and has a reputation for quality and customer recognition.

IMI's performance is affected by its ability to compete and by the competition it faces from other global EMS companies as well as the disruptions in the global electronics supply chain. While it is unlikely for EMS companies to pursue identical business activities, the industry remains competitive. Competitive factors that influence the market for IMI's products and services include product and service quality, pricing, and timely delivery.

IMI is further dependent on its customers' ability to compete and succeed in their respective markets for the products that IMI manufactures.

There are two methods of competition: a) price competitiveness; and b) robustness of total solution (service, price, quality, special capabilities or technology). IMI competes with EMS company's original design manufacturer (ODM) manufacturers all over the world. Some of its EMS provider competitors include Flex, Plexus, SIIIX, and Kimball.

Flex is a Singapore-headquartered company with annual revenues of US\$26.4 billion in 2024. Through the collective strength of a global workforce across 30 countries and responsible, sustainable operations, Flex delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. Its cost structure is very competitive, and it is vertically integrated as well. Flextronics poses competition to IMI in the consumer, communications, industrial, and automotive segments.

Plexus, a U.S.-based EMS provider, achieved revenues totaling US\$3.96 billion in 2024. With a commitment to building a better world, Plexus collaborates with companies to develop impactful products with over 20,000 dedicated individuals offering a range of services including design and development, supply chain solutions, new product introduction, manufacturing, and sustaining services. Renowned as a global leader, Plexus specializes in serving industries with intricate products and stringent regulatory standards and excels in delivering customer service excellence to leading companies, offering innovative and comprehensive solutions across the entire product lifecycle. Operating prominently in industrial, medical, communications, and military sectors, Plexus is a key player in the EMS industry alongside IMI.

Kimball Electronics, situated in Jasper, Indiana, USA, generated revenues of US\$1.7 billion in 2024. Specializing in end-to-end engineering, design, and manufacturing solutions, Kimball Electronics offers a comprehensive range of services including contract EMS, diversified contract manufacturing services (DCMS), and automation, test & measurement services. Its reputation for delivering award-winning service is underpinned by a highly integrated global presence, stringent quality systems, customer-centric approach, and robust supply chain support. In the automotive, industrial, and medical markets, Kimball emerges as a strong competitor alongside IMI.

Principal Suppliers

IMI's supplier base is extremely diversified in terms of spend and geography, providing it further flexibility across its supply chain. IMI's top 10 suppliers in 2024 comprise about 34% of global purchases. No supplier represents more than 11% of total spend. In 2024, direct material spend comprise 47% active components, 14% passive components, 13% electro-mechanicals, 11% mechanicals, 11% PCBs, 4% others.

Purchases from suppliers generally comprise of electronic components processed by its facilities. IMI strives to manage the quality of the products supplied to ensure strict adherence to quality standards and only purchase from suppliers whose product meets all applicable health and safety standards.

Throughout the year, IMI endeavored to make its supply chain more resilient without sacrificing competitiveness. It has mapped the full extent of its supply network and identified both direct and indirect sources. IMI addresses the vulnerabilities by rallying its suppliers and stockpiling essential materials. It also analyzes how it would recover from a disruption.

Transactions with Related Parties

Please refer to Item 12 on Certain Relationships and Related Transactions of this Report.

Intellectual Property

The table below summarizes the intellectual properties registered with the Patent and Trademark Offices in the United States, Europe, and Asia:

Existing / Pending Patents	Descriptions	Filing Date	Publication Date	Expiration Date
United States Patent (US) 9839142 B2	Vacuum Pallet Reflow, a soldering device and method of soldering enabling vacuum reflow while using a standard reflow oven conveyor. Also published as: KR101984064B1 (May 2019) RS61026B1 (In Process) WO2012149284A1 (In Process) JP2014515887A (In Process) EP2701871B1 (June 2020) JP6284571B2 (February 2018)	April 2012	December 2017	2032
United States Patent (SG) 7787265 B2	A dual switch forward power converter, and a method of operating the same, employs a self-coupled driver to achieve	February 2007	August 2010	2027

Existing / Pending Patents	Descriptions	Filing Date	Publication Date	Expiration Date
	among other advantages higher efficiency, lower part count and component cost. Also published as: WO2008105741A1 (In Process)			
United States Patent (PH) 11086092 B2	Camera Lens Heater, a heating assembly having an annular - shaped heating element disposed on the second surface of the objective lens.	May 2019	August 2021	2039
China National Intellectual Property Administration (SZ) CN114226110B	An electronic component processing equipment with testing function and its usage method	December 2021	December 2022	2041
China National Intellectual Property Administration (SZ) CN113829265B	Clamping device for electronic material research and development	October 2021	December 2022	2041
China National Intellectual Property Administration (JX) CN116400666B	Test framework of RTH base on LabView	March 2023	February 2024	2043
China National Intellectual Property Administration (JX) CN117907675B	High Precision Voltage & Current acquisition device	March 2024	July 2024	2044
China National Intellectual Property Administration (JX) CN111123897B	Rapid ECU test equipment	January 2020	March 2023	2040
China National Intellectual Property Administration (JX) CN111123898B	Rapid test equipment for EV car	January 2020	February 2023	2040
China National Intellectual Property Administration (JX) CN114954598B	Automated carousel equipment with rapid feeding cart	June 2022	April 2023	2042
China National Intellectual Property Administration (JX) CN112630132B	Batch burn-in test equipment for car LED strip	December 2020	August 2022	2040
World Intellectual Property Organization PCT (US) WO 2013/028616 A3	A flip chip video camera mounted on a flexible substrate with glass stiffener Also published as: JP2014527722A (In Process)	August 2012		In Process
World Intellectual Property Organization PCT (PH) WO/2022/084773	Ultraviolet Air Filter For A Vehicle Cabin	September 2021		In Process

VIA Optronics

VIA's success and ability to compete depend in part on its ability to maintain the proprietary aspects of its technologies and products. It relies on a combination of patents, trademarks, trade secrets, licensing and collaboration agreements, confidentiality agreements, and other statutory and contractual provisions to protect its intellectual property, but these measures may provide only limited protection.

Government Regulations and Approvals

IMI complies with all existing government regulations applicable to the company and secures all government approvals for its registered activities. Currently, there are no known probable governmental regulations that may significantly affect the business of IMI.

IMI is subject to various national and local environmental laws and regulations in the areas where it operates, including those governing the use, storage, discharge, and disposal of hazardous substances in the ordinary course of its manufacturing processes. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at IMI's manufacturing plants indicate that it is responsible for the release of hazardous substances, IMI may be exposed to liability. Further, additional environmental matters may arise in the future at sites where no problem is currently known or at sites that IMI may acquire in the future.

IMI closely coordinates with various government agencies and customers to comply with existing regulations and continuously looks for ways to improve its environmental and safety standards.

Below is the detailed enumeration of its permits and licenses together with its pertinent details:

License/Permit Name	Regulatory Body
SEC Certificate of Registration	Securities and Exchange Commission
PEZA Certificate of Registration - Export Enterprise	Philippine Economic Zone Authority
PEZA Certificate of Registration – Motorcycle Engine Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration - Facilities Enterprise	Philippine Economic Zone Authority
PEZA Certificate of Registration – High Power Electric Motorcycle Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration – Battery Cell Block Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration – Electric Motorcycle Assembly	Philippine Economic Zone Authority
BIR Form 2303 - Certificate of Registration	Bureau of Internal Revenue
Permit to Use Computerized Accounting System	Bureau of Internal Revenue
Permit to Use Loose-leaf Invoices	Bureau of Internal Revenue
Authority to Print Invoices	Bureau of Internal Revenue 1. Sales Invoice; Official Receipt (back up invoices during system downtime) 2. Billing Invoice; Collection Receipt (back up invoices during system downtime)
Business Permit	City of Biñan
Environmental Compliance Certificate	Department of Environment and Natural Resources
Laguna Lake Development Authority Discharge Permit	Laguna Lake Development Authority
Permit to Operate - Emission Source Installation	Department of Environment and Natural Resources
CG	
SSCG	
Philippine Drug Enforcement Agency Permit	Philippine Drug Enforcement Agency
License to Operate and X-Ray Facility	Department of Health - Food and Drug Administration
License to Handle Controlled Precursors & Essential Chemicals	Philippine Drug Enforcement Agency
License-to-Possess Explosives (Nitric Acid)	Philippine National Police
CG	
SSCG	
Radioactive Material License	Philippine Nuclear Research Institute
Fire Safety Inspection Certificate	Bureau of Fire Protection

License/Permit Name	Location	Integrated Micro-Electronics, Inc.		
		License/Permit No.	Issue Date	Expiry Date
'1. SEC Certificate of Registration		94419	08/08/1980	
'2. PEZA Certificates & Permits				
PEZA Certificate of Registration – Export and IT Enterprise	Laguna	94-59 (Amended)	12/15/2022	
PEZA Certificate of Registration – Motorcycle Engine Assembly	Laguna	2022-00058-PEZA-EX-C29-1	07/18/2022	
PEZA Certificate of Registration – High Power Electric Motorcycle Assembly	Laguna	2023-00061-PEZA-EX-C29-2-A1	07/08/2024	
PEZA Certificate of Registration – Battery Cell Block Assembly	Laguna	2023-00062-PEZA-EX-C29-3	03/20/2023	
PEZA Certificate of Registration – Electric Motorcycle Assembly	Laguna	2024-00089-PEZA-EX-C27-4	06/11/2024	
PEZA Certificate of Registration – Facilities Enterprise	Laguna	11-19-F	11/29/2011	
PEZA Permit to Operate – Annual Inspection	Laguna	R-070424-L-01-A1	07/04/2024	07/04/2025
PEZA Permit to Operate – Electrical	Laguna	R-070424-L-01-EPTO-R	07/04/2024	07/04/2025
PEZA Permit to Operate – Electronics	Laguna	R-070424-L-01-ELPTO-R	07/04/2024	07/04/2025
PEZA Permit to Operate – Mechanical	Laguna	R-070424-L-01-MPTO-R	07/04/2024	07/04/2025
'3. BIR Form 2303 - Certificate of Registration		OCN: 116RC202400000002 18	02/05/2024	
'4. Permit to Use Computerized Accounting System	Laguna	AC_116_062024_000 338	06/11/2024	
'5. Permit to Use Loose-leaf Invoices	Laguna	LTAD-LL-09-769-14	09/05/2014	
6. Authority to Print Invoices		OCN 8AU0000356125	08/28/2019	Valid until exhaustion of invoices
		OCN 8AU0000356126	08/28/2019	Valid until exhaustion of invoices
7. Business Permit	Laguna	2025-02008	01/16/2025	12/31/2025
8. Business Clearance	Laguna	20252191454	01/16/2025	12/31/2025
9. Fire Safety Inspection Certificate	Laguna	FSIC No. R4A 1208023;	10/14/2024	10/15/2025
10. Environmental Compliance Certificate	Laguna	ECC-R4A-2023-06-0076	06/15/2023	N/A No expiration
11. Hazardous Waste Generator Registration Certificate	Laguna	OL-GR-R4A-34-000488	07/26/2020	N/A No expiration
12. Laguna Lake Development Authority (LLDA) – Clearance	Laguna	LX-21a-2023-00811;	08/18/2023;	N/A No expiration
13. LLDA - Discharge Permit	Laguna	DP (R)-21a-2024-00191; DP (R)-21a-2021-05287	01/23/2024; 01/21/2022	01/20/2027; 01/15/2025
14. & 15. Department of Environment and Natural Resources (DENR) – Permit to Operate	Laguna	PTO-OL-R4A-2023-04219-R; PTO-OL-R4A-2022-00505	05/03/2023; 01/19/2022	05/03/2028; 01/19/2027
16. DENR - Permit to Transport	Laguna	OL-P-R4A-10-148512	02/21/2025	08/21/2025

License/Permit Name	Location	Integrated Micro-Electronics, Inc.		
		License/Permit No.	Issue Date	Expiry Date
17. DOLE Permit to Operate – Power Piping Line (Compressed Dry Air)	Laguna	PPLDL-IVA-23-2024	02/15/2024	02/14/2025
18. DOLE Permit to Operate – Power Piping Line (Nitrogen Piping System)	Laguna	PPLDL-IVA-214-2024	11/19/2024	11/18/2025

IMI paid nominal fees required for the submission of applications for the above-mentioned environmental laws.

Research and Development Activities

IMI launched several package platform variants in its Discrete and Power Module package portfolio. The new T0-247 4-lid HC is an improved version of the T0-247 4-lid with high clearance and creepage distances between the critical leads. It provides an additional connection to the source (Kelvin Connection); the other variant is the Holeless version which can accommodate bigger chip, allows higher heat dissipation. Compared to bigger Discrete it reduces heatsink space and can reduce the number of devices in parallel.

IMI's own designed high CTI, EZ 1 and EZ 2 packs with metal insert and all-plastic options with press fit pins provides high reliability solderless connections can withstand 2.3kV operating voltage offers flexibility and cost-effective solution for industrial applications.

IMI is continuously developing and maintaining its technology roadmap for potential areas of innovation exploring new technologies, materials and processes through regular engagement with its customers, strategic collaboration and partnerships with the academe and industry partners to leverage shared resources and gain competitive advantage.

VIA conducts research and development activities primarily in Germany as well as in China and Japan that focus on advancing its existing optical bonding and metal mesh technologies, improving its current product solutions, developing new products, improving functionality and manufacturing processes, enhancing the quality and performance of its product solutions and expanding its technologies to position it as a critical and innovative supplier in its customers' supply chains.

IMI spent the following for research and development activities in the last three years:

% of Revenues		
2024	\$3,854,677	0.35%
2023	\$5,265,906	0.40%
2022	\$5,675,802	0.40%

Employees

IMI has a total workforce of 10,368 employees as of December 31, 2024, shown in the following table:

	2024	2023
Managers	480	554
Supervisors	1,236	1,705
Rank-and-file	1,698	1,989
Technicians/Operators	6,954	8,411
Total	10,368	12,659

IMI will continuously assess its cost structure to adapt effectively to market conditions and remain financially stable. IMI's projected headcount for 2025 is 10,378.

The relationship between management and employees has always been of solidarity and collaboration from the beginning of its operations up to the present. IMI believes that open communication and direct engagement between management and employees are the most effective ways to resolve workplace issues.

IMI has existing supplemental benefits for its employees such as transportation and meal subsidy, group hospitalization insurance coverage, and non-contributory retirement plan.

IMI recently approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the company) to its key talents.

IMI has or will have no supplemental benefits or incentive arrangements with its employees other than those mentioned above.

Risk Factors

IMI's business, financial condition and results of operation could be materially and adversely affected by risks relating to the company and the Philippines.

IMI's operating results may significantly fluctuate from period to period.

There is a risk that IMI's operating results may fluctuate significantly due to various factors including but not limited to natural calamities such as global pandemic, volcanic eruption, weather and climate related incidents, geopolitical issues, macro-economic factors, changes in demand for its products and services, customers' sales outlook, purchasing patterns, and inventory adjustments, changes in the types of services provided to customers, variations in the volume of products, adjustments in the processes and manner of delivery of services, as well as alterations to product specifications on account of complexity of product maturity, the extent to which it can provide vertically integrated services for a product. The result is also affected by IMI's effectiveness in managing its manufacturing processes, controlling costs, and integrating any potential future acquisitions, IMI's ability to make optimal use of its available manufacturing capacity, changes in the cost and availability of labor, skills and expertise, raw materials, and components, which affect its margins and its ability to meet delivery schedules, and the ability to manage the timing of its component purchases so that components are available when needed for production while avoiding the risks of accumulating inventory in excess of immediate production needs. Fluctuations in operating results may also be experienced by the company on account of the advent of new technology and customer qualification of technology employed in the production, and the occurrence of any changes in local conditions or occurrence of events that may affect production volumes and costs of production, such as, but not limited to lockdowns, travel restrictions, labor conditions, political instability, changes in law and regulation, economic disruptions or changes in economic policies affecting flow of capital, entry of competition, substantial rate hikes of utilities required for production. IMI may also experience possible business disruptions as a result of fire and explosion due to presence and use of flammable materials in the operations, or force majeure. Additionally regional conflicts such as in Russia–Ukraine, or tensions in the Asia-Pacific region may also result in disruptions in logistics, supply chain, increased oil and natural gas prices, food supply, and sanctions levied upon individuals and entities that may have ties with IMI's suppliers and customers. Donald Trump's presidential election win may also result in some policy changes such as trade war, tariffs, and US pullout from trade organizations that may affect global economies.

The factors identified above, and other risks discussed in this section affect IMI's operating results from time to time.

Some of these factors are beyond IMI's control. It may not be able to effectively sustain its growth due to restraining factors concerning corporate competencies, competition, global economies, and market and customer requirements. To meet the needs of its customers, IMI has expanded its operations in recent years and, in conjunction with the execution of its strategic plans, it expects to continue expanding in terms of geographical reach, customers served, products, and services. To manage its growth, IMI must continue to enhance its managerial, technical, operational, and other resources, as well as realign strategies to adjust to the new normal brought about by factors such as Covid-19 Global Pandemic, climate change and failure to adopt to new carbon economy.

IMI's ongoing operations and future growth may also require funding either through internal or external sources. There can also be no assurance that any future expansion plans will not adversely affect its existing operations since execution of said plans may involve challenges. For instance, IMI may be required to be confronted with such issues as shortages of production equipment and raw materials or

components, capacity constraints, difficulties in ramping up production at new facilities or upgrading or expanding existing facilities, lack of skills and training an increasing number of personnel to manage and operate those facilities. Compounding these issues are other restraining factors such as more aggressive efforts of competition in expanding business, volatility in global economies and market and customer requirements, including requirements related to sustainability and ESG. All these challenges could make it difficult for IMI to implement any expansion plans successfully and in a timely manner.

In response to a very dynamic operating environment and intense industry competition, IMI focuses on high-growth/high-margin specialized product niches, diversifies its markets and products, engages in higher value add services, improves its cost structure, and pursues strategies to grow existing accounts. IMI also incorporates Environment, Social, and Governance (Sustainability) into its strategy and future growth.

IMI may need to raise additional capital from time to time to meet our growth goals and may be unable to do so on attractive terms, or at all.

IMI intends to continue to make investments to support the growth of our business and may require additional funds to respond to business challenges, including the need to complement our growth strategy, increase market share in our current markets or expand into other markets, or broaden our technology, intellectual property or service capabilities. Accordingly, it may require additional investments of capital from time to time, and its existing sources of cash and any funds generated from operations may not provide us with sufficient capital. Currently, IMI has existing short-term loans which are renewed every three months, and it relies on the continuing availability of unsecured revolving credit lines for liquidity and financial flexibility. For various reasons, including any non-compliance with existing or future lending arrangements, additional financing may not be available when needed, or may not be available on terms favorable to it. If IMI fails to obtain adequate capital on a timely basis or if capital cannot be obtained on terms satisfactory to us or in an amount or manner permitted by any restrictive covenants contained in lending or other arrangements in place as of such time, IMI may not be able to achieve its planned rate of growth, which will adversely affect its business, financial condition and results of operations.

IMI is highly dependent on an industry that is characterized by rapid technological changes.

The demand for IMI's solutions is derived from the demand of end customers particularly for end-use applications in the automotive, industrial, communications, consumer, and the increased demands of medical electronics industries as well as fast phase growth in green/clean energy industry. These industries have historically been characterized by rapid technological changes, evolving industry standards, and changing customer needs. Original Equipment Manufacturers (OEMS) continue to make adjustments to the design, and the choice of components, for their PCBAs, therefore requiring it to maintain regular communication with OEM customers and share forecast information with suppliers. The sudden change in demand may also create inventory buildup and may affect the supply chain flexibilities of IMI and abilities to adapt to the market change.

New services or technologies may also render IMI's existing services or technologies less competitive. If it does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities, taking into account renewed focus on sustainable and renewable technologies, may require substantial time, effort, and capital investment.

IMI is focusing on longer life cycle industries such as automotive, industrial and telecommunication infrastructure to reduce the volatility of model and design changes. It also keeps itself abreast of trends and technology development in the electronics industry and is continuously conducting studies to enhance its technologies, capabilities and value proposition to its customers. It defines and executes technology road maps that are aligned with market and customer requirements.

With rapid technological changes come increasingly sophisticated methods to infiltrate information and communication systems. The rapid deployment of digital and mobile environments, opening of network infrastructure to work from home and telecommuting pose an increase in the risk of unauthorized access and disruption in operations. IMI maybe vulnerable to increased cybersecurity, information security, and data privacy breach.

Information and cybersecurity risks, DDoS, ransomware, data breach, sabotage of production systems, penalties resulting from data privacy violations, reputation loss are important risk factors that the company needs to be able to manage and ensure sufficient and appropriate controls are in place. In this regard, IMI must ensure strong and adequate information security controls are implemented to safeguard confidentiality, integrity, and prevent loss of our critical information.

Automation, analytics and machine-learning algorithms have taken its step to a number of factories for quicker, more efficient production, with human operators monitoring and maintaining the systems. Understanding the role of its employees as resilient participants in this digital age, IMI's cybersecurity awareness program is continuously running. It engaged a third-party online security training provider to support this initiative.

Secure Email Gateway (SEG), Security Incident & Event Management (SIEM) and Security Operations (SOC) are in place to enhance security controls and mitigate existing risks at the same time.

The company also complies with the Data Privacy Act (DPA) to protect all forms of information that are personal, private, or privileged. IMI also as a global company maintains strict compliance with General Data Protection Regulations (GDPR).

In addition, the company has embarked on ISO 27001 – Information Security Management Systems certification program to ensure integrity and validity of cyber security controls across the IMI enterprise. The program also includes contracting 3rd party security assessors to determine maturity of IMI's information technology infrastructure, software, policies, procedures, and practices.

The industry where IMI operates in does not serve, generally, firm or long-term volume purchase commitments.

Save for specific engagements peculiar to certain products and services required, IMI's customers do not generally contract for firm and long-term volume purchase. Customers may place lower-than-expected orders, cancel existing or future orders or change production quantities. There are no guaranteed or fixed volume orders that are committed on a monthly or periodic basis.

In addition, IMI makes significant investment decisions, including determining the levels of business that it will seek and accept capacity expansion, personnel needs, and other resource requirements. These key decisions are ultimately based on estimates of customer long-term requirements. The rapid changes in demand for its products reduce its ability to estimate accurately long-term future customer requirements. Thus, there is the risk that resource investments are not optimized at a certain period.

In order to manage the effects of these uncertainties, customers are required to place firm orders within the manufacturing lead time to ensure delivery. IMI does not solely rely on the forecast provided by the clients. By focusing on the longer cycle industry segments, the volatility that comes with rapid model changes is reduced and it is able to have a more accurate production planning and inventory management process.

Buy-back agreements are also negotiated by IMI in the event there are excess inventory when customer products reach their end-of-life. To the extent possible, IMI's contract includes volume break pricing, and materials buy-back conditions to taper the impact of sudden cancellations, reductions, and delays in customer requirements.

IMI may encounter difficulties in connection with its global expansion.

IMI's globalization strategy has transformed it from a Philippines-centric company into a global network with manufacturing and engineering facilities as well as sales offices in Asia, Europe, and North America. This global expansion may expose it to potential difficulties that include diversion of management's attention from the normal operations of its business, potential loss of key employees and customers of the acquired companies, physical, legal, cultural, and social impediments in managing and integrating operations in geographically dispersed locations, lack of experience operating in the geographic market of the acquired business, reduction in cash balance and increases in expenses and working capital requirements, which may reduce return on invested capital, potential increases in debt, which may increase

operating costs as a result of higher interest payments, and complexities in integrating acquired businesses into existing operations, which may prevent it from achieving, or may reduce the anticipated synergy.

IMI's acquisitions of new companies or creation of new units, whether onshore or offshore, may also have an immediate financial impact to it due to the dilution of the percentage of ownership of current stockholders if the acquisition requires any payment in the form of equity of the company, the periodic impairment of goodwill and other intangible assets, and liabilities, litigations, and/or unanticipated contingent liabilities assumed from the acquired companies.

If IMI is not able to successfully manage these potential difficulties, any such acquisitions may not result in material revenue enhancement or other anticipated benefits or even adversely affect its financial and/or operating condition.

To limit its exposure, IMI performs a thorough assessment of the upside and downside of any merger or acquisition. Supported by a team that focuses on business development, finance, legal, and engineering units, the vision, long-term strategy, compatibility with the culture, customer relationship, technology, and financial stability of the company to be acquired is carefully examined through due diligence to ensure exposures are mitigated through proper warranties. In addition, IMI looks at acquisitions that are immediately accretive to the P&L of the company. The decision is then reviewed and endorsed by the Finance Committee and approved by the Board. IMI carefully plans any merger or acquisition for a substantial period prior to closing date. Prior to closing of transactions, it forms an integration team and formulates detailed execution plans to integrate the key functions of the acquired entity into IMI.

IMI may not be able to mitigate the effects of the declining prices of goods over the life cycles of its products or as a result of changes in its mix of new and mature products, mix of turnkey and consignment business arrangements, and lower prices offered by the competition.

The price of IMI's products tends to decline over the later years of the product life cycle, reflecting decreased costs of input components, improved efficiency, decreased demand, and increased competition as more manufacturers are able to produce similar or alternative products. The gross margin for manufacturing services is highest when a product is first developed but as products mature, average selling prices of a product drop due to various market forces resulting in gross margin erosion. IMI may be constrained to reduce the price of its service for more mature products in order to remain competitive against other manufacturing services providers. This is most apparent in the automotive segment, where the reduction has historically been observed to occur between the first two to three years. Its gross margin may further decline to be competitive with the lower prices offered by the competition or to absorb excess capacity, liquidate excess inventories, or restructure or attempt to gain market share.

IMI is moving towards a higher proportion of contracting under a turnkey production (with IMI providing labor, materials and overhead support), as compared to those under a consignment model, indicating a possible deterioration in its margins. It will also need to deploy larger amounts of working capital for turnkey engagements.

To mitigate the effects of price declines in IMI's existing products and to sustain margins, it continues to improve its production efficiency by increasing yields, increasing throughputs through LEAN and six sigma manufacturing process. In addition, IMI continues to leverage on its purchase base and supplier programs to avail of discounts and reduced costs in component prices. It also utilizes its global procurement network and supply chain capabilities to reduce logistics costs for components including inventory levels. It also intensifies its effort to contract with customers with higher-margin products most of which involve higher engineering value add and more complex box build or system integration requirements.

IMI operates in a highly competitive industry.

Some of IMI's competitors in the industry may have greater design, engineering, manufacturing, financial capabilities, or superior resources than the company. Customers evaluate EMS and ODMs based on, among other things, global manufacturing capabilities, speed, quality, engineering services, flexibility, and costs. In outsourcing, OEMs seek to reduce cost. In addition, major OEMs typically outsource the same type of products to at least two or three outsourcing partners in order to diversify their supply risks. The competitive nature of the industry may result in substantial price competition. IMI faces increasing challenges from competitors who are able to put in place a competitive cost structure by consolidating with

or acquiring other competitors, relocating to lower cost areas, strengthening supply chain partnerships, or enhancing solutions through vertical integration, among others. IMI's customers may opt to transact with its competitors instead of with IMI or if IMI fails to develop and provide the technology and skills required by its customers at a rate comparable to its competitors. There can be no assurance that IMI will be able to competitively develop the higher value add solutions necessary to retain business or attract new customers. There can also be no assurance that it will be able to establish a compelling advantage over its competitors.

The industry could become even more competitive if OEMs fail to significantly increase their overall levels of outsourcing. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share, any of which would have a material adverse effect on its business, financial condition, and results of operations.

IMI regularly assesses the appropriate pricing model (so as to ensure that it is strategic/value based or demand based, among others) to be applied on its quotation to existing or prospective customers. It is also strengthening its risk management capabilities to be able to turn some of the risks (e.g., credit risks) into opportunities to gain or maintain new or existing customers, respectively. IMI also continues to develop high value-add services that fit the dynamic markets it serves. It continues to enhance capabilities in design and development, advanced manufacturing engineering, test and systems development, value engineering, and supply chain management to ensure an efficient product realization experience for its customers.

In addition, IMI's size, stability and geographical reach allow it to attract global OEMs customers that look for stable partners that can service them in multiple locations. This is evident in the increasing number of global contracts that it is able to develop and have multiple sites serving single customers.

Focusing on high value automotive (such as those for ADAS and safety-related, power modules and electronic control units, among others), industrial, aerospace/defense and medical segments where strict performance and stringent certification processes are required, it is able to establish a high barrier of entry, business sustainability and better pricing. Generally, IMI has observed that it is usually difficult for customers in these industries to shift production as they would have to go through a long lead time in the certification process. The direction IMI has taken resulted in the rise of its ranking in the global and automotive EMS spaces.

IMI may be subject to reputation and financial risks due to product quality and liability issues.

The contracts IMI enters into with its customers, especially customers from the automotive and medical industry, typically include warranties that its products will be free from defects and will perform in accordance with agreed specifications. To the extent that products delivered by IMI to its customers do not, or are not deemed to, satisfy such warranties, it could be responsible for repairing or replacing any defective products, or, in certain circumstances, for the cost of effecting a recall of all products which might contain a similar defect in an occurrence of an epidemic failure, as well as for consequential damages. Defects in the products manufactured by IMI adversely affect its customer relations, standing and reputation in the marketplace, result in monetary losses, and have a material adverse effect on its business, financial condition, and results of operations. There can be no assurance that it will be able to recover any losses incurred as a result of product liability in the future from any third party.

In order to prevent or avoid a potential breach of warranties which may expose IMI to liability, its quality assurance focused on defect prevention, globalizing the culture of early detection and reaction to internal issues. IMI also refined its Advanced Product Quality Planning (APQP) procedure to ensure customer specific requirements on process and product quality are met early on the design and development phase before the product gets launched into production.

IMI performs a detailed review and documentation of the manufacturing process that is verified, audited and signed-off by the customers. In addition, customers are encouraged, and in some cases, required to perform official audits of its manufacturing and quality assurance processes, to ensure compliance with specifications. It works closely with customers to define customer specifications and quality requirements and follow closely these requirements to mitigate future product liability claims. IMI also insures itself on product liability and recall on a global basis.

IMI's production capacity may not correspond precisely to its production demand.

IMI's customers may require it to have a certain percentage of excess capacity that would allow it to meet unexpected increases in purchase orders. On occasion, however, customers may require rapid increases in production beyond its production capacity, and IMI may not have sufficient capacity at any given time to meet sharp increases in these requirements. On the other hand, there is also a risk of the underutilization of the production line, which may slightly lower its profit margins. In response, IMI makes the necessary adjustments in order to have a match between demand and supply. In the case of a lack in supply, it equips itself with flexible systems that allow it to temporarily expand its production lines in order to lower the overhead costs, and then make corresponding increases in its capacity when there is a need for it as well.

To soften the impact of this, IMI closely coordinates with customers to provide the parties with regular capacity reports and action plan/s for common reference and future capacity utilizations. It also closely collaborates with its customers to understand the required technology roadmaps, anticipate changes in technological requirements, and discuss possible future solutions.

IMI may be involved in intellectual property disputes.

IMI's business depends in part on its ability to provide customers with technologically sophisticated products. Its failure to protect its intellectual property or the intellectual property of its customers exposes it to legal liability, loss of business to competition and could hurt customer relationships and affect its ability to obtain future business. It could incur costs in either defending or settling any intellectual property disputes. Customers typically require that IMI indemnify them against claims of intellectual property infringement. If any claims are brought against the its customers for such infringement, whether these have merit or not, it could be required to expend significant resources in defending such claims. In the event IMI is subjected to any infringement claims, it may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. It may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms or at all, which could disrupt manufacturing processes, damage its reputation, and affect its profitability.

Since IMI is not positioned as an ODM, the likelihood of its infringing upon product-related intellectual property of third parties is significantly reduced. Product designs are prescribed by and ultimately owned by the customer.

IMI observes strict adherence to approved processes and specifications and adopts appropriate controls to ensure that its intellectual property and that of its customers are protected and respected. It continuously monitors compliance with confidentiality undertakings of the company and management. As of the date of this Report, there has been no claim or disputes involving the Company or between the Company and its customers involving any intellectual property.

Demand for services in the EMS industry depends on the performance and business of the industry's customers as well as the demand from end consumers of electronic products.

The performance and profitability of IMI's customers' industries are partly driven by the demand for electronic products and equipment by end-consumers. If the end-user demand is low for the industry's customers' products, companies in its industry may see significant changes in orders from customers and may experience greater pricing pressures. Therefore, risks that could harm the customers of its industry could, as a result, adversely affect IMI as well. These risks include the customer's inability to manage their operations efficiently and effectively, the reduced consumer spending in key customers' markets, the seasonality demand for their products, and failure of the customer's products to gain widespread commercial acceptance.

The impact of these risks was very evident in the aftermath of the global financial crisis which resulted in global reduction of demand for electronics products by end-customers. IMI mitigates the impact of industry downturns on demand by rationalizing excess labor and capacity to geographical areas that are most optimal, and by initiating cost containment programs. With indications of global financial recovery already in place, it has been able to re-hire some of its employees. There are also electronics requirements resulting from global regulations, such as those for improving vehicle safety and promoting energy-efficient technologies that would increase the demand for electronic products and equipment.

IMI continuously addresses its concentration risks. There is no single customer that it is dependent on or accounts for more than 15% of its revenues. IMI also serves global customers which are not concentrated on a specific geographic market.

IMI's industry is dependent on the continuous growth of outsourcing by OEMs

IMI belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the communications, consumer automotive, industrial, and medical electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

IMI's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, IMI's future growth could be limited.

IMI believes that its global footprint with manufacturing operations in Asia, Europe, and North America, its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to it.

IMI's industry may experience shortages in, or rises in the prices of components, which may adversely affect business

There is a risk that IMI will be unable to acquire necessary components for its business as a result of strong demand in the industry for those components or if suppliers experience any problems with production or delivery (lockdowns and logistics issues). It is also exposed to challenges surrounding lead-times within the electronic component market.

IMI is often required by its customers to source certain key components from customer-nominated and accredited suppliers only, and it may not be able to obtain alternative sources of supply should such suppliers be unable to meet the supply of key components in the future. Shortages of components could limit its production capabilities or cause delays in production, which could prevent it from making scheduled shipments to customers.

If it is unable to make scheduled shipments, it may experience a reduction in its sales, an increase in costs, and adverse effects on its business. Component shortages may also increase costs of goods sold because it may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components.

To the extent possible, IMI works closely with customers to ensure that there are back up suppliers or manufacturers for customer-supplied components or components supplied by customer-nominated suppliers to mitigate uncertainties in the supply chain. The changes in market also allows opportunities for IMI to consolidate strategic suppliers and improve supply chain cost, efficiencies and flexibilities, especially in passive and discrete components, and consolidate the global spend for global supplier management and negotiation instead of regional negotiation. In addition, IMI has established supplier certification and development programs designed to assess and improve suppliers' capability in ensuring uninterrupted supply of components to it.

Any shortage of raw materials or components could impair IMI's ability to ship orders of its products in a cost-efficient manner or could cause IMI to miss its delivery requirements of its retailers or distributors, which could harm IMI's business

The ability of IMI's manufacturers to supply its products is dependent, in part, upon the availability of raw materials and certain components. IMI's manufacturers may experience shortages in the availability of raw materials or components, which could result in delayed delivery of products or in increased costs to it. Any shortage of raw materials or components or inability to control costs associated with manufacturing

could increase the costs for IMI's products or impair its ability to ship orders in a timely cost-efficient manner. As a result, it could experience cancellation of orders, refusal to accept deliveries, or a reduction in its prices and margins, any of which could harm its financial performance and results of operations. Other than for customer-nominated suppliers or specialty components for the manufacture of specific products, IMI is not dependent on a single supplier for its raw materials.

IMI may be exposed to risk of inventory obsolescence and working capital tied up in inventories

As an EMS provider, IMI may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Delays in ramp up of new projects may result to inventory buildup therefore giving it exposure to potential inventory obsolescence which may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. IMI is cognizant of these risks and accordingly exercises due diligence in materials planning.

IMI works with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. It also puts tight control in the inventory with regular negotiation with customers on demand change and suppliers on the pushout and cancellation of deliveries. In addition, IMI often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, canceled, or enter in the end-of-life phase, the customers assume the risk and compensate it for the excess inventory.

Macroeconomic pressures in the markets in which we operate, including, but not limited to, the effects of COVID-19, political and social conditions or civil unrest in the U.S. and in certain international markets, may adversely affect our financial results.

To varying degrees, IMI's customer products are sensitive to changes in macroeconomic conditions that impact consumer demand. As a result, consumers may be affected in many different ways, including for example:

- whether or not they make a purchase;
- their choice of brand, model or price-point; and
- how frequently they upgrade or replace their video gaming consoles.

Real GDP growth, consumer confidence, the COVID-19 pandemic, inflation, employment levels, oil prices, interest rates, tax rates, housing market conditions, foreign currency exchange rate fluctuations, costs for items such as fuel and food and other macroeconomic trends can adversely affect consumer demand for the products and services that our direct customers (B2B) offer and hence affects demand for components it supplies. Geopolitical issues around the world and how our markets are positioned can also impact the macroeconomic conditions and could have a material adverse impact on our financial results.

IMI may, from time to time, be involved in legal and other proceedings arising out of its operations.

IMI's expanding global activities while continuing to present a myriad of growth opportunities, may tend to increase exposure to potential disputes with its employees and various parties involved in its manufacturing operations, including contractual disputes with customers or suppliers, labor disputes with workers or be exposed to damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings that may affect the ability of IMI to realize its short and long-term target revenues and margins, and may result in substantial costs, delays in its development schedule, and the diversion of resources and management's attention.

IMI may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable decisions that result in penalties and/or delay the development of its projects. In such cases, its business, financial condition, results of operations and cash flows could be materially and adversely affected.

IMI is highly dependent on the continued service of its directors, members of senior management and other key officers

IMI's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Chief Executive Officer, President, Chief Finance Officer, Chief Operations Officer, VP Finance and Corporate Controller, Global Head – Sales and Marketing, Global Head – Sourcing and Commodities, Chief Human Resources Officer, Global Head – Quality, Global Head – Advanced Competitiveness Engineering, Power – Business Head and Plant General Managers and all other key functions. In the event that the company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of IMI, the company's business and results of operations may be adversely affected.

Any deterioration in IMI's employee relations could materially and adversely affect IMI's operations

IMI's success depends partially on the ability of the company, its contractors, and its third-party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in its, its contractors' or its third party marketing agents' employee relations could have a material and adverse effect its financial condition and results of operations.

IMI conducts Employee Engagement Survey to better understand the diverse needs and aspiration of its workforce, and ultimately contribute to their professional and personal goals. It also aims to instill corporate values and institutionalize an employee-centric and high impact working culture.

There have been no historical events related to strikes or protests from its employees or unions, despite having higher labor unrest risk due to growing population, given the well-established employee relations programs of the Company.

IMI's success depends on attracting, engaging, and retaining key talents, including skilled research and development engineers

In order to sustain its ability to complete contracted services and deliver on commitments and promote growth, IMI will have to continuously attract, develop, engage and retain skilled workforce highly capable to achieve business goals. It recognizes that its competitiveness is dependent on its key talent pipeline, including leadership, talent and skill pool, and succession plan.

IMI continuously identifies top-caliber candidates and keeps the pipeline full to be ready to assume new roles and fuel growth. It has a strong ability to hire in terms of the quality of recruits as well as in scale. Specifically, there is a strong recruitment in the Philippines and in China, having been able to tie up with universities. In the case of an immediate need to provide manpower, there are contractual agreements at hand to meet the demand. They have the ability to rapidly organize and train skilled workers for new products and services and retain qualified personnel.

IMI also leverages on its global reach to identify, recruit and develop the right employees who can be deployed to the various operating units or divisions of the company. It also implements on a regular basis pertinent employee training and development programs, including a cadetship program that enables it to tap and employ capable graduates from different leading universities. IMI has implemented proactive measures to retain employees through sound retention programs, encouraging work-life balance among its employees, and providing structured career development paths to promote career growth within the organization and loyalty to it.

If American Depository Receipts (ADRs) of any foreign company such as VIA are traded even on pink sheets, there is still a possibility for investors to sue VIA for violations of US securities laws, if any.

VIA has been delisted and deregistered in the New York Stock Exchange in 2024, and consequently suspended from SEC reporting obligations, but are still being traded through Pink Open Market also known as the "Pink Sheets".

Risks Relating to Countries Where the Company Operates (Including the Philippines)

IMI conducts business in various jurisdictions, exposing it to business, political, operational, financial, regulatory and economic risks due to its operations in these jurisdictions

There is no assurance that there will be no occurrence of an economic slowdown in the countries where IMI operates, including the Philippines. Factors that may adversely affect an economy include but are not limited to:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market,
- scarcity of credit or other financing, resulting in lower demand for products and services
- the sovereign credit ratings of the country,
- currency exchange rate fluctuations,
- a prolonged period of inflation or increase in interest rates,
- changes in the relevant government's taxation policies,
- climate change, natural (or man-made) disasters, including pandemic, typhoons, earthquakes, fires, floods and similar events,
- political instability, terrorism or military conflict, and
- trade wars
- other regulatory, political or economic developments in or affecting the Company

Notwithstanding the foregoing, the global operations, marketing, and distribution of its products inherently integrate the impact of any economic downturn affecting a single country where IMI operates and enables IMI to shift the focus of its operations to other jurisdictions.

IMI's manufacturing and sales operations are located in a number of countries throughout Asia, Europe, and North America. As a result, it is affected by business, political, operational, financial, climate and economic risks inherent in international business, many of which are beyond its control, including difficulties in obtaining domestic and foreign export, import, and other governmental approvals, permits, and licenses, and compliance with foreign laws, which could halt, interrupt, or delay the Company's operations if it is unable to obtain such approvals, permits, and licenses, and could have a material adverse effect on its results of operations.

Changes in law including unexpected changes in regulatory requirements affect IMI's business plans, such as those relating to labor, environmental compliance and product safety. Delays or difficulties, burdens, and costs of compliance with a variety of foreign laws, including often conflicting and highly prescriptive regulations also directly affect IMI's business plans and operations, cross-border arrangements and the inter-company systems.

Increases in duties and taxation and a potential reversal of current tax or other currently favorable policies encouraging foreign investment or foreign trade by host countries leading to the imposition of government controls, changes in tariffs, or trade restrictions on component or assembled products may result in adverse tax consequences, including tax consequences which may arise in connection with inter-company pricing for transactions between separate legal entities within a group operating in different tax jurisdictions, also result in increases in cost of duties and taxation.

The Financial Action Task Force (FATF), a global organization based in Paris, has once again placed the Philippines on its "grey list" for failing to address strategic deficiencies in combating money laundering, terrorist financing, and proliferation financing in compliance with its 40+9 recommendations. The Anti-Money Laundering Act (AMLA)'s shortcomings persisted in the nation even after the 2020 Anti-Terrorism Act and its modifications were passed. The Bank Deposit Secrecy Act has not yet undergone any changes.

Being placed on the gray list of FATF implies risk of higher inflation and processing fees, as well as increased scrutiny from financial companies.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency-denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

A substantial portion of IMI's manufacturing operations is located in China, which has regulated financial and foreign exchange regime. IMI continuously evaluates the options available to the organization to ensure maximum usage of excess liquidity. Among others, excess liquidity may be repatriated out of China through dividend payments, payment of management service or royalty fees, use of leading and lagging payment, and transfer pricing.

Also, because of China's role in many important supply chains, its exports contain a large amount of value added applied in other Asian economies. At least as importantly, China has become a principal final destination for Asian exports. As China is hit by US trade tariffs, the spill-over into other APAC economies takes place via international supply chains and changes in China's domestic demand.

Climate Change and Environmental laws applicable to IMI's projects could have a material adverse effect on its business, financial condition or results of operations

IMI cannot predict what environmental, climate change legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to its business could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that current or future environmental laws and regulations applicable to IMI will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of any environmental law or regulation occurs or if environmental hazards on land where its projects are located cause damage or injury to buyers or any third party, IMI may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties.

Any political instability in the Philippines and the countries or geographic regions where IMI operates may adversely affect the business operations, plans, and prospects of IMI

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business.

Russia – Ukraine Conflict

The ongoing Russia-Ukraine conflict has had far-reaching effects on the global economy and supply chain. Key impacts as follows:

1. Energy Market Disruptions:

Soaring Oil and Gas Prices: Russia is a major exporter of oil and natural gas. Sanctions and the conflict have severely disrupted supplies, leading to skyrocketing prices globally. This has increased costs across industries, fueling inflation and reducing consumer spending power.

Energy Security Concerns: Europe relies heavily on Russian gas, and the war has triggered a scramble for alternative sources. This has highlighted the vulnerability of energy supplies and the urgency to diversify energy sources and infrastructure.

2. Agricultural Supply Shocks:

Grain Export Blockages: Ukraine and Russia are major wheat and grain exporters. Ukrainian ports have been blocked, and sanctions on Russia have hindered its exports. This has led to global shortages, price spikes, and food insecurity, especially in developing countries.

Fertilizer Supply Constraints: Russia is a significant exporter of fertilizers. Sanctions and disruptions have limited supplies and driven up prices, hurting farmers worldwide and potentially reducing future agricultural yields and further increasing food insecurity.

3. Supply Chain Disruptions:

Critical Raw Materials: Russia and Ukraine are suppliers of important metals like neon (essential for semiconductors), palladium (used in automobiles), and nickel (used for batteries). Disruptions have caused price volatility and shortages in numerous manufacturing sectors.

Increased Transportation Costs: The war and sanctions have disrupted trade routes and transportation networks from the region. This has increased shipping costs, adding to the price pressure on goods and creating logjams in global supply chains.

4. Global Economic Ripple Effects:

Inflationary Pressure: The combined effect of rising energy, food, and commodity prices has caused extreme inflationary pressure worldwide. This erodes purchasing power, slows economic growth, and prompts central banks to raise interest rates, potentially curbing investment, and spending.

Market Uncertainty: The war has increased geopolitical uncertainty and instability. This volatility dampens investor confidence, leading to increased risk premiums and potentially slowing down global capital flows.

5. Long-Term Consequences

Shifting Trade Patterns: The conflict and sanctions are accelerating a move away from reliance on Russian commodities. This could lead to more regionalized supply chains and the development of alternative trade routes.

Strengthening Alliances: The conflict has reinforced geopolitical divisions, with countries potentially aligning themselves into more economically defined blocs. This may reshape international trade and finance in the long run.

Important Note: The situation is still volatile and evolving. The severity and long-term impact of these effects will depend on the duration of the conflict and how global markets adapt.

Israel - Palestine Conflict

Israel has launched new ground invasion into Gaza after breaking ceasefire. The Palestine-Israel conflict has the potential to affect the global economy and supply chain in several ways, although the direct impact may vary depending on the specific dynamics of the conflict at any given time. Key impacts as follows:

1. ****Oil Prices**:** The Middle East, including Israel and Palestine, is a major oil-producing region. Any escalation of conflict in the area could disrupt oil production and transportation routes, leading to an increase in oil prices globally. This increase can affect various sectors of the economy due to higher transportation and production costs.
2. ****Financial Markets**:** Political instability and conflict in the Middle East can lead to uncertainty in financial markets. Investors may become more cautious, leading to fluctuations in stock prices and currency values. This uncertainty can affect global investment flows and capital markets.
3. ****Trade Disruptions**:** Israel and Palestine are both involved in trade with various countries around the world. Any disruption in trade routes, ports, or infrastructure due to the conflict can affect the flow of

- goods and services globally. This disruption can lead to delays in supply chains and increased costs for businesses reliant on goods from the region.
4. ****Investment and Business Confidence**:** Persistent conflict can deter foreign investment and business activities in the region. Companies may hesitate to invest in infrastructure or establish operations in areas prone to conflict, leading to a slowdown in economic development. This lack of investment can have indirect effects on the global economy through reduced trade and investment opportunities.
 5. ****Humanitarian Costs**:** The conflict's humanitarian toll can have broader economic implications. Displacement of people, destruction of infrastructure, and loss of life can destabilize communities and strain resources. Humanitarian aid and reconstruction efforts divert resources that could otherwise be used for economic development, impacting the region's overall economic stability.
 6. ****Regional Stability**:** The Palestine-Israel conflict is interconnected with broader geopolitical dynamics in the Middle East, including the Red Sea Crisis. Escalation of the conflict could exacerbate tensions in the region, potentially leading to wider conflicts or geopolitical realignments. Any such developments can have ripple effects on global stability and economic conditions.

Overall, while the direct impact of the Palestine-Israel conflict on the global economy and supply chain may not be as significant as other factors like trade disputes or economic policies of major economies, it nonetheless represents a source of geopolitical uncertainty that can influence global economic dynamics, particularly in the context of the Middle East's strategic importance.

Macro-economic conditions of different countries where IMI operates may adversely affect the Company's business

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, and Moody's to investment-grade, no assurance can be given that Standard & Poor's, or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Parent Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

In addition, some countries in which the Company operates, such as China, Czech Republic and Mexico, have experienced periods of slow or negative growth, high inflation, significant currency devaluations, or limited liability of foreign exchange. In countries such as UK, China and Mexico, governmental authorities exercise significant influence over many aspects of the economy which may significantly affect the Company.

On an as-needed basis, IMI seeks the help of consultants and subject matter experts for changes in laws and regulations that may have a significant impact in its business operations. It also maintains good relationships with local government, customs, and tax authorities through business transparency and compliance and/or payment of all government-related assessments in a timely manner. IMI has been able to overcome major crises brought about by economic and political factors affecting the countries where it operates. The strong corporate governance structure of the Company and its prudent management team are the foundations for its continued success. IMI also constantly monitors its macroeconomic risk exposure, identifies unwanted risk concentration, and modifies its business policies and activities to navigate such risks.

There is no single customer that IMI is dependent on or accounts for more than 15% of its revenues. IMI also serves global customers which are not concentrated on a specific geographic market. Severe macroeconomic contractions may conceivably lead IMI to tweak or modify its investment decisions to meet the downturn. As a holding company, it affirms the principles of fiscal prudence and efficiency in the operations to its subsidiaries operating in various countries.

IMI faces risks of international expansion and operation in multiple jurisdictions

IMI expects to have an international customer base which may require worldwide service and support. It may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may cause a strain in existing management resources.

The distances between IMI, the customers, and the suppliers globally, create a number of logistical and communications challenges, including managing operations across multiple time zones, directing the manufacture and delivery of products across significant distances, coordinating the procurement of raw materials and their delivery to multiple locations, and coordinating the activities and decisions of IMI's management team, the members of which are spread out internationally.

While it tries to keep its local expertise, it established global functions to ensure that there is adequate coordination of activities. In addition, the availability and use of cell phones, e-mails, and internet-based communication tools by IMI resulted in more efficient and timely coordination of activities and decision making by management from different sites and countries.

IMI aggressively pursues hiring of experienced international managers and staff globally. This enables it to ensure that it has sufficient manpower complement possessed with the required skills and experience to work with customers, vendors, and other partners in and out of the relevant country where it operates.

Natural or other catastrophes, including severe weather conditions and epidemics, pandemics, that may materially disrupt IMI's and its supplier's operations, affect its ability to complete projects and result in losses not covered by its insurance

Apart from Covid-19 pandemic, which has affected all countries in 2020, the Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In 2021 alone, Super Typhoon Kiko and Odette caused massive disruptions in multiple cities and provinces, leaving over 1,500 people injured and resulting in about 500 deaths. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and in November 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction and casualties. Approximately 3.42 million households (161 million people) with 6,300 casualties and 1,061 missing in the Philippines. It damaged 1,084,762 buildings in the country including heavily 489,613 and moderately 595,149 (NDRRMC, 2014). There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt IMI's operations. These factors, which are not within IMI's control, could potentially have significant effects on its manufacturing facilities. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect IMI's business, financial condition and results of operations.

Natural disasters, such as the 2008 earthquake in China, where a significant portion of IMI's manufacturing operations is located, could severely disrupt its manufacturing operations and increase its supply chain costs. These events, over which we have little or no control, could cause a decrease in demand for IMI's services, make it difficult or impossible for it to manufacture and deliver products and its suppliers to deliver components allowing it to manufacture those products, require large expenditures to repair or replace its facilities, or create delays and inefficiencies in the supply chain.

In addition, epidemic or pandemic such as the Covid-19 Pandemic in 2020, Middle East Respiratory Syndrome (MERS) of 2012, H1N1 Influenza virus of 2009, Severe Acute Respiratory Syndrome (SARS) of 2003 may have severe effects on global supply chain affecting company's employees, and business.

Any escalation in these events or similar future events may disrupt IMI's operations and the operations of its customers and suppliers and may affect the availability of materials needed for IMI's manufacturing services. Such events may also disrupt the transportation of materials to IMI's manufacturing facilities and finished products to the its customers.

There can be no assurance that IMI is fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes.

Political instability or threats that may disrupt IMI's operations could result in losses not covered by the Company's insurance

No assurance can be given that the political environment in the Philippines will remain stable and any political instability in the future could reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect IMI's business operations, which could have an adverse effect on the results of operations and the financial condition of IMI.

Increased political instability threats or occurrence of terrorist attacks, enhanced national security measures, and conflicts, as well as territorial and other disputes, which strain international relations, may reduce consumer confidence and economic weakness.

Any impact on the following cases in countries in which IMI has operations could materially and adversely affect its business plans and prospects, financial condition and results of operations.

The Philippines, China, and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. Vietnam, the Philippines, Brunei, Malaysia and Taiwan claim parts of the same maritime area, a thriving fishing zone through which more than \$5 trillion of trade passes each year. In July 2016, an international tribunal in The Hague ruled against China in a case brought by the Philippines, saying it had no historic rights to the resources within a dashed line drawn on a 1940s map that had formed the basis of its claims. While the court said the ruling was binding, China said the United Nations Convention on the Law of the Sea (UNCLOS) 29. China is also in dispute with Japan and India over claims to a separate set of islands.

For further information on IMI, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www.global-im.com.

AC ENERGY AND INFRASTRUCTURE CORPORATION

Background and Business

AC Energy and Infrastructure Corporation is alternately referred to as “AC Energy”, “ACEIC”, “the Company” or “the Group” in the entire discussion of AC Energy and Infrastructure Corporation.

Refer to Schedule I - Map of Relationships of the Companies within the Group of the Supplementary Schedules attached as Index to this Report.

Ayala operates its power generation business through AC Energy. AC Energy was incorporated in 2011 as AC Energy Holdings, Inc. (ACEHI) to pursue greenfield/brownfield, as well as currently operating, power-related projects for both renewable and conventional technologies. In 2016, AC Energy expanded its business purpose to include the purchase, retail, supply and delivery of electricity, and in 2017, the business purposes were expanded further to include the development, operation and maintenance of power projects. In June 2019, ACEHI completed the acquisition of PHINMA Energy Corporation (PHEN), an energy platform listed in the PSE, and subsequently renamed it to AC Energy Philippines, Inc. (ACEN) in September 2019. The SEC approved the change of name on October 11, 2019. On March 18, 2020, the ACEN Board voted to rename AC Energy Philippines, Inc. to AC Energy Corporation (ACEN), which the Board later voted on November 11, 2021 to rename to ACEN Corporation (ACEN) to recognize ACEN's offshore expansion through the ACEIC International Transaction and other future strategic initiatives. On April 26, 2021, ACEIC transferred 100% of its shares of stock in AC Energy International (ACEIC's 100%-owned subsidiary holding ACEIC's international business and investments) to ACEN in exchange for the issuance to ACEIC of additional Common Shares (the “ACEIC International Transaction”).

In April 2020, ACEIC announced the approval of the consolidation of the Group's energy, water and logistics businesses under ACEIC. In line with the proposed consolidation, on April 14, 2020, AC Energy's board of directors approved the change of name to “AC Energy and Infrastructure Corporation”, subject to regulatory approvals. On October 1, 2020, ACEIC's board of directors approved the consolidation of the Group's water and logistics businesses under ACEIC. With certain developments in the logistics business landscape, this plan was not pursued.

In 2020 and 2021, the AC Energy Group embarked on a process of transforming its listed subsidiary ACEN to become the Group's main energy platform. This included several investments for expansion, ACEIC's transfer of certain assets into ACEN, and ACEN's various capital raising activities resulting to additional equity reserve and non-controlling interests. As of December 31, 2024, ACEIC's effective ownership in ACEN was at 58.23%.

ACEN has since been designated as the Ayala group's listed energy platform, with parent ACEIC infusing its Philippines and international assets into the listed platform. ACEN has transitioned from being a Philippine-focused power generation company, into a regional energy player with investment, development, and operations capabilities. Today it is actively scaling up its renewable energy platform with investments in the Philippines and across the region in Indonesia, Vietnam, Australia, and India. ACEN targets to achieve 20 GW in attributable renewable capacity by 2030 and aims to become the largest listed renewables platform in Southeast Asia.

In addition to its power generation businesses, ACEN is also engaged in commercial operations, which includes wholesale and retail electricity supply in the Philippines. ACEN and ACEIC both obtained retail electricity supply (“RES”) licenses allowing them to sell electricity to end-users in the contestable market. ACEN has 374 MW of retail/contestable customer contracts as of December 31, 2024.

ACEN's strategies and objectives are aligned with the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below two degrees Celsius. Consistent with the ACEIC Group's commitment to the UN Sustainable Development Goals, AC Energy is additionally focused on protecting the wider environment and creating value for the communities it serves. AC Energy's Environmental and Social Policy has the following objectives: (i) achieve a low carbon portfolio by 2030; (ii) aspire for excellence in environmental management; and (iii) fulfill its commitment to the community.

Together with other listed companies in the Ayala group, ACEN has committed to Net Zero emissions by 2050. Towards this goal, ACEN is working towards a 100% renewable energy generation portfolio by the end of 2025.

Demonstrating the company's commitment to the global clean energy transition, in November 2022, ACEN took a substantial step toward Net Zero by divesting the 246-MW coal-fired South Luzon Thermal Energy Corporation (SLTEC) plant through the world's first market-based energy transition mechanism (ETM). The coal plant's operating life of up to 50 years will be cut in half, as ACEN commits to retire and transition the plant to a cleaner technology by 2040. This will help avoid or reduce up to 50 million metric tons of CO₂ emissions. This landmark deal raised ₱7.2 billion, which ACEN will use to fund further renewables expansion.

ACEIC manages a diversified portfolio power plants with renewable and conventional sources. As of December 31, 2024, ACEIC had an attributable capacity of 6,896 MW from owned projects in operation, under construction and committed across the region, which includes strategic investments in renewable and conventional power generation projects.

Business Milestones (2022 – 2023)

Demonstrating ACEN's commitment to the global clean energy transition, in November 2022, ACEN took a substantial step toward Net Zero by divesting the 246-MW coal-fired South Luzon Thermal Energy Corporation (SLTEC) plant through the world's first market-based energy transition mechanism (ETM). The coal plant's operating life of up to 50 years will be cut in half, as ACEN commits to retire and transition the plant to cleaner technology by 2040. This will help avoid or reduce up to 50 million metric tons of CO₂ emissions. At the time of divestment, ACEN's share in the net assets of SLTEC amounted to ₱13.2 billion. This transaction which included the redemption, retirement, and sale of common and redeemable preferred shares held by ACEN resulted to ₱7.2 billion cash consideration, which ACEN can use to fund further renewables expansion.

On February 1, 2023, AC Renewables International Pte Ltd (ACRI) and UPC Renewables Asia Pacific Holdings Pte Limited (UPCAPH) signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. The acquisition transformed the previously UPC Renewables Australia Pty. Ltd. joint venture into ACEN Australia Pty. Ltd., the Group's first wholly owned development and operating platform outside of the Philippines.

In March 2023, ACEN signed a partnership with BrightNight, a US-based renewable power company, to develop, construct, and operate at least 1.2 GW of large-scale hybrid wind-solar and round-the-clock renewable power projects in India.

That same month, ACEN, through joint venture company UPC Power Solutions LLC (UPC Power), signed a Purchase and Sale Agreement with GlidePath for the acquisition of a portfolio of eight operating wind projects totaling 136 MW in northern Texas, USA, subject to regulatory approvals. This milestone marks ACEN's anticipated entry into the fast-growing American renewables market as it expands its geographic footprint beyond the Asia Pacific region. On June 1, 2023, regulatory approval from the U.S. Federal Energy Regulatory Commission (FERC) was received.

Also in 2023, ACEN announced the completion of a robust Net Zero roadmap that includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. This makes ACEN the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

For further information, refer to Notes 2 and 23 of Ayala's Audited Consolidated Financial Statements as of December 31, 2024 attached as an Index to this Report.

Projects

ACEIC, through ACEN, holds investments in and operates its portfolio of power projects through its subsidiaries, associates and joint ventures. The following tables set forth selected data on ACEN's power

generation portfolio in operation and under construction as of December 31, 2024. This includes owned assets only and does not include leased units.

Plant	Class	Technology	Geography	Status	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)
North Luzon Renewables	Renewable	Wind	Philippines	Operating	81	81%	66
Guimaras Wind	Renewable	Wind	Philippines	Operating	54	100%	54
Northwind Power	Renewable	Wind	Philippines	Operating	52	100%	52
Ilasol	Renewable	Solar	Philippines	Operating	80	60%	48
Sacasol	Renewable	Solar	Philippines	Operating	45	100%	45
Montesol	Renewable	Solar	Philippines	Operating	18	100%	18
Alaminos Solar	Renewable	Solar	Philippines	Operating	120	100%	120
Palaug 1 Solar	Renewable	Solar	Philippines	Operating	63	100%	63
Arayat-Mexico Solar ¹	Renewable	Solar	Philippines	Operating	116	50%	58
ACEN RE Tech Hub	Renewable	Solar	Philippines	Operating	4	100%	4
Maibarara Geothermal	Renewable	Geothermal	Philippines	Operating	32	25%	8
Bulacan Power	Thermal	Diesel	Philippines	Operating	48	100%	48
CIP II	Thermal	Diesel	Philippines	Operating	20	100%	20
Alaminos Battery Storage	Renewable	Battery	Philippines	Operating	40	100%	40
Sitara Solar	Renewable	Solar	India	Operating	140	80%	112
Paryapt Solar	Renewable	Solar	India	Operating	70	80%	56
Salak & Darajat Geothermal ²	Renewable	Geothermal	Indonesia	Operating	663	15%	99
Ninh Thuan Solar	Renewable	Solar	Vietnam	Operating	405	74.5	302
Khanh Hoa & Dak Lak	Renewable	Solar	Vietnam	Operating	80	80%	64
SUPER (Solar NT) First Phase Closing ³	Renewable	Solar	Vietnam	Operating	287	49%	141
Mui Ne Wind	Renewable	Wind	Vietnam	Operating	84	50%	42
Quang Binh Wind	Renewable	Wind	Vietnam	Operating	252	80%	202
Ninh Thuan Wind (BIM Wind)	Renewable	Wind	Vietnam	Operating	88	82.15	72
Lac Hoa & Hoa Dong Wind	Renewable	Wind	Vietnam	Operating	60	80%	48
Masaya Solar	Renewable	Solar	India	Operating	420	80%	336
Capa Wind (Amihan)	Renewable	Wind	Philippines	Operating	70	81%	57
SanMar Solar 1 & 2	Renewable	Solar	Philippines	Operating	385	100%	385
Pangasinan Solar (Sinocalan)	Renewable	Solar	Philippines	Operating	60	100%	60
Cagayan North Solar (CleanTech/NAREDCO)	Renewable	Solar	Philippines	Operating	133	80%	106

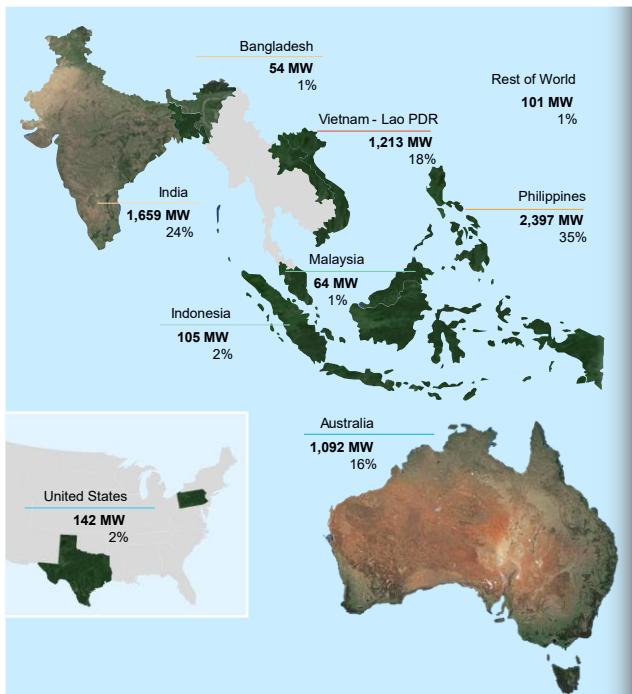
Plant	Class	Technology	Geography	Status	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)
NEFIN	Renewable	Rooftop Solar	Various ⁴	Operating	105	71%	74
Pagudpud Wind (Bayog/Bala oi)	Renewable	Wind	Philippines	Under Construction	160	100%	160
Palaug 2 Solar	Renewable	Solar	Philippines	Under Construction	300	100%	300
SanMar Solar 3	Renewable	Solar	Philippines	Under Construction	200	100%	200
New England Solar Farm (NESF) Phase 1	Renewable	Solar	Australia	Under Construction	522	100%	522
Stubbo Solar	Renewable	Solar	Australia	Under Construction	520	100%	520
Monsoon Wind	Renewable	Wind	Lao PDR	Under Construction	600	24%	146
Stockyard Wind	Renewable	Wind	United States	Under Construction	136	80%	109
Chestnut Flats Wind	Renewable	Wind	United States	Under Construction	38	80%	32
Maharashtra C&I Hybrid – Solar	Renewable	Solar	India	Under Construction	124	80%	99
Maharashtra C&I Hybrid – Wind	Renewable	Wind	India	Under Construction	29	80%	24
New England Bess (2hr) – Section 1	Renewable	Battery	Australia	Under Construction	50	100%	50
Quezon North 1 WPP	Renewable	Wind	Philippines	Under Construction	345	100%	345
Quezon North 2 WPP	Renewable	Wind	Philippines	Under Construction	208	100%	208
Salak Unit 7 Expansion	Renewable	Geothermal	Indonesia	Under Construction	40	15%	6
Solarscape Solar	Renewable	Solar	Malaysia	Under Construction	40	80%	32
Dayasinar Solar	Renewable	Solar	Malaysia	Under Construction	40	80%	32
Sonagazi Solar	Renewable	Solar	Bangladesh	Under Construction	68	80%	54
NEFIN	Renewable	Rooftop Solar	Various ⁴	Under Construction	34	80%	27
						Grand Total	5,667

Notes:

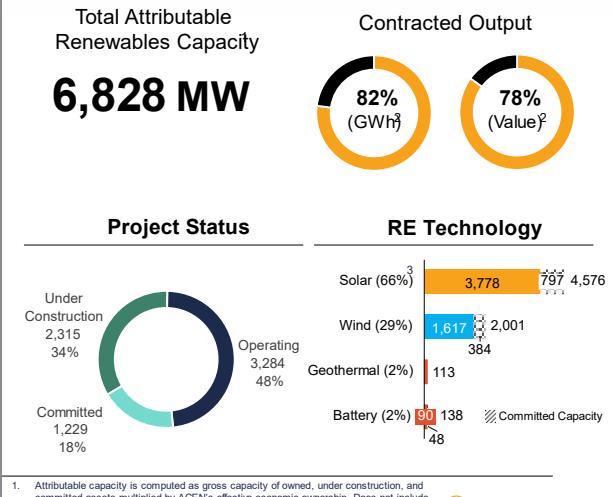
1. Includes 44-MW expansion under construction
2. Includes Salak Binary Plant under construction
3. Phases 2, 3, and 4 of the Solar NT acquisition are subject to completion of conditions precedent.
4. Comprises of Mainland China, Hong Kong, Malaysia, Thailand, Taiwan, and Singapore.

As of December 31, 2024, ACEN's portfolio of projects under its renewable energy (RE) platform had a total net attributable capacity of approximately 6,828 MW renewable energy in operation and under construction. This includes owned assets only and not leased units. ACEN's RE platform is divided into 4,576 MW of solar energy (including rooftop solar), 2,001 MW of wind power, and 113 MW of geothermal resources. The platform also contains 138 MW of battery storage linked to solar farms.

The charts below show the breakdown of ACEN's power project portfolio per country, technology, and status (in terms of Net Attributable Capacity* as of December 31, 2024):



Generation Portfolio December 2024



*Refers to gross capacity of owned assets, multiplied by ACEN's effective economic ownership. Does not include leased units.

Other Businesses

Retail Electricity Supply Business

AC Energy began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on September 20, 2007. The WESM serves as a platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. On November 19, 2012, AC Energy secured its RES license from the ERC under RES License No. SL-2012-11-009 to supply electricity to the Contes1 Market. On November 20, 2019, the ERC issued to AC Energy RES License No. 11-2019-0057RS valid until November 19, 2022. On November 18, 2022, it was issued RES License No. 01-2023-0091RS valid from November 20, 2022 until November 19, 2027.

As of December 31, 2024, ACEIC holds 374 MW of retail/contestable customer contracts.

Bulk Water Supply Business

ACE Endevor, Inc. (ACE Endevor) owns 100% ownership interests in bulk water supply companies SCC Bulk Water, HDP Bulk Water, LCC Bulk Water, and MCV Bulk Water. The companies entered into water supply contracts for the provision of water to the power generation plants of San Carlos Biopower Inc. (SCBP), San Carlos Bioenergy, Inc., South Negros Biopower, Inc., and North Negros Biopower, Inc., respectively, in Negros Occidental.

Land Lease and Development

AC Energy, through its subsidiaries, owns 100% ownership interests in Solienda Incorporated (Solienda) and San Julio Land Development Corporation (SJLD) and approximately 66% of Manapla Sun Power Development Corp. (MSPDC). These companies enter into various contracts with AC Energy's projects to assist in the management and maintenance, among others, of select renewable projects.

Solienda

Solienda was incorporated and registered with the SEC on November 29, 2016 to deal and engage in land lease and real estate business. On December 5, 2016, San Julio Realty, Inc. assigned to Solienda the absolute and irrevocable title, rights and interest in the contract of lease, and the subsequent amendment agreements, with San Carlos Sun Power, Inc., SacaSol and SCBP.

San Julio Land

SJLD was incorporated on June 20, 2014 with a primary purpose to deal and engage in land and real estate business, to hold, own, develop, manage, administer, purchase, lease, encumber, construct, alter in whole or in part, or otherwise deal in and dispose of, for itself or for others, for profit, all kinds of real estate projects, including, but not limited to, residential, commercial, industrial, as well as utilities, with or for persons and entities an under such terms and conditions as may be permitted by law; to enter into joint ventures and other similar arrangements in the furtherance of such land and real estate business. SJLD has ownership interest in MSPDC.

Manapla Sun Power Development Corp.

Manapla Sun Power Development Corp. (MSPDC) was incorporated and registered with the SEC on December 16, 2014 with a primary purpose to engage in the business or renewable energy such as, but not limited to biomass, mini-hydro or solar power and ancillary business, and to own, lease, operate, manage or develop public or private lands. In March 2017, ACEIC acquired 66.2% of MSPDC. MSDPC is the landowner of and the lessor for IslaSol's solar farm in Manapla, Negros Occidental.

Future Projects

ACEIC, through ACEN, continues to scale up its RE platforms and existing partnerships with a strong pipeline of RE projects in the region, in various stages of development.

The development of these projects is intended to help ACEN attain its objective of reaching 20,000 MW in attributable RE capacity by the year 2030. Several of these pipeline projects are being developed with strategic partners. The geographic split of ACEN's 20 GW attributable capacity is subject to market conditions in the intervening years, but ACEN will continue to pursue growth in four key markets: the Philippines, Australia, India, and Vietnam-Lao PDR, while keeping a strategic presence in its other markets to capitalize on opportunities for expansion as they arise.

<i>In Gigawatt</i>	Current
Philippines	2.4
Australia	1.1
Vietnam-Lao PDR	1.2
India	1.7
Indonesia and other markets*	0.5
Total	6.8

*Includes United States of America, as well as markets covered by ACEN's joint venture with NEFIN Holding Limited.

Competition

ACEIC believes that it will face competition in both the development of new power generation facilities, the acquisition of existing power plants, competition for financing for these activities, as well as in the electricity supply business. The performance of the Philippine economy and the potential for a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of various electric power generation projects within the Philippines. Accordingly, competition for and from new power projects, and in retail electricity supply may increase in line with the long-term economic growth in the Philippines.

In Vietnam, EVN controls the generation, transmission, and distribution of energy but it also encourages independent power producers ("IPP") to supplement its own generation capacity. In the renewable energy space, local and international developers are actively competing to secure allocation for the FIT. The government's support and initiatives on renewable energy to grow its supply portfolio mix will continue to bring in more market players.

Australia has a fully open energy market that is dominated by a few big generator-retailers ("gentailers"). Several international and smaller domestic players are also very active in the market.

In Indonesia, similar to Vietnam, the generation, transmission, and distribution is controlled by PLN, but the Indonesian government also encourages IPP. Indonesia is a highly competitive market with major

domestic and international developers. Given the continuing growth of the Indonesian economy, ACEIC sees competition to continue to intensify moving forward.

In India, coal continues to fuel India's economy, accounting for more than 50% of the country's installed generation capacity. However, India has added to the current target of 175GW of renewable energy capacity by 2022 with a 450GW of renewable energy capacity target by 2030. This higher RE target and the decreasing cost of RE power prices discovered through competitive tenders will likely result to the displacement of coal-based power production in India.

Risk Factors

Risks Relating to the Company and its Businesses

Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts could have a material adverse effect on the Company's operations and financial performance.

ACEIC's success depends on its ability to identify, invest in and develop new power projects, and ACEIC faces competition to acquire future rights to develop power projects and to generate and sell power. No assurance can be given that ACEIC will be able to acquire or invest in new power projects successfully.

In recent years, the Philippine government has sought to implement measures designed to establish a competitive power market. These measures include the planned privatization of at least 70% of the NPC-owned-and-controlled power generation facilities and the grant of a concession to operate transmission facilities. The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and have more extensive experience than ACEIC, giving them the ability to respond to operational, technological, financial and other challenges more quickly than ACEIC. These competitors may therefore be more successful than the Company in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. The Company may therefore be unable to meet the competitive challenges it will face.

The impact of the ongoing restructuring of the Philippine power industry will change the competitive landscape of the industry and such changes are expected to affect the Company's financial position, results of operations and cash flows in various ways.

Any decision to develop and construct power projects in various jurisdictions, including, but not limited to, the Philippines, Indonesia, Vietnam, India and Australia, will be made after careful consideration of regulatory requirements, availability of fiscal incentives, market conditions (including the demand and supply conditions), land availability, and other considerations. For those jurisdictions that require participation through a competitive bidding process or through the submission of a formal proposal, in which the Company will need to compete for projects based on pricing, technical and engineering qualifications, the financial condition of the Company, availability of land, access to financings, track record and other specifications of the proposed project, the bidding or proposal submission process and selection process may be affected by a number of factors, including factors which may be beyond the Company's control, such as market conditions or government incentive programs. In such cases, the Company may not acquire the rights to develop new power projects in the event that the Company misjudges its competitiveness when submitting its bids or proposals or, where bidding includes price competition, if the Company's competitors have more competitive pricing. The ability of the Company's competitors to access resources that it does not have access to, including labour and capital, may prevent the Company from acquiring additional power projects in strategic locations or from increasing its generating capacity, and the Company may not be able to expand its business as a result.

The Company may not successfully implement its growth and other strategic objectives, and the impact of acquisitions and investments could be less favourable than anticipated.

As part of its business strategy, the Company continues to carry out acquisitions and investments of varying sizes, some of which are significant, as well as develop additional power projects. This strategy may require entering into strategic alliances and partnerships and will involve substantial investments. In addition, the

Company may from time to time divest its interests in certain of its assets in order to realise value or to structure its portfolio to align with the Company's long-term objectives. The Company's success in implementing its strategic priorities will depend on, among other things, its ability to identify and assess potential partners, investments and acquisitions, successfully finance, close and integrate such investments and acquisitions, control costs, identify value realisation initiatives and potential purchasers, and maintain sufficient operational and financial controls.

The Company's strategic initiatives could place significant demands on the Company's management and other resources. The Company's future growth may be adversely affected if it is unable to make these investments, form these partnerships or engage in value realisation and portfolio restructuring initiatives, or if the Company's investments and partnerships prove unsuccessful. Further, the Company's strategic goals, including acquisitions and investments, involve numerous risks, including, without limitation, the following: (i) the assumptions used in the underlying business plans may not prove to be accurate, in particular with respect to synergies and expected demand; (ii) the Company may not integrate acquired businesses, technologies, products, personnel, and operations effectively; (iii) the Company may fail to retain key employees, customers and suppliers of the companies acquired; (iv) the Company may be required or wish to terminate pre-existing contractual relationships, which could be costly and/or on unfavourable terms; and (v) the Company may increase its indebtedness to finance these acquisitions. As a result, it is possible that the expected benefits of completed or future acquisitions, investments, or value realisation or portfolio restructuring initiatives may not materialise within the time periods or to the extent anticipated and may affect the Company's financial condition.

The Company may not be able to identify suitable acquisition, investment, value realisation and portfolio restructuring opportunities or make acquisitions, investments, value realisations or portfolio restructuring, on beneficial terms, or obtain financing necessary to complete and support such acquisitions and investments. Regulation of merger and acquisition activity by relevant authorities or other regulators may also limit the Company's ability to engage in future acquisitions or mergers. The impact on the Company of any future acquisitions or investments cannot be fully predicted and any of the risks outlined above, should they materialise, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The operations of the Company's power projects are subject to significant government regulation, including regulated tariffs such as FIT, and the Company's margins and results of operations could be adversely affected by changes in the law or regulatory schemes.

The Company's inability to predict, influence or respond appropriately to changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact the Company's results of operations and cash flow. Furthermore, changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, particularly utilities where electricity tariffs are subject to regulatory review or approval, could adversely affect the Company's business, including, but not limited to:

- adverse changes in tax law;
- changes in the timing of tariff increases or in the calculation of tariff incentives;
- change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or
- other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with the Company's existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect the Company's results of operations.

For renewable energy assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. To the extent that operating costs rise above the level approved in the tariff, the Company's businesses that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant government authority may unilaterally impose additional restrictions on the

project's tariff rates and related payments, subject to the regulatory frameworks applicable in each jurisdiction. For example, in April 2021, the ERC released a public advisory that there will be a moratorium on the imposition of interest on delayed FIT payments due to the COVID-19 pandemic. This moratorium will be imposed for six billing periods from the relevant billing period wherein the interest had first been incurred. While the moratorium is not expected to have a significant impact on ACEN cash flows, future tariffs or changes to existing tariffs and the collection of payments in the future may not permit the project to maintain current operating margins, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Failure to obtain financing on reasonable terms or at all could adversely impact the execution of the Company's expansion and growth plans.

The Company's expansion and growth plans are expected to require significant fund raising. As part of the Company's current strategy to reach 5,000 MW of renewable energy capacity by 2025, the Company estimates that it will require around U.S.\$2 billion. The Company's continued access to debt and equity financing as a source of funding for new projects, acquisitions and investments, and for refinancing maturing debt is subject to many factors, including: (i) laws, regulations, and internal bank policies limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) the Company's compliance with existing debt covenants; (iii) the ability of the Company to service new debt; (iv) the macroeconomic fundamentals driving credit ratings of the Philippines and other jurisdictions; and (v) perceptions in the capital markets regarding the Company and the industries and regions in which it operates and other factors, some of which may be outside of its control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the regulatory environments where any power projects are located or the bankruptcy of an unrelated company operating in one or more of the same industries as the Company, any of which could increase borrowing costs or restrict the Company's ability to obtain debt or equity financing. There is no assurance that the Company will be able to arrange financing on acceptable terms, if at all. Any inability of the Company to obtain financing from banks and other financial institutions or from capital markets would adversely affect the Company's ability to execute its expansion and growth strategies.

The Company's international businesses and results of operations are subject to the macroeconomic, social and political developments and conditions of the countries where the Company's portfolio of projects are located.

The Company's portfolio of power projects in operation and under construction include those located in Australia, Indonesia, Vietnam, and India, with plans for further international expansion in other countries such as South Korea and Taiwan through its joint ventures. International operations and plans for further international expansion may be affected by the respective domestic economic and market conditions as well as social and political developments in these countries, government interference in the economy in certain countries, and changes in regulatory conditions. There is no guarantee that the Company's operations as well as expansion plans will be successful in those countries and the Company cannot provide assurance of effective mitigation to systemic risks in those countries. The Company's financial condition, prospects and results of operations could be adversely affected if it is not successful internationally or if these international markets are affected by changes in political, regulatory, economic and other factors, over which the Company has no control.

For example, in October 2019, the Group disclosed plans to form a joint venture with the Yoma Group, to invest in Yoma Micro Power and jointly explore developing renewable energy projects within Myanmar. Pursuant to this undertaking, AC Renewables International provided development loans to the Yoma Group amounting to U.S.\$24.0 million. Due to the current situation in the country, plans in Myanmar have currently been put on hold. The Group takes a long-term view on its investment in Myanmar and continues to monitor the situation closely.

Changes in tax policies, affecting tax exemptions and tax incentives could also adversely affect the Company's results of operations. Certain Associates of the Company are registered with the BOI and the Philippine Economic Zone Authority as new operators with pioneer status and non-pioneer status for greenfield projects and benefit from certain capital tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts and accessories.

If these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the corporate income tax rate, which is 25% of net taxable income. As a result, the Company's tax expense would increase, and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

Future pandemics, epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers ("OFWs") globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact its suppliers' ability to deliver, which could delay the construction of the Company's projects.

Preventive and corrective quarantine measures may cause disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the various degrees of community quarantine imposed across the jurisdictions where the Company operates have affected and could adversely impact (a) the completion of the Company's projects as construction is not an activity given priority under the government guidelines, (b) demand for the Company's product, as industries, offices, and shopping malls account for bulk of energy consumption, (c) spot market prices as demand for electricity may be lower, and (d) ability to collect from its customers, which could negatively impact its cash flows. Another outbreak similar to COVID-19 and the measures to contain it may have an adverse effect on economic activity in the countries where the Company has investments and operations in, thus, could materially and adversely affect the Company's business, financial condition, and results of operations.

The Company's long-term success is dependent upon its ability to attract and retain key personnel and in sufficient numbers.

The Company depends on its senior executives and key management members to implement the Company's projects and business strategies. If any of these individuals resigns or discontinues his or her service, it is possible that a suitable replacement may not be found in a timely manner or at all. If this were to happen, there could be a material adverse effect on the Company's ability to successfully operate its power projects and implement its business strategies.

Power generation involves the use of highly complex machinery and processes, and the Company's success depends on the effective operation and maintenance of equipment for its power generation assets. Technical partners and third-party operators are responsible for the operation and maintenance of certain power projects. Although the Company is circumspect in its selection of technical partners and third-party operators, any failure on the part of such technical partners and third-party operators to properly operate and/or adequately maintain these power projects could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, the Company's growth to date has placed, and the anticipated further expansion of the Company's operations will continue to place, a significant strain on the Company's management, systems, and resources. In addition to training, managing, and integrating the Company's workforce, the Company will need to continue to develop the Company's financial and management controls. The Company can provide no assurance that the Company will be able to efficiently or effectively manage the growth and integration of the Company's operations dispersed businesses and any failure to do so may materially and adversely affect the Company's business, financial condition, results of operations and prospects. In addition, if general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may decide to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Company's business depends on various governmental policy commitments to the promotion of renewable energy.

The countries in which the Company has investments have demonstrated a commitment to renewable energy. As a result, these countries have created favourable regulatory and tax regimes and financial incentives, as well as renewable portfolio standards that require distributors to source a certain percentage of their power requirements from renewable energy sources.

For the Philippines, it adopted a FIT programme in 2010 for eligible renewable power projects from wind, solar, hydro, biomass, and hybrid energy sources, among others. Eligible renewable power plants are granted a 20-year entitlement. Subsequent to the FIT programme in the Philippines, the DOE also issued the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards ("RPS") for On-Grid Areas and Off-Grid Areas in 2017 and 2018, respectively. The RPS is a market-based policy that mandates power DUs, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy facilities. The RPS Rules established a minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. The RPS Rules also established the minimum annual incremental RE percentage, which was initially set at 1%, to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary. It has been since adjusted to 2.52% effective 2023.

In 2021, the DOE also established the Green Energy Auction Program (GEAP), which aims to facilitate investments in renewable energy in the country. Similar to the FIT programme, under the GEAP, eligible power plants who succeed in the auctions are granted 20-year renewable energy payment agreements. For Vietnam, its FIT programme provides for a FIT rate of U.S.\$0.0935/kWh for 20 years for solar plants completed by June 2019, with the exception of solar power projects in located in Ninh Thuan province, which has extended this period to December 2019, and U.S.\$0.0850/kWh for wind projects completed by November 2021. In April 2020, the Vietnam government unveiled a second round of FIT rates as follows for project commissioned within 2020: U.S.\$0.0769/kWh for floating solar, U.S.\$0.0709/kWh for ground mounted solar, and U.S.\$0.0838/kWh for rooftop energy solar energy projects. Both FIT rates for solar and wind projects are expected to be set for 20 years once awarded.

Due to the impact of COVID-19 and related travel and movement restrictions in Vietnam, construction of certain renewable energy projects in the country, including the Company's projects, has been interrupted. As such, certain turbines/portions of the projects may not be completed by the November 2021 FIT deadline, and may not receive the FIT, which may impact future cash flows and the profitability of such projects.

Further, the FIT commitments are generally matters of domestic public policy and are subject to the execution of the relevant power purchase agreement. Should these commitments to renewable energy be reduced for any reason, it could affect the project company's ability to operate or renew the project company's permits and licenses and reduce the financial incentives available to the project companies, which could, in turn, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may not be able to adequately influence the operations of its Associates and joint ventures and the failure of one or more of its strategic partnerships may negatively impacts its business, financial condition, results of operations and prospects.

The Company derives a portion of its income from investments in Associates and joint ventures, in which it does not have majority voting control. These relationships involve certain risks including the possibility that these partners:

- may have economic interests or business goals that are not aligned with the Company's;
- may be unable or unwilling to fulfil their obligations under relevant agreements, including shareholder agreements under which the Company has certain voting rights in respect of key strategic, operating and financial matters;
- may take actions or omit to take any actions contrary to, or inconsistent with, the Company's policies or objectives or prevailing laws;

- may have disputes with the Company as to the scope of their responsibilities and obligations; and/or
- may have difficulties in respect of seeking funds for the development or construction of projects.

The success of these partnerships depends significantly on the satisfactory performance by the partners and the fulfilment of their obligations. If the Company or a strategic partner fails to perform its obligations satisfactorily, or at all, the partnership may be unable to perform adequately. As a result, cooperation among its partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. The Company's business, financial condition, results of operations and prospects may be materially adversely affected if disagreements develop between the Company and its strategic partners, and such disagreements are not resolved in a timely manner.

In addition, if any of the Company's strategic partners discontinues its arrangement with the Company, is unable to provide the expected resources or assistance, or competes with the Company on business opportunities, the Company may not be able to find a substitute for such strategic partner. Failure of one or more of the Company's strategic partners to perform their obligations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance.

The development of greenfield power projects involves substantial risks that could give rise to delays, cost overruns, unsatisfactory construction or development in the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems, among others. Any such delays, cost overruns, unsatisfactory construction or development could have a material adverse effect on the business, financial condition, results of operation and future growth prospects of the Company.

For the Company's projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns. For example, due to the impact of COVID-19 and related travel and movement restrictions in Vietnam, construction of certain renewable energy projects in the country, including the Company's projects, has been interrupted. As such, certain turbines/portions of the projects may not be completed by the November 2021 FIT deadline, and may not receive the FIT, which may impact future cash flows and the profitability of such projects.

The Company is expanding its power generation operations and there are projects in its energy portfolio under construction. These projects involve environmental, engineering, construction and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defect in design or construction, and supply and cost of equipment and materials. Further, project delays or cancellations or adjustments to the scope of work may occur from time to time due to incidents of force majeure or legal impediments.

Depending on the severity and duration of the relevant events or circumstances, these risks may significantly delay the commencement of new projects, reduce the economic benefit from such projects, including higher capital expenditure requirements and loss of revenues, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's expected Net Attributable Capacity from its pipeline to be undertaken together with various partners and through various subsidiaries, associates and joint ventures have not yet been determined. The target pipeline reflects its current strategy and may change as proposed projects are reviewed or contracts are entered into, and subject to various factors, including market conditions, the general state of the economy and investment environment where the projects will be located and the ability to obtain financing, among others.

Any restriction or prohibition on the Company's Associates' or joint ventures' ability to distribute dividends would have a negative effect on its financial condition and results of operations and its ability to fulfil its guarantee obligations under the Notes.

The Company is a holding company that conducts its operations through its Associates and joint ventures. As a holding company, the Company's income is derived primarily from dividends paid to the Company by its Associates and joint ventures.

The Company is reliant on these sources of funds with respect to its obligations and in order to finance its Associates. The ability of the Company's Associates and joint ventures to pay dividends to the Company (and their shareholders in general) is subject to applicable law and may be subject to restrictions contained in loans and/or debt instruments of such Associates and may also be subject to the deduction of taxes. Currently, the payment of dividends by a Philippine corporation to another Philippine corporation is not subject to tax. Under Philippine law, dividends may be declared by a corporation's board of directors, however, any stock dividend declaration requires the approval of shareholders holding at least two-thirds of such corporation's total outstanding capital stock. Additionally, SEC approval is required if the issuance of stock dividends requires an increase in such corporation's authorized capital stock.

In addition, certain Associates are subject to debt covenants for their respective existing debt. Failure to comply with these covenants may result in a potential event of default, which if not cured or waived, could result in an actual event of default and the debt becoming immediately due and payable. This could affect the relevant company's liquidity and ability to generally fund its day-to-day operations. In the event this occurs, it may be difficult to repay or refinance such debt on acceptable terms or at all. Furthermore, such restrictions could likewise impact the Company's ability to fulfil its guarantee obligations under the Notes.

Any restriction or prohibition on the ability of some or all of the Company's Associates and/or joint ventures to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating or financial difficulties or other limitations, could have a negative effect on the Company's cash flow and therefore, its financial condition.

The administration and operation of power generation projects by project companies involve significant risks.

The administration and/or operation of power generation projects by project companies involve significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- actions affecting power generation assets owned or managed by the Company, its Associates, joint ventures or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- claims or issues in relation to potential environmental, ecological and social effects in relation to the sites of its power development projects;
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals; and
- opposition from local communities and special interest groups.
- There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by the Company, its joint ventures and affiliates from their power projects.

Climate change may adversely affect the Company's business and prospects.

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect the Company's business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. For example, in October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. Similarly, recent trends in investment mandates and strategies favouring renewable over conventional energy sources may make it more difficult for the Company to obtain financing or refinance existing financing in respect of its thermal coal projects. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt the Company's operations. As a result of the above, the Company's business, financial condition, results of operations and prospects may be materially and adversely affected.

Environmental regulations may cause the relevant project companies to incur significant costs and liabilities.

The operations of the project companies are subject to environmental laws and regulations by central and local authorities in which the projects operate. These include laws and regulations pertaining to pollution, the protection of human health and the environment, air emissions, wastewater discharges, occupational safety and health, and the generation, handling, treatment, remediation, use, storage, release and exposure to hazardous substances and wastes. These requirements are complex, subject to frequent change and have tended to become more stringent over time. The project companies have incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations and in obtaining and maintaining all necessary permits. While the project companies have procedures in place to allow it to comply with environmental laws and regulations, there can be no assurance that these will at all times be in compliance with all of their respective obligations in the future or that they will be able to obtain or renew all licenses, consents or other permits necessary to continue operations or that there will be no complaints filed or issues raised by environmental groups and local communities against the Company, its subsidiaries, or its affiliates for its operations. Any failure to comply with such laws and regulations or to address such complaints or issues could subject the relevant project company to significant fines, penalties and other liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, environmental laws and regulations, and their interpretations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation, may have upon the Company's business, financial condition, results of operations or prospects. If environmental laws and regulations, or their interpretation, become more stringent, the costs of compliance could increase. If the Company cannot pass along future costs to customers, any increases could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's power project development operations and the operations of the power projects are subject to inherent operational risks and occupational hazards, which could cause an unexpected suspension of operations and/or incur substantial costs.

Due to the nature of the business of power project development and operations, the Company and its project companies engage or may engage in certain inherently hazardous activities, including operations at height, use of heavy machinery and working with flammable and explosive materials. These operations involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, labour disturbances, natural disasters, environmental hazards, and industrial accidents. These hazards can cause personal injury and loss of life,

damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of the development or operations of any of the power projects or even imposition of civil or criminal penalties, which could in turn cause the Company or any of the project companies to incur substantial costs and damage its reputation and may have a material adverse effect on the Company's business, financial condition and results of operations.

Grid curtailments may limit the generation capacity of power projects.

From time to time, national grid operators curtail the energy generation for a number of reasons, including to match demand with supply and for technical maintenance reasons, including as a result of grid infrastructure that is not up to international standards. For example, in the first half of 2021, the Company experienced a 5.8% curtailment in respect of the power generation of its solar assets in Vietnam as a result of lower demand due to the COVID-19 pandemic and the Tet holidays in the country, and it is possible that the Company will be subject to further curtailments in the future as electricity generation and supply is adjusted in line with demand and other market factors. In such circumstances, a power project's access to the grid and thus its generation capacity can be reduced. Such reductions result in a corresponding decrease in revenue, which if prolonged or occur frequently could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company enters into transactions with related parties.

In the ordinary course of business, the Company transacts with its related parties, such as its associates and certain of its associates and joint ventures enter into transactions with each other. These transactions have principally consisted of advances, loans, bank deposits, reimbursement of expenses, purchase and sale of real estate and other properties and services, sale of electricity, construction contracts and development, management, marketing and administrative service agreements.

While the Company believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms, these transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to the Company.

The Company is exposed to credit and collection risks.

As in other businesses, the power business is exposed to credit and collection risks related to its customers. These include the TransCo, rated corporations as well as cooperatives that have varying credit ratings and private DUs. Further, the government may impose moratorium on collections. For example, the Bayanihan 2 Act imposed a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of ECQ or modified ECQ without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly instalments. In April 2021, the ERC released a public advisory that there will be a moratorium on the imposition of interest on delayed FIT payments due to the COVID-19 pandemic. This moratorium will be imposed for six billing periods from the relevant billing period wherein the interest had first been incurred. In addition, the power projects in Indonesia and in Vietnam are exposed to collection risks from the *Perusahaan Listrik Negara* ("PLN") as the sole electricity business authority in Indonesia and Vietnam Electricity ("EVN"), which has total control of the national power transmission and distribution market in Vietnam, respectively. The power projects in India, once operational, may also be exposed to collection risk from government related entities such as SECI and GUVNL, which are its off-takers. There can, however, be no assurance that all customers will pay the Company in a timely manner or at all. In such circumstances, the Company's working capital needs would increase, which could, in turn, divert resources away from the Company's other projects. If a large amount of its customers were unable or unwilling to pay the Company, its financial condition could be negatively affected.

Exchange rate and/or interest rate fluctuations may have a significant adverse impact on the Company's business, financial condition, results of operations and prospects.

The Company's functional currency is the Philippine Peso, and the Company has and may have assets, income streams and liabilities denominated in a number of currencies, including U.S. Dollars, Indonesian Rupiah, Vietnamese Dong, Indian Rupee, and Australian Dollars. Changes in foreign currency rates could have an adverse impact on the Company's business, financial condition, results of operations and

prospects. Currency fluctuations affect the Company because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received.

The insurance coverage of the power projects may not be adequate.

The power projects maintain levels of insurance, which the Company believes are typical with the respective business structures and in amounts that it believes to be commercially appropriate. However, a power project may become subject to liabilities against which it has not insured adequately or at all, or are unable to insure. In addition, insurance policies contain certain exclusions and limitations on coverage, which may result in claims not being honoured to the extent of losses or damages suffered. Further, such insurance policies may not continue to be available at economically acceptable premiums, or at all. The occurrence of a significant adverse event, the risks of which are not fully covered or honoured by such insurers, could have a material adverse effect on a power project's business, financial condition, results of operations and prospects. In addition, under some of the power project's debt agreements, the power project is required to name the lenders under such debt agreements as a beneficiary or a loss payee under some of its insurance policies, or assign the benefit of various insurance policies to the lenders. Therefore, even if insurance proceeds were to be payable under such policies, any such insurance proceeds will be paid directly to the relevant lenders instead of to the power project. If an insurable loss has a material effect on a power project's operations, the power project's lenders may not be required to pay any insurance proceeds or to compensate the power project for loss of profits or for liabilities resulting from business interruption, and this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be adversely affected by WESM price fluctuations.

Market prices for electric power fluctuate substantially. As electric power can only be stored on a very limited basis and generally must be produced concurrently with its use, frequent supply and demand imbalances result in power prices that are subject to significant volatility. Electricity prices may also fluctuate substantially due to other factors outside of the Company's control, including, but not limited to:

- changes in the generation capacity in the markets, including additional new supply of power from development or expansion of power plants, and decreased supply from closure of existing power plants;
- additional transmission capacity;
- electric supply disruptions, such as power plant outages and transmission disruptions;
- changes in power demand or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and adjust the prices on the WESM;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources; and
- changes in the power market and environmental regulations and legislation.

The foregoing factors may have a material adverse effect on the business, financial condition, and operations of the Company.

Increased volatility and uncertainty in fuel and commodity prices as a result of the war in Ukraine may affect supply and pricing of raw materials for production of thermal energy.

On 24 February 2022, the Russian Federation launched a "special military operation" to invade the country of Ukraine in Eastern Europe, resulting in the escalation of the Russo-Ukrainian War. Armed conflict between Russian and Ukrainian forces soon ensued, killing, and injuring several military and civilian personnel, and which continues to the date of this Information Statement.

To impose sanctions on Russia as a result of the invasion, the United States has banned the importation of Russian oil and gas, while the United Kingdom has committed to phase out the said petroleum products by the end of 2022. Both Russia and Ukraine are major exporters of raw materials for thermal energy production, namely coal, oil, and gas. As of end-2020 (latest available data), Russia is one of the world's

largest producers of oil and coal.³^{F3F1} In addition, Ukraine is an important transit country for supplies of oil and natural gas from Russia to countries throughout Europe, and prior to the war, also a major exporter of coal.⁴^{F4F2}

With sanctions and conflict cutting thermal raw material supply in both countries, market expectations of oil and gas production from Russia, as well as coal production from Ukraine have similarly been reduced. Global market prices of petroleum and coal products in general subsequently began to rise, with Newcastle coal (ICE commodity symbol: NEWC) reaching US\$336.00 per metric ton⁵^{F5F3} and Brent Crude Oil reaching US\$118.05 per barrel.⁶^{F6F4} As a result, since the Philippines remains mostly dependent on thermal energy, spot market prices remain elevated. Should the war in Ukraine continue, high power prices may adversely impact ACEN's trading position, if it continues to be a net buyer on the WESM. However, with the completion of new projects in its aggressive RE expansion, the company believes that it may achieve a net seller position with an RE portfolio that may be able to take elevated power prices in the merchant market without the higher costs associated with raw materials for thermal resources.

Risks Relating to the Philippines

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests. No assurance can be given that the political environment in the Philippines will stabilise or that periods of political instability will not occur in the future, particularly in connection with or resulting from the Philippine Presidential elections to be held in May 2022. There can be no assurance that the next administration will continue to implement the economic policies favoured by the current administration. Major deviations from the policies of the current administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any political instability in the future may result in inconsistent or sudden changes in the economy, regulations and policies that affect the Company, which could have an adverse effect on its business, results of operations and financial condition.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's S&P and Fitch. While in recent months these rating agencies have assigned positive or stable outlooks to the Philippines' sovereign rating, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes among the Philippines and its neighbouring nations may adversely affect the Philippine economy and the Company's business.

China and other Southeast Asian nations, such as Brunei, Malaysia, and Vietnam, have been engaged in competing and overlapping territorial disputes over islands in the West Philippine Sea (also known as the South China Sea). This has produced decades of tension and conflict among the neighbouring nations. The West Philippine Sea is believed to house unexploited oil and natural gas deposits, as well as providing home to some of the biggest coral reefs in the world. China, in recent years, has been vocal in claiming its rights to nearly the whole of the West Philippine Sea – as evidenced by its increased military presence in the area. This has raised conflict in the region among the claimant countries.

¹ BBC News. <<https://www.bbc.com/news/58888451>>

² U.S. Energy Information Administration. <<https://www.eia.gov/international/analysis/country/UKR>>

³ As of 18 March 2022, end of trading, for March 2022 contracts.

⁴ As of 18 March 2022, end of trading, for front-month contracts.

In 2013, the Philippines filed a case to legally challenge China's claims in the West Philippine Sea and to resolve the dispute under the United Nations Convention on the Law of the Sea. The case was filed on the Permanent Court of Arbitration, the international arbitration tribunal at The Hague, Netherlands. In July 2016, the tribunal ruled in favour of the Philippines and stated that China's claim was invalid. China rejected the ruling, claiming that it did not participate in the proceedings as the tribunal had no jurisdiction over the case. News reports have reported increased Chinese activity in the area, including the installation of missile systems and the deployment of bomber planes. Other claimants have challenged China's actions in the West Philippine Sea.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighbouring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected, particularly as to the operations of ENEX's SC 55 block which is located near the West Philippine Sea.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as the Company, than is regularly made available by public companies in the U.S. and other countries. As a result, public shareholders of the Company may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although the Company and its Philippine subsidiaries comply with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. For example, the Revised Corporation Code of the Philippines requires the Company to have independent Directors constituting at least 20.0% of its board of directors. The Company exceeds that requirement and currently has four (4) independent directors.

Furthermore, corporate governance standards may be different for public companies listed on the Philippine securities markets than for securities markets in developed countries. Rules and policies against self-dealing and regarding the preservation of interests of public shareholders of the Company may be less well-defined and enforced in the Philippines than elsewhere, putting public shareholders at a potential disadvantage. Because of this, the directors of Philippine companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of public shareholders of the Company.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. The value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.\$1.00 in July 1997 to ₱56.18 to U.S.\$1.00 by December 2004, recovering to ₱43.89 at the end of December 2010.

The value of the Peso has generally depreciated since 2010, and its valuation may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of 31 December 2024, according to the BSP reference exchange rate bulletin, the Peso was at ₱58.0140 per U.S.\$1.00 and ₱55.5670 per U.S.\$1.00 at the end of 2024 and 2023, respectively.

Investors may face difficulties enforcing judgments against the Company.

The Company is organized under the laws of the Republic of the Philippines. A substantial portion of the Company's assets is located in the Philippines. It may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce

judgments against the Company outside of the Philippines in any actions pertaining to the Notes. In addition, most of the directors and officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons or enforce against such persons judgments obtained in courts or arbitral tribunals outside of the Philippines predicated upon the laws of jurisdictions other than in the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Moreover, the Philippine enacted Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, to facilitate the enforcement of arbitral awards in the Philippines. Judgments obtained against the Company in any foreign court may be recognized and enforced by the courts of the Philippines in an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. The enforceability of foreign judgments in the Philippines is specifically provided for in the 1997 Rules of Civil Procedure. Section 48 of Rule 39 of the Rules of Civil Procedure provides that a judgment or final order of a tribunal of a foreign country having jurisdiction to give the judgment or final order is as follows: (a) in case of a judgment or final order upon specific property, is conclusive upon the title to that property; and (b) in case of a judgment or final order against a person, is presumptive evidence of a right between the parties and their successors in interest by a subsequent title. Further, Philippine courts have held that a foreign judgment is presumed to be valid and binding in the country from which it issues, until the contrary is shown, and the party contesting the foreign judgment has the burden of overcoming the presumption of its validity. However, such foreign judgment or final order may be rejected in the following instances: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the Company did not have notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

Regulatory uncertainty may result in delays in implementation of government programs, or in changes in regulations

The Philippines is a unitary democratic republic, with a President as its head of state and government, elected to a non-renewable six-year term. General elections for the President, Vice President, are held every six years, while Congress and officials of local government units are elected to three-year terms. Presidential administrations and legislative sessions, as well as the officials and political parties holding these offices, vary from term to term, due to term limits prescribed by the 1987 Philippine Constitution and results of elections. As a result, the President and his administration may implement programs, endorse legislation, enforce executive orders, and/or execute other actions, that may result in delays of implementation of government programs, or may result in changes in regulations that benefit ACEN, its partners, and its affiliate businesses. In addition, the bicameral Philippine Congress, may also pass legislation that delays said implementation of government programs or change regulations that promote RE in the Philippines. Several government programs such as the Renewable Energy Law, the RCOA Program, and the Green Energy Option Program, benefit the Company through the expansion of its RE market.

For further information on ACEIC, please refer to its 2024 Financial Reports which are available on its website www.acenergy.com.ph.

Bank of the Philippine Islands (BPI or the Bank) and **Globe Telecom** (Globe) are significant associates and joint venture of the Group.

BANK OF THE PHILIPPINE ISLANDS

Background and Business

The Ayala Group conducts its financial services business through Bank of the Philippine Islands (alternately referred to as BPI, “the Bank” or “the Company” in the entire discussion of Bank of the Philippine Islands).

Bank of the Philippine Islands’ highlights of its Consolidated Statements of Condition and Statements of Income are shown in the Note 10 of Ayala’s 2024 Audited Consolidated Financial Statements as well as in the BPI’s 2024 Audited Consolidated Financial Statements which form part of its SEC 17-A Report.

Business Development

BPI is the first bank in the Philippines and Southeast Asia, licensed by the Bangko Sentral ng Pilipinas (BSP) to provide universal banking services. Founded in 1851, it is the country's oldest bank, from a purely commercial bank to a fully diversified universal bank with activities encompassing traditional commercial banking as well as investment and consumer banking. Together with its subsidiaries, BPI offers a wide range of financial services that include institutional banking, consumer banking, consumer lending, investment banking, agency banking, asset management, securities distribution, insurance services, and leasing. Such services are offered to a wide range of customers, including multinationals, government entities, large corporates, SMEs and individuals.

BPI is one of the biggest banks in the country in terms of total assets, capital, and market capitalization, and has a significant share of total banking system deposits, loans, and assets under management. It also has the country's second largest branch network and operates the fourth largest ATM network. It is also a market leader in electronic banking where it has been a first mover and innovator in the use of automated teller machines (ATMs), cash acceptance machines (CAMs), point-of-sale debit systems, kiosk banking, phone banking, internet banking and mobile banking.

Historical Background

BPI was established in 1851 in the Philippines (then a Spanish colony) as Banco Español Filipino de Isabel II, by decree of the Governor General of the Philippines. It was the first bank formed in the Philippines and was the issuer of the country's first currency notes in 1855. It opened its first branch in Iloilo in 1897 and pioneered in sugar crop loans. It also financed the first tram service, telephone system, and electric power utility in Manila and the first steamship in the country. As such, BPI and its “escudo” ranks as one of the largest home-grown Philippine brands and carries an extensive legacy.

Recent History

For many years after its founding, BPI was the only domestic commercial bank in the Philippines. BPI's business was largely focused on deposit taking and extending credit to exporters and local traders of raw materials and commodities, such as sugar, tobacco, coffee, and indigo, as well as funding public infrastructure. In keeping with the regulatory model set by the Glass Steagall Act of 1932, the Bank operated for many years as a private commercial bank. In the early 1980s, the Monetary Board of the Central Bank of the Philippines (now the Bangko Sentral ng Pilipinas, or BSP) allowed BPI to evolve into a fully diversified universal bank, with activities encompassing traditional commercial banking as well as investment and consumer banking. This transformation into a universal bank was accomplished through both organic growth and mergers and acquisitions, with BPI absorbing an investment house, a stock brokerage, a leasing company, a savings bank, a retail finance company, and bancassurance platforms.

BPI completed three bank mergers since the late 1990s. In 1996, it merged with City Trust Banking Corp., the retail banking arm of Citibank in the Philippines, which enhanced its franchise in consumer banking. In 2000, BPI acquired Far East Bank & Trust Company (FEBTC), then the largest banking merger in the Philippines. This merger established BPI's dominance in asset management & trust services and branch banking; furthermore, it enhanced the Bank's penetration of middle market clients. In 2000, BPI also

formalized its acquisition of major insurance companies in the life, non-life and reinsurance fields. In 2005, BPI acquired and merged with Prudential Bank, a medium sized bank with a clientele of middle market entrepreneurs.

In 2011, BPI became the first bank in the Philippines to acquire the trust business of a foreign bank when it purchased the trust and investment management business of ING Bank N.V. Manila.

In 2014, BPI completed a strategic partnership with Century Tokyo Leasing Corp., one of the largest leasing companies in Japan, to form BPI Century Tokyo Lease & Finance Corp., with BPI retaining 51% of ownership. This strategic partnership is expected to help BPI innovate in asset financing products and enhance the service experience of an expanding base of Philippine consumers and corporations seeking asset leasing and rental solutions.

In 2015, BPI completed another strategic partnership with Global Payments (GPN), an Atlanta-based, NYSE-listed provider of international payment services. By combining its merchant acquiring network with that of GPN, BPI stands to provide enhanced services to its card customers, as well as to its merchant clients. The partnership with GPN remained 49% owned by BPI.

In August 2016, BPI acquired a 10% minority stake in Rizal Bank Inc. (RBI), a member institution of Center for Agriculture and Rural Development Mutually Reinforcing Institutions (CARD MRI), a group of social development organizations that specialize in microfinance.

Effective September 20, 2016, BPI took taken full control over BPI Globe BanKO, Inc. after acquiring the 20% and 40% stake of Ayala Corporation and Globe Telecom, respectively. On December 29, 2016, the Securities and Exchange Commission approved change of the corporate name to BPI Direct BanKo, Inc., A Savings Bank, after BPI Direct absorbed the entire assets and liabilities of BanKO.

Also on December 29, 2016, BPI successfully spun off its BPI Asset Management and Trust Group (BPI AMTG) to a Stand-Alone Trust Corporation (SATC) named BPI Asset Management and Trust Corp. (BPI AMTC). BPI AMTC officially commenced its operations on February 1, 2017.

BPI evolved to its present position as a leader in Philippine banking through a continuous process of improving its array of products and services, while maintaining a balanced and diversified risk profile that helped reinforce the stability of its earnings. BPI continuously enhances its digital capabilities to give its clients convenient and secure access to its services while championing financial inclusion.

In December 2021, the Securities and Exchange Commission approved the merger of BPI and its wholly owned subsidiary BPI Family Savings Bank, Inc. with BPI as surviving entity effective January 1, 2022.

Business Milestones (2022-2024)

In September 2022, BPI and Robinsons Bank Corporation (Robinsons Bank or RBC) announced plans to merge their operations to form a leading lender based on market capitalization. In November 2022, BPI's BOD approved the proposed merger with Robinsons Bank. On January 17, 2023, shareholders approved the merger of BPI and Robinsons Bank, with BPI as the surviving bank. The Philippine Competition Commission approved the merger on March 9, 2023, as contained in the decision released by the Commission on September 13, 2023. The BSP, through Monetary Board Resolution No. 1633, approved the merger on December 14, 2023 while the SEC issued the Certificate of Filing of the Articles and Plan of Merger on December 29, 2023.

Subsequent to the approval of the merger of BPI and RBC, with BPI as surviving bank, and after all corporate and regulatory approvals have been obtained, BPI and RBC merged, effective January 1, 2024.

On March 20, 2024, the BPD of BPI approved the sale of its 752,056,290 common shares representing all of its stakes in Go Tyme Bank Corporation to Go Tyme Financial Pte. Ltd. and Giga Investment Holdings Pte. Ltd. at ₱1.20 per share. In October 2024, the transaction was approved by the BSP. The Go Tyme shares were acquired by BPI pursuant to the merger between BPI and RBC, with BPI as the surviving bank

Principal Subsidiaries

The Bank's principal subsidiaries are:

- a. BPI Capital Corp. ("BPI Cap") is an investment house that offers a full suite of services covering a comprehensive program from corporate finance and capital markets advisory, project finance and loan syndication, to debt and equity underwriting and securities distribution. It began operations in December 1994. BPI Cap wholly owns BPI Securities Corp., a stockbrokerage firm.
- b. BPI Direct BanKo, Inc., A Savings Bank ("BanKo"), serves microfinance customers through branch, digital, and partnership channels. Founded in July 2009 as BPI Globe BanKO, it is now wholly owned, following a September 2016 purchase of stakes owned by Ayala Corp. (20%) and Globe Telecom, Inc. (40%) and a December 2016 merger with BPI Direct Savings Bank, Inc. Since 2016, it has endeavored to strengthen the financial capacities of thousands of Filipino Self-Employed Micro-Entrepreneurs (SEMEs) nationwide by creating an enabling business environment for them. True to its mission of empowering the Negosyanteng Pinoy, BanKo has provided access to easy, convenient and affordable loan products to fund their operations, and provided them with an opportunity to grow and expand their businesses.
- c. BPI Asset Management and Trust Corporation, doing business under the trade name and style of BPI Wealth - A Trust Corporation, ("BPI Wealth") is a stand-alone trust corporation serving both individual and institutional investors with a full suite of local and global investment solutions. BPI Wealth commenced operations on February 1, 2017.
- d. BPI Wealth Hongkong Limited, formerly BPI International Finance Limited ("BPI IFL"), originally established in August 1974, is a deposit-taking company authorized and regulated by the Hong Kong Monetary Authority. It is also licensed by the Securities and Futures Commission of Hong Kong to undertake Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. Its principal business activities are: (1) providing banking services mainly in relation to term deposits and loans; (2) providing securities brokerage services in relation to dealing and advising on securities; and (3) providing asset management services. In August 26, 2024, BPI IFL changed its name to BPI Wealth Hongkong Limited.
- e. BPI (Europe) Plc ("BPI Europe") is a UK-licensed bank authorized by the PRA, jointly regulated by the PRA and the Financial Conduct Authority (FCA). It has been in operation since 2007, and started off with paid-up capital of £20 million, subsequently increased to £100 million after equity infusions in 2020 and 2021. The bank offers simple retail deposit products and engages in the proprietary trading of fixed income securities, foreign exchange and syndicated loans.
- f. BPI Investments Inc. (formerly BPI Investment Management Inc.) is a wholly owned subsidiary of the Bank and serves as the principal distributor and transfer agent of the ALFM & PAMI Mutual Funds – open-end investment companies registered with, and regulated by, the Securities and Exchange Commission (SEC).
- g. BPI Remittance Centre Hong Kong Ltd. ("BERC HK") is a licensed money service operator in Hong Kong servicing the remittance services to beneficiaries residing throughout the Philippines. On November 21, 2018, BPI IFL (now BPI Wealth Hongkong Limited) distributed its shares in BERC HK as a property dividend to the Parent Bank. BERC HK became an immediate subsidiary of the Parent Bank following this.
- h. BPI Wealth Singapore Pte. Ltd. is a wholly-owned subsidiary of BPI incorporated in Singapore on June 20, 2023. It intends to engage in fund management business, with its Capital Markets Services license application pending final approval by the Monetary Authority of Singapore.
- i. Legazpi Savings Bank, Inc. is focused on providing financial assistance to teachers. The bank was incorporated and registered with the SEC on May 8, 1976. It was acquired by Robinsons Bank on December 26, 2012. On January 1, 2024, the merger between the Ayala-led BPI and RBC took effect, with the former as the surviving entity, making Legazpi Savings Bank, Inc. a subsidiary of BPI.

- j. BPI/MS Insurance Corp. ("BPI MS") is a non-life insurance company. It is a joint venture with Mitsui Sumitomo Insurance Co. (who owns a 49% stake) and is the result of a merger of FGU Insurance Co. and FEB Mitsui Marine Insurance Co., which was acquired as a subsidiary of Far East Bank in 2000.

Principal Products & Services

BPI offers a wide range of corporate and retail banking products. It has two major categories for products and services. The first category covers its core financial intermediation business, which includes deposit taking, lending, and securities investments. Revenue from this category is collectively termed as net interest income and accounts for 75% of net revenues. The second category covers services ancillary to its financial intermediation business, and from which it derives transaction-based commissions, service charges and other fees. These include investment banking and corporate finance fees, asset management and trust fees, stock brokerage fees, credit card-related fees, rental of bank assets, income from insurance subsidiaries and service charges or commissions earned on international trade transactions, drafts, fund transfers, various deposit-related services, and revenues from transactions on the digital channels. Commissions, service charges, and other fees, when combined with trading gains and losses arising from BPI's fixed income and foreign exchange operations, constitute non-interest income, which accounts for the remaining 25% of net revenues.

Foreign Offices Contribution

	2022	2023	2024
Share in Total Revenue (%)	0.55	0.44	0.45
Hongkong	0.41	0.33	0.29
USA	0.00	0.00	0.00
Europe	0.14	0.10	0.16
Share in Total Net Income (%)	0.22	(0.03)	0.12
Hongkong	0.24	0.08	0.06
USA	0.00	0.00	0.00
Europe	(0.02)	(0.11)	0.06

Distribution Network

BPI has 871 branch licenses as of end-2024. However, with the decline in over-the-counter transactions and the shift to digital, BPI has also begun branch network optimization by co-locating and consolidating branches for cost efficiency and higher productivity. As of December 31, 2024, BPI has 857 physical branches nationwide. Additionally, there are 368 BPI Direct BanKo branches and Branch-Lite Units (BLUs) set up in strategic locations in the country, as well as 27 Legazpi Savings Bank (LSB) branches. Overseas, BPI has two banking subsidiaries: BPI Remittance Centre (H.K.) Limited in Hong Kong and Bank of the Philippine Islands (Europe) Plc in London.

BPI maintains a specialized network of overseas offices to service Filipinos working abroad. To date, BPI has two (2) Remittance Centers located in Hong Kong and two (2) representative offices located in UAE and Japan. BPI also maintains remittance tie-up arrangements with various foreign entities in several countries to widen its network in serving the needs of Filipinos overseas.

On the lending side, there are 22 business centers and desks, servicing both corporate and retail clients across the country to process loan applications, loan releases, and international trade transactions. These centers also provide after-sales servicing of loan accounts.

BPI's branch network is supported by a network of 2,209 ATMs (including 705 ATMs provided by Euronet) and 372 CAMs as of December 31, 2024, which together provide cash-related banking services to customers 24/7, located in both branches and off-site locations, such as shopping malls and high-density office buildings. Its interconnection with Bancnet, a Philippine-based interbank network connecting the ATM networks of local and offshore banks, also gives BPI's cardholders access to over 20,000 ATMs across the Philippines. BPI's ATM network is likewise interconnected with Mastercard, China Union Pay, Discover/Diners, JCB and Visa. It aims to provide more secured cash withdrawals for its depositors

through the implementation of the ATM withdrawal notification feature, which allows its cardholders to receive notifications via e-mail or SMS when withdrawals beyond a specified amount are made.

BPI aims to leverage its digital assets and capabilities across various businesses. Since 2021, it has delivered seven digital user platforms:

- VYBE, BPI's e-wallet which also carries our rewards program.
- BPI mobile app, the first banking app in the country to feature AI-powered tracking and insights. For 2024, BPI introduced new features like mobile check deposit, cardless withdrawal and currency conversion using your mobile phone in our BPI mobile app.
- BPI Trade app for clients who invest in equities.
- BPI BanKo app for microfinance clients. In 2024, BPI launched a short-term credit line in the BanKo app.
- BPI BizKo app for SMEs.
- BPI BizLink app for corporate clients, and
- BPI Wealth Online for high net-worth individuals.

These seven platforms enable all Filipinos in their respective financial journeys to enjoy the benefits that BPI channels provide. In addition, BPI envisions these platforms to be a major vehicle for client acquisition, financial inclusion, and business growth.

BPI continues to lead in Philippine open banking and is among the Philippine banks with the most brands and services, and successful monetization. By creating and launching a diverse range of Application Programming Interfaces (APIs), it has been actively forming various fintech partnerships, ranging across e-wallets, utility providers, remittance centers, e-commerce platforms and even government agencies. BPI also has an integrated fraud management solution to reduce the risk of fraud in open banking transactions.

Its early investments in technology paved the way for it to be the most API-ready bank. As of December 31, 2024, it has a growing list of over 100 API-partners, which includes various e-wallets, utility providers, remittance centers, e-commerce platforms, and even government agencies.

GCash remains BPI's top partner in open banking and it continuously collaborates with GCash in providing various financial products and services.

All of these digital initiatives are underpinned by strong cybersecurity, agile core systems, and data-driven decisions.

Competition

With 44 universal and commercial banks operating in the Philippines as of December 31, 2024, the banking industry in the Philippines is characterized by high levels of regulation and highly competitive pricing and service offerings. BPI competes against domestic and foreign banks that offer similar products and services. Since the further liberalization of the Philippine banking industry in 2014, foreign banks have expanded from their traditional focus on Metro Manila and large-scale corporations to building their own networks to increase market share, primarily through acquisitions of small domestic savings banks. Foreign banks tend to benefit from the support of their parent companies or established regional operations, but they are limited by local regulations to a maximum of six Philippine branches in order to protect the growth and participation of local banks.

According to industry data on Philippine banks, BPI is second largest in terms of gross customer loans and second in terms of deposits among private universal banks, with market shares of 15.9% and 12.8%, respectively, as of December 31, 2024.

Patents, Trademarks, Licenses, Franchises, etc.

BPI sells its products and services through the BPI trademark and/or trade name. All its major financial subsidiaries carry the BPI name prefix (e.g., BPI Capital, BPI Securities, and BanKo), and so do its major product and service lines.

Following are some of BPI's trademarks for its products and services:

- a. BPI Debit and BPI Debit Cards, for its debit cards
- b. ALFM, ALFM Dollar Bond Fund, ALFM Euro Bond, ALFM Global Multi-Asset Income Fund, ALFM Growth Fund, ALFM Money Market Fund, ALFM Mutual Funds and ALFM Peso Bond Fund; for its wealth management subsidiary
- c. BanKo Mobile, BanKo NegosyoKo Loan, BanKoMare, BanKoPare; for its microfinance subsidiary
- d. Bizlink, for its internet banking platform for business and corporate clients, including the BizLink mobile app
- e. BPI Trade, BPI Securities Corporation and "Trade Better. Live Better.", for its stockbrokerage subsidiary

Other product brands of BPI and BanKo are BPI Save-Up, BPI Jumpstart, BPI Maxi-One, BPI Maxi-Saver, BPI Pamana Savings, Plan Ahead BPI Personal Loan, BPI Salary On-Demand, Ka-Negosyo Credit Line, and Ka-Negosyo SME Loan.

All of BPI's trademark registrations are valid for 10 years with years of expiration varying from year 2027 to 2034. Trademarks intended to be used or maintained by BPI are so maintained and renewed in accordance with applicable Intellectual Property laws and regulations. BPI closely monitors the expiry and renewal dates of its trademarks to protect BPI's brand equity.

In terms of business licenses, BPI has an expanded commercial banking license while BanKo has a savings bank license. BPI Capital has an Investment House license engaged in dealing Government Securities and as a Mutual Fund Distributor. BPI Securities is a holder of a broker-dealer license duly registered with SEC, a Trading Participant of the PSE, and a member of the Securities Clearing Corp. of the Philippines and the Securities Investor Protection Fund. BPI Wealth has a trust license, securities custodian/registry license of the BSP and is a PERA-accredited administrator of the Bureau of Internal Revenue. BPI Wealth is also accredited by the SEC as an investment company adviser/fund manager of investment companies/mutual funds. BIMI has a mutual fund distributor license and is a registered transfer agent with the SEC. BPI MS was granted by the Insurance Commission a Certificate of Authority to transact and sell non-life insurance products.

For foreign business licenses, BPI (Europe) Plc is a UK-licensed bank authorized by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"). Meanwhile, BPI IFL is a deposit-taking company authorized and regulated by the Hong Kong Monetary Authority. It is also licensed by the Securities and Futures Commission of Hong Kong to undertake Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

Related Parties

In the ordinary course of business, BPI has entered into various transactions with its Directors, Officers, Stockholders and their Related Interest (DOSRI), including loan transactions. BPI and all its subsidiaries have always been in compliance with the General Banking Act, BSP Circulars and regulations on DOSRI loans and transactions. As of December 31, 2024, DOSRI loans amounted to 1.4% of loans and advances.

Government Regulations (2022-2024)

Under the General Banking Act, the Monetary Board of the BSP is responsible for regulating and supervising financial intermediaries like BPI. The implementation and enforcement of the BSP regulations is primarily the responsibility of the supervision and examination sector of the BSP.

BPI, as a publicly listed company (PLC), is also governed by SEC memorandum circulars and BIR revenue regulations. Below is a non-exhaustive list of the regulations BPI has adopted in the last three years:

Issuance No.	Issue Date	Effective Date	Title/Summary
BSP Circulars			
No. 1135	21 Jan 2022	22 Jan 2022	Guidelines on the Settlement of Electronic Payments Under the National Retail Payment System (NRPS) Framework

Issuance No.	Issue Date	Effective Date	Title/Summary
No. 1136	11 Feb 2022	18 Feb 2022	Amendments to the Regulations on Confirmation of the Election/Appointment of Directors/Trustees/Officers
No. 1137	18 Feb 2022	11 Mar 2022	Amendments to Regulations on Outsourcing and IT Risk Management
No. 1139	23 Mar 2022	25 Mar 2022	Guidelines for Reporting Islamic Banking and Finance Transactions/Arrangements
No. 1140	24 Mar 2022	31 Mar 2022	Amendments to Regulations on Information Technology Risk Management
No. 1142	29 Mar 2022	4 Apr 2022	Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio
No. 1143 No. 1144	12 Apr 2022	6 May 2022	Updated Manual of Regulations for Banks and Non-Bank Financial Institutions as of 31 December 2019
No. 1147	10 Jun 2022	17 Jun 2022	Amendment to the Guidelines Implementing Republic Act (R.A.) No. 11523, otherwise known as the "Financial Institutions Strategic Transfer (FIST) Act"
No. 1148	17 Jun 022	29 Jun 2022	Amendment to the Framework for Dealing with Domestic Systemically Important Banks
No. 1149	23 Aug 2022	2 Sept 2022	Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks
No. 1150	23 Aug 2022	17 Sept 2022	Prudential Framework for Large Exposures Monitoring Threshold
No. 1152	5 Sept 2022	29 Sept 2022	Amendments to the Regulations on Unit Investment Trust Funds (UITFs)
No. 1155	21 Sept 2022	22 Oct 2022	Amendments to the Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBS)
No. 1157	14 Oct 2022	20 Oct 2022	Amendment to the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions pertaining to Bangko Sentral Issued Securities Eligible Counterparties
No. 1158	18 Oct 2022	8 Nov 2022	Guidelines on Recovery Plan of Banks
No. 1160	28 Nov 2022	20 Dec 2022	Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act"
No. 1164	5 Jan 2023	13 Jan 2023	Amendments to the Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital
No. 1165	19 Jan 2023	26 Jan 2023	Amendments to the Ceiling on Interest or Finance Charges for Credit Card Receivables
No. 1170	30 Mar 2023	13 Apr 2023	Amendments to Section 921/921Q of the Manual of Regulations for Banks (MORB)/ Manual of Regulations for Non-Bank Financial Institutions (MORNBF) on Customer Due Diligence, including Guidelines on Electronic Know-Your-Customer
No. 1176	29 June 2023	30 Jun 2023	Amendments to the Rules and Regulations on the Reserves Against Deposits and Deposit Substitute Liabilities of Banks
No. 1187	21 Feb 2024	14 March 2024	Adoption of the Philippine Sustainable Finance Taxonomy Guidelines (SFTG) for banks.
No. 1190	12 March 2024	20 March 2024	Revised Guidelines in the Computation of Annual Supervision Fee under Section 28 of the Republic Act (R.A.) No. 7653 or "The New Central Bank Act" as Amended by R.A. No. 11211
No. 1201	20 Sept 2024	25 Oct 2024	Reduction in Reserve Requirements

Issuance No.	Issue Date	Effective Date	Title/Summary
BSP Memorandum			
M-2022-001	11 Jan 2022		Supplemental Report to the Financial Reporting Package (FRP) on Modified and Restructured Loans
M-2022-002	11 Jan 2022		Supplemental Capital Adequacy Ratio (CAR) Report on the Temporary Regulatory Relief on the Capital Treatment of Provisioning Requirements under the Philippine Financial Reporting Standard (PFRS) 9
M-2022-004 M-2022-005	17 Jan 2022		Extension of BSP Prudential Relief Measures
M-2022-006	21 Jan 2022		Operational Relief on the Submission of Prudential Reports to the BSP-Financial Supervision Sector
M-2022-008	7 Feb 2022		Guidelines on the Submission of the Supplemental Report to the Financial Reporting Package (FRP) on Modified and Restructured Loans
M-2022-009	7 Feb 2022		Guidelines on the Electronic Submission of DDA Reconciliation Statement Report through the BSP Financial Institution Portal (FI Portal)
M-2022-010	11 Feb 2022		Guidelines on the Electronic Submission of Annual Report of ALL Interlocking Positions of its Directors and Officers (ARIPDO)
M-2022-011 M-2022-012	2 Mar 2022		Collection of the Annual Supervisory Fees (ASF) for the Year 2022
M-2022-013	2 Mar 2022		Guidelines on the Designation of the PDDTS and PVP as Systemically Important Payment Systems (SIPS)
M-2022-014	9 Mar 2022		Amendment to Memorandum M-2021-034 on the Guidelines for Obtaining a Certificate of Eligibility (COE) under Republic Act (R.A.) No. 11523, otherwise known as the Financial Institutions Strategic Transfer (FIST) Act
M-2022-015	22 Mar 2022		Recommended Control Measures Against Cyber Fraud and Attacks on Retail Electronic Payments and Financial Services (EPFS)
M-2022-017	25 Mar 2022		Reminder to Verify the Authenticity of Electronically Issued Bangko Sentral ng Pilipinas (BSP) Documents for Foreign Exchange (FX) Transactions under the Manual of Regulations on Foreign Exchange Transactions (FX Manual), as amended
M-2022-019	30 Mar 2022		Re-extension of the Waiver of Fees on fund transfers through the PhilPaSSplus
M-2022-021	31 Mar 2022		Extension of Temporary Measures Implemented in the Bangko Sentral ng Pilipinas' Rediscounting Facility
M-2022-022	20 April 2022		Guidelines on the Submission of the Supplemental Capital Adequacy Ratio (CAR) Report on the Temporary Regulatory Relief on the Capital Treatment of Provisioning Requirements under the Philippine Financial Reporting Standard (PFRS) 9
M-2022-023	29 Apr 2022		Extension of the Submission Deadline of the 2021 Audited Financial Statements and the Accompanying Reports
M-2022-025	11 May 2022		Collection of the Annual Supervision Fees (ASF) for the Year 2022
M-2022-027	26 May 2022		Updated Schedule for the Comprehensive Credit and Equity Exposures Report (COCREE)
M-2022-028	6 Jun 2022		Prudential Relief on the Treatment of Loss Arising from the Sale/Transfer of Non-Performing Assets under Republic Act No. 11523, otherwise known as the Financial Institutions Strategic Transfer Act

Issuance No.	Issue Date	Effective Date	Title/Summary
M-2022-029	6 Jun 2022		Guidelines on Handling of Consumer Concerns on PESONet and InstaPay
M-2022-030	30 Jun 2022		Guidance Paper on the Conduct of Institutional Risk Assessment (IRA)
M-2022-031	13 July 2022		Guidelines on the Designation of PESONet and InstaPay as Prominently Important Payment Systems (PIPS)
M-2022-032	20 July 2022		Guidelines on the Submission of the Supplemental Report to the Financial Reporting Package (FRP) on Islamic Banking
M-2022-033	5 Aug 2022		Updated Comprehensive Credit and Equity Exposures (COCREE) Report Package
M-2022-034	8 Aug 2022		Guidelines on the Computation and Payment of Rebates, Refunds and Incentives (RRI) for Unfit Banknote Deposits Under BSP Circular No. 1106
M-2022-036 M-2022-037	10 Aug 2022		Guidelines on the Electronic Submission of Report of Selected Branch Accounts through the BSP Financial Institution (FI) Portal
M-2022-038	5 Sept 2022		2022 Guidance Paper on Targeted Financial Sanctions (TFS) Implementation
M-2022-041	23 Sept 2022		Extension of BSP Prudential Relief Measure on the Relaxation in the Credit Risk Weight for Loans to MSMEs under the BSP's Risk-Based Capital Adequacy Frameworks
M-2022-042	29 Sept 2022		Guidance on the Implementation of the Environmental and Social Risk Management (ESRM) System
M-2022-043	7 Oct 2022		Email Security Control Recommendations
M-2022-044	14 Oct 2022		Use and Acceptance of the Philippine Identification System (PhilSys) Digital ID and Printed e-Philippine Identification (ePhilID)
M-2022-049	22 Nov 2022		Peso Real Time Gross Settlement (RTGS) Rules
M-2024-003	10 Jan 2024		Guidelines on the Submission of the Revised Published Balance Sheet (PBS) Report
M-2024-016	27 May 2024		Guidelines on the Electronic Submission of the Money Laundering (ML)/Terrorist Financing (TF)/Proliferation Financing (PF) Risk Event Report (RER)
SEC			
MC No. 001-2022	27 Jan 2022		Adoption of Philippine Standards on Auditing (PASs) and Philippine Financial Reporting Standards (PFRSs)
MC No. 002-2022	8 Feb 2022		Schedules for Filing of Annual Financial Statements and General Information Sheet
MC No. 003-2022	1 Mar 2022		Implementation of Bangko Sentral ng Pilipinas Circular No. 1133 Series of 2021 on the Ceiling/s on Interest Rates and Other Fees Charged by Lending Companies, Financing Companies, and their Online Lending Platforms
MC No. 004-2022	2 Mar 2022		Disqualifications of Directors, Trustees and Officers of Corporations; and the Guidelines on the Procedure for their Removal
MC No. 007-2022	26 Aug 2022		Rules on Qualified and/or Eligible Personal Equity and Retirement Account (PERA) Investment Products
MC No. 1-2023	1 March 2023		Extension for Deadlines for the 2023 filing of AFS
MC No. 13-2023	12 Sept 2023		Guidelines on Annex C of Rule 12 of the Securities Regulation Code interpreting the comparative periods required in the management's discussion and analysis
MC No. 02-2024	1 February 2024		Filing of Annual Financial Statements and General Information Sheet

¹ The Circular took effect 15 calendar days following its publication in the Official Gazette or in a newspaper of general circulation

² Subsequently, BPI also complied with all pertinent BIR revenue regulations implementing it.

Research and Development Activities

BPI spent the following for the last three years on Personnel Training and on Systems/Application Software:

	In Million Pesos	% of Revenues
2022	1,317.0	1.1
2023	2,760.6	2.0
2024	675.1	0.4

Employees

Below is a breakdown of the manpower complement of BPI in 2023 and 2024:

	December 31, 2023 Actual			December 31, 2024 Actual		
	Officer	Staff	TOTAL	Officer	Staff	TOTAL
UNIBANK	7,544	11,453	18,997	8,960	13,097	22,057
Consumer	4,192	8,876	13,068	5,026	10,271	15,297
Corporate	950	493	1,443	1,065	529	1,594
Investment	604	175	779	553	160	713
Support	1,798	1,909	3,707	2,316	2,137	4,453
Insurance	115	410	525	124	422	546
Total	7,659	11,863	19,522	9,084	13,519	22,603

Majority or 73% of the staff in the Unibank are members of various unions and are subject to Collective Bargaining Agreements (CBAs). The current CBA of the parent company will end on March 31, 2024.

Enterprise Risk Management

BPI has an established enterprise risk management and capital management framework that enables it to systematically identify, measure, control, and monitor its significant financial and non-financial risk exposures, ensuring adequate liquidity levels and sufficient capital in support of business growth and operational resilience. The framework covers not only traditional risks that BPI is exposed to such as credit, market, and operational and information technology (IT) risks, but also includes emerging risks such as environmental and social risks.

BPI's framework is anchored on the regulatory guidance set by the BSP which emphasizes effective risk management governance, robust business continuity and operational resiliency standards, financial viability, and soundness through the conduct of internal capital adequacy assessments, and the adoption of various risk management processes and methods. BPI's ERM is anchored on the pillars of:

- Sound risk management governance
- Value-enhancing risk methods and processes
- Risk-intelligent data and technologies

BPI's Board of Directors fulfils its risk management function through the Risk Management Committee (RMCom), which defines risk appetite statements at functional and enterprise levels. The RMCom also oversees and reviews risk management structures, metrics, limits, and issues across the BPI Group. The Chief Risk Officer (CRO) of the BPI Group reports directly to the RMCom and is responsible in leading the formulation of risk management policies and methodologies, aligned with BPI's overall business strategies, ensuring a prudent and rational approach to risk-taking that is commensurate with returns on capital, and within its risk appetite. Led by the CRO, the Risk Management Office (RMO) actively engages with the RMCom, management, and business units to promote a robust risk culture. This includes risk awareness

campaigns and learning programs, and promoting risk management industry best practices through internal communications.

BPI's risk exposures are identified, measured, controlled, and monitored according to three major risk classifications of credit, market and liquidity, and operational and IT risks.

Credit risk, the single largest financial risk for most local banks, arises from BPI's core lending and investing businesses, and involves thorough credit evaluation, appropriate approvals, administration, management, and continuous monitoring of risk exposures such as borrower (or counterparty) risk, facility, collateral, industry, and concentration risks relating to each loan account and on a portfolio basis. In BPI, the entire credit risk management system is governed by stringent credit underwriting policies and risk rating parameters, and lending procedures and standards which are regularly reviewed and updated given regulatory requirements and market developments. BPI's loan portfolio is continuously monitored and risk reviewed as to overall asset quality, credit risk ratings, loan loss reserves cover, credit concentration, and utilization of limits, among others. It continues to experience modest growth in loan volumes, but is able to manage the overall credit risk profile and maintain asset quality (as evidenced by acceptable levels of non-performing loans (NPLs), generally at par or lower-than-industry NPLs, and adequate reserves cover), and does so in general compliance with internal and prudential requirements relating to credit risk management including compliance to Related Party Transactions (RPT) guidelines, single borrower's limits, credit risk concentration, and internal and regulatory stress tests, among others.

Market and liquidity risks are risks to earnings and capital from adverse movements in risk factors that affect the market value of financial instruments, products and transactions in BPI's portfolios, and the risk arising from the potential inability to meet obligations to clients, counterparties or markets when they fall due. Market risk arises from its trading and distribution activities of securities, foreign exchange, and derivative instruments (as allowed by regulations), and interest rate risk in the banking book while liquidity risk mainly arises from cash flow gaps and mismatches in our assets, liabilities, and off-balance sheet accounts. Market and liquidity risks are managed using a set of established policies and metrics guided by BPI's market, interest rate risk in the banking book (IRRBB), and liquidity risk management frameworks set by the Board-level RMCom. BPI employs various risk metrics such as Value-at-Risk (VaR) and stop loss limits for price risk, and Balance sheet Value-at-Risk (BS VaR), and Earnings-at-Risk (EaR) for interest rate risk in the banking book, supplemented by quarterly stress tests. Its liquidity profile is measured and monitored through internal metrics – the Minimum Cumulative Liquidity Gap (MCLG) or the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months; the Intraday Liquidity Ratio (ILR) was implemented to promote its resilience against intraday liquidity risk by ensuring that adequate liquidity buffers are in place to meet unexpected outflows throughout the day without affecting funds and reserves management; and the regulatory metrics – Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). BPI ensures adequate levels of liquidity at all times and that contingency plans are in place in the event of liquidity stress. It also regularly conducts liquidity stress tests which consistently show acceptable levels of liquidity to meet its financial obligations under both bank-specific and systemic or market-wide crisis scenarios. Periodic testing of BPI's established liquidity contingency funding plan (LCFP) is also performed to build awareness and preparedness among key business groups, test the effectiveness of various funding options, and refine its assumptions to ensure the quality and reasonableness of the contingency plan. As of end-December 2024, BPI's market, IRRBB, and liquidity risk exposures are generally well within the RMCom-approved risk limits at the BPI Parent and Group levels.

Operational risks arise from inadequate or failed internal processes, people and systems, or from external threats and events such as cybercrime that lead to financial losses, pandemics, natural disasters, that damage physical assets, or electronic or telecommunication failures, that disrupt BPI's operations, and which may give rise to adverse legal, tax, regulatory, or reputational consequences. Information technology (IT) risk is a significant risk factor subsumed under operational risks, arising from the use of or reliance on IT (e.g., computer hardware, software, devices, systems, applications, and networks). IT risk includes, but is not limited to, information security, service availability, reliability and availability of IT operations, completion of IT development projects, and regulatory compliance, among others.

As of end-December 2024, BPI maintained actual operational losses below 1% of its annual gross income. Such minimal losses are well within the Senior Management and BOD/RMCom's conservative and prudent risk appetite and are generally attributed to inherent risks associated with the products and services provided by the bank. The rapidly evolving risk landscape that can trigger risks at any point is duly

considered by BPI in regular risk assessments and in updating its risk strategies. Operational risk stress tests, through scenario analysis, are regularly performed to assess the impact of unexpected and extreme operational risk events.

There is regular monitoring and reporting of BPI's Operational and IT risks levels, as well as current cybercrime landscapes, emerging risks, industry developments, and mitigating measures implemented.

BPI employs a hybrid remote working arrangement and equips its employees with the necessary access and tools for a diversified business continuity plan. Through its digital transformation journey, business continuity processes, business recovery plans, and other documentations were digitized, thereby, streamlining workflows, improving real-time accessibility, and enhancing overall efficiency to the business continuity efforts.

In the face of rising cyberthreats, enhancements to security infrastructure and advanced technical controls to protect the physical and digital environments are continuously being performed. This includes a comprehensive suite of prevention, detection, and recovery mechanisms to manage threats proactively and respond promptly to incidents.

Risk management is carried out by a dedicated team of skilled risk managers and senior officers who have extensive prior operational experience working within the bank. BPI's risk managers regularly monitor key risk indicators and report exposures against carefully established credit, market, liquidity, and operational risk metrics and limits approved by the RMCom. Independent reviews are regularly conducted by its Internal Audit, external auditors, and regulatory examiners to ensure that controls and risk mitigation are in place and functioning effectively as intended.

Compliance

Business or compliance risk, which can be defined as "the risk of regulatory or legal sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities", is addressed and managed within BPI through its compliance function and its component system and program.

As BPI's second line of defense, the compliance function has also evolved in recent years to adapt to the shift towards more technology-heavy strategies, as it seeks to deliver the compliance risk management outcomes required in an era of digital transformation. While remaining a key advisory function, it has embraced a more forward-thinking, risk-based and stress-tested approach to continuously monitor, evaluate and improve its ability to ensure compliance in a banking landscape that is subject to disruption and rapid change.

BPI's compliance system is critically important in identifying, evaluating, and addressing the regulatory and reputational risks while the enterprise-wide compliance program helps it to look at and across business lines and activities of the organization as a whole and to consider how activities in one area of the bank may affect the business or compliance risks of other business lines and the entire group/enterprise. The compliance program also helps the BOD and management in understanding where such regulatory and reputational risks in the organization are concentrated, provide comparisons of the level and changing nature of risks, and identify those control processes that most need enhancement.

Oversight of the management of BPI's business risk and implementation of its compliance function is the responsibility of its BOD, through the Audit Committee and the Corporate Governance and Sustainability Committee with respect to corporate governance compliance. At the management level, the compliance function is carried out by the Compliance Office, headed by the Chief Compliance Officer, who is not a member of the BOD. The Compliance Office oversees the implementation of BPI's enterprise-wide compliance programs. These programs take into account the size and complexity of BPI, the relevant rules and regulations that affect its operations, and the business risks that may arise due to non-compliance. By using regulatory and self-assessment compliance matrices, compliance measures are formulated to mitigate identified business risks and tested to ensure effectiveness.

The Compliance Office is currently organized to cover Regulatory Compliance with includes RPT Post-Review and FATCA, Corporate Governance and Subsidiaries Regulatory Oversight, Anti-Money

Laundering Compliance, Compliance Systems, Projects and Analytics, and the Enterprise Information Security Management & Data Privacy Office. Considering the rapid developments in the regulatory sphere as well as the growing complexity of bank products, services and transactions, the Compliance Office is evolving in its coverage of compliance practice areas to anticipate and meet forward challenges. Enhancement of BPI's compliance function's scope and domain is redefined for new and emerging sources of compliance risk. The Compliance Office is also empowered by BPI Group Compliance Officers (GCOs) and Subsidiary Compliance Officers (SCOs), who are embedded in operational units throughout BPI and BPI Group subsidiaries, respectively. The GCOs and SCOS are charged with enforcing compliance office initiatives, as well as providing timely reports to the compliance office.

Overall enforcement is through self-regulation within the business units, and independent testing and reviews conducted by the Compliance Office and Internal Audit. Results of these reviews are elevated to the BOD's Audit Committee and Corporate Governance and Sustainability Committee, with respect to governance issues. The Compliance Office promotes adherence to and awareness of laws, rules and regulations by electronically posting information and documents in a compliance database that is accessible to all employees. Regular meetings are conducted by the Compliance Office with the GCOs and SCOs to discuss the impact of new regulations, decide on the required compliance measures, and amend compliance matrices as necessary. Through continued liaison and dialogue with regulators, the Compliance Office ensures the prompt dissemination of new regulations and other developments affecting bank operations.

Financial Consumer Protection

BPI has in place a Financial Consumer Protection Assistance Mechanism (FCPAM), which was established by the Client Experience Center (now Customer Experience Center; effective 2025) to institutionalize guidelines that ensures effective and compliant handling of customer feedback in accordance with the Bank's consumer protection policies.

BPI's BOD and Senior Management are responsible for the development of BPI's consumer protection strategy and establishment of an effective oversight over the Bank's consumer protection programs.

BPI's BOD is primarily responsible for approving and overseeing the implementation of the bank's Consumer Protection Risk Management System (CPRMS) which shall include the following:

- Approve CPRMS and FCPAM considering business model, market, products, and relationship with third parties that may give rise to risks to Financial Consumers.
- Promote ethical culture and ensure compliance with standards and regulations.
- Provide resources and policies for training and competency requirements.
- Approve compensation policy promoting ethical practices, equitable treatment, and conflict prevention, including performance-based rewards and contract renewal criteria.
- Approve product oversight to ensure products meet consumer needs and are accessible to all, including vulnerable groups.
- Adopt a policy on fees and charges, including justification and rationalization.
- Approve and review a Code of Conduct for directors, personnel, and agents, defining corporate culture and reporting violations.
- Periodically assess the CPRMS's implementation, efficiency, and relevance, including audit mechanisms.

The BOD-level Executive Committee exercises the powers and fulfills the duties and responsibilities of the BOD in the management of BPI's consumer protection activities, including other duties and responsibilities delegated by the BOD. Senior Management ensures that the approved policies and procedures on consumer protection and consumer assistance are clearly documented, properly understood, and appropriately implemented across all levels and business units through:

- Establishment of an effective monitoring and management information system to regularly measure, aggregate and analyze consumer related issues to determine level of consumer protection risk;
- Integration into the risk governance framework of appropriate and clear reporting and escalation mechanisms;

- Putting in place of adequate systems and controls to promptly identify issues that affect the consumer across all phases of the relationship;
- Ensure that weaknesses in FCP practices or emerging risks are addressed, and corrective actions are taken in a timely manner;
- Observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit.

CXMO became Client Experience Center (CXC) in July 2020 and renamed to Customer Experience Center in January 2025 and integrated all the major customer touchpoints to strengthen our focus on customer experience. CXC is now composed of three (3) units: Customer Care, Insights and Governance, and Integration & Programs. These three (3) units work together to safeguard the interests and well-being of BPI customers as it addresses their financial needs. There are also related policies in place such as the Managing the BPI Financial Consumer Protection, Managing BPI Financial Consumer Protection Assistance Mechanism and Handling Customer Complaints to properly equip our bank personnel in the handling of customer feedback. Preventive measures and treatment plans from business units with top customer concerns are presented to senior management regularly for appropriate service improvements and customer satisfaction.

A new and more robust system to gather complaints data was acquired for the use of the bank in the last quarter of 2021, to replace the Customer Feedback Database created in 2017. This is a vital tool in identifying areas of concern and process improvements which is part of the FCP program.

As part of BPI's FCPAM, different touch points or channels are in place where clients can file their feedback. These include its Contact Center via phone, e-mail, and social media accounts, CX Customer Care, branches, and the business units. BPI's employees are guided by the internal bank policies on FCP where client feedback, specifically complaints, are classified according to complexity which will determine the turnaround time within which the complaint should be addressed and resolved.

BPI maintains a vigilant approach in addressing feedback and concerns regarding its products and services. Throughout 2024, BPI diligently addressed and resolved issues, achieving a 98.2% for complaint resolution, consistent with our previous performance of 98.60%. By year-end 2024, reported complaints had been effectively resolved, reflecting BPI's dedication to swift and satisfactory resolutions. BPI's adherence to regulatory standards remains steadfast, with no confirmed incidents of non-compliance in 2024, underscoring its unwavering commitment to product and service excellence. It continuously upholds the enterprise-wide complaint reporting to BPI Management, ensuring transparency and accountability across its operations. Even with a marginal increase in complaint volume (percentage of transactions and unique customers with complaint) in 2024, BPI's financial consumer protection efforts resulted in a consistently strong 98.83% complaint resolution rate.

The designated Customer Assistance Officers (CAOs) undergo training to ensure that they are equipped to address customer issues and ensure compliance with BPI's Consumer Protection Program. Employees are made aware of the FCP Program through a continuous information and education campaign. Since 2018, the CXC has conducted roll-outs and training sessions on FCP and held alignment meetings with the CAOs in various business areas.

Employees also take the mandatory FCP Training course annually available via e-learning. With the revision of the FCP module in 2023, there has been a notable improvement in performance among Unibankers, evidenced by a completion rate of 99.66%, which surpasses the 97.44% achieved in 2023. To further improve service and align with the customer obsessed culture of BPI, Human Resource – Learning & Development Department provides soft-skills trainings such as business writing, oral communications, problem solving, professional image development, and collections overview, among others. FCP is also embedded in the employee code of conduct.

For the awareness of its customers, BPI regularly updates its product features and services in its website and social media pages. This also includes frequent reminders on phishing, vishing, and other forms of fraudulent schemes to warn and protect its customers. Marketing materials and offerings involving its customers are also reviewed for proper and necessary disclosure and transparency. BPI's social media team closely monitors customer engagements in its social media pages and the data collected is regularly reported to management.

Since the establishment of the FCP Framework in 2017, BPI has maintained full compliance with product and service regulations, bolstering trust and confidence in its brand with a commitment to customer satisfaction.

Enterprise Information Security Management & Data Privacy

BPI has established an Enterprise Information Security Management to manage the development, implementation and maintenance of its information security management system to ensure the attainment of information security objectives and to align initiatives to overall business and risk management strategies.

Moreover, in compliance with the Republic Act No. 10173, known as the Data Privacy Act of 2012, which requires government and private sector entities to apply the principles of Transparency, Legitimate Purpose and Proportionality in their processing of personal data so that the data is (1) only used in relevant and specifically stated ways, (2) not stored for longer than necessary, (3) kept safe and secure, (4) used only within the confines of the law, and (5) stored following people's data protection rights. Cybersecurity and data privacy and protection have become corporate governance and risk management concerns.

BPI has also established a comprehensive Data Privacy Program utilizing a combination of policies, organizational structure, access controls and technologies designed for risk reduction. It has a Data Privacy Office, headed by a BOD-appointed Data Privacy Officer (DPO), a senior management officer. The key focus of the DPO is to oversee data privacy compliance and manage data protection risks for the organization consistent with the Data Privacy Act rules and regulations, issuances by the National Privacy Commission and other applicable laws. Management has also appointed Compliance Officers for Privacy (COP) for major business units of BPI to augment the Data Privacy Office and ensure the sustained implementation of the Data Privacy Management Program across business lines.

Risk Factors

BPI is subject to interest rate risk.

BPI realises income from the margin between interest-earning assets (due from BSP on balances above the minimum reserve requirement, due from other banks, interbank loans receivable and securities purchased under resale agreement with BSP, investment securities and loans and receivables), and interest paid on interest-bearing liabilities (deposit liabilities, bills payable and senior/subordinated, and other forms of borrowings). Fluctuations in domestic market interest rates, which are neither predictable nor controllable, can have a significant impact on BPI by affecting its interest income, cost of funding and general performance of its existing loan portfolio and other assets. In a period of rising domestic interest rates, BPI may be required to compete aggressively to attract deposits by offering higher rates to depositors in order to increase BPI's loanable funds, which may result in a decrease in BPI's profitability.

As interest rates increase, BPI's profitability may decrease as a result. Increased interest rates on BPI's customers' floating rate loans can also potentially negatively affect BPI's business by increasing default rates among BPI's borrowers, which could in turn lead to increases in BPI's NPL portfolio and its real and other properties acquired ("ROPA"). Likewise, rising interest rates may impact the value of BPI's investment securities resulting in unrealised marked to market losses in its trading and fair value through other comprehensive income ("FVOCI") investment portfolios. Furthermore, BPI may suffer trading losses as a result of the decline in value of these securities.

The BSP has reduced its policy rate in the past year, bringing the Reverse Repurchase ("RRP") rate from 6.5% to 5.75%. This reduction comes as inflation has slowed, partly due to the recent decline in rice prices. However, GDP growth has been slower than expected, as persistent inflation continues to affect consumer spending. Looking ahead, the BSP may cut its rates further this year, as inflation will likely remain within its target range. However, the central bank's room for further easing may be limited given the country's large current account deficit, which makes it more vulnerable to external shocks. In this context, interest rates could act as a key buffer against market volatility.

Finally, continued increases in market interest rates could adversely affect the liquidity levels of BPI and the Philippine banking industry in general, which have in recent years been supported by the relatively low interest rate environment in the Philippines. As a result, fluctuations in interest rates could have an adverse

effect on BPI's margins and volumes and in turn adversely affect BPI's business, financial condition and results of operations.

Increased exposure to consumer debt could result in increased delinquencies in BPI's loan and credit card portfolios.

BPI plans to continue to expand its consumer loan operations. Such expansion plans will increase BPI's exposure to consumer debt and vulnerability with respect to changes in general economic conditions affecting Philippine consumers. Accordingly, economic difficulties in the Philippines that have a significant adverse effect on Philippine consumers could result in reduced growth and deterioration in the credit quality of BPI's consumer loan and credit card portfolios. A rise in unemployment or substantial increase in interest rates could have an adverse impact on the ability of borrowers to make payments and increase the likelihood of potential defaults, NPLs and reduce demand for consumer loans.

If BPI fails to maintain expected levels of customer deposits, its business operations may be materially and adversely affected.

Customer deposits are BPI's primary source of funding and BPI intends to continue to expand its deposit base, particularly low-cost sources such as demand and savings deposits ("CASA deposits") to help fund its future loan growth. However, many factors affect the growth of deposits, some of which are beyond BPI's control, such as economic and political conditions, availability of investment alternatives and retail customers' changing perceptions toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for a higher return or increase their deposits in trust accounts, while small, mid-market and large corporate customers may reduce their deposits in order to fund increased working capital requirements in a favourable economic environment or BPI may need to increase the rates it offers to its customers to minimise deposit outflows, which would have an adverse impact on its cost of funding. If BPI fails to maintain its desired level of deposits, BPI's liquidity position, financial condition and results of operations may be materially and adversely affected. In such an event, BPI may need to seek more expensive sources of funding (including external sources). BPI's ability to raise additional funds may be impaired by factors over which it has little or no control, such as deteriorating market conditions or severe disruptions in the financial markets, and it is uncertain whether BPI will be able to obtain additional funding on commercially reasonable terms as and when required, or at all.

BPI may not be successful in implementing new business strategies or penetrating new markets.

As part of its strategy, BPI intends to:

- maintain its leading position in the corporate segment;
- diversify its asset base and improve risk-adjusted returns by prudently accelerating growth in higher margin small-and-medium-sized enterprise ("SME") and consumer lending;
- enhance deposit franchise and delivery infrastructure;
- elevate its digital infrastructure to deliver superior customer experience and cost efficiencies; and
- maintain prudent balance sheet management.

While this strategy is expected to diversify BPI's revenue sources, it may likewise expose BPI to a number of risks and challenges including, among others, the following:

- new and expanded business activities may have less growth or profit potential than BPI anticipates, and there can be no assurance that new business activities will become profitable at the level BPI desires or at all;
- BPI's competitors may have substantially greater experience and resources for the new and expanded business activities; and
- economic conditions, such as rising interest rates or inflation and regulatory changes, such as changes in banking and tax regulations, could hinder BPI's expansion.

In addition, new business endeavours may require knowledge and expertise which differ from those used in the current business operations of BPI, including different management skills, risk management procedures, guidelines and systems, credit risk evaluation, monitoring and recovery procedures. BPI may not be successful in developing such knowledge and expertise. Furthermore, managing such growth and expansion requires significant managerial and operational resources, which BPI may not be able to procure

on a timely basis or at all. BPI's inability to implement its business strategy and adequately managing the related risks could have a material adverse effect on the business, financial condition and results of operations of BPI.

Inability to adapt to technology shifts and address changing consumer demand may negatively impact BPI's competitiveness and customer experience.

The prevalence of smartphones and other connectivity devices and mobile data applications has increased the number of platforms providing online payment solutions, electronic money and wallets, and other similar services and products. Banks compete with expanding financial technology (fintech) solutions covering (i) mobile payment or e-wallet applications such as but not limited to GCash and PayMaya and (ii) peer-to-peer lending platforms, among others. To date, the BSP has granted six digital bank licenses: (i) Overseas Filipino Bank, (ii) Tonik Digital Bank, Inc., (iii) UNOBANK, (iv) UnionDigital Bank, (v) GoTyme Bank, and (vi) Maya Bank. These are in addition to banks, notably CIMB Bank Philippines, offering no-branch banking services through their respective mobile apps which provide all-online retail banking services despite having existing commercial and universal banking licenses.

Any inability on the part of the Bank to recognize and quickly respond to changes in customer preferences by upgrading its existing infrastructure and systems may impact its competitiveness in the marketplace, which would in turn negatively impact its business, results of operations and financial condition. While the Bank invests substantially in technological upgrades and aims to remain up to date with banking technology in the Philippines, there are no significant barriers that prevent its competitors from adopting more advanced technology for their products and services. Accordingly, there can be no assurance that it will be able to maintain its technological competitiveness with its competitors. Furthermore, the Bank may need to incur a significant amount of research and development and/or capital expenditures to maintain its technological competitiveness. Failure to maintain its technological competitiveness or its brand image may have a material adverse impact on its fee-based revenue and its ability to attract new deposits from affluent retail and corporate customers, which in turn may lead to an increase in costs of funding and loss of business and result in a material adverse effect on its business, financial condition and results of operations.

Cybersecurity threats or other breaches of network or IT security may have an adverse effect on BPI's business if not identified and addressed immediately.

The cybersecurity landscape is rapidly evolving, with users heavily relying on digitized information and sharing vast amounts of data across complex and inherently vulnerable networks. New technologies and systems implemented to enhance capabilities and processing efficiencies may introduce new risks, potentially challenging BPI's ability to properly identify, assess, and address these risks if not effectively managed. Additionally, new business models that rely heavily on global digitization, use of cloud services, big data, mobile platforms, and social media may further expose BPI to cyber-attacks.

These new technologies and systems increase BPI's exposure to various forms of cybersecurity threats, which could result in disruption of business operations, damage to reputation, legal and regulatory fines, and customer claims. Cybersecurity threats may include gaining unauthorized access to BPI's systems or inserting computer viruses or malicious software into its systems to misappropriate consumer data and other sensitive information, corrupt BPI's data, or disrupt its operations. Unauthorized access may also occur through traditional means, such as the theft of laptop computers, data devices, mobile phones, and intelligence gathering on employees with access. Furthermore, BPI's employees or other individuals may have unauthorized or authorized access to BPI's systems and/or take actions that affect BPI's networks in a manner inconsistent with its policies or otherwise adversely affect BPI's ability to adequately process internal information.

Any significant cyber-attack or data leakage from either known or unknown threat vectors that cannot be mitigated by existing tools and capabilities may result in a material adverse effect on BPI's operations, reputation, and financial condition. Although BPI has insurance policies that may cover such incidents, there is no assurance that these policies will be sufficient to cover all possible monetary losses in the event of a significant and unaddressed cybersecurity breach or threat.

BPI has some concentration of loans to certain customer segments or borrower-groups and to certain industries within acceptable credit and risk thresholds, and if a substantial portion of these loans were to become non-performing, the quality of its loan portfolio could be adversely affected.

As of December 31, 2024, the Bank's total credit exposures to borrowers were at ₱2.27 trillion. BPI extends loans to several sectors in the Philippines.

As of December 31, 2024, BPI's loan exposures to the top five industries, namely, (i) real estate, renting, and other related activities, (ii) manufacturing, (iii) consumer, (iv) wholesale and retail, and (v) transportation, storage and communications, accounted for 72.2% of its total loan portfolio. BPI's largest loan exposure is to real estate, renting, and other related activities, which accounted for 22.8% of its loan portfolio as of December 31, 2024. Although BPI continues to adopt risk controls and diversification strategies to minimize any credit risk concentrations, financial difficulties in any of these industries and sectors could increase the level of non-performing loans and/or restructured assets, and adversely affect the Bank's business, its overall financial condition and results of operations.

BPI may face increasing levels of NPLs, provisions for impairment losses and delinquencies in its loan portfolio, which may adversely affect its business, financial condition, results of operations and capital adequacy.

BPI's results of operations have been, and continue to be, affected by the level of its non-performing loans ("NPLs"). BPI's total gross NPLs were equal to ₱30.88 billion, ₱35.44 billion, ₱48.36 billion as of December 31, 2022, 2023 and 2024, respectively. For the years ended December 31, 2022, 2023, and 2024, the Bank's provisions for credit losses were ₱9.17 billion, ₱4.00 billion, and ₱6.60 billion respectively, representing approximately 11%, 4%, and 5% of the Bank's net interest income for these periods. BPI plans to continue to expand its microfinance, SME and consumer loan operations, including credit card services. Such expansion plans will increase BPI's loan exposure to these riskier segments which are more susceptible to the Philippines' volatile economic conditions in the Philippines may adversely affect the future ability of BPI's borrowers, including microfinance and SME borrowers and credit card holders, to meet their obligations under their indebtedness and, as a result, BPI may continue to experience increasing levels of NPLs and provisions for impairment losses in the near future.

Volatile economic conditions and inflation risks in the Philippines and overseas, including volatile exchange and interest rates, may adversely affect many of BPI's customers, causing uncertainty regarding their ability to fulfil obligations under BPI's loan terms and agreements and significantly increasing BPI's exposure to credit risk. These and other factors could result in an increased number of NPLs and delinquencies in BPI's credit card portfolio in the future. Any significant increase in BPI's NPLs or delinquencies in BPI's loan portfolio would have a material adverse effect on its business, financial condition, results of operations and capital adequacy.

BPI may be unable to recover the assessed value of its collateral when its borrowers default on their obligations, which may expose BPI to significant losses.

As of December 31, 2024, BPI's secured loans represented 28.7% of the Bank's total loans, and 53.3% of the collateral on these secured loans consisted of real properties. Given that the recorded values of the BPI's collateral may not accurately reflect its liquidation value, which is the maximum amount BPI is likely to recover from a sale of collateral, less expenses of such sale or liquidation, there can be no assurance that the realized value of the collateral would be adequate to cover BPI's loans in case these become non-performing in status.

In addition, some of the valuations in respect of BPI's collateral may also be out of date or may not accurately reflect the value of the collateral. In certain instances, where there are no purchasers for a particular type of collateral, there may be significant difficulties in disposing of such collateral at a reasonable price. Any decline in the value of the collateral securing BPI's loans, including with respect to any future collateral taken by BPI, would mean that its provisions for credit losses may be inadequate, and BPI may need to increase such provisions. Any increase in BPI's provisions for credit losses could adversely affect its business, its financial condition, results of operations and CAR.

Further, BPI may not be able to recover in full the value of any collateral or enforce any guarantee due, in part, to difficulties and delays involved in enforcing such obligations through the Philippine legal system.

To foreclose on collateral or enforce a guarantee, banks in the Philippines are required to follow certain procedures specified by Philippine law. These procedures are subject to administrative and bankruptcy law requirements which may be more burdensome than in certain other jurisdictions. The resulting delays can last several years and lead to the deterioration in the physical condition and market value of the collateral, particularly where the collateral is in the form of inventories or receivables. In addition, such collateral may not be insured. These factors have exposed, and may continue to expose, BPI to legal liabilities while in possession of the collateral. These difficulties may significantly reduce BPI's ability to realise the value of its collateral and therefore the effectiveness of taking security for the loans it makes. BPI initially carries the value of the foreclosed properties at the lower of loan exposure or fair value of the properties at the time of foreclosure. Subsequently, the foreclosed properties are carried at the lower of amount initially recognised or fair value less cost to sell. While BPI, at each balance sheet date, provides for impairment losses on its foreclosed properties in accordance with PFRS guidelines, BPI may incur further expenses to maintain such properties and to prevent their deterioration. In realising cash value for such properties, BPI may incur additional associated expenses such as legal fees and taxes associated with such realisation. There can be no assurance that BPI will be able to realise the full value, or any value, of any collateral on its loans.

BPI's provisioning policies with respect to NPLs require quantitative and subjective determinations which may cause some variation of application of such policies and methodologies.

BSP regulations require that Philippine banks classify NPLs based on four different categories corresponding to levels of risk: loans especially mentioned, substandard, doubtful and loss. Generally, classification depends on a combination of a number of qualitative as well as quantitative factors such as the number of months payment is past due or in arrears, the type of loan, the terms of the loan, the level of collateral coverage and the extent of collectability or recoverability (if still any). These requirements may continue to be subject to change by the BSP. Periodic examination by the BSP and external assurance auditors of these classifications may also result in changes being made by the Bank to such classifications and to the factors relevant thereto.

For financial reporting purposes, BPI assesses at each reporting date whether there is a significant increase in credit risk on the loan or group of loans. The level of provisions currently recognized by BPI in respect of its secured loan portfolio depends largely on the estimated value of the collateral coverage of the portfolio, as well as BPI's evaluation of the creditworthiness of the borrower and the risk classification of a loan. If BPI's evaluations or determinations are inaccurate, the level of BPI's provisions may not be adequate to cover actual losses resulting from its NPL portfolio. BPI may also have to increase its level of provisions if there is any deterioration in the quality of BPI's existing loan portfolio, including the value of the underlying collateral.

In addition, the level of loan loss provisions which BPI recognises may increase significantly in the future due to the introduction of new accounting standards or a turn in the credit cycle and implementation of tighter regulations on credit risk. In January 2017, the BSP issued Circular No. 941, which amended the regulatory definitions of past due accounts, restructured loans and non-performing loans. Among others, the said Circular cites the conditions under which an account will be classified as NPL. To comply with the new standards, banks were required to revise their management reporting systems to align them with the circular's definition of NPLs, past due accounts and restructured loans.

Certain accounting standards based on International Accounting Standards have been adopted in the Philippines. Effective January 1, 2018, banks adopted PFRS 9 estimates provisioning based on Expected Credit Loss ("ECL") model. This model poses a risk of variability of provisioning across banks due to the subjective assumptions, complex data, and unforeseen changes in macroeconomic conditions.

While the new model affirmed BPI's prudent stance in its historical provisioning, there is no guarantee that such new accounting standards may result in BPI recognizing significantly higher provisions for loan loss in the future. Moreover, while BPI believes its current level of provisions and collateral position are more than adequate to cover its non-performing loan exposure, an unexpected or significant increase in non-performing loan levels may result in the need for higher levels of loan loss provisions in the future.

BPI relies on certain key personnel and the loss of any such key personnel or the inability to attract and retain them may negatively affect the business.

BPI's success depends upon, among other factors, the retention of its key management, senior executives and upon its ability to attract and retain other highly capable individuals. The loss of some of BPI's key management, and senior executives, or an inability to attract or retain other key individuals could materially and adversely affect BPI's business, financial condition and results of operations.

Increased enforcement by the BSP related to priority lending for the agrarian reform and agricultural sectors, could adversely affect BPI's business, financial condition and results of operations.

In support of government initiatives to strengthen rural development, Philippine banks, under Republic Act No. 11901 (RA 11901) or the Agriculture, Fisheries and Rural Development Financing ("AFRD") Enhancement Act of 2022, are required to allocate 25% of their loanable funds to a range of borrowers in the agriculture, fisheries, and agrarian reform sectors and rural development. Failure to meet the specified level of loans may result in regulatory fines or penalties being assessed against a non-compliant bank. This fine is calculated based on the relevant rate multiplied by the prescribed AFRD loan amount shortfall. Prior to RA 11901, Philippine banks were mandated to set aside 10%. of their lending portfolio for agrarian reform beneficiaries and 15%. for agricultural activities. Given the greater flexibility in allocating the combined 25%. mandatory credit quota to eligible borrowers, the Bank is deemed compliant with the prescribed percent of funds extended to eligible sectors and expanded type of financing aligned with the BSP regulations (BSP Circular 1159).

Evolving climate regulations may impact BPI's business, financial condition and results of operations.

Evolving climate regulations and increasing emphasis on sustainability may require BPI to adjust its business practices, including the allocation of its investment portfolio. Governments and regulatory bodies worldwide are implementing stricter climate-related policies aimed at reducing carbon footprints and promoting environmental sustainability. These regulations may mandate financial institutions to allocate a certain percentage of their portfolios to green or sustainable products, such as renewable energy projects, green bonds, and environmentally friendly businesses.

Cognizant of the effects of climate change and other environmental and social risks on financial stability of the financial industry, the BSP issued Circular No. 1085 Series of 2020 (the "Sustainable Finance Framework") which aims to embed sustainability principles in the corporate governance framework, risk management systems, and strategic objectives of banks. The Sustainable Finance Framework required banks to institutionalize the adoption of sustainability principles and establish an environmental and social risk management system, among others. Banks are also required to disclose certain information that are related to their sustainability, environmental, and social objectives in their annual reports, which include their sustainability strategic objectives and risk appetite, and their products and services aligned with internationally recognized sustainability standards and practices, such as the issuance of green, social, or sustainability bonds.

In December of 2023, the BSP adopted temporary measures to incentivize banks who are extending loans or finance investments for green or sustainable projects and activities. Incentives include a top-up of 15% to the single borrower's limit as long as the eligible projects or activities meet certain requirements. Additionally, the applicable reserve requirement rate for green, social, sustainability or other sustainable bonds issued by banks shall be gradually reduced to 0% from 3% as long as such bond issuance complies with the regulations of the SEC and/or other relevant regional or international standards acceptable to the market, including issuances of the International Capital Markets Association or endorsement of the ASEAN Capital Markets Forum.

BPI has established its Sustainable Funding Framework and has been proactively integrating environmental, social, and governance (ESG) considerations into its investment and lending practices. However, the rapidly changing regulatory landscape and the increasing demand for sustainable finance products may require BPI to further enhance its capabilities in identifying, assessing, and managing these investments.

Compliance with these evolving regulations may present several challenges for BPI. The need to identify and invest in green and sustainable products requires substantial due diligence and may involve higher costs and risks compared to traditional investments. Green investments may carry different risk profiles and return characteristics compared to conventional investments. For instance, renewable energy projects may face technological, regulatory, and market risks that could affect their viability and profitability. Additionally, the long-term nature of some green investments may impact BPI's liquidity and ability to respond to market changes promptly. Thus, these rapid changes in regulations may affect BPI's operations, financial condition, and results of operations.

BPI is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds.

To the extent any of the instruments and strategies BPI uses to manage its exposure to market or credit risk is not effective, BPI may not be able to mitigate effectively its risk exposures, in particular to market environments or against particular types of risk. BPI's balance sheet growth will be dependent upon economic conditions, as well as upon its determination to originate, underwrite, securitise, sell, purchase and/or syndicate particular loans or loan portfolios. BPI's trading revenues and interest rate risk exposure are dependent upon its ability to properly identify and mark to market the changes in the value of financial instruments caused by changes in market prices or rates. BPI's earnings are dependent upon the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for credit losses. To the extent its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, BPI could suffer higher than anticipated losses. The successful management of credit, market and operational risks is an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. A failure by BPI to effectively manage its credit, market and liquidity risk could have a negative effect on its business, financial condition and results of operations.

A downgrade of BPI's credit rating could have a negative effect on its business, financial condition and results of operations.

Based on latest reports, BPI has a baseline credit assessment of "Baa2" with a "stable" outlook from Moody's; a long-term issuer credit rating of "BBB+/"A-2" with a "stable" outlook from S&P Global Ratings; and a long-term issuer default rating of "BBB-" with a "stable" outlook from Fitch Ratings. In the event of a downgrade of BPI's rating by one or more credit rating agencies, BPI may have to accept terms that are not as favourable in its transactions with counterparties or may be unable to enter into certain transactions. This could have a negative impact on BPI's treasury operations and also adversely affect its financial condition and results of operations. Rating agencies may reduce or indicate their intention to downgrade the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a downgrade of ratings. Any downgrade in BPI's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce BPI's liquidity and negatively impact its operating results and financial condition.

BPI's business, reputation and prospects may be adversely affected if BPI is not able to detect and prevent fraud or other misconduct committed by BPI's employees or outsiders on a timely basis.

BPI is exposed to the risk that fraud and other misconduct committed by employees or outsiders could occur. Such incidents may adversely affect banks and financial institutions more significantly than companies in other industries due to the large amounts of cash that flow through their systems. Any occurrence of such fraudulent events may damage the reputation of BPI and may adversely affect its business, financial condition, results of operations and prospects. In addition, failure on the part of BPI to prevent such fraudulent actions may result in administrative or other regulatory sanctions by the BSP or other government agencies, which may be in the form of suspension or other limitations placed on BPI's banking and other business activities. Although BPI has in place certain internal procedures to prevent and detect fraudulent activities, these may be insufficient to prevent such occurrences from transpiring. There can be no assurance that BPI will be able to avoid incidents of fraud in the course of its business. BPI may be involved in litigation, which could result in financial losses or harm its business.

BPI is and may in the future be, implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, BPI and/or subject BPI to significant liabilities to third parties. The Bank is currently facing lawsuit relative to its regular operations, most of them are for the recovery of bad debts. In the future be, implicated in lawsuits on an ongoing basis. While litigation may require costs to, and a diversion of effort by, the Bank and/or subject the Bank to some liabilities to third parties. The bank foresees no item in litigation that may harm its operations nor will render the Bank to be unable to deliver its contractual obligations. While there can be no assurance that (i) losses relating to litigation will not be incurred beyond the limits, or outside the coverage, of BPI's insurance, or that any such losses would not have a material adverse effect on the results of BPI's business, financial condition or results of operation, or (ii) provisions made for litigation related losses will be sufficient to cover BPI's ultimate loss or expenditure.

BPI may not realize the anticipated synergies from the merger with Robinsons Bank Corporation ("RBC").

BPI's Board of Directors, in its meeting on September 30, 2022, approved the proposed merger between RBC and BPI, with BPI as the surviving bank, subject to shareholders' and regulatory approvals. The proposed merger is a statutory merger pursuant to Title IX of the Revised Corporation Code and Section 40(C)(2) of the National Internal Revenue Code, i.e. merger with the issuance of primary shares. Following shareholders' approval and receipt of necessary regulatory approvals, the BPI-RBC Merger was effected on January 1, 2024, and the shareholders of RBC collectively held approximately 6% of the resulting outstanding capital stock of BPI at completion.

The Bank hopes to be able to unlock various synergies across several products and service platforms, expand the customer and deposit base of both banks through the merged entity, and, at the same time, by capitalizing on the Bank's expertise and network, enhance the overall banking experience of RBC customers. The Bank seeks to be able to expand its client base, accelerate growth, and ultimately increase shareholder value through partnerships with the Gokongwei Group. However, these expected synergies may not materialize due to difficulties, delays or unexpected costs in implementing the integration of BPI and RBC.

BPI faces risks and challenges associated with acquisitions and investments.

From time to time, BPI acquires companies or businesses, enters into strategic alliances and joint ventures and makes investments, and will continue to seek opportunities to do so in the future as part of its expansion plan. In order to pursue this strategy successfully, BPI must effectively identify suitable targets for, and negotiate and consummate, acquisition or investment transactions, some of which may be large or complex, and manage post-closing issues such as the integration of acquired businesses, products, services or employees.

Risks associated with business combination and investment transactions include the following, any of which could adversely affect BPI's revenue, gross margin and profitability:

- managing business combination and investment transactions often requires significant management resources, which may divert BPI's attention from other business operations;
- BPI may not fully realize all of the anticipated benefits of any business combination and investment transaction, and the timeframe for realizing benefits of a business combination and investment transaction may depend partially upon the actions of employees, advisors, suppliers or other third parties;
- business combination and investment transactions may result in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, goodwill and asset impairment charges, charges from the elimination of duplicative facilities and contracts, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans;
- BPI's due diligence process may fail to identify significant issues with the acquired company's product quality, financial disclosures, accounting practices or internal control deficiencies;
- BPI may borrow to finance business combination and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect BPI's liquidity and financial condition; and
- if disputes arise in connection with business combination and investment transactions, such disputes may lead to litigation, which may be costly and divert BPI's resources.

New tax and other revenue raising measures, including those contemplated by the fourth package (Package 4) of the Comprehensive Tax Reform Program (CTRP) may have a material adverse impact on the results of operation of BPI.

Certain tax measures proposed under what is currently referred to as, the Passive Income and Financial Intermediary Taxation Act (“PIFTA”) are pending in the Philippine legislature. The House of Representatives’ version of PIFITA, also known as House Bill No. 4339 has been approved in 2022. There are several versions of PIFITA in the Senate which are pending committee hearings but no assurance can be given that the PIFITA will be adopted by the Senate without amendment, approved by the President without veto and become law in its current form, or when such changes would come into effect. If enacted into law, the PIFITA is expected to affect a broad range of Philippine taxes on passive income and financial instruments.

Specifically, the PIFITA proposes (i) the removal of the preferential tax treatment of the expanded foreign currency deposit system, (ii) a single final withholding tax rate of 20% on interest income regardless of currency, maturity, issuer and other differentiating factors, (iii) a single gross receipt tax of 5% on banks, quasi-banks, and certain non-bank financial intermediaries across all types of income (lending and non-lending), except dividends, equity shares and net income of subsidiaries, (which will remain exempt), (iv) uniform taxation of 2% of premium for pre-need, pension, life and HMO insurance, and (v) the gradual reduction of the stock transaction tax until it reaches 0.1%. In relation to debt instruments, the current proposals would introduce a uniform final withholding tax rate on interest income on deposit substitutes and interest income on long-term deposits or investments of 20% (as opposed to a range between 20%-25%), unless a treaty rate applies. On November 2024, House Bill No. 4339 underwent further amendments and is currently known as the Government Revenues Optimization through Wealth Tax Harmonization (“Growth”) Bill, which is projected to bring in additional revenue of ₱300 billion by 2030. This bill is currently awaiting a second reading, and if passed, seeks to “harmonize the taxation of passive income and financial intermediaries by reducing and simplifying the complicated tax rates on financial transactions.”

No assurance can be given that the Growth Bill will be passed in its present form. Any increase in taxes on the Bank will reduce the net income of the Bank, which may have a material and adverse effect on the Bank’s business, results of operations and financial condition. Further, the expiration, non-renewal, revocation or repeal of any tax exemptions or tax incentives, the enactment of any new laws or increase in taxes, could have an effect on the Bank’s business, financial condition and results of operations.

Pending Senate concurrence on the PIFITA, Senate Bill (“SB”) No. 2865, or the Capital Markets Efficiency Promotion Act (“CMEPA”), was introduced to strengthen the country’s capital markets, enhance investment competitiveness, and create a more balanced tax treatment between debt and equity securities. Among its proposed tax adjustments, the CMEPA seeks to (i) remove the tax exemption of income of non-residents transacting with FCDUs; (ii) lower the stock transaction tax from 0.6% to 0.1%, and (iii) reduce the dividend tax for non-resident aliens from 25% to 10% to align cash and property dividend rates, among others. In February 2025, the House of Representatives and the Senate have ratified the Bicameral Conference Committee Report on CMEPA. No assurance can be given that PIFITA and/or CMEPA will be passed in their present form. Any increase in taxes on the Bank will reduce the net income of the Bank, which may have a material and adverse effect on the Bank’s business, results of operations and financial condition. Further, the expiration, non-renewal, revocation or repeal of any tax exemptions or tax incentives, the enactment of any new laws or increase in taxes, could have an effect on the Bank’s business, financial condition and results of operations.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Bank’s business, financial condition and results of operations.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People’s Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic.

From 2020 to 2022, COVID-19 spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially. As of 21 January 2024, there have been over 774 million confirmed cases and over seven million deaths. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

The disruption and uncertainty caused by COVID-19 has severely and adversely affected the Philippine economy, resulted in higher unemployment rates, closure of small businesses and significantly dampened outlook for large enterprises or conglomerates. These, together with the adverse effects on industries such as global airline, retail, tourism, real estate and logistics, and supply chains, led to slower deposit and loan growth in the banking industry and increased exposure of banks to greater credit risk, which led to higher NPLs particularly in the retail and tourism industries, SMEs, and unsecured borrowers. Further, Government stimulus policies such as interest rate cuts, the BSP moratorium on loan and interest repayments, waiver of late fees, and deferral of credit card payments, led to decreased margins for the banking industry and caused a decline in profitability. In addition, the measures implemented by the Philippine government to mitigate the negative impact of COVID-19 in the Philippine economy have caused disruption to businesses and economic activities. The Bank's business has been adversely affected by the COVID-19 pandemic and consequential economic downturn.

The Philippines has also experienced other public health epidemics or outbreaks of diseases, such as avian influenza or bird flu, African Swine Fever, dengue and polio, among others, which have adversely affected the local economy. For example, on July 23, 2022, WHO Director-General Tedros Adhanom Ghebreyesus declared the ongoing monkeypox outbreak a Public Health Emergency of International Concern. Since early May 2022, cases of monkeypox were reported in several countries, including the Philippines, which reported 18 confirmed cases of monkeypox as of August 2024.

There can also be no assurance that the policies and controls for outbreak prevention and disease recurrence, will be successful in preventing disease outbreaks or recurrences or that any actual or suspected outbreak of bird flu, COVID-19 or any other contagious disease affecting the Philippines or elsewhere will not occur. There can also be no assurance that any current or future outbreak of contagious diseases will not have a material adverse effect on BPI's business, financial condition, and results of operations. If the outbreak of the COVID-19 or any public health epidemic or pandemic becomes or continues to be widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the BPI's business, financial condition and results of operations.

Nonetheless, the Company continues to monitor and evaluate developments relating to COVID-19 or any public health epidemic or pandemic to develop, to the extent practicable, contingency measures to mitigate the risk impact to its business.

BPI's principal businesses are in the highly competitive Philippine banking industry and increases in competition may result in declining margins in BPI's principal businesses.

BPI is subject to significant levels of competition from many other Philippine banks and local branches of international banks, including, in some instances, competitors that have greater financial and other capital resources, greater market share and greater brand name recognition than BPI. According to data published by the BSP, there were a total of 44 domestic and foreign universal and commercial banks operating in the Philippines as of December 31, 2024.

In the future, BPI may also face increased competition from financial institutions offering a wider range of commercial banking services and products than BPI and having larger lending limits, greater financial resources and stronger balance sheets than BPI. Increased competition may arise from:

- other large Philippine banking and financial institutions with significant presence in Metro Manila and large country-wide branch networks;
- foreign banks, due to, among other things, relaxed foreign bank ownership standards permitting large foreign banks to set up their own branches in the Philippines or expand their branch network through acquiring domestic banks;
- ability of BPI's competitors to establish new branches in Metro Manila;

- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources; and
- continued consolidation in the banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions.

The ongoing mergers and consolidations in the banking industry, as well as the liberalisation of bank foreign ownership restrictions, have allowed the emergence of foreign and bigger local banks in the market. This is expected to increase the level of competition both from Philippine and foreign banks and may impact BPI's operating margins.

There can be no assurance that BPI will be able to compete effectively in the face of such increased competition. Increased competition may make it difficult for BPI to increase the size of its loan portfolios and deposit bases and may cause increased pricing competition, which could have a material adverse effect on its growth plans, margins, ability to pass on increased costs of funding, results of operations and financial position.

The Philippine banking industry may face another downturn, which could materially and adversely affect BPI.

The Philippine banking industry may face significant financial and operating challenges. These challenges may include, among other things, a sharp increase in the level of NPLs, variations of asset and credit quality, significant compression in bank margins, low loan growth and potential or actual under-capitalisation of the banking system. Disruptions in the Philippine financial sector, or general economic conditions in the Philippines, may cause the Philippine banking industry in general, and BPI in particular, to experience similar problems to those faced in the past, including substantial increases in NPLs, problems meeting capital adequacy requirements, liquidity problems and other challenges. As an example, the adverse effects of the pandemic in the general economy drove up the monthly gross NPL ratios exclusive of interbank loans to 3.6% to 4.7% levels from September 2020 to August 2021. With the reopening and improvement of the economy, these figures gradually moved back down to the 3.6% level as of August 2022. As of December 31, 2024, the NPL ratio was at the 3.3% level.

BPI may have to comply with strict rules and guidelines issued by regulatory authorities in the Philippines, including the BSP, the SEC, the NPC, the PSE, the BIR and international bodies, including the FATF.

BPI's banking interests are regulated and supervised principally by the BSP, to which BPI has reporting obligations. BPI is also subject to banking, corporate, taxation, data privacy laws and other relevant laws and regulations in effect in the Philippines, administered by agencies such as the BIR, SEC, PSE, NPC, and AMLC. BPI is also subject to recommendations and pronouncements of international bodies such as the Financial Action Task Force ("FATF") which have been adopted, incorporated, or referred to by the BSP in its regulatory issuances.

In recent years, existing BSP and BIR rules have been modified, new regulations and rules have been enacted and reforms have been implemented by the BSP and the BIR which are intended to provide tighter control and added transparency in the Philippine banking sector. Rules governing banks' capital adequacy and reserve requirements, ceilings on loans to subsidiaries and affiliates, as well as limits on the amount of loans, credit accommodations and guarantees to a single borrower have also evolved over the years. Guidelines on the monitoring and reporting of suspected money laundering activities were incorporated into the BSP's MORB. Institutions that are subject to the Anti-Money Laundering Act, as amended ("AMLA") are required to establish and record the identities of their clients based on official documents. In addition, under the AMLA regulations, all records of customer identification and transaction documents are required to be maintained and stored for a minimum of five years from the date of a transaction. Records of closed accounts must also be kept for at least five years after their closure. The AMLA regulations also require covered institutions to report covered and suspicious transactions as defined under the relevant law.

The BSP has also ordered universal, commercial and thrift banks to conduct real estate stress tests to determine whether their capital is sufficient to absorb a severe shock. The Real Estate Stress Test Limit ("REST Limit") combines a macro-prudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds and heightened supervisory response. Should a bank fail to comply with the prescribed REST Limits, it shall be directed to explain why its exposures do not

warrant immediate remedial action. If the explanation is deemed insufficient, BPI shall be required to submit an action plan to meet the REST Limits within a reasonable time frame. If a bank fails to submit an action plan or persistently breaches the REST Limits due to non-compliance with the commitments in its submitted action plan, it may be considered to be engaging in unsafe or unsound banking which may subject it to appropriate sanctions.

In June 2016, the BSP implemented the interest rate corridor ("IRC") which effectively narrowed the band among the BSP's key policy rates. The pricing benchmark, which used to be the "special deposit account" prior to the implementation of the IRC, was replaced by the ODF with a current rate of 4.50% (as of November 17, 2022) and forms the lower bound of the IRC. Meanwhile, the rate for the OLF, which replaced the previous repurchase facility, and forms the upper bound of the IRC, is currently at 5.50% (as of November 17, 2022). The BSP likewise introduced the "term deposit facility" ("TDF") to serve as the main tool for absorbing liquidity through weekly term deposit facility auctions, the frequency for which may be changed depending on the BSP's liquidity forecasts. According to the BSP, the changes from IRC are purely operational in nature to allow it to conduct monetary policy effectively.

Universal and commercial banks are required to maintain reserves against deposits and deposit substitute liabilities, are imposed at the following rates: (a) 5.0% against demand deposits, negotiable order of withdrawal ("NOW") accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable certificates of time deposits ("CTDs"), long-term non-negotiable tax-exempt CTDs, deposit substitutes, Peso deposits lodged under due to foreign banks and Peso deposits lodged under due to head office/branches/agencies abroad of banks (Philippine branch of a foreign bank); (b) 0% against deposit substitutes evidenced by repurchase agreements; (c) 4.0% against long-term negotiable certificates of time deposits ("LTNCDs"); (d) 1.0% against green, social sustainable bonds as defined under the relevant regulations of the SEC or other relevant regional or international standards acceptable to the market issued within one year from 6 January 2024; (e) 0% for bonds mentioned in (d) issued one year after 6 January 2024, effective for another 12 months, (f) 3.0% against bonds other than those in (d) and (e); and (g) 0% against basic deposit accounts as defined under Section 213 of the MORB and for interbank call loan transactions ("IBCL").

BPI's failure to comply with current or future regulations and guidelines issued by regulatory authorities in the Philippines or significant compliance and monitoring costs resulting from current or future regulations and guidelines could have a material adverse effect on BPI's business, financial condition and results of operations. In addition, as a result of a failure to comply with any current or future regulations and guidelines, BPI may become subject to sanctions, warning or reprimand and incur monetary penalties.

The implementation of Basel III in the Philippines may impose certain restrictions and stricter capital requirements affecting BPI.

On August 4, 2006, the BSP issued Circular No. 538, which contained the implementing guidelines on the revised risk-based capital adequacy framework for the Philippine banking system, in conformity with the recommendations of the International Convergence of Capital Measurement and Capital Standards ("Basel II") set by the Basel Committee on Banking Supervision ("Basel Committee"). The circular, which took effect on 01 July 2007, maintained the minimum CAR at 10.0% and provided the approaches that may be used in computing the regulatory capital requirements for credit, market, and operational risks.

In December 2010, the Basel Committee issued an update to the Basel Accords, known as Basel III that modified the structure of regulatory capital. The Basel III regulations included tighter definitions of qualifying capital, and introduced frameworks for capital conservation buffer, countercyclical buffer, systemically important financial institutions, leverage ratio, and short-term and medium-term quantitative liquidity ratios.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which took effect in January 2014. Its highlights include:

- Adopting a new categorization of the capital base;
- Keeping minimum Capital Adequacy Ratio ("CAR") at 10.0% and prescribing:
 - A minimum Common Equity Tier 1 ("CET1") ratio of 6.0%;
 - A minimum Tier 1 ratio of 7.5%; and
 - A capital conservation buffer of 2.5%

- Rendering ineligible existing capital instruments that do not meet eligibility criteria for capital instruments under the revised capital framework; and
- Subjecting covered banks and quasi-banks to the enhanced disclosure requirements pertaining to regulatory capital

On October 29, 2014, the BSP issued Circular No. 856, Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks (“D-SIBs”) under Basel III, with an amendment issued via Circular No. 1051 on September 27, 2019, to address systemic risk and interconnectedness by identifying banks which are deemed systemically important within the Philippine banking industry. Banks identified as D-SIBs will be required to have higher loss absorbency capabilities, in addition to minimum CET1 capital and capital conservation buffer requirements. Identified D-SIBs will need to put up an additional 1.5% to 2.5% of common equity Tier 1 capital, depending on their classification.

On June 9, 2015, the BSP issued Circular No. 881, Implementing Guidelines on the Basel III Leverage Ratio Framework, requiring covered institutions to maintain a leverage ratio not lower than 5.0%. The leverage ratio, expressed as the proportion of Tier 1 capital against exposure measure, serves as a backstop to the CAR.

On March 10, 2016, the BSP issued Circular No. 905, Implementation of Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (“LCR”) and Disclosure Standards, requiring banks to hold a sufficient level of high-quality liquid assets (“HQLA”) to enable them to withstand a 30-day liquidity stress scenario. On June 6, 2018, the BSP issued Circular No. 1007, Implementation of Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (“NSFR”), requiring that banks’ assets and activities be structurally funded with long-term and more stable funding sources. Although these measures are aimed at strengthening the ability of banks to withstand liquidity stress and promote resilience of The banking sector, compliance with these ratios may also further competition among banks for deposits as well as high quality liquid assets.

On December 6, 2018, the BSP issued Circular No. 1024, Philippine Adoption of the Basel III Countercyclical Buffer, imposing a countercyclical buffer (“CCyB”) of 0% subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant, but not to exceed 2.5%. Any increase in the CCyB rate shall be effective 12 months after its announcement, while decreases shall be effective immediately.

On May 4, 2020, BSP issued Memorandum No. M-2020-039 allowing universal and commercial banks, and their subsidiary banks and quasi-banks which have built their capital conservation buffer and LCR buffer to utilize such during the state of health emergency. A covered bank which draws down its 2.5% minimum capital conservation buffer will not be considered in breach of the capital adequacy framework. A covered bank which utilizes its capital conservation buffer is restricted from making distributions in the form of dividends, share buybacks, discretionary payments on other Tier 1 capital instruments, or discretionary bonus payments to staff. A covered bank may draw on its stock of liquid assets to meet liquidity demand even if it may cause to maintain an LCR that is below the 100% minimum requirement. However, a covered bank that has recorded a shortfall in the stock of its HQLA for three banking days within any two-week rolling calendar period, causing it to fall below the 100% must notify the BSP on the banking day immediately following the occurrence of the third liquidity shortfall.

They will be given a reasonable time to restore their Basel III capital conservation and liquidity buffers after the COVID-19 pandemic.

As of December 31, 2024, BPI had a CAR of 14.63% and a CET ratio of 13.86%. Compliance with these ratios may further increase competition among banks for deposits as well as high quality liquid assets.

Although intended to strengthen banks’ capital positions and avoid potential asset bubbles, the foregoing BSP and Monetary Board regulations will add pressure to local banks to meet the additional capital requirements, which may effectively create greater competition among local banks for deposits and temper bank lending. Stricter lending and prudential regulations may reduce the lending appetite of BPI or cause BPI to alter its credit risk management systems, which may adversely affect BPI’s business, financial condition, and results of operations.

Compliance with regulatory requirements may impact BPI's ability to grow its business and may even require BPI to withdraw from or to curtail some of its current business operations, which could materially and adversely affect BPI's business, financial condition, and results of operations. Unless BPI is able to access the necessary amount of additional capital, any incremental increase in the capital or liquidity requirement due to the implementation of Basel III may result in BSP-imposed monetary and non-monetary sanctions, including prohibition on the declaration of dividends.

All Philippine banks, including the Bank, are required to comply with the requirements of Basel III and related standards, including ensuring that sound and robust capital management, recovery and resiliency plans are effectively in place and regularly stress-tested should there be a need to raise any adequate additional capital (or liquidity) in the future.

Increased exposure to consumer debt could result in increased delinquencies in the Bank's loan and credit card portfolios.

The Bank plans to continue to expand its consumer loan operations. Such expansion plans will increase the Bank's exposure to consumer debt and vulnerability with respect to changes in general economic conditions affecting Philippine consumers. Accordingly, economic difficulties in the Philippines that have a significant adverse effect on Philippine consumers could result in reduced growth and deterioration in the credit quality of the Bank's consumer loan and credit card portfolios. A rise in unemployment or substantial increase in interest rates could have an adverse impact on the ability of borrowers to make payments and increase the likelihood of potential defaults, NPLs and reduce demand for consumer loans.

The sovereign credit rating of the Philippines may adversely affect BPI's business.

The sovereign credit ratings of the Philippines directly affect companies which are resident and domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign.

See page 24 "Risks relating to the Philippines – The sovereign credit ratings of the Philippines may adversely affect Ayala's business."

The Philippine banking industry is generally exposed to higher credit risks and greater market volatility than those of more developed countries.

Philippine banks are subject to the credit risk that Philippine borrowers may not make timely payment of principal and interest on loans and, in particular that, upon such failure to pay, Philippine banks may not be able to enforce the security interest they may have. The credit risk of Philippine borrowers is, in many instances, higher than that of borrowers in developed countries due to:

- the greater uncertainty associated with the Philippine regulatory, political, legal and economic environment;
- the vulnerability of the Philippine economy in general to a severe global downturn as it impacts on its export sector, employment in export-oriented industries and OFW remittances
- the large foreign debt of the Government and the corporate sector, relative to the gross domestic product ("GDP") of the Philippines; and
- volatility of interest rates and U.S. Dollar/Peso exchange rates.

Higher credit risk has a material adverse effect on the quality of loan portfolios and exposes Philippine banks, including BPI, to more potential losses and higher risks than banks in more developed countries. In addition, higher credit risk generally increases the cost of capital for Philippine banks compared to their international counterparts. Such losses and higher capital costs arising from this higher credit risk may have a material adverse effect on BPI's financial condition, liquidity and results of operations. According to data from the BSP, the average NPL ratios exclusive of interbank loans in the Philippine universal and commercial banking industry were 3.25% 3.32% and 3.34% as at December 31, 2022, 2023 and 2024, respectively.

The ability of Philippine banks to assess, monitor and manage risks inherent in their business differs from the standards of their counterparts in more developed countries.

Philippine banks are exposed to a variety of risks, including credit risk, market risk, portfolio risk, foreign exchange risk and operational risk. The effectiveness of their risk management is limited by the quality and timeliness of available data in the Philippines in relation to factors such as the credit history of proposed borrowers and the loan exposure borrowers have with other financial institutions. In addition, the information generated by different groups within each bank, including BPI, may be incomplete or obsolete. BPI may have developed credit screening standards in response to such inadequacies in quality of credit information that are different from, or inferior to, the standards used by its international competitors. As a result, BPI's ability to assess, monitor and manage risks inherent in its business would not meet the standards of its counterparts in more developed countries. If BPI is unable to acquire or develop in the future the technology, skills set and systems available to meet such standards, it could have a material adverse effect on BPI's ability to manage these risks and on BPI's financial condition, liquidity and results of operations.

If BPI were not to comply with FATCA, this may cause material and adverse impact on BPI's business, financial conditions and results of operations.

The Foreign Account Tax Compliance Act ("FATCA") was enacted into law in the U.S. on March 18, 2010 as part of the Hiring Incentives to Restore Employment Act. It is a new regime for finding income overseas as a response to a landmark court case in which a large international bank agreed to pay US\$780 million in fines for their role in assisting U.S. citizens in evading income taxes.

FATCA impacts a number of organisations and individuals. It first affects U.S. persons with income abroad. Secondly, foreign financial institutions ("FFIs") that invest in U.S. markets will be impacted as well as U.S. financial institutions that do business with FFIs. Additionally, local government and taxing authorities in each country will see the effects of the act as well. It also brought forth an expansion of tax reporting for non-resident aliens.

An FFI will have to set up a process to identify U.S. accounts as part of its on boarding procedures. Once that is in place, it will also have to identify any current accounts with U.S. indicia. Additionally, there is a need to set up a process to monitor account changes for indicia of U.S. status.

After the identification of impacted accounts, an FFI will have to collect documentation on each of these accounts to prove whether or not they are a U.S. person. If they are not a U.S. person and the FFI has the appropriate documentation, the FFI's obligations have been fulfilled. If they are a U.S. person, the FFI's next move will depend on the country that has jurisdiction over the FFI. By default, the Participating Foreign Financial Institutions ("PFFIs") in countries without an intergovernmental agreement will directly report to the US Internal Revenue Service ("IRS").

There is a requirement for PFFIs to withhold 30% of income from recalcitrant account holders in order to comply with FATCA. A recalcitrant account holder is one who fails to comply with reasonable requests pursuant to IRS mandated verification and due diligence procedures to identify U.S. accounts, to provide a name, address and TIN or fails to provide a bank secrecy waiver upon request.

Specific to BPI's compliance with FATCA, BPI and its subsidiaries registered on June 30, 2014 as an Expanded Affiliate Group i.e., Bank of the Philippine Islands (lead financial institution) and subsidiaries. BPI subsequently updated its FATCA status and registered as a Reporting Financial Institution under a Model 1 Intergovernmental Agreement ("IGA"). BPI's FATCA ID and Global Intermediary Identification Number is CUC041.00000.LE.608.

Under the IGA, the Secretary of Finance or Commissioner of Internal Revenue is the competent authority to receive FATCA information for reporting to the U.S. Internal Revenue Service. FATCA reporting will not take place until the PH-US FATCA IGA has been concurred by the Philippine Senate and has entered into force.

Uncertainties and instability in global market conditions could adversely affect BPI's business, financial condition, and results of operations.

Global markets have experienced, and may continue to experience, significant dislocation and turbulence due to economic and political instability in several areas of the world. These ongoing global economic conditions have led to significant volatility in capital markets around the world, including Asia, and further volatility could significantly impact investor risk appetite and capital flows into emerging markets including the Philippines.

On February 24, 2022, Russia launched a full-scale invasion of Ukraine that is resulting in massive humanitarian casualties from both sides, especially Ukraine, and in destruction of infrastructure, roads, and physical properties in Ukrainian cities and in the Crimean region which was annexed by Russia since 2014. Trade and supply chain disruptions continue to cause political and economic tensions amongst member nations of the European Union, in the U.S. and, to some extent, in some Asian and African countries.

The ongoing Ukraine-Russia war has sparked energy and food price shocks globally, particularly in European countries as they were heavily dependent on oil and gas from Russia and in some African and Asian countries that were dependent on staples such as wheat and sunflower oil from Ukraine. The war has increased concerns relating to energy security and climate change, geopolitical tensions between Russia-NATO and China-Taiwan, and shifts in global structures and relationships, particularly among major superpowers such as the US, Europe, China. Following accumulated shocks from the pandemic and the war, most economies have seen rising sovereign debt levels and declining credit quality, and the number of sovereigns in default has increased. Exports also fell as the trend towards regionalization and global fragmentation continued.

In March 2023, as a result of elevated interest rates and a sluggish economy, regional banks in the US namely Silicon Valley Bank, Signature Bank, and First Republic Bank collapsed, declaring insolvency. This series of bank runs, coined the Banking Crisis of 2023, may continue to have long-term effects in the consumers' confidence level in the banking system. Also, in the middle of March 2023, Credit Suisse, second-largest bank in Switzerland and one of the leading financial institutions globally, collapsed following numerous scandals in the recent years. The collapse led to the bank being bought by rival UBS Group AG for about US\$3.3 billion to prevent bigger devastation in the global financial system. The full impact of these bank runs remains uncertain, considering both U.S. and Switzerland both carry reputation as leading countries for banks and financial institutions. So far, the impact of these events on the Philippine banking industry has been minimal.

The assumption into office of President Donald Trump in 2025 may have a profound implications for the global economy and financial markets, with potential shifts in trade policies, tax, regulations, and geopolitical stability. Economic policy changes will influence global supply chains and investment patterns, while adjustments in US monetary and regulatory frameworks will affect global capital flows and market stability.

The Bank expects 2025 to unfold at a critical juncture for the global economy, marked by continuous divergent recovery paths, geopolitical realignments, and evolving economic policy landscapes, especially following Trump's second presidency. Renewed "America First" policies may heighten trade tensions, shift the global balance of power and introduce fresh uncertainty into international markets. Consequently, policymakers worldwide will be compelled to navigate an increasingly complex economic environment, balancing domestic pressures with the imperatives of global cooperation and resilience.

Escalating geopolitical tensions, particularly between the United States and China and other global trade partners, may aggravate disruption in global trade flows and dampen investor confidence. More severe tariffs and tighter controls on tech exports have compounded these challenges. Even though some supply chains issues have eased, persistent vulnerabilities in critical sectors like semiconductors continue to expose the inherent fragility of global manufacturing networks. As a result, the recovery has been uneven – with high-tech industries displaying some robustness, while traditional sectors such as automotive and heavy machinery still grapple with ongoing disruptions and higher input costs.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate

in certain financial markets, which could in turn depress economic activity and have a ripple effect across sovereign states and the private sector in Europe and the rest of the world and possibly lead to a global economic crisis. These uncertainties and other future events related to this conflict could continue to adversely impact the political and monetary policies of major economies, which in turn could have a negative impact in the Philippine market. The success of the Bank's banking business is highly dependent upon its ability to maintain certain minimum liquidity levels, and any rise in market interest rates could materially and adversely affect the Bank's liquidity levels and force it to reduce or cease its offering of certain banking and other financial services.

For further details on the BPI's financial condition and operations and other information, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www.bpi.com.ph.

GLOBE TELECOM, INC.

Background and Business

The Ayala Group conducts its telecommunications business through Globe Telecom, Inc (alternately referred to as Globe, Globe Telecom, Globe Group or “the Company” in the entire discussion of Globe Telecom, Inc.).

Globe Telecom, Inc.’s highlights of its Consolidated Statements of Financial Position and Statements of Income are shown in the Note 10 of Ayala’s 2024 Audited Consolidated Financial Statements as well as in the Globe’s 2024 Audited Consolidated Financial Statements which form part of its SEC 17-A Report.

Globe’s origin can be traced back to Robert Dollar Company, a California company which provided wireless long-distance message services. After subsequent mergers and re-namings, the company was named Globe Telecom, Inc. in 1983, when the partnership between Ayala and Singapore Telecom, the principal shareholders of Globe, was formalized. Since then, Globe has been recognized as the first company to offer SMS services in the Philippines and as the first Philippine internet service provider in the Philippines.

Globe Telecom, Inc. is a leading digital platform in the Philippines, with major interests in telecommunications, financial technology, digital marketing solutions, venture capital funding for startups, entertainment, and virtual healthcare. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. Globe currently has 60.9 million mobile subscribers, 1.74 million Home Broadband customers, and over 711 thousand landline subscribers. The company is supported by 6,381 employees and over 456 thousand AutoloadMax (AMAX) retailers nationwide.

Globe is one of the largest companies in the country and has been consistently recognized both locally and internationally for its corporate governance practices. It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$5.5 billion as of the end of December 2024. Globe’s inclusion in the Fortune Southeast Asia 500 list is a testament to its growth and unwavering commitment to serving customers with purpose.

Globe’s principal shareholders are Ayala Corporation and Singapore Telecom, both acknowledged industry leaders in the country and in the region. Aside from providing financial support, this partnership has created various synergies and has enabled the sharing of best practices in the areas of purchasing, technical operations, and marketing, among others.

Sustainability at Globe is anchored on The Globe Purpose, “Uplift Filipino Lives Everyday”. As a purpose-led organization, Globe aims to contribute to the UN Sustainable Development Goals by promoting innovation and technology for greater social and environmental impact. Globe became a signatory to the United Nations Global Compact in 2019, wherein the company has committed to implement universal sustainability principles on human rights, labor, environment, and anti-corruption (Ten Principles of the UN Global Compact).

Globe is the first publicly listed company in the Philippines to get the Science Based Targets initiative’s (SBTi) validation and approval of its science-based net-zero target by 2050. (Published in the SBTi website (<https://sciencebasedtargets.org/companies-taking-action>) in March 2024).

The Globe Group is composed of the following companies:

- Globe Telecom, Inc. (Globe) provides digital wireless communications services in the Philippines under Globe Postpaid and Prepaid (including fully Mobile, internet-on-the-go service and GOMO), and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services;

- Innove Communications Inc. (Innove), a wholly-owned subsidiary, holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interests of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017;

- GTI Business Holdings, Inc. (GTI) and Subsidiaries
Globe Telecom owns 100% of GTI. GTI was incorporated and registered under the laws of the Philippines, on November 25, 2008, as a holding company.

GTI Corporation (GTIC)

In July 2009, GTI incorporated a wholly owned subsidiary, GTI Corporation (GTIC), a company organized under the General Corporation Law of the United States of America, State of Delaware as a wireless and data communication services provider;

Globe Telecom HK Limited (GTHK)

In December 2011, GTI incorporated a wholly owned subsidiary, Globe Telecom HK Limited (GTHK), a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company.

On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015.

As of June 1, 2020, the SBO was canceled and surrendered to the OFCA. GTHK is engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement.

On March 27, 2024, the sole director resolved and signed a written resolution with the purpose of placing GTHK into liquidation. As of the reporting date, the completion of the regulatory requirements on the liquidation of GTHK is still in process;

Globetel European Limited (GTEU)

On May 10, 2013, GTI incorporated a wholly owned subsidiary, Globetel European Limited (GTEU) as holding company for the operating companies of Globe located in the United Kingdom, Spain and Italy;

Globetel Singapore Pte. Ltd. (GTSG)

On November 12, 2014, GTI incorporated GTSG, a wholly owned subsidiary, for the purpose of offering full range of international data services in Singapore under a facilities-based operations license (FBO) with Infocomm Media and Development Authority (IMDA) in Singapore which was granted on January 7, 2015;

- CaelumPacific Corp. (CaelumPacific) and Subsidiaries

On July 30, 2020, GTI incorporated CaelumPacific, a wholly owned subsidiary organized under the laws of the Philippines for the purpose of providing technical consulting and IT related services.

On July 31, 2020, Caelum US Holdings Inc. (Caelum US), a wholly owned subsidiary of Caelum Pacific, was incorporated under the laws of the state of Delaware as a holding company.

On August 3, 2020, Caelum Northwest Corp. (Caelum Northwest), a wholly owned subsidiary of Caelum US, was incorporated under the laws of the state of Washington for the purpose of customized cloud software development and providing cloud consulting services.

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo were signed and executed following the completion of all relevant conditions relating to the sale of assets of

Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers to invest in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%.

On May 30, 2021, the Board of Directors approved GTI's additional capital infusion amounting to \$500,000, effectively increasing GTI's ownership to 85%.

On February 11, 2022, the Board of Directors approved GTI's additional capital infusion amounting to \$2.00 million, which further increased GTI's ownership to 88%.

On December 15, 2022, the ownership of CaelumPacific and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

On March 7, 2024, the sole director of Caelum Northwest approved the dissolution of the Company. Subsequently, on July 29, 2024, the Department of Revenue State of Washington issued a revenue clearance certificate, allowing Caelum Northwest to proceed with its dissolution. As of November 7, 2024, regulatory requirements for the dissolution of Caelum Northwest are still subject to completion.

On October 28, 2024, the ownership of CaelumPacific and Subsidiaries was transferred from Yondu, Inc. to GTI, a wholly-owned subsidiary of Globe Telecom.

- Kickstart Ventures, Inc. (Kickstart) and Subsidiaries

On March 28, 2012, Globe Telecom incorporated Kickstart, a stock corporation organized under the laws of the Philippines and formed primarily for the purpose of investing in individual, corporate, or start-up businesses, and to do research, technology development and commercializing of new business ventures.

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite having less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe. FPSI was engaged primarily to acquire publishing rights, produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited, a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd., a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third-party venture capital investment funds.

On December 15, 2023, KCCL incorporated its wholly-owned subsidiary, Kickstart Holdings Company, Ltd., (KHCL) for future venture capital investments;

- Asticom Holding Co. Inc. (Asticom, formerly known as Asticom Technology, Inc.) and Subsidiaries

On June 3, 2014, Globe Telecom signed an agreement with Azalea Technology Investments Inc. (ASTI) and SCS Computer Systems, Pte. Ltd. acquiring 100% ownership stake in Asticom. Asticom is primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services.

On August 20, 2020, Asticom incorporated its wholly owned subsidiary, Asti Business Services, Inc. (ABSI). ABSI was incorporated to leverage Asticom's business growth, particularly its full-BPO services offering.

On January 26, 2021, Asticom incorporated another wholly owned subsidiary, Fiber Infrastructure and Network Services Inc. (FINSI). FINSI was incorporated to provide end-to-end services and industry-specific solutions to telecommunications and telecommunications-related companies. In March 2021, FINSI started its commercial operation.

On April 12, 2021, Asticom incorporated its third wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX Technology Partners, Inc., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.

On July 27, 2022, Asticom incorporated its fifth wholly owned subsidiary, Acquiro Solutions and Tech Inc. (ACQR) to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.

On June 14, 2024, SEC approved the amendment of Asticom's article of incorporation which effectively changes its corporate name to Asticom Holding Co. Inc., as well as its primary purpose as an investing and holding company;

- **Globe Capital Venture Holdings, Inc. (GCVHI) and subsidiaries**

On June 29, 2015, Globe Telecom incorporated its wholly owned subsidiary, GCVHI as an investing and holding company primarily engaged in purchasing, subscribing, owning, holding, assigning real and personal property, shares of stock and other securities.

In August 2019, GCVHI was rebranded to "917 Ventures" and will house Globe Telecom's non-telco incubated products.

On October 13, 2015, GCVHI incorporated its wholly owned subsidiary Adspark Holdings, Inc. (AHI), a holding company established for the acquisition of additional investment in Globe Telecom's non-core business. AHI holds 100% of Adspark Inc. (AI), an advertising company. AI holds 100% of Socialytics Inc. (Socialytics), a social media marketing firm. On September 1, 2021, AHI acquired 100% of Techgrowers, Inc., a company engaged in data and software-related services through the utilization of telecommunications facilities. On March 22, 2022, the SEC approved the amendment of Techgrowers' articles of incorporation which effectively changes its corporate name to M360, Inc., as well as its primary purpose which is to engage in the business of application-to-person (A2P) messaging.

On February 4, 2020, GCVHI incorporated 917Ventures, Inc. as a holding company for GCVHI's business incubators.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiero from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiero was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.

On February 14, 2023, the SEC approved the amendment of AHI's articles of incorporation which effectively changed its corporate name to Brave Connective Holdings, Inc. (BCHI).

On June 5, 2023, 917Ventures, Inc. incorporated its wholly owned subsidiary Slyce Digital, Inc. to engage in the business of developing, marketing, advertising, managing, and operating technology platforms;

- **Bayan Telecommunications, Inc. (BTI) and Subsidiaries**

Globe Telecom owns 99% of BTI, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11503 and its related laws to render domestic and international telecommunications services. BTI is a facilities-based provider of data services and fixed-line telecommunications.

BTI's subsidiaries are: Radio Communications of the Philippines, Inc. (RCPI), Telecoms Infrastructure Corp. of the Philippines (Telicphil), Sky Internet, Incorporated (Sky Internet), GlobeTel Japan (formerly BTI Global Communications Japan, Inc.), and NDTN Land, Inc. (NLI), (herein collectively referred to as "BTI Group").

- **TaoDharma Inc. (Tao)**

Globe Telecom owns 67% of Tao, an entity incorporated and registered under the laws of the Philippines. Tao operates and maintains retail stores in strategic locations within the Philippines that sell telecommunications or internet-related services, and devices, gadgets and accessories.

- **GTowers Inc. (GTowers)**

On August 17, 2018, GTowers was incorporated as a wholly owned subsidiary of Globe Telecom. GTowers is still under pre-operating stage as of reporting date.

- **Yondu, Inc, and Subsidiaries**

Globe Telecom owns 100% of Yondu, an entity engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides internet and mobile value-added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

Yondu holds 100% of Rocket Search, Inc. (formerly Yondu Software Labs, Inc.), a company primarily engaged in providing information technology (IT) products and services and engaged in IT placement services.

On December 15, 2022, Yondu acquired the ownership of Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.

On October 28, 2024, Yondu sold its ownership of CaelumPacific and Subsidiaries to GTI, a wholly-owned subsidiary of Globe Telecom.

Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services.

Third Pillar Global Delivery Center Inc. (TPGDC) is a wholly owned subsidiary of TBAI that is engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

On December 15, 2022, the ownership of TPBAI and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

On July 8, 2024, the Board of Directors approved Yondu's additional capital infusion amounting to ₱20.00 million, which further increased Yondu's ownership to 85%.

- **Electronic Commerce Payments, Inc. (EC Pay)**

On October 25, 2019, Globe Telecom acquired 77% ownership of ECPay. ECPay is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others.

On September 29, 2023, Globe Telecom entered into a Share Purchase Agreement with Globe Fintech Innovations, Inc. (Mynt) for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval. On September 29, 2023, Globe Telecom ceased to consolidate ECPay as certain terms and conditions in the Share Purchase Agreement constrained Globe's exposures and rights to variable returns. At the date of deconsolidation, the fair value of Globe's interest in ECPay mounting to ₱2,310.00 million has been reclassified to Assets held-for-sale

under the current assets section in Globe's consolidated statement of financial position. Accordingly, resulting gain was recognized in the consolidated statements of comprehensive income amounting to ₱76.67 million in 2023.

Globe Telecom is a grantee of various authorizations and licenses from the National Telecommunications Commission (NTC) as follows: (1) license to offer and operate facsimile, other traditional voice and data services and domestic line service using Very Small Aperture Terminal (VSAT) technology; (2) license for inter-exchange services; and (3) Certificate of Public Convenience and Necessity (CPCN) for: (a) international digital gateway facility (IGF) in Metro Manila, (b) nationwide digital cellular mobile telephone system under the GSM standard (CMTS-GSM), (c) nationwide local exchange carrier (LEC) services after being granted a provisional authority in June 2005, and (d) international cable landing stations located in Nasugbu, Batangas, Ballesteros, Cagayan and Brgy. Talomo, Davao City.

Globe is organized along two key customer facing units (CFUs) tasked to focus on the integrated mobile, Fixed Line and international voice and roaming needs of specific market segments. The Company has a Consumer CFU with dedicated marketing and sales groups to address the needs of retail customers, and a Business CFU (Globe Business) focused on the needs of big and small businesses. Globe Business provides end-to-end mobile and Fixed Line solutions and is equipped with its own technical and customer relationship teams to serve the requirements of its client base. Globe Business also caters to the international voice and roaming needs of overseas Filipinos, whether transient or permanent. Moreover, it is tasked to grow the Company's international revenues by leveraging Globe's product portfolio and developing and capitalizing on regional and global opportunities.

Business Development and Corporate History

In 1928, Congress passed Act No. 3495 granting the Robert Dollar Company, a corporation organized and existing under the laws of the State of California, a franchise to operate wireless long distance message services in the Philippines. Subsequently, Congress passed Act No. 4150 in 1934 to transfer the franchise and privileges of the Robert Dollar Company to Globe Wireless Limited which was incorporated in the Philippines on January 15, 1935.

Globe Wireless Limited was later renamed as Globe-Mackay Cable and Radio Corporation (Globe-Mackay). Through Republic Act (RA) 4630 enacted in 1965 by Congress, its franchise was further expanded to allow it to operate international communications systems. Globe-Mackay was granted a new franchise in 1980 by Batasan Pambansa under Batas Pambansa 95.

In 1974, Globe-Mackay sold 60% of its stock to Ayala Corporation, local investors and its employees. It offered its shares to the public on 11 August 1975.

In 1992, Globe-Mackay merged with Clavecilla Radio Corporation, a domestic telecommunications pioneer, to form GMCR, Inc. (GMCR). The merger gave GMCR the capability to provide all forms of telecommunications to address the international and domestic requirements of its customers. GMCR was subsequently renamed Globe Telecom, Inc. (Globe).

In 1993, Globe welcomed a new foreign partner, Singapore Telecom, Inc. (STI), a wholly-owned subsidiary of Singapore Telecommunications Limited (SingTel), after Ayala and STI signed a Memorandum of Understanding.

In 2001, Globe acquired Isla Communications Company, Inc. (Islacom) which became its wholly-owned subsidiary effective June 27, 2001. In 2003, the National Telecommunications Commission (NTC) granted Globe's application to transfer its fixed line business assets and subscribers to Islacom, pursuant to its strategy to integrate all of its fixed line services under Islacom. Subsequently, Islacom was renamed as Innove Communications, Inc. (Innove).

In 2004, Globe invested in G-Xchange, Inc. (GXI), a wholly-owned subsidiary, to handle the mobile payment and remittance service marketed under the GCash brand using Globe's network as transport channel. GXI started commercial operations on October 16, 2004.

In November 2004, Globe and seven other leading Asia Pacific mobile operators (JV partners) signed an agreement (JV agreement) to form Bridge Alliance. The joint venture company operates through a

Singapore-incorporated company, Bridge Mobile Pte. Limited (BMPL) which serves as a commercial vehicle for the JV partners to build and establish a regional mobile infrastructure and common service platform to deliver different regional mobile services to their subscribers. The Bridge Alliance currently has a combined customer base of over 250 million subscribers among its partners in India, Thailand, Hong Kong, South Korea, Macau, Philippines, Malaysia, Singapore, Australia, Taiwan and Indonesia.

In 2005, Innove was awarded by the NTC with a nationwide franchise for its fixed line business, allowing it to operate a Local Exchange Carrier service nationwide and expand its network coverage. In December 2005, the NTC approved Globe's application for third generation (3G) radio frequency spectra to support the upgrade of its cellular mobile telephone system (CMTS) network to be able to provide 3G services. The Company was assigned with 10-Megahertz (MHz) of the 3G radio frequency spectrum.

On May 19, 2008, following the approval of the NTC, the subscriber contracts of Touch Mobile or TM prepaid service were transferred from Innove to Globe which now operates all wireless prepaid services using its integrated cellular networks.

In August 2008, and to further grow its mobile data segment, Globe acquired 100% ownership of Entertainment Gateway Group (EGG), a leading mobile content provider in the Philippines. EGG offers a wide array of value-added services covering music, news and information, games, chat and web-to-mobile messaging.

On November 25, 2008, Globe formed GTI Business Holdings, Inc. (GTIBH) primarily to act as an investment company.

On October 30, 2008, Globe, the Bank of the Philippine Islands (BPI) and Ayala Corporation (AC) signed a memorandum of agreement to form a joint venture that would allow rural and low-income customers' access to financial products and services. Last October 2009, the Bangko Sentral ng Pilipinas (BSP) approved the sale and transfer by BPI of its shares of stock in Pilipinas Savings Bank, Inc. (PSBI), formalizing the creation of the venture. Globe's and BPI's ownership stakes in PSBI is at 40% each, while AC's shareholding is at 20%. The partners plan to transform PSBI (now called BPI Globe BankKO, Inc.) into the country's first mobile microfinance bank. The bank's initial focus will be on wholesale lending to other microfinance institutions but will eventually expand to include retail lending, deposit-taking, and micro-insurance. BPI Globe BankKO opened its first branch in Metro Manila in the first quarter of 2011.

On March 2012, Globe launched Kickstart Ventures, Inc. (Kickstart) to help, support and develop the dynamic and growing community of technopreneurs in the Philippines. Kickstart is a business incubator that is focused on providing aspiring technopreneurs with the efficient environment and the necessary mechanisms to start their own business. Since its launch, Kickstart has 10 companies in its portfolio covering the digital media and technology, and web/mobile platform space.

In October 2013, following the court's approval of the Amended Rehabilitation Plan (jointly filed by Globe and Bayantel in May 2013), Globe acquired a 38% interest in Bayantel by converting Bayantel's unsustainable debt into common shares. This follows Globe's successful tender offer for close to 97% of Bayantel's outstanding indebtedness as of December 2012. As part of the amended rehab plan and pending regulatory approvals, Globe would further convert a portion of its sustainable debt into common shares of Bayantel, bringing up its stake to around 56%. On October 2014, Globe Telecom received a copy of the temporary restraining order (TRO) issued by the Court of Appeals (CA) stopping the National Telecommunications Commission's (NTC) proceedings in connection with the bid of Globe Telecom Inc. to take over Bayan Telecommunications Inc. (Bayantel). Despite the lapse of the Temporary Restraining Order (TRO) last December 9, 2014, the Court of Appeals has advised the NTC to refrain from conducting any proceedings in connection with the bid of Globe assume majority control of Bayantel.

On June 3, 2014, Globe signed an agreement with Azalea Technology, Inc. and SCS Computer Systems, acquiring the entire ownership stake in Asticom. a systems integrator and information technology services provider to domestic and international markets.

On July 20, 2015, Globe Telecom, Inc. (Globe) has agreed to purchase from Bayan Telecommunications Holdings, Corporation (BTHC) and Lopez Holdings, Corporation (LHC) all the equity in the capital stock of Bayan Telecommunications, Inc. (Bayan) that is held by BTHC and LHC. The transaction involved up to

70,763,707 Bayan shares and increased 'lobe's equity interests in Bayan from 56.87% to 98.57% of outstanding capital stock.

On November 12, 2015, Globe received the resolution from the rehabilitation court granting its motion for the termination of the rehabilitation proceedings involving Bayan. The resolution sets a key milestone for Bayan, wherein it successfully exits rehabilitation and provides key steps for Globe to continue to unlock opportunities for synergies with Bayan.

Globe Telecom, Inc. (Globe), Ayala Corporation (AC) and Bank of the Philippine Islands (BPI) signed an agreement on August 27, 2015 to turn over full ownership of BPI Globe BanKO (BanKO) to BPI, one of the majority owners of the joint venture. Despite the change in shareholder structure, BanKO will continue to provide broader and more competitive access to funds and critical financial services to the underbanked. Globe and AC sold their respective 40% and 20% stakes in BanKO to BPI, which already owned 40% of BanKO.

Xurpas Inc. signed an agreement with Globe Telecom on September 1, 2015, investing ₱900 million for a 51% equity stake in Yondu Inc. The investment solidifies the Globe and Xurpas partnership in the internet and digital space and will transform Yondu into a regional arm for digital content distribution and other technology driven services. The strategic alliance of Globe and Xurpas in Yondu bolsters Globe's track record of partnering with leading digital players to strengthen its position as the purveyor of the Filipino digital lifestyle.

On September 1, 2015, Yondu Inc. and GCVHI entered into a Deed of Assignment to assign the former's interest in Global Telehealth, Inc. (GTHI) to GCVHI for a total consideration of ₱15 million.

On September 15, 2015, Globe Telecom sold its controlling interest in Yondu for a total consideration of ₱670 million. On the same date, Yondu issued additional 5,000 common shares from its unissued authorized capital stock to a third party which further dilutes Globe Telecom's ownership interest to 49% as of September 2015.

On May 30, 2016, the Board of Directors of Globe, through its Executive Committee, approved the acquisition and signing of a sale and share purchase agreement and other related definitive agreements for the following entities:

- 50% of the issued and outstanding capital stock of Vega Telecom, Inc. (VTI) from San Miguel Corporation (SMC) (PSE: SMC);
- 50% of the issued and outstanding capital stock of Bow Arken Holdings Company Inc. (BAHC); and
- 50% of the issued and outstanding capital stock of Brightshare Holdings Corporation (BHC).

VTI owns an equity stake in Liberty Telecom Holdings, Inc., a publicly listed company in the Philippine Stock Exchange. It also owns, directly and indirectly, equity stakes in various franchised companies, including Bell Telecommunication Philippines, Inc., Eastern Telecom Philippines, Inc., Express Telecom, Inc., and Tori Spectrum Telecom, Inc., among others.

The remaining 50% equity stake in VTI, BAHC and BHC was acquired by Philippine Long Distance Telephone Company (PLDT) under similar definitive agreements.

The acquisition provided Globe access to certain frequencies assigned to Bell Tel in the 700 Mhz, 900 Mhz, 1800 Mhz, 2300 Mhz and 2500 Mhz bands through a co-use arrangement approved by the NTC on May 27, 2016. NTC's approval is subject to the fulfillment of certain conditions including roll out of telecom infrastructure covering at least 90% of the cities and municipalities in three years to address the growing demand for broadband infrastructure and internet access.

On June 21, 2016, Globe Telecom exercised its rights as holder of 50% equity interest of VTI to cause VTI to propose the conduct of a tender offer on the common shares of Liberty Telecom Holdings, Inc. (LIB) held by minority shareholders as well as the voluntary delisting of LIB. At the completion of the tender offer and delisting of LIB, VTI's ownership of LIB is at 99.1%.

On August 17, 2018, Globe Telecom incorporated GTowers, Inc., a fully owned subsidiary aimed at the building and deployment of cellular towers in the country. GTowers is still under pre-operating stage as of reporting date.

On September 11, 2019, the BOD of Globe Telecom approved the acquisition of 51% of the outstanding shares of Yondu, equivalent to 22,950 shares. The acquisition increased Globe Telecom's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

On October 25, 2019, Globe Telecom signed and executed an agreement with third parties to complete its transaction to acquire 77% ownership of ECPay. ECPay is a company engaged in the provision of information technology and electronic commerce related solutions in the Philippines.

On August 2020, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc. entered into a share purchase agreement for the acquisition of 67% of Third Pillar Business Applications, Inc. (TPBAI). Third Pillar is a Business Application Consulting and Systems Integration company. It focuses on delivering innovative enterprise solutions that help organizations boost sales, improve customer intimacy, ensure data integrity, and reduce annual spending.

On November 2020, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc., acquired substantially all of Cascadeo's assets. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%. On December 15, 2022, the ownership of CaelumPacific and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

In September 2021, AHI acquired 100% of Techgroowers Inc. (Techgroowers), a company engaged in data- and software-related services through the utilization of telecommunications facilities. On March 22, 2022, the Philippine SEC approved the amendment of the articles of incorporation of Techgroowers, changing its corporate name to M360, Inc. (M360) and its primary purpose to engaging in the business of application-to-person ("A2P") messaging.

On October 15, 2021, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc. incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities. On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc..

On December 1, 2021, 917Ventures, Inc. and JVHI incorporated Rush Technologies, Inc. (Rush), a Joint Venture company engaged in the business of business-to-business (B2B) and business-to-consumer (B2C) cloud-based platforms and software solutions that are necessary for, but not limited to, loyalty and e-commerce management systems. The Globe Group owns 49% of Rush. The Globe Group infused ₱57.40 million and nil of additional capital in 2022 and 2021, respectively.

On December 22, 2021, 917Ventures, Inc. and Entenso Equities Incorporated formed Pure Commerce, Inc. (PureGo), a Joint Venture company established to engage in the buying, selling, distribution and marketing of grocery items through an online e-commerce platform. The Globe Group owns 50% of PureGo. The Globe Group infused ₱62.50 million and nil of additional capital in 2022 and 2021, respectively.

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiero from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe Group's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiero was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.

On December 15, 2022, the ownership of TPBAI and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

On June 5, 2023, 917Ventures, Inc., Gogoro Network Pte. Ltd and Ayala Corporation formed Gogoro Philippines Inc. (Gogoro), a Joint Venture company established to engage in, operate, conduct, and maintain the business of importing, selling, distributing, operating, managing, and maintaining two-wheeled and three-wheeled electric vehicles, for retail, and battery-swapping stations, and to provide after-sales services. The Globe Group owns 49% of Gogoro. The initial investment infused by Globe Group amounted to ₱234.14 million in 2023.

On September 29, 2023, Globe Telecom entered into a Share Purchase agreement with GlobeFintech Innovations, Inc. (Mynt) for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval. However, Globe Telecom ceased to consolidate ECPay's financial statements as of September 29, 2023 as certain terms and conditions in the Share Purchase Agreement constrained Globe's exposures and rights to variable returns.

On December 15, 2023, KCCL incorporated its wholly-owned subsidiary, Kickstart Holdings Company, Ltd., (KHCL) for future offshore venture capital investments.

On March 7, 2024, the sole director of Caelum Northwest approved the dissolution of the Company. Subsequently, on July 29, 2024, the Department of Revenue State of Washington issued a revenue clearance certificate, allowing Caelum Northwest to proceed with its dissolution. As of November 7, 2024, regulatory requirements for the dissolution of Caelum Northwest is still subject to completion.

On March 27, 2024, the sole director resolved and signed a written resolution with the purpose of placing GTHK into liquidation. As of the reporting date, the completion of the regulatory requirements on the liquidation of GTHK is still in process.

On June 14, 2024, SEC approved the amendment of Asticom's article of incorporation which effectively changes its corporate name to Asticom Holding Co. Inc., as well as its primary purpose as an investing and holding company.

On July 8, 2024, the Board of Directors approved Yondu's additional capital infusion in Third Pillar Business Applications, Inc. (TPBAI) amounting to ₱20.00 million, which further increased Yondu's ownership in TPBAI to 85%.

On August 1, 2024, Mynt secured fresh strategic investments from AC, through its wholly-owned subsidiary, AC Ventures Holdings, Inc. (ACV), and Mitsubishi UFJ Financial Group (MUFG), through its consolidated subsidiary, MUFG Bank Ltd. The deal pushed Mynt's valuation to \$5 billion from the \$2 billion valuation in the 2021 funding round. As of December 31, 2024, the deal is subject to the execution of definitive transaction documents and satisfaction of customary closing conditions.

On October 28, 2024, the ownership of CaelumPacific and Subsidiaries was transferred from Yondu, Inc. to GTI, a wholly-owned subsidiary of Globe Telecom.

There was no bankruptcy, receivership or similar proceedings initiated during the past four years.

Business Segments

Globe provides digital Mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies (<https://www.globe.com.ph/5g.html>). It provides voice, SMS, and data to its mobile subscribers through three major brands: Globe Postpaid, Globe Prepaid and TM (including fully Mobile, internet-on-the-go service and GOMO).

Postpaid

Globe Postpaid is the leading brand in the postpaid market, with various plan offerings. Over the years, these plans have evolved in order to cater to the changing needs, lifestyles and demands of its customers.

GPlan Plus

Globe introduces the All-New GPlan Plus, the most flexible mobile plan from Globe Postpaid. The All-New GPlan Plus is designed to cater to the evolving needs of today's consumers who demand more control over their mobile plans and seek value in every aspect of their subscriptions.

Through the GlobeOne app, users of All-New GPlan Plus 999 to 2499 can use Data Swap to convert their plan allowance into a variety of different offers, including call and text promos, unlimited data access to mobile games, and social media and messaging apps. They can also choose content subscriptions from BeIN Sports, Vivamax, Disney+, and Crunchyroll, as well as lifestyle vouchers from Lazada, Zalora, Pick.A.Roo, Lalamove, and Parlon.

To get more data, customers can also convert their call and text allowance into gigabytes or choose to get a 12- or 24-month contract period with their plan. The additional data can be used to further customize their plans to fit their unique needs and lifestyles. This Do-It-Yourself approach ensures that no data goes to waste, allowing customers to maximize the value of what they paid for.

Moreover, the All-New GPlan Plus includes great deals on the latest devices when customers apply for or renew their plans. Whether through Globe Stores or Globe Online Shop, the process is seamless, ensuring customers can easily access the latest technology and enhance their mobile experience.

Customers may opt to purchase select mobile devices at prices lower than SRP, with various payment options such as via credit card either straight or installments for 24 months at zero interest, and charge to bill for renewing customers. (See also <https://www.globe.com.ph/postpaid.html> for more details).

All-new Platinum GPlan and GPlan PLUS

Enjoy all the things that matter and live life worry-free with Globe Platinum, bringing simplicity made with greatness.

The All-new Platinum GPlan Plus comes with no lock-up, unlimited mobile data surfing, built-in inclusions such as Cyber Insurance, International Lounge Access via DragonPass, Gadget Xchange device protection coverage through the Gadget Xchange add-on, free access to THEA, your Platinum Digital Concierge, and a dedicated Platinum Relationship Manager. Beyond these services, customers also benefit from Globe Priority Network, ensuring fast speeds for uninterrupted browsing, streaming, and gaming. Positioned at the forefront of the mobile data highway, Globe Platinum customers get to experience optimal network performance.

All-new Platinum GPlan Plus 3799 comes with unlimited mobile data surfing, three days built-in data roaming, built-in Cyber Insurance with up to ₱50,000 coverage, and free one (1) DragonPass voucher for international airport lounge access; All-new Platinum GPlan Plus 4999 comes with unlimited mobile data surfing, five days built-in data roaming, built-in Cyber Insurance with up to ₱75,000 coverage, free two (2) DragonPass vouchers for international airport lounge access, free two (2) years Gadget Xchange coverage when you avail a device, and a dedicated Platinum Relationship Manager; All-new Platinum GPlan 7999 comes with unlimited mobile data surfing, seven days built-in data roaming, built-in Cyber Insurance with up to ₱100,000 coverage, free three (3) DragonPass vouchers for international airport lounge access, free two (2) years Gadget Xchange coverage when you avail a device, a dedicated Platinum Relationship Manager, and free one Home Squad visit.

Moreover, Globe Platinum aims to reinforce the Platinum Advantage by sharing more relevant, curated perks, and championing advocacies that matter. In April, Globe Platinum and Gogoro Smartscooters championed sustainability with the launch of Gogoro's newest product, Pulse, and also with several trial events.

From June until present, Globe Platinum has accelerated in sharing delightful perks, and privileges. Customers get a freebie when dining at renowned spots such as A Mano, Steak & Frice, Ramen Ron, and Cibo. When it comes to retail, Globe Platinum has partnered with Innovator, ArmouryPH, and AMEN, to

provide online discounts when shopping luxury accessories, travel needs, and thoughtful jewelry. The brand has also extended customers' lifestyle privileges with the extension of Okada's Rewards Circle Elite card, providing them with an extensive array of benefits such as discounts and perks at the Philippines' largest integrated resort.

Globe Platinum has also continued in its support of the arts, and indulging customers in this passion by inviting customers to art and lifestyle-inclined events such as Beyond The Box x Toki, and Modern Contemporary Arts Festival 2024.

Globe likewise simplified the renewal of mobile postpaid plans (once the subscriber gets past their contract period of 24 months or 6 months) via online. Subscriber can simply go to www.globe.com.ph/shop/plan-renewal and follow these simple steps (1) Choose the preferred plan or device, and click "My Plan Renewal" (2) Verify the account details (3) Check the account qualifications (4) Accomplish the checkout form (5) Upon submitting the form, subscriber will receive a confirmation email regarding their order.

In addition, Globe launched Gadget Xchange, OneNumber and Globe Trade-In for its mobile postpaid customers in 2023.

- Gadget Xchange is the new device protection program for Globe Postpaid that lets you switch or replace your device, no questions asked. This means that no documentation will be requested (e.g., police reports, affidavit of loss) upon claim for device switch or replacement. The following services may be availed with Gadget Xchange: (1) Device switch (2) Device replacement and (3) Screen replacement. Gadget Xchange is available to new Globe Postpaid and Platinum customers and those qualified for plan renewal.
- Globe's ONENUMBER is an add-on service that allows you to share your mobile phone number with your smartwatch. With ONENUMBER, you can stay connected even if you're away from your phone.
- Globe Trade-In is a program that allows new and renewing Globe Postpaid customers to trade-in their old device in exchange for a cashback that will be applied to their postpaid bill. Globe Trade-In is currently available for customers residing in NCR, Cavite, Rizal, Pampanga, Davao and Cebu.

Prepaid

Globe Prepaid (including GOMO) and TM are the prepaid brands of Globe. Globe Prepaid is focused on the mainstream market while TM caters to the value-conscious segment of the market. Each brand is positioned at different market segments to address the needs of the subscribers by offering affordable innovative products and services.

Globe Prepaid and TM subscribers can reload airtime value or credits using various reloading channels including the GlobeOne app, GCash, bank channels such as ATMs, credit cards, through internet banking, and online loading through <https://new.globe.com.ph/buy-load>. Subscribers can also top-up via AutoLoadMax retailers nationwide, all at affordable denominations and increments.

Loyalty & Rewards Program

The Globe Rewards Program is the Company's way of granting special treats to its active customers for their continued loyal use of Globe's products and services. Awesome rewards await its loyal customers in exchange for the points earned -- more rewards points mean more wonderful perks. Customers need to register/join the Globe Rewards program so they can start earning points and enjoy their rewards. They just need to go to the GlobeOne App, Tap Redeem Rewards, and Click Join Now. Subscribers can:

- Earn Points from Prepaid reloads or monthly Postpaid payments made via the GlobeOne App
- Redeem Rewards in the form of Mobile and Broadband promos, Vouchers for local and global brands, Donation to beneficiaries, and as Cash to select ECPay Retailers. Subscribers have the option to redeem rewards instantly, or accumulate points to avail of higher value rewards.
- Enjoy Perks through special discounts, exclusive treats, and more wonderful surprises

Globe Rewards also supports customers and extends their buying power even beyond telco services such as food, medicine, and retail products. Customers can use their earned Rewards points to buy the products they need.

The Globe Rewards points can be used at over 100 local and global partners for shopping, dining, entertainment, travel, and Globe products nationwide. Customers can also use Globe Rewards points to shop in Lazada, order meals from GrabFood, watch Korean movies using Viu, or even play games through Razer Gold pins.

Redeeming of the Globe Rewards points was made easy via the GlobeOne app:

Step 1- Download the GlobeOne app and click on the “Rewards” tab.

Step 2 - Select an offer

Step 3 - Click “Redeem.”

Step 4 - Wait for the confirmation notification, along with a message from 4438

Living It

Globe Postpaid gives you online to offline exclusive perks and experiences with Living It. Enjoy Living It experiences such as access to major events, dining experiences, exclusive retail sales, and fitness classes curated especially for our Postpaid customers. They can also enjoy Living It exclusive rewards from lifestyle discount vouchers to chance to win gadgets and travel packages with their Globe Rewards points.

a. Mobile Data

Globe's Mobile Data services provide subscribers with the ability to access the internet through various devices like handsets, tablets, modems, and even smartwatches. Customers can choose from multiple consumable data plans, and exclusive promos are available on Globe One, offering additional data or extended validity. Globe continuously collaborates with local, regional, and global brands to bring relevant content tailored to its customers' diverse needs, including videos, music, games, and eCommerce. Popular content and entertainment services like Netflix, Disney+, Amazon Prime Video, Honor of Kings, Mobile Legends, and Lazada are accessible to Globe subscribers.

Moreover, Globe empowers its customers by offering services beyond entertainment, such as financial enablement through GCash and accessible healthcare through KonsultaMD. These services enhance customers' lives by making essential services more convenient and accessible.

b. Mobile Voice

Globe's voice services include local, national and international long-distance call services. It has one of the most extensive local calling options designed for multiple calling profiles. In addition to its standard, pay-per-use rates, subscribers can choose from various voice offerings for all-day, and in several denominations to suit different budgets.

Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 615 roaming partners in 238 calling destinations worldwide. Globe also offers roaming coverage on-board selected shipping lines and airlines, via satellite. Globe also provides an extensive range of international call and text services to allow OFWs (Overseas Filipino Workers) to stay connected with their friends and families in the Philippines. This includes prepaid reloadable call cards and electronic PINs available in popular OFW destinations worldwide.

c. Mobile SMS

Globe's mobile SMS service includes local and international SMS offerings. Globe also offers various SMS packages to cater to the different needs and lifestyles of its postpaid and prepaid subscribers.

2. Fixed Line and Home Broadband Business

Globe offers a full range of fixed line communications services, wired and wireless Broadband access, and end-to-end connectivity solutions customized for consumers, SMEs (Small & Medium Enterprises), large corporations and businesses.

a. Fixed Line Voice

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. Subscribers get to enjoy toll-free rates for national long-distance calls with other Globelines subscribers nationwide. Low-MSF (monthly service fee) fixed line voice services bundled with internet plans are available nationwide and can be customized with value-added services including multi-calling, call waiting

and forwarding, special numbers and voicemail. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services. With the Company's cutting-edge Next Generation Network (NGN), Globe Business Voice solutions offer enterprises a bevy of fully-managed traditional and IP-based voice packages that can be customized to their needs.

b. Corporate Data

Corporate Data services include end-to-end data solutions customized according to the needs of businesses. Globe's product offerings include international and domestic leased line services, wholesale and corporate internet access, data center services and other connectivity solutions tailored to the needs of specific industries.

Globe's international data services provide corporate and enterprise customers with the most diverse international connectivity solutions. Globe's extensive data network allows customers to manage their own virtual private networks, subscribe to wholesale internet access via managed international private leased lines, run various applications, and access other networks with integrated voice services over high-speed, redundant and reliable connections. In addition to bandwidth access from multiple international submarine cable operators, Globe also has three international cable landing stations situated in different locales to ensure redundancy and network resiliency.

The Company's domestic data services include data center solutions such as business continuity and data recovery services, 24x7 monitoring and management, dedicated server hosting, maintenance for application-hosting, managed space and carrier-class facilities for co-location requirements and dedicated hardware from leading partner vendors for off-site deployment. Other Corporate Data services include premium-grade access solutions combining voice, Broadband and video offerings designed to address specific connectivity requirements. These include symmetric Broadband, dedicated Internet service, and Managed WiFi for in-room internet access for hotels.

Globe Business knows that success is made up of different elements: effective products, streamlined processes, and reliable manpower, and that is why Globe's business solutions are a fusion of all three. Among the products and solutions are as follows:

- Mobility - mobility solutions that increase productivity within and beyond the workplace. The Group's enterprise mobility solutions include: (1) Postpaid – leveraging on flexible postpaid plans that suit companies of every scale; (2) Enterprise Mobile Management – allows customers to gain more control over enterprise mobile devices while simultaneously maximizing workforce productivity; and (3) Satellite Phones.
- Voice - The Group's wide range of cost-efficient voice solutions simplifies communications infrastructure and tailors services to fit business needs. Globe's voice products for business include Globelines; Toll-Free Services; Enhanced Managed Voice Solution (EMVS); Managed IP-PBX; SIP Trunk; Hosted Contact Center Solutions; and Collaboration Solutions.
- Connectivity - Globe Business offers a fast and resilient connection powered by dedicated and reliable technologies (comprising Domestic Data; International Data; Internet Services; Managed Services).
- Cloud - Improve efficiency and agility in the face of evolving business environments while keeping costs low with Globe's range of cloud services: Infrastructure-as-a-Service (IaaS); Backup-as-a-Service (BaaS); Disaster-Recovery-as-a-Service (DRaaS); Amazon Web Services; AWS Direct Connect.
- Data Center - Globe Data Center provides a superior experience that goes beyond technology. It allows customers to outsource data center hosting and management. The services offered include the following:
 - Co-location - managed space for customer's servers and IT equipment that run mission critical systems and applications;
 - Cross Connect - provides direct connection from customer racks to its service provider;
 - LAN-Based Internet - provides a redundant, stable, secure and high-speed connection to hosted environments within the Globe Data Center;
 - Media Storage - physical off-site data storage in a clean, controlled, safe and secure environment within the Data Center; and

- Disaster Recovery ("DR") Seats - Provides a DR facility and workstations for customers in the event of a disaster or a business interruption
- Cybersecurity -Globe Business' Cybersecurity allows customers to handle security threats and IT infrastructure cost-effectively, and allows management of tasks and functions efficiently. The platform allows access to the best-in-class tool sets, hardware, software, and even niche technology experts.
- Business Applications - a diverse range of solutions to streamline and enhance business operations, and raise efficiency, productivity, and customer satisfaction (G Suite; Go Canvas, Office 365; Learning Management Solutions, HR Solutions, M2M).
- Business Continuity - Enable enterprises with the right digital solutions for uninterrupted business operations for their customers. Ensure seamless connectivity (reliable and redundant data solutions, Prepaid Mobile Wifi and Corporate Managed Broadband), Empower remote workforce (Amazon Chime, Amazon Workdocs, Office 365 and Zoom), and Safeguard business operations (Amazon WorkSpaces, Amazon Appstream 2.0, SASE, Cloud/Application/Endpoint Security).

c. Home Broadband

Globe offers wired and fixed wireless broadband services, across various technologies and connectivity speeds for its residential and enterprise customers. *Globe At Home Broadband* consists of wired postpaid and prepaid Fiber broadband packages, and wireless Home Prepaid WiFi, backed by Globe's 4G network.

Globe At Home GFiber Plans provides the best connectivity for your home with fast and unlimited plans which ensures smooth connection to productivity apps like teleconferencing, high definition streaming, and low latency gaming. Starting October 15, GFiber plans range from ₱1499 per month for up to 300 Mbps to as high as 1.5 Gbps for ₱7,499 per month. The GFiber Unli Plan also comes with access to relevant apps like Disney+ and devices that can provide Fiber-to-the-room connectivity depending on the plan you get. See also [GFiber broadband-plans](#) for more updated details.

As part of the Company's thrust to make fiber-speed internet accessible to all Filipinos, Globe launched the revolutionary offering GFiber Prepaid last July 2023. GFiber Prepaid is designed to reach the mass market segment which remains to be under-served. It aims to democratize access to fiber connectivity, offering a No Monthly Bills, Reloadable Unli Internet at up to 50Mbps speed. Customers can acquire a GFiber Prepaid service with a special introductory offer of a one-time fee of ₱999, inclusive of modem, installation and seven days of unlimited internet. GCash's G-Credit and G-Gives may be used to pay the one-time fee if the upfront cashout is an issue. Customers can also choose from a selection of unlimited data promos with *GFiberSurf199* for 7 days, *GFiberSurf399* for 15 days, *GFiberSurf699* for 30 days, and *GFiber SurfAnnual6999* for 365 days. Customers may also avail of promos with Disney+ access thru *GFiberSurf999* for 30 days and *GFiberSurf9999* for 1 year.

Moreover, GFiber Prepaid provides customers with a fully digital experience from application to scheduling of installation and account management. Customers can apply, register their accounts, load GFiberSurf promos, and manage their accounts by downloading the GlobeOne app. Also, as part of Globe's commitment to sustainability and circularity, GFiber Prepaid comes in recyclable and upcyclable packaging, which can be repurposed and used as a laptop stand.

In 2024, Globe is enhancing its service delivery and offering innovative plans aiming to broaden its customer base and meet the evolving digital needs of Filipinos.

- GCash users can now subscribe to GFiber Prepaid promos and get reloadable UNLI Fiber internet. On the app, they can click **Load** then **broadband**, and choose the *GFiberSurf* promo they need. Users can schedule automatic reloads to ensure they don't lose internet service.
- Globe At Home is giving GFiber customers unlimited access to the world of entertainment via a free Blast TV subscription. This unlocks a vast selection of channels, movies, and series, ensuring that customers have access to top-notch digital content at their fingertips.
- Existing Globe mobile subscribers will get the best GFiber Prepaid offers which they can claim via rewards (discounts).

For areas without fiber connectivity, Globe At Home Prepaid WiFi is a reliable prepaid internet option for the household, that is not just easy to install (plug and play) but also easy on the budget. Customers can load FamSurf promos that are suitable for their surfing requirements for as low as P199. FamSurf GB's may be shared as mobile data to up to four mobile and other prepaid wifi devices so that family members can stay online even if they are not at home. This can easily be done via GlobeOne app.

See also broadband/prepaid-wifi for the latest Home Prepaid WiFi offers; broadband/help/home-prepaid-wifi-set-up on how to get started with Home Prepaid WiFi.

B. Non-telco Products and Services

Globe is steadfast in solidifying its standing as a leading innovator in the country. Leveraging its core telco business and driven by the surge in consumer digital adoption, the company now offers a diverse portfolio of promising high-growth enterprises spanning sectors such as fintech, healthtech, adtech, e-commerce, and climatetech, among others.

917Ventures

917Ventures, Globe's corporate venture builder, specializes in identifying, launching, accelerating, and expanding promising business concepts. Operating as a startup incubator, 917Ventures provides teams, frameworks, infrastructure, and strategies that have been validated, tested, and backed by Globe, Ayala, and other partners to expedite the growth of new ventures. Here's an overview of the companies that make up its portfolio:

- *Cash*

Globe Fintech Innovations, Inc. (known as "Mynt"), is a strategic partnership formed between Globe, Ayala Corporation, and Ant Group (formerly Ant Financial Services Group, or "Ant"). Ant is renowned as one of the world's leading digital finance service providers through Alipay, part of the Alibaba Group.

Mynt is the first and only \$5 billion unicorn in the Philippines. It is a leader in mobile financial services focused on accelerating financial inclusion through mobile money, financial services, and technology. Mynt operates two fintech companies: G-Xchange, Inc. ("GXI"), the mobile wallet operator of GCash, offering convenient financial services to Filipinos, and Fuse Lending Inc. ("Fuse"), a technology-based lending company, which empowers Filipinos with access to microloans and business loans, enabling them to pursue their entrepreneurial aspirations and contribute to economic growth.

GCash remains the number one finance super-app and the largest digital cashless ecosystem in the country, bannered by ubiquity across its active user base. To complement its ubiquity across its consumers, GCash has also built the largest network of online and offline merchants and social sellers (over 6 million partners) while hosting over 1,000 merchant partners in its app, via GLife. Through the GCash App, customers can easily purchase prepaid airtime, pay bills nationwide, send and receive money anywhere in the Philippines, even to other bank accounts, and purchase from their partner merchants and social sellers.

For its commitment to digital financial inclusion, and for its work in increasing accessibility to innovative, meaningful, and responsive financial services that empower and uplift millions of Filipinos, GCash was recently named as part of Fortune's prestigious inaugural Fintech Innovators Asia 2024 list. Last year, GCash was also recognized by the Asia-Pacific Stevie Awards for the Innovative Use of Technology in Customer Service and for Innovation in Digital Transformation. Alongside this, GCash was given the Company of the Year Award for the Philippines' Financial Technology Industry from leading global analysis and growth strategy consulting firm Frost & Sullivan. These awards recognize GCash's pioneering use of digital solutions and innovative financial services and its strong overall achievements in the financial technology space.

GCash boasts of the most comprehensive suite of digital financial services, covering savings (via GSav), investments (via GFunds, GStocks, -and GCrypto), and insurance products (via GIInsure). On credit, backed by its proprietary trust platform and credit scoring via GScore, GCash has provided access to credit to over 7.8 million borrowers, of which the majority are from lower socio-economic classes and ⅓ are women. These milestones were achieved through game-changing lending products covering credit lines (GCredit), cash loans (GLoan),

buy-now-pay-later (BNPL via GGives), and micro-credit starter loans (Sakto Loan and Borrow Load), providing loans to more Filipinos who need it the most.

In line with its financial inclusion mandate, GCash has gone beyond the nation's borders and now offers payments in 51 countries through GCash Global Pay. In partnership with Alipay+, this feature offers a hassle-free travel experience abroad through a seamless and secure payment experience across various merchants through Scan to Pay. GCash also empowers overseas Filipinos in 16 countries to manage their finances through GCash Overseas, which allows them to use their international mobile number to register for the GCash App and gives them access to services such as Buy Load, Pay Bills, and Send Money.

Moving beyond transactions, GCash incorporates sustainability across its innovation initiatives. The GForest movement empowers users to accumulate green energy and plant trees by simply using GCash. To date, more than 3.9M trees have been planted and 163K tonnes of carbon dioxide have been avoided, enabling our users to build a greener tomorrow or

- *Brave Connective Holdings, Inc. (BCHI)* provides a holistic adtech and data ecosystem through its four companies: AdSpark, Inquiero, m360, and DeepSea.
 - *AdSpark*, an award-winning and leading digital advertising agency that combines data-driven insights through its proprietary DeepSea platform with the creative ingenuity of SecretMenu. By blending advanced analytics and innovative storytelling, AdSpark delivers impactful campaigns.
 - *iNQUIRO*, a cutting-edge data analytics company that transforms insights into actionable intelligence for businesses. With innovative solutions and a commitment to empowering smarter decisions, Inquiero helps brands unlock growth and drive success.
 - *M360*, a leading communications platform offering seamless, multi-channel solutions through its innovative One API. Empowering businesses with scalable messaging capabilities, m360 connects brands to their customers effectively and efficiently.
 - *DeepSea*, an adtech company focused on enabling programmatic advertising capabilities that power agencies, advertisers, and publishers

Sales and Distribution

Globe has various sales and distribution channels to address the diverse needs of its subscribers.

1. Independent Dealers

Globe utilizes a number of independent dealers throughout the Philippines to sell and distribute its prepaid wireless services. This includes major distributors of wireless phone handsets who usually have their own retail networks, direct sales force, and sub-dealers. Dealers are compensated based on the type, volume and value of reload made in a given period. This takes the form of fixed discounts for prepaid airtime cards and SIM packs, and discounted selling price for phonekits. Additionally, Globe also relies on its distribution network of over 500 thousand AutoloadMax retailers nationwide who offer prepaid reloading services to Globe and TM subscribers.

2. Globe Stores

As of December 31, 2024, the Company has a total of 95 Globe Stores all over the country where customers are able to inquire and subscribe to wireless, broadband and fixed line services, reload prepaid credits, make GCASH transactions, purchase handsets and accessories, request for handset repairs, try out communications devices, and pay bills. The Globe Stores are also registered with the Bangko Sentral ng Pilipinas (BSP) as remittance outlets.

In line with the Company's thrust to become a more customer-focused and service-driven organization, Globe departed from the traditional store concept which is transactional in nature and launched the redesigned Globe Store which carries a seamless, semi-circular, two-section design layout that allows anyone to easily browse around the product display as well as request for after sales support. It boasts of a wide array of mobile phones that the customers can feel, touch and test. There are also laptops

with high speed internet broadband connections for everyone to try. The Globe store has an Express Section for fast transactions such as modification of account information and subscription plans; a Full-Service Section for more complex transactions and opening of new accounts; and a Cashier Section for bill payments. The store also has a self-help area where customers can, among others, print a copy of their bill, and use interactive touch screens for easy access to information about the different mobile phones and Globe products and services. Globe stores also include NegoStore areas, which serve as additional sales channels for current and prospective Globe customers. Moreover, select stores also have ‘Tech Coaches’ or device experts that can help customers with their concerns on their smartphones. The Company opened the first concept store in Greenbelt 4 in 2010.

In 2012, Globe introduced other store formats in response to the need for more customer service channels to accommodate more subscribers availing of Globe postpaid, prepaid and internet services. The new store formats - the premium dealership store, pop-up store, microstore, kiosk, and store-on-the-go – were carefully designed based on demographics, lifestyle and shopping behaviors of its customers, each providing a different retail mix and experience to subscribers.

In 2013, Globe opened 50 concept stores as part of its commitment to a wonderful customer service experience.

In 2014, Globe simultaneously unveiled its Generation 3 flagship stores in SM North EDSA, Quezon City, Manila and in Limketkai Mall, Cagayan de Oro. Designed by Tim Kobe, the founder and CEO of Eight, Inc. and designer of Apple Stores, the Globe Gen3 stores feature reconfigurable and interactive elements, all designed to empower the growing digital lifestyle of customers. The stores feature four lifestyle zones – music, entertainment, productivity, and life – each with their own interactive kiosks.

Continuing with its journey of transforming customer experience, Globe opened two more Gen3 stores in 2015. In July 2015, Globe opened its third Gen3 store in Ayala Center, Cebu and in August 2015, opened its fourth Gen3 and first two-storey store in Greenbelt, Makati.

In 2016, Globe opened its Flagship ICONIC store in Bonifacio Global City Central Square Taguig. Designed by Tim Kobe of Eight Inc., the same designer of the Globe GEN3 stores, the Globe ICONIC store is the first all-in-one retail and entertainment space and was launched in two phases. Phase 1 was completed in June 2016 and featured the entertainment space that will house shows, concerts, and a variety of on-ground events and activities. Phase 2, completed in December 2016 features the complete Globe ICONIC Store with a glass bridge that links two Globe stores from opposite sides of the BGC Central Square.

In October 2021, Globe introduced the Globe EasyHub, a new store concept that combines traditional brick-and-mortar stores with a digital retail format. The Globe EasyHub aims to create a better experience for Filipinos looking for safe and convenient ways to make transactions during the pandemic. As of December 31, 2024, all Globe EasyHub locations have ceased operations as part of the company’s strategic retail initiatives.

3. Others

Globe also distributes its prepaid products SIM packs, prepaid call cards and credits through consumer distribution channels such as convenience stores, gas stations, drugstores and bookstores.

Operating Revenues

Gross Operating Revenues by Business Segment (in Php Mn)	Year Ended December 31			
	2024	% of total	2023	% of total
Service Revenues				
Mobile*	116,713	65%	112,376	61%
Voice ¹	12,653	7%	13,506	9%
SMS ²	6,691	4%	7,975	5%
Data ³	97,369	54%	90,895	48%
Fixed Line and Home Broadband**	45,665	25%	45,026	26%

Gross Operating Revenues by Business Segment (in Php Mn)	Year Ended December 31			
	2024	% of total	2023	% of total
Home Broadband ⁴	23,785	13%	25,112	15%
Corporate Data ⁵	20,380	11%	18,319	10%
Fixed Line Voice ⁶	1,500	1%	1,595	1%
Others***	2,638	1%	4,931	2%
Service Revenues	165,016	91%	162,333	90%
Non-Service Revenues	15,570	9%	17,831	10%
Operating Revenues	180,586	100%	180,164	100%

*Mobile business includes mobile and fully mobile broadband

**Home Broadband includes fixed wireless and wired broadband

***Others include non-telco revenues from subsidiaries

¹ Mobile voice service revenues include the following:

- a) Prorated monthly service fees on consumable minutes of postpaid plans;
- b) Subscription fees on unlimited and bucket voice promotions including the expiration of the unused value of denomination loaded;
- c) Charges for intra-network and outbound calls in excess of the consumable minutes for various Globe Postpaid plans, including currency exchange rate adjustments, or CERA, net of loyalty discounts credited to subscriber billings;
- d) Airtime fees for intra network and outbound calls recognized upon the earlier of actual usage of the airtime value or expiration of the unused value of the prepaid reload denomination (for Globe Prepaid and TM) which occurs between 3 and 120 days after activation depending on the prepaid value reloaded by the subscriber net of (i) bonus credits and (ii) prepaid reload discounts; and revenues generated from inbound international and national long distance calls and international roaming calls; and
- e) Mobile service revenues of GTI and MVNO.

Revenues from (a) to (e) are reduced by any payouts to content providers.

² Mobile SMS revenues consist of revenues from value-added services such as inbound and outbound SMS and MMS, infotext, and subscription fees on unlimited and bucket prepaid SMS services, net of any interconnection or settlement payouts to international and local carriers and content providers.

³ Mobile Data service revenues consist of revenues from Mobile internet browsing and content downloading, Mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and MVNO, net of any interconnection or settlement payouts to international and local carriers and content providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Revenues from premium content services (where Globe is acting as principal to the contract) is reported gross of licensors' fees.

⁴ Home broadband service revenues consist of the following:

- a) Monthly service fees of wired, fixed wireless, bundled voice and data subscriptions;
- b) Browsing revenues from all postpaid and prepaid wired, fixed wireless Broadband packages in excess of allocated free browsing minutes and expiration of unused value of prepaid load credits;
- c) Value-added services such as games; and
- d) Installation charges and other fees associated with the service.
- e) Revenues from premium content services (where Globe is acting as principal to the contract) are reported gross of the licensors' fees. The latter is reflected as part of maintenance expenses.

⁵ Corporate data (previously called Fixed line data) service revenues consist of the following:

- a) Monthly service fees from international and domestic leased lines;
- b) Other wholesale transport services;
- c) Revenues from value-added services and ICT; and
- d) Connection charges associated with the establishment of service.

⁶ Fixed Line voice service revenues consist of the following:

- a) Monthly service fees;
- b) Revenues from local, international and national long-distance calls made by postpaid, prepaid fixed line voice subscribers and payphone customers, as well as Broadband customers who have subscribed to data packages bundled with a voice service. Revenues are net of prepaid and payphone call card discounts;
- c) Revenues from inbound local, international and national long-distance calls from other carriers terminating on Globe's network;
- d) Revenues from additional landline features such as caller ID, call waiting, call forwarding, multi-calling, voice mail, duplex and hotline numbers and other value-added features;

- e) Installation charges and other fees associated with the establishment of the service; and
- f) Revenues from DUO and SUPERDUO (Fixed line portion) service consisting of monthly service fees for postpaid and subscription fees for prepaid.

Globe's mobile business contributed ₱116.7 billion in 2024 accounting for 65% of total operating revenues, 4% above last year's level of ₱112.4 billion. Mobile voice service revenues amounted to ₱12.7 billion in 2024, contributing 7% of operating revenues. Mobile SMS service revenues contributed ₱6.7 billion or 4% of operating revenues. Mobile data service revenues contributed ₱97.4 billion or 54% of operating revenues.

Accounting for 25% of total operating revenues, Globe's fixed line and broadband business registered ₱45.7 billion in 2024, compared to ₱46.0 billion in 2023. Home broadband contributed revenues of ₱23.8 billion, or 13% of operating revenues. Corporate data contributed 11%, at ₱20.4 billion while fixed line voice and other revenue contributed ₱1.5 billion and ₱2.6 billion, accounting for 1% and 1% of operating revenues, respectively.

Competition

1. Industry, Competitors and Methods of Competition

a. Mobile Market

The Philippine mobile market has a total industry SIM base of more than 133 million with an industry penetration rate of 116.5% as of December 31, 2024. With the growing penchant of Filipinos for smartphones, the mobile data business in the Philippines presents more opportunities for revenue growth. Mobile data usage of both prepaid and postpaid subscribers continues to grow.

Today, with the high level of mobile penetration, driven by the prevalence of multi-SIMming (i.e., individuals having two SIMs), and the emergence of a third player, DITO Telecommunity, the competition in the mobile market remains intense, albeit in a more rational environment. Since its commercial launch in March 2021, DITO has gained over 13 million subscribers as of September 2024.

	Mobile Subscribers (Mn)	Penetration Rates (%)	Growth Rate
2012	102.99*	106.4	10%
2013	108.52*	110.0	5%
2014	113.89*	116.0	5%
2015	124.79	115.2	10%
2016 ¹	125.56	120.4	1%
2017 ²	118.98	111.9	-5%
2018 ³	134.59	124.3	13%
2019	167.32	151.8	24%
2020	149.58	133.3	-11%
2021	157.48	137.9	5%
2022	153.00	132.2	-3%
2023 ⁴	122.00	104.3	-21%
2024	132.90	116.5	12%

Source: National Telecommunications Commission, publicly available information and Company estimates

¹ Starting 2016, nomadic subscribers are included in mobile subscribers (previously reported under broadband subscribers)

² In 2017, the industry has excluded in their reporting the prepaid subscribers who do not reload within 90 days of the second expiry period, versus the previous cut-off of 120 days

³ In 2018, under Joint Memorandum Circular No. 05-12-2017, all prepaid load now carries a one-year expiration period

⁴ In 2023, the industry churned out non-active mobile users following the government-mandated, nationwide SIM card registration exercise.

Since 2000, the mobile communications industry has experienced a number of consolidations and ushered in new entrants, namely:

- In 2000, Philippine Long Distance and Telephone Company ("PLDT") acquired and consolidated Smart and Piltel, complementing the former's fixed line businesses with the latter's wireless businesses. Subsequently in 2008, PLDT, through Smart, purchased CURE,

one of the four recipients of 3G licenses awarded by the NTC.

- In 2003, Sun Cellular, Digitel's mobile brand, entered the market and introduced value-based unlimited call and text propositions which allowed it to build subscriber scale over time.

In October 2011, PLDT acquired 99.4% of the outstanding common stock of Digitel, thereby allowing it to control over two-thirds of the industry subscribers. As a condition of PLDT's acquisition of Digitel, PLDT returned to the NTC the 3G license in CURE.

- In 2008, San Miguel Corporation ("SMC"), partnering with Qatar Telecom, bought interests in Liberty Telecom Holdings, Inc. ("Liberty") and announced plans to enter the mobile and broadband businesses.

In 2010, SMC acquired 100% stake in Bell Telecommunication Philippines, Inc. ("BellTel"), after acquiring shares in three companies that own the shares of BellTel. Also in 2010, SMC purchased a 40% stake in Eastern Telecommunications Philippines, Inc. ("ETPI") to expand its telecommunications services. SMC subsequently gained a majority stake of ETPI in 2011, owning 77.7% of the telecommunications company.

In 2012, NTC granted BellTel, San Miguel Corporation's mobile telephony arm, an extension to its operating license to provide cellular mobile telephone system (CMTS) service in the country for another three years.

- In 2001, Globe acquired Islacom (now Innove). Globe, likewise, acquired approximately 96.5% of the total debt of Bayantel, in December 2012. In October 2013, Globe converted a portion of the debt it holds in Bayantel into a 38% interest in the latter, based on the Amended Rehabilitation Plan approved by the Rehabilitation Court in August of the same year. Upon obtaining relevant and regulatory approvals, Globe would further convert debt into a total 56.6% share of the common stock of Bayantel.
- In May 2013, ABS-CBN Convergence, Inc. ("ABS-C", formerly Multimedia Telephony, Inc.) announced the launch of its mobile brand, ABS-CBN Mobile. The launch of the new mobile brand was being supported through a network sharing agreement with Globe, wherein the latter provides network capacity and coverage to ABS-C on a nationwide basis. ABS-C formally launched the brand on November 26, 2013. On November 30, 2018, ABS-C discontinued its mobile phone services business and terminated the mobile network sharing arrangement with Globe Telecom.
- In November 2015, Cherry Mobile, a leading mobile phone company in the Philippines, entered into a co-branding partnership with Globe to launch the Cherry Prepaid SIM that also comes bundled with a Cherry Mobile phone. The Cherry Prepaid SIM will operate through a network sharing agreement with Globe.
- In November 2018, the Department of Information and Communications Technology (DICT) and the National Telecommunications Commission (NTC) declared Mislatel a new major telco player, a consortium composed of Mindanao Islamic Telephone Inc., Udena Corporation, Chelsea Logistics Holdings, and China Telecom. In 2019, Mislatel was renamed to DITO Telecommunity Corporation. DITO launched commercial operations in March 2021.
- In October 2020, Globe launched the fully digital telecom brand GOMO aimed towards digitally savvy Filipinos.

b. **Fixed Line Market Fixed Line Voice**

The number of lines in service in the fixed line voice market is estimated at 4.4 million subscribers as of December 31, 2024 with PLDT's subscriber market share at 84.5% and Globe subscriber market share at 15.5%.

The fixed line voice market is currently in decline as the country continues to shift towards alternative communication solutions like VoIP and chat messaging applications.

Corporate Data

The fixed line data business is a growing segment of the fixed line industry. As the Philippine economy grows, businesses are increasingly utilizing new networking technologies and the internet for critical business needs such as sales and marketing, intercompany communications, database management and data storage. The expansion of the local IT Enabled Service (ITES) industry which includes call centers and Business Process Outsourcing (BPO) companies has also helped drive the growth of the corporate data business.

Dedicated business units have been created and organized within the Company to focus on the mobile and fixed line needs of specific market segments and customers – be they residential subscribers, wholesalers and other large corporate clients or smaller scale industries. This structure has also been driven by Globe's corporate clients' preferences for integrated mobile and fixed line communications solutions.

c. Home Broadband Market

Home broadband continues to be a major growth area for the local telecom industry. In a 3-player market, industry home broadband subscribers are now at 8.2 million, up 7% versus 2023 with Globe's subscriber market share at 21% as of December 31, 2024. PLDT's subscriber market share is at 47% while Converge's market share is 31%. The aggressive network roll-out of the various operators, the wider availability of affordable prepaid broadband packages, as well as lower PC and tablet prices were the main drivers of subscriber growth. Operators used both wired and wireless technologies to serve the growing demand for internet connectivity.

The Philippine postpaid broadband market is nearing saturation, however, if not saturated already. This is why the Company's focus has now shifted to increasing utilization of its current network by delivering fiber connectivity to the broader market through prepaid fiber products.

2. Principal Competitive Strengths of the Company

a. Market Leadership Position

Globe is a major provider of telecommunications services in the Philippines. It is a strong player in the market and operates one of the largest and most technologically-advanced mobile, fixed line and broadband networks in the country, providing reliable, superior communications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients. Globe's distinct competitive strengths include its technologically advanced mobile, fixed line and broadband network, a substantial subscriber base, high quality customer service, a well-established brand identity and a solid track record in the industry.

b. Strong Brand Identity

The Company has some of the best-recognized brands in the Philippines. This strong brand recognition is a critical advantage in securing and growing market share, and significantly enhances Globe's ability to cross-sell and push other product and service offerings in the market.

c. Financial Strength and Prudent Leverage Policies

Globe's financial position remains strong with ample liquidity, and gearing comfortably within bank covenants. At the end of 2024, Globe had total interest bearing debt of ₱249 billion representing 60% of total book capitalization. As of December 31, 2024, gross debt to EBITDA is well within the

3.5:1 covenant level, currently at 2.66x. Before taking into account any swap and hedges, approximately 20% of debt is denominated in US dollars. After swaps, effectively none of the total debt is denominated in US dollars.

Globe intends to maintain its strong financial position through prudent fiscal practices including close monitoring of its operating expenses and capital expenditures, debt position, investments, and currency exposures.

d. Proven Management Team

Globe has a strong management team with the proven ability to execute on its business plan and achieve positive results. With its continued expansion, it has been able to attract and retain senior managers from the telecommunications, consumer products and finance industries with experience in managing large scale and complex operations.

e. Strong Shareholder Support

The Company's principal shareholders are Ayala Corporation (AC) and Singapore Telecom (STI), both industry leaders in the country and in the region. Apart from providing financial support, this partnership has created various synergies and has enabled the sharing of best practices in the areas of purchasing, technical operations, and marketing, among others.

Suppliers

Globe works with both local and foreign suppliers and contractors. Equipment and technology required to render telecommunications services are mainly sourced from foreign countries. Its principal suppliers, among others, are as follows:

The Company's suppliers of mobile equipment include Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc. and Nokia Shanghai Bell Co., Ltd. (China); and for transmission and IP equipment, the Company has partnered with Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc., Nokia Shanghai Bell Co., Ltd. (China), and ZTE Corporation (China). For small cell access solutions for residential and enterprise, Globe partnered with Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc., and Nokia Shanghai Bell Co., Ltd. (China), and Wuhan Fiberhome International (China).

For Fixed Line and Fixed Broadband Service, Globe's principal equipment suppliers include Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc. and Nokia Shanghai Bell Co., Ltd. (China), and Wuhan Fiberhome International (China).

The Company's major suppliers for Home Prepaid and Postpaid WiFi Optical Line Terminal (OLT) and modems are Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc., Nokia Shanghai Bell Co., Ltd. (China), Wuhan Fiberhome International (China) and ZTE Corporation (China).

For Network Management and Operational Support Systems, Globe's primary solution providers include Mycom OSI (Singapore), Amdocs Software Solutions (Hungary), Huawei International Pte. Ltd. (Singapore), Huawei Technologies Phils. Inc., Digitata Networks Corp (USA) among others.

For the Company's IT systems and infrastructure, Globe also engaged Amdocs Software Solutions (Hungary), Lotusflare Asia Pte. Ltd. (Singapore), Philippine companies Novare Technologies, Inc., Hewlett-Packard Philippines and Metro East Technology for continuous enhancement of its Services and Operations.

Customers

Globe has a large subscriber base across the country, ending 2024 with 60.9 million mobile subscribers, broken down into 2.4 million postpaid and 58.5 million prepaid subscribers. Globe also has 1.74 million home broadband subscribers and over 711 thousand fixed line voice subscribers.

No single customer and contract accounted for more than 20% of the Company's total sales in 2024.

Licenses, Patents, and Trademarks

Licenses

Globe currently holds the following major licenses:

Service	Type of License	Date Issued or Last Extended	Expiration Date
Globe			
Wireless	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
Local Exchange Carrier	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
International Long Distance	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
Interexchange Carrier	CPCN ⁽¹⁾	February 14, 2003	December 24, 2030
VSAT	CPCN ⁽¹⁾	February 6, 1996	February 6, 2021 ⁽²⁾
International Cable Landing Station & Submarine Cable System (Nasugbu, Batangas)	CPCN ⁽¹⁾	October 19, 2007	December 24, 2030
International Cable Landing Station & Submarine Cable System (Ballesteros, Cagayan)	CPCN ⁽¹⁾	June 29, 2010	December 24, 2030
International Cable Landing Station (Davao City, Davao del Sur)	PA	Dec. 15, 2015	June 14, 2017 ⁽⁶⁾

Innove	Type of License	Date Issued or Last Extended	Expiration Date
Wireless	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
Local Fixed line	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
International Long Distance	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
Interexchange Carrier	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
Local Exchange Carrier (LEC) Service Nationwide	PA	June 17, 2005	December 16, 2006 ⁽⁷⁾
International and Domestic Leased Line Services and Local Exchange Carrier Service within the Territorial Jurisdiction of Subic Bay Metropolitan Authority (SBMA)	CPCN	December 10, 2007	January 29, 2044 ⁽⁸⁾

Bayantel	Type of License	Date Issued or Last Extended	Expiration Date
Local Exchange Carrier (a) Quezon City, Malabon & Valenzuela, all in M.M., Albay, Camarines Norte, Camarines Sur, Catanduanes, Sorsogon & Masbate, all in Bicol Region (b) Manila, Caloocan, Navotas (c) Tacloban City, Tanauan and Palo, Leyte & Sogod, Southern Leyte	CPCN ⁽¹⁾	(a) July 19, 1999 (b) January 27, 2021 (c) January 27, 2021	(a) July 18, 2024 (b) August 9, 2046 ⁽³⁾ (c) August 9, 2046 ⁽³⁾

Bayantel	Type of License	Date Issued or Last Extended	Expiration Date
(d) Leyte (<i>Abuyog, Baybay, Burauen, Carigara, Dulag, Hilongos, Isabel, Palompon & Hilaga</i>) <i>Eastern Samar (Guiuan & Borongan)</i> <i>Western Samar (Catbalogan & Basey)</i> <i>Southern Leyte (Maasin)</i>	CPCN ⁽¹⁾	(d) January 27, 2021	(d) August 9, 2046 ⁽³⁾
(e) Antique, Iloilo, Bohol (except Tagbilaran City), Bukidnon, Misamis Occidental, Misamis Oriental (except Cagayan de Oro City), Zamboanga del Sur, Davao del Norte (except Tagum City), Davao del Sur, Davao Oriental, Saranggani, South Cotabato and Surigao del Sur	PA	(e) November 18, 2004	(e) July 25, 2006 ⁽⁴⁾
(f) Aklan, Capiz (including Roxas City), Guimaras, Negros Occidental (including cities of Bacolod and Bago), Negros Oriental (including Dumaguete City), Cebu (including cities of Cebu, Lapu-Lapu and Mandaue), Zamboanga del Norte, Surigao del Norte (including Surigao City), Tagbilaran City, Cagayan de Oro City and Tagum City	PA	(f) November 18, 2004	(f) May 18, 2006 ⁽⁴⁾
(g) Butuan City, Agusan del Norte & Agusan del Sur	PA	(g) June 27, 2002	(g) June 14, 2005 ⁽⁴⁾
VSAT	CPCN ⁽¹⁾	January 11, 2001	January 10, 2026
International Gateway Facility	CPCN ⁽¹⁾	April 19, 1996	April 18, 2021 ⁽⁵⁾
Trunked Mobile Radio System	CPCN ⁽¹⁾	April 2, 1998	April 1, 2023
Domestic Data and Voice Communications	CPCN ⁽¹⁾	January 27, 2021	August 9, 2046 ⁽³⁾

¹Certificate of Public Convenience and Necessity.

²Motion to Extend the Effectivity/Lifespan of the CPCN was filed on January 20, 2021 and is still pending with the NTC.

³CPCN automatically extended upon the effectivity of Republic Act 11503 (Bayantel franchise renewal) pursuant to Section 16 of Republic Act 7925.

⁴Motion for Extension of PA still pending with the NTC.

⁵Ex-Parte Motion to Extend the Effectivity/Lifespan of CPCN was filed on 13 April 2021 and is still pending with the NTC.

⁶Motion for Issuance of a CPCN and/or Extension of PA was filed on March 6, 2019 and still pending with the NTC.

⁷Motion for Issuance of a CPCN and/or Extension of PA was filed on November 2, 2006 and still pending with the NTC.

⁸The effectivity of this CPCN was originally co-terminus with the life of legislative franchise under Republic Act No. 7372 which has expired and automatically extended upon the effectivity of Republic Act No. 11151 (Innove franchise renewal) pursuant to Section 16 of Republic Act 7925.

In July 2002, the NTC issued CPCNs to Globe and Innove which allow the Company to operate respective services for a term co-terminus with the congressional franchise under RA 7229 (Globe) and RA 11151 (amending RA 7372; Innove). Globe was granted permanent licenses after having demonstrated legal, financial and technical capabilities in operating and maintaining wireless telecommunications systems,

local exchange carrier services and international gateway facilities. Additionally, Globe and Innove have exceeded the 80% minimum roll-out compliance requirement for coverage of all provincial capitals, including all chartered cities within a period of seven years.

Trademarks

Globe has the following registered trademarks in the Philippines:

After 5, Cyberheist, Creator Culture, GCreator Con, G Creator Con, GMusic Fest, Globe Hangouts, Globe Gamer Grounds, Sugoi Society PH, K-mmunity PH, Mindhive, Whiskey Business, #Globe of Good, The Hapag Movement, MakeltSafe.PH, #OneDigitalPH, Digital Thumbprint Program, 0917, ZNOS, Globe, Recreate, Better Days, Recreate, The World Right at Home, GlobeOne, Go Roam, Globe Roam, Globe Prepaid, GoSakto, GoSurf, GoUnli, Go Lang Nang Go, Go+, G Platinum Plan, G Platinum Plan Plus, GOMO, GOMO Roam, GOMO Fiber, We don't stop, We GOMO!, MOCreds, TM, TM Tambayan, TM All-In, TM Easy Plan, TM Secret, TM Bayan Fiber Wifi, TM Bayan Unli, Xtreme, FunAliw, FunKwentuhan, FunLaro, FunRaket, FunRewards, FunPasikat, Kaya Mo Now, Loaded sa Love, GFiber, G Fiber Prepaid, G Fiber Surf, Midnight Surf, Secret Surf, FamSurf, Bawa't Bahay May Wifi, Easy Watch, Easy Surf 50 Doble Data, EZ Extend, FunPinoy Packs, Game sa Lahat, Globe At Home, Globe at Home Air, Globe at Home Prepaid Wifi LTE Advanced with Doble Bilis Boosters, Globe At Home Unli Fiber Up, Globe Connected Home, Kapit Wifi, and The World Right At Home.

Globe has the following pending application trademarks in the Philippines: E-Waste Zero, Reduce, Recover, Recycle; PlayItRight. Help Stop Piracy, Globe Platinum, G Platinum Plan, Platinum OnePlan, and Go Roam.

Further, Globe has the following registered trademarks: Globe Telecom (Taiwan, Canada, Singapore, Macau), Globe: Bahrain, Kuwait, Malaysia, Singapore, Macau, Italy, Japan, Taiwan, Globe and Globe Life Device (Hong Kong, Malaysia, Taiwan, Singapore, Japan, EU (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden) United Kingdom, Kuwait, Macau, Qatar, UAE, Canada, USA, Saudi Arabia), Globe Life Device (Australia, Hong Kong, Malaysia, Taiwan, Singapore, Japan, EU (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden) United Kingdom, Kuwait, Macau, Qatar, UAE, Canada, USA, Saudi Arabia).

Globe subsidiaries and affiliates have applied/registered their respective marks with the Intellectual Property Office, namely:

- a. Globe Capital Venture Holdings, Inc. has the following registered trademarks: Edventure and Concaci. Further, it has filed the trademark application for "Kodeko" and "pettr".
- b. Brave Connective Holdings, Inc. has the following registered trademarks: Brave Connective, Courageous Brands Connect Better, Veda Brava and Veda Connective.
- c. Adspark, Inc. has the following registered trademarks: Adspark, SparkEd, SparkIntelligence, SparkRewards, SparkStudio, and SparkSuite.
- d. Inquiero, Inc. has the registered trademark, Inquiero.
- e. M360, Inc. has the following registered trademarks: Hummingbird by M360, More than messaging. Further, it has filed the trademark applications for "M360" and "Mobile360."
- f. Rush Technologies, Inc. has the following registered trademarks: Rush, Rush E-Store, Rush Loyalty, Rush Plus, and Powering Stores, Winning Customers.
- g. G-Xchange, Inc. has the following registered trademarks: Powerpay+, G-Xchange, GCash Logos,, GCash Forest, G Logo, GCash & G Logo GCat, GSave, GCredit, GIInvest, GIInsure, GLife, Send Ang Pao & Logo, KKB & Logo, GForest, GCash Pera Outlet Logo, GCredit Logo, GCash Padala Logo, GForest Logo, GIInvest Logo, GLife Logo, GLoan Logo, GSafe Logo, GSave Logo, GCash Jr., GScore, GGives, GCash PO, GCash Pera Outlet, GSafe, GPO, GDeals, GCash for Good, GCash Padala; GSafe Tayo, GIImpact, and a trademark applications for GCash for Business Soundpay, Soundpay, GCash for Business Soundpay +, GCash Soundpay +, Soundpay +, Soundpay Plus, GCash Soundpay, GCash for SoundPay Plus.
- h. Globe Fintech Innovations, Inc. has the following registered trademarks: Mynt Logos, Mynt A Fresh

- Look At Money Logo, and MYNT, BlockG, GCrypto, GStocks, and GFunds, and trademark applications for mynt finance for all (logo marks).
- i. Fuse Lending, Inc. has the following registered trademarks: Fuse Lending Logo, Fuse Logo, Fuse, GLoan, GGives.
- j. Ryse, Inc. has trademark applications for Ryse and Ryse logo.
- k. Asticom Technology, Inc. has the following registered trademark: Asticom Bridging People, Fueling Passions. Acquiro Solutions and Tech, Inc. has the following registered trademark: Acquiro.

Patents

G-Xchange, Inc. and UTIBA Pty Ltd. have registered the following patents in the Philippines:

- Person-to-Person Virtual Cash Transfer Transaction Using Mobile Phones;
- A Method of Converting Virtual Cash to Cash and Deducting from a Mobile Phone Cash Account.
- A Method of Cashless, Cardless Purchase Transaction Using Mobile Phones;
- A Method of Converting Cash into Virtual Cash and Loading it to Mobile Phone Cash Account; and
- A Method of Switching the Billing Mode of a Subscriber's Mobile Phone Services from Postpaid to Prepaid and Vice Versa Using One Subscriber Identity Module (SIM) Card Having One Mobile Phone Number;
- Gxchange, Inc. and UTIBA Pty Ltd. have likewise registered the following patent in the United States:
- Method of Converting Cash into Virtual Cash and Loading it to Mobile Phone Cash Account.

Government approvals/regulations

Globe Telecom, Inc. is regulated by the NTC under the provisions of the Public Service Act (CA 146), Executive Order (EO) 59, EO 109, and RA 7925. Under these laws, Globe is required to do the following:

- a. To secure a CPCN/PA from the NTC for those services it offers which are deemed regulated services, as well as for those rates which are still deemed regulated, under RA 7925.
- b. To observe the regulations of the NTC on interconnection of public telecommunications networks.
- c. To observe (and has complied with) the provisions of EO 109 and RA 7925 which impose an obligation to rollout 700,000 fixed lines as a condition to the grant of its provisional authorities for the cellular and international gateway services.
- d. Globe remains under the supervision of the NTC for other matters stated in CA 146 and RA 7925 and pays annual supervision fees and permit fees to the NTC.

On October 19, 2007, the NTC granted Globe a CPCN to operate and maintain an International Cable Landing Station and submarine cable system in Nasugbu, Batangas.

On May 19, 2008, Globe Telecom, Inc. announced that the National Telecommunications Commission (NTC) has approved the assignment by its wholly-owned subsidiary Innove Communications (Innove) of its Touch Mobile (TM) consumer prepaid subscriber contracts in favor of Globe. Globe would be managing all migrated consumer mobile subscribers of TM, in addition to existing Globe subscribers in its integrated cellular network.

On September 11, 2008, the NTC granted Globe a CPCN to operate and maintain an International Cable Landing Station in Ballesteros, Cagayan Province.

Research and Development

Globe incurred market research costs amounting to ₱112.49 million in 2024, a 12% decrease versus 2023 spend of ₱128.43 million.

Compliance with Environmental Laws

The Globe Group complies with the Environmental Impact Statement (EIS) system of the Department of Environment and Natural Resources (DENR) and pays nominal filing fees required for the submission of applications for Environmental Clearance Certificates (ECC) or Certificates of Non-Coverage (CNC) for its

cell sites and certain other facilities, as well as miscellaneous expenses incurred in the preparation of applications and the related environmental impact studies. The Globe Group does not consider these amounts material.

Globe has not been subject to any significant legal or regulatory action regarding non-compliance to relevant environmental regulations.

Employees

The Globe Group has 6,381 active regular employees as of December 31, 2024, of which 3% or 169 are covered by a Collective Bargaining Agreement (CBA) through the Globe Telecom Employee's Union (GTEU).

Breakdown of employees by main category of activity from 2022 to 2024 are as follows:

Employee Type	2024	2023	2022
Rank & File, CBU	706	1,325	1,321
Supervisory	3,186	3,742	4,048
Managerial	1,958	2,124	2,195
Executives	531	563	585
Total	6,381	7,754	8,149

In conformance with the Department of Labor and Employment's (DOLE) Collective Bargaining Agreement (CBA), the Globe Telecom Employees Union-Federation of Free Workers (GTEU-FFW) remains active to pledge the right of every Ka-Globe to form a collective bargaining unit. All employees are allowed to participate in CBA and through GTEU-FFW, everyone is informed and made aware of the mandates.

Globe has a long-standing, healthy, and constructive relationship with the GTEU characterized by healthy and constructive discussions and industrial peace. Both have shared goals such as enhancing productivity levels and ensuring consistent quality of service to customers across various segments.

Globe and GTEU-FFW renewed their collective bargaining agreement in March 2021. This is a testament to the strong partnership built between them and the alignment in their advocacies.

Risk Management

Globe believes that effective Risk Management (RM) practices play a crucial role in ensuring sustainable company growth and building resiliency towards future risk scenarios. Hence, Globe ensures that RM remains a core capability and an integral part of how decisions are made in the organization to deliver value to shareholders. The company's thrust is to embed RM in the daily lives of employees, empowering them to make intelligent choices when confronted by risks and opportunities.

Globe lives out its RM philosophy via three key pillars - Structure, Process and Culture.

Structure	Process	Culture
We strive to cultivate an organizational structure that supports strong corporate governance, clearly defines risk taking responsibility and	We strive to sustain sound processes that facilitate the identification, assessment, quantification, mitigation, management, monitoring and	We strive to nurture a risk aware culture by setting the appropriate tone at the top, defining clear accountability for risks, espousing transparency

Board of Directors

The Board of Directors ("Board") has the overall accountability in the oversight of Globe's risk management policies and practices. The Board oversees and conducts an annual review of the company's material controls, covering operational, financial and compliance areas and overall RM systems. To enable the Board to effectively discharge its roles and functions, various board sub-committees have been created that handle specific risk areas in accordance with sound corporate governance practices.

Board Risk Oversight Committee

A Board Risk Oversight and Sustainability Committee (BROSC) was created to provide focus and effectively consolidate the decentralized and overlapping risk oversight duties performed by various Board sub committees. The establishment of the BROSC will ensure an integrated and holistic oversight on RM at the Board level.

The BROSC is mandated to assist the Board in fulfilling its oversight responsibilities in relation to Risk Governance in Globe. This ensures that the Board and Globe's Management will be able to make well-informed decisions based on thorough assessment of risks and opportunities. This includes:

- Ensuring that there is an effective, efficient and integrated risk management process working in place;
- Enabling the identification, analysis, and assessment of key risk exposures its impact to Globe's strategic and business objectives, as well as the formulation of an effective RM strategy. This includes exposures related to Environmental, Social, and Governance (ESG) risks, as well as climate-related risks and opportunities;
- Cultivating a sound organizational structure with effective Enterprise Risk Management ("ERM") and Sustainability frameworks working in place;
- Establishing clear definitions of risk-taking authority, ownership, accountability, and proper segregation of duties; and
- Fostering a risk-aware culture that is pervasive throughout Globe, and ensures transparency in reporting of key risks to relevant stakeholders.

The BROSC is led by a Chairperson who must be an independent, non-executive director. At present, it is composed of four (4) directors, three (3) of which are independent, non-executive directors. The Board appoints all members of the committee.

The BROSC meets on a quarterly basis or as frequently as needed. The BROSC also submits and presents a report to the Board at least two (2) times a year containing updates on all actions initiated by the committee at the board meeting following the BROSC meetings, as well as a year end report outlining the committee's actions for the year, confirmation of how its responsibilities were discharged, assessment performed on the effectiveness of the committee, and recommendations for improvement.

Management

With guidance provided by the Board and its sub-committees, Globe's management is collectively responsible and accountable for the design, implementation, and continuous improvement of Globe's RM strategies, culture, practices, and capabilities intended to address the identified risks that impact the delivery of the company's strategic and business objectives.

Chief Executive Officer

The Chief Executive Officer (CEO), with respect to RM, is primarily accountable for the company's overall RM strategies, culture, capabilities, and practices in order to effectively mitigate risks that impact the achievement of the company's strategic and business objectives.

Chief Risk Officer

The Chief Finance Officer (CFO) and concurrent Chief Risk Officer (CRO) supports the CEO and the BROSC at the Management level, and is responsible and accountable for the overall design, implementation, and continuous improvement of the company's ERM program.

This includes:

- There is adequate supervision and guidance over the development, implementation, maintenance and continuous improvement of RM policies, processes and documentation;
- Risk Management processes and activities are embedded within the organization's policies, business cycles, and operational decisions;
- Responsibilities for managing specific risks by Senior Management are clear;
- The level of risk accepted by the company is appropriate;
- An effective control environment exists for the company as a whole; and

- In collaboration with Senior Management, BOD and its sub-committees, and other stakeholders, provide periodic information on the results of the annual risk assessment exercise and updates on the status of top risks, key risk mitigation activities, key risk and performance indicators and emerging risks that could impact the attainment of Globe's objectives.

Enterprise Risk Management Department

The Enterprise Risk Management (ERM) team supports the CRO in undertaking its role. The ERM team is responsible for developing, implementing, maintaining, and continuously improving the company's ERM program. Key functions of the ERM team include:

- Assisting the CRO and CEO in enabling the BROSC discharge its RM governance and oversight functions.
- Conducting the company's annual enterprise-wide risk assessment and monitoring exercise.
- Acts as the RM Program Management Office (PMO), providing overall RM direction and guidance across all RM Functions within the second line of defense in RM to ensure that said functions are able to effectively and efficiently manage the company's risks, is integrated into the company's strategic and business objectives, and complements the overall ecosystem of RM capabilities and functions.
- Developing, implementing, and improving risk culture building programs and activities, as well as supporting similar programs led by various RM functions within the company, that drive and embed the right RM disciplines and risk taking behaviors/attitudes across the organization.
- On a quarterly basis, the Board, through the BROSC, is apprised of the company's critical risks, control issues and key mitigation plans by the CRO and ERM team. Insights on the following are provided:
 - Risk management processes are working as intended;
 - Risk measures and mitigation plans are reported and continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.
- The CRO and ERM team can schedule executive sessions outside the scheduled BROSC meetings with the BROSC Chairwoman on an as-needed basis to discuss new or emerging risks, as well as critical risk updates that need immediate attention.

To ensure that the competencies of the ERM team remain up-to-date, all ERM team members are trained in the ISO 31000:2018 standard and are holders of certifications related to RM. The team also actively participates in various training programs, summits, and professional organization events related to RM throughout the year.

Internal Audit

The Internal Audit Group (IAG) provides independent assurance on the effectiveness of RM systems and processes. Internal Audit's examinations cover a regular evaluation of adequacy and effectiveness of RM and control processes encompassing the company's governance, operations, information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.

Risk Owner

Risk Owners and RM Functions (first and second line of defense in RM respectively) are primarily responsible and accountable for the effective management of the risk(s) assigned by management and/or identified within their area(s) of responsibility. Their responsibilities and accountabilities include, but not limited to:

- Understanding the risk/s and determining its drivers
- Implement Risk Management Practices and Capabilities (RMP&Cs) that operationalizes set RM strategies to effectively mitigate and manage risks.
- Monitoring and reviewing the level of risk exposures and continuing relevance of RM strategies and risk mitigation plans.
- Providing timely updates on the status of RM information and activities to concerned stakeholders.

In addition, specific responsibilities and accountabilities for RM functions include, but not limited to:

- Planning for and executing appropriate RM strategies, including the adoption of the necessary RM framework/s, standard/s, and policy/ies.
- Design, develop, and continuously improve Risk Management Practices and Capabilities (RMP&Cs).
- Securing required resources needed to enable RMP&Cs.

Risk Management Approach

Globe Telecom's overall RM framework and policy is anchored on the ISO 31000:2018 framework for Risk Management. Given the complexities of the telecommunications sector, Globe is inherently exposed to a diverse set of risks from both internal and external factors. To ensure that these sets of risks are effectively and efficiently managed, Globe adopts a decentralized, 3-lines-of-defense model approach to effectively manage its risks.

- Risk Owners, having first hand experience and expertise in managing risks on a daily basis, are given primary responsibility and accountability to address risks, including the adoption of one or more specialized frameworks and best practices that enable sound RM practices. Risk owners report timely updates on its risks and emerging threats to management.
- The CRO, enabled by the ERM, provides oversight of critical enterprise-wide, and operational risks to ensure that the individual RM practices of risk owners are designed in accordance with the overall RM framework and policy, and managed appropriately in accordance with the company's set risk appetites and tolerance levels.
- The CAE, enabled by the Internal Audit team, provides independent assurance that the RM policies and practices are both designed effectively and operating as intended.

Both the CRO and CAE report to the board via the BROSC and Audit and Related Party Transactions (ARC) committees respectively. Through the BROSC and ARC, in conjunction with other board sub-committees, the board discharges and maintains its oversight role on the company's risks.

To ensure that our RM approach remains effective, efficient, and relevant, the ERM continues to iterate and improve upon the company's RM policies and ways of working throughout the year. In 2021, the team embarked on the process of adopting the COSO ERM Framework to improve its overall RM approach, as well as integrating specific requirements of the TCFD Framework to further strengthen Environmental (including Climate related risks and opportunities), Social, and Governance (ESG) risk oversight and improve overall program efficiency.

Risk Management Process

Globe's RM cycle starts with an enterprise-wide assessment of risks is performed by the Management Team as part of the annual planning and budgeting process. This process starts with the identification of key risks that threaten the achievement of Globe's business and strategic objectives at the corporate and business unit level. These risks are then identified, analyzed, evaluated to identify the company's top risks for the next fiscal year. These risks are approved up to the BROSC level, and are assigned to the appropriate risk owner/s for the development of plans to manage said risks.

To ensure effective risk oversight and governance over the company's risks, Globe through the CRO and ERM has institutionalized a process to monitor the status of risks through monitoring key risk indicators, key performance indicators, status of mitigation plans, and identification of any emerging risks. On a periodic basis, the ERM, together with the risk owners, provide reports on the status of said risks to the CRO, management, and to the board via the BROSC and other board committees. A summary of the risk topics discussed throughout the year can be found in the BROSC report to the BOD.

At the operational level, risk owners ensure that the established strategies and mitigation plans to address the risks are continuously developed, updated, improved, and reviewed for effectiveness throughout the year as part of their BAU activities. The examinations performed by internal audit over internal controls, which include the review of established risk mitigation plans, provide independent assurance that said plans are in place.

Throughout the year, management through the various RM functions including ERM, also conducts various coordinated, end-to-end risk assessment studies on identified critical risk areas and emerging risks. Management believes that these studies are essential for a strong RM process as it reinforces the lines of defense while providing relevant insights both decision making and the management of Globe's top enterprise-wide risks. When necessary, the company seeks external technical support from 3rd party experts to aid management and the board in the performance of their RM duties and responsibilities.

Fostering the Right Risk Culture

Globe believes that fostering a culture of risk awareness and intelligence across the organization is essential in embedding and ensuring consistent application of sound RM practices in every decision point by every ka-Globe.

The ERM partners with various risk owners to ensure that RM advocacies are effectively cascaded to every employee through various culture building activities. Learning sessions, summits, and information drives are organized throughout the year by risk owners. These activities provide every ka-Globe with opportunities to understand the latest technologies, solutions, and trends in various fields, and learn about the risks, both at present and in the future and how they are effectively managed.

Risk and Sustainability

Given the accelerated pace of change in the business landscape brought about by business disruptions, global megatrends, and changes in stakeholder mindsets, Globe's management looks into various Environmental (which include climate-related risks and opportunities), Social, and Governance (ESG)-linked risks and how these interact with the company's principal risks. Globe has started integrating specific requirements of the Task Force on Climate-related Financial Disclosures (TCFD) Framework into its RM programs to further strengthen the climate-related risk oversight function of the BROSC. This was done through a climate-scenario analysis to contextualize the company's short-term, medium-term, and long-term climate-related risks (Physical and Transition) and opportunities as an input for financial and strategic decision-making. Globe also supports the Ayala vision of integrating RM and Sustainability practices as the way forward towards long-term sustainable business growth.

The ERM team, together with our Sustainability team, continue to work towards synergizing both practices to ensure that the company's ESG-linked risks are appropriately managed and in line with the company's sustainability commitments. Synergies include:

- Semi-annual reporting on ESG-linked risks and its management by the sustainability team to the BROSC;
- Integration of Sustainability-linked risks into the company's annual enterprise-level risk assessment exercise;
- Fulfilling sustainability disclosure requirements, as it relates to RM.
- Working towards the adoption of, and transition to, the requirements outlined in IFRS S1 and S2.

Risk and Property Management

ERM is part of the Risk and Property Management (RPM) organization under Finance. RPM brings together several RM programs that espouses the right risk management practices and cultures across the company. other RM programs alongside ERM in RPM include:

Integrated Management Systems (IMS) Program

The IMS program is a collective effort between a cross-functional team within RPM that is responsible for the design, implementation, review, continuous improvement, and certification of the following ISO certified management systems:

- *ISO 22301: Business Continuity Management*
The program aims to achieve a constant state of readiness to respond to disruptions through proactive and responsive teams, effective and efficient processes, and a resilient network, ensuring continued delivery of critical products and services.

- *ISO 14001: Environmental Management*
The program aims to ensure that the company's environmental impact is at a minimum, as a result of effective and efficient use of resources, pollution prevention, and waste management programs.
- *ISO 45001: Occupational Health and Safety*
The program aims to achieve a workplace with prime consideration for the safety and well-being of its employees, partners, and the public.
- *ISO 50001: Energy Management System*
The program aims to continuously improve the company's energy consumption and efficiency, either through energy consumption reduction and/or increasing the use of renewable energy solutions.

In addition, the same cross-functional team is responsible for the following:

- Works with risk owners to ensure compliance with the requirements of various government and regulatory bodies as it relates to the management systems under its scope. These include National Disaster Risk Reduction and Management Council (NDRRMC), Department of Labor and Employment (DOLE), Department of Health (DOH), the Department of Environment and Natural Resources (DENR), National Telecommunications Commission (NTC), among others.
- The development, implementation, activation, and continuous improvement of the company's disaster response and recovery frameworks. This includes operationalizing the company's disaster response capabilities to enable rapid, coordinated response towards various natural and man-made disasters.

Corporate Insurance Program

RPM is also responsible for the design, implementation, and continuous improvement of the company's corporate insurance program, ensuring that the company has sufficient and appropriate risk transfer solutions in place across various types of risk.

Risk Factors

The achievement of Globe's key business objectives can be affected by a wide array of internal and external risk factors. Some of these risk factors are universal while some are unique to the telecommunications industry. The risks vary widely in occurrence and severity, some of which are beyond the company's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material.

Globe aims to manage these exposures through developing appropriate RM strategies, establishing strong internal controls and capabilities, risk transfer methodologies (e.g., insurance covers) and close monitoring of risks (including emerging risks) and mitigation plans. This section outlines the various principal risks that impact Globe, listed in no particular order of significance:

Political and Socio-Economic Risks (External)

Globe's growth and financial health is influenced by the nation's political and socio-economic structures and conditions. The uncertainties in the political, geopolitical and social environment may have an adverse impact on the Philippine economy which in turn directly impacts the company's business, financial condition or results of operations, including the ability to sustain and enhance the growth of its customer base, improve its revenue base and implement its business strategies.

Globe is also susceptible to regional and geo-political shifts, as Globe relies on foreign vendors for telecommunications equipment/hardware, IT software and services including cloud-based services, handsets, among others. Key areas of concern include, but not limited to:

- International and regional conflicts, trade wars resulting in higher costs;
- Protectionism and deglobalization leading to supply chain disruptions;
- Threats to national security, such as terrorism, nation sponsored cyberattacks; and pandemics, among others, resulting in business disruptions.

Mitigation:

- A regular environmental scanning exercise is performed to ensure the identification of any uncertainties arising from global and local political and socio-economic factors;
- Create fall-back policies in cases of supply chain disruptions due to international trade ban and territorial lockdown;
- Maintaining a healthy relationship with various government sectors including dialog with regulators and legislators; and
- Strengthening the tie-ups with government programs and initiatives.

Regulatory Risk (External)

Globe is regulated by the National Telecommunications Commission (NTC), an attached agency of the Department of Information and Communications Technology (DICT), for its telecommunications business, and by the Securities and Exchange Commission (SEC) for other aspects of the business as well as the Philippine Stock Exchange (PSE) as one of its capital market regulators, to name a few. On the other hand, the Philippine Competition Commission (PCC) has oversight on the company's mergers, acquisitions, and other similar transactions as it is tasked to effectively level the playing field among businesses and penalize anti-competitive agreements and abuse of market dominance.

Globe is also working with the government in implementing key laws and regulations that affect the telecommunications industry. These include, but not limited to:

- Continuous improvements on the country's telecom network;
- Sharing of network/facilities across operators;
- Number portability;
- Regulations on service pricing and tariffs;
- Spectrum reallocations by regulators;
- National roaming capabilities; and
- Sustainability-linked laws and regulations impacting the telecom sector

Globe is closely monitoring the developments in relation to laws and regulations and has taken the necessary steps to ensure compliance. Compliance to new laws or regulations may significantly affect the company's operations and increase compliance costs. The Company maintains strong lines of communication with our government partners both local and national levels and remains supportive and compliant with regulations set by the government.

Mitigation:

- Maintain strong lines of communication with the government at the local and national levels, ensuring compliance with regulations set by the government;
- Partner with the government in improving communities and contributing to nation building;
- Quarterly reporting to the Board of Directors on the updates from upcoming laws and regulations and the current implementation status of new laws and regulations; and
- Enhance compliance effectiveness of Globe by/through:
 - Proactive internal compliance assessments;
 - Enhancing internal controls on processes impacted by specific laws and regulations;
 - Training the required staff and management on new laws and regulations; and
 - Programs that will establish and enhance the culture of compliance.

Competition Risk (External)

a) Traditional Competition (External)

Competition remains intense in the Philippine telecommunications industry amidst a mature mobile market and high growth data business, as new and incumbent competitors seek to increase market share with aggressive offerings. These factors are seen to further heighten the competitive dynamics amidst a mature mobile market.

Mitigation:

- Assert Globe's market position through the offering of personalized plans and launching of innovative products and services that are relevant and responsive to the need of the

- customers, focusing on superior customer experience;
- Continuously invest, build, and improve the Globe network to deliver superior network experience to customers;
 - Launch programs that aim to maintain high value customers and improve customer loyalty for both consumer and business segments; and
 - Leverage synergies within the Globe group to deliver superior customer service.
- b) Substitute and Alternative Competition (External)
- The competitiveness of the industry is further underscored by alternatives such as instant messaging, social network services and voice over internet protocol (VOIP). These alternatives are also driven by the proliferation of affordable smartphones and internet-capable mobile devices. The entry of Satellite Internet providers, using the Low Earth Orbit (LEO) technology, also poses a threat in disrupting the Telecom sector as a whole, with their promise of a high-speed broadband internet service available to areas unserved by local internet providers.
- As customers move towards an “everything on demand” lifestyle, there is an increased demand for telecom operators to be more than just service providers, opening the door for companies to offer content, media, and other services bundled with internet services at competitive prices as substitute products and services as compared with traditional telecom data services.
- As new technology and innovations emerge, such as Artificial Intelligence (AI), Smart Cities, exploration towards Satellite Internet Access, among others, potential new substitutes and alternatives to existing telecom services may arise in the future that can impact the company’s growth and sustainability should it fail to respond well.

Mitigation:

- Partner with leading providers of content, mobile messaging, social media and other popular applications in order to provide products and services that anticipate and cater to shifting customer preferences;
- Enable swift responses to new market developments and customer preferences by implementing an agile organization and open technologies;
- Develop innovative services with new business and pricing models that will cater to the changing needs of the customers, as well as adopt new technologies that improve overall service delivery; and
- Develop a monitoring program that will identify key changes and developments in market environment, supply chain management, technological advancements and customer preferences.

Talent and Succession Risks (Internal)

Globe believes that its greatest asset is its people, thus ensuring that the company is able to acquire and retain competent, purpose-driven, and future-thinking talents is crucial to the company’s continued success. Succession planning is also a critical area in order to build a Globe that lasts, developing the next generation of leaders ensures that there will always be people who can, and will, lead Globe into the future.

Increasing need for specialized talent that is in short supply, the threat of talent poaching both from competition and other industries that aim to acquire talents with telecom exposure, the allure of working abroad versus working locally due to better compensation, opportunities, and alternative working arrangements (e.g., full work from home, rise of digital nomads, etc.) are the key risks that Globe faces in securing talent. On the other hand, the lack of ready-now talents for key leadership positions, as well as the inability to provide the right work environment, office culture, and development opportunities where high potential talents can thrive and develop into the next generation of leaders and where the entire people of the organization remains engaged and productive, are the key risks that Globe faces in retaining and developing talent.

Mitigation:

- Development of robust talent succession development program that identifies high potential talents and ensure a healthy supply of ready-now talents to key leadership positions;
- Implementation of various people engagement and development programs and activities that boost employee morale, including programs that promote workplace psychological safety and fostering purpose-driven mindset to all Globe employees;
- Robust internal training programs for continuous learning and development, including specialized

courses that upskill the workforce to new technologies and disciplines that would otherwise be not readily available on traditional learning channels;

- Strategic partnerships with universities and academic institutions to harness fresh talents and meet the organization's long-term talent needs and promote internal growth;
- Strict compliance monitoring for accredited third-party vendor partners on pertinent labor laws and regulations; and
- Implementing measures to secure employee health and wellbeing, including mental health.

Financial Risks (External/Internal)

a) Foreign Exchange Risk (External)

Globe is exposed to two types of Foreign Exchange (FOREX) risks - transaction exposures and translation exposure. FOREX transaction exposures results from inflows of US Dollar (USD) from operations during a peso appreciation. The company's FOREX translation exposures result primarily from movements of the Philippine peso against the USD with respect to USD-denominated financial assets, liabilities, revenues and expenditures.

There are no assurances that declines in the value of the peso will not occur in the future or that the availability of foreign exchange will not be limited. Recurrence of these conditions may adversely affect the company's financial condition and results of operations.

Mitigation:

Manage FOREX risks in such a way that transaction exposures will offset translation exposures. This is done by:

- Assessing FOREX risk through sensitivity analysis estimating the Profit & Loss (P&L) impact of a change in the USD/PHP rate;
- Entering into forward contracts to hedge against peso appreciation in the case of a FOREX transaction exposure;
- Entering into short-term foreign currency forwards and long-term foreign currency swaps in the case of a FOREX translation exposure; and
- Entering into principal-only swaps to hedge FOREX risk exposure to principal repayments on USD debts.

b) Interest Rate Risk (External)

In order to fund the company's major expenditures, Globe has entered into various short and long-term debt obligations, which exposes the company to the risk of changes in interest rates.

Mitigation:

Manage interest rate risk in such a way that levels of debt can achieve a balance between cost and volatility. This is achieved through:

- Assessing interest rate risk through sensitivity analysis estimating the P&L impact of an indicated movement in interest rates;
- Setting a target level of fixed and variable debt mix; and
- Entering into interest rate swaps to reduce volatility related to interest rate movements.

c) Liquidity Risk (Internal)

Globe revolves in an industry where there are rapid technological advances. This puts a great pressure on the company's financial structure to generate sufficient cash flows to finance its capital investments and refinance its outstanding debts.

Mitigation:

- Evaluate Globe's projected and actual cash flows and continuously assess conditions in the financial markets for opportunities to pursue fund raising activities;
- Strengthen Capital Expenditure (CAPEX) planning supported by data-driven decision making process; and
- Ensure stable access to the capital market by maintaining an investment grade credit rating, strong liquidity position and balance in resource allocation between CAPEX and Operational Expenditures (OPEX).

Information and Communications Technology Risk (Internal)

The transformation of Globe's product portfolio from traditional telecom services to a data driven ecosystem of product and service offerings is enabled by the right systems and technologies. Mobile data applications and the rising popularity of smartphones, social media platforms as enabled by mobile and connected devices continue to drive the exponential surge in data traffic. Consequently, this leads to a clamor for fast, reliable, yet affordable data services. In response, Globe's Network infrastructure and Information Technology platforms and systems undergo constant change and improvement to remain robust and anticipate and meet future demands. This ensures improved network quality, enhanced customer service and experience, optimized total cost of ownership.

Globe considers the following factors as its key risks in this area:

- Anticipating and selecting the right mix of technologies to adopt and implement;
- Constant change and improvement leading to disruption of customer service and experience;
- Technology ecosystems not working harmoniously with one another ;
- Continuous upgrade and change-out of legacy/outdated platforms;
- Total cost of ownership and operation are not optimized; and
- The right technologies are not implemented at the right place at the right time.

Mitigation:

- Continuous environmental scanning for the latest innovations and trends in telecom technologies, devices, and gadgets to determine the right information and communication technologies needed to both support new products and services, and for future-proofing both from a technology and cost to maintain and operate perspective;
- Adoption of best practice frameworks and standards to ensure that Network and IT transformation programs meet global standards in execution, efficiency, and security; and
- Institutionalize appropriate program governance organizations with Management oversight to ensure that key Network and IT transformation programs are on track, its risks managed, integrates harmoniously with the overall technology ecosystem, and does not result in unintended disruptions that negatively impact customer experience.

Business Disruptions (External/Internal)

The quality and continued delivery of Globe's services are highly dependent on Globe's network/IT infrastructure and a well-functioning work force, which are vulnerable to threats caused by extreme weather disturbances, natural calamities, fire, acts of terrorism, intentional damage, malicious acts, pandemic and other similar events which could negatively impact the attainment of revenue targets and the company's reputation.

Mitigation:

- Enhance Globe's incident and crisis management plans and capabilities and incorporate disaster risk reduction and response objectives in the company's business continuity planning;
- Regular exercising of established plans to ensure that they stay relevant and effective, updating the plans as needed; and
- Continuous partnerships with local and national government, as well as non-government organizations, in responding to natural and man-made crises.

Cybersecurity Risk (External/Internal)

The cybersecurity landscape is rapidly evolving and users are heavily relying on digitized information and sharing vast amounts of data across complex and inherently vulnerable networks. As Globe continues to introduce personalized products and services and customized transactions to its customers, it stores personal information through product and service preferences and transaction history. This exposes Globe to various forms of cyberattacks which could result in disruption of business operations, damage to reputation, legal and regulatory fines and customer claims.

New technologies and systems being installed in the name of advanced capabilities and processing efficiencies may introduce new risks which could outpace the organization's ability to properly identify, assess and address such risks. Further, new business models that rely heavily on global digitization, use of cloud, big data, mobile and social media expose the organization to even more cyberattacks.

Mitigation:

- Strengthening and enhancement of Globe's existing security detection, vulnerability and patch management, configuration management, identity access management, event monitoring, data loss prevention and network/end-user perimeter capabilities to ensure that cyber threats are effectively managed;
- Implementing programs that enhance information security awareness among the organization;
- Conducting information security reviews on outsourced processes and systems from Globe's third party suppliers; and
- Educating the youth to better understand the impact of their online behavior so they can be responsible digital citizens, thereby lessening cyber threats to Globe.

Data Privacy (External/Internal)

In the course of regular business, Globe acquires personal information of its customers and retains the same either electronically or via hard copies. Existing laws require that information, especially customer information, must be adequately protected against unauthorized access and or/disclosure. The risk of data leakage is high with the level of empowerment granted to in-house and outsourced employees handling sales and after sales support transactions to enable the efficient discharge of their functions.

A Chief Information Security Officer (CISO) ensures the adequacy of information/cybersecurity capabilities and controls. On the other hand, a Data Protection Officer manages programs and initiatives to address the risks relating to the confidentiality and integrity of customer information while ensuring compliance with the Data Privacy Act of 2012 (Republic Act 10173).

Mitigation:

- Promote employee awareness on data protection and loss prevention through regular corporate communication channels;
- Enforce employee accountability on maintaining confidentiality of data handled, including disclosures and information shared in various social media platforms;
- Strengthen controls over processes that require handling of customers' personal information and existing security capabilities to prevent compromise of customer data; and
- Conduct regular compliance reviews of third party suppliers handling customer information to Data Privacy Act of 2012 (Republic Act 10173).

Digital Transformation Risk (Internal)

In the age of Digital, Globe strives to be an agile organization - in the technologies it uses, in its day-to-day processes, and in its people and how the company is organized, to keep up with the needs and demands of its customers. Failure to drive the entire organization to quickly adapt to new ways of working, to new technologies that reduce complexity and increase efficiency, and make the right shift in skills and competencies necessary for Globe to lead in the digital space and forge into adjacent spaces, may lead to missed business opportunities, ineffective and bureaucratic processes and systems, and inefficient use of limited resources.

Mitigation:

- Implement cultural change programs and adoption of new ways of working, focusing on customer centricity, innovation, and agile;
- Opportunistic hiring of talents required for innovation and new investment areas; and
- Build the right leadership structures and systems that will support an agile, future-ready, and customer centric organization.

Reputation and Customer Experience Risk (External)

Globe is recognized as one of the Philippines' top companies providing innovative and superior products and services, creating wonderful experiences and constantly striving to delight its customers at every corner. Globe is also recognized as a company that commits its purpose of creating a Globe of Good by helping build a Digital Nation, caring for the Environment, as well as treating people right and leaving a Positive Societal Impact to the nation.

These promises and commitments expose the company to reputational risks. Damage to Globe's reputation and erosion of brand equity could also be triggered by several factors such as the inability to swiftly and adequately handle customer complaints, negative social media sentiments, adverse public perceptions, failure to deliver on customer promises, inability to understand customer preferences and overall service experience, among others.

Mitigation:

- Frequent reviews of existing processes influenced by customers to identify and address existing gaps, minimizing exposure from risk areas;
- Train front line staff to enhance customer handling and dispute resolution;
- Implement comprehensive programs that farm customer feedbacks effectively and analyze them to create customer centric strategies; and
- Closely monitor customer online sentiments to immediately address customer issues before it surfaces to mainstream online platforms.

Revenue Leakage Risk (Internal)

The telecommunications industry is inherently vulnerable to revenue leakage, with the continuing innovations in Telecom Technologies, Network and IT systems and the multitude of its service/bundle/plan offerings accompanying such advancements. The pace at which new offers are launched in the market and the speed of technological innovations being adopted by Globe, coupled with the ongoing Network and IT transformation programs heightens the need to identify and plug revenue leakages becomes an even more important capability in maximizing revenues and returns.

Mitigation:

- Identify and embed appropriate revenue assurance controls into new products and services;
- Ensure solid internal controls on existing revenue-impacting processes through periodic controls review exercises, controls discovery and review of critical processes; and
- Implement a revenue assurance tool that would increase efficiency in its operations through automated execution of controls.

Fraud (Internal/External)

Globe runs the risk of falling victim to fraud perpetrated by unscrupulous persons or syndicates either to avail of "free" services, to take advantage of device offers or defraud Globe's customers. With the increased complexity of technologies, network elements and IT infrastructure, new types of fraud that are more difficult to detect or combat could also arise. This risk also involves irregularities in transactions or activities executed by employees for personal gain.

Mitigation:

- Institutionalize processes and build capabilities that enable the early detection, investigation, resolution and enforcement of sanctions and legal options, close monitoring and timely reporting of various instances of fraudulent activities;
- Increase organizational awareness of fraud policies and its consequences through regular communication channels of the company. The company promotes a positive work environment through clear organizational structure, written policies and fair employment practices, effectively preventing employee fraud and theft;
- Strengthen internal controls on processes with high vulnerability on fraud risks;
- Implement various programs to equip its customers with the right information so that they do not fall victim to fraudsters; and
- Closely coordinates with law enforcement agencies to help protect its customers from activities meant to defraud them.

3rd Party Risk (External)

In an increasingly globalized and interconnected world, Globe seeks out various 3rd party providers who play significant roles in delivering superior products and services, managing total cost to operate to remain competitive. Globe banks on the partners' industry expertise and wealth of experience to extend the reach and expand the capabilities of the company. Currently, Globe engages 3rd party partners across key aspects of the company's operations - from supply chain and procurement, managed services, billing and

collection, facilities management and security, call center services, store operations, among others. As a result, these partners indirectly carry the Globe brand. Thus, this exposes the company to 3rd party risks on business continuity, cybersecurity, legal and regulatory compliance, supply chain management, and responsible business operations, to name a few.

Mitigation:

- Implementation of strict vendor accreditation, selection/award and retention process. Vendors are also closely monitored for compliance with agreed-upon quality and service level standards as a means for retention, and imposition of rewards and penalties;
- Vendor trainings and indoctrination on Globe's processes, policies, quality standards and targets;
- Conduct 3rd party partner audits on key standards and best practices such as business continuity management, information security management system, environmental compliance, among others; and
- Identification of alternative suppliers for key network components, devices, services, etc.

Environmental, Social, and Governance (ESG)-linked Risks (Internal/External)

Globe conducts a materiality study every two years to determine sustainability-linked or ESG-linked risks. These risks can cause not just financial and reputational damage but also negative impacts to the environment and society if left unguarded. Globe's stakeholders are interested to know its ability to effectively mitigate said risks - Investors and creditors in particular are looking into how companies address ESG-linked risks as part of their investment decisions. Customers are increasingly becoming aware of issues concerning ESG, and have been seen to give less preference to companies that do not incorporate sustainable practices into their businesses. Governments and regulators around the world, including here in the Philippines, have also begun setting up regulations that will require companies to report on ESG-linked risks as part of ensuring good corporate governance practices. ESG-linked risks include, but are not limited to:

- a) Environmental Risks - responsible use of natural resources, biodiversity conservation, responsible handling and disposal of waste, management and control of pollution, reduction of carbon and resource consumption footprint, assessment of vulnerability to climate-related risk and opportunities, adoption of green technologies and other opportunities.
- b) Social Risks -human rights, adherence to labor standards, equal opportunities, employee health, safety, and welfare, transparency and accountability over products and services, privacy and data security, unfair and unethical sourcing of resources and labor, and delivering positive impact to the communities served.
- c) Governance Risks -responsible business operations, commitment to good corporate governance practices, board management practices, transparency and accountability at the top management level, transparent and responsible reporting of financial and tax information, compliance with prevailing laws and regulations, stand against corruption and unethical business practices.

Mitigation:

- Institutionalize an enterprise-wide sustainability strategy that oversees Globe's programs and initiatives as well as ensure delivery of commitments made to various sustainability targets (e.g., UN SDG commitments, carbon reduction commitments, GSMA commitments, among others);
- Institutionalize capabilities, processes, and frameworks that address one or more ESG-linked risks, which include 3rd party audit and certification of said capabilities wherever possible to ensure that practices are up to international and/or generally accepted standards as well as seek 3rd party consultants' help and expertise to build capabilities whenever applicable;
- Commitments by management towards sustainability frameworks and principles that tackle one or more ESG-linked risks (e.g., UN SDGs, UN Global Compact, TCFD framework adoption, among others);
- Establish board oversight over the management of environmental, social, and governance (ESG) risks;
- Monitor ESG-linked trends to anticipate risks and opportunities;
- Regularly report on progress on sustainability-related targets and initiatives; and
- Regular awareness campaigns and training across the company to continuously build support for and raise appreciation on sustainable practices and how they contribute to the creation of value for the company.

For further details on Globe's financial condition and operations and other information, please refer to its 2024 Financial Reports and SEC17-A which are available on its website www.globe.com.ph.

Ayala Group also conducts business in the areas of automotive/ motors, infrastructure, logistics, healthcare, technology ventures, and education.

AC Industrials

Ayala engages in the industrial technology and automotive businesses through AC Industrials. AC Industrials manages a portfolio of subsidiaries and investments in global manufacturing, emerging technologies and components, and the assembly, distribution and retail of vehicles in the Philippines.

AC Industrials' global manufacturing interests consist of a 52.03% stake in IMI, a Philippine publicly listed company and ranks among the top 25 EMS service providers in the world. It previously held a 92.45% share in German-domiciled MT-C-CON group which was formed when MT Misslbeck Technologies, acquired by AC Industrials in July 2017, purchased a 75.1% stake in C-CON in 2019. The group provided modeling, cubing, tooling, and parts design and manufacturing services directly to global automotive brands. AC Industrials sold all its stake in MT C-CON group in August 2023 as part of its portfolio rationalization initiatives.

AC Industrials also houses ACMobility, one of the largest multi-brand vehicle distributor and dealership group in the Philippines which carries the *Honda*, *Isuzu*, *Volkswagen*, *Kia*, *Maxus*, and *BYD* automobile brands. AC Industrials is also present in the automotive aftermarket space through the Philippine Master Franchise of Bosch Car Service. ACMobility also operates Ayala's EV Infrastructure development unit which is responsible for growing the network of electric vehicle charging solutions across the Philippines.

AC Industrials distributes the *KTM* and *Husqvarna* brands of motorcycles, and also manufactures and exports selected models to markets in Southeast Asia and China through its joint venture with KTM AG, KTM Asia Motorcycle Manufacturing Inc.

AC Industrials participates in the electric motorcycle space through IMI's manufacturing partnership with US-based Zero Motorcycles.

AC Industrials also entered the smart energy value chain after acquiring a 99.20% stake in Merlin Solar Technologies in February 2018.

ACMobility

ACMobility is the umbrella name for a group of companies held under AC Industrials which is active across the Philippine mobility solutions value chain. It is one of the largest automotive groups in the Philippines with investments and operations in automotive distribution and retail, independent aftersales services, and electric mobility infrastructure. From a single-brand automotive dealership business, it has since grown its portfolio to offer a total of five (5) automobile brands, an EV infrastructure division, and an automotive aftermarket unit. The ACMobility Group is organized into several legal entities but in practice operates as a single unit.

In 1990, the Group invested in the national manufacturer and distributor of Honda automobiles, Honda Cars Philippines, Inc ("HCPI"), of which it owns 12.88% in a joint venture with Honda Motors Co. Ltd. of Japan and Rizal Commercial Banking Corporation ("RCBC"). AC Industrials subsequently established the dealer group under Honda Cars Makati, Inc ("HCMI"), which operates the largest Honda dealership network in the Philippines, with twelve outlets. The Group later expanded its automotive holdings with Isuzu Automotive Dealership, Inc ("IADI"), which is also the largest Isuzu dealer group in the Philippines, with eleven dealerships. In addition, AC Industrials has a 15% share in Isuzu Philippines Corporation ("IPC"), the brand's distributor in the Philippines. IPC is a joint venture with Isuzu Motors, Ltd., Mitsubishi Corporation and RCBC.

In 2013, AC Industrials began its entry into automotive distribution when it was appointed as the Philippine distributor of Volkswagen vehicles. In 2018, AC Industrials further expanded its brand portfolio when it

acquired the national distributorships of Kia (through KP Motors Corporation (“KPMC”), a 65% joint venture with Roadworthy Cars, Inc., the brand’s previous Philippine distributor) and Maxus (through Automobile Central Enterprises, Inc.). As of the end of 2024, ACMobility managed a network of 27 BYD dealerships, 40 Kia dealerships, and 4 Volkswagen dealerships nationwide.

With the reorganization of the automotive businesses of AC Industrials under the ACMobility Group in 2023 including the August 1, 2023 effectiveness of the merger among HCMI, IADI, Honda Cars Cebu, Inc., Isuzu Cebu, Inc., Isuzu Benguet Corporation, and Iconic Dealership, Inc. (“IDI”) with IDI as the surviving entity, the ACMobility Group now actively retails its automobile and motorcycle distributor brands through IDI. HCMI and IADI ceased to exist as a result of said merger. As of December 31, 2024, IDI owns and operates 10 Honda, 12 Isuzu, 2 BYD, 4 Kia and 2 Volkswagen dealerships.

On August 11, 2023, Ayala and BYD Philippines executed a Distribution Agreement (the “Agreement”), which granted Ayala the right to distribute and sell BYD passenger electric vehicles in the Philippines and appoint dealers for the purpose of selling and maintenance of said electric vehicles. Ayala assigned its rights and obligations under the Agreement to ACMobility’s subsidiary, Mobility Access Philippines Ventures Inc. (“MAPVI”). As distributor, MAPVI will oversee the sale of BYD’s passenger vehicles through a dealer network, drive the expansion of the brand’s footprint in the country, and support customers’ aftersales requirements through the provision of parts and technical support, both to new buyers as well as existing BYD owners. According to Statistica Inc., BYD Co. Ltd. is the world’s largest electric vehicle manufacturer, producing nearly 1.8 million electric vehicles in 2024. It is also a major manufacturer of electric industrial equipment, batteries, and solar panels. Listed on both the Hong Kong and Shanghai stock exchanges, BYD is represented in the Philippines by its local subsidiary, which manages the importation of vehicles and parts.

The ACMobility Group also established its Mobility Infrastructure division in late 2023, which aims to support the adoption of electric vehicles by establishing one of the largest networks of electric vehicle charging stations nationwide, and by rolling out innovative charging solutions which cater to the unique needs of Philippine consumers.

As part of its strategy to increase touchpoints with the customer across the automotive ecosystem, the ACMobility Group secured the Philippine Master Franchise of Bosch Car Service on October 18, 2023, its first venture into the independent automotive aftermarket space. Through the Master Franchise, AC Industrials’ subsidiary, AC Automotive Business Services Inc. (“AABS”), obtained the rights to manage, grow, and supply the network of Bosch Car Service outlets across the country. These outlets will be able to provide a wide range of repair and maintenance services to vehicles from all major car brands.

According to Chamber of Automotive Manufacturers of the Philippines Inc. (“CAMPI”) and the Truck Manufacturers Association (“TMA”), the Philippine automotive industry grew 8.7% to a record-high of over 467,000 vehicles sold. The solid growth was due to a combination of factors including sustained economic growth, more accessible vehicle financing, and an expansion in model offerings from both incumbents and new market entrants.

New energy vehicles (“NEVs”), comprising both battery electric vehicles (“BEVs”) and plug-in hybrid electric vehicles (“PHEVs”), are an emergent segment of the industry, —making up 1.2% of total industry sales in 2024 from 0.1% the prior year. The increase was in large part due to improving regulatory support, as the introduction of the Electric Vehicle Industry Development Act (“EVIDA”) in 2023 provided strong backing for the nascent space. The legislation includes key enabling mechanisms such as tax incentives for importers and manufacturers of NEVs, mandates for businesses to integrate NEVs into their company fleets, and exemption from the Unified Vehicular Volume Reduction Program for NEV users. This enabling regulatory support is complimented by a growing number of competitively priced models, making NEVs more accessible to a broader customer base.

Aside from NEVs, the Hybrid Electric Vehicle (“HEV”) segment also continues to gain popularity in the Philippines. HEVs accounted for 3.8% of vehicle sales in 2024, as incumbent players introduced more models throughout the year. The combined NEV and HEV segments now account for 5.0% of the industry, representing growing consumer demand for the technology.

For the full year 2024, ACMobility saw revenue growth of 41.0%, from ₱20.9 billion in 2023 to ₱29.5 billion in 2024, on the back of strong growth in unit sales. However, the company posted an attributable net loss

of ₱464.6 million, a reversal of the ₱118.9 million attributable net income booked in 2023, mainly due to start-up costs incurred from the launch and ramp-up of new businesses, foreign exchange impact, and one-off adjustments.

ACMobility's total wholesale sales reached 23,483 units across its multi-brand portfolio, translating to a year-on-year growth of 46.0%. The performance was driven by distributor brands BYD and Kia, as BYD sold a total of 5,341 units wholesale while Kia sold 7,210 units wholesale. Meanwhile, the dealerships group recorded sales of more than 13,000 units as it focused on defending share in the network. At the end of 2024, ACMobility had a consolidated market share of 4.9%, and an estimated 82% share of the NEV market.

The strong volume growth of ACMobility was primarily due to the numerous product launches by BYD and Kia. ACMobility launched eight new models of passenger vehicles in different segments in 2024: the Kia Sonet; BYD Sealion 6 DM-i; Kia Carnival; BYD Seagull; Kia EV9; BYD Seal; BYD Seal 5 DM-i; and Kia Carnival Turbo Hybrid. These launches enabled ACMobility to gain significant presence across multiple price points in varying product categories across the market.

ACMobility also made significant strides in expanding its EV charging infrastructure network, having installed a total of 111 charging points in 2024. At the end of the year, its charging network was comprised of a total of 215 charge points, 141 of which have been electrified and powered with 129 AC chargers and 6 DC chargers, with a total power capacity of about 3,956 kilowatts. These charging stations are strategically located in malls, offices, hotels, country clubs, condominiums, and parking facilities, most of which are in Ayala Land developments and are increasingly utilizing renewable energy.

Plans are in place to increase the number of charge points to 700 by the end of 2025. Additionally, ACMobility has started to pilot innovative solutions such as mobile and on-demand charging services, all with the intention of creating solutions that address customer challenges today. Moreover, ACMobility has received funding by way of a financing package awarded by the Asian Development Bank to Ayala Corporation in the amount of US\$100 million, which will be used to accelerate and expand the company's EV charging infrastructure projects and to facilitate the introduction of even more electric mobility options into the Philippine market.

Given the rapid evolution of the automotive industry, ACMobility is consistently reviewing partnerships and opportunities with its various investments in the automotive space. Strategic changes across brands for model line-ups and service facilities may occur on a regular basis, while portfolio management changes may be applied over time in response to new trends.

Two-Wheel Business

AC Industrials invested in its first motorcycle brand in 2016 when it formed a strategic partnership with Austrian motorcycle group KTM AG, establishing Adventure Cycle Philippines ("ACPI") to distribute KTM motorcycles in the Philippines. In addition, AC Industrials holds a 60% share in KTM Motorcycle Manufacturing, Inc. ("KAMMI"), a joint venture with KTM AG that assembles and manufactures KTM motorcycles in the Philippines to supply both the local and export markets. In 2020, ACPI was also appointed as the Philippine distributor of Swedish motorcycle brand Husqvarna, with KAMMI manufactured selected models at its assembly line in Laguna.

Cessation of KTM and Husqvarna Distribution Business and Divestment of KTM Asia Motorcycle Manufacturing, Inc.

As part of AC Industrials' portfolio management initiatives, ACPI ceased its operations as Philippines distributor of KTM and Husqvarna motorcycles effective on September 30, 2024. On the same date, IDI, a wholly owned vehicle dealership subsidiary of AC Industrials, ceased selling and servicing KTM and Husqvarna motorcycles.

On September 13, 2024, AC Industrials executed a binding term sheet with KTM AG for the acquisition by KTM AG of all of AC Industrials' shares in the motorcycle manufacturing entity (KTM Asia Motorcycle Manufacturing, Inc.) based in Laguna, Philippines.

However, on November 29, 2024, KTM AG filed for the initiation of judicial restructuring proceedings with self-administration. AC Industrials and KTM AG continue to discuss next steps in light of the said development.

Enabling Technologies Group

In 2017, AC Industrials started assembling its portfolio of enabling technologies when it acquired a 94.9% stake in Germany-based Misslbeck Technologies, which was subsequently renamed MT Technologies. It is a tooling, cubing, and serial production business that primarily produces tools, provides modelling services, and manufactures parts for German automotive original equipment manufacturers ("OEMs"). These capabilities were further strengthened when MT Technologies acquired a 75.1% share in the C-CON entities, a group of four companies based in Germany that provides development, design, manufacturing, and process design services to automotive and aerospace OEMs. C-CON also offers a unique proprietary process for carbon fiber reinforced polymer production.

On August 18, 2023, AC Industrials sold its 92.45% stake in MT Technologies to Germany-based Callista Asset Management 18 GmbH, an affiliate of Callista Private Equity.

AC Industrials also entered the smart energy space after acquiring a 98.96% stake (which has since been increased to 99.2%) in Merlin Solar Technologies in February 2018. Based in San Jose, California, Merlin holds proprietary grid technology that enables specialty solar panels for unique and demanding applications primarily in transport, marine, roofing and mobile. Merlin Solar Technologies, Inc. manufactures in the Philippines, U.S. and Thailand.

On July 23, 2024, an equity funding round had been concluded for Merlin (with the participation of Ayala and other investors) resulting in the dilution of Ayala's indirect stake from 93% to 56%. On February 3, 2025, the final close for the capital raise was completed. This further reduced the effective ownership of Ayala in Merlin to 39.13%.

For further information on AC Industrials, please refer to its website www.acindustrialtech.com.ph.

Infrastructure

Ayala selectively pursues infrastructure projects in regulated and non-regulated sectors in the Philippines through AC Infra, its 100% owned vehicle for investments in the infrastructure sector.

Euronet Technology Services, Inc.

Joint venture between the Ayala Group and the Nasdaq-listed company, Euronet Worldwide. It plays a strategic role in promoting financial inclusion by providing the physical and digital channels that facilitate transactions of banks and fin techs with their customers and consumers. ETSI provides the ATM outsourcing services to financial institutions and has launched a network of white-label ATMs to serve the cash dispensing and cash-in requirements of banks and e-wallets. ETSI also supports technologies that enable digital payments and other value-added services on its white label ATM network.

Light Rail Manila Corporation

Light Rail Manila Corporation ("LRMC") is a joint venture company of AC Infra, Metro Pacific Rail Corporation, and Philippine Investment Alliance for Infrastructure fund. LRMC operates and maintains the existing LRT Line 1 and finished the construction of LRT-1 Cavite Extension Phase 1 which opened last November 2024.

The LRT-1 extension under Phase 1 has five new stations including Redemptorist – Aseana Station, MIA Road Station, PITX Station, Ninoy Aquino Avenue Station, and Dr. Santos (formerly Sucat) Station. These additional stations are part of the 27 kilometers of the rail line's alignment from its previous 20.7 kilometers with only 20 stations. It is expected to significantly improve connectivity to the south area of Metro Manila,

easing traffic congestion and providing commuters with a faster and more convenient travel option. It will not only reduce travel time, but will also decongest major thoroughfares in the area by servicing additional 50,000 passengers to LRT-1's daily ridership of ~377,000.

AF Payments Inc.

AF Payments Inc. ("AFPI") is a consortium (the "AF Consortium") between two of the Philippines' largest conglomerates, the Ayala Group and the First Pacific Group. The AF Consortium brings together companies that have strong track records and experience in operating banking and payments, utilities, retail, telecommunications, and toll road businesses, focused on developing commuting efficiency and improving customer experience.

AFPI provides the beep card, a contactless and electronic payment systems used in various mass transportation systems. The cashless payment system is used to make payments on the LRT lines 1 and 2, the MRT 3, and on partner public utility buses and jeepneys.

In the first quarter of 2024, Mastercard and AFPI announced their execution of the Mastercard-Beep EMV Contactless Acceptance in Transport Partnership, a strategic partnership to enable contactless acceptance of Mastercards in the MRT-3 and buses in the Philippines.

Risk Factors

AC Infra's ability to successfully operate its transport infrastructure business

AC Infra's ability to successfully grow and operate its transport infrastructure business is subject to various risks and uncertainties, including:

- a. the need to procure materials, equipment and services at reasonable costs and in a timely manner;
- b. reliance on third-party providers and consultants, for those aspects of the business where AC Infra has limited expertise or experience;
- c. the possible need to raise additional financing to fund transport infrastructure projects, which AC Infra may be unable to obtain on satisfactory commercial terms or at all;
- d. errors or delays in the design, engineering, construction, installation, inspection, commissioning, management or operation of each project;
- e. penalties if concession requirements are not satisfied;
- f. its ability to secure adequate right-of-way for its railway projects;
- g. its ability to complete projects according to budgeted costs and schedules;
- h. its ability to reach forecasted traffic figures;
- i. its ability to implement increases in tariff/fees; and
- j. delays or denials of required approvals, including required concessional and environmental approvals.
- k. technological advancements in infrastructure development projects
- l. workforce shortage
- m. supply chain failure

In addition, exposure to the following risks have been growing in significance alongside AC Infra's expansion into investments outside of traditional transport infrastructure businesses:

- a. systems security breach and other potential systems integrity issues that will hamper the businesses from rendering technology-driven solutions to their clients or customers;
- b. brand and reputational hits may discourage clients or customers from patronizing services offered;
- c. inability to differentiate products or services may lead to losing market share due to increasing competition; and
- d. inability to attract and retain talent may hamper the development of value-adding solutions or impede the delivery of services.

Occurrence of any of the foregoing or a failure by AC Infra to successfully operate its transport infrastructure business could have a material adverse effect on its business, financial condition and results of operations.

AC Infra's ability to secure new concessions

AC Infra's plans in relation to the transport infrastructure business contemplate the continued operations and improvement of existing concessions and projects. AC Infra's ability to expand its business in this sector and increase operating profits may be limited as a result of various external events. For example, concessions for new projects under consideration may be awarded to competing bidders or competition for such concessions may increase the cost of new concessions, thereby reducing returns.

In addition, changes in laws, rules or regulations or government policy, such as unexpected changes in regulatory requirements (including with respect to taxation and tariffs), or additional environmental regulations which may need compliance, could increase the cost of conducting the transport infrastructure business or change the potential return available to AC Infra from the project which could have a material adverse effect on its business, financial condition, results of operations and prospects.

For further information on AC Infra, please refer to its website www.acinfra.com.ph.

Logistics

AC Logistics was established in September 2021 to serve as Ayala Corporation's dedicated vehicle for investments in the logistics sector. AC Logistics made strategic investments in 2022 to fast-track its aspiration to create an end-to-end logistics platform. Today, AC Logistics through its investment in AIR21 Holdings Inc. (AHI), has a portfolio of companies that provide services that cut across the logistics supply chain including International Freight Forwarding via air and sea, Customs Facilities Warehousing, Nationwide Domestic Freight Forwarding, Cold and Ambient Warehousing and value-added services, and Door-to-Door Express Deliveries.

AC Logistics' strategic shift towards solution-based services is carried out by its management team that collectively has 214 years of experience in the space. On July 1, 2024, Erry Hardianto was appointed as the new chief executive officer of AC Logistics. The team's focus is to grow the businesses through logistics excellence with the customer in mind. Amid this transformation are three key initiatives around creating an organization fit for growth, sharpening its product portfolio, and growing with its customers.

While AC Logistics' acquisitions in its first few years were critical in achieving scale, these also created redundancies that hindered growth. It therefore became management's priority to streamline the company at the organizational and operational levels to enable profitability. The initiative led to a deep dive of the AC Logistics' assets and manpower to determine needed right-sizing measures. Among the most significant of these efforts were the transfer of people and assets from Entrego to the AIR21 Group, which led to the eventual closure of the latter early in 2024. These, along with the programs put in place to strengthen people's capabilities, have improved AC Logistics' cost to serve significantly.

Due to streamlining efforts, AC Logistics registered wider losses of ₱2.2 billion from ₱1.9 billion due to one-time clean-up expenses for the AIR21 group. However, attributable EBITDA improved from ₱995 million to ₱633 million as the business progressed in its in both its defensive and growth initiatives, the company's key focus areas. Streamlining efforts have allowed the company to hit a positive EBITDA exit rate of ₱7 million in December 2024, with a 5% EBITDA improvement in the 4th quarter alone. In large part, this was due to the recalibration of the CEP Express business, which incurred losses in the prior years. This was complemented by the streamlining of the domestic group, which has shifted focus on strategic services like Contract Logistics and National Distribution.

An integral part of AC Logistics' strategy is to be deliberate in owning or outsourcing assets and capabilities. This enables the company to be asset light while leveraging partners' and/or vendors' core competencies to work towards providing the best solutions for customers. Among the capabilities nestled in AC Logistics are supply chain solutions, network design, and consulting services. It harnesses partnerships to offer services in cold chain and project cargo, and outsources various assets including in warehousing and transportation. AC Logistics' growth is inherently linked with the success of its customers, making bespoke products vital to its business model. To enable this, AC Logistics is establishing a network of nodes in the country's major catchment areas and is expanding dry and cold footprints. The goal is to have a modal

distribution network that can easily adjust to the needs of customers while also creating efficiencies that benefit all parties. By identifying targeted industries, AC Logistics aims to build best-in-class solutions and develop industry-specific capabilities.

In December 2024, AC Logistics signed a joint operation agreement with FLS Global, a leading project cargo provider in the region. The partnership aims to service the specialized logistics requirements of the energy and infrastructure sectors, as well as other sectors that require movement of big equipment.

In March 2025, A.P. Moller Capital ("APMC") and Ayala Corporation's announced a joint investment in AC Logistics intended to spur further growth and strengthen its service offerings within key segments. The transaction will result in APMC owning a ~40% economic stake in AC Logistics, subject to finalization of pricing and fulfillment of conditions precedent. The partnership positions AC Logistics for success by leveraging APMC's industry expertise and AC's local know-how.

AIR21

AHI is a portfolio of logistics companies considered among the leading companies in the Philippine logistics industry. The business units under AHI provide international freight forwarding services, customs facilities warehousing services in key regional airports in the country, nationwide domestic freight forwarding and door-to-door express services, and waste management. AC Logistics currently has an 80% controlling stake in AHI following its ₱6.06 billion (US\$106 million) acquisition of AHI that closed in August 2022. This acquisition enabled AC Logistics an immediate presence in the end-to-end logistics value chain.

During the 4th quarter of 2023, Entrego Fulfillment Solutions, Inc, a last mile delivery service established under AC Infrastructure Holdings in 2018, was integrated under A-Movement Corporation, a new entity formed under AHI to consolidate and integrate all logistics businesses. The objective of the integration is to eliminate redundancies, optimize asset utilization, and extract efficiencies across the Domestic Freight Forwarding, Warehousing, and Express businesses. The integration has yielded initial positive results with a significant reduction in Q-o-Q losses.

In 2024, streamlining processes resulted in a 28% reduction in EBITDA losses while the group exited at a positive EBITDA in the month of December.

GMAC

Established in 2021, GMAC Logitech Refrigeration Corp. ("GMAC") is a 51% joint venture between AC Logistics and Glacier Megafridge Inc., respectively. GMAC is AC Logistics' investment vehicle for the expansion into Cold Storage.

Its first newly built facility, GMAC Cagayan De Oro, is a 5,348-pallet cold storage warehouse that began operations in June 2023. The facility achieved 100% utilization within four months from the start of operations and has yielded positive net income contribution in the first quarter of 2024.

GMAC is expanding to its second facility in Panabo City, Davao Del Norte located within the Anflo Industrial Estate and in close proximity to the Davao International Container Terminal. The second facility will be a 11,500-pallet cold storage facility. GMAC Davao is on track to be completed by January 2026. Once online, it will be the largest cold storage facility in the region. Combined with GMAC CDO, this will increase the total cold storage capacity of the GMAC portfolio by 3x to 16,848 pallets.

For further information on AC Logistics, please refer to its website www.aclogistics.com.ph.

Healthcare

AC Health is the Ayala group's portfolio company for its healthcare investments. It aims to address gaps in accessibility and affordability of quality healthcare by integrating a seamless ecosystem across the continuum of care. It is present across three pillars of healthcare: Pharma, Clinics and Hospitals, and Digital Health. In Pharma, AC Health has Generika and St. Joseph Drug, its drugstore chains, and IE Medica Inc.

("IEM") and Medethix Inc. ("MEI"), its importer and distributor. In the Clinics and Hospitals, AC Health supplies access to primary, specialty and multi-specialty care through the Healthway Medical Network ("HMN"), including the Healthway Cancer Care Hospital, the first dedicated cancer facility in the country. In Digital Health, the KonsultaMD ("KMD") superapp links consumers to the country's leading healthcare providers, putting AC Health in a unique position to offer a ubiquitous approach to healthcare.

- Pharma – Its nationwide pharma footprint of 763 Generika and 116 St. Joseph drugstores, as of December 31, 2024. This is complemented by its importation and distribution business, IEM and MEI which carry over 6,500 SKUs and over 1,100 Certificates of Product Registration.
- Clinics and Hospitals – Throughout the Philippines, it oversees the Healthway Medical Network ("HMN") composed of 16 multi-specialty centers, 270+ corporate clinics, five general hospitals and the Healthway Cancer Care Hospital, the first of its kind in the country.
- Digital Health – Its digital health platform, KonsultaMD ("KMD"), aims to promote healthcare inclusivity by providing access to on-demand healthcare products and services such as video and tele consultations, medicine delivery, laboratory tests and home care. Having consolidated its users in 2022 with HealthNow, Inc. ("HealthNow") and APPPS Partners, Inc. ("AIDE"), KMD has served over 3.7 million Filipinos.

AC Health's priorities are anchored on Execution, Excellence and Expansion. Execution hinges on improving operational efficiencies, achieving business growth targets and deepening synergies. Excellence continues to be the standard as the company strengthens its One AC Health culture aimed at developing a strong and cohesive relationship across the pillars of the group. Expansion remains top of mind as AC Health looks to further grow its portfolio through a combination of acquisitions and strategic partnerships.

AC Health continues to invest in its seamless and integrated ecosystem in three ways: (1) organic and inorganic initiatives as it strives to touch the lives of one in every five Filipinos by 2030; (2) collaboration with both public and private sectors; and (3) innovation and exploration of new business models and healthcare practices to improve healthcare for all Filipinos.

For 2024, AC Health has set our four priority areas:

- Reach more Filipinos through the AC Health Ecosystem
- Execute on the core businesses of HMN, Generika, IEM and MEI
- Integrate the new business of Far Eastern University - Dr. Nicanor Reyes Medical Foundation
- Ramp up startups KMD and the Healthway Cancer Care Hospital
- Strengthen One AC Health culture

Risk Factors

AC Health is emerging player in the healthcare industry, which continues to be highly fragmented and competitive.

The Ayala group's entry into healthcare, through AC Health, could not have been more timely. With promising growth in healthcare spending, an encouraging regulatory environment, the clear need for better outcomes throughout the Filipino patient's life cycle, and most recently, a global pandemic that severely challenged the country's healthcare system, the sector is primed for disruption.

With such a dynamic environment, however, comes AC Health's challenges across key areas:

- On managing customer/patient demand: While demand recovers post-COVID, there is a need for health facilities to innovate and adapt to the change in health-seeking behavior for patients with primary, chronic, and preventive care concerns, across its clinics and hospitals.
- On the availability of healthcare professionals: The network remains challenged in attracting and retaining human resources for health, including doctors, nurses, pharmacists and other allied medical professionals. The country's nurse shortage in particular is a massive pain point, as brain drain persists given better working conditions overseas, and as local companies (such as BPOs) promise higher compensation versus that in a health facility.
- On the overall market landscape: AC Health remains steadfast in pursuing its vision for healthcare, despite competing alongside well-established players that have built trusted brands, have a longer operating history, have cost advantages and/or have greater expertise and financial resources. New entrants also pose a risk as they further recognize the opportunities and upside of the Philippine healthcare market.

- Given a favorable regulatory environment, it has been opportune for the business to actively push its advocacies on generic medicines, primary care, specialty care, and health tech. However, scaling operations and realizing profitability will require more time and substantial expenditures. While its vision to build an integrated healthcare ecosystem sets it apart from other players in the industry, the Group will need to consistently deliver excellence in the near-term, with limited available resources for investment.

Cybersecurity threats or other breaches of network or IT security may have an adverse effect on AC Health's business if not identified and addressed immediately

AC Health handles a vast amount of personal and sensitive personal information. This includes patient medical records, prescription histories, and other critical health data. The integrity, confidentiality, and availability of this information are paramount to maintaining trust and ensuring the smooth operation of AC Health's services.

Cybersecurity threats, such as unauthorized access, data breaches, and cyber-attacks, pose significant risks to AC Health. A breach of personal and sensitive personal information could result in severe consequences, including financial losses, legal liabilities, regulatory fines, and damage to reputation. Given the sensitive nature of health data, AC Health must comply with stringent data protection regulations and standards. Failure to do so could lead to substantial penalties and erode public trust in its services.

The evolving nature of cyber threats necessitates continuous enhancement of security measures. While AC Health is committed to implementing robust cybersecurity protocols, regular security audits, staff training, and incident response plans to protect against potential information breaches and ensure compliance with regulatory requirements, there is no assurance that these policies will be sufficient to cover all possible monetary losses in the event of a significant and unaddressed cybersecurity breach or threat.

The rising costs of healthcare may impact AC Health's competitive position, profitability and financial results

The healthcare industry is experiencing a consistent rise in costs due to factors such as advancements in medical technology, increasing demand for healthcare services, and inflation. These rising costs pose a significant challenge to AC Health in maintaining its competitiveness in the market. Higher costs can impact profitability and may necessitate price adjustments for services, which could affect affordability for patients and reduce market share.

AC Health's business, reputation, and market position may be adversely affected if AC Health is not able to detect and prevent misconduct committed by its employees or outsiders on a timely basis

AC Health's reputation is a cornerstone of its success, built on trust, quality of care, and patient safety. However, the healthcare sector is inherently vulnerable to risks associated with medical malpractice and patient dissatisfaction. Allegations of medical malpractice or negligence in any of AC Health's operating units—whether in pharmaceuticals, clinics, hospitals, or through its online application—could severely damage its brand and reputation.

Such incidents could lead to legal actions, financial settlements, and increased scrutiny from regulatory bodies. The impact on reputation could result in loss of patient trust, decreased patient volumes, and difficulty in attracting and retaining skilled healthcare professionals. Negative publicity and social media exposure could amplify these effects, causing long-term damage to AC Health's business, reputation, and market position.

For further information on AC Health, please refer to its website www.achealth.com.ph.

AC Ventures Holding Corporation (AC Ventures)

AC Ventures is Ayala's portfolio of investments in new verticals, disruptive business models and strategic partnerships. Through AC Ventures Holding Corp. and other holding entities, AC Ventures oversees investments in new economy spaces such as fintech, e-commerce and digital infrastructure, as well as international real estate exposures, private equity interests, and international strategic partnerships.

The AC Ventures Board oversees the company's capital allocation process and portfolio rationalization initiatives, which are aligned to the broader thrust of its parent company, Ayala Corporation, to realize value from legacy or fully-valued assets. AC Ventures reinvests proceeds to other promising bets, guided by prudent capital allocation.

Among AC Ventures' notable investments include a ~13% stake in Globe Fintech Innovations, Inc. or Mynt, the operator of GCash, the Philippines' number one finance super app and the largest digital cashless ecosystem in the country. AC Ventures also oversees minority stakes in e-commerce enabler Etaily, data centers player Globe STT GDC, Inc., and pioneering solar manufacturer Merlin Solar. Through international entities, AC Ventures likewise works with various private equity funds for better access to investees, including the ACTIVE Fund managed by Globe's Kickstart Ventures. Lastly, AC Ventures oversees Ayala's strategic holdings in the Yoma Group of Myanmar, where it continues to cultivate a resilient, long-term partnership.

In 2023, AC Ventures made the following moves:

- Divestments worth US\$2 million with exits in minority stakes and other legacy assets;
- Consolidation of ownership in fintech company Cartera from AC Ventures to BPI, to enable execution of the Bank's loyalty and wallet platform, VYBE;
- Support for a successful Series A fundraise of e-commerce enabler startup Etaily;
- Participation in the exit of AC Industrials from MT-CCon via the purchase and leaseback of property in Ingolstadt, Germany to MT-CCon;
- Participation in Globe's partnership with Gogoro Taiwan for a two-wheel e-mobility play in the Philippines; and
- Ramp up of a seed investing platform arrangement with Globe's 917Ventures, sharing in 917Ventures' deployment of ~US\$3 million of capital into incubation opportunities.

In 2024, AC Ventures continued to explore value realization opportunities and support strategic moves of the Ayala Group. Notable initiatives include:

- Divestments worth US\$1 million for exits of other legacy stakes
- Support for the successful third-party fundraise of solar manufacturer Merlin Solar of the AC Industrials Group, contributing US\$10 million in a US\$31 million round including strategic investors;
- The acquisition of an additional ~8% stake in Mynt, a clear winner in the AC Ventures portfolio, and
- The setup of a 50:50 co-investment platform over the entity AC Ventures Holding Corp. between AC and long-time partner Mitsubishi Corporation, which holds AC Ventures' ~13% Mynt stake.

On August 1, 2024, AC Ventures through the entity AC Ventures Holding Corp. executed a Share Purchase Agreement to acquire common shares in Mynt from existing shareholders equivalent to an additional ~8% ownership stake for approximately ₱22.4 Billion. This effectively values Mynt at a post-money valuation of US\$4.9 billion. After the transaction, AC Ventures' ownership in Mynt increased to ~13%. The transaction closed on August 20, 2024.

On October 18, 2024, AC and AC Ventures Holding Corp. executed a binding term sheet with MC to repurpose AC Ventures Holding Corp. into a 50:50 joint venture which will invest in consumer-related and digital opportunities in the Philippines, including the ~13% stake in Mynt. Subject to the execution of definitive documents and certain conditions precedent including regulatory approvals, MC will invest at least PhP18.4 billion for 50% of AC Ventures Holding Corp. This move coincides with the 50th anniversary of AC and MC's partnership and deepens this legacy of cooperation, starting with Ayala's winning bet in Mynt. MC is expected to bring opportunities and ideas from its vast international portfolio of consumer and other businesses into Mynt and the Ayala Group.

Ayala will continue to oversee and value maximize the remainder of the AC Ventures portfolio separately.

Education

In May 2019, iPeople, Inc. became the listed holding company for Ayala's education investments following a merger with AC Education and the Yuchengco Group of Companies. This merger consolidated seven schools, which are serving approximately 70,000 students across diverse regions, including NCR, CALABARZON, Bicol, and Mindanao. iPeople has experienced an average annual enrollment growth of 12% over the past three years.

iPeople's mission is to transform lives and society through innovative Philippine education and research. It aims to provide accessible, quality education that enhances graduate employability through effective student programs, continuous teacher upskilling, strong industry partnerships, and technology-enabled learning.

On August 30, 2023, the SEC approved the merger of iPeople subsidiaries APEC Schools and NTC, with NTC as the surviving entity.

Affordable Private Education Centers, Inc. Schools

Founded in 2013, APEC Schools aims to provide affordable, quality private high school education in the Philippines. It has grown into the country's largest chain of stand-alone private high schools, with 9 campuses across NCR, Rizal, Cavite, and Batangas.

APEC focuses on developing students with strong critical thinking, technological proficiency, English fluency, and problem-solving skills. APEC was a pioneer in technology-enabled curriculum delivery and was recognized by Google as the first and only Google Reference School in the Philippines in 2021 for its innovative use of Google education tools.

In 2023, APEC Schools merged with National Teachers College (NTC), following SEC approval.

National Teachers College

Founded in 1928 as the Philippines' pioneering private teacher education institution, National Teachers College (NTC) was acquired by AC Education in 2018. It now provides education from preschool to graduate levels, maintaining affordability while delivering quality education to over 23,000 students.

NTC remains a leader in teacher education, consistently and significantly exceeding the national passing rate in the Licensure Examination for Teachers. To develop globally competitive professionals, NTC has expanded its collegiate programs to include accountancy, business, hospitality and tourism management, IT, library science, and psychology.

NTC modernizes its learning systems and activities to ensure student success and holistic development. It has partnered with industry leaders like Google for Education and LinkedIn to enhance graduate career readiness.

In 2024, NTC received the Global Inclusion Award from the International Forum of Inclusion Practitioners (IFPI), a UNESCO partner, recognizing its commitment to inclusive education.

University of Nueva Caceres

Acquired by AC Education in 2015, the University of Nueva Caceres (UNC) is the oldest and one of the largest private universities in the Bicol Region. Its goal is to provide a nurturing learning environment for both basic and higher education students.

UNC offers diverse programs across Arts and Sciences, Business and Accountancy, Computer Studies, Criminal Justice Education, Education, Engineering and Architecture, Nursing, Law, Graduate Studies, and Basic Education. Notably, in 2022, the Legal Education Board recognized UNC's School of Law as the top Law School in Region V.

In 2024, UNC broke into the Times Higher Education Impact Rankings, ranking 1501+ globally for SDG 4 Quality Education. Its academic excellence is further demonstrated by the accreditation of 40 programs by

the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) as of 2024. The university has produced 163 top-notchers in national Bar and Board examinations over the past 75 years, and its student leaders have consistently received recognition from national and regional award-giving bodies. UNC is now ISO 21001:2018 certified.

Mapúa University

Mapúa University, founded in 1925, is a leading engineering and technological university that offers programs from senior high school to graduate levels across Engineering, Sciences, Architecture, Design, Information Technology, Business, Communication, Liberal Arts, and Health Sciences.

Mapúa has achieved significant international recognition in its 100 years. Mapúa University ranks third together with three other universities out of all Philippine schools in the 2025 Times Higher Education's World University Rankings, 1501+ out of all universities globally. THE also ranked Mapúa as the leading Philippine institution in Computer Science, Physical Sciences, and Engineering in the 2025 Times Higher Education World University Rankings, within the 801-1000 and 1001-1250 brackets, respectively.

Mapúa is also a Quacquarelli Symonds (QS) 4-Star rated institution and has placed 88th out of 100 top universities in Southeast Asia in the 2023 QS Asia University Rankings. Mapua is one of only seven Philippine Universities that have since broken into the QS Asia University Rankings.

Mapua University has also been ranked in the World University Rankings for Innovation (WURI) in 2024, ranking 39th in A3 - Industrial Applications, and 95th in A6 - Social Responsibility categories respectively.

Mapúa University has the most Commission on Higher Education ("CHED") Centers of Excellence in engineering programs in the Philippines, and has been granted the Autonomous status by CHED in 2019. The university also boasts of having the highest number of ABET-accredited programs for a single campus in the country, and being the first Southeast Asian institution to earn this US-based accreditation.

Mapúa is a recognized leader in digital education, winning the Gold Award for Digital Readiness from the 2022 Wharton-QS Reimagine Education Awards for utilizing advanced educational technology to enhance teaching and learning.

Mapúa University also demonstrates a strong commitment to sustainability, holding ISO 14001:2015 certification for environmental management and ISO 9001:2015 for quality management. This dedication to sustainability has been further recognized in its placement in the Impact Rankings since 2022, highlighting its efforts to align with the UN's Sustainable Development Goals.

Mapúa Malayan Colleges Laguna

Mapúa Malayan Colleges Laguna (Mapúa MCL), established in 2007 in Cabuyao, Laguna, offers a range of programs and has achieved significant recognition. For one, it is among the top board exam performing private schools in the CALABARZON region. Mapúa MCL also holds a CHED Autonomous Status, a recognition achieved relatively early for an educational institution. It has also earned a 3-star overall rating from the Quacquarelli Symonds (QS) Star Rating System, a leading global higher education rating system, specifically, receiving 5-star ratings in Employability, Online Learning, and Social Responsibility. It is also the first ISO 21001:2018 - EOMS Certified School in CALABARZON.

Mapúa MCL provides programs in engineering, computer science, IT, multimedia arts, business, accountancy, hotel and restaurant management, health sciences, and senior high school.

In 2022, Mapúa MCL expanded its offerings to include post-graduate studies with the Master of Science in Shipping Business, in partnership with the Business College of Athens. In 2024, the Mapua - Laguna Institute of Aviation was established, offering a bachelor's degree in Aeronautical Engineering, and an associate degree in Aircraft Maintenance Technology.

More recently, Mapua MCL was lauded as one of the world's most sustainable universities, ranking 1182nd globally and 55th nationally in the 2024 UI GreenMetric World University Rankings.

Mapúa Malayan Digital College

In late 2021, Mapúa Malayan Colleges Laguna (MMCL) launched Mapúa Malayan Digital College (MMDC), an affordable, digital-first education institution that offers CHED-accredited technology specializations for non-traditional students. MMDC leverages the academic excellence of Mapúa University and Mapúa MCL via fully online and flexible learning methods that are complemented by in-person learning in mall-based learning hubs.

Mapúa Malayan Colleges Mindanao

Mapúa Malayan Colleges Mindanao (MMCM), located in Davao City, began operations in 2018. It offers programs in business, arts and sciences, health sciences, computer and information science, engineering and architecture, as well as junior and senior high school.

MMCM distinguishes itself through a learner-centered, outcomes-based education model; extensive industry partnerships, a Mindanao-centric curricula, and advanced learning facilities. In 2022, MMCM was honored with the Global Catalyst Award for Teaching and Learning by Anthology, a leading EdTech company, for its innovative HyFlex blended learning approach.

MMCM has also been recognized in the 2024 UI GreenMetric World University Rankings, placing 49th in the Philippines, and 1,101st globally for its commitment to sustainability in infrastructure, energy, waste, and education.

Risk Factors

Education is a heavily regulated industry that is susceptible to the changing economic and social landscape.

The education sector, heavily regulated and susceptible to economic and social shifts, faces numerous challenges. Post-K-12 implementation has led to:

- Decreased demand for tertiary education: Students are increasingly opting for immediate career entry, impacting enrollment.
- Increased competition for educators: Public sector salary increases are attracting talent away from private institutions.
- Heightened competition: Public institutions are expanding, and private entities are aggressively recruiting.
- Reliance on government subsidies: Private education heavily depends on programs like Education Service Contracting (ESC), the Senior High School Voucher (SHS VP), and the Tertiary Education Subsidy (TES), making them vulnerable to policy changes.
- Volatile regulations: Frequent shifts in face-to-face, hybrid, and distance learning policies create operational instability.

Furthermore, iPeople faces the burden of substantial development and scaling costs amid growing domestic and international competition.

iPeople also actively monitors the evolving regulatory and competitive environment to mitigate potential risks and adapt to market changes.

The successful implementation of evolving teaching practices requires substantial investment and sustained, effective execution.

The successful implementation of evolving teaching practices necessitates significant financial investment. This includes funding comprehensive professional development for educators, procuring modern teaching tools, and integrating advanced classroom technologies. However, investment alone is insufficient. Realizing the intended benefits demands effective teacher adaptation, which can be impeded by resistance to change, insufficient training, or resource limitations. Moreover, the positive impact of these practices on performance assessment scores may not be immediately discernible, requiring sustained evaluation and adjustment. Inadequate monitoring or inconsistent implementation risks can undermine iPeople's pursuit of enhanced educational standards.

For further information on iPeople, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www.ippeople.com.ph.

Item 2. Properties

Ayala Corporation

In April 2021, Ayala Corporation entered into a Contract of Lease with Ayala Land, Inc. for the lease of three (3) floors at the Ayala Triangle Gardens Tower Two located at the corner of Paseo de Roxas and Makati Avenue, Makati City to serve as the corporate headquarters of the Parent Company.

Other properties of the Parent Company include various provincial lots totaling about 792.02 hectares and lots located in Metro Manila totaling about 2.75 hectares. The Honda Cars Makati, Honda Cars Alabang, and Isuzu Alabang dealerships are all located at the Parent Company's Metro Manila lots under lease agreement. The Parent Company is compliant with conditions, restrictions, and covenants related to its properties.

ALI

The following table provides summary information on ALI's land bank as of December 31, 2024. Properties included are either wholly-owned or part of a joint venture and free of lien unless noted.

In Estates	Hectares	Outside Estates	Hectares
Metro Manila	203	Metro Manila	37
Taguig	77	Caloocan	14
Makati	53	Quezon City	10
Quezon City	51	Las Piñas	4
Muntinlupa	23	Pasig	3
Pasig	2	Paranaque	3
		Makati	2
		Mandaluyong	1
		Pasay	0.3
		Manila	0.3
Luzon	5,868	Luzon	2,773
Pampanga	1,498	Cavite	1,420
Laguna	1,244	Laguna	501
Cavite	1,134	Palawan	405
Bulacan	867	Bulacan	184
Batangas	399	Batangas	109
Bataan	275	Quezon Province	38
Tarlac	227	Pampanga	37
Palawan	223	Camarines Sur	27
		Cagayan-Tuguegarao	25
		Bataan	7
		Tarlac	7
		Rizal	5
		Pangasinan	4
		Nueva Ecija	2
Visayas	851	Visayas	269
Iloilo	741	Cebu	102
Cebu	84	Negros Occidental	83
Negros Occidental	26	Iloilo	83
Mindanao	391	Mindanao	344
Misamis Oriental	371	Davao Del Sur	229
Davao Del Sur	20	Misamis Oriental	114
2024 Land Bank: 10,736	7,314		3,422

Leased Properties

Ayala Land has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement a mall with an estimated gross leasable area of 152,000 square meters on a 9.8-hectare lot inside Fort Bonifacio. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, Ayala Land transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity.

On January 28, 2011, a notice was given to Ayala Land for the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. Ayala Land signed a 25-year lease contract for the property last June 22, 2011, with an option to renew 58,000 square meters for another 25 years by mutual agreement. The project involves the construction of a retail establishment with 63,000 square meters of available gross leasable area and a combination of Headquarter-and-BPO-type buildings with an estimated 8,000 square meters of office space.

Rental Properties

As of December 31, 2024, rental revenues from these properties amounted to ₱45.6 billion equivalent to 26% of real estate revenues. This is 9% higher than ₱41.7 billion recorded in 2023. Lease terms vary depending on the type of property and tenant.

Property Acquisitions

With 10,736 hectares in its land bank as of December 31, 2024, ALI believes that it has sufficient properties for development in next 25 years.

Nevertheless, ALI continues to seek new opportunities for additional, large-scale, master-planned developments in order to replenish its inventory and provide investors with an entry point into attractive long-term value propositions. The focus is on acquiring key sites in the Mega Manila area and other geographies with progressive economies that offer attractive potential and where projected value appreciation will be fastest. There were no material acquisitions made in the past three years.

Mortgage, Lien or Encumbrance over Properties

ALI has certain properties in Makati City that are mortgaged with BPI in compliance with BSP rules on directors, officers, stockholders and related interests, and affiliates.

For further details on ALI's Property, plant and equipment and Leased properties, refer to Notes 12 and 30 of Ayala's Audited Consolidated Financial Statements which is part of the Index of this Report.

IMI

IMI has production facilities in the Philippines (Laguna), China (Shenzhen, Jiaxing, Chengdu, and Suzhou), Bulgaria, Czech Republic, Serbia, Germany, and Mexico.

Engineering and design centers, on the other hand, are located in the Philippines, China, Bulgaria, Czech Republic, and Germany. IMI also has a global network of sales and logistics offices in Asia, North America, and Europe.

IMI's global facilities and capabilities of each location as of December 31, 2024 are shown below:

Location	Floor Area (square meters)	Capabilities
Manufacturing Sites		
Philippines-Laguna (2 sites)	104,599	<ul style="list-style-type: none"> ▪ 30 SMT lines, 2 FC lines ▪ 6 COB/COF lines ▪ Box build to Complex Equipment manufacturing ▪ LVHM, HVLM ▪ Solder Wave, Potting, AI & AG W/B ▪ Protective Coating ▪ ICT, FCT, AOI, RF Testing ▪ Design & Development ▪ Test & System Development ▪ Cleanroom to class 100 ▪ Low Pressure Molding (Overmold) ▪ Vacuum reflow ▪ Precision Metals/Machining
VIA Philippines	2,511	
PSi Technologies		
China-Pingshan	29,340	<ul style="list-style-type: none"> ▪ 7 SMT lines ▪ Box Build ▪ PTH, Solder Wave ▪ POP, Auto Pin Insertion ▪ Potting, Conformal coating and Burn-in ▪ ICT, FCT, AOI, RF Testing ▪ Design & Development ▪ Test & System Development ▪ LVHM, HVLM ▪ Sourcing, Procurement and Material Purchasing ▪ Logistics ▪ Regional support
China-Kuichong	19,004	<ul style="list-style-type: none"> ▪ 21 SMT lines ▪ Box Build ▪ PTH, Auto Pin Insertion, Solder Wave ▪ ICT, FCT, AOI, SPI, RF Testing ▪ Test & System Development ▪ LVHM, HVLM ▪ X-RAY 3D testing, RoHS screening instrument, BGA rework ▪ Burn-in test for high-end power supply, Thermal cycle test, Vibration test. ▪ Conformal Coating, Potting, PCB router, Underfill ▪ Bar-code tracking system
China-Jiaxing	18,452	<ul style="list-style-type: none"> ▪ 12 SMT lines ▪ Vapor Phase Vacuum Reflow, SMD Odd shape Component Auto Mount ▪ Box Build (w/ Automated Customized Assembly Line) ▪ PTH, Auto Pin Insertion, Solder Wave, Selective Solder Wave ▪ Full Auto Selective Conformal Coating Line and CC AOI ▪ Ultrasonic welding and lamination ▪ Plastic injection (180T/300T press) ▪ SPI, 2D & 3D AOI, ICT, FCT, 3D X-ray, Run-in ▪ Test & System Development ▪ HVLM
Botevgrad, Sofia, Bulgaria (2sites)	115,416	<ul style="list-style-type: none"> ▪ 25 SMT Lines ▪ PCB Assembly and Testing

Location	Floor Area (square meters)	Capabilities
		<ul style="list-style-type: none"> ▪ Plastic injection ▪ Box build ▪ Cabling ▪ Chip on Board ▪ Tooling ▪ Metrology & Laboratory ▪ Automation ▪
Niš, Serbia	50,213	<ul style="list-style-type: none"> ▪ 25 SMT Lines ▪ PCB Assembly and Testing ▪ Plastic injection ▪ Box build ▪ Cabling ▪ Chip on Board ▪ Tooling ▪ Metrology & Laboratory ▪ Automation
El Salto, Guadalajara, Mexico (2 sites)	25,820	<ul style="list-style-type: none"> ▪ 10 SMT lines ▪ 40 Plastic Injection Machines (50-1,600T) including Overmolding ▪ Box build (w/ Automated Customized Assembly Line) ▪ PTH, Auto Pin Insertion, Solder Wave, Selective Solder Wave ▪ Full Auto Selective Conformal Coating Line and CC AOI, Automated potting ▪ SPI, 2D & 3D AOI, ICT, FCT, 3D X-Ray ▪ Embedded Toolshop ▪ Test & System Development
Třemošná, Plzeňská, Czech Republic	7,470	<ul style="list-style-type: none"> ▪ 5 SMT lines ▪ 2 Pin Insertion ▪ 3 Wave soldering ▪ 2 Selective soldering ▪ 3 Selective coating ▪ ICT, FCT, AOI (SMT, CC) ▪ Mechanical Assembly ▪ 4 Automated line ▪ Further customized assembly line
Nuremberg, Germany (VIA) Wettstetten, Germany VIA Optronics AG VIA Optronics GmbH Germaneers GmbH	4,650	<ul style="list-style-type: none"> ▪ VIA bond plus qualification ▪ Bonding material development ▪ Manual line, mainly lower quantity projects ▪ Prototype 84Inch ▪ 2 clear rooms (ISO class 6 & ISO class 7) ▪ ESD control ▪ Engineering, prototyping and production process improvement ▪ Test & system development (electrical) ▪ Optical test labor (mainly for display evaluation)
Suzhou, China (VIA) VIA optronics Suzhou	14,220	<ul style="list-style-type: none"> ▪ Semi autoline and full autoline ▪ Large size bonding in MaxVu II ▪ Touch capabilities, ACF process ▪ Curved bonding & bonding to plastic cover
Shiga, Japan (VIA) (2 sites)	12,634	<ul style="list-style-type: none"> ▪ Metal Mesh Sensor on roll ▪ Customized design

Location	Floor Area (square meters)	Capabilities
VTS-Touchsensor Co., Ltd		<ul style="list-style-type: none"> ▪ 100µm/50µm Film thickness ▪ Up to 55" VTS internal ▪ Up to 85" through external partners
IMI Batangas	6,572	<ul style="list-style-type: none"> ▪ Capacity: 1600 energy storages ▪ Sub Assembly Lines ▪ Coil Winding, Potting, DCR Test ▪ Inductance Test ▪ 4 Final Assembly Lines ▪ High Pot Test, Helium Leak Test ▪ EIT/CLS ▪ Test System & Development ▪ 8 Reliability Spin Test Pits ▪ 8 Final Spin Test pits
Total Manufacturing Space	410,901	
Sales/Support Office in sqm		
Singapore	15	Finance and logistics representative office
Taiwan (VIA)	73	Sales
USA (VIA)	199	Sales
Total Support	287	
Manufacturing sites ceased operation as of December 31, 2024		
USA-Tustin, CA	1,184	<ul style="list-style-type: none"> ▪ Global AME (Advance Manufacturing Engineering) ▪ Engineering & Process Development ▪ Prototype Manufacturing Center ▪ NPI (New Product Introduction) ▪ Precision Assembly ▪ 2 SMT prototyping lines ▪ SMT, DCA (COB, Flip Chip), THT ▪ Box build ▪ Low Volume Production
China-Chengdu	7,500	<ul style="list-style-type: none"> ▪ 3 SMT lines ▪ Box Build ▪ PTH, Auto Pin Insertion, BGA, X-Ray ▪ Solder Wave ▪ Automated Conformal Coating ▪ ICT, FCT, AOI ▪ HVLM / LVHM ▪ Test & System Development
	8,684	
Total Space	419,872	

Lease Commitments

Parent Company

In 2023, IMI entered into a lease agreement for the use of a warehouse building located in Laguna. The non-cancellable lease is for a period of five years and four months from September 1, 2023 to August 31, 2028.

IMI entered into an amended lease contract with AREIT INC., formerly owned by Technopark Land, Inc. (TLI), an affiliate, for the lease of parcels of land situated at the Special Export Processing Zone, Laguna Technopark, Biñan, Laguna. The lease contract which expired on December 31, 2022 was extended by

another five years up to 2027 subject to new lease rates beginning 2023 based on market with annual escalation of five percent beginning January 1, 2024 until the end of the lease term.

IMI has an existing agreement involving the lease of residential house and lots located in Sta. Rosa, Laguna covering a period of five years from January 1, 2021 to December 31, 2025.

IMI Singapore and STEL Group

STEL Group have various operating lease agreements on office premises, plant and equipment, leasehold building and improvement, and motor vehicles. These non-cancellable lease contracts have lease terms of between two to eight years. There are no lease commitments for IMI Singapore.

In 2024, IMI SZ entered into a lease agreement on its manufacturing facility covering a period of eight years from Aug 2024 to July 2032. The lease premise is a five-floor building with 29,340 square meters located in an industrial park in Pingshan district of Shenzhen. During the year, IMI SZ executed a renewal of lease agreement for its 23,211 square meters plant in Kuichong with coverage period from April 2024 to December 2033. IMI SZ entered a two-year lease agreement effective July 1, 2024 to June 30, 2026, for a dormitory located in Pingshan.

In 2017, STJX extended its existing lease agreement up to 2027 with Jiaxing Economic Development Zone Investment and Development Group Co., Ltd to use as its manufacturing facility located in He Ping Street, Jiaxing.

On November 2020, IMI CD entered a five-year lease agreement effective January 2021 to January 2026, for its electronic production, office and staff accommodation. The leased premises is a three-floor building and a dormitory located at Xindu district, Chengdu City. In September 2022, IMI CD entered a three-year non-cancellable lease, effective October 1, 2022 to September 30, 2025, located at Xindu district, Chengdu City to serve as their external warehouse. In relation to the cessation of the IMI CD operations, the facility is scheduled to be formally handed back to the landlord by 2025 and the balance of the ROU amounting to \$0.12 million was written off.

IMI BG

IMI BG have lease agreements related to office and warehouse building rent with lease terms of five years. These leases have renewal options.

IMI CZ

IMI CZ have various operating lease agreements in respect of its company cars with lease terms of four to five years.

IMI MX

IMI MX have various lease agreements related to building and automobiles used in operation with lease terms of three to five years.

VIA Group

VIA Group has lease contracts for various items of office, plant and vehicles used in its operations. Leases of office and plant have lease terms between 1 and 6 years, while motor vehicles generally have lease terms of 3-4 years. VIA's obligations under its leases are secured by the lessor's title to the leased assets. For certain leases, VIA is restricted from entering into any sub-lease agreements. There are several lease contracts that include extension and termination options. VIA Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. VIA Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

IMI USA

On June 5, 2020, IMI USA entered into a fourth amendment to a standard industrial commercial single tenant lease contract for an extended term of five years commencing from November 1, 2020 to October 31, 2025 for the lease of office premises. The lease contract contains provisions including, but not limited to, an escalation rate of 3% per year and early termination penalties and an option to extend the lease up to two years. In relation to the cessation of prototyping and manufacturing operations of IMI USA, the right to terminate the lease has been exercised and the lease shall now expire on March 31, 2025.

For further details on IMI's Property, plant and equipment and Leased properties, refer to Notes 12 and 30 of Ayala's Audited Consolidated Financial Statements which forms part as Index of this Report.

AC Energy

ACEIC and its subsidiaries own the following key fixed assets as of December 31, 2024:

Properties	Location	Amount (in thousand PhP)
Land and land improvements	Bacnotan, La Union/ Norzagaray, Bulacan/ San Lorenzo, Guimaras/ Manapla/ Bangui, Ilocos Norte/ Palauig, Zambales/ Negros Occidental/ Botolan, Zambales	1,428,389
Buildings and improvements	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ San Carlos, Negros Occidental	2,715,483
Machinery and equipment	Guimaras/ Norzagaray, Bulacan/ Bacnotan, La Union// San Carlos, Negros Occidental/ Ilocos Norte/ Lanao Del Norte/ Olongapo City/ Iloilo/ Bais City, Negros Oriental/ Alaminos, Laguna/ Palauig, Zambales/ Mariveles, Bataan	57,737,560
Transportation equipment	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ Bacnotan, La Union/ Pililia, Rizal/ San Carlos, Negros Occidental	307,401
Tools and other miscellaneous assets	Makati City/ Guimaras/ Bacnotan, La Union// San Carlos, Negros Occidental	8,709,009
Office furniture, equipment and others	Makati City/ Guimaras/ Bacnotan, La Union/ Norzagaray, Bulacan// San Carlos, Negros Occidental	437,333
Construction in progress	Alaminos, Laguna/ San Marcelino, Zambales/ Pagudpud, Ilocos Norte/ Lal-lo, Cagayan/ Uralla, New South Wales	60,735,973
Total		132,071,148
Less: Accumulated depreciation, amortization and impairment		10,218,688
Net		121,852,460

Source: Audited consolidated financial statements as of December 31, 2024

ACEIC invested significant capital expenditures related to the following consolidated projects amounting to ₱34,885.90 million and ₱28,034.53 million for the years ended December 31, 2024 and for the year ended December 31, 2023, respectively.

Development cost amounting to ₱5,305.76 million (US\$90.53 million) of New England Solar Farm 1 was reclassified as property, plant and equipment upon the project's commercial date of operations on May 1, 2024.

Project	Capacity (MW)	Location	% Completion	
			2024	2023
Pagudpud Wind	160	Ilocos Norte, Philippines	100%	98%*
San Marcelino Solar (Phase 1 and 2)	385	Zambales, Philippines	100%	98%*
San Marcelino Solar (Phase 3)	200	Zambales, Philippines	5%	<1%
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	100%*	98%*
Palauig 2 Solar	300	Zambales, Philippines	84%	31%
Pangasinan Solar	60	Pangasinan, Philippines	99.5%	60%
New England Solar Farm 1	521	Uralla, New South Wales, Australia	100%	98%*
New England BESS	200	Uralla, New South Wales, Australia	8%	--

			% Completion	
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia	91%	23%

On March 19, 2024, AREIT and BCHC, among other parties, executed a Deed of Exchange, for the subscription by BCHC to AREIT shares in exchange for a 276-hectare parcel of land located in Zambales, Philippines. Total cost of the land disposed during the transaction amounted to ₱500.76 million.

Lease Commitments

Lease with Laguna Lake Development Authority (LLDA)

On August 8, 2023, the Group signed a Renewable Energy Contract Area Utilization (RECAU) agreement with Laguna Lake Development Authority (LLDA) to lease 800 hectares of Renewable Energy Areas (REAs) in Laguna, Philippines for a floating solar project with 800 MW capacity.

The term of the lease shall be 25 years commencing from the signing of the contract and may be renewed for a maximum of 25 years subject to terms and conditions as mutually agreed by the Lessor and the Group. Upon signing of the contract, the Group was required to pay an initial bid fee, to be settled based on the scheduled payment tranches until 2025. Upon payment of the initial bid fee, the Group was given the exclusive right to use the lake to build, construct projects for renewable energy within the area. Upon commercial operation, the Lessee is also required to pay an annual user's fixed fee until the expiration of the lease agreement, subject to compounded increase of 2% per year.

New England Solar Farm Stage 2

Between February and November 2023, the Group entered into several lease agreements totalling 2,331 acres of land located in Uralla, New South Wales as site for the construction and operation of the proposed 416MW solar power plant project.

The term of the leases is for a period of 30 years, with a fixed annual rental payment per acre of leased area per annum, exclusive of GST. The rental fee is subject to annual adjustment of whichever is higher between 3% per annum and CPI. The period of lease may be extended, under the same terms and conditions, at the sole discretion of the Group for up to another 20 years. It is a requirement that the Group returns the leased area to the landholder in substantially the same condition it was in at the Commencement date.

Stubbo Solar

Between February and August 2023, the Group entered into several lease agreements totalling 4,077 acres of land located in Stubbo, New South Wales as the site for the construction and operation of the proposed 520MW solar power plant project.

The term of the lease is for a period of 30 years, with a fixed annual rental payment per acre of leased area per annum, exclusive of GST. The rental fee is subject to an annual adjustment of CPI. The period of lease may be extended, under the same terms and conditions, at the sole discretion of the Group for up to another 20 years. It is a requirement that the Group returns the leased area to the landholder in substantially the same condition it was in at the Commencement date.

San Carlos Solar 1A and 1B

On March 7, 2014, the Group entered into a lease agreement with a third party for the lease of 35 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of the Phase 1A and Phase 1B solar power plant projects. Upon execution of the agreement, the Group holds the land area delineated for Phase 1A for a period of 25 years. The area delineated for Phase 1B is held for the remaining term of the agreement upon the receipt of notice by the Group.

On June 18, 2020, the Group had its lease modified with the lessor. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period, respectively. The lease modification did not result in a separate lease.

San Carlos 1C and 1D

On October 21, 2014, the Group entered into a lease agreement with a third party for the lease of 32.4214 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as the site for the construction and operations of Phases 1C and 1D solar power plant projects. Upon execution of the agreement, SACASOL holds the land area for a period of 25 years.

On June 18, 2020, the Group had its lease modified with lessor. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period. The lease modification did not result in a separate lease.

La Carlota 2A and 2B

On June 5, 2014, the Group entered into a lease agreement for the lease of 24.4258 hectares of land located at La Carlota City, Negros Occidental as the site for the construction and operations of Phases 2A and 2B solar power plant projects of the Group. The Group holds the land area delineated for a period of 25 years. The lease may be subjected to re-negotiation upon written notice served upon the lessor by the lessee not earlier than one (1) year but not later than six (6) months before the expiration of the original period of lease. The extension of lease shall be in writing executed by both parties three (3) months before the expiration of the original period of lease.

On May 6, 2015, the Group entered into another lease agreement for the lease of approximately 180,331.76 sq.m. of land located at La Carlota City, Negros Occidental. The Group holds the land area delineated for a period of 25 years. The lease may be subjected to re-negotiation upon written notice served upon the Lessor by the lessee not earlier than 1 year but not later than 6 months before the expiration of the original period of lease. The extension of lease shall be in writing executed by both parties 3 months before the expiration of the original period of lease.

Alaminos Solar Plant

On September 30, 2019, the Group entered into a lease agreement with a related party Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as the site for the construction and operation of a solar power facility.

The term of the lease is for a period of 21 years, with a fixed monthly rental payment of per square meter, exclusive of VAT. The rental fee is subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of the Group for up to another 21 years.

Bataan BESS

On April 22, 2020, the Group entered into a lease agreement with a third party for 13.95 hectares of land located in Batangas II, Mariveles, Bataan. The property is used to develop, operate and maintain a 5MW RE Laboratory facility. The term of the sublease is for a period of 25 years, with a fixed monthly rental payment per square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of the Group for up to another 25 years.

Palaui 2 Solar

On September 26, 2024, the Group executed a lease contract over the property of the Group's 300MW solar power plant project in Palaui, Zambales. The lease term is from the rent commencement date on July 1, 2024 (referred to as "Rent Commencement Date") to June 30, 2049, renewable for another twenty-five years at the option of the lessee, upon the written agreement of the lessor and lessee under such terms and conditions as may acceptable to them. The initial rent is based on a fixed rate per sq.m per annum, exclusive of VAT, with annual escalation of 1.50% commencing on July 1, 2025. Lease payment commencing from July 1, 2025 shall be done in advance on a quarterly basis. This lease is part of the sale and leaseback transaction of the Group and its affiliate, AREIT, Inc.

For further details on AC Energy's Property, plant and equipment and Leased properties, refer to Notes 12 and 30 of Ayala's Audited Consolidated Financial Statements which forms part as Index of this Report.

BPI

BPI's executive office and select business and support units have relocated to Ayala Triangle Gardens Tower 2, located at Paseo de Roxas corner Makati Avenue in May 2023, as the BPI Head Office building located at 6768 Ayala Avenue, Makati City, is still undergoing redevelopment. Prior to this, the executive office and select business and support units were located at Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City, whose lease expired in July 2023. The remaining business and support units are located in various other sites in Makati, San Juan, Quezon City, and Muntinlupa.

Of BPI's 871 branch licenses (excluding BanKo), 424 operate in Metro Manila/Greater Metro Manila Area and 447 in the provincial area. BPI owns 27% of the branch locations and leases the 73%. On January 1, 2019, the Bank adopted PFRS 16, *Leases*, which requires recognition of both right-of-use assets and lease liability arising from long-term leases. As of December 31, 2024, right-of-use assets and lease liabilities amounted to ₱8,287 million and ₱9,824 million, respectively.

These offices and branches are maintained in good condition for the benefit of both the employees and the transacting public. BPI enforces standards for branch facade, layout, number and types of equipment and upkeep of the premises. As it adjusts to the needs of its customers, BPI also continuously reconfigures the mix of its traditional branches, kiosk branches, and branch-lite units, while complemented by its digital channels.

BPI (as lessee) has various lease agreements which mainly pertain to branch premises and equipment that are renewable under certain terms and conditions. Rental contracts are typically made for fixed periods of 4 to 6 years.

For further information, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www.bpi.com.ph.

Globe

Buildings and Leasehold Improvements

Globe Telecom's Corporate Office is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig.

Globe also owns several floors of condominium corporation Pioneer Highlands Towers 1 and 2, located at Pioneer Street in Mandaluyong City. In addition, the Company also owns host exchanges in the following areas: Bacoor, Batangas, Ermita, Iligan, Makati, Marikina, Cubao-Aurora, among others.

The Company leases office spaces in W City Center, located at 7th Avenue corner 30th Street, Bonifacio Global City, Taguig, for its Network Technical Group. It also leases office spaces in Limketkai Gateway Tower located in Cagayan de Oro City and in Abreeza Technohub located in Davao City. It also leases the space for most of its Globe Stores, as well as the Company's base stations and cell sites scattered throughout the Philippines.

Globe's existing business centers and cell sites located in strategic locations all over the country are generally in good condition and are covered by specific lease agreements with various lease payments, expiration periods and renewal options. As the Company continues to expand its network, Globe intends to lease more spaces for additional cell sites, stores, and support facilities with lease agreements, payments, expiration periods and renewal options that are undeterminable at this time.

Telecommunications Equipment

As of end December 2024, the Company has nationwide 2G and 4G-LTE providing nationwide voice, SMS, and mobile broadband services. In addition, Globe has also launched 5G which provides mobile broadband and fixed wireless broadband services in selected areas.

Globe's wireless network has a Circuit Switched Core Network and IP Multimedia System (IMS) to provide voice service via 2G and 4G (using Circuit Switch Fallback or Voice over LTE). In addition, it has a nationwide network of Packet Gateways to support its mobile broadband data services. Globe's wireless core network also includes an IP Multimedia Subsystem (IMS) for its VoLTE (Voice over LTE) and VoWiFi (Voice over WiFi) services which were commercially launched in 2020. The rest of Globe's nationwide core network includes Home Location Register / Home Subscriber Server / Unified Data Management (HLR/HSS/UDM), Signaling Gateways, and mobile broadband backend equipment. It also utilizes a number of Short Messaging Service Centers, and other Value Added Services application platforms to cater to Globe's rich portfolio of Value Added Service which includes an Emergency Cell Broadcast Messaging system to provide for emergency alert messaging in compliance to Republic Act 10639 otherwise known as "AN ACT MANDATING THE TELECOMMUNICATIONS SERVICE PROVIDERS TO SEND FREE MOBILE ALERTS IN THE EVENT OF NATURAL AND MAN-MADE DISASTERS AND CALAMITIES".

The infrastructure for Innove's fixed telephone service includes a Nationwide Virtual IP Multimedia System (vIMS) infrastructure, an advanced Next Generation Network (NGN) International Gateway Facility that supports both traditional international long distance calls and international Voice Over IP Service. For Fixed Broadband service, Globe leverages on a combination of copper (ADSL, VDSL 35B), fiber (FTTx) technologies as well as fixed wireless broadband technologies based on massive MIMO 4G- LTE and 5G.

As part of its continuous network modernization program, Globe has also introduced Network Function Virtualization (NFV) technologies in the core network layer of its network. Network function virtualization leverages on commercial off-the-shelf hardware and the capabilities of cloud computing thus providing flexibility in deployment, capacity efficiency, better scalability, resiliency and ultimately lower total cost of ownership for Globe's network. As part of the deployment of SDN-NFV, Globe has deployed, in both its wireless and fixed broadband core network virtualized network elements including virtual unified service nodes (vUSN), and virtual unified packet gateways (vUGW), virtual IP Multimedia Subsystem (vIMS), virtual DNS (vDNS), virtual Session Border Controller (vSBC), and virtual Home Subscriber Server (vHSS) node which stores and manages identities, authentication data, subscription information, and location information about our subscribers. At the same time, Globe has started to use Containerized Network Functions (CNFs) to deliver Globe's 5G services, to deliver both Fixed Wireless Broadband and mobile broadband service in areas where fiber deployment is challenged by various permit and right of way issues.

Globe also has a national transmission network. Globe established, operates and maintains three (3) geo-redundant and complementary Fiber Optic Backbone Network (FOBN) linking the Luzon, Visayas and Mindanao island groups. These three (3) FOBNs are now the primary national transmission backbone for Globe backbone to support all of the different telecommunication services and Value Added Service offered by Globe to its customers. In addition to these two (3) FOBNs, Globe also operates and maintains a fiber optic backbone linking the island of Luzon to the province of Palawan. Complementing this fiber optic backbone is the Digital Microwave (MW) Terrestrial network employing Next Generation Internet Protocol (IP) MW supplemented by an extensive fiber optic networks in the key urban areas. Globe also leverages the Philippine Domestic Submarine Cable Network (PDSCN) which enables fiber network connectivity towards other major islands currently connected by MW radio. Aside from upgrades in capacity, this also helps improve the level of resiliency by providing alternate physical route diversity.

Of note also is Globe's successful commercial launch of 5G technology for Fixed Wireless Access in selected towns in June 20, 2019 and 5G enhanced Mobile Broadband in February 6, 2020 initially in Metro Manila in line with its commitment to deliver 1st World Internet Access Service to the Filipino consumers. Globe made history as the pioneer in launching 5G in the Philippines, and the company remains committed to expanding its accessibility to areas with a high concentration of 5G devices.

By extending the company's 5G coverage, Globe aims to enhance the overall customer experience for those residing in these areas. The availability of 5G connectivity not only enhances the speed and reliability of their internet connection but also alleviates the load on our 4G network, resulting in a more consistent network performance.

Investments in Cable Systems

To provide resiliency and geographic diversity, Globe has also invested in several submarine cable systems, which the Company either owns or has rights of use on, a share of the systems' total capacity. Investments in cable systems include the cost of Globe's ownership share in the capacity of certain cable systems under Construction & Maintenance Agreements (C&MA) or Indefeasible Right of Use (IRU) Agreements.

To date, Globe has investments in the following cable systems (shown below with their major connectivity paths):

- APCN2 (Asia Pacific Cable Network-2), a Trans-Asia cable system;
- C2C (City-to-City), a Trans-Asia cable system;
- SJC (Southeast Asia Japan Cable System), a Trans-Asia cable that connects Singapore, Brunei, Hong Kong, China Mainland, Japan and the Philippines;
- TGN-IA (Tata Global Network–Intra Asia) cable system that connects the Philippines to Japan, Hong Kong, and Singapore with onward connectivity via the TGN-P (Tata Global Network-Pacific) network to the United States; and
- SEA-US (Southeast Asia-United States), Trans-Pacific cable that connects Indonesia, Philippines, Guam, Hawaii and the mainland United States
- AAG (Asia-America Gateway), a Trans-Asia and Trans-Pacific cable that connects Singapore, Malaysia, Thailand, Vietnam, Brunei, Hong Kong, and Philippines to Guam, Hawaii and California (investment thru Globe's subsidiary Bayan Communications)

The Company opened its first international cable landing station located in Nasugbu, Batangas that directly accessed the C2C cable network, now owned and operated by Telstra, a 17,000 kilometer long submarine cable network linking the Philippines to Hong Kong, Taiwan, China, Korea, Japan and Singapore. Globe had separately purchased capacity in the C2C cable network which it subsequently transferred to its subsidiary, Innove Communications, Inc.

Additionally, Globe has acquired capacities, either through lease or IRU, in selected cable systems where the Company is not a consortium member or a private cable partner. These include capacities in East Asia Crossing (EAC) for Trans-Asia capacities as well as FASTER, UNITY and PC1 cable systems, to name a few, where Globe had invested in Trans-Pacific capacities to connect the Philippines via Japan for its onward connectivity to the U.S. for Globe diverse routes in the Tran-Pacific.

On 17 March, 2009, Globe formally opened its second international cable landing station (CLS) in Ballesteros, Cagayan Valley with the Company being the exclusive landing party in the Philippines to the Tata Global Network – Intra Asia (TGN-IA) cable system. TGN-IA is a 6,700 kilometer Trans-Asian submarine cable system that links the Ballesteros, Cagayan cable landing station in the Philippines to Japan, Hong Kong, and Singapore with onward connectivity via the TGN-Pacific network to Guam and the United States.

On 30 September, 2013, the Southeast Asia-Japan Cable (SJC) System was formally launched and landed in its own cable station in Nasugbu, Batangas where Globe is the exclusive landing party in the Philippines. At the time, the SJC System was one of the highest capacity systems in the world (supporting an initial design capacity of 28 terabits per second, the fastest speed an undersea cable system can provide). This enhanced the Company's global links to support businesses and consumers' increasing demand for high-speed internet and connectivity. Globe joined some of the biggest names in the industry including Unified National Networks Sdn Bhd. (UNN, formerly Brunei International Gateway Sendirian Berhad) of Brunei, Google Singapore, SingTel, KDDI, PT Telekomunikasi Indonesia International (Telin), China Mobile, China Telecom, China Telecom Global Limited (an affiliate of China Telecom), Donghwa Telecom Co., Ltd., and National Telecom Public Company Limited (NT, formerly TOT) of Thailand, in this consortium.

In August 2014, Globe joined a consortium of international telecommunications companies to build a \$250 million cable system directly connecting Southeast Asia and the United States, called the South East Asia-United States (SEA-US) Cable System. Completed on 08 August, 2017, the SEA-US undersea cable system provides superior latency, delivering an additional 20 terabits per second capacity, utilizing the latest 100 gigabits per second transmission equipment. Such additional capacity will cater to the

exponential growth of bandwidth between the two continents. The SEA-US cable system is connected to Globe's cable landing station in Brgy. Talomo, Davao City which also houses the Power Feed Equipment necessary to run the system. Outside of Luzon, the undersea cable is the first direct connection of Globe to the United States via Guam, Hawaii, and California, offering faster transmission of data directly to the U.S.

Another cable investment of Globe is the US\$150-million Philippine Domestic Submarine Cable Network (PDSCN), the longest (2,568kms) of its kind in the country with 33 landing points. Globe partnered with Eastern Communications (a company jointly owned by Globe and PLDT) and InfiniVAN, Inc. (a subsidiary of IPS, Inc. of Japan) for the PDSCN project, which aims to provide equitable and reliable connectivity across the country, including previously unserved and underserved areas across the Philippines. The project kicked off in Subic Bay, Zambales in July 2022 and has already completed around ~2,337kms of the 24 segments across the country from Luzon, Visayas and Mindanao, including key cities and tourism destinations. To date, 21 segments out of the 24 are currently serving Globe's domestic core backbone traffic from Luzon to VISMIN regions.

Meanwhile, in November 2022, Globe signed the C&MA and its Supply Agreement to partner up with 11 of the biggest Asian telco companies to invest about \$300 million for a new international submarine cable system, named Asia Link Cable System (ALC). Once completed by Y2026, the 6,000-km ALC system will add at least 18Tbps of capacity to Globe's existing network for its internal and customer requirements through Singapore and Hong Kong, the two main Asian hubs for internet traffic. Connecting to these nodes will boost Globe's capacity to service the growing connectivity needs of its customers. ALC will also help prepare the Philippines as a new major information and communications technology hub in the region, as the country's strategic location is already attracting the interest of hyperscalers, such as companies offering big data or cloud computing on a massive scale.

In addition, Globe signed a Memorandum of Understanding (MOU) with Hexa MYUS Sdn. Bhd., owner of the Malaysia-U.S. ("MYUS") cable system based in Malaysia, and designated Globe as MYUS cable system's Philippine landing partner to land the cable in Davao City. The MYUS cable system will be built with 16 fiber pairs along its backbone, and the infrastructure is scheduled to be finished by Y2028. MYUS Cable will provide the first direct fiber connectivity between Malaysia and the U.S., improving the speed of data transfer in Southeast Asia, including the Philippines. The MYUS cable system will begin from the Malaysian Peninsula near Sedili, crossing to Davao and the US territory of Guam as it travels onwards to the landing station in Florence, Oregon. In its path, the MYUS will also connect to Batam, Jakarta and Balikpapan in Indonesia.

For further information, please refer to its 2024 Financial Reports and SEC 17-A which are available on its website www.globe.com.ph.

Item 3. Legal Proceedings

Except as disclosed herein or in the Definitive Information Statements (DIS) of the Parent Company or its material subsidiaries or associates and joint ventures which are themselves public companies or as has been otherwise publicly disclosed, there are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years to which the Parent Company or any of its material subsidiaries or associates and joint ventures or its directors or executive officers is a party or of which any of its material properties is subject in any court or administrative government agency. The Parent Company's DIS is available at its website www.ayala.com.ph.

In any event, below are the significant legal proceedings involving the Parent Company and its subsidiaries, associates and joint ventures:

Ayala Corporation

As of December 31, 2024, the Company is not involved in any litigation it considers material.

ALI

As of December 31, 2024, ALI, its subsidiaries, and its affiliates, are not involved in any litigation regarding an event that occurred during the past five (5) years that they consider material.

However, there are certain litigation ALI is involved in which it considers material, and though the events giving rise to the said litigation occurred beyond the five (5) year period. These include:

Las Piñas Properties

Certain individuals and entities have claimed an interest in ALI's properties located in Las Piñas, Metro Manila.

Prior to purchasing the aforesaid properties, ALI conducted an investigation of titles to the properties and had no notice of any other title to any of said properties or claim that was superior to the titles of the sellers of ALI. ALI traced its titles to their original certificates of title and ALI believes that it has established its superior ownership position over said parcels of land. ALI has assessed these adverse claims and believes that its titles are in general superior to the purported titles or other evidence of alleged ownership of these claimants. On this basis, beginning October 1993, ALI filed petitions in the Regional Trial Court of Makati and Las Piñas for quieting of title to nullify the purported titles or claims of these adverse claimants. These cases are at various stages of trial and appeal. Some of these cases have been decided by the Supreme Court ("SC"). These include decisions affirming the title of ALI to some of these properties, which have been developed and offered for sale to the public as Sonera, Ayala Southvale. The SC issued a decision adverse to ALI's title over some of these properties dated July 26, 2017 and denied ALI's motions for reconsideration.

ALI has made no allowance in respect of such actual or threatened litigation expenses.

Tomas R. Osmena vs. City of Cebu

ALI is a respondent to a case for Declaratory Relief with Prayer for Temporary Restraining Order and Writ of Preliminary Injunction, filed by the petitioner, former Cebu City Mayor Tomas R. Osmena, seeking among others, to nullify the purchase by ALI, then Cebu Holdings, Inc. (CHI), SM Prime Holdings, Inc. (SMPHI), and the Consortium (composed of ALI, CHI, and SMPHI), of the 26-hectare property located in South Road Properties 2, Cebu City, from the Local Government Unit of Cebu City. In an Order dated January 13, 2021, the Regional Trial Court has ordered the dismissal of the case and on June 10, 2021 denied the motion for reconsideration of petitioner. Petitioner appealed to the Court of Appeals, which appeal was denied on September 27, 2023. Osmena filed a motion for reconsideration which was also denied by the Court of Appeals in its Resolution dated August 29, 2024. Osmena elevated the case to the Supreme Court, which is pending.

IMI

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, or decree or any violation of a securities or commodities law for the past five years up to the present date to which IMI or any of its subsidiaries or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

ACEIC

Except as disclosed in the Information Statements of ACEIC's subsidiaries or affiliates which are themselves public companies or as has been otherwise publicly disclosed, there are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation

of a securities or commodities law for the past five years to which ACEIC or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties is subject, in any court or administrative agency.

BPI

BPI does not have any material pending legal proceedings which may impair the registrant or any of its subsidiaries or affiliates the capacity to perform its obligations.

Globe

Interconnection Charges for Short Messaging Service

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digitel alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from ₱1.00 to ₱0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

On November 20, 2012, the NTC rendered a decision directing Globe Telecom to:

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed a petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value-added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (in case an appeal is taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

Guidelines on Unit of Billing of Mobile Voice Service

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the Supreme Court the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

On September 18, 2024, Globe and Innove received the SC Decision promulgated on February 13, 2023 sustaining the said CA's Decision dated December 28, 2010 and Resolution dated January 19, 2012. The dispositive portion of which reads: Accordingly, the December 28, 2010 Decision and January 19, 2012 Resolution of the Court of Appeals in CA-G.R. SP Nos. 111947, 111970, 112006, and 112198 are upheld. The December 5, 2009 Orders and December 9, 2009 Show Cause Orders and Cease and Desist Orders issued by the National Telecommunications Commission in NTC Case Nos. 2009-138, 2009-139, 99-121, 2009-140, 2009-268, 2009-269, 2009-270, and 2009-271 are reversed and set aside.

The writ of preliminary injunction issued by the Court of Appeals in CA-G.R. SP Nos. 111947 and 111970 enjoining the National Telecommunications Commission and its representatives from enforcing all the assailed Orders in the two cases, are hereby made permanent. The National Telecommunications Commission and all persons acting on its behalf are also permanently enjoined from implementing the assailed Orders in CA G.R. SP Nos. 112006 and 112198. So ordered.

NTC filed its Motion for Reconsideration (MR) of the SC's Decision promulgated on February 13, 2023, a copy of which was received by Globe and Innove on October 1, 2024. Globe and Innove await the SC's Resolution requiring the filing of comment on said MR.

Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI,

the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. I6-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice.

On 16 November 2017, after several extensions of time were granted to the PCC, the Corporation through its external counsel, received a copy of the Consolidated Reply dated 7 November 2017 filed by the PCC.

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibit PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

On 1 June 2018, the Corporation received a copy of the Court of Appeals' Notice of Resolution dated 25 May 2018 and attached Resolution dated 24 May 2018 denying Citizenwatch's Motion for Partial Reconsideration on the ground of lack of legal standing and mootness. No further action has been taken since the Resolution dated 24 May 2018 of the Court of Appeals.

Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc., (LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242352. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

Right of Innove to Render Service and Build Telecommunications Infrastructure in BGC

PLDT and its affiliate, Bonifacio Communications Corporation (BCC) and Innove and Globe Telecom are in litigation over the right of Innove to render services and build telecommunications infrastructure in the Bonifacio Global City (BGC). In the case filed by Innove before the NTC against BCC, PLDT and the Fort Bonifacio Development Corporation (FBDC), the NTC has issued a Cease and Desist Order preventing BCC from performing further acts to interfere with Innove's installations in the BGC.

On January 21, 2011, BCC and PLDT filed with the CA a Petition for Certiorari and Prohibition against the NTC, et al. seeking to annul the Order of the NTC dated October 28, 2008 directing BCC, PLDT and FBDC to comply with the provisions of NTC MC 05-05-02 and to cease and desist from performing further acts that will prevent Innove from implementing and providing telecommunications services in the Fort Bonifacio Global City pursuant to the authorization granted by the NTC. On April 25, 2011, Innove Communications, filed its comment on the Petition.

On August 16, 2011, the CA ruled that the petition against Innove and the NTC lacked merit, holding that neither BCC nor PLDT could claim the exclusive right to install telecommunications infrastructure and providing telecommunications services within the BGC. Thus, the CA denied the petition and dismissed the case. PLDT and BCC filed their motions for reconsideration thereto, which the CA denied.

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On December 22, 2021, Innove filed its Memorandum with

the Supreme Court in compliance with Court's Resolution dated October 06, 2021. The Supreme Court subsequently issued Resolution dated September 14, 2022, directing the Clerk of Court of the Court of Appeals, Manila to elevate the complete records of CA G.R. SP No. 117535 to Supreme Court within ten (10) days from receipt of said Resolution. In its Decision dated April 19, 2023, the Supreme Court dismissed BCC and PLDT's petition for lack of merit and affirmed the Court of Appeals' Decision dated August 16, 2011 and the Resolution dated May 18, 2012 in CA G.R. SP No. 117535, sustaining the NTC's cease and desist order versus the enforcement by PLDT and BCC of their so-called contractual exclusivity to provide telecommunications services in BGC. Finally, on November 6, 2023, Innove received the Supreme Court's Entry of Judgement certifying that on April 19, 2023, a decision was rendered and that the same has, on July 26, 2023, become final and executory and recorded in the Book of Entries of Judgments.

Details on these transactions have been extensively discussed in the disclosures filed with the SEC and PSE and may be accessed from the PSE and Globe websites.

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

Except for matters taken up during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

A) Market Information

Principal market where the registrant's common equity is traded.

The following table shows the high and low prices (in PHP) of Ayala Corporation's shares in the Philippine Stock Exchange for the years 2024 and 2023:

	2024		2023	
	High	Low	High	Low
1st qtr	725.00	623.00	605.00	769.00
2nd qtr	662.50	565.00	615.00	615.00
3rd qtr	703.00	565.00	585.00	643.00
4th qtr	740.00	593.50	602.00	735.00

Source: FACTSET

The high and low prices of Ayala Corporation's shares for and as of March 15, 2025 are P613.00 and P544.00, respectively.

The market capitalization of the Company's common shares as of end-2024, based on the closing price of P599.00/share, was approximately P374 billion.

The price information of Ayala common shares and preferred A shares as of the close of the latest practicable trading date, March 26, 2025, are P571.00 and P2,544.00, respectively.

The price information of Ayala preferred B series 3 shares as of the close of the latest practicable trading date, March 25, 2025, is P2,020.00.

B) Holders

The following are the top 20 registered holders of the Parent Company's securities based on the records of our stock transfer agents:

Common Shares

There are 6,208 registered holders of common shares as of January 31, 2025.

	Stockholder name	No. of common shares	Percentage of common shares
1.	Mermac, Inc	296,625,706	47.5669%
2.	PCD Nominee Corporation (Non-Filipino)	165,092,641	26.4743%
3.	PCD Nominee Corporation (Filipino)	116,883,241	18.7434%
4.	SM Investments Corporation	13,297,121	2.1323%
5.	Shoemart, Inc.	7,529,203	1.2074%
6.	Hengfels Investments Corporation	7,261,790	1.1645%
7.	Sysmart Corporation	1,514,701	0.2429%
8.	ESOWN Administrator 2020	1,397,122	0.2240%
9.	Phil. Remnants Co., Inc.	823,046	0.1320%
10.	Sybase Equity Investments Corp.	752,570	0.1207%
11.	Social Security System	749,700	0.1202%
12.	ESOWN Administrator 2024	719,200	0.1153%
13.	2023 ESOWN Administrator	612,500	0.0982%
14.	2021 ESOWN Administrator	557,738	0.0894%
15.	ESOWN Administrator 2019	509,878	0.0818%
16.	ESOWN Administrator 2018	473,388	0.0759%
17.	2022 ESOWN Administrator	472,704	0.0758%

	Stockholder name	No. of common shares	Percentage of common shares
18.	ESOWN Administrator 2016	465,962	0.0747%
19.	ESOWN Administrator 2017	421,609	0.0676%
20.	Mitsubishi Logistics Corporation	360,512	0.0578%

A list of the company's top 100 shareholders as of December 31, 2024 can be found through this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=02232d855a3f0ddeabca0fa0c5b4e4d0.

Preferred A (Re-issued) Series Shares

There are six (6) registered holders of preferred A series shares as of January 31, 2025.

	Stockholder name	No. of preferred A (re-issued) series shares	Percentage of preferred A (re-issued) series shares
1.	PCD Nominee Corporation (Filipino)	5,194,291	99.0424%
2.	PCD Nominee Corporation (Non-Filipino)	44,944	0.8570%
3.	Diana Barretto Sy	2,000	0.0381%
4.	G.D. Tan & Co., Inc.	2,000	0.0381%
5.	ECP Holdings OPC	1,200	0.0229%
6.	Josefin B. Alberto	80	0.0015%

Preferred B Series 3 Shares

There are two (2) registered holders of preferred B series 3 shares as of January 31, 2025.

	Stockholder name	No. of preferred B series 2 shares	Percentage of preferred B series 3 shares
1.	PCD Nominee Corp – Filipino	7,456,885	99.4251%
2.	PCD Nominee Corp – Non Filipino	43,115	0.5749%

Voting Preferred Shares

There are 1,058 registered holders of voting preferred shares as of January 31, 2025.

	Stockholder name	No. of voting preferred shares	Percentage of voting preferred shares
1.	Mermac, Inc.	177,252,144	88.6261%
2.	Mitsubishi Corporation	15,072,294	7.5361%
3.	Deutsche Bank AG Manila OBO UBS HH A/C 12105904001	1,561,478	0.7807%
4.	Fernando Zobel De Ayala	554,983	0.2775%
5.	Jaime Augusto Zobel De Ayala	543,802	0.2719%
6.	CBNA MLA OBO AC 6002079755	364,810	0.1824%
7.	Delfin L. Lazaro	258,297	0.1291%
8.	Britel Fund Trustees Limited	170,064	0.0850%
9.	HSBC Manila OBO A/C 000-808154-573	169,803	0.0849%
10.	Deutsche Regis Partners Inc. A/C Clients	137,372	0.0687%
11.	BDO Securities Corporation	115,794	0.0579%
12.	AB Capital Securities Inc.	113,164	0.0566%
13.	Mercedita S. Nolledo	84,996	0.0425%
14.	Ariston Dela Rosa Estrada Jr	84,396	0.0422%
15.	Deutsche Bank Ag Manila Obo A/C 12129924646	81,974	0.0410%
16.	Asiasec Equities, Inc.	78,007	0.0390%
17.	HSBC Manila OBO A/C 000-083766-550	77,715	0.0389%

	Stockholder name	No. of voting preferred shares	Percentage of voting preferred shares
18.	HSBC Manila OB A/C 000-171512-575	72,884	0.0364%
19.	Papa Securities Corporation	69,646	0.0348%
20.	Ansaldo Godinez & Company, Inc.	65,977	0.0330%

C) Dividends

Cash Dividends on Common Shares

Year	Payment Date	Rate (Php)	Record Date
2022	August 13, 2022	3.46/share	July 28, 2022
	January 12, 2023	3.46/share	December 27, 2022
2023	August 17, 2023	3.806/share	August 1, 2023
	January 10, 2024	3.806/share	December 26, 2023
2024	July 26, 2024	4.1866/share	July 11, 2024
	January 11, 2025	4.1866/share	January 2, 2025

Cash Dividends on Preferred "A" Shares (ACPAR)*

Year	Payment Date	Rate (Php)	Record Date
2023	August 29, 2023	39.741875/share	August 14, 2023
	November 29, 2023	39.741875/share	November 16, 2023
2024	February 29, 2024	39.741875/share	February 13, 2024
	May 29, 2024	39.741875/share	May 14, 2024
	August 29, 2024	39.741875/share	August 13, 2024
	November 29, 2024	39.741875/share	November 15, 2024
2025	February 28, 2025	39.741875/share	February 13, 2025

*issued on May 29, 2023

Cash Dividends on Preferred "B" Series 1 Shares (ACPB1)*

Year	Payment Date	Rate (Php)	Record Date
2022	February 15, 2022	6.56250/share	January 31, 2022
	May 15, 2022	6.56250/share	May 2, 2022
	August 15, 2022	6.56250/share	August 1, 2022
	November 15, 2022	6.56250/share	October 31, 2022
2023	February 15, 2023	6.56250/share	January 30, 2023
	May 15, 2023	6.56250/share	May 3, 2023
	August 1, 2023	6.56250/share	August 15, 2023
	November 15, 2023	6.56250/share	October 27, 2023

*redeemed on November 15, 2023

Cash Dividends on Preferred "B" Series 2 Shares (APB2R)*

Year	Payment Date	Rate (Php)	Record Date
2022	February 28, 2022	6.02675 /share	February 15, 2022
	May 29, 2022	6.02675 /share	May 13, 2022
	August 29, 2022	6.02675 /share	August 15, 2022
	November 29, 2022	6.02675 /share	November 16, 2022
2023	February 28, 2023	6.02675 /share	February 13, 2023
	May 16, 2023	6.02675/share	May 29, 2023
	August 14, 2023	6.02675/share	August 14, 2023
	November 29, 2023	6.02675/share	November 16, 2023

Year	Payment Date	Rate (Php)	Record Date
2024	February 29, 2024	6.02675 /share	February 14, 2024
	May 29, 2024	6.02675 /share	May 14, 2024
	August 29, 2024	6.02675 /share	August 13, 2024
	November 29, 2024	6.02675 /share	November 15, 2024

*redeemed on November 29, 2024

Cash Dividends on Preferred "B" Series 3 Shares (ACPB3)*

Year	Payment Date	Rate (Php)	Record Date
2025	January 15, 2025	30.269 /share	January 6, 2025
	March 31, 2025	30.269 /share	April 15, 2025

*issued on October 15, 2024

Cash Dividends on Voting Preferred Shares

Year	Payment Date	Rate (Php)	Record Date
2022	May 20, 2022	0.05773/share	May 4, 2022
2023	May 20, 2023	0.048096/share	May 8, 2023
2024	May 20, 2024	0.048096/share	May 7, 2024

Property Dividends

Entitlement Ratio	Record Date	Payment Date
3 ACEN shares per 1 AC common share	May 27, 2022	January 9, 2023

Dividend policy

As a holding company, Ayala's policy is to provide a fixed-rate, semi-annual cash dividend on common shares. For voting preferred shares, the rate is 5.7730% per annum from 2019 to 2022 and 4.8096% from 2023 until 2025. For reissued Preferred A shares, the dividends are distributed at the rate of 6.3587% per annum, while the dividends are distributed at the rate of 6.0538% for non-voting Preferred B Series 3 shares. For the redeemed non-voting Preferred B Series 1 and 2 shares, the dividends were distributed at the rates of 5.25% and 4.8214% per annum, respectively.

On September 28, 2023, the Board of directors approved and ratified the resolution approving the optional redemption of the P10.0Bn 5.2500% Preferred "B" Series 1 shares. The redemption was effective November 15, 2023 (the 10th year anniversary from the issue date of the shares) by payment in cash of the redemption price equal to 100% of the issue price of the shares plus accrued and unpaid dividends up until November 15, 2023 based on the dividend rate of 5.25% per annum. The Company's Executive Committee, in the exercise of its authority under the By-Laws, and upon endorsement of the Finance Committee, approved on September 30, 2024 the optional redemption of the P15Bn 4.8214% Preferred "B" Series 2 shares (APB2R). The redemption was effective November 29, 2024 (the 5th year anniversary from the listing of the shares) by payment in cash of the redemption price equal to 100% of the issue price of P500 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% per annum. The redeemed shares is part of the treasury shares until re-issued.

D) Recent Sale of Securities

The following shares were issued to/subscribed by the Company's executives as a result of the exercise of stock options (ESOP) and the subscription to the stock ownership (ESOWN) plans:

Year	No. of shares	
	ESOP	ESOWN*
2022	15,120	474,346
2023	51,842	612,500
2024	0	719,200

*Net of cancelled subscriptions.

The above shares formed part of the 8,864,000 ESOP and ESOWN shares subject of the Commission's resolution dated January 12, 2006, and 5,697,007 and 9,902,993 ESOWN shares subject of the Commission's resolution dated December 11, 2024. Both resolutions confirm the issuance of such shares as exempt transactions pursuant to Section 10.2 of the Securities Regulation Code.

E) Corporate Governance

The Company's corporate governance principles were formalized in its Manual on Corporate Governance, as revised and with the latest version filed with the SEC on July 14, 2022 (the "Revised Manual"), in compliance with SEC Memorandum Circular No. 19, Series of 2016. The Revised Manual establishes corporate governance practices that are founded on internationally recognized rigorous standards, systems and processes designed to ensure the Company's progress and stability, that an effective system of check and balance is in place and that a high standard of accountability and transparency to all stakeholders is enforced.

The Revised Manual conforms to the SEC's requirements for manuals on corporate governance. It defines primarily the roles and responsibilities of the Board and Management. More importantly, it includes a statement of their respective liabilities in the event of non-compliance with or violation of any of the provisions of the Revised Manual. It also establishes, among others, policies on (a) independent directors, (b) Board committees, (c) conflicts of interest, (d) internal and external audit procedures and practices, including risk management, (e) whistleblowing, (f) stockholders' rights and interests and (g) management's responsibility to communicate and inform stakeholders on matters related to the Company's affairs. The principles embodied in the Revised Manual lay the foundation for the appropriate supervision and proper management of the Company to safeguard shareholders and other stakeholders' interests and to ensure the Company's long-term growth and sustainability. In line with this, Ayala endeavors to fully comply with the Revised Manual, through among others, the following:

- i. The Company annually assesses its compliance with the SEC Code of Corporate Governance for Publicly Listed Companies and its Revised Manual through the Integrated Annual Corporate Governance Report submitted to the SEC.
- ii. The Board conducts and accomplishes an annual Board Performance Self-Assessment exercise to measure or determine the level of compliance of the Board of Directors and top-level management with the Revised Manual and the ratings are submitted to the Chief Compliance Officer who prepares the required Integrated Annual Corporate Governance Report submitted to the SEC. The Compliance Officer reports the results to the Board in the next meeting after the assessment. Every three years, the board assessment is conducted by an independent third party. In 2023, the Company's Board and Board Committee evaluation for year 2022 was facilitated by Aon Singapore Pte. Ltd (Aon) and covered the Board's performance across several criteria, including board composition, board roles, functions and processes, information management, representation of shareholders and ESG factors, managing company's performance, senior executive's talent management and corporate governance practices related to strategy, policy, risk and accountability. The evaluation was conducted through a questionnaire answered by each director and interviews with the President & CEO, lead independent director and corporate Secretary. The results and analyses of Aon showed that the Company rated above 75th percentile for all categories, in comparison to the market. Prioritization of Board oversight activities was also reported, with the areas of Strategy, Risk Management and Human Capital rating high in the Board's priorities. The Board noted the need to spend more time on human capital management. Further, guides to action were presented to address areas for continuous improvement

including, recommendations, evaluation findings and employee sentiment summary, among others. Prior to this, the last assessment conducted by a third party was in 2020.

- iii. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating Management's performance.
- iv. The Company strives to fully adhere to the leading practices and principles of good corporate governance contained in the Revised Manual.
- v. The Company periodically reviews and updates its By-Laws, Board Charter and Revised Manual as further steps to ensure adherence to prevailing principles and practices of good corporate governance. The Board Charter and Revised Manual were updated on July 14, 2022 to align with the Board's oversight responsibility on Sustainability and Climate-related matters.
- vi. The Board actively performs its fiduciary duty to the Company, including regularly meeting at least six times every calendar year.
- vii. The Board ensures the presence and adequacy of internal control mechanisms for good governance in accordance with the Revised Manual. The minimum internal control mechanisms for the Board's oversight responsibility include, but are not limited to:
 - (1) Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
 - (2) Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
 - (3) Appointing a CEO with the appropriate ability, integrity and experience to fill the role, as well as defining the CEO's duties and responsibilities;
 - (4) Reviewing proposed senior management appointments;
 - (5) Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Company's personnel and human resources policies, compensation plan and the management succession plan;
 - (6) Institutionalizing the internal audit function; and
 - (7) Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.
- viii. The Company adopts necessary policies to promote stronger corporate governance practices. In line with the increasing stakeholder focus on diversity in the boardroom, the Board adopted a Board Diversity Policy and elected its first female director in 2020. To date, the Board has two female directors, meeting its board diversity target. Further, to ensure the protection of shareholder interests and the integrity of its related party transactions, the Company regularly reviews and updates its Related Party Transactions Policy in compliance with SEC Memorandum Circular No. 10, Series of 2019.

As of 31 December 2024, the Company has substantially complied with the principles and best practices contained in the Manual. There were no sanctions imposed on any director, officer or employee for non-compliance of the Manual.

For the full details and discussion, please refer to the Definitive Information Sheet and Annual Corporate Governance Report posted in the Company's Official Website www.ayala.com.ph.

Item 6. Management's Discussion and Analysis (MD&A) or Plan of Operations

2024 vs. 2023 Highlights

- Ayala Corporation's ("Ayala" or "the Company") core net income, which excludes one-off items, increased 10 percent to an all-time high of ₱45.0 billion. BPI, Ayala Land, Globe, and AC Energy & Infrastructure (ACEIC) delivered strong performances, underpinning the Company's results. Accounting for one-offs, Ayala's net income rose 10 percent to ₱42.0 billion.
 - BPI achieved a record net income of ₱62.0 billion, up 20 percent driven by record revenues despite higher operating expenses and provisions. Full-year return on equity was 15.1 percent.
 - Ayala Land's net income grew 15 percent to ₱28.2 billion on the back of solid growth across its business units.
 - Globe's core net income, which excludes non-recurring charges, foreign exchange and mark-to-market charges, improved 14 percent to ₱21.5 billion in 2024 with EBITDA reaching an all-time high on the back of improved topline growth and lower spending. The lift in Globe's core earnings was further supported by Mynt, the operator of GCash, as it sustained its growth momentum. Net income was down one percent to ₱24.3 billion due to lower one-time gains from the tower sales.
 - ACEN's reported net income accelerated 27 percent to ₱9.4 billion, driven by higher attributable renewables output, and supported by ₱2.8 billion in value realization gains.
 - ACEIC, the parent company of ACEN, registered a core net income of ₱10.7 billion, up 13 percent driven by increased contributions from ACEN's new capacity and higher financing income which offset lower earnings from its thermal assets.

Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased 12 percent to ₱325.7 billion due to higher revenues from residential business, incremental construction project activities, improved mall and hotel operations in ALI, higher automotive sales driven by electronic vehicles in AC Industrials, and higher import/export services, warehouse, and trucking revenues in AC Logistics. These were partially offset by lower sales in IMI. As a percentage of total revenues, this account was at 88 percent and 85 percent for the years ended December 31, 2024 and 2023, respectively.

Real Estate

- Ayala Land's net income was up 15 percent to ₱28.2 billion in 2024, driven by solid growth across its business units. This was anchored by higher residential as well as commercial and industrial lot bookings which pushed revenues to ₱180.7 billion, up 21 percent.
- Property development revenues grew 22 percent to ₱112.9 billion.
 - Residential revenues increased 23 percent to ₱94.9 billion.
 - Office-for-sale revenues declined 18 percent to ₱3.5 billion as lower incremental percentage of completion (POC) weighed on new bookings.
 - Commercial and industrial lots revenues jumped 34 percent to ₱14.6 billion.
- Reservation sales climbed 12 percent to ₱127.1 billion on the back of resilient demand from the premium segment, horizontal projects, and developments in suburban estates.
- Total launches for the year reached ₱80.5 billion, of which 66 percent were located outside Metro Manila. In the fourth quarter, Ayala Land introduced ₱34.9 billion-worth of residential projects.
 - Notable launches include Ayala Land Premier's Enara and Anvaya Seabridge Residences Buildings A & B, Avida's Makati Southpoint Tower, and Serin Terraces in Tagaytay.
- Leasing and hospitality revenues increased nine percent to ₱45.6 billion on higher rental rates and contributions from newly completed assets.

- Despite ongoing reinvention initiatives, shopping center revenues increased nine percent to ₱23.0 billion due to higher rent, full-year contribution of One Ayala, and improved operations from AyalaMalls Manila Bay.
- Office revenues grew nine percent to ₱12.9 billion from increased rental rates and fresh contributions from One Ayala BPO Towers and Ayala Triangle Tower Two.
- Hotels and resorts revenues increased 11 percent to ₱9.7 billion on the back of higher average room rates and contributions from new rooms of Seda Manila Bay and Nuvali Tower 2.
- Revenues from service business, comprised of construction and property management among others, surged 57 percent to ₱18.0 billion.
 - Net construction revenues nearly doubled to ₱13.0 billion on the back of increased bookings from external projects.
- Capital expenditures totaled ₱84.6 billion. Of this, 46 percent was allocated to residential projects, 27 percent to estate development, 15 percent to leasing and hospitality assets, and 12 percent to land acquisition commitments.
 - Ayala Land projects its capital expenditures to reach ₱95.0 billion in 2025, of which 37 percent will be in residential, 25 percent in estate development, and 23 percent in leasing and hospitality assets.
- Meanwhile, Ayala Land's REIT vehicle (before change in fair value of investment properties), AREIT, saw its net income soar 49 percent to ₱7.4 billion, boosted by contributions from new asset infusions and full-year contributions of 2023 acquired assets.
 - Assets under management reached ₱117.3 billion at the end of 2024.
 - In 2025, AREIT plans to infuse ₱21.0 billion worth of commercial properties located in Cebu, Davao, and Cagayan de Oro from its sponsor Ayala Land and its subsidiaries. This will bring the total gross leasable area to 4.3 million sqm composed of 1.4 million sqm of building GLA and 2.9 million sqm of industrial land.

Power

- ACEN's reported net income grew 27 percent to ₱9.4 billion in 2024, driven primarily by expanded attributable renewables output. This growth included value realization gains of ₱2.8 billion.
- Core attributable EBITDA, which includes ACEN's share of EBITDA from non-consolidated operating projects, expanded 25 percent to ₱19.3 billion on strong operating performance and additional generation from 1.8 gigawatts (GW) newly operationalized plants.
- Total attributable renewables output jumped 25 percent to 5,596 gigawatt-hours (GWh).
 - Output from Philippine renewable plants surged 60 percent to 1,826 GWh due to operationalization of SanMar Solar Phases 1 & 2 (Zambales), Pagudpud Wind and Capa Wind (Ilocos Norte), Cagayan North Solar (Cagayan), Arayat-Mexico Solar 2 (Pampanga). This increased capacity grew ACEN's net seller position in the WESM by 57 percent to 1,131 GWh.
 - Output from international renewable plants increased 13 percent to 3,770 GWh due to the operationalization of large-scale projects such as New England Solar in Australia, and Masaya Solar in India, and the addition of attributable capacity from SUPER Solar NT (Vietnam).
- ACEN currently has 6,978 megawatts (MW) of attributable capacity, comprised of 3.3 GW in operation, 2.3 GW under construction, and 1.4 GW of projects that have been approved by the company's Board and expected to begin construction within the next 12-18 months.

Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures decreased five percent to ₱44.3 billion due lower equity in net earnings of AJVs in ACEIC and the impact of the divestment from MWC in May 2024. These were partially offset by higher net interest and non-interest income despite its higher expenses and provision for losses in BPI, better results from AJVs of ALI, revenue growth outpacing higher expenses and lower one-time gains from tower sales in Globe, and higher earnings from Mynt. As a percentage of total revenue, this account was at 12 percent and 14 percent for the years ended December 31, 2024 and 2023, respectively.

Banking

- BPI delivered a record full-year net income of ₱62.0 billion in 2024, up 20 percent, driven by robust revenues which more than offset the increase in operating expenses and provisions. Return on equity stood at 15.1 percent.
- Total revenues grew 23 percent to ₱170.1 billion, driven by higher net interest income due to strong loan growth and higher net interest margin ("NIM").
 - Total loans increased 18 percent to ₱2.3 trillion due to growth in both institutional and non-institutional segments.
 - Institutional loans were up 12.8 percent to ₱1.7 trillion while non-institutional loans surged 37.9 percent.
 - Of the total loan mix, non-institutional loans accounted for 24.4 percent, 360 basis points higher from last year.
 - Net interest margin widened 22 basis points to 4.31 percent.
 - Fee income was up 24 percent to ₱35.7 billion on sustained volume growth.
- Total deposits increased 14 percent to ₱2.6 trillion mainly from the growth in time deposits.
- Asset quality remained healthy with sufficient cover despite the continued shift in the loan mix in favor of the non-institutional segment.
 - NPL ratio increased 29 basis points to 2.13 percent.
 - NPL cover decreased 50 percentage points to 106.2 percent.
 - Total provisions booked amounted to ₱6.6 billion, up 65 percent.
- Operating expenses grew 21 percent to ₱83.8 billion on higher manpower, technology, and volume-related expenses. Cost-to-income ratio continued with its steady decline, dropping 71 basis points to 49.3 percent.

Telco

- Globe's core net income, which excludes non-recurring charges, foreign exchange and mark-to-market charges, improved 14 percent to ₱21.5 billion in 2024. The performance was driven by Mynt's solid performance and record gross service revenues despite challenges from home broadband normalization, the ECPay deconsolidation, and prolonged inflation.
 - Net income slightly dipped one percent to ₱24.3 billion due to lower one-time gains from tower sales.
- Gross service revenues hit an all-time high of ₱165.0 billion as the mobile and corporate data delivered strong performances.
 - Mobile data revenues were up seven percent to ₱97.4 billion due to continued growing usage of mobile applications and higher data traffic.
 - Corporate data business grew 11 percent to ₱20.4 billion driven by growth in core accounts and ICT related services.
 - Home broadband revenues declined five percent to ₱23.8 billion mainly attributed to customer migration from fixed wireless to fiber products. GFiber Prepaid continued to gain traction, hitting 260 thousand customers as of end-2024. As a result, total fiber revenues rose two percent and total fiber subscriber count increased 16 percent.
 - Non-telco revenues decreased 47 percent to ₱2.6 billion due to the deconsolidation of ECPay following Globe's sale of its 77 percent stake to Mynt last year.
- Equity earnings from Mynt surged to ₱3.8 billion, driven by its strong performance, partially tempered by non-recurring charges taken up by Mynt related to certain long-standing accounts. This represents 12 percent of Globe's pre-tax net income compared to seven percent in 2023.
 - Total loan disbursements soared 85 percent with unique borrowers accelerating 101 percent.
 - Insurance policies sold life-to-date grew 171 percent, with GInsure users surging 256 percent.
- EBITDA reached a new high of ₱86.8 billion, a seven percent growth on the back of improved topline growth and lower spending.

- OPEX including subsidies declined three percent to ₱78.2 billion.
- EBITDA margin climbed to 53 percent, above Globe's guidance of 50 percent.
- Capital expenditures dropped by 20 percent to ₱56.2 billion, in line with Globe's guidance of lowering spending and improved capital utilization. This led to a 10 percentage-point improvement in its CAPEX-to-revenue ratio, which ended at 34 percent.

Portfolio Updates

- AC Health's revenues (excluding equity share in net earnings and management fee) grew 10% to ₱9.4 billion. The provider group, consisting of clinics and hospitals, saw revenue growth of 22 percent, well above industry growth of 8 percent. FEU-NRMF turned EBITDA positive with revenues rising 19 percent to ₱957 million. Revenue from the pharma group remained flat but still outperformed the industry's five percent decline. Meanwhile, net loss widened to ₱610 million mainly due to a one-time impairment in Konsulta MD and ramp-up costs of the cancer hospital.
- AC Logistics' reported net loss widened to ₱2.2 billion from ₱1.8 billion due to losses from Entrego, higher manpower costs and rent, and an increased stake in Air21 Holdings, Inc. Meanwhile, attributable EBITDA losses improved 34 percent to ₱633 million from ₱995 million as streamlining initiatives enhanced operational efficiency. Its cold storage facility, GMAC CDO, reached 74 percent average utilization in 2024 since its opening in June 2023. On March 5, 2025, Ayala Corporation, AC Logistics, and A.P. Moller Capital ("APMC"), through EMIF II Holding III B.V. ("EMIF"), signed a share subscription agreement for EMIF to subscribe to common and redeemable preferred shares of AC Logistics equivalent to a ~40 percent economic stake. The completion of the transaction is subject to finalization of subscription price and satisfaction of conditions precedent including but not limited to regulatory approvals and the achievement of certain business milestones.
- AC Industrials narrowed its net loss to ₱2.4 billion from ₱7.3 billion due to lower impairments. Core net loss widened to ₱1.6 billion from ₱1.2 billion because of softer demand and restructuring costs in IMI, start-up expenses and one-off costs in ACMobility as well as closure costs in the 2-wheel segment.
 - IMI's revenues declined to US\$1.1 billion in 2024 from US\$1.3 billion. Core businesses' net loss amounted to US\$24.6 million due to continued rationalization efforts. A leaner organization and a more optimized global footprint should position the company for sustainable growth.
 - ACMobility's net loss amounted to ₱465 million from ₱119 million. However, unit sales grew 46 percent to 23,483 from 16,111 driven by 8 successful model launches across BYD and Kia. Total market share improved by 120 basis points to 4.9 percent. AC Mobility continues to hold the largest market share in New Electric Vehicles at 85 percent. On the charging infrastructure side, AC Mobility ended 2024 with 215 charging points in 86 locations nationwide.

Costs of Goods Sold and Rendering Services

Cost of sales and services increased 8 percent to ₱238.5 billion resulting from improvement in sales and impact of generally higher prices for direct costs and overhead of various BUs. These were partially offset by lower cost of purchased power by ACEIC amid better matching of power output and purchases to demand. As a percentage to total costs and expenses, these accounts were 82 percent and 84 percent for the years ended December 31, 2024 and 2023, respectively.

General and Administrative Expenses

Excluding provisions for impairment, normalized GAE increased 15 percent due to higher personnel costs, professional fees, advertising, and taxes and licenses. The Group also recognized provisions for expected credit losses (ECLs) of various BUs' receivables, as well as provisions on the impairment risk of certain investments and non-financial assets, such as inventories, property, plant and equipment, and intangible assets, identified during the Group's annual impairment testing exercise. As a percentage of total costs and expenses, this account was at 18 percent and 16 percent for the years ended December 31, 2024 and 2023, respectively.

Balance Sheet Highlights

- Total assets increased nine percent to ₱1.7 trillion from end-2023 mainly due to increases in accounts and notes receivables, property, plant and equipment, and investments in associates and joint ventures.
 - Accounts and notes receivables collectively jumped 11 percent to ₱309.4 billion due to property development and residential revenues and adoption of PIC Q&A 2018-12 on PFRS 15's significant financing component requirement in ALI, higher development loans and bridge financing in ACEIC, and additional receivable of Philwater from Trident Water from the sale of its investment in MWCI this year. These accounts were 18 percent and 17 percent of total assets as of December 31, 2024 and 2023, respectively.
 - Property, plant, and equipment grew 20 percent to ₱178.1 billion due to ACEIC's continued investments in solar and wind farm projects including higher capitalized borrowing costs. This were partially offset by disposals of ALI mainly from the sale of AirSwift, net disposals and impairments in IMI, and the Group's depreciation and amortization. This account was 10 percent and nine percent of total assets as of December 31, 2024 and 2023, respectively.
 - Investments in associates and joint ventures were up 13 percent to ₱401.2 billion from equity earnings net of dividends in BPI and Globe, higher earnings from Mynt, additional investments in BIM Energy Holdings, BrightNight India, UPC Power Solutions, PhilWind, and North Luzon Renewable of ACEIC, investment in St. Joseph Drugstore of AC Health, and additional investment in GCash of AC Ventures. These were partially offset by the sale of MWCI as well as provisions for LRMC and UPC Renewables Asia III. This account was 23 percent and 22 percent of total assets as of December 31, 2024 and 2023, respectively.
 - Investment properties increased 8 percent to ₱262.9 billion primarily due to land acquisitions, construction progress in leasing assets in ALI and transfers from property, plant, and equipment. This account was 15 percent of total assets for both years as of December 31, 2024 and 2023.
- Ayala's balance sheet remained healthy despite market volatility as Ayala continues to have good access to credit from domestic and international banks, multilaterals and the capital markets.
- Consolidated cash stood at ₱76.2 billion.
- Consolidated group capex for 2025 estimated at ₱230.0 billion vs. 2024 group capex of ₱224.0 billion.
- Consolidated net debt increased 17 percent to ₱590.5 billion.
- Consolidated net debt-to-equity ratio climbed six basis points to 0.81x, well within the Company's covenant of 3.0x.
- Parent level cash slipped one percent to ₱11.6 billion.
- Parent net debt jumped 14 percent to ₱167.1 billion.
- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuities which have no maturity) to the total value of its assets, stood at 13.9 percent.
- Parent net debt-to-equity ratio was at 1.06x.
- Parent average cost of debt decreased to 5.33 percent from 5.37 percent in 2023, supported by AC's high fixed rates ratio at 70 percent.

Key performance indicators of the Company and its significant subsidiaries

The table sets forth the comparative key performance indicators of the Company and its significant subsidiaries.

Ayala Corporation (Consolidated) (In million pesos, except ratios)	2024	2023	2022
Revenue*	370,052	341,898	306,644
Net Income Attributable to Equity Holders	42,026	38,073	27,398
Total Assets	1,749,326	1,608,713	1,478,545

Total Debt	666,759	589,844	552,488
Total Stockholders' Equity	725,582	674,941	595,299
Current Ratio ¹	1.50	1.65	1.75
Debt to Equity Ratio ²	0.92	0.87	0.93

Ayala Land, Inc.

(In million pesos, except ratios)

	2024	2023	2022
Revenue	178,563	147,077	124,481
Net Income Attributable to Equity Holders	28,233	24,508	18,617
Total Assets	918,755	846,632	779,655
Total Debt	282,156	258,254	236,039
Total Stockholders' Equity	358,496	319,929	293,665
Current Ratio ¹	1.75	1.76	1.78
Debt to Equity Ratio ²	0.79	0.81	0.80

AC Energy and Infrastructure Corporation

(In million pesos, except ratios)

	2024	2023	2022
Revenue	42,402	43,790	40,373
Net Income Attributable to Equity Holders	12,516	12,583	4,639
Total Assets	394,740	342,975	281,565
Total Debt	171,559	135,364	117,753
Total Stockholders' Equity	183,230	173,699	142,625
Current Ratio ¹	1.82	1.82	4.48
Debt to Equity Ratio ²	0.94	0.78	0.83

Integrated Micro-Electronics, Inc.

(In thousand US dollars, except ratios)

	2024	2023	2022
Revenue	1,098,693	1,327,213	1,401,730
Net loss Attributable to Equity Holders	(49,788)	(105,626)	(8,308)
Total Assets	792,924	994,627	1,102,994
Total Debt	290,460	356,725	343,074
Total Stockholders' Equity	224,103	310,585	414,958
Current Ratio ¹	1.39	1.44	1.51
Debt to Equity Ratio ²	1.30	1.15	0.83

¹ Current Assets/ Current Liabilities.

² Total Debt/ Total Stockholders' Equity (Total Debt includes short term debt, long-term debt both current and noncurrent portion).

Causes of Any Material Variances

(Increase or decrease of 5% or more in the financial statements)

Balance Sheet Items

As at December 31, 2024 and 2023

Accounts and notes receivable (Note 7*):

(In Millions)	December 2024	December 2023	% Inc. (Dec.)	% of Total Assets	
				December 2024	December 2023
Current	P158,358	P159,553	(1%)	9%	10%
Noncurrent	151,065	119,341	27%	9%	7%
Total	P309,423	P278,894	11%	18%	17%

Combined movements came from ALI's increase in property development and residential revenues and slightly from the impact of its adoption of PIC Q&A 2018-12 on PFRS 15's significant financing component requirement, ACEIC's higher development loans and bridge financing, plus Philwater's additional receivable from Trident Water from the sale of its investment in MWCI this year. These were offset by lower IMI trade receivables and AC Logistics advances to an affiliate. These accounts are 18% and 17% of total assets as of December 31, 2024 and 2023, respectively.

Inventories – 7% increase from P231,279 million to P247,753 million

Increase attributable to ALI's new land acquisitions and completed project constructions and AC Industrials' delivery of vehicle units in the last quarter of the year; offset by IMI's reduced inventories as sales consumed existing inventories and lower demand tempered purchases. This account is 14% of total assets as of December 31, 2024 and 2023.

Other current assets (Note 9*) – 6% decrease from ₱108,452 million to ₱102,226 million

Decrease came from ALI's lower advances to contractors and suppliers, input VAT, and ACEIC's full disbursement of the proceeds from ACEN's issuance of redeemable preferred shares which was held in an escrow as restricted cash last year. This account is 6% and 7% of total assets as of December 31, 2024 and 2023, respectively.

Investments in associates and joint ventures (Note 10*) – 13% increase from ₱353,964 million to ₱401,222 million

Increase attributable to equity earnings less dividends from BPI and Globe; ACEIC's additional investments in BIM Energy Holdings, BrightNight India, UPC Power Solutions, PhilWind, and North Luzon Renewable; AC Health's purchase of a 49% investment in St. Joseph Drugstore; and AC Ventures' additional investment in GCash equivalent to an incremental ~8% stake; offset by the sale of MWCI and provisions for LRMC and UPC Renewables Asia III. This account is 23% and 22% of total assets as of December 31, 2024 and 2023, respectively.

Investment properties (Note 11*) – 8% increase from ₱242,485 million to ₱262,904 million

Increase primarily from ALI's land acquisitions, additional construction-in-progress of buildings to be leased as retail and office spaces upon completion, and transfers from property, plant and equipment. This account is 15% of total assets as of December 31, 2024 and 2023.

Property, plant and equipment (Note 12*) – 20% increase from ₱149,055 million to ₱178,131 million

Increase attributable to ACEIC's continued investments in solar and wind farm projects including higher capitalized borrowing costs and management fees; offset by disposals of ALI mainly from the sale of AirSwift, IMI net disposals and impairment, and the Group's period depreciation and amortization. This account is 10% and 9% of total assets as of December 31, 2024 and 2023, respectively.

Right-of-use assets (Note 30*) – 5% increase from ₱23,498 million to ₱24,562 million

Increase mainly from AC Logistics' new warehouse long-term lease offset by disposal of ALI's leased aircrafts as a result of the AirSwift sale. This account is 1% and 2% of total assets as of December 31, 2024 and 2023, respectively.

Short-term debt (Note 18*) – 52% increase from ₱49,871 million to ₱75,556 million

Increase due to net borrowings of AC, ACEIC, ALI, and AC Industrials; partly offset by net loan settlements of IMI and AC Infra. This account is 7% and 5% of total liabilities as of December 31, 2024 and 2023, respectively.

Income tax payable – 24% decrease from ₱1,076 million to ₱820 million

Decrease attributable to income tax payments of ACEIC, ALI, and IMI. This account is less than 1% of total liabilities as of December 31, 2024 and 2023.

Other current liabilities (Note 17*) – 39% decrease from ₱39,125 million to ₱23,729 million

Decrease primarily from ALI's conversion of customer deposits to sales bookings offset by increase in ACEIC's refundable customer deposits. This account is 2% and 4% of total liabilities as of December 31, 2024 and 2023, respectively.

Long-term debt (Note 18*):

(In Millions)	December 2024	December 2023	% Inc. (Dec.)	% of Total Liabilities	
				December 2024	December 2023
Current	₱60,875	₱49,461	23%	6%	5%
Noncurrent	530,328	490,511	8%	52%	53%
Total	₱591,203	₱539,972	9%	58%	58%

Combined movements due to net loan availments of various BUs led by ACEIC and ALI; offset by net debt settlements of AC and AC Industrials. This account is 58% of total liabilities as of December 31, 2024 and 2023.

Lease liabilities (Note 30*):

(in Millions)	December 2024	December 2023	% Inc. (Dec.)	% of Total Liabilities	
				December 2024	December 2023
Current	₱4,648	₱3,070	51%	0%	0%
Noncurrent	28,794	27,636	4%	3%	3%
Total	₱33,442	₱30,706	9%	3%	3%

Combined increase driven by AC Logistics' new warehouse lease and the renewal of IMI leases related to its foreign operations, offset by reduction from the sale of ALI leased AirSwift aircraft. Refer to corresponding increase in right of use assets. A higher increase in lease liabilities is expected in the early years of contracts due to the present value factor of lease obligations. This account is 3% of total liabilities as of December 31, 2024 and 2023.

Deferred tax liabilities (Note 25*) – 34% increase from ₱11,459 million to ₱15,383 million

Increase mainly from ALI's real estate transactions. This account is 2% and 1% of total liabilities as of December 31, 2024 and 2023, respectively.

Pension liabilities (Note 27*) – 12% increase from ₱5,331 million to ₱5,952 million

Increase attributable to the Group's retirement expense, interest, and net remeasurement loss on defined benefit plans during the year countered by benefit payments and AC's retirement fund contribution⁵. This account is below 1% of total liabilities as of December 31, 2024 and 2023.

Other noncurrent liabilities (Note 19*) – 9% increase from ₱49,472 million to ₱53,996 million

Increase due to ALI's higher customer deposits this year. This account is 5% of total liabilities as of December 31, 2024 and 2023.

Fair value reserve of financial assets at FVOCI (Note 15*) – 4,620% increase from negative (-)₱66 million to negative (-)₱3,127 million

Increase mainly due to ACEIC's net losses on mark-to-market valuation of its financial assets at FVOCI offset by IPO's P817 million revaluation gain on land property carried at appraised values. This account is below 1% of total equity as of December 31, 2024 and 2023.

Cumulative translation adjustments (CTA) – 34% increase from ₱3,295 million to ₱4,411 million

Increase due to forex translation (movement in forex) of the Ayala Group's business units with US Dollar functional currencies. The closing rate of PHP per USD1.00 was ₱57.85 vs. ₱55.37 as of December 31, 2024 and 2023, respectively. This account is below 1% of total equity as of December 31, 2024 and 2023.

Retained earnings (Note 20*) – 13% increase from ₱297,883 million to ₱335,194 million

Increase arose mainly from the overall net income growth of the Group net of AC dividends declared; combined with the upward impact of ALI's adoption of PIC Q&A 2018-12 on PFRS 15's significant financing component requirement (see Note 3*). This account is 46% and 44% of total equity as of December 31, 2024 and 2023, respectively.

Income Statement Items

For the Years Ended December 31, 2024 and 2023

Sale of goods and rendering of services (Note 21*) – 12% increase from ₱289,905 million to ₱325,744 million

Increase due to ALI's higher revenues from residential business, incremental construction project activities, improved mall and hotel operations, AC Industrials' higher automotive sales driven by electronic vehicles, and AC Logistics' higher import/export services, warehouse, and trucking revenues. These were offset by IMI's lower sales across sites. As a percentage of total revenues, this account is at 88% and 85% for the years ended December 31, 2024 and 2023, respectively.

⁵ The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). Further details on ACERF are discussed in Note 27 of the 2024 Audited Consolidated Financial Statements.

Share in net profits of associates and joint ventures (AJVs) (Note 10*) – 5% decrease from ₱46,633 million to ₱44,308 million

Decrease due to lower equity in net earnings of ACEIC's AJVs and the impact of the divestment from MWC in May 2024; offset by BPI's higher net interest and non-interest income despite its higher expenses and provision for losses, better results from ALI's AJVs, and Globe's revenue growth countering higher expenses and lower one-time gains from the sale of tower assets plus higher earnings from Mynt/GCash. As a percentage of total revenues, this account is at 12% and 14% for the years ended December 31, 2024 and 2023, respectively.

Cost of goods sold and rendering services – 8% increase from ₱219,832 million to ₱238,506 million

Increase resulting from improvements in sales as explained above; impact of generally higher prices for direct costs and overhead of various BUs offset by ACEIC's lower cost of purchased power as a result of better matching of power output and purchases to demand. As a percentage of total costs and expenses, this account is at 82% and 84% for the years ended December 31, 2024 and 2023, respectively.

General and administrative expenses (GAE) (Note 22*) – 20% increase from ₱42,647 million to ₱51,270 million

Isolating the provisions for impairment taken up in both years, normalized GAE increased by 15% due to higher personnel costs, professional fees, advertising, and taxes and licenses. In addition, during the year, the Group recognized provisions for expected credit losses (ECLs) on various BUs' receivables as well as provisions on the impairment risk of certain investments and non-financial assets, such as inventories, property, plant and equipment, and intangible assets, identified during the Group's annual impairment testing exercise (see Notes 7, 8, 10, 11, 12, and 14*). As a percentage of total costs and expenses, this account is at 18% and 16% for the years ended December 31, 2024 and 2023, respectively.

Interest income (Note 22*):

(In Millions)	December 2024	December 2023	% Inc. (Dec.)
Interest income from real estate	₱–	₱5,360	(100%)
Interest income from non-real estate	13,264	11,504	15%
Total	₱13,264	₱16,864	(21%)

Absence of interest income from real estate is due mainly to ALI's adoption of PFRS 15's significant financing component requirement per PIC Q&A 2018-12 offset by the increase in non-real estate interest income from ACEIC's investments and from various receivables.

Other income (Note 22*) – 188% increase from ₱5,034 million to ₱14,509 million

Increase mainly from the Group's ₱3.8 billion calculated dilution gain arising mainly from BPI and Robinsons Bank's merger (see Note 10*); ₱0.6 billion consolidated gain on the sale of MWCI shares (excluding related expenses and taxes on the sale; see Note 10*); ACEIC's gain on early redemption of ACRI redeemable preferred shares and on early extinguishment of convertible loans; the Group's higher net foreign exchange gains the year; and the impact of last year's one-offs items such as the ₱1.5 billion loss on sale of MWCI shares and ₱0.9 billion calculated dilution loss in BPI from its share issuances on stock incentive plans and property dividends. These were offset by ACEIC's gains from the ACEHI Netherlands, gain on settlement of its receivable from Provincia in exchange for SPNEC shares, and gain on sale of shares in KPHLC, all in 2023.

Interest and other financing charges (Note 22*) – 16% increase from ₱31,200 million to ₱36,199 million

Increase came from the Group's new borrowings and higher interest rates during the year partly offset by ACEIC's capitalization of financing costs related to its projects.

Provision for income tax (current and deferred) (Note 25*) – 8% increase from ₱9,580 million to ₱10,388 million

Increase mainly from ACEIC and ALI's higher taxable income this period reduced by last year's AC Industrials deferred tax asset reversal.

Income attributable to owners of the Parent – 10% increase from ₱38,073 million to ₱42,026 million

Increase came from better operating results of core units BPI, ALI, Globe and ACEN/ Energy (please refer to the Group's Management Discussion and Analysis for full year 2024). As a percentage of total net income, this account is at 68% and 69% for the years ended December 31, 2024 and 2023, respectively.

Income attributable to non-controlling interests – 14% increase from ₱17,103 million to ₱19,436 million

Increase came from the improvement in the current year performance of ALI and ACEIC offset by higher attributable net losses of IMI and AC Logistics. As a percentage of total net income, this account is at 32% and 31% for the years ended December 31, 2024 and 2023, respectively.

*Refer to Notes to Financial Statements of the 2024 Audited Consolidated Financial Statements

Outlook for 2025

The Philippine economy remained resilient despite heightened uncertainties and geopolitical tensions as it registered a 5.6% growth in 2024, the fastest in the region. Household consumption continued to be the primary driver of economic activity, contributing 60-70% to annual GDP growth. This was supported by favorable demographics, strong OFW remittances, robust revenues from the BPO sector, and historically low unemployment. For 2025, BPI projects GDP growth to accelerate to 6.3%, driven by stronger domestic consumption.

BPI expects inflation to stabilize to 3.6% in 2025, barring any significant external shocks. This favorable outlook gives the Bangko Sentral ng Pilipinas (BSP) room to implement further interest rate cuts this year. Combined with reductions in reserve requirements, these measures are expected to encourage borrowing by consumers and businesses, providing a boost to economic activity.

The Peso may remain under pressure as markets assess the potential impact of President Trump's economic policies, particularly on tariffs, on inflation and monetary policy. While the Federal Reserve has signaled potential rate cuts of up to 50 basis points in 2025, these remain contingent on economic data. However, a shift in the Fed's policy is possible if higher tariffs and mass deportations trigger a resurgence in US inflation.

2023 vs. 2022 Highlights

- Ayala Corporation's ("Ayala") core net income, which excludes one-off items, reached a high water mark in 2023, increasing 48 percent to ₱41 billion. The strong performances of BPI, Ayala Land, and AC Energy anchored the Company's results. Core net income was 32 percent higher than 2019, which was when the previous high water mark was established. Accounting for one-offs, Ayala's net income grew 39 percent to ₱38.1 billion.
 - BPI's net income increased 44 percent to ₱51.7 billion due to strong loan growth, higher margins, and lower provisions. Including a gain from an asset sale in 2022, net income was up 31 percent.
 - Ayala Land's net income grew 32 percent to ₱24.5 billion as its property development and commercial leasing businesses continued to deliver strong results.
 - ACEN's income from operating units, which excludes cash value realization gains and other one-time, noncash adjustments, was up 2.9x to ₱4.9 billion on the back of new operating capacity and a strengthened net seller position. Inclusive of one-offs, ACEN's net income decreased from ₱13.1 billion to ₱7.4 billion mainly due to the remeasurement gain from the acquisition of the Australia platform in 2022. This was partly offset by the value realization and remeasurement gains from the sale of a small stake in the Salak and Darajat plant in Indonesia in 2023.
 - AC Energy & Infrastructure (ACEIC), the parent company of ACEN, saw its core earnings jump 71 percent to ₱9.5 billion from improved operating earnings from ACEN and higher contributions from GN Power Dingin. Including one-off items, ACEIC's

net income increased 2.7x to ₱12.6 billion due to divestment gains in ACEN and GN Power Kauswagan in 2023 and the write-off from the divestment of SLTEC in 2022.

- Globe's net income dropped 29 percent to ₱24.6 billion mainly due to the one-time gain from the partial sale of its data center business in 2022. Gross service revenues and EBITDA grew three percent to ₱162 billion and ₱81 billion, respectively, both all-time highs. Core net income was flat at ₱18.9 billion.
- Ayala's group CAPEX reached ₱247.7 billion, 12 percent lower mainly due to the tapering CAPEX of Globe.
 - Parent CAPEX decreased 55 percent to ₱13.2 billion, mainly due to Ayala's purchase of Ayala Land shares and participation in Globe's Stock Rights Offering, which both happened in 2022.
- AC Health continues to progress in scaling its healthcare ecosystem. Acquisitions have bolstered growth however net income remains slightly negative due to one-offs and higher manpower and marketing expenses.
 - AC Health acquired a significant minority stake in St. Joseph Drug. The acquisition enables AC Health to strengthen its pharmacy footprint and reach more Filipinos throughout the country.
 - AC Health entered into an agreement with the Far Eastern University-Dr. Nicanor Reyes Medical Foundation to manage the university's 300-bed hospital in Quezon City.
- In AC Industrials, losses excluding one-offs narrowed to ₱1.2 billion from ₱1.7 billion on the back of better results from IMI's core operations and AC Motor's 4-wheel business. The divestments of MT C-con and STI Enterprises led to impairment provisions that widened losses to ₱7.3 billion from ₱1.7 billion.
 - IMI saw higher earnings from its core business as margins improved and component shortages eased.
 - Previously AC Motors, ACMobility ventured into the electric vehicle space and has begun to distribute BYD and Kia electric vehicles. It is utilizing the group's ecosystem, particularly ALI, IMI and Globe, to build out infrastructure that is supportive of an EV push.
 - ACMobility's 4-wheel business registered higher core earnings on better results from Kia, Honda, and Isuzu. Its 2-wheel business posted wider losses due to weaker demand and write-downs on aging inventory.

Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased 10 percent to ₱289.9 billion due to higher residential bookings, incremental project completion, and improved leasing businesses in Ayala Land and fresh revenue contributions from newly consolidated business units in 2022 such as UPC Australia, IE Medica, and AIR21. These were offset by lower customer sales in IMI and foregone revenues from the sale of SLTEC in AC Energy & Infrastructure. As a percentage of total revenues, this account was 85 percent for years ended December 31, 2023 and 2022.

Real Estate

- Ayala Land's earnings grew 32 percent to ₱24.5 billion in 2023 as resilient property demand and heightened consumer activity fueled revenue expansion.
- Property development revenues increased 14 percent to ₱92.3 billion mainly on steady residential and office for sale bookings and higher completions that cushioned lower contributions from commercial and industrial lot sales.
- Reservation sales were up nine percent to ₱113.9 billion as demand for its residential products remained resilient despite the elevated interest rate environment.
- Ayala Land launched a total of 25 projects valued at ₱75.9 billion, of which ₱39.6 billion came during the fourth quarter.

- Commercial leasing revenues accelerated 25 percent to ₱41.7 billion due to higher occupancy and rents from malls, offices, and hotels and resorts.
 - Malls occupancy and lease out rates both increased three percentage points to 84 percent and 90 percent, respectively.
 - Office occupancy improved four percentage points to 92 percent.
- Capital expenditures were up 19 percent to ₱86.2 billion, roughly half of which was spent on the completion of its residential projects.
- Ayala Land launched four new estates in 2023: Batangas Technopark and Arillo in Batangas, Southmont in Cavite, and Centrala in Pampanga. These additions brought Ayala Land's total estates to 52.
- AREIT's, Ayala Land's REIT vehicle, saw its net income increase 43 percent to ₱4.9 billion, driven by contributions from new asset infusions.
 - Assets under management reached ₱87.2 billion at the end of 2023. Compared to its IPO in 2020, AUM is set to quadruple to ₱117 billion with the planned property-for-share swap transactions that include assets such as Ayala Triangle Tower Two, Greenbelt Malls 3 and 5, Holiday Inn and Suites Makati, and SEDA Ayala Center Cebu.

Power

- ACEN's income from operating units jumped 2.9x to ₱4.9 billion in 2023 mainly from the ramp up of new operating capacity and its strengthened net seller position in the spot market.
 - Including one-off items, ACEN's reported net income dropped from ₱13.1 billion to ₱7.4 billion because of the ₱8.6 billion net gain in 2022. This was primarily due to a remeasurement gain from the acquisition of the Australian platform, offset by provisions taken for a Supreme Court decision on Administered/Regulated Pricing in the Philippines and the Lac Hoa and Hoa Dong wind farms in Vietnam. In 2023, ACEN booked ₱4.5 billion in gains, inclusive of ₱3.4 billion in remeasurements from the partial sale of Salak & Darajat, which was offset by a ₱2 billion impairment for the India platform due to the impact of cost overruns and project delays.
- Total attributable output was up 32 percent to 4,474 gigawatt-hours.
 - Output from international plants rose 31 percent to 3,328 gigawatt-hours on the back of better wind regime and increased contributions from plants in Australia, Vietnam, and India.
 - Output from Philippine RE plants increased 34 percent to 1,145 gigawatt-hours because of a stronger wind regime and the operationalization of several wind and solar plants, including Balaoi in Pagudpud and the second phase of the Arayat-Mexico facility in Pampanga. The first two phases of the SanMar plant in Zambales, totaling 384 MW, were also commissioned in 2023, with full output expected in 2024.
- Consolidated revenues were up four percent to ₱36.5 billion because of fresh contributions from New England Solar, Masaya Solar, and Pagudpud Wind as well as higher RES tariffs, which offset lower WESM prices.
- Attributable EBITDA, which includes ACEN's shares of EBITDA from non-consolidated associates and joint ventures, grew 31 percent to ₱18.8 billion.
- Capital expenditures were up 10 percent to ₱55.5 billion, driven by aggressive growth in the Philippines and Australia, ACEN's largest international market, where more than 1,000 MW of new capacity is under construction.
- ACEN currently has 4,772 GW of attributable capacity from plants in the Philippines, Australia, Vietnam, Indonesia, India, and United States. Renewables now account for 99 percent of ACEN's total generation portfolio.

Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures increased 29 percent to ₱46.6 billion due to higher net interest and non-interest income as well as lower provisions in BPI, higher revenues and foreign exchange

gains in MWCI, and better results from associates and joint ventures of ALI and AC Energy & Infrastructure. These were offset by the impact of the property sale of BPI and the partial sale of Globe's data center business and tower assets. As a percentage of total revenues, this account was 14 percent and 12 percent for years ended December 31, 2023 and 2022, respectively.

Banking

- BPI delivered its highest full year net income of ₱51.7 billion in 2023, up 31 percent, driven by higher revenues, and lower provisions. Return on equity was up 221 basis points to 15.35 percent.
 - Excluding the impact of the one-off gain from the property sale in 2022, net income would be up 44 percent.
- Total revenues grew 17 percent to ₱138.3 billion due to improved net interest and non-interest income.
 - Total loans increased 10 percent to ₱1.9 trillion as all segments exhibited strong growth. Consumer loans exhibited the fastest growth at 21 percent. Net interest margin expanded 50 basis points to 4.09 percent.
 - Fee income ex-one offs was up 17 percent to ₱28.8 billion because of increased revenues from cards, wealth management, and branch services.
- Total deposits increased nine percent to ₱2.3 trillion as the 41 percent jump in time deposits more than offset the one percent decrease in CASA.
- Asset quality remained healthy despite a slight uptick in NPL ratio. NPL cover remained adequate.
 - NPLs were up 15 percent to ₱35.4 billion.
 - NPL ratio increased eight basis points to 1.84 percent.
 - NPL cover decreased 24 basis points to 156.1 percent.
 - Total provisions declined 56 percent to ₱4 billion.
- Operating expenses increased 19 percent to ₱69.1 billion due to larger spends on manpower, technology, and marketing. Excluding the property sale gain in 2022, the bank's cost-to-income ratio decreased 108 basis points to 50.0 percent.

Telco

- Globe's core net income, which excludes non-recurring charges, foreign exchange and mark-to-market charges, was flat at ₱18.9 billion in 2023. EBITDA margin remained stable as revenue growth offset growth in operating expenses and subsidy.
 - Net income declined 29 percent to ₱24.6 billion mainly due to the one-time gain on the partial sale of its data center business in 2022.
- Gross service revenues grew three percent to ₱162.3 billion, driven by sustained growth in mobile data, corporate data, and non-telco services.
 - Mobile data revenues were up nine percent to ₱90.9 billion due to higher data traffic.
 - Corporate data revenues increased seven percent to ₱18.3 billion mainly from increased ICT solutions and services.
 - Digital service revenues grew 18 percent to ₱4.9 billion, led by contributions from Yondu and Asticom.
 - Home broadband revenues declined seven percent to ₱27.1 billion as the drop in fixed wireless outweighed the 14 percent growth in postpaid fiber revenues.
- Equity earnings from Mynt nearly tripled to ₱2.4 billion, driven by GCash's sustained growth momentum.
 - Total loan disbursements jumped 2.1x to ₱118 billion with unique borrowers reaching 3.9 million individuals, up 78 percent.
 - Insurance policies sold life-to-date has reached 16.3 million, with GIInsure users jumping 60 percent to four million over the past year.
- EBITDA grew three percent to ₱81.4 billion on the back of topline growth.
 - OPEX including subsidies increased three percent to ₱80.9 billion.
 - EBITDA margin stood at 50 percent.

- Capital expenditures dropped by 30 percent to ₱70.6 billion, in line with Globe's guidance of lowering spending. This led to a 20-percentage point decline in its CAPEX-to-revenue ratio, which ended at 44 percent.

Cost and Expenses

Cost of sales and services increased four percent to ₱219.8 billion resulting from improvements in sales as explained above, higher prices for direct costs and overheads of various BUs, higher cost of purchased power in AC Energy & Infrastructure, and consolidated costs of IE Medica and AIR21. As a percentage to total costs and expenses, this account was 84 percent and 86 percent for the periods ending December 31, 2023 and 2022, respectively.

Balance Sheet Highlights

- Total assets increased nine percent to ₱1.6 trillion from end-2022 levels mainly due to increases in property, plant and equipment, investments in associates and joint ventures, inventories, and noncurrent accounts and notes receivables.
 - Investments in associate and joint ventures were up eight percent to ₱354.0 billion due to equity earnings net dividends in BPI, Globe, LHI, and Manila Water, additional investments to and higher equity earnings from the investees of ALI, AC Energy & Infrastructure, and AC Infrastructure, the reclassification of ACEHI Netherlands in ACEIC, and ALI's gain of control over its investment in AKL Properties. These were offset by lower contributions from Globe due to a gain from the partial sale of its data center business and tower assets last year.
 - Property, plant, and equipment rose 31 percent to ₱149.1 billion due to increases in investments in solar and wind farm projects in AC Energy & Infrastructure, various purchases in ALI, and construction of the cancer hospital and refurbishment of Qualimed hospitals in AC Health. These were partially offset by the disposal of MT C-Con and depreciation.
- Ayala continues to maintain a strong balance sheet with sufficient liquidity and low cost of debt.
- Consolidated cash stood at ₱76.2 billion.
- Consolidated net debt increased eight percent to ₱513.6 billion.
- Consolidated net debt-to-equity ratio decreased four basis points to 0.76, well within the Company's covenant of 3.0x.
- Parent level cash was up five percent to ₱11.7 billion.
- Parent net debt dipped two percent to ₱146.1 billion.
- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuities which have no maturity) to the total value of its assets, stood at 11.2 percent.
- Parent net debt-to-equity ratio decreased eight basis points to 0.96 mainly due to the ₱13.1 billion preferred shares issuance.
- Parent average cost of debt increased to 5.37 percent from 4.48 percent in 2022, remaining comfortably below the 5-year benchmark of 6.0 percent.

Key performance indicators of the Company and its significant subsidiaries

The table sets forth the comparative key performance indicators of the Company and its significant subsidiaries.

Ayala Corporation (Consolidated) (In million pesos, except ratios)	2023	2022	2021
Revenue*	341,898	306,644	255,778
Net Income Attributable to Equity Holders	38,073	27,398	27,774
Total Assets	1,608,713	1,478,545	1,348,986

Total Debt	589,844	552,488	478,517
Total Stockholders' Equity	674,941	595,299	565,313
Current Ratio ¹	1.65	1.75	1.85
Debt to Equity Ratio ²	0.87	0.93	0.85

Ayala Land, Inc.

(In million pesos, except ratios)

	2023	2022	2021
Revenue	147,077	124,481	103,788
Net Income Attributable to Equity Holders	24,508	18,617	12,228
Total Assets	846,632	779,655	745,464
Total Debt	258,254	236,039	223,097
Total Stockholders' Equity	319,929	293,665	270,502
Current Ratio ¹	1.76	1.78	1.58
Debt to Equity Ratio ²	0.81	0.80	0.82

Integrated Micro-Electronics, Inc.

(In thousand US dollars, except ratios)

	2023	2022	2021
Revenue	1,323,757	1,401,730	1,300,590
Net loss Attributable to Equity Holders	(88,518)	(8,308)	(10,565)
Total Assets	1,013,985	1,102,994	1,123,175
Total Debt	356,449	343,074	317,256
Total Stockholders' Equity	335,810	414,958	461,713
Current Ratio ¹	1.45	1.51	1.59
Debt to Equity Ratio ²	1.15	0.83	0.69

AC Energy and Infrastructure Corporation

(In million pesos, except ratios)

	2023	2022	2021
Revenue	43,790	40,373	38,095
Net Income Attributable to Equity Holders	12,583	4,639	9,338
Total Assets	342,975	281,565	219,660
Total Debt	135,364	117,753	89,354
Total Stockholders' Equity	173,699	142,625	116,416
Current Ratio ¹	1.82	4.48	8.75
Debt to Equity Ratio ²	0.78	0.83	0.77

¹ Current Assets/ Current Liabilities.

² Total Debt/ Total Stockholders' Equity (Total Debt includes short term debt, long-term debt both current and noncurrent portion).

Causes of Any Material Variances

(Increase or decrease of 5% or more in the financial statements)

Balance Sheet Items

As at December 31, 2023 and 2022

For the year ended December 31, 2023, the following are among the key transactions of the Group which impacted some accounts in the consolidated balance sheet and income statement:

1. AC's sale and transfer of its MCX concession (or the AC-MCXPCI-PAVI transactions, see Notes 2 and 13*).
2. ACEIC-GNPK transaction or ACEIC's disposal of its investment in KPHLC, which owns GN Power Kauswagan Ltd. Co. (GNPK), following the completion of the second tranche of sale of GNPK this year (see Note 24*).
3. ACEIC's partial sale of its investment in ACEHI Netherlands (see Notes 2 and 23*).
4. IMI and AC Industrial's sale of its investment in STI and MT Technologies, respectively (see Note 2*).
5. MWCI buyback of common and preferred shares (see Note 10*).

Accounts and notes receivable (Note 7*):

(In Millions)	December 2023	December 2022	% Inc. (Dec.)	% of Total Assets	
				December 2023	December 2022
Current	₱159,553	₱161,602	(1%)	10%	11%
Noncurrent	119,341	96,029	24%	7%	6%
Total	₱278,895	₱257,631	8%	17%	17%

Combined movements came from the ACEIC-GNPK transaction; AC's dividend receivable from an associate; ACEIC's loans and interest receivables plus higher trading revenues; increase in ALI's receivable from residential business net of sale of noncurrent receivables; and AC Logistics' trade receivables and advances/loans to affiliates and non-affiliates. These accounts are 17% of total assets as of December 31, 2023 and 2022.

Inventories (Note 8) – 15% increase from P201,517 million to P231,279 million*

Increase attributable to ALI's new land acquisitions and transfers from investment properties and AC Industrial's delivery of vehicle units in the last quarter of the year. This account is 14% of total assets as of December 31, 2023 and 2022.

Other current assets (Note 9) – 21% increase from P89,793 million to P108,452 million*

Increase came from ALI's higher advances to contractors and suppliers and ACEIC's restricted cash related to ACEN's issuance of redeemable preferred shares. These were offset by AC Logistics' partial extinguishment of its exchangeable note into common stocks of AIR21 (see Note 2*). This account is 7% and 6% of total assets as of December 31, 2023 and 2022, respectively.

Assets under PFRS 5 (Note 24) – 100% decrease from P11,821 million to nil*

Decrease attributable to ACEIC-GNPK transaction. This account is less than 1% of total assets as of December 31, 2022.

Investments in associates and joint ventures (Note 10) – 8% increase from P328,120 million to P353,964 million*

Increase attributable to equity earnings less dividends from BPI, Globe, LHI, and MWCI; ALI's, ACEIC's, and AC Infra's additional investments to and higher equity earnings from their investees; ACEIC's reclassification of ACEHI Netherlands transaction including a P3.4 billion remeasurement gain; ALI's gain of control over its investment in AKL Properties. These were offset by net provisions for impairment such as Bestfull for the YSH group, MWCI for East Water, and AC Ventures for BF Jade; and Globe's lower contribution due to lower one-time gains – on partial sale of tower assets and on sale of data center business. This account is 22% of total assets as of December 31, 2023 and 2022.

Property, plant and equipment (Note 12) – 31% increase from P114,114 million to P149,055 million*

Increase attributable to ACEIC group's continued investments in solar and wind farm projects; ALI's various additions; AC Health's ongoing construction of the cancer hospital and refurbishments of Qualimed clinics; offset by AC Industrial's disposal of MT Technologies properties (see Note 2*) during the year plus period depreciation. This account is 9% and 8% of total assets as of December 31, 2023 and 2022, respectively.

Service concession assets (Note 13) – 100% decrease from P1,421 million to nil*

Service concession obligation (Note 13) – 100% decrease from P112 million to nil*
Attributable to AC-MCXPCI-PAVI transactions.

Intangible assets (Note 14) – 7% decrease from P43,536 million to P40,424 million*

Decrease came from IMI's impairment provision and from period amortization offset by additions. This account is 3% of total assets as of December 31, 2023 and 2022.

Deferred tax assets (Note 25) – 6% increase from P18,371 million to P19,460 million*

Increase mainly from ALI's DTA set-up coming from tax and book difference on accounting for real estate transactions. This account is 1% of total assets as of December 31, 2023 and 2022.

Other noncurrent assets (Note 15) – 30% increase from P65,576 million to P84,990 million*

Increase attributable to ACEIC's derivative assets related to its new solar projects in New South Wales and ALI's advances to contractors; offset by provisions for investments in debt and equity securities. This account is 5% and 4% of total assets as of December 31, 2023 and 2022, respectively.

Short-term debt (Note 18) – 37% increase from P36,527 million to P49,871 million*

Increase due to borrowings of AC and ALI partly offset by net loan settlements of ACEIC. This account is 5% and 4% of total liabilities as of December 31, 2023 and 2022, respectively.

Income tax payable – 15% decrease from ₱1,272 million to ₱1,076 million

Decrease attributable to ALI's payment of its income tax payable. This account is less than 1% of total liabilities as of December 31, 2023 and 2022.

Other current liabilities (Note 17*) – 14% increase from ₱34,178 million to ₱39,125 million

Increase mainly due to ALI's settlement of customer deposits to sales bookings. This account is 4% of total liabilities as of December 31, 2023 and December 31, 2022.

Long-term debt (Note 18*):

(In Millions)	December 2023	December 2022	% Inc. (Dec.)	% of Total Liabilities	
				December 2023	December 2022
Current	₱49,461	₱31,497	57%	5%	4%
Noncurrent	490,511	484,464	1%	53%	55%
Total	₱539,972	₱515,961	5%	58%	58%

Combined movements due to ACEIC and ALI's loan availments; offset by debt settlements. This account is 58% of total liabilities as of December 31, 2023 and 2022.

Deferred tax liabilities (Note 25*) – 25% increase from ₱9,194 million to ₱11,459 million

Increase came from ALI's real estate transactions. This account is 1% of total liabilities as of December 31, 2023 and 2022.

Pension liabilities (Note 17*) – 52% increase from ₱3,500 million to ₱5,331 million

Increase attributable to the Group's retirement expense and interest during the year countered by benefit payments and AC's retirement fund contribution⁶. This account is below 1% of total liabilities as of December 31, 2023 and 2022.

Paid-in capital (Note 20*) – 6% increase from ₱86,380 million to ₱91,234 million

Increase mainly due to AC's ₱12.5 billion proceeds from its reissuance of 5.24 million Preferred A shares from treasury (see Note 20*). This account is 14% and 15% of total equity as of December 31, 2023 and 2022, respectively.

Share-based payments (Note 28*) – 100% decrease from ₱39 million to nil

Decrease came from issuance on the exercise of AC stock option plans. This account is below 1% of total equity as of December 31, 2022.

Remeasurement losses on defined benefit plans (Note 27*) – 46% increase from negative (-)₱4,516 million to negative (-)₱6,611 million

Increase due to higher net actuarial losses on pension liabilities as result of changes in actuarial assumptions during the year. This account is 1% of total equity as of December 31, 2023 and below 1% as of December 31, 2022.

Fair value reserve of financial assets at FVOCI (Note 15*) – 98% decrease from negative (-)₱3,042 million to negative (-)₱66 million

Decrease mainly due to BPI's net gains on mark-to-market valuation of its financial assets at FVOCI. This account is below 1% of total equity as of December 31, 2023 and 2022.

Cumulative translation adjustments (CTA) – 24% decrease from ₱4,344 million to ₱3,295 million

Decrease due to forex translation (movement in forex) of the Ayala group's business units with US Dollar functional currencies. Closing rate of PHP per USD1.00 was ₱55.37 vs. ₱55.76 as of December 31, 2023 and 2022, respectively. This account is below 1% of total equity as of December 31, 2023 and 2022.

⁶ The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). ACERF is a legal entity separate and distinct from the Parent Company, governed by a board of trustees appointed pursuant to a Trust Agreement between the Parent Company and the initial trustees. It holds common and preferred shares of the Parent Company in its portfolio. All such shares have voting rights under certain conditions, pursuant to law. ACERF's portfolio is managed by an Executive Committee appointed by the fund's trustees for that purpose. The members of the committee include the Parent Company's Treasurer, Comptroller, and Total Rewards Head. ACERF has not exercised voting rights over any shares of the Parent Company that it owns.

Equity reserve – 13% decrease from ₱29,092 million to ₱25,350 million

Decrease from ACEIC's acquisition of the remaining 20% interest in UPC Australia and AC Logistics' purchase of additional equity interests in Air21 and its subsidiaries, Air2100, IWMI, and WARM (see Note 2*). These were offset by ALI's gain on the sale of block sale of AREIT shares (see Note 2*). This account is 4% and 5% of total equity as of December 31, 2023 and 2022, respectively.

Retained earnings (Note 20) – 11% increase from ₱267,836 million to ₱297,883 million*

Increase arose from the overall net income growth of the group net of AC dividends declared. This account is 44% and 45% of total equity as of December 31, 2023 and 2022, respectively.

Treasury stock (Note 20) – 11% increase from negative (-)₱13,071 million to negative (-)₱14,546 million*

Increase due to AC's reissuance of 5.24 million Preferred A shares from treasury net of redemption of 20.0 million Preferred B Series 1 shares. This account is 2% of total equity as of December 31, 2023 and 2022.

Non-controlling interests – 22% increase from ₱228,237 million to ₱278,403 million

Increase came from AC's actual distribution of ACEN shares representing property dividends in 2022 (see Note 20*); ₱4.2 billion non-controlling share in ALI's gain on AREIT shares block sale (see Note 2*); ₱24.8 billion from ACEIC arising from ACEN's redeemable preference shares issuance; ACEIC's acquisition of minority interests of ₱1.9 billion in UPC Australia and AC Logistics' ₱1.5 billion reduced minority interests Air21 and its subsidiaries, Air2100, IWMI, and WARM (see Note 2*); higher contributions of ACEIC and ALI subsidiaries net of dividend distributions to non-controlling interests; tempered by IMI's net loss contribution. This account is 41% and 38% of total equity as of December 31, 2023 and 2022, respectively.

Income Statement Items

For the Years Ended December 31, 2023 and 2022

Sale of goods and rendering of services (Note 21) – 10% increase from ₱263,820 million to ₱289,905 million

Increase due to ALI's higher bookings from residential business, incremental construction project activities, improved mall and hotel operations plus leasing businesses; and revenue contribution this year of UPC Australia, IEM, and Air21, newly consolidated BUS in 2022; offset by IMI's lower customer sales outside the European Union; and ACEIC's revenue loss from SLTEC (deconsolidated in 2022). As a percentage of total revenue, this account is at 85% and 86% for the years ended December 31, 2023 and 2022, respectively.

Share in net profits of associates and joint ventures (AJVs) (Note 10) – 29% increase from ₱36,129 million to ₱46,633 million

Increase due to BPI's higher net interest and non-interest income and lower provision for losses; MWCI's higher revenues net of foreign exchange losses and impairment of the investment in East Water; better results from AJVs of ACEIC (including upside from UPC Australia given last year's share in net loss) and ALI; offset by impact of last year's BPI gain on sale of property to Globe, and Globe's lower one-time gains from sale of tower assets and sale of data center. As a percentage of total revenue, this account is at 14% and 12% for the years ended December 31, 2023 and 2022, respectively.

Interest income (Note 22):

(In Millions)	December 2023	December 2022	% Inc. (Dec.)
Interest income from real estate	₱5,360	₱6,695	(20%)
Interest income from non-real estate	11,504	8,858	30%
Total	₱16,863	₱15,553	8%

Increase in non-real estate interest income came from ACEIC's interest from various receivables while decrease in real estate interest income was attributed to ALI's lower accretion and sale of trade receivables during the year.

General and administrative expenses (GAE) (Note 22) – 23% increase from ₱34,627 million to ₱42,647 million

Increase driven by various impairment provisions as follows: AC Industrial's on MT Technologies accounts (see Note 2*), ACEIC's loan receivables, Vietnam Wind and UPC Solar investments (see Notes 7 and

15*), IMI related to STI (see Note 2*), Bestfull on its YSH group investments (see Notes 10 and 15*), AC Venture's investment in BF Jade (see Note 10*), and AC Infra's impairment of goodwill on its investment in Entrego whose operations will be integrated into AC Logistics (see Note 2*); ACEIC's manpower costs driven by higher headcount and the consolidation of UPC Australia; ALI's manpower costs, contracted services, repairs and maintenance, and provisions; additional professional fees across several BUs. As a percentage of total costs and expenses, this account is at 16% and 14% for the years ended December 31, 2023 and 2022, respectively.

Other income (Note 22) – 54% decrease from ₱10,883 million to ₱5,034 million

Decrease due to AC and Philwater's ₱1.5 billion loss on MWCI's share buyback (see Note 10*); IMI's ₱0.9 billion loss on divestment of STI (see Note 2*); ₱0.9 billion calculated dilution loss in BPI from its share issuances on stock incentive plans and property dividends; ₱0.5 billion lower net foreign exchange losses across the Group; offset by AC's ₱2.1 billion pre-tax net gain on AC-MCXPCI-PAVI (see Note 13*); and accounts of ACEIC: ₱0.6 billion gain on settlement of receivable from Provincia in exchange for SPNEC shares, ₱1.4 billion gain on sale of shares in KPHLC (see Note 24*), and from the ACEHI Netherlands transaction – ₱1.1 billion gain on partial sale and ₱3.4 billion on remeasurement gain (see Notes 2 and 10*). Last year, there were also ACEIC's ₱10.9 billion remeasurement and step-up gain on UPC Australia and ₱6.2 billion loss on SLTEC.

Interest and other financing charges (Note 22) – 7% increase from ₱29,102 million to ₱31,200 million

Increase came from also from AC, ALI, IMI, and AC Industrial's new borrowings and bond issuances during the year; interest this year of UPC Australia and Air21, newly consolidated BUs in 2022; partly offset by ACEIC's capitalization of certain interest and deconsolidation of SLTEC in 2022, and ALI's lower discounting cost of receivable sales.

Provision for income tax (current and deferred) (Note 25) – 54% increase from ₱6,214 million to ₱9,580 million

Increase came from ACEIC and ALI's higher taxable income and AC Industrial's deferred tax asset reversal.

Income attributable to owners of the parent – 39% increase from ₱27,398 million to ₱38,073 million

Increase came from better operating results of subsidiaries ACEIC and ALI as well as investee BPI. As a percentage of total net income, this account is at 69% and 60% for the years ended December 31, 2023 and 2022, respectively.

Income attributable to non-controlling interests – 7% decrease from ₱18,476 million to ₱17,103 million

Increase came from the improvement in current year performance of its non-wholly owned subsidiaries, particularly ACEIC and ALI. As a percentage of total net income, this account is at 31% and 40% for the years ended December 31, 2023 and 2022, respectively.

*Refer to Notes to Financial Statements of the 2023 Audited Consolidated Financial Statements

Outlook for 2024

Despite the challenging macroeconomic and geopolitical backdrop in 2023, Philippine GDP expanded by 5.6%, beating the 4.0% average of Southeast Asian peers. The country's growth was belied by a resilient consumer class that fueled strong household consumption in spite of elevated inflation and interest rates.

This year, we see both inflation and interest rates tempering. From an average of 6.0% in 2023, we forecast inflation averaging at 3.7% for 2024, mainly on easing food inflation. Meanwhile, we see the policy rate coming down to 5.75% this year from 6.5% in 2023. The BSP is likely to mirror the US Fed's inclination to cut interest rates later in the year depending on inflation and employment performance.

Likewise contingent on what the US Federal Reserve may do, the Peso may appreciate further in 2024. However, while a Fed cut might lead to Peso appreciation, its gains are likely to be smaller relative to emerging market currencies given the Philippines' substantial current account deficit. Our year-end USD/PHP forecast for 2024 is 53.80.

Overall, the Philippines may maintain its position as one of the fastest growing economies in the region with a full year growth rate of 6.2% in 2024.

Item 7. Financial Statements and Supplementary Schedules

The consolidated financial statements and schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

Information on Independent Public Accountant

- a. The external auditor of the Company is the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The Board, upon the recommendation of the Company's Audit Committee (with Ms. Mantaring as Chairperson and Ms. Chua and Mr. Purisima as members), approved the election of SGV & Co. as the Company's external auditor for 2025 based on its performance and qualifications, and fixed its remuneration amounting to ₱11.68 million, exclusive of value-added tax.

The election of SGV & Co., and the fixing of its remuneration will be presented to the stockholders for their approval at the Annual Stockholders' Meeting.

- b. Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of Revised SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, with Mr. Sherwin V. Yason as the Partner-in-Charge starting audit year 2023.

External Audit Fees and Services

In its meeting last April 26, 2024, the shareholders re-appointed SGV & Co. as the external auditor of Ayala Corporation for the calendar year 2024. Fees approved in connection with the audit services rendered by SGV & Co., pursuant to the regulatory and statutory requirements, for the years ended 31 December 2024 and 2023 amounted to ₱11.23 million and ₱10.80 million, respectively, exclusive of value-added tax (VAT).

In addition to performing the audit of Ayala Corporation's 2024 financial statements, SGV & Co. was also engaged to provide non-audit services in accordance with established procurement policies.

Pursuant to the requirements of SEC 18-2024 for supplemental disclosure of fee-related information of the external auditors in the audited financial statements, the new circular mandates the reporting of fees related to both audit and non-audit services fees rendered by SGV & Co. and its network firms to Ayala Corporation and subsidiaries. Further, audit-related fees are now reclassified under "NAS – Other Assurance Services" from "Audit and Audit-related" in the 2024 disclosures.

The consolidated audit and non-audit services rendered by SGV & Co. and network firms are outlined below, with comparative figures for 2023:

(Amounts exclusive of VAT)

	2024	2023
Total Audit Fees*	₱127,809,363	₱112,031,601
Non-audit Services**		
Other Assurance Services	19,233,714	24,640,964
Tax Services	8,097,492	1,260,000
All Other Services	2,485,257	1,053,300
Total Non-audit Services Fees	29,816,463	26,954,264
Total	₱157,625,826	₱138,985,865

*Agreed audit fees

**Billed fees for the year ended December 2024 and 2023

Audit Fees. Include audits of Ayala Corporation and subsidiaries' standalone and consolidated financial statements for the years ended 2024 and 2023 where SGV & Co. and network firms expressed an opinion.

Non-Audit Fees. Include audit-related services that are directly related to the review of quarterly and mid-year financial statements and integrated reports, review of consolidated comparative financial statements for the issuance of preferred shares, and tax services such as business tax advisory and transfer pricing study. This also includes all other services relating to hedge accounting and derivative instruments, validation of annual stockholders' meeting votes, agreed-upon procedures on the increase in authorized capital stocks and trainings, among others.

The respective audit committees of Ayala Corporation and subsidiaries have reviewed the nature of non-audit services rendered by SGV & Co., including the corresponding fees, and concluded that these are not in conflict with the audit function of the external auditors.

The Audit Committee has an existing policy to review and approve the audit and non-audit services rendered by the Company's external auditors. It does not allow Ayala Corporation and its subsidiaries to engage the external auditors for non-audit services expressly prohibited by the SEC. This is to ensure that the external auditors maintain the highest level of independence from the Company, both in fact and appearance.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The following have been nominated to the Board for election at the annual stockholders' meeting and have accepted their respective nominations:

Name	Age	Citizenship	Date of First Nomination to Board
Jaime Augusto Zobel de Ayala	65	Filipino	May 21, 1987
Cezar P. Consing	65	Filipino	December 3, 2020
Delfin L. Lazaro	79	Filipino	January 1, 2007
Fernando Zobel de Ayala ⁷	64	Filipino	September 28, 2023
Rizalina G. Mantaring (Independent Director)	65	Filipino	April 24, 2020
Emmanuel P. Maceda (Independent Director)	62	American	April 25, 2025
Chua Sock Koong (Independent Director)	67	Singaporean	April 29, 2022

Messrs. J. Zobel de Ayala, Consing and F. Zobel de Ayla were nominated by Mermac, Inc. Meanwhile, Mr. Lazaro and all the independent directors were formally nominated by a minority shareholder of the Company, Ms. Roselle Sharon A. Redondo, who holds 14 common shares, or 0.000002% of the total outstanding voting shares of the Company, and who is not related to any of the nominees. Mr. Macea and Mses. Rizalina G. Mantaring and Chua Sock Koong are being nominated as independent directors in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). On March 11, 2025, the Corporate Governance and Nomination Committee evaluated the qualifications of all the nominees and endorsed the final list of nominees to the Board of Directors for approval. The Board approved the final list of nominees during its regular meeting on March 13, 2025, in accordance with the Amended By-Laws, revised Corporate Governance Manual, the Charter of the Board of Directors of the Company.

Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

The officers of the Company are elected annually by the Board during its organizational meeting.

Board of Directors

Name	Position
Jaime Augusto Zobel de Ayala	Chairman of the Board, Non-Executive Director
Cezar P. Consing	Director, President and Chief Executive Officer
Delfin L. Lazaro	Non-Executive Director
Fernando Zobel de Ayala	Non-Executive Director
Rizalina G. Mantaring	Lead Independent Director
Chua Sock Koong	Independent Director
Cesar V. Purisima	Independent Director

***JAIME AUGUSTO ZOBEL DE AYALA*, Filipino, 65**

Chairman of the Board since April 2006, Director since May 21, 1987

Committee Membership:

- Chairman of Executive Committee
- Member of Finance Committee

Skills and experience:

Mr. Zobel was the Chief Executive Officer from 2006 to April 2021. He is the Chairman of AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) and Asiacom Philippines, Inc. Outside the Ayala group, he is a member of various business and socio-civic organizations in the Philippines and abroad. He is a Director of Temasek Holdings (Private) Limited and a member of JP Morgan International Council, JP

⁷ Served as director of the Corporation from May 19, 1994 to September 12, 2022, and re-elected on September 28, 2023.

Morgan Asia Pacific Council, and LeapFrog Investments Global Leadership Council. He sits on various advisory boards of Harvard University, including the Global Advisory Council, and he previously served as the Chair of the HBS Asia-Pacific Advisory Board. He is Chairman Emeritus of the Asia Business Council, a Trustee of Endeavor Philippines, the Philippine Representative to the Asia Pacific Economic Cooperation Business Advisory Council from 2010-2015, a Steering Committee Member and Steward of the Council for Inclusive Capitalism, and a Trustee Emeritus of Eisenhower Fellowships. He has been a director of the US-Philippines Society since 2012 and assumed the Co-Chair position in 2024. He is a Steering Committee member of the Indo-Pacific Partnership for Prosperity. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer for his work in sustainable business strategy and operations. The first SDG Pioneer from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He received his BA in Economics (with honors) from Harvard University in 1981, MBA from the Harvard Graduate School of Business Administration in 1987, and Honorary Degree of Doctorate in Management from Asian Institute of Management in 2024.

Directorship in other publicly listed companies:

Chairman of the Board of Globe Telecom, Inc., Ayala Land, Inc., and Bank of the Philippine Islands.

CEZAR P. CONSING, Filipino, 65

President and CEO since September 27, 2022; Director since December 3, 2020; Member of the Ayala Group Management Committee since April 2013

Committee Membership:

- Member of Executive Committee
- Member of Finance Committee

Skills and experience:

Mr. Consing holds various positions in the Ayala Group's unlisted companies, including Chairman of AC Logistics Holdings Corporation, AC Infrastructure Holdings Corporation, AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., and AC Mobility Holdings Incorporated. He is also the Vice Chairman of AC Energy and Infrastructure Corporation and Ayala Healthcare Holdings, Inc., and serves as a Director of Asiacom Philippines, Inc. and ACEN International, Inc. He is the Chairman of the Philippine Dealing System and the College of St. Benilde. He is a member of the Trilateral Commission and serves on the boards of trustees for the Philippine-American Educational (Fulbright) Foundation, the Philippines-Japan Economic Cooperation Committee, and the Manila Golf Club Foundation. Mr. Consing was President & CEO of Bank of the Philippine Islands from 2013-2021. He was a Partner & Co-Head for Asia of the Rohatyn Group from 2004 to 2013. He was an investment banker with J.P. Morgan & Co. from 1985-2004. For seven years, Mr. Consing was the Head or Co-Head of Investment Banking for Asia Pacific and President of J.P. Morgan Securities Asia. He worked for Bank of the Philippine Islands from 1981 to 1985. Mr. Consing has previously served as Chairman and President of the Bankers Association of the Philippines, President of Bancnet, and Chairman of the National Reinsurance Corporation. He has previously served as an independent director of Jollibee Foods Corporation, CIMB Group Holdings Berhad and First Gen Corporation. He served as a board director of the Asian Youth Orchestra, the US-Philippines Society, La Salle Greenhills, Endeavor Philippines, and International Care Ministries. Mr. Consing received an A.B. Economics degree (Accelerated Program), Magna Cum Laude, and the gold medal for Economics, from De La Salle University, Manila, in 1979. He obtained an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Directorship in other publicly listed companies:

Chairman of ACEN Corporation; Vice Chairman of the Bank of the Philippine Islands, Ayala Land, Inc., and Globe Telecom, Inc.

FERNANDO ZOBEL DE AYALA, Filipino, 64

Director since September 28, 2023

Committee Membership:

- Member of Risk Management and Related Party Transactions Committee
- Member of Personnel and Compensation Committee
- Member of Finance Committee
- Chairman of Sustainability Committee

Skills and experience:

Mr. Zobel served as a Director from May 1994 to September 12, 2022. He was the Corporation's President and COO for 15 years, before assuming the role of CEO until September 12, 2022. He serves as Chairman of Ayala Healthcare Holdings, Inc., Accendo Commercial Corp., and Alabang Commercial Corp.; Vice Chairman AKL Properties, Inc., and Bonifacio Art Foundation, Inc.; and Director of AC International Finance Limited and Fort Bonifacio Development Corporation. Outside the Ayala Group, he is also a Director of Shell Pilipinas Corporation. He also serves on several civic boards and advisory groups including as Chairman of Ayala Foundation, member of the Board of Trustees of Pilipinas Shell Foundation, Caritas Manila, and Asia Society. He is also a member of the Asia Philanthropy Circle, Art SG Advisory Group, The Metropolitan Museum International Council, TATE Asia Pacific Acquisitions Committee and Habitat for Humanity International's Asia Pacific Development Council. Mr. Zobel de Ayala holds a Liberal Arts degree from Harvard College and a CIM from INSEAD, France.

Directorship in other publicly listed companies:

Director of Bank of the Philippine Islands and Ayala Land, Inc.

***DELFIN L. LAZARO*, Filipino, 79**

Non-Executive Director since January 1, 2007

Committee Membership:

- Member of Executive Committee
- Chairman of Finance Committee

Skills and experience:

Mr. Lazaro is the Chairman of Atlas Fertilizer & Chemicals Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Chairman and President of AYC Holdings Ltd.; Co-Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC International Finance, Ltd., and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. He graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Directorship in other publicly listed companies:

Director of Globe Telecom, Inc.

***RIZALINA G. MANTARING*, Filipino, 65**

Independent Director since April 24, 2020; Lead Independent Director since April 29, 2022

Committee Membership:

- Chairman of Audit Committee
- Member of Risk Management and Related Party Transactions Committee
- Member of Corporate Governance and Nomination Committee
- Member of Personnel and Compensation Committee

Skills and experience:

Ms. Mantaring is also a Director of Sun Life Grepa Financial, Inc. and an Independent Director of BPI Asset Management & Trust Group Inc., GoTYME Bank Inc., Maxicare Healthcare Corporation, Inc., and East Asia Computer Center Inc. She is also a member of the Boards of Trustees of the Makati Business Club and Philippine Business for Education, and a member of the Private Sector Advisory Council to the President of the Philippines. She was Chief Executive Officer and Country Head of Sun Life Financial Philippines, the country's leading insurer, prior to which she was Chief Operations Officer, Sun Life Financial Asia, responsible for IT & Operations across Asia. She was a recipient of the Asia Talent Management Award in the Asia Business Leaders Awards organized by the global business news network CNBC. She was selected as one of the 100 Most Outstanding Alumni of the Past Century by the University

of the Philippines College of Engineering, and was 2019 PAX awardee of St. Scholastica's College Manila, the highest award given by the school to outstanding alumni. She holds a BS Electrical Engineering degree, cum laude, from the University of the Philippines and an MS Computer Science from the State University of New York at Albany.

Directorship in other publicly listed companies:

Independent Director of Bank of the Philippine Islands, Inc., First Philippine Holdings Corp. Inc., PHINMA Corp. Inc., and Universal Robina Corp. Inc.

CESAR V. PURISIMA, Filipino, 64

Independent Director since April 29, 2022

Committee Membership:

- Member of Audit Committee
- Chairman of Risk Management and Related Party Transactions Committee
- Member of Corporate Governance and Nomination Committee
- Member of Sustainability Committee

Skills and experience:

Mr. Purisima is an Asia Fellow of Milken Institute, a global non-profit, non-partisan think tank. He is a founding partner at IKHLAS Capital, a pan-ASEAN private equity platform. He currently serves on the boards of the AIA Group, member of the Board of Trustees of International School of Manila and member of the Board of Advisors of ABS-CBN. He is a member of Sumitomo Mitsui Banking Corporation's Global Advisory Council and Singapore Management University's International Advisory Council in the Philippines. He is a member of the Bloomberg Task Force on Fiscal Policy for Health since December 2023. From 2010 to 2016, Purisima was the Secretary of Finance of the Philippines and the Chair of Economic Development Cluster of the President's Cabinet. He briefly served as Finance Secretary in 2005 and Trade and Industry Secretary from 2004 to 2005. Additionally, he was a member of the Monetary Board of the Philippines Central Bank, and the Governor for the Philippines at the Asian Development Bank and the World Bank. He served as Alternate Governor for the Philippines at the International Monetary Fund. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to his stints in the government service, he was the Chairman & Country Managing Partner of the Philippines' largest professional services firm SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. Purisima obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979. He earned his Master of Business Administration degree from Kellogg School of Management, Northwestern University, Illinois in 1983. Mr. Purisima completed the Harvard Business School's CEO Harvard Presidents' Seminars in 2023 and 2024. He was a recipient of Centenary Award of Excellence by the Professional Regulatory Board of Accountancy on the occasion of the 100th year of the Philippine accounting profession in 2023. He was conferred a Knight in the National Order of the Legion of Honour by the French Republic (Chevalier dans l'Ordre National de la Legion d'Honneur) in 2017. In 2016, Purisima was awarded the Order of Lakandula with the rank of Grand Cross (Bayani) for his contributions to the Philippine economy. The Order of Lakandula is one of the highest civilian honors conferred by the President of the Republic of the Philippines and the Chevalier de l'Ordre national du Merite (Knight of the National Order of Merit) by the President of the French Republic in 2001.

Directorship in other publicly listed companies:

Independent Director of Ayala Land, Inc., Universal Robina Corporation, Jollibee Foods Corporation, Bank of the Philippine Islands

CHUA SOCK KOONG, Singaporean, 67

Independent Director since April 29, 2022

Committee Membership:

- Member of Audit Committee
- Chairman of Corporate Governance and Nomination Committee
- Chairman of Personnel and Compensation Committee

- Member of Sustainability Committee

Skills and experience:

Ms. Chua is a Senior Advisor at Singapore Telecommunications Limited, Asia's leading communications technology group, having served as its Group Chief Executive Officer for thirteen (13) years until December 31, 2020. She sits on the boards of Bharti Airtel Limited and Bharti Telecom Limited. She is also a Director of Prudential plc and the Dubai Financial Services Authority. She is a Member of the Supervisory Board of Royal Philips and Securities Industry Council. She is Deputy Chairman of the Public Service Commission and a member of the Council of Presidential Advisers. She was also a director of Research, Innovation & Enterprise Council. She was conferred the Medal of Commendation (Gold) at NTUC May Day Awards 2016 and the Public Service Star (BBM) at Singapore's 2019 National Day Awards. She holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a CFA charter holder.

Directorship in other publicly listed companies:

None

Nominees to the Board of Directors for election at the stockholders' meeting

All the incumbent directors, except Mr. Purisima, are being nominated to the Board of Directors. Mr. Emmanuel P. Maceda is the new nominee to the Board.

Emmanuel P. Maceda, American, 62, served as Worldwide Managing Partner of Bain & Company from 2018 to 2024. He took on the role of Chairman on January 1, 2025. As Bain's CEO he led its transformation to embed digital and technology capabilities and build a deeper focus on sustainability, while maintaining the firm's culture and #1 ranking on Glassdoor's list of Best Places to Work. In 2024 Bain also took the #1 position on Glassdoor's inaugural list of Best Led Companies in the USA. He joined Bain in 1989 and, over his 35 year career, has advised global CEOs and become a leading expert in large-scale transformations involving strategy, growth, performance improvement, and organizational effectiveness across a range of industries – with most depth in technology companies. During his time as a CEO, Manny also built deep expertise in generative AI, global realignment, stakeholder capitalism, and private capital. Prior to serving as Bain's CEO, Manny's roles included Chairman of Asia-Pacific and Global Leader of the Transformation and Performance Improvement Practices. He has served as a member of Bain's Board of Directors, Nominating Committee, and Operating Committee. He has been involved in the World Economic Forum as a member of the International Business Council, the First Mover's Coalition, and other committees. He has also been a member of the US Business Roundtable. He is a Director of The Bridgespan Group, the MIT Sloan Advisory Board and is a founding partner of The Asian American Foundation. He holds an M.S. in Management from MIT Sloan, a B.S. in Chemical Engineering (magna cum laude) from Illinois Tech, and an honorary Doctor of Business Administration from De La Salle University Philippines. He resides in the San Francisco area with his wife; they raised four children.

Senior Leadership Team/Key Officers

Name	Position
Cesar P. Consing*	President and Chief Executive Officer
Jose Rene Gregory D. Almendras	Public Affairs Principal**
Alberto M. de Larrazabal	Senior Managing Director, Chief Finance Officer and Finance Group Head
Maria Franchette M. Acosta	Chief Legal Officer, Corporate Secretary, Compliance Officer, Data Protection Officer, and Corporate Governance Group Head
Catherine H. Ang	Managing Director and Chief Audit Executive
Karl Kendrick T. Chua	Managing Director, Data Analytics and Artificial Intelligence Group Head
Francisco Romero Milán	Managing Director, Chief Human Resource Officer and Corporate Resources Group Head
Estelito C. Biacora	Executive Director and Treasurer
Josephine G. De Asis	Executive Director and Controller
Mark Robert H. Uy	Managing Director*** and Corporate Strategy and Business Development Group Head

Name	Position
Jaime Z. Urquijo	Chief Sustainability and Risk Officer
Rosario Carmela G. Austria	Assistant Corporate Secretary
*Member of the Board of Directors	
**On January 23, 2025, the Board approved the change in designation of Mr. Almendras from Senior Managing Director and Head of Public Affairs Group to Public Affairs Principal, effective January 1, 2025.	
***Promoted to Managing Director effective January 1, 2025, as approved by the Board of Directors on March 13, 2025.	

Jose Rene Gregory D. Almendras, Filipino, 64, is the Public Affairs Principal of Ayala Corporation effective January 1, 2025. Prior to this designation, he was a Senior Managing Director and Group Head of Public Affairs of Ayala Corporation. He served as President and Chief Executive Officer of MWCI from September 1, 2019 to June 4, 2021. He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. In 2011, he was recognized by the World Economic Forum as a Sustainability Champion for his efforts as President of MWCI. During his stint as MWCI President and Chief Operating Officer, the company received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company. Under the Administration of President Benigno S. Aquino III, He served as a member of the Cabinet holding the position of Secretary of the Department of Energy, Office of the Cabinet Secretary and the Department of Foreign Affairs. In June 2016, he was acknowledged by the Administration for his remarkable performance in addressing the country's urgent issues and was awarded the highest Presidential Award given to a civilian - Order of Lakandula, Rank of Gold Cross Bayani. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Business Management in 1981.

Alberto M. de Larrazabal, Filipino, 69, is a Senior Managing Director and Chief Finance Officer of Ayala Corporation since 23 April 2021. He also holds the following positions in other publicly listed companies: Chairman of the Board of Directors of Integrated Micro-Electronics, Inc., Director of ENEX Energy Corp, and Non-Executive Director of Yoma Strategic Holdings Ltd. He is the Vice Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of A&CO Holdings Corporation, AA Infrastructure Projects Corporation, Ayala Aviation Corporation, ACX Holdings Corporation, and LiveIt Investments Limited; Chairman and President of Liontide Holdings, Inc.; Director, President and CEO of AC Infrastructure Holdings Corporation, AC International Finance Ltd., and AYC Finance Limited; Vice Chairman of Lagdigan Land Corporation; Director and President of AC Ventures SubCo, Inc. and Philwater Holdings Company, Inc.; Director, Treasurer and Chief Finance Officer of WeAreAyala Business Club, Inc.; Director and CEO of AG Holdings Limited, AG Region Pte. Ltd., Ayala International Pte. Ltd., Ayala International Holdings Pte Limited, Azalaea International Venture Partners Limited, Bestfull Holdings Limited, BF Jade E-Services Philippines, Inc., Fine State Group Limited, and VIP Infrastructure Holdings Pte. Ltd; Director of AC Energy and Infrastructure Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, ACEN International, Inc., A.C.S.T Business Holdings, Inc., AC Mobility Holdings Incorporated, Anko JV Company, Inc., Air 21 Holdings, Inc., APPPPS Partners, Inc., Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Evro Mobility Solutions, Inc., Healthnow, Inc., Global Telehealth, Inc., Light Rail Manila Holdings, Inc., Michigan Holdings, Inc., Mobility Access Philippines Ventures Inc., Affinity Express Holdings, Ltd., AI North America, Inc., AYC Holdings Limited, Pioneer Adhesives, Inc., Purefoods International Limited ("PFIL NA"), Strong Group Limited, and Total Jade Group Limited. He has over two decades of extensive experience as a senior executive in Finance, Business Development, Treasury Operations, Joint Ventures, Mergers and Acquisitions, as well as Investment Banking and Investor Relations. Prior to joining Ayala Corporation, Albert served as Chief Commercial Officer and Chief Finance Officer of Globe Telecom, a business unit of Ayala Corporation. Before he joined Globe Telecom, he held positions such as Vice President and CFO of Marsman Drysdale Corporation, Vice President and Head of the Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation. He holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University.

Maria Franchette M. Acosta, Filipino, 52, is the Corporate Secretary, Corporate Governance Group Head and Chief Legal Officer of Ayala Corporation effective March 12, 2024. She has served as the Company's Compliance Officer since April 26, 2024. She is also the Corporate Secretary of Ayala Land, Inc., AREIT, Inc., ACEN CORPORATION, Globe Telecom, Inc., and Integrated Micro-electronics, Inc. She has been a practicing lawyer for 24 years, with 18 years in Villaraza & Angangco Law Firm where she was a Senior Partner, Co-Managing Partner and Head of its Corporate and Commercial Department. Ms. Acosta was also an Assistant Secretary at the Office of the Chief Presidential Legal Counsel of the

Republic of the Philippines where she worked from 2001 to 2003 and recognized as an expert counsel in leading legal journals and publications such as Chambers Global, Chambers Asia Pacific and Legal 500. She is a consistent Asia Business Law Journal's top 100 lawyers of the Philippines. Atty. Acosta graduated from New York University with a Master of Laws in 2003, and ranked 3rd in the Philippine Bar Examination. She earned her Bachelor of Laws from the University of the Philippines College of Law in 1998 where she graduated Class Valedictorian and Cum Laude. She holds a Bachelor of Science in Business Economics from the University of the Philippines School of Economics in 1994 where she graduated Magna Cum Laude.

Catherine H. Ang, Filipino, 54, is a Managing Director and the Chief Audit Executive of Ayala Corporation since July 2013. She joined the Company in February 2012 as Head for Risk Management and Sustainability. Currently, she also holds the following positions: Director of Technopark Land, Inc., Audit and Risk Committee Member of Ayala Healthcare Holdings, Inc., Healthway Philippines, Inc., Generika Group (Actimed, Inc., Erikagen, Inc., Novelis Solutions, Inc., Pharm Gen Ventures Corp.), AC Energy and Infrastructure Corporation, AC Infrastructure Holdings Corporation, Air 21 Holdings, Inc., AC Logistics Holdings Corporation, Ayala Multi-Purpose Cooperative, and Light Rail Manila Corporation. She is a member of the YFO Committee and the Good Governance Committee of Financial Executives Institute of the Philippines (FINEX). She is also a member of the Corporate Governance Scorecard Committee of the Institute of Corporate Directors (ICD), and a Teaching Fellow at the ICD. She was the FINEX 2023 Good Governance Committee Chair, 2017 - 2019 Audit Committee Chair, and 2017 – 2018 Good Governance Committee Vice Chairperson, FINEX Foundation 2016 Finance Committee Chair, ICD 2015-2016 Scorecard Circle Chair, and Institute of Internal Auditors – Philippines (IIAP) 2014 Chair of the Board of Trustees and 2009 - 2014 member of the Board of Trustees. Prior to joining Ayala Corporation, she was a Vice President and the Chief Audit Executive of Globe Telecom, Inc. where she started as an Internal Audit Manager in 1996 and rejoined the company in 2000. In 1998, she joined PricewaterhouseCoopers - Singapore as Manager for Operational and Systems Risk Management. She started her career at SGV & Co in 1991 as a financial and IT auditor. She is a Certified Public Accountant, a Fellow of the Institute of Corporate Directors, a qualified Crisis Communication Planner, and holds an Associate (Level 1) Certification from Global Innovation Management Institute (GIMI). She graduated magna cum laude from Saint Louis College in 1991 with a degree in Bachelor of Science in Commerce major in Accounting.

Karl Kendrick T. Chua, Filipino, 47, has served as the Managing Director for Data Science and Artificial Intelligence of the Corporation since July 1, 2023. In this capacity, he helps the Ayala Group prepare for a data-driven and AI future. He was a former Secretary of the National Economic and Development Authority (NEDA) and Undersecretary for Strategy, Economics, and Results at the Department of Finance (DOF), Republic of the Philippines. He is currently also a director of the Bank of the Philippine Islands, BPI Direct Banco (a savings bank), AC Ventures, and is an Independent Director of D&L Industries and LH Paragon. He is also a board adviser in various LH Paragon subsidiaries. He was also a director of Manila Water. He has extensive experience in the areas of economic and fiscal policy, statistical development, national identification, labor and social protection policy, poverty analysis, and digital transformation, among others. He was also an adviser for the World Bank's World Development Report and was a member of the Selection Committee of the Asian Development Bank and International Economic Association Innovative Policy Research Award. Mr. Chua was a senior official in the Government of the Philippines for six years from 2016 to 2022. As Secretary of Socioeconomic Planning and Chief Economist of the country, he provided strategic leadership on economic policy during the Covid-19 pandemic and the further liberalization of key sectors of the economy. As chair, he also oversaw the implementation of the national ID program and the national innovation strategy. As Undersecretary in the DOF, he led the technical team in the passage of the Comprehensive Tax Reform Program coverage income, consumption, transaction, and wealth taxes, and the passage of the Rice Tariffication Law, among other reforms in the government's 10-Point Socioeconomic Agenda. Prior to joining the government, he was with the World Bank for 12 years and was the senior economist for the Philippines. Flagship reports he led include the 2012 Philippine development report, the 2016 Mindanao jobs report, and the 2015 tax policy reform report. Mr. Chua graduated from the Ateneo De Manila University in 2000 with a degree in B.S. Management Engineering. He earned his M.A. Economics (2003) and Ph.D. Economics (2011) from the University of the Philippines, and studied data science at the Asian Institute of Management. In 2018, he was awarded the Ten Outstanding Young Men of the Philippines (TOYM) for economic development. He is married and has two boys named after stars.

Francisco Romero Milán, Filipino⁸, 42, has been a Managing Director, Corporate Resources Group Head and Chief Human Resources Officer of the Corporation since March 1, 2023. He is also the Chairman of the HR Council and the HR Executive Committee of the Ayala Group. He joined the Group in 2019 as Vice President, member of the Management Committee and Chief Human Resources Officer of Integrated Micro-Electronics Inc. (IMI), a leading global manufacturing solutions expert in the world and the manufacturing portfolio of AC Industrial Technology Holdings, Inc. ("AC Industrials"), a wholly-owned subsidiary of Ayala Corporation. He was Group Head of Human Resources and Sustainability of AC Industrials. Concurrently, he serves on the Boards of HCX Technology Partners Inc. and Mobility Access Philippines Ventures, Inc., and AC Industrial Technology Holdings, Inc. He is also member of the Board of Trustees of Ayala Foundation Inc. and Teach for the Philippines, where he has served for over seven years as a Thought Partner and Vice-President and Board Member of the European Chamber of Commerce in the Philippines. Prior to this, he held increasingly responsible roles with A.P. Moller-Maersk, a global shipping and energy conglomerate located in Copenhagen, Denmark, with operations in over 130 countries and around 90,000 employees worldwide. In his last position he was responsible for HR Operations in 15 countries across Asia and the Pacific. He served as a Partner, member of the Board and Strategic Advisor of Penbrothers International, a Philippines-based talent management partner for startups and SMEs from all over the world.

Estelito C. Biacora, Filipino, 54, is the Executive Director and Treasurer of Ayala Corporation since November 2018. Currently, he also holds the following positions: Director of AYC Finance, Limited, AYC Holdings Limited, Ayala Aviation Corporation, Liveit Investments Limited, Affinity Express Holdings Ltd., AG Holdings Limited (HK), Fine State Group Limited, Total Jade Group Limited, Strong Group Limited; Director and Treasurer of Michigan Holdings, Inc., Pameka Holdings, Inc., and Technopark Land, Inc.; Director, Treasurer and Chief Finance Officer of Philwater Holdings Company, Inc.; Treasurer of Lontide Holdings, Inc., ASIACOM Philippines, Inc., ACST Business Holdings, Inc., AC Ventures Holding Corporation, AC Ventures Subco, Inc., Ayala Foundation, Inc., Azalea International Venture Partners, Ltd., PPI Prime Venture, Inc.; and member of Ayala Foundation Endowment Committee, Ayala Corporation Retirement Committee, and Audit and Risk Committee of AC Energy and Infrastructure Corporation (ACEIC) and. Prior to joining Ayala, he served as Senior Vice President for Global Markets Group at the Bank of the Philippine Islands (BPI). Mr. Biacora's other previous senior assignments include Chief Investment Officer (CIO) for BPI Asset Management, and Senior Vice President and Head of BPI Private Banking. He also served as member of BPI Management Committee, and member of the board of BPI Forex Corporation and BPI International Finance Limited, Hong Kong. He served as the President and board member of ACI Philippines, the Financial Markets Association affiliated with Paris-based organization of global markets professionals. He also served as member of BAP-Capital Markets Development Committee. He has held prior positions with Far East Bank and Trust Company, and Banco Santander, Philippines. Mr. Biacora attended Executive Finance Course at Wharton School of Business, University of Pennsylvania. He earned a Bachelor of Science degree in Commerce, major in Finance in 1990 and Masters in Business Administration in 1994, both from De La Salle University.

Josephine G. De Asis, Filipino, 53, has been the Controller of the Corporation since August 2012. Currently, she also holds the following positions: Chairperson of Pameka Holdings, Inc. and PPI Prime Venture, Inc.; and Chief Finance Officer of Michigan Holdings, Inc. Prior to joining Ayala Corporation, she served as the Head of Financial Control Division of Globe Telecom, Inc. from 2010 to 2012 and Controller of the Wireless Business of Globe Telecom, Inc. from 2005-2010. She is a Certified Public Accountant. She graduated with a degree in BS Accountancy (summa cum laude) from Polytechnic University of the Philippines in 1991 and attended an Executive Management Program from the University of California Los Angeles in 2004-2005.

Mark Robert H. Uy, Filipino, 38, is currently the Corporation's Corporate Strategy and Business Development Group Head, as well as a member of the Management Committee. His other significant positions include: Chairman of Anko JV Company, Inc.; Director, President and Chief Executive Officer of A&CO Holdings Corporation; Director & President of ACX Holdings Corporation; Director of AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, AC Ventures Holding Corp., and AC Ventures Subco, Inc. Mark has over a decade of investment banking experience, more recently as Credit Suisse's Country Manager and Head of Investment Banking and Capital Markets in the Philippines. Prior to joining Credit Suisse, he spent 12 years at J.P. Morgan in Manila, Chicago and Singapore offices. His industry experience includes transactions in the energy, agriculture, packaged food and restaurant

⁸ By naturalization, subject to probationary period of two-years from promulgation of RTC Decision.

industries, among others. He graduated from Ateneo de Manila University with a bachelor's degree, cum laude, in Management Engineering with minor in Finance. He is a CFA charter holder.

Jaime Z. Urquijo, Filipino, 37, is the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. He was previously Vice President for Business Development at Ayala Corporation's listed energy platform, ACEN. During his tenure at ACEN, Jaime led initiatives to expand the group's portfolio of assets in the Philippines, Vietnam, Myanmar, and Indonesia. Prior to this, Jaime served as the Head of Business Development for AF Payments, Inc., which created the Beep Card payment system, the country's first interoperable public transport payment card. In addition to his CSRO role, he is also currently a director of ACEN Corporation, Bank of the Philippine Islands, BPI/MS Insurance, Integrated Micro Electronics, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holdings Corp., and Chairman of Klima 1.5 Corp. He is Vice Chairman of the Board of Trustees and Chairman of the Executive Committee of Ayala Foundation, a member of the Board of Trustees and Chief Executive Officer of WeAreAyala Business Club, Inc., and is also an Independent Advisor to the Board of Directors of Ayala Land Inc. He is also part of the board of WWF Philippines, the European Chamber of Commerce of the Philippines (ECCP), Makati Central Estate Association, Inc. (MACEA), and the Hero Foundation. Prior to joining the Ayala Group, Jaime was an associate at JP Morgan in New York. Jaime received his Bachelor of Arts degree in Political Science from the University of Notre Dame in the US and his Master's in Business Administration from INSEAD in France.

Rosario Carmela G. Austria, Filipino, 42, was elected as Assistant Corporate Secretary of Ayala Corporation in April 2021. She is also the Assistant Corporate Secretary of Integrated Micro-Electronics, Inc., Ayala Foundation, Inc., AC Industrial Technology Holdings, Inc., and Corporate Secretary or Assistant Corporate Secretary of other companies within the Ayala Group. She is Head of the Corporate Secretarial Services Division, Corporate Governance Group of Ayala Corporation. Previously, she was Corporate Governance Manager in Ayala Group Legal from May 2019 to May 2020 and in Ayala Corporation from May 2020 to March 2021. Prior to joining Ayala Group, she worked in the Securities and Exchange Commission from September 2009 to April 2019 where her last post was Assistant Director of the Corporate Governance Division, Corporate Governance and Finance Department. She graduated with a Bachelor of Science degree in Legal Management, minor in International Business, from the Ateneo de Manila University in 2004 and completed her Juris Doctor degree from the same university in 2008. She was admitted to the Philippine Bar in 2009. She obtained a Master of Public Policy in 2013 from the National Graduate Institute of Policy Studies (GRIPS) in Tokyo, Japan as a recipient of the Japan-IMF Scholarship Program for Asia.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The above-named executive officers are covered by letters of appointment stating their respective job functions, among others.

Significant Employees

The Company considers all its employees to be significant partners and contributors to the business.

Family Relationships

Jaime Augusto Zobel de Ayala, Chairman, and Fernando Zobel de Ayala, member of the Board, are brothers. Jaime Z. Urquijo, the Chief Sustainability and Risk Officer of the Corporation, is their nephew. Other than the aforementioned, there are no known family relationships between the current members of the Board and key officers.

Ownership Structure and Parent Company

As of January 31, 2025, Mermac, Inc. owns 57.5376% of the outstanding voting shares of the Company.

Involvement in Certain Legal Proceedings

Please refer to Part I - Item 3 on Legal Proceedings of this Report.

Resignation of Directors/Management Committee Members/Key Officers

To date, no director has resigned from or declined to stand for re-election to the Board since the date of the annual meeting of stockholders in 2024 due to any disagreement with the Company relative to its operations, policies and practices.

Others

Other matters on directors and executive officers like committees of the Board, attendance in meetings of the Parent Company's BOD, trainings and continuing education programs are in Item 5 of the Parent Company's Definitive Information Statement which are available at the Parent Company's website www/ayala.com, SEC and PSE websites.

Item 10. Executive Compensation

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Cezar P. Consing President and Chief Executive Officer				
Alberto M. de Larrazabal Senior Managing Director, Chief Finance Officer and Finance Group Head				
Jose Rene Gregory D. Almendras* Public Affairs Principal				
Maria Franchette M. Acosta** Chief Legal Officer, Corporate Secretary, Compliance Officer, Data Protection Officer, and Corporate Governance Group Head				
Karl Kendrick T. Chua Managing Director, Data Analytics and Artificial Intelligence Group Head				
Francisco Romero Milan Managing Director and Chief Human Resource Officer				
CEO and Most Highly Compensated Executive Officers	Actual 2023	P255.61M	P115.26M	P0
	Actual 2024	P272.22M	P209.25M	P0
	Projected 2025	P268.00M	P215.96M	P0
All other officers*** as a group unnamed	Actual 2023	P660.89M	P312.84M	P0
	Actual 2024	P765.70M	P455.09M	P0
	Projected 2025	P820.47M	P485.51M	P0

*Up to December 2024

** Starting from January 2024

***All Other Officers includes the CEO & Most Highly Compensated Officers

The total annual compensation consists of basic pay and other taxable income (guaranteed bonus and performance-based bonus).

The Company has no other arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

Warrants and Options Outstanding; Repricing

Since 1995, the Company has offered its officers options to acquire common shares under its executive stock option plan (ESOP). No stock option was exercised in 2024.

Compensation of Directors

Article IV, Section 14, of the By-laws provides:

Section 14 - Directors shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services. In no case shall the total yearly compensation of Directors exceed one percent (1%) of the net income of the Corporation during the preceding year.

The Personnel and Compensation Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay Directors for work required in a company of the Corporation's size and scope. No Director shall be involved in deciding his own remuneration during his incumbent term.

i. Standard arrangement

On April 26, 2024, the Board, upon the recommendation of its Personnel and Compensation Committee in order to make the level of remuneration more commensurate with their responsibilities, approved a resolution fixing the current remuneration of non-executive directors, as follows:

Fee Structure	Retainer Fee	For Board	For Committees
Non-Executive and Independent Directors	P4,000,000 per annum	P200,000 per meeting attended	P100,000 per meeting attended
Chairman of the Board	P4,000,000 per annum (additional)	P100,000 per written resolution	P50,000 per written resolution
Chairman of the Audit Committee	P2,000,000 per annum (additional)	and per non-independent directors meeting	

Directors who hold executive or management positions do not receive directors' fees. The compensation of executive directors is included in the compensation table in Item 6(a) above.

In accordance with the requirement of Sections 29 and 49 of the Revised Corporation Code relating to an annual report of the total compensation of each director, below is a table showing the gross compensation received by the non-executive and independent directors in 2024. Executive Directors do not receive compensation as directors.

	Retainer Fee (in PhP)	Board Meetings (in PhP)	Committee Meetings (in PhP)	Total (in PhP)
Jaime Augusto Zobel de Ayala	8,000,000.00	1,700,000.00	650,000.00	10,350,000.00
Fernando Zobel de Ayala	4,000,000.00	1,700,000.00	1,650,000.00	7,350,000.00
Delfin L. Lazaro	4,000,000.00	1,500,000.00	650,000.00	6,150,000.00
Rizalina G. Mantaring	6,000,000.00	1,700,000.00	1,850,000.00	9,400,000.00
Chua Sock Koong	4,000,000.00	1,700,000.00	1,700,000.00	7,250,000.00
Cesar V. Purisima	4,000,000.00	1,700,000.00	1,550,000.00	7,550,000.00
TOTAL	30,000,000.00	10,000,000.00	8,050,000.00	48,050,000.00

ii. Other arrangements

Aside from the compensation received as herein stated, the Company has no other arrangement with regard to the remuneration of its existing non-executive and independent directors for services provided as a director.

The Company's Personnel and Compensation Committee is chaired by Ms. Chua Sock Koong, with Mr. Fernando Zobel de Ayala and Ms. Rizalina G. Mantaring as members. Mmes. Chua and Mantaring are independent directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

i. Security ownership of certain record and beneficial owners (of more than 5%) as of January 31, 2025

Title of class of voting shares	Name and address of record owner and relationship with Issuer	Name of beneficial owner and relationship with record owner	Citizenship	No. of shares held	Percent of outstanding voting shares
Common	Mermac, Inc. ⁹ 3/F Makati Stock Exchange Building, Ayala Triangle, Ayala Avenue, Makati City	Mermac, Inc. ¹⁰	Filipino	296,625,706	57.5376%
Voting Preferred				177,252,144	
Common	PCD Nominee Corporation (Non-Filipino) ¹¹ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ¹²	Various Non-Filipino	165,092,641	20.0453%
Common	PCD Nominee Corporation (Filipino) ³ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ⁴	Filipino	116,883,241	14.1918%

ii. Security ownership of directors and management as of January 31, 2025

Title of class of outstanding shares	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of total outstanding shares
<i>Directors</i>				
Common	Jaime Augusto Zobel de Ayala	855,997 (indirect)	Filipino	0.1024%
Voting Preferred		543,802 (direct)		0.0650%
Common	Fernando Zobel de Ayala	935,079 (indirect)	Filipino	0.1118%
Voting Preferred		554,983 (direct)		0.0664%
Common	Cezar P. Consing	399,386 (direct & indirect)	Filipino	0.0478%
Common	Delfin L. Lazaro	97,554 (direct & indirect)	Filipino	0.0117%
Voting Preferred		258,297 (direct)		0.0309%
Common	Chua Sock Koong	1 (direct)	Singaporean	0.0000%
Common	Rizalina G. Mantaring	56,670 (direct & indirect)	Filipino	0.0068%
Voting Preferred		3,604 (direct)		0.0004%
Common	Cesar V. Purisima	1 (direct)	Filipino	0.0000%
<i>CEO and most highly compensated officers</i>				

⁹ The Chairman of Mermac, Inc. ("Mermac"), Jaime Augusto Zobel de Ayala, is the Chairman of the Company.

¹⁰ The Board of Directors of Mermac has the power to decide how the Ayala shares held by Mermac are to be voted. The Chairman of the meeting is appointed to exercise the voting power.

¹¹ PCD Nominee Corporation (PCD) is not related to the Company.

¹² Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. Out of the 281,975,882 common shares registered in the name of PCD Nominee Corporation, 50,726,988 or 6.1592% of the voting stock is for the account of The Hongkong and Shanghai Banking Corp. Ltd. -Clients' Acct. (HSBC). The Company did not receive any report from HSBC or any of its customers stating that they beneficially own more than 5% of the Company's common shares.

Title of class of outstanding shares	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of total outstanding shares
Common	Cezar P. Consing	399,386	(direct & indirect)	Filipino	0.0478%
Common	Alberto M. de Larrazabal	126,575	(indirect)	Filipino	0.0151%
Common	Karl Kendrick T. Chua	20,000	(indirect)	Filipino	0.0024%
Common	Maria Franchette M. Acosta	5,000	(indirect)	Filipino	0.0006%
Common	Francisco Romero Milán	48,965	(indirect)	Filipino	0.0059%
<i>Other executive officers</i>					
Common	Estelito C. Biacora	30,763	(indirect)	Filipino	0.0037%
Common	Catherine H. Ang	63,790	(indirect)	Filipino	0.0076%
Voting Preferred		5,290	(direct)		0.0006%
Preferred A (Reissued)		400	(indirect)		0.0000%
Common	Josephine G. De Asis	60,287	(indirect)	Filipino	0.0072%
Common	Jaime Z. Urquijo	35,627	(indirect)	Filipino	0.0043%
Common	Mark Robert H. Uy	41,000	(indirect)	Filipino	0.0049%
Common	Rosario Carmela G. Austria	7,098	(indirect)	Filipino	0.0008%
All Directors and Officers as a group		4,150,169			0.4962%

No director or member of the Company's management owns 2% or more of the outstanding capital stock of the Company.

iii. Voting trust holders of 5% or more

The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

iv. Changes in control

No change of control in the Company has occurred.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management and Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the Committee approved threshold value – of ₱50.0 million or five (5) percent of the total assets, whichever is lower. The Parent Company's Risk Management Unit, acting as the secretariat of the Committee, reviewed the RPTs before these were presented to the Committee for approval.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

To date, there have been no complaints received by the Company regarding related-party transactions. None of the Company's directors has entered into self-dealing and related party transactions with or involving the Company in 2024.

For further information on the Group's related party transactions, see Note 31 of Ayala's 2024 Audited Consolidated Financial Statements included in this Report. Except for those discussed in the said 2024 Audited Consolidated Financial Statements, no other transaction, other than as appropriately disclosed by the Parent Company, was undertaken by the Group involving any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Parent Company's outstanding shares (direct or indirect) or any member of his immediate family. The Parent Company's employees are required to promptly disclose any business and family-related transactions with the Parent Company to ensure that potential conflicts of interest are reviewed and disclosed as appropriate.

Transactions with Promoters

There are no transactions with promoters within the past five (5) years.

Awards and Recognitions

Ayala Corporation

Asia Pacific Stevie Awards

1. Gold Award for Innovation in House Organizations and Publications – A LIFE Digital Magazine
2. Silver Award for Innovation in the Use of Events – WAAwesome Musikachill
3. Bronze Award for Innovation in Internal Communications Video – Ayala's 189th Anniversary video: Enduring Legacies

Anvil Awards

1. Platinum for PR Tool – A LIFE Digital Magazine
2. Gold for PR Tool – A LIFE Digital Magazine
3. Silver for PR Program – Atletang Ayala
4. Silver for PR Program – WeAreAyala
5. Silver for PR Program – Ayala for the Greater Good

Institute of Corporate Directors Golden Arrow Awards

1. Four Golden Arrows

For the awards and recognitions of other listed entities in the Group, please refer to their respective SEC 17-A Reports which are available at their websites.

Website and Social Media

The Company's official website is www.ayala.com. Further details on the Company's corporate information, background, activities, and other areas like governance initiatives are available at the Company's website. Also, as part of our stakeholder engagement, Ayala maintains the following social media accounts:

- [Facebook.com/AyalaCorporation](https://www.facebook.com/AyalaCorporation)
- [Instagram.com/Ayala_Corporation](https://www.instagram.com/ayala_corporation/)
- [Linkedin.com/company/ayala-corporation](https://www.linkedin.com/company/ayala-corporation/)
- <https://www.youtube.com/@ayala1834>

Events after the Reporting Period

For the detailed discussion of key transactions and information from January 1 up to March 13, 2025 (issuance date of the 2024 Audited Consolidated Financial Statements), please refer to Note 38 of Ayala's

Audited Consolidated Financial Statements as of December 31, 2024 which forms part of the Index of this Report.

In addition, the Group has the following major transactions and information from the issuance date of the 2024 Audited Consolidated Financial Statements up to the issuance date of this Report:

AC Ventures

Parent Company and Mitsubishi Corporation Investment Agreement in AC Ventures

On March 31, 2025, the Parent Company, AC Ventures, and Mitsubishi Corporation (MC) signed the Investment Agreement for MC's subscription to 18,033,946 common and redeemable preferred shares of AC Ventures for a subscription price of at least ₱18.4 billion. AC Ventures shall use the subscription proceeds to redeem AC's redeemable preferred shares in ACV and cover related costs. After the transactions, AC and MC shall each own a 50% ownership stake in ACV.

MC's investment will only be completed after satisfaction of conditions precedent, including the approval or deemed approval of the transaction by the Philippine Competition Commission.

ACEIC

ACEN subscription agreements with Buendia Christiana Holdings Corp.

On March 18, 2025, ACEN signed a subscription agreement with its subsidiary, Buendia Christiana Holdings Corp. ("BCHC"), for the subscription by ACEN to 660,000 common shares and 5,940,000 redeemable preferred shares ("RPS"), to be issued out of the authorized capital stock of BCHC.

This transaction was a non-event at AC consolidated level as these was a transaction within the ACEIC Group.

ACEN, ACEN Global Development Group, Inc., and Giga Ace 6, Inc. green term loan facility

On March 29, 2025, ACEN and its wholly owned subsidiaries ACEN Global Development Group, Inc. (formerly, ACE Endevor, Inc.) and Giga Ace 6, Inc. (GA6) signed an Omnibus Loan and Security Agreement (OLSA) with BPI, BDO Unibank, Inc., (BDO) and Rizal Commercial Banking Corporation (RCBC) for a senior secured green term loan facility, in the amount of up to ₱34.41 billion, to partially finance GA6's 344.5 MWp Quezon North Onshore Wind Power Project (formerly Isla Wind) located in the Municipalities of Mauban and Real, Province of Quezon, and the Municipalities of Paete and Kalayaan, Province of Laguna. Under the OLSA, ACEN will be the sponsor, share security grantor, guarantor, and grantor; ACE Endevor will also be a sponsor, share security grantor, and grantor; GA6 as the borrower, mortgagor, and grantor; BPI, BDO, and RCBC as Senior Lenders; and BDO Unibank, Inc. – Trust Investment Group as Facility Agent, Paying Agent and Security Trustee.

ALI

Acquisition of ABS-CBN Corporation's property

On February 27, 2025, ALI signed a Memorandum of Agreement (MOA) for the acquisition of a portion of ABS-CBN Corporation's (ABS-CBN) property located in Quezon City, subject to conditions precedent, including clearance by the Philippine Competition Commission, among others.

Conversion of voting preferred shares into common shares

On March 14, 2025, ALI converted 43,777 Voting Preferred Shares (VPS) into common shares which were sourced from our existing listed Treasury Shares. This is in relation to ALI's Voting Preferred Shares Redemption Program which commenced on June 29, 2022. All of the converted VPS will be retired.

As a result of the conversion, ALI's issued shares were 15,731,420,304 common shares and 13,066,494,759 VPS while outstanding shares were 14,577,989,267 common shares and 12,442,448,754 VPS.

The VPS holders may continue to convert their shares into common shares at a conversion ratio of 1 VPS to 1 common share at a price which shall be the higher of (i) the average closing price for the immediately preceding 30 trading days less the par value of the VPS of ₱0.10 per share and (ii) the closing price immediately preceding the conversion date less the par value of the VPS of ₱0.10 per share.

SEC approval of plan of merger of ALI and its subsidiaries

On March 31, 2025, ALI received the SEC's approval of the Articles and Plan of Merger dated March 13, 2025 with an effective date of April 1, 2025, involving 29 absorbed corporations with ALI as the surviving entity. The merger was approved by ALI's stockholders on April 25, 2024.

Please refer to Note 2 of Ayala's Audited Consolidated Financial Statements attached as Index to this Report and to ALI's 2024 Financial Reports and SEC 17-A for details of the plan of merger.

BPI

Change in officers

In its regular meeting last January 22, 2025, BPI's BOD approved the secondment of EVP Juan Carlos L. Syquia, Head of Institutional Banking, to Ayala Corporation (Ayala) effective May 1, 2025 to assume a senior role at Ayala, subject to approval of the BOD of Ayala.

On February 13, 2025, BPI approved the appointment of Senior Vice President (SVP) Luis Geminiano E. Cruz as Head of Institutional Banking, effective May 1, 2025, subject to regulatory approval. His appointment follows the secondment of Juan Carlos L. Syquia to Ayala Corporation.

US\$500 million and US\$300 million bond offering

On March 19, 2025, BPI successfully tapped the international capital markets with a public USD bond offering of US\$500 million 5-year and US\$300 million 10-year Reg S senior unsecured fixed rate notes offering ("Notes").

Globe

P10 billion loan facilities with BDO Unibank, Inc. and Metropolitan Bank & Trust Company

On March 14, 2025, Globe signed term loan facilities of P10 billion each with BDO Unibank, Inc. and Metropolitan Bank & Trust Company. The loans shall be used to finance Globe's capital expenditures, debt refinancing, and/or general corporate requirements.

Joint venture with NCS Pte. Ltd. in Yondu Inc.

In March 2025, Globe with the cooperation of NCS Pte. Ltd. (NCS), entered into an agreement with NCSI Holdings Pte. Ltd. (NCSI) to hold 51% ownership in Globe's subsidiary, Yondu, Inc. (Yondu), as well as Yondu's acquisition of NCSI Philippines (NCSI PH) from NCSI, making NCSI PH a fully owned subsidiary of Yondu. Upon closing, Globe will retain 49% ownership in Yondu and NCSI PH.

The resulting joint venture will have an enterprise value of P1,868Mn.

NCS is a leading Pan-APAC technology services company, and the joint venture between NCSI and Globe is projected to expand the client base to include international clients, particularly in the telco and adjacent sectors.

Yondu's significant local footprint, combined with NCS' strengths in digital, cloud, data, and AI services and broad network across Asia Pacific are envisioned to transform the joint venture into a Pan-APAC player equipped with global expertise to develop customized digital solutions and advanced tools in accordance to customer specification and timeline.

The joint venture also aligns with Globe's strategy to develop responsive and compelling ICT capabilities for customers of all sizes.

Sale or sale and leaseback of telecom towers

Globe completed the sale of tower assets as follows:

- a. on February 4, 2025 MIESCOR Infrastructure Development Corporation (MIDC) of 44 towers for P528 million;
- b. on February 21, 2025, to Phil-Tower Consortium, Inc. (PhilTower) of 12 towers for P178 million; and
- c. on March 27, 2025, to Unity Digital Infrastructure (Unity) of 121 towers for approximately P1.45 billion to which resulted in 100% completion of the 447 towers sale to Unity.

IMI

Amendment to Articles of Incorporation and 2025 Employee Stock Option Program

On March 7, 2025, IMI's BOD approved the following:

1. amendment to the Second Article of its Articles of Incorporation to include in the primary purpose the following activities:
“To provide warehousing/logistics support services, particularly importation/procurement, storage, deposit, inventory management of goods for subsequent sales, transfers or dispositions to clients, interested establishments, agencies and/or export enterprises”.
2. 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the company) to its key talents.

Both items will be presented to IMI stockholders for approval at their annual meeting on April 22, 2025.

Other Information

Other information about the Group are disclosed in appropriate notes in the accompanying Audited Consolidated Financial Statements as of December 31, 2024 or discussed in previously filed SEC 17-Q and SEC 17-C reports for 2024 (refer to Item 14 on Exhibits and Reports on SEC Form 17-C of this Report).

Also, the Company's Definitive Information Statement (DIS) report and Integrated Report are sources of other information about Ayala group. These documents are available at the Company's website www.ayala.com.

PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY

Item 13.A. Corporate Governance

Please refer to Item 5.E. Corporate Governance of Part II Operational and Financial Information for some discussions as it applies to the Company. For the full details and discussion, please refer to the Definitive Information Sheet and Annual Corporate Governance Report posted at the Company's official website www.ayala.com. The detailed discussion of the Annual Corporate Governance Section is in compliance with SEC Memorandum Circular No. 5, series of 2013, issued last March 20, 2013.

Item 13.B. Sustainability Report

Please refer to the Integrated Report posted in the Company's Official Website with the following link:
https://ayala.com/app/uploads/2025/04/Ayala_IR2024_Full-Report_1004.pdf

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Report)

(a) Exhibits – See accompanying Index to Financial Statements and Supplementary Schedules

(b) Reports on SEC Form 17-C

Aside from compliance with periodic reporting requirements, Ayala promptly discloses major and market sensitive information such as dividend declarations, joint ventures and acquisitions, the sale and disposition of significant assets, and other information that may affect the decision of the investing public.

Ayala Corporation submitted the following unstructured and structures disclosures and clarifications of new articles to PSE, SEC, and PDEx in 2024:

1. Amendments to the Insider Trading Policy
2. Record of Attendance of the Directors in 2023 Board of Directors' Meetings
3. Training of Directors and Officers in Corporate Governance
4. Quarterly Declaration of Cash Dividends on Outstanding Preferred "B" Series 2 (APB2R) Shares and Preferred "A" Shares (ACPAR)
5. Quarterly Declaration of Cash Dividends on Outstanding Preferred "A" Shares (ACPAR)
6. Notice of Holding of Annual Stockholders' Meeting in Virtual Format
7. Notices of Analysts' Briefings
8. Resignation of an Officer
9. Amendments to the Risk Management and Related Party Transactions Committee Charter and Related Party Transactions Policy
10. Election of an Officer
11. Redemption of Ayala Corporation's PhP4.0 Billion 3.0260% Series A Bonds Due 2024
12. Update on Ayala's 2023 Integrated Report
13. Results of 2024 Annual Stockholders' Meeting and Organizational Meeting of the Board
14. Financial and Operating Results for the first, second and third quarters of 2024
15. Approval by the AC Executive Committee of Divestment of the Ayala Group's Stake in Manila Water Company, Inc. ("MWC")
16. Divestment of Ayala Group's investment in MWC
17. Result of 2024 ESOWN Grant
18. Appointment of new Chief Executive Officer of AC Logistics
19. Issuance of Preferred Shares
20. By-annual Declaration of Cash Dividends on Outstanding Common Shares
21. AC, through AC Ventures Holding Corp., to increase its ownership stake in Globe Fintech Innovations, Inc. ("Mynt") by ~8%
22. The Sale of AC's 3,070,150 Treasury Common Shares as approved by the Board's Executive Committee
23. Payment of Securities and Exchange Commission's assessed penalty to Ayala Corporation's 2005 Employee Stock Ownership Plan
24. Filing of the Registration Statement to the Securities and Exchange Commission for the proposed offer and re-issuance of Preferred "B" Shares
25. Optional redemption of Ayala Corporation Preferred "B" Series 2 shares (APB2R)
26. PSE's approval of change of ticker symbol of Preferred "B" Shares from "APB3R" to "ACPB3"
27. Sale of Preferred "B" Series 3 (ACPB3) Shares
28. Application of the proceeds generated from the re-issuance of Ayala's Preferred Class "A" Shares (ACPAR)
29. Ayala Corporation ("AC") and Mitsubishi Corporation ("MC") strengthen strategic partnership
30. Reminder and Guidelines on Redemption of Preferred "B" Series 2 (APB2R) Shares
31. Voluntary Trading Suspension on Preferred "B" Series 2 Shares (APB2R)
32. Notice to APB2R Stockholders
33. Redemption of Ayala Corporation Preferred "B" Series 2 shares ("APB2R")
34. Acquisition of additional shares in iPeople, inc.
35. Setting of the 2025 Annual Stockholders' Meeting

36. Declaration of the First Quarter 2025 Cash Dividends on Outstanding Preferred "B" Series 3 Shares
37. Redemption of Ayala Corporation's PhP10.0 Billion 4.8200% Bonds Due 2025
38. Trainings of Directors and Officers in Corporate Governance in 2024

Clarification of News Article:

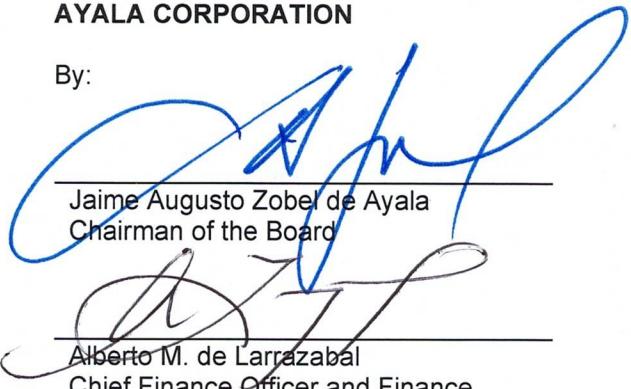
1. Clarification of news article entitled, "Bloomberg report: Japan's Mitsubishi eyes \$100 million from Ayala shares sale"
2. Clarification of news article entitled, "Ayala Group eyes more cold storage facilities"
3. Clarification of news article entitled, "Ayala Corporation to lower capex by 10% in 2024"
4. Clarification of news article entitled, "Ayala sets core net income goal of P65b by 2026 on units' growth"
5. Clarification of News Report on CTA: Ayala Corp. eligible for P308-M tax credit certificate
6. Clarification of News Report: Ayala Corp. eligible for P308-M tax credit certificate

SIGNATURES

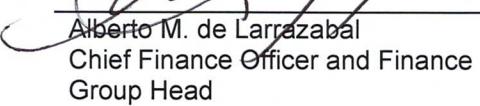
Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on April 14, 2025.

AYALA CORPORATION

By:



Jaime Augusto Zobel de Ayala
Chairman of the Board



Alberto M. de Larrazabal
Chief Finance Officer and Finance
Group Head



Cezar P. Consing
President and Chief Executive Officer



Maria Franchette M. Acosta
Chief Legal Officer, Corporate
Secretary, Compliance Officer, Data
Protection Officer, and Corporate
Governance Group Head



Josephine G. de Asis
Comptroller

SUBSCRIBED AND SWORN to before me this APR 04 2025 at Makati City, affiants exhibiting to me their respective passports/driver's license, to wit:

Name	Passport No.	Date and Place of Issue
Jaime Augusto Zobel de Ayala	P9640299A	November 21, 2018 - DFA Manila
Cezar P. Consing	P6868155A	April 17, 2018 - DFA NCR South
Alberto M. de Larrazabal	P6263220B	February 11, 2021 - DFA Manila
Maria Franchette M. Acosta	P2265706C	November 4, 2022 - DFA Manila
Josephine G. De Asis	P0174919B	January 9, 2019 - DFA Manila

Doc. No. 183
Page No. 38
Book No. LXI
Series of 2025

Notarial DST pursuant to Sec. 61 of the
TRAIN ACT (amending Sec. 188 of the
NIRC) affixed on original submitted to
the court.



ROBERTO T. ONGSIAKO
Notary Public - Makati City
Appt. No. M-082 until December 31, 2026
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 - RSM Chapter
PTR No. 10467518MN - 01/02/2025 - Makati City
MCLE Compliance No. VIII - 0000591 - 09/30/2022
37th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Avenue
Makati City, Philippines

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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1. Statement of Management's Responsibility for Financial Statements
2. Ayala Corporation and Subsidiaries Consolidated Financial Statements as of December 31, 2024 and 2023 and Years Ended December 31, 2024, 2023 and 2022 and Independent Auditors' Report

II. 2024 Supplementary Schedules

1. Independent Auditors' Opinion on Supplementary Schedules
2. Annex A: Supplementary Schedules Required by Annex 68-J
 - Schedule A – Financial Assets
 - Schedule B – Amounts Receivable from Directors, Officers and Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - Schedule C1 – Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
 - Schedule C2 – Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
 - Schedule D – Long-term Debt
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3. Annex B: Reconciliation of Retained Earnings Available for Dividend Declaration
4. Annex C: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered
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6. Annex E: Supplementary Schedule of External Auditor Fee-related Information
7. Annex F: Listed Companies with a Recent Offering of Securities to the Public

III. 2024 Ayala Corporation and Subsidiaries Special Form for Financial Statements (SFFS)

IV. 2024 Parent Company Financial Statements (with BIR ITR Filing Reference) and SFFS

I. 2024 Consolidated Financial Statements of Registrant



For The
Greater Good

37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas cor Makati Avenue
Makati City, 1226 Philippines
www.ayala.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ayala Corporation (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

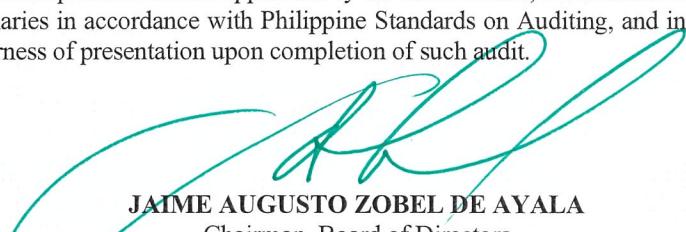
In preparing the consolidated financial statements, management is responsible for assessing the Company's and its subsidiaries ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends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

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

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

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

Signed on March 13, 2025.


JAIME AUGUSTO ZOBEL DE AYALA
Chairman, Board of Directors


CEZAR P. CONSING
President & Chief Executive Officer


ALBERTO M. DE LARRAZABAL
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this MAR 13 2025 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.
Jaime Augusto Zobel de Ayala	P9640299A
Cezar P. Consing	P6868155A
Alberto M. de Larrazabal	T.P.6263220B

Date & Place of Issue
November 21, 2018 - DFA Manila
April 17, 2018 – DFA NCR South
February 11, 2021 – DFA Manila

Doc. No. 496 ;
Page No. 101 ;
Book No. LX ;
Series of 2025.

Notarial DST pursuant to Sec. 61 of the
TRAIN ACT (amending Sec. 188 of the
NIRC) affixed on original submitted to
the court.




ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-082 until December 31, 2026
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 10467518MN – 01/02/2025 - Makati City
MCLE Compliance No. VIII – 0000591 – 09/30/2022
37th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Avenue
Makati City, Philippines

CO V E R S H E E T
 for
 AUDITED FINANCIAL STATEMENTS

• SEC Registration Number

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COMPANY NAME

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

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

3	7	F	t	o	3	9	F	A	y	a	l	a	T	r	i	a	n	g	l	e	G	a	r	d	e	n	
T	o	w	e	r	2	,	P	a	s	e	o	D	e	R	o	x	a	s	C	o	r	n	e				
M	a	k	a	t	i	A	v	e	n	u	e	,	M	a	k	a	t	i	C	i	t	y					

Form Type

A	A	C	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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C O M P A N Y I N F O R M A T I O N

Company's Email Address

acquery@ayala.com.ph

Company's Telephone Number

7908-3000

Mobile Number

--

No. of Stockholders

6,217

Annual Meeting (Month / Day)

April 25

Fiscal Year (Month / Day)

December 31

C O N T A C T P E R S O N I N F O R M A T I O N

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

Name of Contact Person

Josephine G. De Asis

Email Address

deasis.jg@ayala.com

Telephone Number/s

7908-3000

Mobile Number

--

C O N T A C T P E R S O N ' S A D D R E S S

**37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue,
 Makati City**

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ayala Corporation
37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue, Makati City

Opinion

We have audited the accompanying consolidated financial statements of Ayala Corporation and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

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



Revenue Recognition from Real Estate Sales

Ayala Land, Inc. and its subsidiaries' (ALI Group) revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (1) determination of the transaction price, (2) application of the output method as the measure of progress in determining real estate revenue and (3) estimation of the total project cost.

Effective January 1, 2024, the ALI Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective in its initial adoption.

In measuring the progress of its performance obligation over time, the ALI Group uses the output method. This method measures progress based on the physical proportion of work done on the real estate project which requires technical determination by the ALI Group's specialists (project engineers). This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager, which integrates the surveys of construction activities performed to date by ALI Group and its sub-contractors.

In determining the actual costs incurred to be recognized as cost of sales, the ALI Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractors.

The disclosures related to revenue are included in Notes 3 and 21 to the consolidated financial statements.

Audit Response

We sent instructions to the statutory auditor of ALI Group to perform an audit on the relevant financial information of ALI Group for the purpose of our audit of the Group's consolidated financial statements. These audit instructions contained a discussion of their scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with the statutory auditor of ALI Group their identified key audit risk areas, including their significant areas of estimation and judgment, planning and execution of audit procedures, and results of their work for the year ended December 31, 2024.

We reviewed their audit working papers and obtained relevant conclusion statements related to their audit procedures. Specifically, we reviewed the procedures performed by the statutory auditor of ALI Group on revenue from real estate sales related to the determination of the transaction price, application of the output method in recognizing real estate revenue and review of the estimation and recognition of total project cost and cost of real estate sales.

We obtained the relevant financial information of ALI Group and checked the ALI Group's disclosures in its consolidated financial statements.

Impairment Testing of Goodwill

The Group has significant amount of goodwill arising from its business acquisitions that are required to be tested for impairment at least annually. The impairment testing of goodwill is a key audit matter because it requires management to make significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically the estimated future cash flows of the related cash-generating units, revenue growth rate, gross margin, long-term growth rate and the discount rate.

Relevant disclosures on goodwill are included in Note 14 to the consolidated financial statements.



Audit Response

We obtained an understanding of the Group's goodwill impairment assessment process and the related controls. We involved our internal specialist in evaluating the methodologies and assumptions used in the value-in-use calculation. We compared the key assumptions used such as revenue growth rate against actual historical performance of the cash generating unit and industry outlook, and gross margin against historical rates. We tested the parameters used in the determination of the discount rate against market data.

For certain impairment testing of goodwill arising from the subsidiaries, we reviewed the working papers of the statutory auditors of the subsidiaries. Specifically, we reviewed the procedures performed in evaluating the methodology and assumptions used by management. These assumptions include revenue growth rate, gross margin, long-term growth rate and discount rate.

We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amount of goodwill.

Accounting for Investments in Associate and Joint Venture

The Group has effective ownership of 45.2% in Bank of the Philippine Islands and its subsidiaries (BPI Group), an associate, and 30.7% in Globe Telecom, Inc. and its subsidiaries (Globe Group), a joint venture, as of December 31, 2024, which are both accounted for using the equity method. Directly and indirectly, BPI Group and Globe Group contributed ₱28.2 billion and ₱7.5 billion, respectively, to the Group's consolidated net income in 2024.

BPI Group's net income is significantly affected by the level of impairment provisioning on its loans and receivables which requires substantial management judgment and estimation. PFRS 9 requires the application of a forward-looking expected credit loss (ECL) model to assess impairment on debt financial assets not measured at fair value through profit or loss. Meanwhile, Globe Group's net income is affected by the propriety of the revenue recognized given the significant volume of transactions processed through various systems, which heavily rely on automated processes and controls from account activation, termination and recording of usage and billing.

Relevant disclosures related to the Group's investments in BPI Group and Globe Group are provided in Note 10 to the consolidated financial statements.

Audit Response

We sent instructions to the statutory auditors of BPI Group and Globe Group to perform an audit of the relevant financial information of BPI Group and Globe Group for the purpose of our audit of the Group's consolidated financial statements. These audit instructions contained a discussion of their scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with the statutory auditors of BPI Group and Globe Group their identified key audit risk areas, including their significant areas of estimation and judgment, planning and execution of audit procedures, and results of their work for the year ended December 31, 2024.

We reviewed their audit working papers and obtained relevant conclusion statements related to their audit procedures.



For BPI Group, we focused on the review of the procedures performed by their statutory auditor on the testing of its ECL model for BPI Group's loans portfolio and treasury products. We inquired and reviewed with BPI Group's statutory auditor the overall characteristics of the loan portfolio, changes during the year, and rationale for the changes in impairment provisioning. We reviewed the procedures performed by their statutory auditor in testing the processes and controls over loan loss provisioning and reviewed the procedures performed in assessing the adequacy of loan loss provisioning.

For Globe Group, we involved our internal specialist in the assessment of the sufficiency of statutory auditor's procedures in testing Globe Group's IT general and application controls over the revenue recognition process. We evaluated the sufficiency of the procedures performed by their statutory auditor in testing Globe Group's processes and controls over the identification of the performance obligations in their contracts with customers, the allocation of the transaction price to the performance obligations based on the stand-alone selling prices, and the recognition of revenue at a point in time or over time.

We obtained the relevant financial information of BPI Group and Globe Group and recomputed the Group's share in the respective net income of BPI Group and Globe Group for the year ended December 31, 2024.

Complex Consolidation Process

Ayala Corporation is the holding company of a multiple number of domestic and foreign legal entities with diversified business portfolios. In preparing its consolidated financial statements, several factors are considered such as fair value adjustments arising from business combinations, the presence of non-controlling interests, numerous intercompany transactions, translation of subsidiaries' foreign currency-denominated financial information to Ayala Corporation's functional currency, and other equity adjustments.

Note 2 to the consolidated financial statements provides the relevant disclosures on the Group's investees.

Audit Response

We obtained an understanding of the consolidation process and relevant controls through which the consolidated financial statements are prepared. We also obtained an understanding of the Group's process for identifying related parties and related party transactions and the reconciliation of intercompany transactions and balances. We tested the significant consolidation adjustments, including eliminations of intercompany transactions and balances, deferral and realization of intercompany profits, amortization/depreciation/reversal of fair value adjustments arising from business combinations, currency translation adjustments, and movements in non-controlling interests and other equity adjustments. We also evaluated whether the accounting policies of the Group have been consistently applied.

Other Information

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

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



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

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

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

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

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

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

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

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

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



- 6 -

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sherwin V. Yason.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason

Partner

CPA Certificate No. 104921

Tax Identification No. 217-740-478

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

BIR Accreditation No. 08-001998-112-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465408, January 2, 2025, Makati City

March 13, 2025



AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 31 and 32)	₱75,501,736	₱74,784,222
Short-term investments (Notes 6, 31 and 32)	723,567	1,426,579
Accounts and notes receivable (Notes 7, 31, 32 and 33)	158,358,122	159,553,272
Inventories (Note 8)	247,752,784	231,279,175
Other current assets (Notes 9, 32 and 33)	102,226,309	108,452,238
Total Current Assets	584,562,518	575,495,486
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7, 31, 32 and 33)	151,065,379	119,341,363
Investments in associates and joint ventures (Note 10)	401,221,558	353,964,343
Investment properties (Note 11)	262,903,806	242,484,670
Property, plant and equipment (Note 12)	178,131,222	149,054,722
Right-of-use assets (Note 30)	24,562,118	23,498,181
Intangible assets (Note 14)	39,383,400	40,424,326
Deferred tax assets - net (Note 25)	20,220,095	19,460,490
Other noncurrent assets (Notes 15, 31, 32 and 33)	87,275,626	84,989,709
Total Noncurrent Assets	1,164,763,204	1,033,217,804
Total Assets	₱1,749,325,722	₱1,608,713,290
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 18, 31, 32 and 33)	₱75,556,284	₱49,871,493
Accounts payable and accrued expenses (Notes 16, 31, 32 and 33)	223,662,212	206,759,537
Income tax payable	820,441	1,076,256
Current portion of:		
Long-term debt (Notes 18, 31, 32, 33 and 34)	60,875,018	49,461,151
Lease liabilities (Note 30)	4,647,964	3,069,992
Other current liabilities (Notes 17, 32 and 33)	23,728,590	39,124,504
Total Current Liabilities	389,290,509	349,362,933
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 18, 31, 32, 33 and 34)	530,327,828	490,511,093
Lease liabilities - net of current portion (Note 30)	28,794,012	27,635,544
Deferred tax liabilities - net (Note 25)	15,383,250	11,458,950
Pension liabilities (Note 27)	5,952,305	5,331,297
Other noncurrent liabilities (Notes 19, 32 and 33)	53,996,098	49,472,112
Total Noncurrent Liabilities	634,453,493	584,408,996
Total Liabilities	₱1,023,744,002	₱933,771,929

(Forward)



	December 31	
	2024	2023
Equity		
Equity attributable to owners of the parent company		
Paid-in capital (Notes 2 and 20)	₱93,384,205	₱91,233,753
Remeasurement losses on defined benefit plans (Note 27)	(6,618,373)	(6,611,128)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI) (Note 15)	(3,126,991)	(66,256)
Cumulative translation adjustments	4,411,444	3,295,297
Equity reserve (Notes 2 and 23)	25,476,033	25,350,330
Retained earnings (Note 20)	335,194,299	297,882,907
Treasury stock (Note 20)	(14,220,992)	(14,546,351)
Non-controlling interests (Note 2 and 23)	434,499,625	396,538,552
Total Equity	291,082,095	278,402,809
Total Liabilities and Equity	₱1,749,325,722	₱1,608,713,290

See accompanying Notes to Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Rendering of services (Notes 11, 21, 29 and 31)	P179,195,714	P175,214,627	P167,233,350
Sale of goods (Notes 11, 21, 29 and 31)	146,548,246	114,690,120	96,587,104
Share in net profits of associates and joint ventures (Notes 10 and 29)	44,307,947	46,633,463	36,128,918
Interest income from real estate (Note 21)	—	5,359,526	6,694,930
	370,051,907	341,897,736	306,644,302
COSTS AND EXPENSES			
Costs of rendering services (Notes 8, 22 and 31)	143,606,636	151,040,739	149,948,636
Cost of goods sold (Notes 8, 22 and 31)	94,899,203	68,791,301	60,620,088
General and administrative expenses (Notes 22, 28 and 31)	51,270,299	42,646,536	34,626,616
	289,776,138	262,478,576	245,195,340
OTHER INCOME (CHARGES) - NET			
Interest income (Notes 22 and 31)	13,264,243	11,503,551	8,857,744
Other income (Notes 21, 22 and 23)	14,509,425	5,033,563	10,883,179
Interest and other financing charges (Notes 18, 22 and 31)	(36,198,909)	(31,199,863)	(29,102,045)
	(8,425,241)	(14,662,749)	(9,361,122)
INCOME BEFORE INCOME TAX	71,850,528	64,756,411	52,087,840
PROVISION FOR INCOME TAX (Note 25)			
Current	7,677,230	9,698,102	7,919,811
Deferred	2,711,253	(118,049)	(1,705,902)
	10,388,483	9,580,053	6,213,909
NET INCOME	P61,462,045	P55,176,358	P45,873,931
Net Income Attributable to:			
Owners of the Parent Company (Note 26)	P42,026,496	P38,073,084	P27,397,791
Non-controlling interests	19,435,549	17,103,274	18,476,140
	P61,462,045	P55,176,358	P45,873,931
EARNINGS PER SHARE (Note 26)			
Basic	P64.77	P58.75	P42.20
Diluted	P64.69	P58.64	P42.02

See accompanying Notes to Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	₱61,462,045	₱55,176,358	₱45,873,931
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising from translations of foreign investments	2,106,735	(2,554,218)	2,449,737
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair values of financial assets at FVOCI - net (Note 15)	(3,385,344)	383,557	1,146,937
Remeasurement gains (losses) on defined benefit plans (Note 27)	(497,335)	(1,105,131)	452,899
Tax effect relating to components of other comprehensive income	124,334	276,283	(64,700)
	(1,651,610)	(2,999,509)	3,984,873
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising from translations of foreign investments	1,015,946	(279,010)	1,138,436
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on defined benefit plans	172,067	(1,588,958)	72,780
Changes in fair values of financial assets at FVOCI - net (Note 15)	539,301	2,592,684	(2,292,480)
	1,727,314	724,716	(1,081,264)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	75,704	(2,274,793)	2,903,609
TOTAL COMPREHENSIVE INCOME	₱61,537,749	₱52,901,565	₱48,777,540
Total Comprehensive Income Attributable to:			
Owners of the Parent Company	₱41,822,738	₱36,271,065	₱29,683,517
Non-controlling interests	19,715,011	16,630,500	19,094,023
	₱61,537,749	₱52,901,565	₱48,777,540

See accompanying Notes to Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(Amounts in Thousands)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY										
	Other Comprehensive Income										
	Paid-in Capital (Notes 2 and 20)	Share-based Payments (Note 28)	Remeasurement Gains (Losses) on Defined Benefit Plans (Note 27)	Fair Value Reserve of Financial Assets at FVOCI (Note 15)	Cumulative Translation Adjustments	Equity Reserve (Notes 2 and 23)	Retained Earnings (Note 20)	Treasury Stock (Note 20)	Non-controlling Interests (Notes 2 and 23)	Total Equity	
For the year ended December 31, 2024											
As of January 1, 2024 (As Audited)	₱91,233,753	₱-	(₱6,611,128)	(₱66,256)	₱3,295,297	₱25,350,330	₱297,882,907	(₱14,546,351)	₱396,538,552	₱278,402,809	₱674,941,361
Effect of adoption of PFRS 15 covered by PIC Q&A 2018-12-D	-	-	-	-	-	-	539,022	-	539,022	809,766	1,348,788
As of January 1, 2024 (as Restated)	91,233,753	-	(6,611,128)	(66,256)	3,295,297	25,350,330	298,421,929	(14,546,351)	397,077,574	279,212,575	676,290,149
Net income	-	-	-	-	-	-	42,026,496	-	42,026,496	19,435,549	61,462,045
Share in other comprehensive income of associates and joint ventures	-	-	172,067	539,301	1,015,946	-	-	-	1,727,314	-	1,727,314
Other comprehensive income (loss)	-	-	(235,810)	(3,387,376)	1,692,114	-	-	-	(1,931,072)	279,462	(1,651,610)
Reclassification of fair value gain of investment in equity securities at FVOCI	-	-	-	(212,660)	(1,591,913)	-	1,804,573	-	-	-	-
Derecognition of remeasurement loss	-	-	56,498	-	-	-	(56,498)	-	-	-	-
Total comprehensive income (loss)	-	-	(7,245)	(3,060,735)	1,116,147	-	43,774,571	-	41,822,738	19,715,011	61,537,749
Exercise of ESOWN	128,071	-	-	-	-	-	-	-	128,071	-	128,071
Sale of treasury common shares	(379,882)	-	-	-	-	-	-	2,575,359	2,195,477	-	2,195,477
Reissuance of preferred shares	14,131,084	-	-	-	-	-	-	750,000	14,881,084	-	14,881,084
Redemption of preferred shares	(12,000,000)	-	-	-	-	-	-	(3,000,000)	(15,000,000)	-	(15,000,000)
Property dividends	-	-	-	-	-	-	-	-	-	847,290	847,290
Cash dividends	-	-	-	-	-	-	(7,002,201)	-	(7,002,201)	(3,416,688)	(10,418,889)
Collection of subscription receivables	271,179	-	-	-	-	-	-	-	271,179	-	271,179
Change in non-controlling interests	-	-	-	-	-	125,703	-	-	125,703	(5,276,093)	(5,150,390)
At December 31, 2024	₱93,384,205	₱-	(₱6,618,373)	(₱3,126,991)	₱4,411,444	₱25,476,033	₱335,194,299	(₱14,220,992)	₱434,499,625	₱291,082,095	₱725,581,720

See accompanying Notes to Consolidated Financial Statements



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
	Other Comprehensive Income										
	Paid-in Capital (Note 20)	Share-based Payments (Note 28)	Remeasurement Gains (Losses) on Defined Benefit Plans (Note 27)	Fair Value Reserve of Financial Assets at FVOCI (Note 15)	Cumulative Translation Adjustments	Equity Reserve (Notes 2 and 23)	Retained Earnings (Note 20)	Treasury Stock (Note 20)	Non-controlling Interests (Notes 2 and 23)	Total Equity	
For the year ended December 31, 2023											
As of January 1, 2023	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044
Net income	—	—	—	—	—	—	38,073,084	—	38,073,084	17,103,274	55,176,358
Share in other comprehensive income (loss) of associates and joint ventures	—	—	(1,588,958)	2,592,684	(279,010)	—	—	—	724,716	—	724,716
Other comprehensive income (loss)	—	—	(434,193)	269,486	(2,362,028)	—	—	—	(2,526,735)	(472,774)	(2,999,509)
Reclassification of fair value loss of investment in equity securities at FVOCI	—	—	(71,735)	113,600	1,591,913	—	(1,633,778)	—	—	—	—
Total comprehensive income (loss)	—	—	(2,094,886)	2,975,770	(1,049,125)	—	36,439,306	—	36,271,065	16,630,500	52,901,565
Exercise of ESOP/ESOWN	169,378	(38,950)	—	—	—	—	—	—	130,428	—	130,428
Reissuance of preferred shares	12,476,036	—	—	—	—	—	—	524,451	13,000,487	—	13,000,487
Redemption of preferred shares	(8,000,000)	—	—	—	—	—	—	(2,000,000)	(10,000,000)	—	(10,000,000)
Property dividends	—	—	—	—	—	—	—	—	—	12,480,844	12,480,844
Cash dividends	—	—	—	—	—	—	(6,392,657)	—	(6,392,657)	(2,818,048)	(9,210,705)
Collection of subscription receivables	208,082	—	—	—	—	—	—	—	208,082	—	208,082
Change in non-controlling interests	—	—	—	—	—	(3,741,382)	—	—	(3,741,382)	23,872,998	20,131,616
At December 31, 2023	₱91,233,753	₱—	(₱6,611,128)	(₱66,256)	₱3,295,297	₱25,350,330	₱297,882,907	(₱14,546,351)	₱396,538,552	₱278,402,809	₱674,941,361

See accompanying Notes to Consolidated Financial Statements



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
	Other Comprehensive Income										
	Paid-in Capital (Note 20)	Share-based Payments (Note 28)	Remeasurement Gains (Losses) on Defined Benefit Plans (Note 27)	Fair Value Reserve of Financial Assets at FVOCI (Note 15)	Cumulative Translation Adjustments	Equity Reserve (Notes 2 and 23)	Retained Earnings (Note 20)	Treasury Stock (Note 20)	Total	Non-controlling Interests (Note 2)	Total Equity
For the year ended December 31, 2022											
As of January 1, 2022	₱86,075,527	₱44,664	(₱4,798,349)	(₱1,720,601)	₱1,137,912	₱34,262,567	₱260,112,458	(₱12,382,517)	₱362,731,661	₱202,581,107	₱565,312,768
Net income							27,397,791		27,397,791	18,476,140	45,873,931
Share in other comprehensive income (loss) of associates and joint ventures	—	—	72,780	(2,292,480)	1,138,436	—	—	—	(1,081,264)	—	(1,081,264)
Other comprehensive income (loss)	—	—	209,327	1,089,589	2,068,074	—	—	—	3,366,990	617,883	3,984,873
Reclassification of fair value loss of investment in equity securities at FVOCI	—	—	—	(118,534)	—	—	118,534	—	—	—	—
Total comprehensive income (loss)	—	—	282,107	(1,321,425)	3,206,510	—	27,516,325	—	29,683,517	19,094,023	48,777,540
Exercise of ESOP/ESOWN	107,071	(5,714)	—	—	—	—	—	—	101,357	—	101,357
Buy-back of common shares	—	—	—	—	—	—	—	(688,285)	(688,285)	—	(688,285)
Property dividends	—	—	—	—	—	—	(14,147,901)	—	(14,147,901)	—	(14,147,901)
Cash dividends	—	—	—	—	—	—	(5,544,226)	—	(5,544,226)	(2,145,814)	(7,690,040)
Collection of subscription receivables	197,659	—	—	—	—	—	—	—	197,659	—	197,659
Change in non-controlling interests	—	—	—	—	—	(5,170,855)	—	—	(5,170,855)	8,606,801	3,435,946
Reclassification/Others	—	—	—	—	—	—	(100,398)	—	(100,398)	100,398	—
At December 31, 2022	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044

See accompanying Notes to Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱71,850,528	₱64,756,411	₱52,087,840
Adjustments for:			
Interest and other financing charges - net of amount capitalized (Note 22)	36,198,909	31,199,863	29,102,045
Depreciation and amortization (Note 22)	17,191,968	14,480,754	15,671,969
Loss (gain) on sale of (Note 22):			
Investments (Note 2)	(2,311,691)	(3,091,847)	5,491,428
Other assets	(464,438)	(95,181)	86,230
Provision for impairment/losses on (Note 22):			
Goodwill (Note 14)	2,409,852	3,115,244	-
Various other assets (Note 14)	269,064	2,826,265	253,182
Financial assets at FVOCI (Note 15)	-	2,562,834	3,005,849
Receivables (Note 7)	3,011,120	1,719,011	515,812
Investments in associates and joint ventures (Note 10)	8,140,087	949,861	3,139,370
Inventory obsolescence (Notes 8 and 22)	887,915	518,768	223,590
Property, plant and equipment (Notes 12 and 22)	536,284	-	58,165
Write-down of receivables	-	-	1,185,000
Mark-to-market loss on financial assets at fair value through profit or loss (Note 22)	251,126	231,187	654,824
Cost of share-based payments (Note 28)	128,430	114,645	94,116
Mark-to-market gain (loss) on derivative contracts	509	18,567	(32,016)
Dilution loss (gain) (Notes 10 and 22)	(3,836,727)	4,405,549	(180,761)
Other investment loss (income) (Note 22)	(2,254,011)	854,192	(584,811)
Dividend income	(825,492)	(323,378)	(248,213)
Interest income from real estate and others (Notes 21 and 22)	(13,264,243)	(16,863,077)	(15,552,674)
Remeasurement gain on previously held interest (Notes 22 and 23)	(650,214)	(3,433,327)	(10,921,026)
Share in net profits of associates and joint ventures (Note 10)	(44,307,947)	(46,633,463)	(36,128,918)
Operating income before changes in operating assets and liabilities	72,961,029	57,312,878	47,921,001
Decrease (increase) in:			
Accounts and notes receivable - trade	(21,976,141)	(4,752,733)	(14,509,697)
Inventories	(10,085,352)	(22,106,446)	(19,292,166)
Service concession assets (Note 13)	-	1,420,977	-
Other current assets	1,923,830	(18,024,928)	(710,753)
Increase (decrease) in:			
Accounts payable and accrued expenses	10,628,193	20,259,099	20,233,631
Net pension liabilities	274,471	1,140,324	(309,060)
Other current liabilities	(15,277,425)	(2,509,575)	3,815,095
Cash generated from operations	38,448,605	32,739,596	37,148,051
Interest received	3,357,926	15,861,534	11,993,719
Interest paid	(26,498,904)	(24,232,167)	(22,942,899)
Income tax paid	(7,938,492)	(9,892,507)	(7,480,109)
Net cash provided by operating activities	7,369,135	14,476,456	18,718,762

(Forward)



	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/maturities of financial assets at FVOCI	₱3,162,051	₱51,596	₱228,806
Sale/maturities of financial assets at FVTPL	20,402,470	3,589,957	4,065,795
Sale/maturities of financial assets at amortized cost	3,387,933	828,964	237,106
Sale/disposal of investments in subsidiaries, associates and joint ventures (Notes 10 and 23)	13,396,522	13,543,571	948,591
Disposals of:			
Property, plant and equipment (Note 12)	6,624,975	2,414,209	—
Investment properties (Note 11)	1,166,728	1,080,985	766,670
Proceeds from maturities of (additions to) short-term investments	703,012	1,746,263	(2,467,793)
Additions to:			
Service concession assets (Note 13)	—	—	(7,750)
Investments in associates and joint ventures (Note 10)	(36,230,281)	(5,292,126)	(18,481,384)
Property, plant and equipment (Notes 12 and 34)	(45,088,947)	(41,302,400)	(32,988,344)
Investment properties (Notes 11 and 34)	(21,295,144)	(15,769,975)	(19,697,178)
Financial assets at FVTPL	(23,935,908)	(3,709,519)	(8,968,147)
Financial assets at FVOCI	(1,954,469)	(5,845,551)	(690,796)
Financial assets at amortized cost	(1,542,181)	(3,267,912)	(7,421,868)
Intangible assets (Note 14)	(2,074,182)	(1,065,436)	(491,386)
Decrease (increase) in accounts and notes receivable - nontrade	2,012,386	(3,828,513)	(5,237,542)
Dividends received from associates, joint ventures and investments in equity securities (Note 10)	19,549,501	13,737,409	9,675,584
Acquisitions through business combinations - net of cash acquired (Notes 2, 10 and 23)	(2,379,802)	(309,200)	2,423,867
Sale of equity resulting to loss of control over subsidiaries (Notes 2 and 23)	(120,154)	(327,694)	5,494,611
Decrease (increase) in other noncurrent assets	(123,587)	(11,584,525)	3,799,033
Net cash used in investing activities	(64,339,077)	(55,309,897)	(68,812,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term and long-term debt (Note 18)	422,541,970	212,351,999	305,959,758
Re-issuance of preferred shares (Note 20)	14,881,084	13,000,487	—
Sale of treasury common shares (Note 20)	2,195,477	11,442	8,513
Payments of short-term and long-term debt (Note 18)	(351,714,945)	(172,521,000)	(242,122,630)
Acquisition of treasury shares – common (Note 20)	—	—	(688,285)
Dividends paid (Note 20)	(10,012,625)	(9,341,869)	(8,182,808)
Redemption of preferred shares (Note 20)	(15,000,000)	(10,000,000)	—
Payment of principal portion of lease liabilities (Note 30)	(2,775,815)	(2,971,192)	(3,029,674)
Collections of subscriptions receivable	271,179	212,755	196,942
Cost of issuance/reissuance of shares	(360)	(332)	(319)
Interest paid	(4,722,068)	(3,764,416)	(4,588,181)
Increase (decrease) in:			
Other noncurrent liabilities	4,510,665	(4,819,990)	(15,866,053)
Non-controlling interests in consolidated subsidiaries (Notes 2 and 23)	(3,465,586)	19,532,753	2,993,880
Net cash provided by financing activities	56,708,976	41,690,637	34,681,143
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS			
	978,480	79,655	(1,224,318)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	717,514	936,851	(16,636,538)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	74,784,222	73,847,371	90,483,909
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱75,501,736	₱74,784,222	₱73,847,371

See accompanying Notes to Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Ayala Corporation (AC or the Parent Company) is incorporated in the Republic of the Philippines on January 23, 1968. The Parent Company is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines. On June 17, 2022, the SEC has approved the Parent Company's amendment to the Articles of Incorporation (AOI) amending its new registered office address and principal place of business to 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City. The Parent Company is a publicly listed company which is 47.57% owned by Mermac, Inc. and the rest by the public.

The Parent Company is the holding company of the Ayala Group of Companies (the Group or the Ayala Group), with principal business interests in real estate and hotels, financial services, telecommunications, power, healthcare, logistics, industrial technologies and automotives, infrastructure, education, and investment holdings.

2. Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Nature of Business	% of Economic Ownership Interest held by the Group	
		2024	2023
AC Energy and Infrastructure Corporation (ACEIC)	Power	100.0	100.0
AC Infrastructure Holdings Corporation (AC Infra)	Infrastructure	100.0	100.0
AC International Finance Limited (ACIFL) ¹	Investment Holding	100.0	100.0
AG Counselors Corporation (AGCC) ⁵	Consulting Services	100.0	100.0
AC Industrial Technology Holdings Inc. (AC Industrial)	Industrial Technology and Automotive	100.0	100.0
Ayala Aviation Corporation (AAC)	Air Charter	100.0	100.0
Ayala Land, Inc. (ALI)	Real Estate and Hotels	51.9	51.0
AYC Finance Ltd. (AYCFL) ¹	Investment Holding	100.0	100.0
Azalea International Venture Partners Limited (AIVPL) ²	Business Process Outsourcing	100.0	100.0
Ayala Healthcare Holdings, Inc. (AC Health)	Healthcare	100.0	100.0
Bestfull Holdings Limited (BHL) ³	Investment Holding – International	100.0	100.0
Integrated Microelectronics, Inc. (IMI)	Industrial Technologies	52.1	52.1
Michigan Holdings, Inc. (MHI)	Investment Holding	100.0	100.0
Philwater Holdings Company, Inc. (Philwater)	Investment Holding	100.0	100.0
Purefoods International Limited (PFIL) ²	Investment Holding	100.0	100.0
Technopark Land, Inc. (TLI) ⁴	Real Estate	78.8	78.8
AC Ventures Holding Corp. (AC Ventures)	Investment Holding	100.0	100.0
AC Logistics Holdings Corporation (AC Logistics)	Logistics	100.0	100.0

¹Incorporated in the Cayman Islands

²Incorporated in the British Virgin Islands

³Incorporated in Hong Kong

⁴On December 10, 2021, the BOD and stockholders of TLI approved the plan to shorten its corporate term to June 30, 2023. On December 23, 2021, the SEC approved the amendment of the Fourth Article of the Articles of Incorporation to shorten the corporate term to June 30, 2023. It is anticipated that it will not carry out any significant business operation or activity until approval of closure from other regulatory bodies.

⁵AGCC is in the process of changing its corporate name with the BIR to ACX Holdings Corporation. On January 6, 2025, the SEC approved the amendment to AGCC's AOI including (1) the change of its corporate name to ACX Holdings Corporation, and (2) the change in its business from a business of advisory, consultancy assistance and other allied services, into a holding company with a principal business interest in the consumer retail space.



Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its ownership interest.

The following are the capital infusions of the Group, part of which affected the Parent Company's investments in its subsidiaries:

Parent Company

1. *Capital infusions*

In 2024, the Parent Company infused the following investments:

- a. On January 8, 2024 into AC Health amounting to ₱2.20 billion intended for various projects and new investments. The Parent Company subscribed to 215.5 million common shares and 323.2 million preferred shares. The subscription price for both common and preferred shares is ₱4.0 per share.
- b. On January 10, 2024 into AC Mobility Holdings, Inc. (AMHI) amounting to ₱333.5 million in exchange for 4,169 redeemable preferred shares at ₱80,000.0 per share to fund operations as holding company and the start-up operations of its new BYD brand distribution and the initial set-up of dealerships.
- c. On January 25, 2024 into AMHI amounting to ₱288.0 million in exchange for 2,880 redeemable preferred shares at ₱100,000.00 per share to fund its electric vehicle (EV) charging infrastructure and Bosch capital requirements.
- d. On February 20, 2024 into AC Ventures amounting to ₱111.2 million in exchange for 185,288 common shares at ₱600.00 per share and is intended for 917 Venture's research and development.
- e. On March 12, 2024 into AC Health amounting to ₱547.0 million in exchange for 82.1 million preferred shares and 54.7 million common shares, both at a subscription price of ₱4.0 per share to fund:
 - i. Healthway Philippines, Inc. (HPI) and Healthway Medical Center (HMC) capital expenditures and operating expenses
 - ii. KonsultaMD funding requirements
 - iii. AC Health operating expenditures, capital expenditures, and business development costs
- f. On March 25, 2024 into AC Infra amounting to ₱2,925.0 million in exchange for 701,465 common shares at ₱4,169.8 per share to extend a loan to Entrego to settle its liabilities and fund other wind down costs.
- g. On May 2, 2024 into AC Health amounting to ₱844.0 million in exchange for 84.4 million common shares and 126.6 million preferred shares, both at subscription price of ₱4.0 per share to fund the 2024 CAPEX requirement of Healthway Qualimed Hospitals.
- h. On April 8, 2024 into AC Logistics amounting to ₱925.0 million in exchange for 438.4 million common shares at ₱2.11 per share to fund its operating expenses and infusions in Air21 operating companies.
- i. On May 27, 2024 into AC Logistics amounting to ₱406.0 million in exchange for 192.4 million common shares at ₱2.11 per share to partially fund GMAC Logitech Refrigeration Corp.'s (GMAC) construction of its Davao facility and the capital call of Air21 Holdings.
- j. On July 15, 2024 into AC Logistics amounting to ₱100.0 million in exchange for 47.4 million common shares at ₱2.11 per share to fund its infusions into Cargohaus, Inc. for the latter's CAPEX requirement.
- k. On August 8, 2024 into AC Infra amounting to ₱40.0 million for 40.0 million redeemable preferred shares at ₱1.0 per share to fund the requirements of AF Payment, Inc.
- l. On August 20, 2024 into AC Ventures ₱22.4 billion in exchange for 22.4 million common shares at ₱1,000.0 per share to fund its acquisition of 157.6 million common shares in its associate, Globe Fintech Innovations, Inc (Mynt), from selling shareholders ASP Phil LP ("Bow Wave"), Lion Fintech Investments Pte Ltd. ("Warburg"), and Insight PHP Holdings, Ltd. ("Insight").



- m. On August 29, 2024 into AC Industrials amounting to ₱160.0 million for 160,000 redeemable preferred shares at ₱1,000.0 per share to fund the exit from motorcycle businesses which hold the KTM and Husqvarna brands.
- n. On September 17, 2024 into AC Logistics amounting to ₱187.5 million for 187.5 million redeemable preferred shares at ₱1.0 per share fund its share in the capital call of Air21 Holdings which will then be used for AF2100's operating expenses, working capital, and settlement of long-outstanding liabilities.
- o. On October 29, 2024 into AGCC amounting to ₱170.0 million or ₱1.0 per share, as subscription to 170.0 million preferred shares. This was intended for capital infusion to its wholly-owned subsidiary A&Co Holdings Corporation which will then invest in Anko JV Company, Inc.
- p. On November 12, 2024 into AC Ventures amounting to ₱152.2 million or ₱100.0 per share, as subscription to 1.52 million redeemable preferred shares class "C" to be issued out of the increase in authorized capital stock.
- q. On November 22, 2024 into AC Logistics amounting ₱77.5 million to fund its share in the capital call of Air21 Holdings for 77.5 million shares with par value of ₱1.0 per share for said capital call which will come from the increase in its authorized capital stock once approved by the SEC.
- r. On December 9, 2024 into AC Industrials amounting to ₱400.0 million, inclusive of additional paid-in capital of ₱360.0 million, for 400,000 redeemable preferred shares with par value of ₱100.0 per share. The funds will be used for the expansion of BYD brand dealerships.
- s. On December 9, 2024 into AMHI amounting to ₱670.0 million, inclusive of additional paid-in capital of ₱603.0 million, for 6,700 redeemable preferred shares of AMHI with ₱10,000 par value. This will support the expansion of the EV infrastructure business.
- t. On December 13, 2024 into AC Logistics amounting to ₱71.0 million to fund its share in the capital expenditure requirements for the construction of GMACs Davao facility for 33.7 million common shares with par value of ₱2.11 per share.

In 2023, the Parent Company infused the following investments:

- a. On January 25, 2023 into AC Logistics amounting to ₱853.1 million to fund the latter's operating expenses, infusion to Entrego Fulfillment Solutions, Inc. (Entrego) and the first tranche of the purchase of Metropac Movers, Inc. (MMI) shares in Air21 Group for 404.3 million common shares for a subscription price ₱2.1 per share when AC Logistics' application for increase in authorized capital stock was approved by SEC.
- b. In February 2023 into AC Logistics amounting to ₱197.5 million to fund the second tranche of the purchase of MMI shares in Air21 Group for 93.6 million common shares for a subscription price of ₱2.1 per share.
- c. On February 13, 2023 into AAC amounting to ₱38.0 million to fund its operating requirements for the first quarter of 2023. The additional investment was issued for 0.2 million common shares for a subscription price of ₱200.0 per share and will come from the planned increase in authorized capital stock.
- d. On April 17 and May 8, 2023 into AC Health for a total amount ₱702.3 million to fund the construction cost and working capital of Healthway Cancer Care Center (₱597.0 million) and to fund Vigos Ventures, Inc. (₱105.3 million) for Global Telehealth, Inc. (KMD) for 140.46 million preferred shares at a subscription price of ₱5.00 per share.
- e. On March 27, 2023 into AC Infra amounting to ₱384.0 million to fund AC Infra's share in the capital calls of LRMC amounting to ₱349.0 million and of AF Payments, Inc. (AFPI) amounting to ₱35.0 million in exchange for 384.0 million redeemable preferred shares with par value of ₱1.00 per share.
- f. On May 8, 2023 into AAC amounting to ₱36.0 million to cover its operating expenses for the remaining three quarters of the year for 0.2 million common shares with a par value of ₱20.0 per share at a subscription price of ₱200.0 per share. The share will come from the planned increase in authorized capital stock to AAC.



- g. On May 24, 2023 into AC Infra amounting to ₱145.6 million to fund the capital call of LRMC in exchange for 145.6 million redeemable preferred shares with a par value of ₱1.00 per share.
- h. On June 5, 2023 into AC Logistics amounting to ₱350 million Logistics to fund infusion into Entrego Fulfillment Solutions Inc for 165.9 million common shares with a par value of ₱2.11 per share.
- i. On July 26, 2023 into AC Infra amounting to ₱617.8 million to fund AC Infra's share in the capital call of LRMC for 62.8 million redeemable preferred shares of AC with a par value of ₱1.00 per share while the remaining 555.0 million shares was treated as deposit for future subscription of redeemable preferred shares.
- j. On August 2, 2023 into AC Logistics amounting to ₱150.0 million Logistics to fund its infusion in Entrego in exchange for 71.1 million common shares with par value of ₱2.1 per share.
- k. On September 1, 2023 into AMHI amounting to ₱1,286.5 million to fund the start-up operations of BYD distribution, initial set-up of dealerships, and the holding company (AMHI). AMHI is the newly incorporated Electric Vehicle (EV) arm of AC Motors which will house the new investment in BYD distribution and other EV initiatives. The infusion will be directly from the Parent Company in the form of subscription to convertible preferred shares of AMHI.
- l. On October 31, 2023 into AHHI amounting to ₱2,129.0 million to fund the supplemental capital expenditure requirements of Healthway Medical Network (HMN) to complete the medical equipment and expand the service lines of HMN (Healthway Clinics and Heathway Qualimed Hospitals), as well as to refurbish said HMN facilities. The capital infusion is for subscription to existing 0.1 million preferred shares and 267.3 million common shares at a subscription price of ₱4 per share. Subscription to 0.3 million preferred shares and 0.2 million common shares at subscription price of ₱4 per share will both come from an increase in authorized capital stock.
- m. On December 11 and 13, 2023 into AC Infra amounting to ₱100.7 million and ₱400.0 million, respectively, to fund the capital call of LRMC and Entrego's wind down costs, respectively. AC Infra recognized these infusions as deposit for future subscription of redeemable preferred shares of 100.7 million and 400.0 million shares.
- n. On December 20, 2023, the company infused ₱6.0 million to AAC for 0.03 million common shares to be issued out of the increase in the authorized capital stock, at a subscription price of ₱200 per share. The capital call was to fund its various expenditures.
- o. On December 29, 2023, the AC subscribed to ₱2.50 billion of AHHI's preferred and common shares to fund the capital call that will be covered partially by the existing 32.8 million common shares, while 215.6 million common and 323.2 million preferred shares will come from an increase in authorized capital stock.

Investment in ACEIC

Disposition of land by Buendia Christiana Holdings Corp. (BCHC) in exchange for shares of AREIT, Inc. (AREIT) via property-for-share swap

On March 19, 2024, AREIT and BCHC, among other parties, executed a Deed of Exchange, for the subscription by BCHC, a wholly-owned subsidiary of ACEN, to 199.1 million primary common AREIT shares in exchange for a 276-hectare parcel of land located in Zambales, subject to the approval of the SEC. This transaction was implemented simultaneous to AREIT's transaction with ALI and its subsidiaries which was approved by AREIT's shareholders on February 12, 2024.

Upon issuance of the AREIT shares in exchange for the Zambales property, Giga Ace 8, Inc., also a wholly-owned subsidiary of ACEN, will lease the land from AREIT for 25 years at a guaranteed fixed rent with annual escalation and with the option to renew for another 25 years.

The property was valued using the initial EBITDA over a capitalization rate of 6.92%. The share price was set at a 3.75% premium over AREIT's 30-day VWAP of ₱32.77 or the market price.



On September 25, 2024, SEC issued the Certificate of Approval of Valuation of the subject property. As a result of the foregoing, ACEIC acquired beneficial ownership over 6.20% of AREIT, subject to securing the Certificate of Authorizing Registration from the Bureau of Internal Revenue (BIR), compliance with the conditions of the SEC approval, including transfer of titles, and the additional listing of shares with the Philippine Stock Exchange (PSE).

The investment in AREIT are equity shares that are not held for trading by ACEIC. This is classified as an investment at FVOCI. The closing price of AREIT shares was ₱37.5 on September 25, 2024. The cost of the Zambales property amounted to ₱500.8 million resulting to a gain at ACEIC of ₱6,965.8 million.

On September 26, 2024, Giga Ace 8, Inc. (a wholly owned subsidiary of ACEN) and AREIT executed a contract of lease over the Property for the Group's 300MW solar power plant project in Palauig, Zambales. The lease term shall be from the rent commencement date on July 1, 2024 (referred to as "Rent Commencement Date") to June 30, 2049, renewable for another twenty-five years at the option of the lessee, upon the written agreement of the lessor and the lessee under such terms and conditions as may be acceptable to them. The initial rent shall be ₱173.54 per sqm per annum, exclusive of VAT, with annual escalation of 1.50% commencing on July 1, 2025. Lease payments commencing from July 1, 2025 shall be done in advance on a quarterly basis.

The lease liability amounted to ₱6,356.8 million, which is equivalent to 85% of the total fair value of the AREIT shares received from the transaction.

The above transactions qualified as a sale and leaseback transaction; consequently, 85% of the gain from the transaction will be recognized over the lease term and 15% of the gain from the transaction recognized upon closing of the transaction. For the year ended December 31, 2024, ACEIC recognized a gain amounting to ₱1,035.3 million.

The above transactions were non-events at AC consolidated level as these were an exchange of assets within the Group.

Investment in Paivatar Energy Corporation (Paivatar)

On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar, signed a Shareholders' and Investment agreement with BrightNight APAC B.V (BrightNight APAC) for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines (see Note 23).

Investment in Real Wind Energy, Inc. (RWEI)

On March 22, 2024, ACEN signed a Deed of Absolute Sale of Shares with Modern Energy Management Pte. Ltd. ("MEM"), as the seller, for the acquisition by ACEN of 4,000 secondary common shares representing 40% ownership in RWEI and Loan Assignment Agreements for the assignment of MEM's receivables from RWEI (see Note 23).

On August 1, 2024, ACEN signed a Deed of Absolute Sale of Shares with Maraj Energy and Development Corp. ("Maraj"), as the seller, for the acquisition by ACEN of 6,000 secondary Common Shares representing the remaining 60% ownership in RWEI (see Note 23).

Sale of shares indirectly owned by ACRI in PT UPC Sidrap Bayu Energi

On April 2, 2024, upon fulfillment of conditions precedent, ACRI, together with its joint venture partner, UPC Renewables Asia Pacific Holdings Pte. Ltd., completed the sale of all their shares in PT Sidrap Bayu Energi ("SBE"), held through UPC Sidrap (HK) Limited ("Sidrap (HK)") and UPC Renewables Asia III Limited ("Asia III"), to Sunedison Sidrap B.V. (external party) (see Notes 10 and 22).



Subscription to Santa Cruz Solar Energy Inc. (SCSEI)

On March 29, 2023, ACEN signed a subscription agreement with its wholly-owned subsidiary, SCSEI, for the subscription by ACEN to 49,997,367 Common A Shares and 449,976,319 Redeemable Preferred A Shares (RPS A) of SCSEI for the total subscription price of ₱4,999.7 million.

Subscription to Bayog Wind Power Corp. (BWPC)

On April 4, 2023, ACEN signed a subscription agreement with its wholly-owned subsidiary, BWPC, for the subscription by ACEN to 3,608,515 Redeemable Preferred D Shares (RPS D), 2,965,722 Redeemable Preferred E Shares (RPS E), and 199,399 Redeemable Preferred G Shares (RPS G) of BWPC for the total subscription price of ₱677.4 million. BWPC is developing the 160MW Pagudpud Wind Project located in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte, Philippines.

Subscription to additional shares in Natures Renewable Energy Development Corp. (NAREDCO)

On May 4, 2023, ACEN signed a subscription agreement with NAREDCO for the subscription by ACEN to (a) 66,470 Redeemable Preferred Shares A ("RPS A") with a par value of ₱2,820.51 per share or an aggregate par value of ₱187.5 million, and (b) 48,350 Redeemable Preferred Shares C ("RPS C") with a par value of ₱2,585.55 per share or an aggregate par value of ₱125.0 million in NAREDCO. The subscription price will be used by NAREDCO to fund the development of the 133MWdc Cagayan North Solar Power Plant Project (Phase 1) in Lal-Lo, Cagayan.

Acquisition of ownership interest in ACEN Australia (formerly, UPC-AC Energy Australia (HK) Ltd. (UPC-ACE Australia))

On March 11, 2022, ACEN, through its subsidiary ACEN Renewables International Pte. Ltd. (ACRI), UPC Renewables Asia Pacific Holdings Pte Limited (UPCAPH), and Mr. Anton Rohner ("Rohner") signed a Share Purchase Agreement for ACRI's acquisition of the 50% ownership interest of UPCAPH and Mr. Rohner in ACEN Australia (formerly, UPC-ACE Australia) increasing ACRI's ownership to 80% (see Note 23).

On February 1, 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia (HK) Limited, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. ACEN Australia, through ACRI, is now a wholly owned subsidiary of ACEN. The total consideration amounted to US\$85.4 million (₱4.7 billion) including excess consideration or goodwill of US\$51.8 million (₱2.9 billion). The acquisition of 20% ownership interest resulted to 100% interest in ACEN Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves.

Acquisition of 100% Interest in UPC Philippine renewable companies and businesses

On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endevor, UPC Philippines, and Stella Marie L. Sutton (collectively "the Sellers") signed an agreement for the sale and purchase of UPC Philippine's and Ms. Sutton's share and/or subscription rights in the target companies to ACEN and ACE Endevor.

In 2023, ACEN finalized the accounting for the acquisition of UPC Philippine renewable companies and businesses. The fair values of assets and liabilities approximate their carrying values. Goodwill arising from the acquisition amounted to ₱118.4 million (see Note 23)

Declaration of cash dividends

On October 2023, the ACEIC BOD approved the declaration of cash dividends with an amount of ₱2.00 billion to the Parent Company.

On September 26, 2024, ACEIC's BOD approved the declaration of cash dividends to the Parent Company amounting to ₱2.00 billion. The record date is September 26, 2024, and paid within 2024.



ACEN's BOD approval

On March 7, 2023, ACEN BOD approved the amendment to the Seventh Article of the Articles of Incorporation to create Preferred Shares via the reclassification of 100.0 million unissued Common Shares into Preferred Shares, with par value of ₱1.00 per share. On April 24, 2023, during the annual special stockholder's meeting, the stockholders representing at least 2/3 of ACEN's authorized capital stock approved the amendment. On May 23, 2023, ACEN filed the Registration Statement with the SEC for the Shelf Registration of up to 50.0 million preferred shares and the proposed public offer and sale of up to 25.0 million of such preferred shares. On June 9, 2023, the SEC approved ACEN's Amended Articles of Incorporation.

Issuance and listing of ACEN preferred shares

On September 1, 2023, ACEN marked the issuance of its ₱25.0 billion perpetual preferred shares which were listed on the Main Board of the Philippine Stock Exchange (PSE) on September 1, 2023 under the trading symbols "ACENA" for the Series A preferred shares and "ACENB" for the Series B preferred shares.

Of the total proceeds from the issuance of Series A and B preferred shares, ₱8,827.83 million is held in an escrow account as of December 31, 2023 (see Note 9). Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures.

This issuance resulted to an increase in non-controlling interests of ₱24.8 billion.

ACEN's sale of shares in ACEHI Netherlands B.V. (ACEHI Netherlands)

On July 10, 2023, ACRI completed the sale of 2,424 ordinary shares representing 24.24% of the outstanding capital stock of ACEHI Netherlands, a subsidiary of ACRI, to Star Energy Oil & Gas Pte Ltd. (SEOG, a third party) for US\$69.80 million which is a commercially agreed price between a willing buyer and seller. The sale transaction resulted in ACRI's loss of control over ACEHI Netherlands, resulting to recognition of gain on deconsolidation amounting to ₱1,062.0 million and remeasurement gain amounting to ₱3,433.3 million presented under "Other income" (see Notes 10, 22 and 23).

The fair value of ACEN shares held by ACEIC Group amounted to ₱91,964.30 million and ₱100,502.3 million as of December 31, 2024 and 2023, respectively.

Investment in AC Infra

On March 25, 2024, AC Infra granted a ₱2,925 million advance to Entrego Express Corporation (Entex) to be used to settle its outstanding bank loans and fund its winding down costs. As of December 31, 2024, the BOD of AC Infra approved the write-off of the advances to Entex.

On July 15, 2024, the SEC approved the increase in the authorized capital stock of AC Infra.

On October 25, 2024, AC Infra acquired the 100% equity share of BPI Asset Management and Trust Corporation (as Trustee of Ayala Corporation Employees' Welfare and Retirement Fund) in ARF Retail Holdings Corporation (ARFHC) for a total purchase price of ₱10.0 million. Consequently, AC Infra wholly-owned ARFHC and ARF Retail Company, Inc.

Movement in Authorized Capital Stock (ACS)

On January 13, 2023, the SEC approved the decrease in the authorized capital stock of AC Infra thereby decreasing the preferred shares with ₱1.0 par value by ₱300.0 million from 4.7 billion shares to 4.4 billion shares. The decrease in authorized capital stock is in relation to AC Infra's redemption last October 21, 2021 of its preferred shares held by the Parent Company amounting to ₱300.0 million.



Integration of Entrego with AC Logistics

In December 2023, due to continuing challenges on the profitability of Entrego, its' operations and certain assets were transferred and integrated with AC Logistics Group. Improvements in operations is expected from lower costs, notable efficiencies, better coverages and improved service level agreements, yielding better results moving forward. As a result of winding down of Entrego's operations, certain assets have been impaired amounting to ₱132.0 million recognized at consolidated statement of income. This also resulted to recognition of impairment of investments in AC Infra at Parent Company financial statement amounting to ₱2,847.7 million.

On January 29, 2024, the stockholders and BOD of the Entrego Group approved the shortening of its corporate terms to up to May 30, 2025 subject for filing to and approval by the SEC. On April 18, 2024, the SEC approved the shortening of its corporate terms up to May 30, 2025. Also, on April 25, 2024, the SEC approved Entex's shortening of corporate term to up to May 30, 2025.

On April 5, 2024, the stockholders and BOD of Entrego approved the cessation of business operations of the Entrego Group effective July 1, 2024, and to terminate, confirm and ratify the termination of its employees effective January 1, 2024, and February 1, 2024, respectively.

In 2024, the three (3) Entrego companies (EFSI, EEC, ELC) have adopted the liquidation basis of accounting, from going concern, following the shortening of their respective corporate terms (up to May 30, 2025) as approved by the SEC. As a result of the foregoing, AC Logistics wrote – off certain long-outstanding receivables and the Parent Company recognized ₱2,925.0 million impairment provisions for the closure of Entrego (see Notes 7 and 22).

Investment in MCXPCI

Sale of investment in MCXPCI

On December 6, 2021, the Parent Company and Prime Asset Ventures, Inc. (PAVI) signed an Investment Agreement relating to the Muntinlupa-Cavite Expressway Project (the MCX Project) and the sale of the Parent Company's 100% ownership stake in MCXPCI subject to the satisfaction of certain conditions (see Note 13).

On various dates in 2022 and 2023, the Parent Company was able to satisfy the remaining conditions to complete the sale of its investment in MCXPCI including receipt of the required approvals from the SEC and DPWH (see Notes 13 and 23).

The transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI commenced on February 1, 2023 with the completion of full transfer of ownership of MCXPCI and MCX Project to PAVI on September 28, 2023 (see Note 13).

Post this transaction, MCXPCI's assets and liabilities were deconsolidated from the Group's consolidated financial statements as at September 30, 2023.

The Group has received total proceeds of ₱3,800.0 million and recognized a total of ₱2,159.4 million gain on the divestment of MCX included as part of 'Net gain (loss) on sale of investment' under Other income (see Notes 22 and 23). Total taxes as a result of the divestment amounted to ₱23.1 million capital gains taxes and taxable income amounting to ₱1,964.1 million.

Investment in AC Industrial

Capital infusions of AC Industrial

In February 2024, AC Industrial subscribed to 42.5 million redeemable preferred shares of Adventure Cycle Philippines, Inc. with ₱10.0 par value for a total subscription price of ₱425.0 million, inclusive of APIC of ₱382.5 million.

In June 2024, Merlin Philippines redeemed its 13 preferred shares with ₱100.0 par from AC Industrial. Merlin Philippines is a subsidiary of Merlin Solar Technologies Inc. (Merlin US), which is a



subsidiary of ACI Solar Holdings. ACI Solar Holdings is a subsidiary of ACI Singapore, which is a subsidiary of AC Industrials.

On September 27, 2024, AC Industrial subscribed to 250,000 redeemable preferred shares with par value of ₱100.0 per share of Automobile Central Enterprise, Inc. for a total subscription price of ₱250.00 million, inclusive of APIC of ₱225.0 million. The funds were used for the payment of loans and sale of inventories.

On October 1, 2024, AC Industrial subscribed to 60,000 redeemable preferred shares with par value of ₱100 per share of Iconic Dealership, Inc. for a total subscription price of ₱60.0 million, inclusive of APIC of ₱54.00 million. The funds were used for the winding up of motorcycle dealerships.

Third Party Fundraise of Merlin Solar

On July 23, 2024, an equity funding round had been concluded for Merlin Solar (with the participation of Ayala Group and other investors) resulting in the dilution of Ayala Group's indirect stake from 99% to 56%. Ayala Group infused US\$10.0 million into Merlin. The partnership provides Merlin with fresh capital, a wider customer network to drive the company's next phase of growth and enhanced technical expertise. This transaction also supports Ayala Group's strategic agenda of rationalizing its portfolio (see Note 23).

Divestment from MT Technologies

On August 8, 2024, the Parent Company through its subsidiary Ayala International Holdings Pte Ltd. (AIHPL), infused EUR2.2 million to AC Industrials (Singapore) Pte Ltd. (AC Industrials SG) for the latter to disburse to MT Technologies and C-con entities as part of an agreed overall restructuring support for the divested subsidiaries. In connection with this, a EUR0.4 million loan was also extended by AIHPL to C-Con Munich.

Divestment in KTM Asia Motorcycle Manufacturing, Inc

As part of AC Industrials' portfolio management initiatives, one of its subsidiaries (Adventure Cycle Philippines, Inc.) ceased its operations as Philippines distributor of KTM and Husqvarna motorcycles effective on September 30, 2024. On the same date, IDI, a wholly owned vehicle dealership subsidiary of AC Industrials, has stopped selling and servicing KTM and Husqvarna motorcycles. AC Industrials has executed a binding term sheet with KTM AG for the acquisition by KTM AG of all of AC Industrials' shares in the motorcycle manufacturing entity (KTM Asia Motorcycle Manufacturing, Inc.) based in Laguna, Philippines. However, on November 29, 2024, KTM AG filed for the initiation of judicial restructuring proceedings with self-administration. AC Industrials and KTM AG continue to discuss next steps in light of the said development.

Investment in AC Mobility Holdings, Inc. (AMHI)

In March 2024, AMHI subscribed to 72,500 common shares with par value of ₱100.0 per share and 25,000 redeemable preferred shares with par value of ₱100.0 per share of AC Automotive Business Services, Inc., for a total subscription price of ₱75.0 million, inclusive of APIC of ₱67.8 million for the common share and total subscription price of ₱25.0 million, inclusive of APIC of ₱22.5 million for the redeemable preferred shares.

On September 19, 2024, AMHI entered into an Assignment of Subscription Rights with various Assignors for the 20,000,000 shares with ₱1.0 par value of GREENSTRUM, Inc (GSI). AMHI purchased GSI at ₱30.0 million plus ₱10.0 million earnout depending on the fulfillment of the declared sales forecast. GSI was incorporated in August 2, 2021. GSI will assemble, manufacture, purchase, import, sell on wholesale basis, distribute, export, exchange, mortgage, pledge and otherwise dispose of, and generally to deal in or engage in any commerce relating to any and all types of electronic products and perform services related thereto; and to the extent permitted by law; to fabricate, manufacture, purchase and import machines and equipment for the design, process, manufacture and production and/or packaging of electronic assemblies and related products. GSI will sell equipment and technical services to support the EV Infrastructure business of AMHI.



In October 2024, AMHI invested ₱100.0 million in EVRO Mobility Solutions, Inc. (ESMI) for 1,000,000 common shares with par value of ₱10.0 per share and ₱90.0 million APIC. ESMI, incorporated on October 16, 2024, is engaged in the business of creating and providing online applications, software and information technology services and solutions, software and information technology facilities for businesses related to or directly engaged in the electric vehicle charging stations business; operate as an e-Mobility Service Provider (EMSP) and as a payment gateway for the electric vehicle ecosystem; offer loyalty programs, mobile and fleet charging services, advertising realty on software platforms, and other related services.

On August 8, 2023, AC Industrial subscribed to 1.0 million common shares at ₱1.0 par value of AMHI representing 100% ownership. AMHI is the holding company of the investments in electric vehicle distribution and infrastructure of the Ayala Group.

Investment in IMI

Voluntary Delisting of VIA on New York Stock Exchange (NYSE)

In 2020, VIA AG raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32%. On April 9, 2024, VIA announced its intention to voluntarily delist its American Depository Shares ("ADSs") from the New York Stock Exchange ("NYSE"), terminate its registration with the U.S. Securities and Exchange Commission ("US SEC"). On July 29, 2024, the delisting from the NYSE and deregistration of its ADS by the SEC was completed (see Notes 12, 14 and 22).

Sale of STI Enterprise Limited (STI)

On August 4, 2023, IMI and minority shareholders of STI have entered into an agreement to sell their respective 80% and 20% shares in STI to Rcapital, a private investment firm based in London with a portfolio of UK-based companies including precision engineering solution providers in the aerospace and defense sectors, for an agreed consideration of GBP 2.5 million to be paid two years after the completion date. With the condition precedent having been met, particularly, the UK government's clearance under the National Security and Investment Act 2021, and closing deliverables having been exchanged by the parties, the transaction was completed on October 31, 2023 (see Note 23).

Impairment provisions on Investments in STI

On June 30, 2023, IMI performed an impairment test, based on the preliminary indicative price discussions with Rcapital, a London-based private investment firm, (see Note 25), and determined a one-time loss of approximately US\$84 million (₱4.7 billion), which includes the impairment of goodwill amounting to US\$55 million (₱3.0 billion), and the remaining allocated proportionately to certain assets. This impairment amount is reported under "General and administrative expenses" in the Group's consolidated statements of income.

The fair value of the IMI shares held by the Group amounted to ₱1,721.1 million and ₱3,650.1 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Group in IMI is 52.1% in 2024 and 2023.

Investment in ALI

Changes in ALI Group structure

On January 19, 2024, the SEC approved the merger of Northeastern Commercial Corp. (NECC) and Bay City Commercial Ventures Corp. (Bay City) with Bay City as the surviving entity.

On January 26, 2024, ALI and its wholly-owned subsidiaries, AyalaLand Offices, Inc. and Glensworth Development, Inc. sold an aggregate of 181.0 million common shares of AREIT at a transaction price of ₱31.1 per share, equivalent to ₱5.6 billion.

On January 31, 2024, the SEC approved the merger of BGWest Properties, Inc. (BGW), BGNorth Properties, Inc. (BGN) and BGSouth Properties, Inc. (BGS) with BGW as the surviving entity. As a



result, the effective holdings of the group on BGW remains at 50% broken down into ownership of 27% by Avida, 11% by Alveo, and 12% by ALI.

On March 12, 2024, the BOD of ALI approved the merger of 34 entities that are wholly owned directly by ALI, or through AyalaLand Estates, Inc. (ALEI) and AyalaLand Hotels and Resorts Corp. (AHRC), ALI, as the surviving entity. The plan of merger was approved by ALI stockholders during their annual meeting on April 25, 2024. The merger is an internal restructuring to simplify the ownership structure and is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.

On March 14, 2024, Alveo Land Corp. acquired 1.37 million common shares and 6.59 million preferred shares of Portico Land Corp from the remaining investor for a purchase price of ₱534.3 million. The acquisition is accounted as involving entities under control. As a result, Portico became a wholly owned subsidiary of ALI.

The following ALI subsidiaries were dissolved in 2024:

- On April 17, 2024, CMPI Holdings Inc. was dissolved following the approval of SEC of the shortening of its corporate life.
- Kingfisher Capital Resources Corp., a subsidiary of Ten Knots Development Corp., a wholly owned subsidiary of ALI, has been dissolved effective June 28, 2024.
- Following subsidiaries of ALLHC were dissolved in August 2024: a) Orion Holdings Philippines, Inc., a wholly owned subsidiary of ALLHC; b) Luck Hock Venture Holdings, Inc., a wholly owned subsidiary of Orion Land Inc., which is 100% owned by ALLHC; c) TPI Holdings Corporation, a wholly owned subsidiary of Tutuban Properties Inc. which is 100% owned by ALLHC.

On April 25, 2024, MTDK Corporation was incorporated with Makati Development Corp. (MDC), a wholly owned subsidiary of ALI, owning 67% of the company.

AyalaLand Estates, Inc. (ALEI) acquired 100% equity interest in the following companies and these transactions are accounted as acquisition of asset:

Company Name	Acquisition Date	No. of Common Shares	Equity Interest	Amount
Cebalrai Development Corp.	09/27/2024	100,000	100%	₱1,000,000
Southcreston Holdings Inc.	09/18/2024	100,000	100%	1,000,000
Alchiba Development Corp.	10/28/2024	100,000	100%	1,000,000
Balitiger Inc.	10/25/2024	100,000	100%	1,000,000
Froston Inc.	10/22/2024	100,000	100%	1,000,000
Gomaisa Development Corp.	10/25/2024	100,000	100%	1,000,000
Kleysa Development Corp.	10/22/2024	80,000	80%	800,000
Praecipua Development Corp.	10/22/2024	100,000	100%	1,000,000
Arabica Midland Holding, Inc.	12/17/2024	60,000	60%	600,000
Torcello Holdings, Inc.	12/18/2024	80,000	80%	800,000
Eri nome Holdings, Inc.	12/19/2024	60,000	60%	600,000
				₱9,800,000

ALI Capital Corp., a wholly owned subsidiary of ALI, sold its 100% ownership in AirSWIFT Transport Inc. to Cebu Air Inc. (Cebu Pacific) for a total share price of ₱120.0 million resulted into a recovery of accumulated losses amounting to ₱914.3 million.

On May 20, 2024, ALI, and its wholly-owned subsidiary, Westview Commercial Ventures Corp., sold an aggregate of 98.0 million common shares of AREIT at a transaction price of ₱32.45 per share, equivalent to ₱3.2 billion. On September 20, 2024, ALI sold 75.0 million common shares of AREIT at a transaction price of ₱36.2 per share, equivalent to ₱2.7 billion.

On September 26, 2024, the SEC approved the property-for share swap with ALI, Greenhaven Property Ventures, Inc. (Greenhaven), Cebu Insular Hotel Co., Inc. (Cebu Insular), and Buendia Christiana Holdings Corp. (BCHC), involving the issuance of 841.3 million AREIT primary common



shares to ALI, Greenhaven, Cebu Insular, and BCHC, in exchange for four (4) commercial buildings located in Ayala Center Makati and Ayala Center Cebu, and a 276-hectare parcel of industrial land located in Zambales, with an aggregate value of ₱28.6 billion. In line with this, the parties have executed an Amendment to the Deed of Exchange for AREIT to recognize the income from the new assets effective July 1, 2024. As a result, the ALI Group's holding in AREIT was reduced from 66% to 55%.

On November 4, 2024, ALI acquired the shares of Aboitiz Land, Inc. ("Aboitiz Land") and Aboitiz Equity Ventures Inc. ("AEV") in Cebu District Property Enterprise Inc. ("CDPEI") for ₱1.8 billion. As a result, CDPEI, which was accounted from investment in associates and joint ventures became a wholly owned subsidiary of ALI.

On December 9, 2024, ALI sold 75.0 million common shares of AREIT at a transaction price of ₱37.0 per share, equivalent to ₱2.8 billion. All these transactions were executed in relation to the property-for-share swap with AREIT and accounted as transactions involving entities under common control.

Sale of Seda Lio to AREIT

On January 17, 2024, AREIT completed the acquisition of the 153-room Seda Lio in Palawan from ALI's wholly owned subsidiary, Econorth Resort Ventures, Inc. for ₱1,192.00 million.

Block sale of AREIT shares

On January 26, 2024, ALI, and its wholly owned subsidiaries, AyalaLand Offices, Inc. and Glensworth Development, Inc., sold an aggregate of 181,000,000 common shares of AREIT at a transaction price of ₱31.10 per share, equivalent to ₱5.6 billion, in relation to its property-for-share swap transaction with AREIT.

On May 20, 2024, ALI, and its wholly owned subsidiary, Westview Commercial Ventures Corp., sold an aggregate of 98,000,000 common shares of AREIT at a transaction price of ₱32.45 per share, equivalent to ₱3.2 billion, in relation to its property-for-share swap transaction with AREIT. This resulted in an increase in noncontrolling interests of ₱9.0 billion and equity reserve of ₱5.0 billion in the consolidated statements of changes in equity for the period ended December 31, 2024.

On September 20, 2024, ALI sold an aggregate of 75,000,000 common shares of AREIT at a transaction price of ₱36.20 per share, equivalent to ₱2.3 billion.

All these transactions were executed in relation to the property-for-share swap with AREIT.

This resulted in an increase in noncontrolling interest of ₱9.0 billion and equity reserve of ₱5.0 billion in the consolidated statement of changes in equity for the period ended December 31, 2024.

Sale of ALI and ACEN properties to AREIT

On February 12, 2024, the shareholders of AREIT approved the issuance of 841.26 million primary common shares to ALI and its subsidiaries, and to BCHC at an issue price of ₱34.0 per share, in exchange for four prime commercial buildings of ALI and a land of BCHC, with an aggregate value of ₱28.6 billion.

On September 26, 2024, the SEC approved the property-for share swap among ALI, AREIT, ACEN, and certain subsidiaries of ACEN. In line with this, the parties have executed an Amendment to the Deed of Exchange for AREIT to recognize the income from the new assets effective July 1, 2024 (refer to the discussion of Investment in ACEIC).

Retirement of treasury shares

On March 12, 2024, the BOD of ALI approved the retirement of 1,374,477,380 common treasury shares arising from the internal mergers as follows: a) 883,171,005 treasury shares arising from the merger of ALI with its wholly owned entities, subject to regulatory approvals on the merger and issuance of shares; b) 491,306,375 treasury shares arising from the merger with Cebu Holdings, Inc.



and its former subsidiaries, Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developers, Inc.

Investment in Cebu District Property Enterprise Inc. (CDPEI)

On June 14, 2024, ALI entered into a share sale and purchase agreement with Aboitiz Land, Inc. ("Aboitiz Land") and Aboitiz Equity Ventures ("AEV") for the acquisition of their combined 50% equity interest in CDPEI. The acquisition is valued at ₱1.81 billion in exchange for 18.1 million CDPEI shares. Following the transaction, ALI will own 100% stake of the entity. The transaction is subject to regulatory approvals.

On November 4, 2024, upon receipt of regulatory approval, ALI acquired the shares Aboitiz Land and AEV in CDPEI. As a result, CDPEI became a wholly owned subsidiary of ALI. ALI reclassified the amount from investment in joint venture to investment in subsidiaries in 2024 (see Notes 10 and 23).

Sustainability-Linked Financing (SLF) Program

On July 18, 2024, ALI successfully raised ₱20.5 billion in debt capital through its pioneering SLF Program. The funding package includes a ₱6.0 billion Sustainability-Linked Bond (SL-Bond) and ₱14.5 billion Sustainability-Linked Loan (SL-Loan) from the International Finance Corporation (IFC). This initiative marks a first for the Philippine real estate sector, adhering to international guidelines and independently verified by Det Norske Veritas.

The SLF Program aligns ALI's financial commitments with its environmental targets. The interest rates of the SL-Bond and SL-Loan are linked to ALI's performance on key sustainability metrics, including a 42% reduction in emissions from malls, offices, and hotels by 2030, and achieving EDGE Zero Carbon certification for 1.5 million square meters of office properties by 2025. The ₱6.0-billion SL-bond has a term of 10 years and is the first of its kind to be offered publicly in the Philippines.

Property-for-share swap between ALI and AREIT, Inc. (AREIT)

On March 7, 2023, the Executive Committee of ALI approved the subscription of ALI and its subsidiaries, Ayala Land Malls, Inc. (ALMI), and Northbeacon Commercial Corporation (NBCC) to 607.6 million primary common shares of AREIT, in exchange for flagship offices and malls with an aggregate value of ₱22,479.7 million, as validated by a third-party fairness opinion. On March 29, 2023, ALI sold 205.0 million shares (Offer Shares) of AREIT at a transaction price of ₱32.1 per share, equivalent to ₱6,580.5 million (exclusive of fees and taxes), in relation to its ₱22.5 billion property-for-share swap transaction with AREIT. As a result, ALI's holdings in AREIT was reduced from 66.0% to 54.4%, resulting to increase decrease in non-controlling interest by ₱5,116.9 million and equity reserve by ₱2,237.7 million.

On September 20, 2023, ALI, ALMI, NBCC and AREIT received the SEC's approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of ₱22.5 billion in exchange for 607,559,380 primary common shares of AREIT, pursuant to the Deed of Exchange executed on June 2, 2023. Consequently, ALI's holding in AREIT increased to 66.0%.



Avida Land Corporation (Avida) merger

The merger of Avida and its subsidiaries, Buklod Bahayan Realty and Development Corp. and Avida Sales Corp. was approved by the SEC on April 20, 2023 with Avida as the surviving entity. Consequently, the companies' operations and its assets and liabilities have been absorbed by Avida effective May 1, 2023. The merger had no impact on the Group's consolidated financial statements.

BOD approvals

On February 20, 2024, ALI's BOD approved the raising of up to ₱50.0 billion in debt capital to partially finance general corporate requirements and refinance maturing debt through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation, and/or execution of bilateral term loans.

On February 24, 2023, ALI's BOD approved the decrease in authorized capital stock by ₱62.4 million from ₱21,500.0 million to ₱21,437.6 million, through the retirement of redeemed voting preferred shares as of January 31, 2023, and any additional redeemed voting preferred shares until April 25, 2023, as well as the corresponding amendment of the Seventh Article of the Articles of Incorporation. The decrease in authorized capital stock and the amendment of the Seventh Article were approved by the stockholders during the annual stockholders' meeting on April 26, 2023.

Declaration of cash dividends

On February 20, 2024, the BOD of ALI approved the declaration of a cash dividend of ₱0.2050 per outstanding common share which was paid on March 21, 2024 to stockholders of common shares as at record date of March 5, 2024. This reflects a 37% increase from the cash dividends declared in the first half of 2022 amounting to ₱0.1495.

On May 28, 2024, the BOD of ALI approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of ₱0.0063 per share, equivalent to a dividend rate of 6.33% per annum. The cash dividends were paid on June 25, 2024 to stockholders on record as of June 11, 2024.

On February 21, 2023, ALI's BOD approved the declaration of cash dividends of ₱0.1495 per outstanding common share. The dividend was paid on March 23, 2023 to stockholders of common shares as of record date of March 7, 2023. Further, on May 30, 2023, ALI's BOD approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of ₱0.006 per share. The dividend was paid on June 27, 2023 to stockholders of voting preferred shares as of record date of June 13, 2023.

Merger of ALI and Cebu Holdings, Inc. (CHI) and its other subsidiaries

On December 16, 2021, the SEC approved the merger of ALI and its Constituent Corporations with ALI as the surviving entity (see Note 23). On February 22, 2024, the PSE approved the listing of additional ALI shares effective February 26, 2024. These shares shall be issued to the stockholders of CHI, a subsidiary of ALI, pursuant to the merger of CHI with ALI, as approved by the SEC on December 16, 2021. This merger has been earlier approved by the stockholders of both CHI and ALI in their respective annual stockholders' meeting held on April 14, 2021 and April 21, 2021, respectively.

Employee Stock Ownership Plan (ESOWN)

On February 20, 2024, ALI's BOD approved its 2024 stock option program pursuant to ALI's Employee Stock Ownership Plan which authorizes the grant to qualified executives, in accordance with the terms of the Employee Stock Ownership Plan, of stock options covering up to a total of 18.54 million common shares at a subscription price of ₱28.82 per share, which is the average price of ALI's common shares at the PSE over the last 30-day trading as of February 13, 2024, less a prescribed discount.

On February 24, 2023, ALI's BOD approved its 2023 stock option program pursuant to ALI's ESOWN which authorizes the grant to qualified executives, in accordance with the terms of the ESOWN, of stock options covering up to a total of 20.2 million common shares at a subscription price of



₱24.68 per share, which is the average price of common shares at the PSE over the last 5-day trading as of February 13, 2023, less a prescribed discount (see Note 28).

Buyback program

On various dates in 2024, ALI purchased a total of 225,747,400 common shares at an average price of ₱29.17 per share for a total consideration of ₱6.6 billion under its share buyback program. This resulted to an increase in ownership interest of Parent Company to 51.9% and 51.0% as of December 31, 2024 and 2023, respectively.

On various dates in 2023, ALI purchased a total of 137.1 million common shares at an average price of ₱26.96 per share for a total consideration of ₱3.7 billion under its share buyback program. This resulted to an increase in ownership interest of Parent Company to 51.0% and 51.0% as of December 31, 2024 and 2023, respectively.

Collateralized shares

ALI shares with carrying value of investment at Parent Company amounting to ₱14.0 billion and ₱10.9 billion as of December 31, 2024 and 2023, respectively, were collateralized to secure the Parent Company's loan facility. The fair value of ALI shares collateralized amounted to ₱62.4 billion and ₱63.8 billion as of December 31, 2024 and 2023, respectively (see Note 18).

The fair value of ALI shares held by the Parent Company amounted to ₱199.7 billion and ₱262.6 billion as of December 31, 2024 and 2023, respectively. The voting rights held by the Parent Company in ALI is 72.90% and 72.25% as of December 31, 2024 and 2023, respectively.

Investment in AC Health

Capital infusions of AC Health

On January 8, 2024, AC Health subscribed and paid 41.1 million common shares and 96.3 million preferred shares of AHCHI Pharma Ventures, Inc. (APV), both with par value of ₱1 per share, with both subscription price of ₱10.0 per share for a total of ₱1,374.0 million to fund the acquisition of significant minority equity ownership in the pharmaceutical company.

On March 4, 2024, AC Health subscribed and paid ₱55.1 million and ₱6.12 million for the additional preferred and common shares, respectively, both at ₱1.0 per share intended for funding of KMD's working capital requirements for the first half of 2024.

In April and May 2024, AC Health subscribed and paid ₱1.3 billion for additional preferred shares at ₱100.0 per share intended for funding HMC, Inc. (HMC)'s capital expenditure, Mercado General Hospital, Inc. (MGHI)'s capital expenditure, MGHI's Block Share Purchase and Healthway Philippines, Inc. (HPI)'s working capital.

On September 30, 2024, AC Health subscribed and paid ₱44.1 million for additional 441,074 preferred shares at ₱100.0 per share intended for funding MGHI's Block Share Purchase and FEU capital expenditure.

On December 17, 2024, AC Health subscribed and paid ₱83.8 million for additional 837,534 preferred shares at ₱100.0 per share intended for MGHI's capital expenditure

On December 17, 2024, AC Health subscribed 50,000,000 common shares and paid ₱12.50 million at subscription price and par value of ₱1 per share. This is to subscribe to the increase in authorized capital stock.

On April 11, 2023, AC Health subscribed and paid ₱34.0 million for the additional 0.9 million common shares and 5.0 million redeemable preferred shares of HPI. On May 10 and May 19, 2023, AC Health paid the balance of ₱513.0 million and ₱50.0 million, respectively.



Vigos Ventures, Inc.(Vigos)

On March 4, 2024, Vigos infused ₱60.0 million to KMD by subscribing to 1.58 million common shares bringing its equity ownership up to 31.83% from 31.23%.

On July 31, 2024, Vigos infused ₱60.0 million to KMD by subscribing to 1.58 million common shares bringing its equity ownership up to 32.35% from 31.83%.

AHCHI Pharma Ventures, Inc. (APV)

On July 18, 2024, APV formally closed its purchase of 49% investment in St Joseph Drugstore composed of 20,170 common shares with total purchase price of ₱1,225.0 million. St Joseph Drugstore is a North-Luzon based pharmaceutical company with 112 stores mainly concentrated in the Ilocos Region.

On December 15, 2023, APV entered into a Share Purchase and Call Option Agreement to purchase a significant minority equity ownership in a pharmaceutical company for a total purchase price of ₱1,225.0 million. The purchase price will be held in escrow with the release contingent on Philippine Competition Commission's (PCC) approval and conditions precedent (CP) to closing identified during due diligence.

Healthway Philippines, Inc. (HPI)

On March 18, 2024, HPI subscribed ₱582.0 million preferred shares at ₱1.0 per share intended for funding HMC's capital expenditure. In May and June 2024, HPI paid a total of ₱347.8 million to settle HMC's intercompany loan from AC Health.

On May 28, 2024, HPI subscribed ₱1.1 billion preferred shares at ₱10,000 per share intended for funding MGHI's capital expenditure. In June 2024, HPI paid a total of ₱635.0 million to settle MGHI's intercompany from AC Health and kickstart the capital expenditure rollout.

In May 2023, HPI subscribed and paid ₱562.4 million for the additional 56.2 million common shares and 506.2 million redeemable preferred shares both with par value of ₱1.00 per share intended for funding working capital requirements of Zodiac.

Mercado General Hospital, Inc. (MGHI)

On May 28, 2024, HPI subscribed ₱1.13 billion preferred shares at ₱10,000 per share intended for funding MGHI capital expenditure. In June 2024, HPI paid total of ₱635 million to settle MGHI's intercompany loans from AC Health and kickstart their capital expenditure rollout.

Equity restructuring

On August 31, 2023, AC Health secured from the SEC its certification for equity restructuring to partially wipe-out the deficit as of December 31, 2023 amounting to ₱1,881.9 million against additional paid-in capital of ₱5,190.5 million.

Investment in AC Logistics

Capital infusions of AC Logistics

On April 19, 2024, AC Logistics subscribed 349.3 million common shares of Air21 Holdings, Inc with ₱1.0 per share amounting to ₱349.3 million.

On May 17, 2024, AC Logistics subscribed 38.0 million common shares of GMAC Logitech with ₱1.0 per share amounting to ₱38.0 million.

On July 10, 2024, AC Logistics subscribed 15.3 million common shares (subscription deposit) of GMAC Logitech with ₱1.0 per share amounting to ₱15.3 million.

On September 4, 2024, AC Logistics subscribed 33.3 million common shares (subscription deposit) of GMAC Logitech with ₱1.0 per share amounting to ₱33.3 million.



On October 31, 2024, AC Logistics subscribed 18.1 million redeemable preferred shares (subscription deposit) of GMAC Logitech with ₱1.0 per share amounting to ₱18.1 million.

On December 10, 2024, AC Logistics subscribed 23.1 redeemable preferred shares (subscription deposit) of GMAC Logitech with ₱1.0 per share amounting to ₱23.1 million.

On January 9 and February 3, 2023, AC Logistics released the proceeds of its short-term advance to Entrego Fulfillment Solutions, Inc. (EFSI), amounting to ₱70.0 million and ₱295.0 million, respectively. The short-term advance is for a period of 60 days, commencing from release of the proceeds, and subject to an interest rate of 8% per annum. On March 3, 2023, the term was amended and changed to 180 days, (which may be extended not exceeding 60 days from the end of the 180 days). On June 6, 2023, AC Logistics released the proceeds of the second tranche of short-term advances to EFSI amounting to ₱350.0 million.

On January 30 and February 23, 2023, AC Logistics infused AIR21 Holdings, Inc. (AIR21) with ₱68.1 million in exchange for 34.0 million AIR21 common shares and ₱57.8 million for 28.9 million AIR21 common shares, respectively. Also on February 23, 2023, AC Logistics subscribed to 69.9 million common shares of AIR21 for ₱139.7 million.

On August 9, 2023, AC Logistics infused GMAC Logitech Refrigeration Corp (GMAC) with ₱9.8 million in exchange for 9.8 million GMAC common shares.

Share purchase agreement with MMI

On January 20, 2023, AIR21 executed a Share Purchase Agreement with MMI for the purchase by AIR21 of 12% equity interest of MMI in each of Airfreight 2100, Inc., Air 2100, Inc., Integrated Waste Management Inc. (IWMI), and Waste and Resources Management, Inc. (WARM) for a total purchase price of ₱442.6 million. On February 1, 2023, the Deeds of Assignment of Shares of Stock for the shares of Air 2100, Inc., Integrated Waste Management Inc (IWMI), and Waste & Resources Management, Inc (WARM) were executed between AIR21 and MMI to implement the acquisition of the respective shares. On August 4, 2023, the Deed of Assignment of Shares of Stock for the shares of Airfreight 2100, Inc. were executed between AIR21 and MMI to implement the acquisition of the shares.

Acquisition of and increase of ownership interest in AIR21 Holdings, Inc. (AIR21)

On August 30, 2022, AC Logistics and Mr. Alberto D. Lina (Mr. Lina; an existing stockholder) reached financial close for AC Logistics' acquisition of a 60% interest in AIR21 amounting to ₱6.0 billion, through issuance by Mr. Lina of an exchangeable note to AC Logistics, and AC Logistics' subscription of primary shares in AIR21. AIR21 has controlling interests in eight operating companies that include Airfreight 2100 Inc., Air2100 Inc., U-Freight Philippines Inc., U-Ocean Inc., Cargohaus Inc., LGC Logistics Inc., WARM, and IWMI (collectively, the "AIR21 8"). AC Logistics acquired the controlling interest in AIR21 by subscribing to 1.5 billion common shares at ₱1.5 billion subscription price (for 35% equity and voting interest) and through the voting proxies of the Exchangeable Note (for 25% voting interest) (see Note 23).

On March 7, 2023, a Letter of Undertaking (LOU) was issued by Mr. Lina and his Surety Parties (collectively, the "ADL Group") in relation to the Investment Agreement dated November 11, 2021, as amended by the Supplement to the Investment Agreement dated August 30, 2022 (collectively, the "Investment Agreement"), as well as the Exchangeable Note Agreement (ENA) dated August 30, 2022 and other Transaction Documents evenly dated August 30, 2022 executed by AC Logistics, AIR21, ADL Group and AIR21 8". The LOU contains various terms, supplemental agreements, and undertakings for implementation on or before March 14, 2023.

On March 14, 2023, AC Logistics, AIR21, Mr. Lina, and the AIR21 8 executed the Omnibus Addendum and Supplemental Agreements which contain, among others, the partial exercise by AC Logistics of its Exchange Right in the ENA whereby ₱4,050.7 million of the Exchangeable Note granted by AC Logistics to Mr. Lina shall be exchanged for common stocks of AIR21 owned by Mr. Lina. Effective on the same date, AC Logistics' voting rights and equity ownership in AIR21



increased to 80.0% and 79.52%, respectively. This resulted to decrease in non-controlling interest and equity reserve amounting to ₱1,520.1 million and ₱2,508.2 million, respectively.

The ₱506.3 million balances of the Exchangeable Note shall continue to earn interest pursuant to the provisions of the ENA and shall be settled, including any interest accrued thereon, in accordance with the relevant provisions of the ENA and the LOU. In the LOU, Mr. Lina shall no longer has the option to pay the primary and secondary coupons through an exchange of his shares in Air21.

On April 19, 2024, AIR21 received capital infusion from AC Logistics amounting to ₱349.28 million for the subscription to 349,280,550 common shares subscribed at the ₱1.00 per share par value. The capital infusion resulted to the increase in AC Logistics' ownership equity to 81.45%, from 80.00%, in the Company. On May 30, 2024, the Company received additional paid-in capital from Mr. Lina amounting to ₱303.99 million.

GMAC Logitech Refrigeration Corp.

On June 19, 2023, GMAC Logitech Refrigeration Corp (GMAC) inaugurated and officially opened its Cold Storage Facility in Cagayan de Oro. GMAC is a joint venture between AC Logistics and Glacier Megafridge, Inc., a leading cold storage facility provider.

Integration of Entrego's Operations

In December 2023, the operations and certain assets of Entrego have been integrated into AC Logistics Group (see also 'Investment in AC Infra' section).

Investment in AC Ventures

On November 6, 2024, the BOD approved:

- a. the increase in authorized capital stock from ₱5,000.00 million divided into 50,000,000 common shares with par value of ₱100.0 per share, to ₱5,608.6 million divided into (i) 1,500 common shares with par value of ₱100.0 per share, (ii) 36,298,600 redeemable preferred shares class "A" with par value of ₱100.0 per share, (iii) 18,264,654 redeemable preferred shares class "B" with par value of ₱100.0 per share, and (iv) 1,521,585 redeemable preferred shares class "C" with par value of ₱100.0 per share
- b. conversion and/or reclassification of (i) 36,298,600 common shares into redeemable preferred shares class "A", and (ii) 13,699,900 common shares into redeemable preferred shares class "B"
- c. retirement of 1,379 common shares held in treasury at a redemption price of ₱100 per share

The application for the amendment of Articles of Incorporation was submitted to SEC and is awaiting approval as of December 31, 2024.

Mynt

On August 1, 2024, AC Ventures executed a Share Purchase Agreement to acquire common shares in Mynt from existing shareholders, equivalent to an additional 8.45% ownership stake in Mynt. The acquisition closed on August 20, 2024, for a purchase price of ₱22.4 billion. This resulted in an increase in the ownership in Mynt from 5.22% to 13.67%.

Investment in AG Counselors Corporation (AGCC)

On June 14, 2024, the BOD approved the following:

- a. increase in authorized capital stock from ₱150.0 million divided into 15,000,000 common shares with par value of ₱10.0 per share, to ₱1,000.0 million divided into (i) 15,000,000 common shares with par value of ₱10 per share, and (ii) 850,000,000 preferred shares with par value of ₱1.0 per share
- b. change in the Company's business from business of advisory, consultancy assistance and other allied services, into holding company with principal business interests in consumer retail space



- c. create a wholly-owned subsidiary that will serve as the Company's vehicle in investing into a joint venture company with Kmart Australia Ltd. or its designate which will operate the Anko-branded stores
- d. change in corporate name to ACX Holdings Corporation

On January 6, 2025, the SEC approved the amendment to AGCC's AOI including (1) the change of its corporate name to ACX Holdings Corporation, and (2) the change in its business from a business of advisory, consultancy assistance and other allied services, into a holding company with a principal business interest in the consumer retail space.

Other transactions

On August 16, 2023, BHL, through its subsidiary, Ayala International Holdings Limited (AIHL), purchased a 100% stake in Blitz 23-376 GmbH, a private limited liability company registered in Munich, Germany, which was subsequently renamed as Contour 2023 GmbH ("Contour") for EUR 25,000.

On August 18, 2023, AIHL, Contour and ACI SG entered into several transactions connected with the divestment by ACI SG of its 92.45% stake in MT, which includes the following:

- Purchase by Contour of real property of MT located in Ingolstadt, Germany amounting to EUR 21.90 million (₱1,235.6 million). The purchase was funded from loan proceeds from a Shareholder Loan Facility Agreement between AIHL and Contour on August 21, 2023. The Euro-denominated term loan facility of up to EUR23.05 million was extended to Contour for the cost of the land and expenses related to the purchase. Simultaneously, Contour entered into a 10-year lease agreement with MT on the same property.
- AIHL entered into a Senior Loan Facility Agreement ("SLFA") with MT, whereby AIHL agreed to extend a Euro-denominated senior secured loan facility of up to EUR 3.00mm. Such loan facility is secured by assignment of inventories by MT and a land charge on real estate in Lebach, Germany owned by C CON Sondermaschinen GmbH, a 100% owned subsidiary of MT. On October 9 and December 8, 2023, MT availed its first and second utilization, respectively, from AIHL under the SLFA for EUR 1.0 million each.

For the abovementioned transactions, AIHL received funding from ACIFL, which subscribed to redeemable preferred shares issued on January 2, 2024. At the Group's consolidated financial statement, the above transactions are non-event and has no financial impact.

Subsidiaries with material economic ownership interest

The principal place of business of the subsidiaries are as follows:

ALI

ALI's registered and principal place of business is at the 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

ACEIC

The principal office address is at the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City.

IMI

The registered office address is at the North Science Avenue, Laguna Technopark-Special Economic Zone (LT-SEZ), Bo. Biñan, Laguna.



Information of subsidiaries that have material non-controlling economic interests is provided below:

2024	ALI Group	ACEIC Group	IMI Group*
	(In Thousands, except for %)		
Proportion of equity interests held by non-controlling interest	48.1%	—**	47.9%
Voting rights held by non-controlling interest	27.1%	—	47.9%
Accumulated balances of non-controlling interest	₱191,993,986	₱89,366,627	₱6,954,404
Net income (loss) allocated to non-controlling interest	₱19,781,439	₱3,379,368	(₱3,301,040)
2023	ALI Group	ACEIC Group	IMI Group*
	(In Thousands, except for %)		
Proportion of equity interests held by non-controlling interest	49.0%	—**	47.9%
Voting rights held by non-controlling interest	27.7%	—	47.9%
Accumulated balances of non-controlling interest	₱175,372,107	₱88,759,953	₱10,489,890
Net income (loss) allocated to non-controlling interest	₱16,602,176	₱3,116,043	(₱2,746,204)

*Translated using the exchange rate at the reporting date (US\$1:₱57.85 and US\$1:₱55.37 on December 31, 2024 and 2023, respectively).

** While ACEIC is a wholly-owned subsidiary of the Parent Company, the material non-controlling interests within the ACEIC Group is generally attributable to the 42% ownership of the non-controlling interest in ACEN.

The summarized financial information of these subsidiaries is provided below, which are based on amounts before inter-company eliminations:

2024	ALI Group	ACEIC Group	IMI Group *
	(In Thousands)		
Statements of financial position			
Current assets	₱435,661,032	₱62,374,213	₱34,105,016
Noncurrent assets	483,093,960	332,365,427	11,761,686
Current liabilities	249,122,963	30,368,997	24,501,929
Noncurrent liabilities	311,136,214	181,140,805	8,446,788
Dividends paid to non-controlling interest	4,111,171	2,761,995	—
Statements of comprehensive income			
Revenue	178,563,089	42,401,609	63,553,876
Profit (loss) attributable to:			
Owners of the parent	28,232,553	12,515,788	(2,880,019)
Non-controlling interests	6,003,680	3,910,174	(1,577,079)
Total comprehensive income (loss) attributable to:			
Owners of the parent	28,978,644	10,938,330	(3,470,548)
Non-controlling interests	5,829,853	3,914,684	(1,582,853)
Statements of cash flows			
Operating activities	31,211,613	9,308,989	4,163,502
Investing activities	(54,683,166)	(40,374,783)	(43,386)
Financing activities	27,829,667	17,077,913	(4,132,314)
Net increase (decrease) in cash and cash equivalents	₱4,358,114	(₱13,987,881)	(₱12,198)

*Translated using the exchange rate at the reporting date (US\$1:₱57.85 on December 31, 2024)



2023	ALI Group	ACEIC Group (In Thousands)	IMI Group *
Statements of financial position			
Current assets	₱412,957,505	₱74,367,069	₱40,800,482
Noncurrent assets	433,674,977	268,608,044	15,343,858
Current liabilities	234,177,111	40,925,803	28,164,078
Noncurrent liabilities	292,526,309	128,349,964	9,386,443
Dividends paid to non-controlling interest	2,953,998	1,152,587	—
Statements of comprehensive income			
Revenue	147,076,544	43,790,146	73,296,405
Profit (loss) attributable to:			
Owners of the parent	24,507,581	12,583,030	(4,901,219)
Non-controlling interests	4,495,997	3,116,043	(630,083)
Total comprehensive income (loss) attributable to:			
Owners of the parent	23,570,587	11,533,402	(4,339,194)
Non-controlling interests	4,520,191	3,192,191	(62,531)
Statements of cash flows			
Operating activities	21,360,249	1,581,358	440,911
Investing activities	(30,186,188)	(26,115,218)	(1,894,386)
Financing activities	13,885,862	29,929,008	218,402
Net increase (decrease) in cash and cash equivalents	₱5,059,923	₱5,395,148	(₱1,235,073)

*Translated using the exchange rate at the reporting date (US\$1:₱55.37 on December 31, 2023)

3. Material Accounting Policy Information

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱) and all amounts are rounded to the nearest peso unless otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

PFRSs Accounting Standards include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100% interest.

If the options do not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements*, and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

For the years ended December 31, 2024, and 2023, the call options are accounted for in accordance with PFRS 9, *Financial Instruments*, as a derivative asset carried at FVTPL.



The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective beginning January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

The amendments clarify:

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

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

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

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

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

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

The PIC Q&A provisions pertain to 'Assessing if the transaction price includes a significant financing component' as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04).

ALI Group followed the allowed modified retrospective approach allowing it to adjust the beginning balance of retained earnings in 2024. The adjustment to the 2024 beginning balance of equity, combined effect of retained earnings and noncontrolling interest, is an increase of ₡1,348.79 million. For the year ended December 31, 2024, the ALI Group assessed that the overall impact of the adoption of the requirement of PIC Q&A No. 2018-12 pertaining to significant financing component is not material.



New standards and interpretations that have been issued but are not yet effective

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

Effective beginning on or after January 1, 2025

- *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



Effective beginning on or after January 1, 2026

• Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

• Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

○ Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

○ Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

○ Amendments to PFRS 9

a.) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b.) Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

○ Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

○ Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.



Effective beginning on or after January 1, 2027

• *PFRS 18, Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

• *PFRS 19, Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Financial Instruments

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

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income under "Interest income" or "Interest and other financing charges" unless it qualifies for recognition as some other type of asset or liability. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies under revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

If the Group revises its estimates of receipts of future cashflows, it shall adjust the gross carrying amount of the financial asset to reflect the revised estimated contractual cash flows that are discounted at the financial instrument's original EIR. The adjustment is recognized in the profit or loss as income or expense.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments, accounts and notes receivables, deposits, and debt instruments which are classified as financial assets at amortized cost.

Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition the cumulative fair value change recognized in OCI is recycled to profit or loss.

This category includes investment in bonds classified as financial assets at FVOCI.



Financial assets designated at FVOCI (equity instruments)

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

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

The Group's financial assets at FVOCI includes investments in quoted and unquoted equity instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes convertible bonds or loans, derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

Return of capital is recorded as a reduction against the investment account.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which these are entered into and are subsequently remeasured at fair value. Derivatives are



carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Group actually hedges and the quantity of the hedging instrument that Group actually uses to hedge that quantity of hedged item.

As at December 31, 2024 and 2023, the Group has designated its foreign currency swap contracts as cash flow hedges.

Hedges that meet all the qualifying criteria for cash flow hedge accounting are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognized in equity as 'Cash flow hedge reserve', while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses foreign currency swap contracts, as hedges of its exposure to foreign currency risks in its US Dollar denominated loans. The ineffective portion relating to foreign currency swap contracts is recognized as Other income.

The amounts accumulated in 'Cash flow hedge reserve' is reclassified to the consolidated statement of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statement of income.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in 'Cash flow hedge reserve' must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately recognized in the consolidated statement of income as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in equity shall be reclassified to the parent company statement of income.



Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of Income.

Impairment of financial assets

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables and a vintage analysis for residential and office development receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as non-trade receivables from related parties, receivables from officers and employees, and advances to other companies and financial assets at amortized cost (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial



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

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

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and accrued expenses, short-term debt, long-term debt, other current and non-current liabilities (other than liabilities accrued by other accounting standards such as income tax payable, provisions, etc.).

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.



Financial liabilities are classified as held for trading if they are incurred for the purposes of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to interest-bearing loans and borrowings.

Other financial liabilities

Issued financial instruments or their components, which are not designated at FVTPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Group's accounts payable and accrued expenses, dividends payables, non-trade payables, installment payable, liability for purchased land, retention payable, construction payable and subscriptions payable (other than liabilities covered by other accounting standards such as pension liability and income tax payable).

Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so



When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss. When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

For financial liabilities where the modification is not considered substantial and the original loan contains prepayment option at par with no penalty, the Group considers this as a refinancing of loan at market rate and account for the modification as a prospective adjustment of EIR with no modification gain or loss in the consolidated statement of income.

Based on the Group's assessment, modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Derecognition of financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Financial guarantee contracts

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 32 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized over the period of the guarantee.

Exchangeable bonds

The exchangeable bond is classified as a compound instrument and accounted for using split accounting. The value allocated to the equity component at initial recognition is the residual amount after deducting the fair value of the liability component from the issue proceeds of the exchangeable



bonds. Transaction costs incurred in relation to the issuance of the exchangeable bonds is apportioned between the liability and equity component based on their values at initial recognition.

Subsequently, the liability component is carried at amortized cost using the EIR method while the equity component is not revalued. When the conversion option is exercised, the carrying amount of the liability and equity component is derecognized and their balances transferred to equity. No gain or loss is recognized upon exercise of the conversion option. The difference between the liability, the equity conversion option, and the non-controlling interest is lodged under Equity Reserve.

Deposits, customers' guaranty and other deposits

Deposits, customers' guaranty and other deposits are initially measured at fair value. After initial recognition, these are subsequently measured at amortized cost using the EIR method. The difference between the cash received and its fair value is deferred (included in the "Deferred credits" account in the consolidated statement of financial position). Deposits are amortized using the straight-line method with the amortization included under the "Costs of rendering of services" account in the consolidated statement of income while customers' guaranty are amortized over the remaining concession period with the amortization included under "Interest and other financing charges" in the consolidated statement of income.

Inventories

Inventories are carried at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and conditions are generally accounted for as follows:

Real estate inventories:

- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

Vehicles – purchase cost on specific identification basis.

Finished goods and work-in-process – determined on a moving average basis; cost includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Materials, supplies and others – purchase cost on a moving average basis. NRV for real estate inventories, vehicles, finished goods and work-in-process, materials and supplies, and other inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, while NRV for materials, supplies and others represents the related replacement costs. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of income.

An allowance for inventory losses is provided for slow-moving, obsolete and defective inventories based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Distinction of inventories and investment properties

If it is in the Group's ordinary course of business (supported by its strategy) to hold property for short-term sale rather than for long-term capital appreciation or rental income, the entire property (including the leased units) is accounted for and presented as inventory. This will continue to be the case as long as it remains the intention to sell the property in the short-term. Rent received is included in "Other income" as it does not represent a reduction in the cost of inventory.



Properties intended for sale in the ordinary course of business, whether leased out or not, are outside the scope of PAS 40. However, if a property is not intended for sale, PAS 40 requires the property to be transferred from inventory to investment property when there is a change in use. The change can be evidenced by the commencement of an operating lease to another party.

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees and advertising and promotion, taxes and licenses, rentals and insurance.

Creditable Withholding Tax

This pertains to the tax withheld at source by the Group's customer and is creditable against the income tax liability of the Group.

Value-Added Tax (VAT)

Expenses and assets are recognized, net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

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

Deposits in Escrow

Deposits in escrow pertain to the proceeds from the sale of the Group's projects that have only been granted temporary License to Sell (LTS) as of reporting date. These proceeds are deposited in a local bank and earn interest at prevailing bank deposit rates.

Advances to Other Companies and Contractors and Suppliers

Advances to other companies and advances to contractors and suppliers are carried at cost less impairment losses, if any. Prepayments for the construction of investment property and property and equipment are classified as non-current asset while the portion representing prepayments for the construction of real estate inventories are reclassified as other current assets.

Noncurrent Assets Held for Sale and Discontinued Operations

Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. At reporting date, the Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

For investments in associate and joint venture, the equity method of accounting ceases from the time the investment is classified as Noncurrent assets held for sale.



A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

The related results of operations of the disposal group that qualified as a discontinued operation are separated from continuing operations.

When an entity acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met (subject to the allowed exception) and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

Extension of the period required to complete a sale

An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). An exception to the one-year requirement shall apply in the following situations which such events or circumstances arise:

- (a) at the date an entity commits itself a plan to sell a non-current asset (disposal group) it reasonably expects that others (not buyer) will impose conditions on the transfer of the asset (or disposal group) that will extend the period required to complete the sale, and:
 - (i) actions necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained; and
 - (ii) a firm purchase commitment is highly probable within one year.
- (b) an entity obtains a firm purchase commitment and, as a result, a buyer or others unexpectedly impose conditions on the transfer of a non-current asset (or disposal group) previously classified as held for sale that will extend the period required to complete the sale, and:
 - (i) timely actions necessary to respond to the conditions have been taken; and
 - (ii) a favorable resolution of the delaying factors is expected.
- (c) During the initial one-year period, circumstances arise that were previously considered unlikely and, as a result, a non-current asset (or disposal group) previously classified as held for sale is not sold by the end of that period; and:
 - (i) during the initial one-year period the entity took action necessary to respond to the change in circumstances;
 - (ii) the non-current asset (or disposal group) is being actively marketed at a price that is reasonable, given the change in circumstances; and
 - (iii) the criteria to classify non-current assets and disposal groups as held for sale are met.

Reversal of impairment loss of a Disposal Group

Any subsequent increase in fair value less costs to sell of an asset up to the cumulative impairment loss previously recognized either in accordance with PFRS 5 or in accordance with PAS 36 should be recognized as a gain. In the case of a disposal group, any subsequent increase in fair value less costs to sell should be recognized:

- a) to the extent that it has not been recognized under another standard in relation to those assets outside the scope of PFRS 5's measurement requirements; but



- b) not in excess of the cumulative amount of losses previously recognized under PFRS 5 or, before that, under PAS 36 in respect of the non-current assets in the group which are within the scope of the measurement rules of PFRS 5.

Any impairment loss (or any subsequent gain) recognized for a disposal group should be allocated to the non-current assets in the group that are within the scope of the measurement requirements of PFRS 5. The order of allocation should be:

- first, to reduce the carrying amount of any goodwill in the group; and
- then, to the other non-current assets of the group pro rata on the basis of the carrying amount of each asset in the group.

Loss of Control of a Subsidiary

If a parent company loses control of a subsidiary that constitutes a business in a transaction that is not a downstream transaction and the retained interest is an investment in an associate or joint venture, the retained interest is remeasured at its fair value, and this fair value becomes the cost on initial recognition of the investment in an associate or joint venture.

To apply the equity method from the date control is lost, the Parent Company remeasures all the identifiable assets and liabilities underlying the investment at their fair values, i.e., the Parent Company performs a new purchase price allocation.

Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as other income in the period in which the investment is acquired and is included in the carrying amount of the investment.

ACEIC Group determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

Investments in Associates and Joint Ventures

The Group's investments in associates and joint ventures are accounted for using the equity method.

The aggregate of the Group's share in net profits or loss of associates and joint ventures is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment Properties

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance, are normally charged against income in the period in which the costs are incurred.



Construction-in-progress (including borrowing cost) are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation. Construction-in-progress is not depreciated or amortized until such time that the relevant assets are completed and put into operational use.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, regardless of utilization. The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties comprised of buildings ranges from 20 to 40 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property, and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

The Group discloses the fair value of its investment properties in accordance with PAS 40. The Group engaged independent valuation specialists to assess fair value as of December 31, 2024 and 2023. The Group's investment properties consist of land and buildings pertaining to land properties, retail (malls), and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.

Property, Plant and Equipment

Property, plant and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property, plant and equipment consists of its construction cost or purchase price and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated or amortized until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.



Depreciation and amortization of property, plant and equipment commences once the property, plant and equipment are available for use and computed on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Buildings and improvements	20 to 40 years
Plant, machinery and equipment	5 to 25 years
Hotel property and equipment	20 to 50 years
Furniture, fixtures and equipment	3 to 10 years
Transportation equipment	3 to 5 years

The estimated useful life and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate. The estimated useful life of property, plant and equipment are based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The assets' residual values, useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When property, plant and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and provision for impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful life of intangible assets is assessed as either finite or indefinite.

The estimated useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Periods and methods of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

The estimated useful lives of intangible assets are as follows:

Leasehold rights	20 to 23 years
Customer relationships	5 years
Unpatented technology/intellectual properties	5 years
Developed software	3 years
Licenses	3 years
Trademarks	14 years
Feed-in tariff (FIT) contract	20 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.



Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and is recognized in the consolidated statement of income when the intangible asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset under “Project Development Cost” when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and,
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. The estimated useful life of research and project development costs is 5 years. During the period of development, the asset is tested for impairment annually.

Leases

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

Group as a lessee

Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset.

At the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Land, building and improvements	10-50 years
Transportation equipment	3-10 years
Others	5 years



Right-of-use assets are subject to impairment. Refer to the accounting policies in Impairment of non-financial assets section.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value as defined in the accounting policies of subsidiaries. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted on a straight-line basis over the lease term and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease concessions

The Group determines whether the rent concessions granted have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. Where the Group has evaluated that the rent concessions do not qualify as a lease modification, the Group accounts for the lease concessions in the form of negative variable rent which the Group records when the concession is granted, regardless of the period to which the concession pertains.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.



If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and included under "Remeasurement gain/loss arising from business combination" in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset, or liability will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of other assets or liabilities of the Group are assigned to those units or group of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable accounting has been completed from the acquisition date.



Combinations of Entities Under Common Control

Business combinations of entities under common control are accounted for using the pooling of interests' method. The pooling of interests method generally involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparative financial information is presented as if the entities had always been combined.

The effects of any intercompany transactions are eliminated to the extent possible.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and intangible assets with indefinite life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



Investments in associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee company. The Group determines at each reporting date whether there is any objective evidence that the investment in the investee company may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the Group estimates its future cash flows using key assumptions and the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The Group calculates the amount of impairment as being the difference between the recoverable amount of the investee company and the carrying cost and recognizes the amount as a reduction of the investment account and is recorded under "Provision for impairment losses" under the General and administrative expenses account in the consolidated statement of income.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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



Provisions

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

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Equity

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" (APIC) account. Direct costs incurred related to equity issuance are chargeable to APIC account. If APIC is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares and is presented as reduction from equity.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC when the shares were issued and to retained earnings for the remaining balance.

For the Preferred A and B treasury shares, the amount reflected under treasury stock pertains to par value.

Revenue and Cost Recognition

ALI Group's Revenue from Contracts with Customers

The ALI Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the ALI Group expects to be entitled in exchange for those goods or services. ALI Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces, wherein it is acting as agent, the Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.



Real estate sales

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

In measuring the progress of its performance obligation over time, ALI Group uses the output method. ALI Group recognizes revenue and the related trade receivables on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using a survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized as trade receivables under residential and office development receivables account. Any excess of collections over the total of recognized trade receivables is included in the "customer deposit" account in the liabilities section of the consolidated statement of financial position.

The Group determines whether a contract contains a significant financing component on an individual real estate contract by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate (EIR). The Group applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. For every individual real estate contract, the Group determines whether its transaction price on sale of real estate recognized over time include a significant financing component based on defined qualitative and quantitative metrics.

The calculation of financing component in a transaction price is based on various inputs such as transaction price, cash discount, payment scheme, payment amortization table, discount rate, percentage of completion to the contract provision and projected percentage of completion schedule.

Cost recognition

ALI Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs, and those indirect costs related to contract performance which are determined based on standard cost method. The standard cost method is revisited regularly and adjusted to approximate actual cost. Contract cost also includes warranties, provisions and post construction works. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Marketing fees, management fees from administration and property management are recognized as expense when services are incurred.



Hotel and resorts revenue

ALI Group recognizes room accommodation services over time since the guest simultaneously receives and consumes the services provided by ALI Group. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations

Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Construction revenue and cost

Revenue from fixed price construction contracts are recognized over time using the milestone-based revenue recognition which is in reference to output method. The output method is determined based on the start and completion of a task of the contract work inclusive of uninstalled goods and materials delivered to the site.

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

Rental income

Rental income under noncancelable and cancellable leases on investment properties is recognized on a straight-line basis over the lease term and the terms of the lease, respectively, and/or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

No rental income is recognized when ALI Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment.

The contract for the commercial spaces leased out by the ALI Group to its tenants includes the right to charge for the electricity usage, water usage, air-conditioning charges and Common Use Service Area (CUSA) charges such as maintenance, janitorial and security services.

For the electricity and water usage, the ALI Group determined that it is acting as an agent because the promise of the ALI Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the ALI Group, are primarily responsible for the provisioning of the utilities while the ALI Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the ALI Group acts as a principal because it retains the right to direct the service provider of air-conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the ALI Group has the discretion on how to price the CUSA and air-conditioning charges.

IMI Group's Revenue from Contracts with Customers

IMI Group is in the business of providing electronic manufacturing and other related services to various customers. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which IMI Group expects to be entitled in exchange for those goods or services. IMI Group has concluded that



it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Manufacturing services

IMI Group provides manufacturing services in accordance with the customer's specifications. IMI Group promises to provide a combined performance obligation comprised of non-distinct goods or services, which include issuance of materials to production, assembly, testing and packaging.

Contracts with customers are generally classified as turnkey or consignment. In a turnkey contract, IMI Group procures the materials and provides the assembly services to the customer. In a consignment contract, IMI Group only provides assembly services to the customer.

For turnkey contracts, revenue is recognized over time since the products created have no alternative use to IMI Group and IMI Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than IMI Group's failure to perform as promised.

For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time, when control of the asset is transferred to the customer, generally when goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customer.

For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as IMI Group performs its obligation.

For R&D engineering services, revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by IMI Group's performance completed to date.

Revenue from optical bonding technology and metal mesh touch sensors (VIA and VTS)

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which IMI Group expects to be entitled in exchange for those goods or services. IMI Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring to the customer.

For optical bonding services performed under the consignment model, revenue is recognized at a point in time based on the fact that the assets created have alternative use to IMI Group entities. This is when the enhancement process is finalized, the customer removes the enhanced products from the consignment stock and is invoiced, according to contract.

For the sale of products under the full-service model, revenue is recognized at a point in time when control of the products is transferred to the customers, generally on delivery of the products.

Non-recurring engineering services

Non-recurring engineering charges, tooling and other pre-production revenue stream (NREs) are recognized at a point in time since the criteria for over time recognition is not met. This is based on the assessment that while, in general, IMI Group has no alternative use for these NREs, either due to customization or restrictions by the customer, there is no assurance or relevant experience that IMI has enforceable right to payment or can recover the cost, plus reasonable margin, in case of contract termination. Point in time revenue recognition for NREs would mean revenue is recognized upon customer acceptance of the NREs (transfer of control).

IMI Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., customer options that provide material rights to customers, warranties). In determining the transaction price, IMI Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer, if any.



Variable consideration

If the consideration in a contract includes a variable amount, IMI Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Warranty obligations

IMI Group provides warranties for general repairs of defects that existed at the time of sale. The warranties provided are customary per industry practice. These assurance-type warranties are accounted for under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

IMI Group does not provide warranty beyond fixing defects that existed at the time of sale or outside of industry practice. After-sales repairs are arranged with customers separately and are accounted for as any other manufacturing service contract with customers.

ACEIC Group's Revenue from Contracts with Customers

Sale of electricity

Sale of electricity is consummated whenever the electricity generated by the ACEIC Group is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is based on sales price. Sales of electricity using bunker fuel are composed of generation fees from spot sales to the Wholesale Electricity Spot Market (WESM) and supply agreements with third parties and are recognized monthly based on the actual energy delivered.

Starting December 27, 2014, sales of electricity to the WESM using wind and solar are based on the feed-in tariff (FIT) rate under the feed-in tariff (FIT) System and are recognized monthly based on the actual energy delivered. Meanwhile, revenue from sale of electricity through ancillary services to the National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided. Revenue from sale of electricity through Retail Supply Contract is composed of generation charge from monthly energy supply with various contestable customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

The ACEIC Group identified the sale of electricity (power generation, trading and ancillary services) where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The ACEIC Group concluded that the revenue should be recognized over time since the customers simultaneously receives and consumes the benefits as the ACEIC Group supplies electricity.

Retail supply also qualifies as a series of distinct services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

For power generation and trading and retail supply, the ACEIC Group uses the actual kilowatt hours (kwh) dispatched which are also billed on a monthly basis.

For ancillary services, the ACEIC Group determined that the output method is the best method in measuring progress since actual energy is supplied to customers. The ACEIC Group recognizes revenue based on contracted and actual kwh dispatched which are billed on a monthly basis.



AC Industrials' Revenue from Contracts with Customers

AC Industrials primarily derives its revenue from sales of vehicles, parts and accessories and services. Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. AC Industrials assesses its revenue arrangements against specific criteria in order to determine whether it is acting as principal or as an agent.

Revenue from sale of vehicles, parts and accessories

Revenue from sale of vehicles, parts and accessories is recognized at the point in time when the control of the asset is transferred to the customer. Payment terms on sales of vehicles ranges from 30 to 90 days. Revenue from sale of vehicles also includes revenue from the registration services provided. Revenue is measured at the fair value of the considerations received or receivable, net of sales returns and discounts, rebates and sale taxes.

Revenue from sale of service

Revenue from services and others include vehicle repairs, rustproofing, incentives from insurance and financing. Revenue from sales of services is recognized overtime and payment is generally due upon completion of the units and acceptance of the customer.

AC Industrials considers whether there are other promises in the contract that are separate performance obligation to which a portion of the transaction price needs to be allocated. In determining the transaction price of multiple performance obligation identified in one contract, allocation is based on relative stand-alone selling price of each of the promised goods or services.

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

AC Industrials considers "Customers' deposits", which are presented under 'Other current liabilities' in the liabilities section of the consolidated statement of financial position as contract liabilities.

Revenue from sale of services

Revenue from services and others include vehicle repairs, rust proofing, incentives from insurance and financing and management fee. Revenue from sales of services is recognized overtime and payment is generally due upon completion of the units and acceptance of the customers.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

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

Contract liabilities

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



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

Costs to obtain a contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of sales" account in the consolidated statement of income.

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

IMI Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. IMI Group has elected to apply the optional practical expedient for costs to obtain a contract which allows IMI Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortization period of the asset that IMI Group otherwise would have used is one year or less.

Amortization, derecognition and impairment of capitalized costs to obtain a contract

ALI Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within Cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, ALI Group determines whether there is an indication that cost to obtain a contract may be impaired. If such indication exists, ALI Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that ALI Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, ALI Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, their judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.



Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Expenses

Expenses are recognized in the consolidated statement of income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income: On the basis of a direct association between the costs incurred and the earning of specific items of income; On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset. Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties", "Property, plant and equipment" and "Service concession assets" accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion.

Pension Cost

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with the option to accelerate when significant changes to underlying assumptions occur.

Defined benefit costs comprise the following:

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



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined contribution plan

IMI

IMI's subsidiaries in Singapore, China and Hong Kong, Czech Republic, Mexico, Germany, and UK participate in the respective national retirement schemes defined by the laws of the countries in which it has operations. These retirement schemes are considered as defined contribution plans. A defined contribution plan is a plan under which the subsidiary pays fixed contributions. Each subsidiary has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The required contributions to the national retirement schemes are recognized as retirement expense as accrued.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.



Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of reporting date. Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

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

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

For periods where the income tax holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the subsidiary neither results in a deductible temporary difference nor temporary taxable difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.



Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated statement of financial position and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated statement of financial position and recognized as income in equal amounts over the period of depreciation of the related asset.

Foreign Currency Transactions

The functional and presentation currency of the Parent Company and its subsidiaries (except for AYCFL, ACIFL, PFIL, BHL, AIVPL and IMI), is the Philippine Peso (₱). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are recognized in the consolidated statement of comprehensive income until the disposal of the net investment, at which time they are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

The functional currency of AYCFL, ACIFL, PFIL, BHL, AIVPL and IMI is the US Dollar (US\$). As of the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date and their statement of income accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity as "Cumulative Translation Adjustments". On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in the consolidated statement of income.

Exchange differences arising from elimination of intragroup balances and intragroup transactions are recognized in profit or loss. As an exception, if the exchange differences arise from intragroup balances that, in substance, forms part of an entity's net investment in a foreign operation, the exchange differences are not to be recognized in profit or loss but are recognized in OCI and accumulated in a separate component of equity until the disposal of the foreign operation. Where circumstances have changed such that the entity decides that the monetary item is planned or is likely to be settled in the foreseeable future and ceases to form part of the net investment in a foreign operation, exchange differences that arise after that date are recognized in profit or loss.

On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that foreign operation shall be recognized in profit or loss.

The Group's share in the translation adjustments of associates and joint ventures are likewise included under the "Cumulative Translation Adjustments" account in the consolidated statement of comprehensive income.

Cash Dividend and Non-cash Dividend to Equity Holders of the Parent Company

The Parent Company recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the dividend is appropriately authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

For the non-cash dividend distribution, the liability is measured at the acquisition cost of the asset to be distributed. At Group level, the dividend is based on the Parent Company's acquisition cost.



Share-based Payments

The Group has equity-settled, share-based compensation plans with its employees.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will ultimately vest. Fair value is determined by using the Binomial Tree and Black-Scholes model, further details of which are provided in Note 28 to the consolidated financial statements.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the awards ('vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 26).

Employee share purchase plans

The Parent Company and certain subsidiaries have employee share purchase plans (ESOWN) which allow the grantees to purchase the Parent Company's and its respective subsidiaries' shares on installment payment plan. The Group recognizes stock compensation expense over the holding period. These are accounted for similar to the PFRS 2 options. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. The Group treats its ESOWN plan as option exercisable within a given period. For the measurement of the fair value of options at the grant date, the Parent Company uses a Black-Scholes Merton Formula. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to common equity owners of the Parent Company by the weighted average number of common shares issued and outstanding during the year. The net income attributable to common equity owners of the Parent Company is net of dividends attributable to preferred equity holders.

Diluted EPS is computed by dividing net income attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all



the dilutive potential common shares. Calculation of diluted EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

Operating Segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 29 to the consolidated financial statements.

Contingencies

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

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

4. Significant Accounting Judgments, Assumptions and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

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

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the identification of a contract, determination of the performance obligation and amount as well as timing of revenue from contracts with customers.

ALI Group

Existence of a contract

ALI Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other duly executed and signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of ALI Group before revenue recognition is to assess the probability that ALI Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial



payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

ALI Group concluded that revenue for real estate sales is to be recognized over time because: (a) ALI Group's performance does not create an asset with an alternative use; and (b) ALI Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on ALI Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, ALI Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to ALI Group. ALI Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

ALI Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts ALI Group's performance in transferring control of real estate development to the customers.

Sale of real estate receivables

ALI Group has entered into arrangements with banks wherein it discounted its real estate receivables without recourse. ALI Group believes that the sales transactions are not more than infrequent and that the receivables discounted is insignificant in value both individually and in aggregate. Accordingly, ALI Group continues to present trade receivables at amortized cost as it remains to hold trade receivables with the objective of collecting contractual cash flows until maturity.

IMI Group

Identifying contracts with customers

Generally, a valid and approved manufacturing service agreement (MSA), scheduling agreement (SA), customer accepted quote, customer forecast, and/or customer purchase order or firm delivery schedule will be in place before IMI Group provides services or manufacture goods for the customers. IMI Group is not obligated to transfer any goods or provide services until the customer submits a purchase order or firm delivery schedule under the MSA or SA, respectively. The purchase order or firm delivery schedule creates the enforceable rights and obligations and is therefore evaluated together with the MSA or SA for revenue recognition in accordance with PFRS 15.

Determining the timing of revenue recognition

IMI Group assessed that revenue from manufacturing of goods shall be recognized over time or point in time. For turnkey contracts wherein the products created have no alternative use to IMI Group and IMI Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than IMI Group's failure to perform as promised, revenue is recognized over time. For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time. For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as IMI Group performs.



Determining the method to measure progress for revenue recognized over time

IMI Group measures progress towards complete satisfaction of the performance obligation using an input method (i.e., costs incurred). Management believes that this method provides a faithful depiction of the transfer of goods or services to the customer because IMI Group provides integration service to produce a combined output and each item in the combined output may not transfer an equal amount of value to the customer.

Provision for expected credit losses

The Group applied the following judgments that significantly affect its assessment of expected credit losses for its financial assets:

Definition of default and credit-impaired financial assets

ALI Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criterion – for residential, commercial and office development receivables, the customer received a notice of cancellation and does not continue the payments.

Qualitative criteria – the customer meets unlikelihood to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent;
- b. The customer is in breach of financial covenant(s);
- c. An active market for that financial asset has disappeared because of financial difficulties;
- d. Concessions have been granted by ALI Group, for economic or contractual reasons relating to the customer's financial difficulty (e.g. Bayanihan Acts I and II considerations); or
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization.

The criteria above have been applied to the financial instruments held by ALI Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout ALI Group's expected loss calculation.

Incorporation of forward-looking information

ALI Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, ALI Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on ALI Group's evaluation and assessment and after taking into consideration external actual and forecast information, ALI Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by ALI Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, ALI Group carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

ALI Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.



Significant increase in credit risk

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors.

The Group's cash in bank and cash equivalents and short-term investments are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Distinction of land between real estate inventories and investment properties

ALI Group determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, ALI Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and even if the real estate inventories are leased out, the classification remains on the condition that the intent to sell remains. All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

Investments in subsidiaries

The Group determined that it has control over its subsidiaries (see Note 2) by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

Consolidation of entities in which the Group holds only 50% or less than majority of voting rights

The Group considers that it controls certain entities even though it owns 50% or less than majority of the voting rights. Control is achieved when exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee.

Investments in associates

The Group determined that it exercises significant influence over its associates (see Note 10) by considering, among others, its ownership interest, board representation and participation on board sub-committees, and other contractual terms.

Investments in joint ventures

The Group's investments in joint ventures (see Note 10) are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interest on these arrangements, their respective joint arrangement agreements require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

The Group considers an associate and a joint venture as a material interest if its net assets exceed 5% of the total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the investee compared to other operations of the Group.



Non-controlling interests

The Group considers a subsidiary as a subsidiary with material NCI if the net assets attributable to NCI exceed 5% of the total consolidated net assets of the subsidiary as of reporting period and considers the relevance of the nature of activities of the investee compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group.

Product development costs

This includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.

Intangible assets not yet available for use are tested for impairment following the value-in-use approach. The recoverable amounts of these product development costs and related property, plant and equipment have been determined using cash flow projections from financial budgets approved by management covering a 5-year period, which is within the expected life cycle of the projects. The pretax discount rates applied to cash flow projections range from 7.60% to 14.31%.

Significant delay in the mass production of one project resulted to impairment of the related capitalized development cost. The comparison of the recoverable amounts and the carrying amounts of the product development costs and related property, plant and equipment resulted to no additional impairment loss in 2024 and 2023. Research expenditure recognized as expense amounted to US\$3.85 million (₱222.7 million), US\$5.27 million (₱291.8 million), and US\$5.24 million (₱292.5 million) in 2024, 2023 and 2022, respectively.

Property acquisitions and business combinations

The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Accounting for business combination

Where an asset is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the asset. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Otherwise, corporate acquisitions are accounted for as business combinations. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is included under "Remeasurement gains" in the consolidated statement of income. For previously held equity interest designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition, cumulative gains and losses at the acquisition date are reclassified to retained earnings.



The acquisitions of the Group were accounted for as business combinations (see Note 23).

Foreign-currency transactions

ACEIC Group treats specific intragroup loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment in foreign operation, and the exchange differences are recognized in OCI and forms part of the Cumulative Transaction Adjustments equity account. Management exercises significant judgment in assessing whether the intragroup loan balances are not intended to be settled in the foreseeable future and whether subsequent circumstances have triggered the change in management's intention on the planned settlement of the loan.

Contingencies

The Group is currently involved in various legal proceedings in the ordinary conduct of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with internal and external counsel handling the defense in these matters and is based upon an analysis of potential results.

The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial position and results of operations (see Note 36).

Recognition of deferred tax liabilities on taxable temporary differences arising from investments in foreign subsidiaries, associates and joint ventures

The Group did not recognize deferred tax liabilities on the taxable temporary differences arising from undistributed earnings, cumulative translation adjustment and OCI accounts of its foreign subsidiaries, associates and joint ventures since management believes that the timing of the reversal of these taxable temporary differences can be controlled by the Group and management does not expect reversal of these taxable temporary differences in the foreseeable future.

Determination of lease term of contracts with renewal and termination options – Group as a lessee
ALI Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

ALI Group has several lease contracts that include extension and termination options. ALI Group applies judgment in evaluating whether the provisions to renew or terminate the lease are enforceable. For leases where ALI Group has the unilateral option to renew or terminate, it then applies judgment on whether it is reasonably certain or not to exercise the option. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, ALI Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements

Upon adoption of IFRIC 23, ALI Group has assessed whether it has any uncertain tax position. ALI Group applies significant judgement in identifying uncertainties over its income tax treatments. ALI Group determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

IMI Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable profits. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is



based on various factors, such as experience on previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the entities within the Group.

ACEIC Group

Determining control over an investee

The ACEIC Group determines control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the ACEIC Group controls an investee if and only if the ACEIC Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The ACEIC Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on its subsidiaries.

Loss of control over ACEHI Netherlands and SLTEC

Management has exercised significant judgement in assessing that the Group has lost control over ACEHI Netherlands and SLTEC on the basis of the following, as applicable:

- It does not any have voting and economic rights over the investee
- The call option is considered non-substantive as it exercisable beginning only 2031-2040
- The AMA and O&M agreements are considered service contracts arrangements

Gain of control over UPC-ACE Australia

Management has assessed that ACRI has obtained control over UPC -ACE Australia upon UPCAPH execution of proxy rights in favor of ACRI. Management has assessed that at the time of control, its previously held interest is at 80% and that its FV is determined based on management's valuation.

ACEIC Group's Receivables

ACEIC Group's receivables include its affiliated subordinated indebtedness (ASI) loan to its affiliate, GNPK, and the receivables from PPLC arising from the first tranche divestment of Kauswagan Power Holdings Limited Co. (KPHLC) which will be collected on a deferred basis. Management assessed that these receivables qualified as debt instruments. These are held by ACEIC Group within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset gives rise on specified dates to cash flows which are reflective of basic lending arrangements.

Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchase price allocation and goodwill

The Group made several acquisitions accounted for using the acquisition method, including initial recognition of retained interest of investment in associates, which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair values of the acquiree's identifiable



assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisitions have resulted in gain on bargain purchase and goodwill. See Note 23 for related balances.

The Group determined the fair value of the net assets of the investee companies for the finalization of the purchase price allocation.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred; the Group re-assesses whether it has correctly identified all the assets acquired, and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Fair value measurement of retained interests

In the determination of fair value of the retained interest in its acquisition, management determined the appropriate techniques and inputs for fair value measurements. The remeasurement gain was calculated on a preliminary basis using the transaction price or fair value to establish the fair value of retained interests (see Notes 2 and 23).

Revenue recognition on real estate projects

ALI Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. ALI Group's revenue from real estate is recognized based on the percentage of completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Following the pattern of real estate revenue recognition, the cost to obtain contract (e.g. commission), is determined using the percentage-of-completion.

Provision for expected credit losses of trade receivables and contract assets

ALI Group uses a provision matrix to calculate ECLs for trade receivables other than the residential, commercial and office development receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on ALI Group's historical observed default rates. ALI Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation rate and Gross Domestic Product (GDP) growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



ALI Group uses vintage analysis approach to calculate ECLs for residential, commercial and office development receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. ALI Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The information about the ECLs on ALI Group's trade receivables are disclosed in Note 7. For the other trade receivables and contract assets, the Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For ACEIC Group, qualitative criterion is in place such as forbearance offered to customers in financial difficulty, as ACEIC Group complies with the Department of Energy circulars on granting extensions on deferment of payments and obligation. The changes in economic activity brought about by lowering of WESM prices have resulted in lower electricity demand and consumption. Consequently, this affected the revenue targets of the Distribution Companies, Generation Companies, and Retail Energy Sales (RES) business units. However, projects under FIT were not affected by the movements in the WESM prices.

The review considered the macroeconomic outlook, client and customer/borrower credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date.

Although lifetime expected credit losses are determined collectively, trade receivables and contract assets are also assessed individually based on default or delinquencies and possibility of financial difficulties or possibility of bankruptcy of the customers.

Further details are provided in Note 32.

Evaluation of net realizable value of inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories and land and improvements, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.



NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell.

In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Further details on inventories are provided in Note 8.

Evaluation of impairment of nonfinancial assets

The Group reviews investments in associates and joint ventures, investment properties, property, plant and equipment, right-of-use assets, service concession assets, goodwill and intangible assets for impairment of value. Impairment for goodwill and intangible assets with indefinite life are assessed at least annually. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. For investments in associates and joint ventures, fair value less costs to sell pertain to quoted prices (listed equities) and to fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments in associates and joint ventures, investment properties, plant, property, and equipment, right-of-use assets, service concession assets and intangible assets.

For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows.

The Group has recognized impairment loss on its investment in associates and joint ventures amounted to ₦8,140.1 million, ₦949.9 million and ₦3,139.4 million in 2024, 2023 and 2022, respectively (see Note 22).

Recoverable amounts of investments in associates that have been recognized impairment loss in 2024 and 2023 was based on share price of \$0.08 and \$0.07, respectively. Recoverable amounts of investments in associates and joint ventures that have been recognized impairment losses recognized in 2024 and 2023 were based on its value in use with discount rates of 7.60% to 14.52%. and long-term growth ranging from 1% to 11%.

Further details on investments in associates and joint ventures, investment properties, property, plant and equipment, goodwill and intangible assets and right-of-use assets are provided in Notes 10, 11, 12, 13, 14 and 30, respectively.

Determining the fair value of investment properties

The Group discloses the fair values of its investment properties. The Group engaged independent valuation specialists to assess fair value as at December 31, 2024 and 2023. The Group's investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Further details on investment properties assets are provided in Note 11.



Deferred tax assets

The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected financial performance in assessing the sufficiency of future taxable income.

Further details on deferred tax assets are provided in Note 25.

Share-based payments

The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Parent Company and certain subsidiaries.

Further details on the share-based payments recognized by the Group are provided in Note 28.

Defined benefit plans (pension benefits)

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

In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 27.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Further details about the fair value of financial instruments are provided in Note 33.

Fair value measurement of receivables and retained interests

In the determination of fair value of receivable from PPLC and the retained interest in KPHLC, management determined the appropriate techniques and inputs for fair value measurements. Management estimates the amount and timing of the future cash inflows based on the distributable proceeds that will be received by PPLC from GNPK and GN Power Dinginin Ltd. Co. (GNPD) which is based on the priority payment waterfall provisions of the divestment agreement. A discount rate is applied to the cash flow projections to establish the net present value of the receivables and retained interests.

Likewise, in the determination of the EIR of the ASI loan, management estimates the amount and timing of the future cash inflows based on the distributable proceeds of GNPK.



Valuation of ASI loan and PPLC receivables

Subsequent to initial recognition, management revises its estimates of receipts of future cashflow from the ASI loan and PPLC receivables based on the distributable proceeds from GNPK and GNPD which is based on the priority payment waterfall provision of the divestment agreement and the management prepared forecast of future cashflows. Management has also exercised judgments in estimating the maturity dates of these loan / receivable when full collection will be made based on the terms and conditions of the loans / receivables.

Leases – Estimating the incremental borrowing rate

The Group uses its incremental borrowing rate to measure liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Refer to Note 30 for the balance of the lease liabilities.

5. Cash and Cash Equivalents

This account consists of the following:

	2024	2023
(In Thousands)		
Cash on hand and in banks (Note 32)	₱26,849,019	₱26,026,326
Cash equivalents (Note 32)	48,652,717	48,757,896
	₱75,501,736	₱74,784,222

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates.

Foreign currency-denominated cash and cash equivalents amounted to ₱29,180.3 million and ₱29,519.6 million as of December 31, 2024 and 2023, respectively (see Note 32).

Interest income earned from cash in banks and cash equivalents amounted to ₱951.5 million, ₱1,354.3 million and ₱674.5 million in 2024, 2023, and 2022, respectively (see Note 22).

6. Short-term Investments

Short-term investments pertain to money market placements made for varying periods of more than three months but less than one year and earn interest ranging from 0.25% to 6.25% per annum in 2024 and 0.06% to 6.25% per annum in 2023.

As of December 31, 2024 and 2023, the Group’s short-term investments amounted to ₱723.6 million and ₱1,426.6 million, respectively. Interest income arising from these investments amounted to ₱2,102.1 million, ₱1,702.2 million and ₱401.9 million in 2024, 2023, and 2022, respectively (see Note 22).



7. Accounts and Notes Receivable

This account consists of the following:

	2024	2023
	(In Thousands)	
Trade:		
Real estate and hotels	₱163,974,220	₱138,484,368
Industrial technologies	13,463,413	15,223,933
Power	7,374,170	9,648,225
Logistics	3,457,096	3,056,615
Automotive	3,063,685	2,522,659
International and others	2,665,715	2,410,907
Receivable from related parties (Note 31)	770,987	828,572
Outsourcing	580,387	513,265
Nontrade:		
Receivable from related parties (Note 31)	37,668,909	29,290,276
Advances to other companies	32,130,313	40,813,774
Receivable from PPLC (Note 24)	29,445,220	26,555,264
Accrued interest receivable	18,669,490	8,774,260
Receivable from officers and employees	2,080,209	2,281,708
Dividend receivables (Note 31)	761,517	1,292,270
Others (Note 31)	2,346,568	4,590,341
	318,451,899	286,286,437
Less allowance for expected credit losses	9,028,398	7,391,802
	309,423,501	278,894,635
Less noncurrent portion	151,065,379	119,341,363
	₱158,358,122	₱159,553,272

The classes of trade receivables of the Group are as follows:

Real estate and hotels

Real estate receivables consist of:

- Residential, commercial and office development – pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments.
- Corporate business - pertain to lease receivables from office and factory buildings and receivables from sale of industrial lots
- Shopping centers - pertain to lease receivables from retail spaces
- Construction contracts - pertain to receivables from third party construction projects
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the prevailing market rates. Titles to real estate properties are transferred to the buyers only once full payment has been made.

Receivables from corporate business, construction contracts, shopping centers and management fees are collectible based on various terms of payments either monthly or quarterly upon billing.



ALI Group sold residential receivables on a without recourse basis to partner mortgage banks, which include Bank of the Philippine Islands, a related party, totaling ₱14,782.2 million in 2024 and ₱15,110.4 million in 2023. These were sold at a discount with total proceeds of ₱13,076.3 million and ₱13,303.6 million, respectively. The Group recognized loss on sale (under "Other expenses") amounting to ₱1,705.9 million and ₱1,806.8 million in 2024 and 2023, respectively (see Note 22).

Interest Income from real estate amounted to nil, ₱5,359.5 million and ₱6,695.0 million in 2024, 2023 and 2022, respectively (see Note 21).

Industrial technologies

Pertain to receivables arising from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

Power

Power generation receivables pertain to ACEIC Group's receivable from Independent Electricity Market Operator of the Philippines, National Grid Corporation of the Philippines (NGCP), National Transmission Corporation (TransCo) for the FIT and from the Group's bilateral customers. Significant portion of outstanding balance pertains to receivables from MERALCO Baseload, Mid-Merit PSAs and FIT system adjustments. It consists of both noninterest-bearing and interest-bearing receivables. The term is generally 30 to 60 days.

Noncurrent trade receivables which consist of refundable amount from Philippine Electric Market Corporation (PEMC) and FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period. FIT system adjustments are discounted using the PHP BVAL Reference rates - government securities with imputed credit spread of from 0.18% - 0.20% on top of the BVAL, based on the annual credit spread of 10-12bps was used to compute for the discounted net receivable as of December 2024. The PHP credit spread was derived as the difference between comparable government-owned and controlled companies' rate less risk-free rate.

Logistics

Pertain to AC Logistics' Group trade receivables which are noninterest-bearing and are generally 30 to 120 days' terms.

Automotive

Automotive receivables relate to sale of passenger cars, motorcycles and commercial vehicles and are collectible within 30 to 90 days from date of sale.

International and others

International and other receivables arose from investments in overseas property companies and projects, charter services, agri-business and others and are generally on 30- to 60- day terms.

Outsourcing

Outsourcing receivables arise from venture capital for technology businesses; provision of value-added content for wireless services, online business-to-business and business-to-consumer services; electronic commerce; technology infrastructure sales and technology services; and onshore- and offshore-outsourcing services and are normally collected within 30- to 60- days from invoice date.

The nature of the nontrade receivables of the Group follows:

Advances to other companies

ALI

Advances to other companies includes ALI's advances to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The advances are noninterest-bearing and are liquidated when the proceeds from the sale of the related projects are applied. These advances to other companies are collectible over a fixed term or on demand.



Advances to other companies also includes receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances made by North Triangle Depot Commercial Corporation (NTDCC) to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement. As of December 31, 2024 and 2023, receivables including interest from MRTDC shareholders amounted to ₱238.8 million and ₱309.5 million, respectively.

On December 17, 2014, NTDCC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables). Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from ALI Group. Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

AC Industrial

In 2019, AC Industrials extended a loan to Roadworthy Cars, Inc. (RCI) amounting to ₱1,605.0 million at an effective interest rate of 7.68% per annum. Nominal interest for the covering period of 10 years shall accrue beginning April 1, 2022 and shall be paid by RCI beginning on the second anniversary of the commencement of business of KPMC. For the succeeding years until the repayment date, interest on the principal amount of the loan shall accrue with respect to the outstanding amount of the loan.

On December 17, 2024, AC Industrials and RCI executed a Share Purchase Agreement (SPA) for the sale of the 105,000 Preferred A shares of RCI in KP Motors Corporation (KPMC) amounting to ₱2,315.5 million to AC Industrials which shall be executed in tranches from December 2024 until December 2028.

Pursuant to the SPA, on December 17, 2024, AC Industrials and RCI signed a Deed of Absolute Sale for the sale of RCI's 18,900 Preferred A Shares amounting to ₱416.8 million to ACI. On the same date, an Irrevocable Proxy and Declaration of Trust over the 105,000 RCI shares in KPMC were executed. The proceeds from the sale of KPMC shares shall be applied in tranches of the same amount to the outstanding receivable from RCI from December 2024 until December 2028.

The remaining 86,100 Preferred A shares of RCI in KPMC shall be covered by separate Deeds of Absolute Sales to be executed from 2025 until 2028. While the Bureau of Internal Revenue e-Certificate Authorizing Registration covering the sale of RCI's 18,900 Preferred A Shares to AC Industrials had already been issued, the certificate is still being revised to reflect the correct stock certificate number.

Loans receivable from RCI amounted to ₱1,898.7 million and ₱2,105.1 million as of December 31, 2024 and 2023, respectively. The ₱104 million provision for expected credit losses provided in 2022 was reversed in 2024.

ACEIC

On December 22, 2020, ACEIC signed the Affiliated Subordinated Indebtedness (ASI) agreement with GN Power Kauswagan Ltd. Co. (GNPK) for US\$200.0 (₱9,607.2 million). The ASI loan is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50% which shall accrue starting January 1, 2021. The maturity date of the loan is the later of the (1) the final maturity date of the GNPK Senior Loans (due 2031); and (2) the full payment on, and redemption of full interest of a partner in GNPK and in GNPK's Parent Company, KPHLC under the limited partnership agreements. GNPK's payment of the interest on the ASI loan and the principal shall follow the repayment waterfall stipulation in the ASI loan agreement. Any unpaid interest shall accrue interest (see Note 31)



Interest income from ASI loan amounted to ₱1,375.4 million and ₱1,140.8 million for the years ended December 31, 2024 and 2023. Outstanding receivable amounted to ₱11,602.8 million and ₱11,113.4 million as of December 31, 2024 and 2023, respectively (see Note 31). In 2023, following the completion of sale of KPHLC, the receivable from related parties was reclassified to 'Advances to Other Companies'.

In 2022, ACEIC Group and UPC Renewables Asia Pacific Holdings Limited (UPCAPH) entered into an interest-bearing loan facility to fund the payment of UPCAPH Subscription Agreement. The interest-bearing loan has a total facility of US\$85.4 million (₱5,010.0 million) and bears annual fixed rate interest and payable upon maturity. The loan is repayable on completion of the second and final tranche of ACRI's acquisition of ACEN Australia.

In February 2023, the principal amount and interest were fully paid amounting to US\$85.4 million (₱4,641.9 million).

In 2024, ACEIC Group recognized additional allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting to US\$1.0 million (₱55.9 million) and US\$1.8 million (₱103.4 million) respectively. Allowance for expected credit losses on accrued interest receivable of investment in convertible loan to Vietnam Wind Energy Limited (Vietnam Wind) amounted to US\$15.6 million (₱1,053.9 million). Allowance provided to other receivables amounted to ₱6.3 million.

In 2023, ACEIC Group recognized allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting US\$13.98 million (₱812.6 million) and US\$6.1 million (₱327.6 million) respectively. Net reversals of other credit losses amounted to ₱15.5 million in 2023.

Receivable from related parties

The terms and conditions of receivable from related parties are disclosed in Note 31.

Receivables from PPLC

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis. On September 30, 2021, after all conditions precedent have been met, ACEIC executed the divestment. The receivables from PPLC and affiliates arising from the first tranche sale amounted to ₱9,638.6 million. The receivable from PPLC is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50%. The maturity date of the loan is December 31, 2031. The amount and timing of collection is based on the priority payment waterfall provisions of the divestment agreement. Any unpaid interest shall accrue interest.

On June 30, 2023, the sale of 100% interest in ACE (BVI) D, Inc., ACE (BVI) F, Inc. and ACE (BVI) T, Inc. and 88.38% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPK (second tranche sale) was completed. The completion of the second tranche sale resulted in a gain of ₱1,261.91 million for the year ended December 31, 2023, which is presented under "Other income" in the consolidated statement of income. Total proceeds for the second tranche sale amounted to ₱13,898.5 million and was included as part of Receivable from PPLC. As of June 30, 2023, the Parent Company, through ACEIC has fully divested its interest in GNPK.

On September 19, 2024, the ACEIC Group received payment amounting to US\$20.25 million (₱1,134.44 million). Interest income of US\$51.38 million (₱2,950.36 million) and US\$46.28 million (₱2,571.45 million) in 2024 and 2023, respectively, is reported under "Accrued interest receivable" account. As of December 31, 2024 and 2023, the outstanding interest amounted to US\$97.66 million (₱5,648.95 million) and US\$46.28 million (₱2,571.43 million), respectively.



As at December 31, 2024 and 2023, receivable from PPLC amounted to ₦29,445.2 million and ₦26,555.3 million, respectively (see Note 24).

Starting January 2025, ACEIC will adopt a new approach to calculate the receivables from PPLC and ASI Loans whereby probability of collection is considered:

1. Effective interest rate (EIR) is kept constant i.e., 2023 rates
2. Updated cash flows are discounted at the same rate as the EIR
3. Receivables are adjusted to reflect item 2 above

This new approach will be adopted prospectively and will have no effect on 2024 amounts.

Accrued interest receivable

This account represents ACEIC Group's interest receivable pertaining to redeemable preferred shares, convertible loans, bridge financing, development loans and certain trade accounts with related parties and other third parties.

Receivables from officers and employees

Receivable from officers and employees pertain to housing, car, salary and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing (6.0% to 10.0% annum) and have various maturity dates.

Dividend receivables

Pertains to dividend receivable from associates and joint ventures. These receivables are non-interest bearing and collectible within the year.

Others

Other receivables include the following:

Receivable from the sale of interest in MWC amounting to ₦5,953.8 million and ₦4,777.3 million as of December 31, 2024 and 2023, respectively (see Note 24).

Accrued interest receivable from cash in bank and cash equivalents and short-term investment and other nontrade receivables from non-related entities which are non-interest bearing and are due and demandable.



Movements in the allowance for expected credit losses are as follows (amounts in thousands):

	2024					
	Real Estate and Hotels	Industrial Technologies	Power	Outsourcing	Automotive and Others	Total
At January 1	₱2,783,716	₱240,250	₱1,283,602	₱24,507	₱3,059,727	₱7,391,802
Provisions during the year (Note 22)	248,303	4,935	1,222,264	8,906	1,526,712	3,011,120
Write-offs (Note 2)	-	(11,327)	-	-	(1,141,883)	(1,153,210)
Reversals/adjustments	-	13,501	-	-	(175,810)	(162,309)
Reclassification/others	(17,496)	(156,451)	22,508	29,926	62,508	(59,005)
At December 31	₱3,014,523	₱90,908	₱2,528,374	₱63,339	₱3,331,254	₱9,028,398

*Disclosure of individually and collectively impaired receivables is not required under PFRS 9.

	2023					
	Real Estate and Hotels	Industrial Technologies	Power	Outsourcing	Automotive and Others	Total
At January 1	₱2,539,403	₱232,898	₱168,996	₱18,107	₱2,467,413	₱5,426,817
Provisions during the year (Note 22)	414,334	84,969	1,124,733	6,675	88,300	1,719,011
Write-offs	-	(8,903)	-	4,723	(31,430)	(35,610)
Reversals/adjustments	-	2,438	-	-	25,762	28,200
Reclassification/others	(170,021)	(71,152)	(10,127)	(4,998)	509,682	253,384
At December 31	₱2,783,716	₱240,250	₱1,283,602	₱24,507	₱3,059,727	₱7,391,802

*Disclosure of individually and collectively impaired receivables is not required under PFRS 9.



8. Inventories

This account consists of the following:

	2024	2023
	(In Thousands)	
At cost:		
Residential and commercial lots	₱117,722,517	₱102,006,924
Residential and condominium units and offices	108,837,561	107,309,587
Materials and supplies	11,444,726	14,564,347
Vehicles	3,767,887	2,593,347
Work-in-process	1,467,337	1,257,960
Finished goods	931,699	970,252
Others	468,344	1,001,120
	244,640,071	229,703,537
At NRV:		
Materials and supplies	2,309,064	963,917
Work-in-process	365,604	530,287
Finished goods	438,045	81,434
	3,112,713	1,575,638
	₱247,752,784	₱231,279,175

A summary of the movements of real estate inventories is set out below.

<u>2024</u>	Residential and Commercial Lots	Residential and Condominium units and Offices	Total
Balances at January 1	₱102,006,924	₱107,309,587	₱209,316,511
Land acquired during the year	643,150	-	643,150
Construction/development costs incurred	42,154,642	40,104,709	82,259,351
Disposals (recognized as cost of sales)	(25,146,250)	(38,576,735)	(63,722,985)
Transfers from (to) investment properties (Note 11)	(1,935,950)	-	(1,935,950)
Balances at December 31	₱117,722,517	₱108,837,561	₱226,560,077

<u>2023</u>	Residential and Commercial Lots	Residential and Condominium units and Offices	Total
Balances at January 1	₱80,333,349	₱100,015,125	₱180,348,474
Land acquired during the year	1,199,504	2,463,676	3,663,180
Construction/development costs incurred	34,152,455	27,047,588	61,200,043
Disposals (recognized as cost of sales)	(23,080,093)	(22,216,802)	(45,296,895)
Transfers from (to) investment properties and other assets - net (Note 11)	9,401,709	-	9,401,709
Balances at December 31	₱102,006,924	₱107,309,587	₱209,316,511

The Group recognized provision for inventory obsolescence amounting to ₱887.9 million, ₱518.8 million and ₱223.6 million in 2024, 2023 and 2022, respectively. The provision is included under "General and administrative expenses" in the consolidated statements of income (see Note 22).

The cost of the inventories carried at NRV amounted to ₱4,006.6 million and ₱2,444.6 million as of December 31, 2024 and 2023, respectively. Write-down of inventories amounted to ₱527.5 million in 2024 and nil in 2023 and 2022 (see Note 22).



Inventories recognized as cost of services and goods sold amounted to ₱131,795.1 million, ₱121,884.4 million and ₱117,004.0 million in 2024, 2023, and 2022, respectively, and were included under "Costs of rendering services and goods sold" in the consolidated statements of income (see Note 22).

9. Other Current Assets

This account consists of the following:

	2024	2023
	(In Thousands)	(In Thousands)
Advances to contractors and suppliers	₱25,455,263	₱29,122,391
Prepaid expenses	23,756,356	22,169,509
Creditable withholding tax	17,805,306	14,525,602
Input VAT	14,581,198	17,019,639
Financial assets at FVTPL (Note 33)	11,313,625	7,307,324
Deposits in escrow	2,367,973	1,491,489
Contract assets	2,219,578	3,103,954
Derivative assets (Notes 32 and 33)	389,630	177,951
Restricted cash	-	8,827,833
Others	4,337,380	4,706,546
	₱102,226,309	₱108,452,238

Advances to contractors and suppliers

Advances to contractors and suppliers represent prepayments for the construction of inventories. These are recouped from billings which are expected to occur in a short period of time.

Prepaid expenses

Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. ALI's cost to obtain contracts which includes prepaid commissions and advances to brokers amounted to ₱2,364.6 million and ₱3,443.8 million in 2024 and 2023, respectively. In line with ALI Group's accounting policy, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract specific key performance indicators that could trigger variable consideration, or service credits (see Note 15).

Input VAT

Input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Creditable Withholding Tax

The Group will be able to apply the creditable withholding taxes against income tax payable.

Restricted cash

Restricted cash pertain to the restricted cash in escrow account of ACEIC Group as part of the proceeds from the issuance of redeemable preferred shares. Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures (the "Escrow Requirement"). As of December 31, 2024, the Group has fully disbursed the cash from the escrow account which held the proceeds from the issuance of preferred shares in 2023.



Financial assets at FVTPL

This account includes the following investments:

Unit Investment Trust Fund (UITF) investments

ALI Group's investment in UITF includes investment in BPI. As of December 31, 2024, ALI Group invested in UITF with a fair value of ₱39 million for BPI Money Market Fund, ₱322 million for BPI USD Short Term Funds. As of December 31, 2024 and 2023, the carrying value of ALI Group's UITF investments amounted to ₱471.0 million and ₱228.7 million, respectively.

ARCH Funds

The Group has an investment in ARCH Capital Partners, L.P. (Arch Fund I), a private equity fund. In 2024 and 2023, the ARCH Fund II returned capital amounting to US\$0.61 million (₱35.29 million) and US\$0.1 million (₱6.4 million), respectively. ALI Group's investment in ARCH Capital Fund pertains to monetary interest in a fund in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers. As of December 31, 2024 and 2023, the remaining carrying amount of ALI Group's investment in ARCH Fund II, after distributions received over the years, amounted to US\$10.8 million (₱626.32 million) and US\$11.4 million (₱630.5 million), respectively.

On various dates in 2024 and 2023, the ARCH Capital-TRG Asian Partners III, L.P. (ARCH Fund III), ARCH Capital's third real estate fund, made capital calls where the Group's share amounted to nil. In 2024 and 2023, the ARCH Fund III returned capital amounting to US\$0.3 million (₱17.35 million) and US\$0.6 million (₱30.8 million), respectively. As of December 31, 2024 and 2023, the carrying amount of the investment in the ARCH Fund III amounted to US\$49.1 million (₱2,839.7 million) and US\$49.7 million (₱2,754.1 million), respectively. As of December 31, 2024 and 2023, the Group's remaining capital commitment with ARCH Fund III amounted to nil and US\$0.4 million (₱24.1 million), respectively.

Alibaba Fund

Alibaba Group's New Retail Strategic Opportunities Fund is a fund which aims to invest in traditional brick-and-mortar retail companies based in China and integrate them with Alibaba's e-commerce platform, leveraging on Alibaba's consumer reach, data scale and technology. As of December 31, 2024 and 2023, the carrying amount of the investment in Alibaba Fund amounted to US\$0.48 million (₱27.6 million) and US\$0.6 million (₱30.8 million), respectively. The remaining capital commitment to the Alibaba Fund amounted to US\$0.9 million (₱52.1 million) and US\$0.9 million (₱47.8 million) as of December 31, 2024 and 2023, respectively.

Indies Pelago Investments, L.P. (Indies Pelago)

Indies Pelago targets relatively more mature, growth stage technology companies in Southeast Asia, giving investors access to technology sector leaders without the venture capital risk associates with earlier stage funding. As of December 31, 2024 and 2023, the carrying amount of the investment amounted to US\$1.4 million (₱81.3 million) and US\$1.6 million (₱87.3 million), respectively. The BHL Group's remaining capital commitment to Indies Pelago amounted to nil and US\$0.03 million (₱1.6 million) as of December 31, 2024 and 2023, respectively.

Ikhlas Capital Fund, L.P. (Ikhlas)

Ikhlas is an ASEAN-focused private equity fund. The carrying amount of the investment in Ikhlas amounted to US\$11.4 million (₱658.9 million) and US\$14.4 million (₱794.6 million) as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, total BF Jade's remaining capital commitment to Ikhlas amounted to US\$2.95 million (₱170.6 million) and US\$4.7 million (₱259.6 million), respectively.



Promissory Notes issued by CLOUSE S.A-Class C ordinary shares in Ant International Co. Limited (Ant Financial Notes)

The Group subscribed to US\$10.0 million of Ant Financial Notes issued by CLOUSE S.A., acting for the account of its Compartment 41 on May 24, 2018. According to the Promissory Notes Subscription Letter, the Issuer shall use the net proceeds received from the issuance of the Promissory Notes to acquire a number of Class C ordinary shares in Ant International Co., Limited, which may be exchanged for shares to be listed by Ant Financial. Ant International Co., Ltd. is one of the entities under Ant Financial Group, which operates Alipay, the world's largest mobile and online payments platform. As of December 31, 2024 and 2023, the carrying amount of the investment amounted to US\$4.3 million (₱251.9 million) and US\$5.2 million (₱286.1 million), respectively.

Debt instruments issued by third parties

These investments are accounted for at FVTPL. There is no change in management's intention to hold the investments for trading purpose. Net changes in fair value of financial assets at FVTPL amounted to ₱85.7 million loss, ₱231.2 million loss and ₱654.8 million loss in 2024, 2023 and 2022, respectively, is included under "Other income" in the consolidated statements of income (see Note 22).

Contract assets

IMI's contract assets pertain to revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. As of December 31, 2024 and 2023, IMI Group's contract assets amounted to US\$38.4 million (₱2,218.6 million) and US\$51.3 million (₱2,840.5 million), respectively.

AC Infra's contract assets pertain to the unbilled services revenue amounting to ₱0.98 million and ₱217.5 million as of December 31, 2024 and 2023, respectively. Upon issuance of the related service invoices, these shall be recognized as trade receivables.

Deposits in escrow

Deposits in escrow pertain to the proceeds from the sale of ALI Group that have been only granted with a temporary License To Sell (LTS) by the Housing and Land Use Regulatory Board (HLURB). For projects with temporary LTS, all payments, inclusive of down payments, reservation, and monthly amortization, among others, made by the buyer within the selling period shall be deposited in an escrow account.

Derivative assets

Derivative assets pertain to the coal and fuel commodity swaps contracts maturing within a 12-month period. The account also includes hedge transactions from ACEN Australia.

Others

Others mainly include deferred charges, accrued liquidated damages and investment in bonds. Investment in bonds pertain to non-interest bearing bonds of ALI Group. ALI Group recorded the investment as financial asset at fair value through other comprehensive income. The fair value of the investment in bonds is determined using the binomial lattice approach and categorized under Level 3.



10. Investments in Associates and Joint Ventures

This account consists of the following:

	2024	2023
	(In Thousands)	
Investment in stocks – cost:		
Balance at beginning of year	₱226,965,204	₱217,424,411
Additions	36,230,281	17,621,682
Disposals	(10,191,036)	(4,999,877)
Acquisition of control on previously held interest (Note 23)	(1,810,000)	(3,081,012)
Loss of control on previously held interest	(456,672)	–
Balance at end of year	250,737,777	226,965,204
Accumulated equity in net earnings and impairment:		
Balance at beginning of year	134,876,472	119,297,933
Equity in net earnings during the year	44,307,947	46,633,463
Acquisition of control on previously held interest	(11,476)	(122,678)
Dividend income	(18,193,255)	(14,417,683)
Provision (Note 22)	(8,140,087)	(949,861)
Gain on remeasurement of retained interest (Notes 22 and 23)	637,955	3,433,327
Dilution gain (loss) (Note 22)	3,836,727	(4,405,549)
Disposals/transfers/others	(680,483)	(14,592,480)
Balance at end of year	156,633,800	134,876,472
Other comprehensive income:		
Balance at beginning of year	(7,877,333)	(8,602,049)
Additions (deductions)	1,727,314	724,716
Balance at end of year	(6,150,019)	(7,877,333)
	₱401,221,558	₱353,964,343

Details of the Group's investments in associates and joint ventures and the related economic ownership percentages are shown below:

	Percentage of Economic Ownership		Carrying Amounts	
	2024	2023	2024	2023
(In Millions)				
<i>Domestic:</i>				
Bank of the Philippine Islands (BPI)	30.7	32.7	₱151,115	₱135,860
Liontide Holdings, Inc. (LHI)*	93.4	93.4	73,376	64,838
Globe Telecom, Inc. (Globe)*	30.7	30.7	46,629	43,988
Globe Fintech Innovations, Inc. (Mynt)*	13.7	5.2	24,877	1,621
AA Thermal, Inc. (AA Thermal)	40.0	40.0	17,188	16,010
Ortigas Land Corporation (OLC)	21.0	21.0	10,815	10,144
ALI-ETON Property Development Corporation (ALI-ETON)*	50.0	50.0	10,025	9,636
Philippine Wind Holdings Corporation (PhilWind)*	40.5	40.3	5,698	4,971
iPeople, Inc. (IPO)	33.5	33.5	5,157	4,143
Emerging City Holdings, Inc. (ECHI)*	50.0	50.0	4,420	4,190
Light Rail Manila Holdings, Inc. (LRMHI)	50.0	50.0	4,276	7,491
North Luzon Renewable Energy Corporation (NLR)*	33.3	33.3	3,199	2,492
Berkshires Holdings, Inc. (BHI)*	50.0	50.0	2,151	2,053
Globe STT GDC Inc.* (Globe STT)	10.0	10.0	1,832	1,749
Asiacom Philippines, Inc. (Asiacom)*	60.0	60.0	1,812	1,688
Bonifacio Land Corporation (BLC)	10.0	10.0	1,602	1,528
Ingrid Power Holdings, Inc. (Ingrid)	50.0	50.0	1,343	969
Alveo-Federal Land Communities, Inc. (Alveo-Federal)*	50.0	50.0	557	556
Cebu District Property Enterprise, Inc. (CDPEI)**	–	50.0	–	1,704
Manila Water Company, Inc. (MWC)***	–	22.6	–	13,656

(Forward)



	Percentage of Economic Ownership		Carrying Amounts	
	2024	2023	2024	2023
(In Millions)				
<i>Foreign:</i>				
ACEHI Netherlands B.V. (ACEHI Netherlands) (incorporated in the Netherlands)* (Note 23)	75.8	75.8	₱13,037	₱12,668
BIM Energy Holding Corporation (BIMEH) (incorporated in Vietnam)	49.0	—	5,552	—
BrightNight India, B.V. (BrightNight) (incorporated in the Netherlands)	50.0	50.0	3,776	161
Solar NT Holdings Pte. Ltd. (SUPER) (incorporated in Singapore)	49.0	49.0	2,387	2,558
BIM Renewable Energy Joint Stock Company (BIME) (incorporated in Vietnam)*	30.0	30.0	1,953	1,861
UPC Power Solutions LLC (UPC Power) (incorporated in the USA)	83.3	83.3	1,804	563
Others – net	Various	Various	6,641	6,785
			₱401,222	₱353,964

*Joint ventures

** In November 2024, ALI acquired the shares of Aboitiz Land, Inc. ("Aboitiz Land") and Aboitiz Equity Ventures Inc. ("AEV") in CDPEI. As a result, CDPEI, which was accounted for as an investment in joint ventures became a wholly owned subsidiary of ALI (see Note 23).

***In May 2024, Ayala, MHI, and Philwater executed several transactions divesting their legal title over their shares in MWC. Post-completion of these transactions, Ayala will no longer hold common shares of MWC and its voting stake in MWC will be nil (0%) as a result of the block sale and voting proxy to be issued in favor of Trident vis-à-vis the MWC preferred shares but Philwater will continue to receive dividends on its sold MWC preferred shares which will be paid on an installment basis, until it received full payment.

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's associates and joint ventures is the Philippines.

Except as discussed in subsequent notes, the voting rights held by the Group in its investments in associates and joint ventures are in proportion to their ownership interest.

Financial information on significant associates follows:

BPI	2024	2023
(In Millions, except earnings per share)		
Total resources	₱3,318,813	₱2,888,372
Total liabilities	2,886,123	2,529,002
Equity	432,690	359,370
Less: non-controlling interest	2,220	2,166
Equity attributable to the equity holders of BPI	430,470	357,204
Share in equity	131,962	116,740
Notional goodwill	20,131	20,131
Others	(978)	(1,011)
Carrying value of investment	151,115	135,860
Net interest income and other income	170,139	138,321
Total expenses	107,899	86,409
Net income	62,240	51,912
Net income attributable to:		
Equity holders of BPI	62,049	51,687
Non-controlling interests	191	225
Group's share in net income for the year	19,101	16,912
Other comprehensive loss	(1,492)	3,179
Group's share in other comprehensive loss	(457)	1,039
Total comprehensive income	60,748	55,091
Total comprehensive income attributable to:		
Equity holders of BPI	60,536	54,816
Non-controlling interests	212	275
Group's share in total comprehensive income	18,622	18,005
Basic and diluted earnings per share	11.78	10.90
Dividends income from BPI	6,000	4,882



Financial information on significant joint ventures follows:

LHI	2024	2023
(In Millions, except earnings per share)		
Current assets, including cash and cash equivalents amounting to ₡2,289.9 million in 2024 and ₡1,495.2 million in 2023	₦2,295	₦1,496
Noncurrent assets	67,177	59,421
Current liabilities	819	1,384
Noncurrent liabilities	4,038	4,039
Equity	64,615	55,494
Share in equity	60,376	51,854
Notional goodwill	12,988	12,988
Others	12	(4)
Carrying value of investment	73,376	64,838
Revenue	11,067	8,670
Interest income	29	51
Cost and expenses	286	424
Provision for income tax	6	10
Net income	10,804	12,578
Group's share in net income for the year	10,037	11,753
Total comprehensive income	10,641	13,448
Group's share in total comprehensive income	9,943	12,566
Dividends income from LHI	1,523	2,350

Globe	2024	2023
(In Millions, except earnings per share)		
Current assets, including cash and cash equivalents amounting to ₢21,353.7 million in 2024 and ₦16,645.1 million in 2023	₦77,218	₦86,924
Noncurrent assets	556,418	524,704
Current liabilities including financial liabilities* amounting to ₢26,349.8 million in 2024 and ₢36,793.0 million in 2023	123,552	142,559
Noncurrent liabilities, including financial liabilities* amounting to ₢223,110.1 million in 2024 and ₦213,162.6 million in 2023	342,305	309,142
Equity	167,779	159,927
Less: non-controlling interest	31	58
Equity attributable to the equity holders of the Parent	167,748	159,869
Share in equity	42,016	39,642
Notional goodwill	3,939	3,939
Others	674	407
Carrying value of investment	46,629	43,988
Revenue	180,586	180,164
Other income	10,239	11,482
Costs and expenses		
General, selling and administrative expenses	72,837	74,681
Depreciation and amortization	50,473	47,356
Interest expense	14,444	12,146
Provision for income tax	6,045	7,838
Others	22,739	25,047
Net income	24,286	24,578
Net income attributable to:		
Equity holders of the Parent	24,304	24,513
Non-controlling interests	(19)	65
Group's share in net income for the year	7,508	7,570
Other comprehensive income (loss)	(944)	(1,210)
Share in other comprehensive income (loss) for the year	(289)	(371)
Total comprehensive income	23,342	23,368
Share in total comprehensive income for the year	7,156	7,172



Globe	2024	2023
(In Millions, except earnings per share)		
Earnings per share:		
Basic	₱158.48	₱160.45
Diluted	157.83	159.74
Dividends income from Globe	4,427	4,427

*excluding trade and other payables and provisions

In addition to the interest in associates and joint ventures discussed above, the Group also has interest in a number of individually immaterial associates and joint ventures. Below is a summary of certain financial information concerning these immaterial associates and joint ventures:

	2024	2023
(In Millions)		
Carrying amount	₱130,102	₱109,278
Share in net income	7,662	10,457
Share in other comprehensive income (loss)	2,304	(1,235)
Share in total comprehensive income	₱9,966	₱9,222

The following significant transactions affected the Group's investments in associates and joint ventures:

Investment in BPI

BPI issuance of shares to RBC

On December 14, 2022, the BOD of BPI approved the issuance of BPI common shares to shareholders of RBC, increasing RBC shareholders' holdings to approximately 6% of the resulting outstanding common stock of BPI as of closing date. In no case shall BPI issue more than 318,912,309 common shares pursuant to its merger with RBC.

On September 30, 2022, the BOD of BPI approved the merger between BPI and RBC, with BPI as the surviving bank, subject to shareholders' and regulatory approvals. The BOD also approved the amendments to Article Seventh of BPI's Articles of Incorporation to:

- Increase its authorized capital stock to ₱4.0 billion;
- Combine allocation of authorized common shares for ESOP and ESPP into a 3% allocation for all employee stock incentive plans; and
- Deny pre-emptive rights over the 406,179,276 treasury shares which shall be disposed of by BPI in accordance with RA No. 8791, otherwise known as the General Banking Law of 2000.

On January 17, 2023, the shareholders of BPI approved the merger with RBC with BPI as the surviving bank. The Philippine Competition Commission approved the merger on March 9, 2023 as contained in the decision released by the Commission on September 13, 2023. On December 14, 2023, the BSP, through Monetary Board Resolution No. 1633 approved the merger. The SEC issued the Certificate of Filing of the Articles and Plan of Merger on December 29, 2023.

Refer to the succeeding discussion on the execution of the BPI-RBC merger.

Sale of BPI properties

On June 15, 2022, BPI sold two properties located at Pasong Tamo, Makati City with a net book value of ₱126 million for a purchase price of ₱5.49 billion resulting in a gain on sale of ₱4.99 billion, net of gross receipts tax. The equity take up in the sale of the properties amounted to ₱851.7 million.



US\$400 million 5-year Reg S senior unsecured notes

On March 19, 2024, BPI successfully tapped the international capital markets with a public USD bond issuance for the first time since 2019, with its offering of US\$400 million 5-year Reg S senior unsecured notes (“Notes”). The Notes were issued under BPI’s US\$3 billion Medium Term Notes Programme, and the net proceeds will be used for refinancing and general corporate purposes. The 5-year Notes were priced at U.S. Treasury spread of T+105 basis points (bps) with a coupon of 5.25%, representing the tightest ever spread on a 5-year bond from a non-sovereign Philippine issuer. The Notes are rated Baa2 by Moody’s.

Sale of GoTyme Bank shares

On March 20, 2024, BPI’s BOD approved the sale of its 752,056,290 common shares in GoTyme Bank Corporation (GoTyme Bank) to GoTyme Financial Pte Ltd. (744,099,587 common shares) and Giga Investment Holdings Pte. Ltd., (7,956,703 common shares) at ₱1.20 per share, subject to BSP approval. The GoTyme Bank shares were acquired by BPI pursuant to the merger between BPI and RBC with BPI as the surviving bank. On April 1, 2024, Deeds of Absolute Sale of Shares covering the abovementioned sale of GoTyme Bank shares were signed by the authorized representatives of BPI.

BPI Sustainable, Environmental, and Equitable Development Bonds (“BPI SEED Bonds”)

On July 4, 2024, BPI announced its intention to offer and issue ₱5.0 billion Peso-denominated fixed-rate ASEAN Sustainable Bonds due 2026 (the “Sustainable Bonds”), with an option to upsize, as the third tranche of its ₱100.0 billion Bond Program, approved by its BOD on May 18, 2022 (the “Offer”). The 1.5-year Peso-denominated Fixed-Rate Bonds due 2026 called BPI SEED Bonds will be issued at par value, bearing an interest rate of 6.2% per annum, paid quarterly. On July 31, 2024, BPI announced its decision to shorten the public offer period for its 1.5-year Peso-denominated fixed-rate BPI SEED Bonds. The Offer, which was originally set to run from July 19 to August 2, 2024, closed early on August 1, 2024. On August 9, 2024, BPI issued and listed its BPI SEED Bonds in the aggregate principal amount of ₱33.70 billion, comprising the third tranche of its ₱100.00 billion Bond Program.

On July 31, 2024, BPI announced its decision to shorten the public offer period for its 1.5-year Peso-denominated fixed-rate BPI SEED Bonds. The Offer, which was originally set to run from July 19 to August 2, 2024, closed early on August 1, 2024.

On August 9, 2024, BPI issued and listed its BPI SEED Bonds in the aggregate principal amount of ₱33.70 billion, comprising the third tranche of its ₱100.00 billion Bond Program.

Dividends declaration

On May 15 and November 20, 2024, BPI’s BOD approved the declaration of a cash dividend of ₱1.98 per common share, both for the first and second semesters of 2024.

The dividends received by the Parent Company from BPI amounted to ₱6.0 billion and ₱4.8 billion for the years ended December 31, 2024 and 2023, respectively.

The fair value of the BPI shares held by the Parent Company amounted to ₱197,172.9 million and ₱167,758.6 million as of December 31, 2024 and 2023, respectively. In 2024 and 2023, the voting rights held by the Parent Company in BPI is 30.7% and 32.77%, respectively.

Investment in LHI

BDO Loans

On April 30, 2018, LHI availed of a 7-year bank loan with BDO amounting to ₱10.0 billion (2018 BDO Loan) to fund LHI’s participation in BPI’s stock rights offering and paid ₱75.00 million transaction costs. Year-to-date loan repayments amounted to ₱7.0 billion, of which ₱1.0 billion was made in April 2024 funded by the new BDO loan availed in 2024 (2024 BDO Loan).



On April 25, 2024, LHI entered into a 4-year loan agreement with BDO in the maximum amount of ₦4.0 billion (2024 BDO Loan), the proceeds of which will be used by LHI to refinance the principal amortizations of the 2018 BDO Loan. In April 2024, LHI availed the initial drawdown amounting to ₦1.0 billion which subsequently paid the maturing principal of ₦1.0 billion of the 2018 BDO Loan.

Divestment by Arran Investment Pte. Ltd (Arran) in LHI

On January 13, 2023, Arran completed the redemption of 31,154,709 redeemable preferred shares in LHI, a joint venture company between the Parent Company and Arran, and the sale of its remaining 10,384,903 redeemable preferred shares in LHI to Robinsons Retail Holdings, Inc. (RRHI). Effective on the same date, Arran, LHI, and the Parent Company terminated their existing Shareholders' Agreement while RRHI, LHI, and the Parent Company entered into a new Shareholder's Agreement to govern their relationship as well as the conduct of the business and management of LHI, resulting in LHI becoming a joint venture company between the Parent Company and RRHI. This resulted to an increase in economic ownership interest in LHI to 93.4%. This transaction did not affect the Parent Company's 15.6% effective economic interest in BPI held indirectly through LHI as of December 31, 2023.

This transaction resulted in an increase in the share in the income in LHI amounting to ₦4.0 billion and a ₦3.6 billion dilution loss (see Note 22) on the change in interest of the Parent Company resulting to a net gain of ₦462.0 million in the Group's consolidated statement of income for the year ended December 31, 2023.

As of December 31, 2024 and 2023, LHI owns 823.2 million common shares of BPI representing a direct ownership interest in BPI of 15.6% and 16.6%, respectively. The Parent Company and RRHI, with the same agreement as GIC Special Investments Pte. Ltd., the entity controlling Arran, as joint venture partners, agreed to vote its BPI shares based on the common position reached jointly by them as shareholders.

Dividends declaration

In 2023, the BOD of LHI approved the declaration of cash dividends:

- Declared on July 4, 2023 to stockholders of record as of July 7, 2023 amounting to ₦1,132.0 million and payable on July 14, 2023.
- Declared on December 22, 2023 to stockholders of record as of same date amounting to ₦1,383.0 million and payable on January 10, 2024.

In 2024, the BOD of LHI approved the declaration of cash dividends:

- Declared on June 28, 2024 to stockholders on record as of same date amounting to ₦815.0 million and payable on July 12, 2024.
- Declared on December 27, 2024 to stockholders of record as of same date amounting to ₦815.0 million and payable on January 10, 2025.

The dividends received by the Parent Company from LHI amounted to ₦1.5 billion and ₦2.4 billion for the years ended December 31, 2024 and 2023, respectively.

The fair value of BPI shares held by LHI amounted to ₦100,432.6 million and ₦85,450.0 million as of December 31, 2024 and 2023, respectively. In 2024 and 2023, the voting rights held by the Group in LHI is 95.51%.

Execution of BPI-RBC merger

On January 1, 2024, BPI and RBC closed their merger, with BPI as the surviving bank, which became effective after securing the requisite corporate and regulatory approvals. On the same date, BPI issued 314.00 million common shares to the shareholders of RBC pursuant to the Plan of Merger agreement. This resulted to calculated dilution gain amounting to ₦4.2 billion (₦2.8 billion from AC's direct investment in BPI and ₦1.4 billion from its share in LHI's dilution of its investment in BPI) in the consolidated statement of income for the year ended December 31, 2024 (see Note 22).



Investment in Globe

Sale of telecom towers

On August 11, 2022, the BOD of Globe approved its milestone initiative to sell over 7,000 telecom towers which have been grouped into three unique distinct portfolios. On the same day, Globe signed two sale and leaseback agreements with two tower companies consisting of 5,709 telecom towers and related passive telecom infrastructure. On September 23, 2022, Globe signed another sale and leaseback agreement with a third tower company for the last portfolio composed of 1,350 telecom towers and related passive telecom infrastructure. The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred. As of December 31, 2022, Globe completed the sale of 2,410 telecom towers representing 34% of the total towers portfolio subject to sale with a total net book value of ₱10,496.12 million, and received the corresponding cash consideration of ₱30,005.00 million. The leaseback arrangements for those telecom towers sold took effect at the date of sale. Globe recognized gain on sale and leaseback of telecom towers, net of direct costs, amounting to ₱8,260.93 million. The gain recognized from the sale and leaseback transaction represents only the amount relating to the rights in the underlying assets that were transferred to the buyer-lessor after considering the lease liabilities recognized from the leaseback. Equity take-up from this transaction amounted to ₱1,902.08 million.

On May 7, 2023, the Globe Group signed another sale and leaseback agreement with a fourth tower company consisting of 447 telecom towers and related passive telecom infrastructure. The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred. The gain recognized from the sale and leaseback transaction represents only the amount relating to the rights in the underlying assets that were transferred to the buyer-lessor after considering the lease liabilities recognized from the leaseback.

As of December 31, 2024 and 2023, Globe recognized gain on sale and leaseback of telecom towers, net of direct costs, amounting to ₱0.8 billion in 2024 and ₱1.7 billion in 2023.

As of December 31, 2024, Globe has completed the sale of 6,672 telecom towers representing 89% of the total towers portfolio subject to sale.

Dividends declaration

On February 6, 2024, the BOD of Globe approved the following:

- a. The declaration of first quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of February 21, 2024. Total dividends amounting to ₱3.6 billion were paid on March 7, 2024.
- b. The proposed change in the dividend policy to 60% to 90% (from 60% to 75%) of prior year's core net income, to be applied starting the 2024 dividend declaration.

On May 14, 2024, Globe's BOD approved the declaration of the second quarter cash dividend of ₱25.00 per common share, to common stockholders of record as of May 28, 2024 and paid on June 13, 2024.

On August 6, 2024, Globe's BOD approved the declaration of the third quarter cash dividend of ₱25.00 per common share, to common stockholders of record as of August 20, 2024 and paid on September 5, 2024.

On November 7, 2024, Globe's BOD Approved the declaration of fourth quarter cash dividend of ₱25.00 per common share and ₱0.39 per voting preferred share, to common and preferred stockholders, respectively, of record as of November 21, 2024 and paid on December 6, 2024.



The dividends received by the Parent Company from Globe amounted to ₦4.4 billion for the years ended December 31, 2024 and 2023.

The fair value of Globe shares held by the Parent Company amounted to ₦96,678.3 million and ₦76,138.6 million as of December 31, 2024 and 2023. In 2024 and 2023, the voting rights held by the Group in Globe is 46.01% and 46.04%, respectively.

Investment in Globe STT

On March 2, 2022, the Parent Company entered into a Share Subscription Agreement with GTI Business Holdings, Inc. (GTIBH), a wholly-owned subsidiary of Globe, and Globe STT (formerly KarmanEdge, Inc., with SEC approval of the change in corporate name on May 19, 2022) for the subscription to 10% of the total outstanding capital stock of Globe STT.

On March 31, 2022, Globe formed a joint venture partnership with Parent Company, and ST Telemedia Global Data Centres (STT GDC). Under the agreement, both STT GDC and Parent Company shall subscribe to new shares in Globe STT., a wholly owned subsidiary of the Globe that houses its carved-out data center business. The capital infusion by the new partners resulted in a post-money valuation of ₦16,136.2 billion. Subsequent to the execution of the share subscription agreement, Globe remained the largest shareholder with a 50% ownership, followed by STT GDC with 40% and the Parent Company taking up the balance. As part of the deal, on April 1, 2022, the Globe received cash proceeds amounting to ₦5,030.0 million. The dilution of ownership interest resulted in a loss of control in Globe STT. Thereafter, the investment in Globe STT was accounted for as an investment in joint venture since no single party controls the arrangement and approvals of all parties are required before a decision can be passed.

Globe accounted for this joint venture partnership as a sale of its data center business which resulted in a gain amounting to ₦10,511.9 million. The initial carrying amount of the Globe's investment in Globe STT was measured at fair value amounting to ₦8,068.1 million. Equity take-up from this transaction amounted to ₦2,406.5 million.

All transaction documents were signed and executed by the three parties, with all closing conditions delivered, formally closing the landmark transaction. This data center partnership, which was originally announced last March 2, 2022, marks Globe's serious entry into the rapidly growing data center space. Globe, together with STT GDC and the Parent Company, aims to fast-track expansion efforts and innovation in order to better serve its enterprise clients and expand its product portfolio to grab a larger share of the growing market opportunity. More importantly, all three companies are aligned in their environmental, social and governance aspirations. In 2022, more than 43% of STT GDC's data centers are operating with power derived from renewable sources with an ambitious 2030 carbon neutral target for all its data centers. This deal likewise demonstrates Globe's firm commitment to improve the information and communication technology (ICT) infrastructure in the country.

On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc.

On August 10, 2022, the Parent Company made an additional equity investment to Globe STT amounting to ₦14.4 million as part of the final consideration to fulfill its investment for a 10% stake.

On March 27, 2023, the Parent Company made an additional equity investment to Globe STT amounting to ₦352.1 million as part of the committed deferred equity consideration.

On June 22, 2023, Globe STT announced its plans to expand the capacity of its three data centers by 5.2 megawatts in the third quarter of 2023 in response to high market demand and the continuing digital transformation of the country.



Investment in Mynt

On August 1, 2024, the Parent Company's wholly owned subsidiary, AC Ventures, executed a Share Purchase Agreement to acquire common shares in Mynt from existing shareholders, equivalent to an additional 8% ownership stake in Mynt, for approximately USD 392.8 million. The acquisition closed on August 20, 2024 for a purchase price of ₱22.4 billion. This resulted in the increase of the Parent Company's indirect ownership in Mynt to ~13%.

On September 25, 2024, MUFG Bank, Ltd. (MUFG Bank) signed an Investment Agreement and Share Purchase Agreement to acquire an ~8% ownership stake in Mynt for USD 392.8 million. Related to this transaction, AC Ventures, MUFG, the other shareholders of Mynt, and Mynt executed an Amended and Restated Rights Agreement which provided AC Ventures and MUFG the right to nominate one (1) director in Mynt each, among other rights and obligations.

Strategic partnership with Mitsubishi Corporation (MC)

On October 18, 2024, the Parent Company, MC and AC Ventures signed a binding term sheet whereby MC commits to subscribe to such number of common and redeemable preferred shares in AC Ventures for at least ₱18.4 billion (through AC Ventures), and Mitsubishi UFJ Financial Group (MUFG), through its consolidated subsidiary, MUFG Bank, the proceeds of which shall be used to redeem some of AC Ventures shares of the Parent Company. These transactions will result in the Parent Company and MC each owning a 50% stake in AC Ventures. The deal pushed Mynt's valuation to \$5 billion from the \$2 billion valuation in the 2021 funding round. The completion of MC's investment in AC Ventures is subject to the execution of definitive agreements transaction documents and the satisfaction of customary closing conditions precedent to closing, including regulatory approvals.

AC Ventures will serve as a joint venture vehicle between the Parent Company and MC for co-investments that will explore consumer-related and digital opportunities in the Philippines. These initiatives are aligned with the Parent Company's strategic priority to support the growth of clear business winners within its portfolio.

As of December 31, 2024 and 2023, AC Ventures owns 13.7% and 5.2% in Mynt, respectively.

Investment in AA Thermal

AA Thermal Inc. is ACEIC's thermal platform in the Philippines. In 2019, ACEIC completed the sale of a 49% voting interest and 60% economic interest in AA Thermal to Aboitiz Power Corporation (Aboitiz Power). In 2021, ACEIC Group invested additional US\$2.3 million (₱119.3 million) in AA Thermal following the capital calls made.

Investment in OLC

ALI has a 21.0% stake in Ortigas Limited Corporation (OLC) that was purchased in 2016 from existing OLC shareholders for P7,320.7 million. OLC has a 99.5% interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses.

Investment in ALI-ETON

ALI-ETON is a joint venture between ALI and LT Group, Inc. and is organized primarily to develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

ALI made additional equity infusions to ALI-ETON to fund the development requirements of Parklinks amounting to ₱1,920.0 million in 2023.

Investment in Philwind

This represents ACEIC Group's interest in PhilWind. PhilWind including its subsidiaries is engaged in the power generation business, both from renewable and non-renewable energy sources. The investment is accounted for as an investment in joint venture as the relevant activities in PhilWind require the unanimous consent of the stockholders.



On March 25, 2024, ACEN signed a subscription contract with PhilWind for the additional subscription by ACEN to 50,446 Redeemable Preferred Shares A-3 ("RPS A-3") at par value of ₱10,000.00 per RPS A-3 of PhilWind, for a total subscription price of ₱504.46 million, to be issued out of the increase of PhilWind's authorized capital stock. As at December 31, 2024, total subscription paid amounted to ₱504.46 million.

Investment in IPO

The fair value of the IPO shares held by the Group amounted to ₱2,375.3 million and ₱2,452.3 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Group in IPO is 33.50% as of December 31, 2024 and 2023.

Investment in ECHI, BHI and BLC

As of December 31, 2024 and 2023, ALI Group's effective interest in BLC is 45.1%. ALI's 5.3% direct investment in BLC and 4.8% through Regent Time aggregating 10.1% are accounted for using the equity method because the ALI has significant influence over BLC.

Investment in LRMHI

LRMHI holds 70% of the total equity of Light Rail Manila Corporation (LRMC), the project company established for the construction, operation and maintenance of the LRT 1 Cavite extension project.

Due to continuous delays in the grant of fare increases and lower ridership forecast, the recoverable value of AC Infra's investment in LRMHI was assessed to be lower than its carrying value as of December 31, 2024. In 2024, AC Infra recognized an impairment loss on its investment in LRMHI amounting to ₱3.2 billion under General and Administrative Expenses (see Note 22).

As of December 31, 2024 and 2023, AC Infra's remaining equity investment commitment for the LRT 1 project amounted to ₱0.5 billion and ₱0.2 billion, respectively.

Investment in Asiacom

The Parent Company also holds 60% ownership interest in Asiacom, which owns 158.5 million Globe preferred shares as of December 31, 2024 and 2023. The Parent Company does not exercise control over Asiacom and Globe since it is a joint venture with Singapore Telecommunications Limited (SingTel).

Investment in NLR

On March 18, 2022, ACEN and UPC Philippines Holdco I BV executed a Deed of Absolute Sale of Shares covering 16,668 common shares and 740 preferred shares representing 33.30% ownership in NLR for ₱2,385.27 million.

On March 25, 2024, ACEN signed a subscription contract with NLR for the additional subscription by ACEN to 49,540 Redeemable Preferred Shares C at par value of ₱10,000.00 per Preferred C of NLR, for a total subscription price of ₱495.40 million, to be issued out of the increase of NLR's authorized capital stock. As of December 31, 2024, total subscription paid amounted to ₱495.40 million.

PhilWind directly and indirectly owns 67% of NLR through its 38.00% direct interest and 28.70% indirect interest through its 100.00% owned subsidiary, Ilocos Wind Energy Holding Co., Inc.

ACEIC's investment in NLR is comprised of 42.96% direct interest in PhilWind, 26.80% indirect interest in PhilWind through wholly owned subsidiary, Giga Ace 1, Inc., and 33.30% direct interest in NLR.

Investment in MWC

In 2021, as a result of Trident Water Company Holdings, Inc. (Trident) acquisition of MWC shares and changes in the MWC's Board of Directors and Management, the Parent Company lost control over MWC and classified the investment from Investment in a Subsidiary to an Investment in Associate.



On October 11, 2023, the Parent Company sold 289.0 million common shares of its shareholdings with MWC at ₱17.16 per share through BPI Securities Corp. for a net proceed of ₱4,926.6 million. The sale resulted to the recognition of gain amounting to ₱2,504.7 million at Parent Company level. Total capital gains taxes paid for the sale of common shares amounted to ₱375 million. On the same date, Philwater also sold 436.0 million participating preferred shares at ₱1.72, through BPI Securities Corp. for a net proceed of ₱748.8 million. The sale resulted to a loss of ₱342.1 million at Philwater level. The sale of preferred shares was subjected to capital gains taxes amounting to ₱95.1 million. The Group recognized a loss on sale of ₱1,515.6 million at the consolidated statement of income a result of the sale of interest in MWC (see Note 22).

In 2023, MWC Group recognized impairment on its investment in Eastern Water Resources Development and Management Public Company Limited (East Water) amounting to ₱4,063.3 million due to the current and prospective financial performance and condition of East Water. This impacted the Group's share in net income by ₱915 million for the year ended December 31, 2023.

Sale of MWC

On May 17, 2024, the Parent Company's Executive Committee, in the exercise of its authority under its By-Laws, approved the following transactions, for its own and as stockholder: (a) the sale of its 576,997,467 common shares in MWC to Trident at a purchase price of not less than ₱21.00 per share; (b) the sale by its wholly-owned subsidiary, Michigan Holdings, Inc. (MHI) of its 1,000,000 MWC common shares to Trident at a purchase price of not less than ₱21.00 per share; (c) the sale by its wholly-owned subsidiary, Philwater Holdings Company, Inc. (Philwater) of its 872,487,863 MWC preferred shares to Trident at a purchase price of not less than ₱1.70 per share with annual payments from 2024 to 2029; and (d) the execution by Philwater of a proxy over its MWC preferred shares in favor of Trident. The transactions were executed on May 17, 2024. Post-completion of these transactions, the Ayala Group will no longer hold common shares of MWC and its voting stake in MWC will be nil (0%) as a result of the block sale and voting proxy to be issued in favor of Trident vis-à-vis the MWC preferred shares, but Philwater will continue to receive dividends on its sold MWC preferred shares, which will be paid on an installment basis, until it receives full payment.

This transaction resulted to a net gain of ₱0.65 billion (excluding related expenses and taxes on the sale) in the consolidated statement of income for the year ended December 31, 2024.

Dividends declaration

On February 29, 2024, MWC's BOD approved the declaration of cash dividends amounting to ₱1.129 per outstanding common share, ₱0.113 per outstanding unlisted participating preferred share, and accumulated fixed cash dividends of ₱0.01 outstanding unlisted participating preferred share. For common and participating preferred shares, the record date was March 18, 2024 and was paid on April 12, 2024.

The dividends received by the Parent Company from MWC amounted to ₱0.7 billion and ₱0.5 billion for the years ended December 31, 2024 and 2023, respectively.

The fair value of the MWC shares held by the Group amounted to nil and ₱10,750.8 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Group in MWC is nil and 21.9% as of December 31, 2024 and 2023, respectively.

Investment in ACEHI Netherlands and Salak-Darajat

In 2017, ACEIC acquired an interest in Salak-Darajat, an investment holding company incorporated in the Netherlands, with assets and operations in Salak and Darajat geothermal fields in West Java, Indonesia, with a combined capacity of 637MW of steam and power through ACEHI Netherlands B.V. (ACEHI Netherlands). Its principal place of business and country of incorporation is in Indonesia.



On July 10, 2023, ACRI signed a share purchase agreement with SEOG, for the sale by ACRI of its 24.24% equity share in ACEHI Netherlands to SEOG.

Upon completion of the transaction, ACEHI Netherlands' BOD shall consist equal representations from both shareholders. Furthermore, all matters relating to ACEHI Netherlands, shall be approved unanimously by both shareholders, thereby resulting in ACRI's loss of control, and account for its investment in ACEHI Netherlands as a joint venture (see Note 2).

Investments in BIMEH

On November 26, 2024, ACEIC through ACEN Vietnam Investments Pte. Ltd. signed a share purchase agreement with Huntington Renewable Investments Limited to acquire a 49% stake in BIMEH for US\$70.5 million.

The acquisition will allow ACEN to increase its pipeline projects in Vietnam. BIMEH currently has ownership interest in the following operating renewable energy assets: Ninh Thuan Solar (405MW) and Ninh Thuan Wind (88MW).

Investment in BrightNight

On March 10, 2023, the ACEIC Group signed a Shareholder's Agreement with US-based renewable power company, BrightNight to develop, construct and operate large-scale hybrid wind-solar and round-the- clock renewable power projects in India with over 1,200MW pipeline.

The ACEIC Group has joint control over BrightNight India B.V. by virtue of the requirement for unanimous consent from both shareholders over key decision areas and material transactions through various reserve matters.

In 2023, subscription deposit in BrightNight amounting to US\$0.50 million (₹27.32 million) was reclassified from subscription deposit to investment in joint venture.

As of December 31, 2023, the ACEIC Group infused US\$5.30 million (₹289.86 million) and US\$0.43 million (₹23.69 million) directly attributable costs.

Investment in SUPER

On January 28, 2022, ACEIC through ACEN Vietnam Investments Pte. Ltd. (ACEV), and Super Solar Energy Company Limited through its wholly-owned subsidiary, Super Energy Group (Hong Kong) Co., Limited (Super HK), executed the Share Purchase Agreement for the 49% acquisition of interest in SUPER for US\$165.00 million. SUPER will have direct and indirect subsidiaries which operate nine solar farms in Vietnam with total generating capacity of 837MW.

Investment in BIMRE

In 2018, ACEIC entered into a 30-70 joint venture agreement with BIM Group Joint Stock Company (BIM Group) to develop, construct, and operate at 300 MW of Solar Farm in Ninh Thuan Province, Vietnam, through BIMRE and BIMEH.

BIMRE and BIMEH is currently operating a 375MW and 30MW wind power plant, respectively.

ACEIC has joint control over BIMRE, BIM Energy Joint Stock Company, and BIM Wind Energy Joint Stock Company by virtue of the requirement for unanimous consent from both shareholders over key decision areas and material transactions through various reserved matters.

Investment in UPC Power

On May 13, 2022, ACEIC, through its subsidiary ACEN USA LLC, entered into a Limited Liability Company Agreement (LLCA) with UPC Solar & Wind Investments LLC, and Pivot Power Management to pursue opportunities and acquire operating wind projects in the USA and explore strategies for extending their useful life through preventive maintenance and repowering. The partnership resulted to a 83.33% ownership interest in UPC Power.



ACEIC has joint control over UPC Power because all fundamental decisions and matters require unanimous approval of all partners.

Investment in PT UPC Sidrap Bayu Energi

On March 29, 2024, ACRI, together with its joint venture partners, signed a Share Purchase Agreement with PT Barito Wind Energy (“BWE”), for the sale of PT Sidrap Bayu Energi (“SBE”), through sale of ownership of UPC Renewables Asia III Limited (“UPC Asia III”), UPC Sidrap (HK) Limited (“Sidrap (HK)”) and Sunedison Sidrap B.V. (external party) in SBE.

On April 2, 2024, the sale transaction was completed upon receipt of total consideration of US\$101.90 million, Subsequently, on October 3, 2024, additional proceeds amounting to US\$6.4 million were received following the completion of the net working capital adjustments. Out of the total proceeds of US\$108.3 million, US\$59.31 million (₱3,474.50 million) is allocated to ACRI.

UPC Asia III and Sidrap (HK) upstreamed the proceeds of sales allocated to ACRI through shareholder loans amounting to US\$56.61 million and US\$2.69 million, respectively.

UPC Asia III and Sidrap (HK) recognized gain on sales of SBE shares amounting to US\$62.50 million and US\$18.33 million, respectively.

On June 29, 2024, the BOD of UPC Asia III approved the redemption of Redeemable Class A Preferred Shares (“RPS Class A”), accounted as investment in redeemable preferred shares, through distributable profits and capital reduction. The redemption was offset against the existing shareholder loan of UPC Asia III to ACRI, together with outstanding interest receivable from investment in redeemable preferred shares. Any interest in RPS Class A ceased as of the date of the resolution (see Note 7). On December 13, 2024, the redemption of the RPS Class A was completed.

On December 27, 2024, Sidrap (HK) declared dividends to ACRI amounting to \$2.29 million. The dividends were offset against the existing shareholder loan of Sidrap (HK) to ACRI.

Management determined that the sale of the SBE shares resulted in a write-down of the investment in the joint venture (UPC Asia III) and investment in Sidrap (HK), accounted as financial assets at fair value through other comprehensive income, due to the absence of the underlying asset.

The series of transactions resulted in net gain of US\$20.06 million (₱1,176.51 million) through various forms (see Note 22).

As of December 31, 2024, ACRI’s investments in Redeemable preferred shares (UPC Asia III), interest in joint venture (UPC Asia III) and financial asset at FVOCI (Sidrap HK) are all nil. The remaining shareholder loans from UPC Asia III and from Sidrap HK are all settled.

Others

Investment in Anko JV Company, Inc. (Anko JV)

In 2024, A&Co Holdings Corporation (A&Co), a subsidiary of AGCC, and Anko PH Holdings Pty. Ltd., a subsidiary of Kmart Australia Ltd. (Kmart Australia), entered into a 50-50 joint venture agreement and incorporated Anko JV to operate, manage, and maintain Anko-branded stores in the Philippines. Kmart Australia is owned by Wesfarmers Limited, a listed company in Australia.

A&Co made an initial infusion of ₱181.0 million to fund its 50% stake in Anko JV.



Investment in Yoma Strategic Holdings Ltd. (YSH)

On November 8, 2019, the Parent Company signed definitive agreements to acquire a 20% stake in YSH and another 20% stake in FMI (see Note 15). The total consideration for the investment is US\$237.5 million. YSH is a holding company listed in the Singapore Exchange with interests in real estate, financial services, food and beverage, automotive and heavy equipment, among others, in Myanmar. On the other hand, FMI is a holding company listed in the Yangon Stock Exchange with interests in real estate, banking, and healthcare, among others, in Myanmar. Both YSH and FMI are part of the Yoma Group of Companies.

The investment in YSH, which total US\$155 million, was implemented in two-tranches – US\$108.6 million for 14.9% of the outstanding shares and US\$46.4 million for 5.1% of the outstanding shares of YSH.

In 2024 and 2023, the Group recognized impairment losses on its investment in YSH amounting to ₾383.92 million and ₾222.5 million, respectively (see Note 22). The recoverable amount of the investment was estimated using the closing price of YSH shares listed in the Singapore Exchange as of December 31, 2024 and 2023 reporting date of US\$0.076 and US\$0.072 per ordinary share, respectively.

The fair value of the YSH shares held by the Group amounted to US\$67.6 million (₱3,440.8 million) and US\$73.9 million (₱4,017.3 million) as of December 31, 2024 and 2023, respectively.

Investment in BF Jade (Zalora)

As of December 31, 2023, due to ongoing business headwinds and challenges in growth and profitability, the recoverable value of the Group's investment in BF Jade is assessed to be lower than the carrying amount. The Group has recognized an impairment loss amounting to ₾588.0 million under general and administrative expenses (see Note 22).

Investment in Gogoro Philippines Inc. (Gogoro)

On June 5, 2023, 917Ventures, Inc., Gogoro Network Pte. Ltd and the Parent Company formed Gogoro, a joint venture company established to engage in, operate, conduct, and maintain the business of importing, selling, distributing, operating, managing, and maintaining two-wheeled and three-wheeled electric vehicles, for retail, and battery-swapping stations, and to provide after-sales services. Globe owns 49% of Gogoro with its initial investment of ₾234.14 million in 2023. The Parent Company likewise entered into a Subscription Agreement with Gogoro for ₾100.3 million in exchange for 42.0 million common shares, representing a 21% stake in the latter, with a ₾1.00 par value per share at an issue price of ₾2.39 per share.

Investment in Monsoon Wind

On February 24, 2023, ACEIC signed a Shareholder's Agreement with Mitsubishi Corporation (MC) for the development, construction, and operations of Monsoon Wind Power Project, a 600MW wind power plant in Southern Loa PDR. Investment resulted to 50% ownership interest in Monsoon Wind BV.

As of December 31, 2023, ACEIC infused \$6.92 million (₱380.53 million) and US\$0.22 million (₱12.18 million) directly attributable costs, with a return of capital amounting to \$4.20 million (₱228.31 million).

In 2024 and 2023, total subscriptions amounted to US\$21.64 million (₱1,235.74 million) and US\$27.01 million (₱1,497.57 million) with redemption of US\$1.38 million (₱74.75 million), respectively.

Third Party Fundraise of Merlin Solar

On July 23, 2024, Al North America Inc. (AINA) acquired a 42.58% stake in Merlin Solar Technologies Inc. (Merlin Solar) for US\$10.0 million (see Note 23). In 2024, remeasurement gain of previously held interest recognized in the consolidated statement of income amounted to ₾637.90 million (see Notes 22 and 23).



11. Investment Properties

The movements in investment properties follow:

	December 31, 2024			
	Land	Building	Construction-in-Progress	Total
(In Thousands)				
Cost				
Balance at beginning of year	₱60,778,249	₱172,189,504	₱64,150,032	₱297,117,785
Additions	8,200,026	3,101,327	11,463,391	22,764,744
Exchange differences	–	(8,202)	–	(8,202)
Disposals	(530,730)	(335,552)	(22,668)	(888,950)
Transfers (Notes 8 and 12)	4,652,712	7,861,602	(6,974,634)	5,539,680
Others	14,071	67,441	–	81,512
Balance at end of year	₱73,114,328	₱182,876,120	₱68,616,121	₱324,606,569
Accumulated depreciation and amortization				
Balance at beginning of year	–	54,155,456	–	54,155,456
Depreciation and amortization (Note 22)	–	6,398,733	–	6,398,733
Disposals	–	(22,007)	–	(22,007)
Others	–	692,922	–	692,922
Balance at end of year	–	61,225,104	–	61,225,104
Accumulated impairment losses				
Balance at beginning of year	129,441	348,218	–	477,659
Others	–	–	–	–
Balance at end of year	129,441	348,218	–	477,659
Net book value	₱72,984,887	₱121,302,798	₱68,616,121	₱262,903,806
	December 31, 2023			
	Land	Building	Construction-in-Progress	Total
(In Thousands)				
Cost				
Balance at beginning of year	₱68,865,606	₱159,348,369	₱67,258,139	₱295,472,114
Additions	6,698,242	5,851,111	3,220,622	15,769,975
Exchange differences	–	960	–	960
Disposals	(738,648)	(831,255)	–	(1,569,903)
Transfers (Notes 8 and 12)	(15,065,236)	8,734,644	(6,328,729)	(12,659,321)
Others	1,018,285	(914,325)	–	103,960
Balance at end of year	60,778,249	172,189,504	64,150,032	297,117,785
Accumulated depreciation and amortization				
Balance at beginning of year	–	48,383,895	–	48,383,895
Depreciation and amortization (Note 22)	–	5,720,338	–	5,720,338
Disposals	–	(488,916)	–	(488,916)
Others	–	540,139	–	540,139
Balance at end of year	–	54,155,456	–	54,155,456
Accumulated impairment losses				
Balance at beginning of year	129,441	225,208	–	354,649
Others	–	123,010	–	123,010
Balance at end of year	129,441	348,218	–	477,659
Net book value	₱60,648,808	₱117,685,830	₱64,150,032	₱242,484,670

Substantial amount of the Group's investment properties is from the ALI Group.



Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its own use and benefit.

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally range from three years to five years and depends heavily on the size of the assets.

The aggregate fair value of the Group's investment properties (land and building) amounted to ₦694.9 billion and ₦658.4 billion as of December 31, 2024 and 2023, respectively. The fair values of the investment properties were determined by independent professionally qualified appraisers.

The fair values of the land were arrived at using the Market Data Approach. Market Data Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For Market Data Approach, the higher the price per square meter (sqm.), the higher the fair value.

The fair values of the buildings (retail, office, hospital) arrived using the Income Approach. Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

ALI Group's capitalized borrowing costs amounted to ₦614.8 million and ₦683.1 million for the years ended December 31, 2024 and 2023, respectively. For the years 2024, 2023 and 2022, total capitalized interest aggregated to ₦2,075.0 million (included in additions). The capitalization rates are 3.09% to 6.22% in 2024 and 4.5% to 6.0% in 2023.

ALI Group's consolidated rental income from investment properties amounted to ₦35,862.6 million, ₦32,896.2 million and ₦27,196.5 million in 2024, 2023 and 2022, respectively (see Note 21). ALI Group's consolidated direct operating expenses arising from the investment properties amounted to ₦11,918.13 million, ₦10,118.96 million and ₦8,884.7 million in 2024, 2023 and 2022, respectively.

ALI Group's depreciation and amortization expense pertaining to investment properties amounted to ₦6,317.82 million, ₦5,669.6 million and ₦5,642.9 million in 2024, 2023 and 2022, respectively.

ALI Group's certain short-term and long-term debt are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of these investment properties amounted to ₦3,796.1 million and ₦3,154.5 million as of December 31, 2024 and 2023, respectively (see Note 18).

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct and develop investment properties or for repairs, maintenance, and enhancement.



12. Property, Plant and Equipment

The movements in property, plant and equipment follow:

	December 31, 2024						
	Land, Buildings and Improvements (Note 18)	Plant, Machinery and Equipment	Hotel Property and Equipment (Note 18)	Furniture, Fixtures and Equipment	Transportation Equipment	Construction- in-Progress	Total
(In Thousands)							
Cost							
At January 1	₱34,304,898	₱46,948,142	₱15,491,389	₱17,185,858	₱6,854,794	₱83,308,653	₱204,093,734
Additions	4,031,631	13,353,969	1,002,919	2,511,109	805,691	23,383,629	45,088,948
Additions through business combination	—	137	—	10,118	—	—	10,255
Disposals	(892,230)	(2,046,292)	(114,930)	(285,669)	(3,098,562)	(14,781)	(6,452,464)
Transfers (Note 11)	922,416	23,944,094	(4,412,385)	5,004,037	2,338	(29,064,230)	(3,603,730)
Exchange differences	45,093	(2,084,601)	—	(147,823)	(308)	(802,022)	(2,989,661)
Reclassification/others	(6,712,197)	1,105,999	9,544,280	15,520	(279,904)	(3,672,890)	808
At December 31	31,699,611	81,221,448	21,511,273	24,293,150	4,284,049	73,138,359	236,147,890
Accumulated depreciation and amortization and impairment loss							
At January 1	13,327,154	24,287,157	5,457,436	8,217,083	3,379,459	370,723	55,039,012
Depreciation and amortization for the year (Note 22)	1,677,078	2,519,168	832,986	2,149,212	535,307	—	7,713,751
Impairment loss/reversal (Note 22)	—	529,742	—	3,170	—	3,372	536,284
Disposals	(78,848)	(1,678,076)	(28,015)	(169,567)	(1,640,692)	—	(3,595,198)
Exchange differences	96,265	123,390	—	(122,686)	1,125	—	98,094
Reclassification/others	(131,625)	(462,540)	(786,353)	(236,592)	(158,165)	—	(1,775,275)
At December 31	14,890,024	25,318,841	5,476,054	9,840,620	2,117,034	374,095	58,016,668
Net book value	₱16,809,587	₱55,902,607	₱16,035,219	₱14,452,530	₱2,167,015	₱72,764,264	₱178,131,222
	December 31, 2023						
	Land, Buildings and Improvements (Note 18)	Plant, Machinery and Equipment	Hotel Property and Equipment (Note 18)	Furniture, Fixtures and Equipment	Transportation Equipment	Construction- in-Progress	Total
(In Thousands)							
Cost							
At January 1	₱28,566,365	₱43,471,772	₱19,087,924	₱16,831,534	₱5,710,752	₱53,232,411	₱166,900,758
Additions	3,675,582	5,615,302	1,232,393	2,247,179	1,551,251	26,980,693	41,302,400
Additions through business combination	—	18,458	—	10,475	—	12,892	41,825
Disposals	(1,730,491)	(1,921,512)	(1,539,616)	(771,081)	(206,945)	(582,057)	(6,751,702)
Transfers (Note 11)	3,576,220	355,661	—	221,801	12,461	(289,491)	3,876,652
Exchange differences	(143,017)	(132,000)	—	(11,759)	12,849	(44,796)	(318,723)
Reclassification/others	360,239	(459,539)	(3,289,312)	(1,342,291)	(225,574)	3,999,001	(957,476)
At December 31	34,304,898	46,948,142	15,491,389	17,185,858	6,854,794	83,308,653	204,093,734
Accumulated depreciation and amortization and impairment loss							
At January 1	12,666,869	21,886,079	5,114,474	9,745,201	3,008,430	366,154	52,787,207
Depreciation and amortization for the year (Note 22)	1,356,078	2,960,257	746,775	934,598	594,439	—	6,592,147
Impairment loss/reversal (Note 22)	—	(19,961)	—	6,691	—	4,497	(8,773)
Disposals	(713,504)	(2,510,223)	(132,631)	(860,889)	(143,040)	—	(4,360,287)
Exchange differences	(132,000)	(111,164)	—	(26,395)	5,355	—	(264,204)
Transfers	(713,741)	(12,054)	—	56,350	(1,999)	—	(671,444)
Reclassification/others	863,452	2,094,223	(271,182)	(1,638,473)	(83,726)	72	964,366
At December 31	13,327,154	24,287,157	5,457,436	8,217,083	3,379,459	370,723	55,039,012
Net book value	₱20,977,744	₱22,660,985	₱10,033,953	₱8,968,775	₱3,475,335	₱82,937,930	₱149,054,722

In 2024 and 2023, the ACEIC Group acquired assets with a cost of ₱34,822.1 million and ₱29,700.7 million, respectively.

ACEIC Group's borrowing cost capitalized to property, plant, and equipment amounted to ₱2,634.8 million and ₱1,853.0 million for the years ended December 31, 2024 and 2023, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 6.28% and 5.38% in 2024 and 2023, respectively.

The Group's contractual commitments from various construction-in-progress as of December 31, 2024 and 2023 amounted to ₱90,328.3 million and ₱46,338.9 million, respectively.



In 2024, provision for impairment loss mainly include the ₱491.9 million for IMI's machinery and equipment.

In 2023, reversals include ₱20.04 million for IMI's machinery and equipment.

In 2022, provision for impairment mainly include ₱33.6 million for BSEI's construction-in-progress and ₱7.9 million for OSOD's construction-in-progress.

NorthWind's land, wind turbine generator, building and machinery with carrying value of ₱1,686.8 million and ₱1,853.1 million as at December 31, 2024 and 2023, respectively, is mortgaged as security for a long-term loan (see Note 18).

Guimaras Wind's wind farm with carrying value of ₱3,274.3 million and ₱3,374.2 million as at December 31, 2024 and 2023, respectively, is mortgaged as security for the long-term loan (see Note 18).

Except as otherwise disclosed, the Group has no restrictions on its property, plant and equipment and none of these have been pledged as security for its obligations.

Certain property, plant, and equipment of the Group have been pledged as security for its obligations.

The Group has no significant property, plant and equipment which are idle as of December 31, 2024 and 2023.

13. Service Concession Assets and Obligations

Service Concession Assets (SCA)

The movements in this account as of December 31, 2023 (nil in 2024) follow:

	(In Thousands)
Cost	
At January 1	₱2,210,886
Additions during the year -	
Construction and rehabilitation works	6,593
Divestment / deconsolidation (see Note 23)	(2,217,479)
At December 31	—
Accumulated amortization	
At January 1	789,909
Amortization (Note 22)	105,611
Divestment / deconsolidation (see Note 23)	(895,520)
At December 31	—
Net book value	₱—

The SCA pertains to the Parent Company's concession agreement with the DPWH.

Deed of Assignment of Rights

On December 6, 2021, the Parent Company and PAVI signed an Investment Agreement relating to the MCX Project and for the sale of the Parent Company's 100% ownership stake in MCXPI, subject to the satisfaction of the following conditions:

- Receipt of DPWH's written consent to the assignment of the concession from the Parent Company to MCXPI;
- Approval and confirmation by the SEC of the valuation of the Parent Company's rights to, interests in, and obligation and principal liability under the MCX Concession Agreement, the MCX SCA and its rights and obligations; and



- Receipt by the Parent Company of the consent required under the MCX Third Party Contracts.

On March 10, 2022, DPWH granted its consent to the transfer of the service concession assets and obligations under the MCX concession arrangement from the Parent Company to MCXPCI.

On January 26, 2023, the Certificate of Approval of Valuation was issued by the SEC in relation to the assignment of the MCX assets. The approved valuation amounting to ₱3,190 million shall be applied as payment for the Parent Company's subscription to MCXPCI's 309.0 million Class A common shares at ₱1.00 par value per share, and 2,881.0 million Class B common shares at ₱1.00 par value per share. On February 1, 2023, MCXPCI waived the satisfaction of the Parent Company's receipt of the remaining third-party consents contemplated in the Deed of Assignment executed between the Parent Company and MCXPCI. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI commenced on February 1, 2023. This resulted to gain on transfer of net assets recognized by the Parent Company amounting to ₱1,590.9 million and was treated as a tax-free exchange.

On June 2, 2023, consents were received from the DPWH for the following matters:

- Assignment of the Reimbursement Agreement dated July 31, 2013 between the DPWH and the Parent Company to MCXPCI, thereby entitling MCXPCI to receive the payment under the Reimbursement Agreement;
- Assignment of the Memorandum of Agreement for Toll Collection Interoperability dated September 15, 2017 to MCXPCI and execution of amendment agreement to reflect MCXPCI as new concessionaire of the MCX Project;
- Execution of an amendment agreement to the MCX Concession Agreement to reflect MCXPCI as the new concessionaire of the MCX Project, among others.

On July 19, 2023, the DPWH, as the Grantor of the MCX Project Concession, confirmed its concurrence and signified that it interposed no objection to the transfer by the Parent Company of its equity interest in MCXPCI to PAVI.

On September 28, 2023, the Group has fully divested and transferred its MCX Concession to PAVI (see Notes 22 and 23).

Service Concession Obligations

Provision for maintenance obligation of MCX

Provision for maintenance obligation pertains to the present value of the estimated contractual obligations of the Parent Company to undertake the financing of the Project's periodic maintenance, which includes renewal and restoration of toll roads and toll road facilities prior to turnover of the asset to DPWH, the grantor.

Under the Minimum Performance Standards and Specifications (MPSS), the Parent Company has the obligation to perform routine and periodic maintenance. Routine maintenance pertains to day-to-day activities to maintain the road infrastructures while periodic maintenance comprises of preventive activities against major defects and reconstruction. Moreover, the Parent Company is required to perform maintenance and repair work in a manner that complies with the MPSS until it hands the asset back to the DPWH. The provision is a product of the best estimate of the expenditure required to settle the obligation based on the usage of the road during the operating phase. The amount is reduced by the actual obligations paid for heavy maintenance of the SCA.

As at December 31, 2023, the Group had fully divested and transferred its MCX Concession to PAVI (see Notes 22 and 23).



14. Intangible Assets

The movements in intangible assets follow:

	2024									
	Goodwill	Customer Relationships	Unpatented Technology/Intellectual Properties	Developed Software	Licenses	Trademarks	Project Development Cost	Leasehold and Other Rights	Others	Total
Cost										
At January 1	₱32,183,316	₱1,556,789	₱1,611,904	₱74,162	₱1,034,762	₱3,523,293	₱1,181,039	₱4,306,325	₱2,941,565	₱48,413,155
Additions during the year	1,398,795	—	—	285,225	70,919	—	17,745	—	301,498	2,074,182
Exchange differences	1,001,657	54,102	87,636	—	20,193	12,222	50,983	—	—	1,226,793
Retirement/disposals	(38,490)	—	—	—	(1,845)	—	—	—	(7,857)	(48,192)
Reclassification/others	(55,003)	—	(724,468)	98,523	(137,107)	(233,774)	(27,506)	(401,773)	(494)	(1,481,602)
At December 31	34,490,275	1,610,891	975,072	457,910	986,922	3,301,741	1,222,261	3,904,552	3,234,712	50,184,336
Accumulated amortization and impairment loss										
At January 1	2,123,360	1,248,846	1,002,123	62,375	764,467	48,556	1,140,575	855,746	742,781	7,988,829
Amortization (Note 22)	—	28,870	45,485	48,604	43,385	4,838	—	—	169,694	340,876
Impairment loss (Note 22)	2,409,852	—	—	—	—	—	—	—	—	2,409,852
Exchange differences	(47,061)	54,102	30,469	—	15,497	3,707	50,983	—	—	107,697
Reclassification/others	120,907	—	(288,111)	223,900	(38,253)	(57,101)	—	—	(7,660)	(46,318)
At December 31	4,607,058	1,331,818	789,966	334,879	785,096	—	1,191,558	855,746	904,815	10,800,936
Net book value	₱29,883,217	₱279,073	₱185,106	₱123,031	₱201,826	₱3,301,741	₱30,703	₱3,048,806	₱2,329,897	₱39,383,400
	2023									
	Goodwill	Customer Relationships	Unpatented Technology/Intellectual Properties	Developed Software	Licenses	Trademarks	Project Development Cost	Leasehold and Other Rights	Others	Total
Cost										
At January 1	₱35,438,825	₱1,215,938	₱1,568,761	₱92,532	₱1,084,097	₱3,419,901	₱1,161,463	₱4,287,357	₱2,849,895	₱51,118,769
Additions during the year	218,201	346,436	—	40,085	38,014	103,392	27,506	—	291,802	1,065,436
Exchange differences	(60,732)	(5,585)	62,728	—	6,547	—	(7,930)	—	—	(4,972)
Retirement/disposals	(3,167,911)	—	—	(58,455)	(95,431)	—	—	—	(100,177)	(3,421,974)
Reclassification/others	(245,067)	—	(19,585)	—	1,535	—	—	18,968	(99,955)	(344,104)
At December 31	32,183,316	1,556,789	1,611,904	74,162	1,034,762	3,523,293	1,181,039	4,306,325	2,941,565	48,413,155
Accumulated amortization and impairment loss										
At January 1	2,152,449	1,215,938	893,563	48,234	747,998	39,074	1,129,897	788,766	566,468	7,582,387
Amortization (Note 22)	—	38,493	95,424	21,453	71,730	9,482	18,422	66,980	170,197	492,181
Impairment loss (reversals) (Note 22)	3,115,244	—	—	—	—	—	—	—	7,857	3,123,101
Exchange differences	(43,048)	(5,585)	13,136	—	4,572	—	(7,744)	—	—	(38,669)
Retirement/disposals	(3,074,169)	—	—	—	—	—	—	—	—	(3,074,169)
Reclassification/others	(27,116)	—	—	(7,312)	(59,833)	—	—	—	(1,741)	(96,002)
At December 31	2,123,360	1,248,846	1,002,123	62,375	764,467	48,556	1,140,575	855,746	742,781	7,988,829
Net book value	₱30,059,956	₱307,943	₱11,787	₱270,295	₱3,474,737	₱40,464	₱3,450,579	₱2,198,784	₱40,424,326	



Goodwill

Goodwill pertains to the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Impairment testing of goodwill

The Group's goodwill is tested for impairment annually as follows:

IMI Group

Goodwill acquired through business combinations have been allocated to the particular CGUs of IMI for impairment testing as follows (amounts in thousands):

	2024		2023	
	In US\$	In Php*	In US\$	In Php*
VIA	\$1,793	₱103,716	\$45,946	₱2,544,029
Speedy Tech Electronics, Ltd. (STEL)	38,225	2,211,125	38,225	2,116,529
IMI	441	25,510	1,098	60,784
IMI CZ	—	—	503	27,828
	\$40,459	₱2,340,351	\$85,772	₱4,749,170

*Translated using the PDEX closing exchange rate at the statement of financial position date (US\$1:₱57.85 in 2024 and US\$1:₱ 55.37 in 2023).

STI, VIA, STEL Group and IMI CZ

The recoverable amounts of these CGUs have been based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to cash flow projections are as follows:

	2024	2023
VIA	14.31%	12.01%
STEL	12.82%	13.37%
IMI CZ	10.28%	12.87%

Cash flows beyond the five-year period are extrapolated using a steady growth rate of 1% to 3.47%, which does not exceed the compound annual growth rate (CAGR) for the global electronic manufacturing services (EMS) industry, specifically on automotive, industrial equipment, consumer electronics and telecommunications segments.

Key assumptions used in value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Revenue - Revenue forecasts are management's best estimates considering factors such as industry CAGR, existing customer contracts and projections, historical experiences and other economic factors.
- Forecasted gross margins - Gross margins are based on the mix of business model arrangements with the customers.
- Overhead and administrative expenses - estimates are based on applicable inflation rates in the respective countries of the cash generating units considering expected future cost efficiencies and production facilities rationalization.
- Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. This is also the benchmark used by management to assess operating performance. The discount rate calculation is based on the specific circumstances of IMI Group and its operating segments and is derived from its weighted average cost of capital.



Impairment loss on goodwill of VIA amounted to ₦2,371.7 million and ₦3,074.2 million in 2024 and 2023, respectively. No impairment loss was recorded in 2022 (see Note 22).

Sensitivity to changes in assumptions

Value in use calculation is sensitive to pre-tax discount rates, revenue growth rate and direct cost ratio. With regard to the assessment of value-in-use of STEL, an increase in the pre-tax discount rate by more than 0.73% would result to impairment of goodwill. In addition, a decrease in revenue growth rate of STEL by more than 0.77% would result to an additional impairment. Lastly, an increase direct cost ratio of STEL by 0.49% would also result to impairment.

IMI

The goodwill of IMI pertains to its acquisition of M. Hansson Consulting, Inc. (MHCI) in 2006 and IMI USA in 2005. MHCI was subsequently merged to IMI as testing and development department. IMI USA acts as direct support to IMI Group's customers by providing program management, customer service, engineering development and prototyping manufacturing services. IMI USA's expertise in product design and development particularly on the flip chip technology is being used across IMI Group in providing competitive solutions to customers. In 2024, 2023 and 2022, IMI Group assessed the impairment based on value-in-use calculations using cash flow projections of IMI from financial budgets approved by BOD covering a 5-year period.

In 2024, the Group recognized impairment loss on the goodwill of IMI USA amounting to \$0.66 million (₦38.2 million) due to the cessation of prototyping and manufacturing operations at the end of 2024. No impairment loss was assessed in 2023 (see Note 22).

ACEIC Group

Significant amount of goodwill came from the acquisitions of UPC-ACE Australia in 2022 and RWEI in 2024 totaling ₦23,459.1 million (see Note 23).

ACEIC Group performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the related CGU. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trend, target market analysis, government regulations and other economic factors.
- EBITDA margin - It is a measure of a 'firm's profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation, interest expenses and changes in net working capital and maintenance capital expenditures in arriving the free cash flow.
- Discount rates - represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.



The recoverable amount is based on value in use calculations using cash flow projections from financial budgets approved by ACEIC management covering the period the CGU is expected to be operational. Based on management's assessment, there is no impairment loss to be recognized on goodwill for the year ended December 31, 2024. The pre-tax discount rates range from 7.59% to 8.52% in 2024 and 7.18% to 8.32% in 2023, which are based on weighted average cost of capital of comparable entities. The growth rate ranges from 2% to 7% in 2024 and 2% to 10% in 2023. The value-in-use computation is most sensitive to the discount rate and growth rate applied to the cash flow projections.

Based on management's assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill in 2024, 2023 and 2022.

AC Health Group

Total goodwill amounted to ₱3,165.5 million. The recoverable amounts of IEM, Generika Group and Healthway Group have been determined based on the value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rates applied to cash flow projections are 12.82% in 2024 (12.75% in 2023) for clinics and hospitals and 13.03% in 2024 (13.63% in 2023) for pharma and cash flows beyond the five-year period are extrapolated using a 7.54% in 2024 (3.52% in 2023) for clinics and hospitals and 10.30% in 2024 (5.8% in 2023) for pharma growth rate that is the same as the compound annual growth rate for respective industries.

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

- Revenue - Revenue forecasts are management's best estimates considering factors such as industry growth rate, customer projections and other economic factors
- Forecasted gross margins - Gross margins are based on the mix of business model arrangements with the customers
- Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of underlying assets that have not been incorporated in the cash flow estimates. This is also the benchmark used by management to assess operating performance.

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of these CGUs to exceed their recoverable amount.

No Impairment loss on goodwill was recognized in 2024, 2023 and 2022.

Customer relationships

Customer relationships pertain to IMI Group's STEL Group, IMI BG and VTS' contractual agreements with certain customers which lay out the principal terms upon which the parties agree to undertake business. Customer relationships of STEL, IMI BG and VTS were fully amortized as of December 31, 2023.

As of December 31, 2024 and 2023, the balance of customer relationships pertains to AC Logistic's Air21 Group amounting to ₱279.0 million and ₱307.9 million, respectively.

Unpatented technology / Intellectual properties

Unpatented technology is arising from IMI Group's STEL Group's products which are technologically feasible, as well as from Merlin Solar Technologies, Inc. (Merlin USA), a subsidiary of AC Industrials, which was recognized in 2018 after the completion of AC Industrial's acquisition of Merlin USA. The unpatented technology of Merlin USA was excluded in 2024 upon sale of Merlin USA (see Note 2). These technologies are also unique, difficult to design around, and meet the separability criteria.



This also includes IMI Group's intellectual properties related to the acquisition of VIA and VTS. VIA's intellectual properties pertain to display system optically bonded to a display region and enhanced liquid crystal display system and methods while VTS's IP relates to the transfer of the seller of the technology relevant to run the business.

Licenses

This includes acquisitions of computer software, applications and modules.

Developed software

This includes the system application acquired by the AC Health to compile its electronic medical records, as well as to facilitate online pharmacy and consultation.

Trademarks

Trademarks pertain to the trademark recognized by AC Industrial from the acquisition of Merlin USA and trademark recognized by AC Health from the acquisition of Healthway Philippines, Inc. and Generika Group. The trademark of AC Industrial has a definite useful life while the trademarks of AC Health have an indefinite useful life.

In 2024 and 2023, the recoverable amount of HMC amounted to ₱2,178.6 million and ₱1,908.3 million, respectively, and MGHI amounted to ₱3,691.1 million and ₱2,585.0 million, respectively. As of December 31, 2024, the recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.82% and 14.75%, respectively and cash flows beyond the five-year period are extrapolated using a 7.54% and 3.52% growth rate that is the same as the long-term average growth rate for the clinic and hospital industry.

The recoverable amount of the Generika Group amounting to ₱4,391.7 million and ₱2,789.6 million as of December 31, 2024 and 2023, respectively, has been determined based on a (value in use) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 15.03% and cash flows beyond the five-year period are extrapolated using a 10.30% growth rate that is the same as the compound annual growth rate for the pharmaceutical industry.

Project development cost

This includes project development costs from AC Health Group amounting to ₱30.7 million and ₱40.5 million as of December 31, 2024 and 2023, respectively.

Leasehold and other rights

Leasehold rights consist of the following:

- Through the acquisition of AyalaLand Logistics Holdings Corp. (ALLHC), ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR) (see Notes 24 and 30).
- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.
- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.
- Through the acquisition of Solienda, ACEIC acquired the absolute and irrevocable title, rights and interests in the contract of lease, and the subsequent amendment agreements, of San Julio Realty, Inc. (SJRI) with San Carlos Sun Power, Inc. (SACASUN), San Carlos Solar Energy, Inc. (SACASOL) and San Carlos Biopower Inc. (SCBP). The Assignment Agreements were amended on December 26, 2016 to clarify that SJRI irrevocably assigns, transfers and conveys absolutely unto Solienda, Inc. all its rights, ownership and/or interest in 50% of the total rental payments due under the Contracts of Lease. The parties undertake to provide continuing support for the full implementation of the Agreements and shall perform in good faith any and all facts necessary to implement the Agreements and its amendments.



Others

Other intangible assets include contract of ACEIC Group for the supply and distribution of water to third parties. This also includes intangible asset amounting to ₦2,191.8 million arising from identifiable FIT contract which was recognized from the acquisition of SACASOL in 2020 with remaining useful life of 13 years. This is amortized over a straight-line basis over its remaining life from 2020. The carrying amount as at December 31, 2024 and 2023 amounted to ₦1,471.90 million and ₦1,623.20 million, respectively.

15. Other Noncurrent Assets

This account consists of the following:

	2024	2023
	(In Thousands)	
Investment in debt and equity securities	₦32,958,451	₦37,332,906
Deferred charges	22,446,159	17,033,185
Advances to contractors and suppliers	8,640,107	8,508,364
Deposits - others	5,750,041	4,631,317
Creditable withholding taxes	5,557,283	4,266,270
Deferred input VAT	4,921,647	5,222,858
Derivative asset (see Note 2)	4,499,660	5,162,810
Pension assets (Note 27)	249,097	140,624
Others (Note 31)	2,253,181	2,691,375
	₦87,275,626	₦84,989,709

Investments in debt and equity securities

This account consists of debt and equity investments, which are classified as financial assets at amortized cost, financial assets at FVOCI and financial assets at FVTPL as follows:

	2024	2023
	(In Thousands)	
Financial assets at amortized cost		
RPS and subscription deposits	₦16,070,188	₦20,018,033
Convertible loans	1,848,217	1,615,766
Financial assets at FVOCI		
Quoted equity investments	7,804,486	8,547,147
Unquoted equity investments	4,124,208	3,339,756
Financial assets at FVTPL		
Convertible loans	3,111,352	3,812,204
	₦32,958,451	₦37,332,906



Financial assets at amortized cost

Investment in RPS and subscription deposits

The rollforward analysis of this account follows:

	2024	2023
	(In Thousands)	(In Thousands)
Balances at beginning of year	₱20,896,462	₱17,790,023
Subscription deposits	1,893,212	1,467,305
Subscription to RPS	89,881	2,433,046
Redemption of subscription deposits and RPS	(1,389,659)	(323,987)
Conversion of subscription deposits	—	(176,219)
Conversion to RPS	—	176,219
Reclassified to financial assets at FVOCI	(3,861,101)	(353,340)
Reclassified to investment in joint venture	(1,695,449)	(1,859)
Reclassified to receivables	(12,147)	—
Cumulative translation adjustment	148,989	(114,726)
	16,070,188	20,896,462
Allowance for impairment (Note 22)	—	878,429
Balance at end of year	₱16,070,188	₱20,018,033

Investments in RPS

UPC Renewables Asia III Ltd. (UPC Asia III)

On January 11, 2017, ACEIC Group entered into an agreement for subscription to Redeemable Class A preferred shares of UPC Asia III. UPC Asia III owns 75MW Wind Farm in South Sulawesi, Indonesia. Redeemable Class A preferred shares are entitled to dividends at fixed, cumulative, and compounding rate annually. The Redeemable Class A preferred shares are non-voting shares and are redeemable at par plus any accrued dividends at the holder's option within 60 days from earlier of July 15, 2035 or date as soon as funds are realized by UPC Asia III or its subsidiaries.

On June 29, 2024, the Group redeemed RPS Class A from UPC Asia III, through distributable profits and capital reduction. The redemption was offset against the existing shareholder loan of UPC Asia III to ACRI, together with outstanding interest receivable from investment in redeemable preferred shares. Any interest in RPS Class A ceased as of date of the resolution. The redemption resulted to a gain of ₱1,520.55 million (US\$25.92 million).

As of December 31, 2024 and 2023, investment in Redeemable Class A preferred shares amounted to nil and US\$21.86 million (₱1,210.63 million), respectively. Interest income amounted to US\$1.18 million (₱68.28 million), US\$4.64 million (₱256.68 million) and US\$4.17 million (₱231.02 million) in 2024, 2023 and 2022, respectively.

AMI AC Renewables Corporation (AAR)

AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam.

Redeemable Class A and Class B preference shares in AAR are entitled to dividends at fixed base rate annually, commencing from January 22, 2018. The shares are redeemable only by cash at the issuer's option on "first in first out" basis but no earlier than the 5th year from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

In 2022, ACEIC converted its subscription deposits to Class A preferred shares for a total of US\$3.25 million (₱106.79 million).

As of December 31, 2024 and 2023, investment in Redeemable Class A and B preferred shares amounted to US\$125.40 million (₱7,254.02 million) and US\$125.40 million (₱6,943.64 million), respectively. Interest income amounted to US\$16.15 million (₱933.95 million), US\$16.39 million (₱907.29 million) and US\$15.19 million (₱842.19 million) in 2024, 2023 and 2022, respectively.



BIM Renewable Energy Joint Stock Company (BIMRE)

BIMRE owns 300 MW of Solar Farm in Ninh Thuan Province, Vietnam. On November 4, 2019, ACEIC converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preferred shares and 3,437,000 redeemable Class B preferred shares. The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and only by cash and at the issuer's option on "first in, first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of project, and all accrued coupons are current.

In 2021, ACEIC Group subscribed to redeemable Class B for a total of US\$0.01 million (₱0.03 million) while US\$3.96 million (₱192.12 million) subscription deposits were converted to redeemable Class A and Class B preferred shares.

As of December 31, 2024 and 2023, investment in Redeemable Class A and Class B preferred shares amounted to US\$23.39 million (₱1,410.65 million) and US\$24.39 million (₱1,350.29 million), respectively. Interest income amounted to US\$3.42 million (₱197.76 million), US\$3.26 million (₱180.48 million) and US\$3.17 million (₱175.76 million) in 2024, 2023 and 2022, respectively.

BIM Energy Joint Stock Company (BIME)

BIME owns 30 MW of Solar Farm in Ninh Thuan Province, Vietnam. On November 4, 2019, ACEIC converted deposit for future equity in BIME into 343,700 redeemable Class A preferred shares and 343,700 redeemable Class B preferred shares. The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and only by cash and at the issuer's option on "first in, first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of project, and all accrued coupons are current.

In 2021, the Group subscribed to redeemable Class B for a total of US\$0.01 million (₱0.06 million).

As of December 31, 2024 and 2023, investment in Redeemable Class A and Class B preferred shares amounted to US\$4.26 million (₱246.14 million) and US\$4.26 million (₱235.61 million), respectively. Interest income amounted to US\$0.76 million (₱44.02 million), US\$0.57 million (₱31.56 million) and US\$0.55 million (₱30.74 million) in 2024, 2023 and 2022, respectively.

UPC-AC Energy Solar Limited (UPC Solar)

UPC Solar is currently developing solar farms with combined capacity of 210 MW in the Provinces of Rajasthan and Gujarat, India. During the years ended December 31, 2021 and 2020, ACEIC entered into different Share Subscription Agreement with UPC Solar to subscribe the latter's Class A redeemable preferred shares. The redeemable Class A Preferred shares are non-voting shares entitled to dividends at fixed, cumulative, and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in, first out" basis. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commercial operations.

In 2022, ACEIC Group subscribed to redeemable Class A RPS for a total of US\$46.20 million (₱2,417.40 million).

In 2024, investment in UPC-ACE Solar's Redeemable Preference Share Class A (classified as investment in redeemable preferred shares and convertible loans) with a net carrying amount of US\$59.46 million (₱2,922.27 million) was reclassified to investments in financial assets at fair value through other comprehensive income (FVOCI) due to change in business model. The instrument was amended with the following features: (a) no fixed coupon, (b) dividends payable upon discretion of the board, and (c) no fixed redemption date. Prior to reclassification, the investment has an allowance for expected credit losses amounting to US\$16.54 million (₱938.83 million), of which US\$1.05 million (₱59.71 million) was recognized in the consolidated statement of income.



As of December 31, 2024 and 2023, investment in Class A RPS amounted to nil and US\$62.23 million (₱3,445.44 million), respectively. Interest income amounted to US\$5.72 million (₱335.02 million), US\$10.02 million (₱554.89 million) and US\$7.71 million (₱427.50 million) in 2024, 2023 and 2022, respectively.

RPS bear coupon ranging from 11.2% to 14.0% per annum. Dividends on RPS which are classified and accrued as interest income on a monthly basis are subject to declaration prior to payment.

In 2024 and 2023, the Group recognized provision for impairment loss of US\$1.05 million (₱59.71 million) and US\$151.055 million (₱59.71 million) in redeemable preferred shares in UPC-ACE Solar (see Note 22).

Investment in BIM Wind

BIM Wind owns and operates an 88 MW wind project in the Province Ninh Thuan, Vietnam. The wind farms began operations on September 2021. The redeemable preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis no later than the end of the operations of the project which is expected in 20 years from commercial operations.

In 2023 and 2022, ACEIC converted its subscription deposits to redeemable preferred shares for a total of \$3.14 million (₱176.22 million) and \$29.53 million (₱1,731.04 million), respectively.

As at December 31, 2024 and 2023, investment in Redeemable preferred shares amounted to US\$40.24 million (₱2,327.79 million) and US\$40.32 million (₱2,232.29 million), respectively. Interest income amounted to US\$6.36 million (₱367.90 million), US\$6.92 million (₱383.42 million) and US\$9.20 million (₱510.23 million) in 2024, 2023 and 2022, respectively.

Investment in NEFIN

Construction Equity RPS in NEFIN Limited are non-voting shares entitled to a fixed, cumulative compounding dividends annually and are not entitled to any additional dividends. The shares are redeemable only by cash at the issuer's option.

In 2024, US\$3.50 million (₱202.46 million) was collected while US\$0.26 million (₱12.15 million) was reclassified to receivables.

In 2024 and 2023, total subscriptions amounted to US\$7.47 million (₱433.48 million) and US\$10.45 million (₱582.13 million), respectively.

As at December 31, 2024 and 2023, investment in Redeemable preferred shares amounted to US\$34.70 million (₱2,007.22 million) and US\$30.94 million (₱1,713.37 million), respectively. Interest income amounted to US\$3.10 million (₱179.27 million), US\$2.32 million (₱128.35 million) and US\$0.61 million (₱33.72 million) in 2024, 2023 and 2022, respectively.

Subscription deposits

Subscription to Suryagen

On March 10, 2022, The Framework Agreement Term Sheet Between ACRI and PT Puri Usaha Kencana, Pt Trisurya Mitra Bersama, PT Griya Usaha, PT Suryagen Griya Intitama and PT Puri Energi Kencana was entered into for the joint development of projects in Indonesia. Pursuant to the term sheet, ACRI infused \$2.50 million (₱139.40 million) to Suryagen Capital Pte Ltd as a non-refundable subscription deposit convertible into common shares investment upon execution of the investment definitive documentation. The balance of subscriptions amounting to \$2.50 million (₱129.90 million) was redeemed in 2023.



Subscription to BIM Wind

On July 7, 2020, ACEIC Group entered into a Share Subscription and Deposit Agreement for non-interest deposit with BIM Wind. In 2021, the Group made subscription deposit amounting to \$13.04 million (₱642.32 million). Subscriptions amounted to \$3.14 million (₱176.22 million) was converted in 2023 and subscriptions amounting to \$2.12 million (₱119.34 million) was collected in 2023.

Subscription to UPCAPH

On December 13, 2023, the Group entered into an agreement with UPC Renewables Asia Pacific Holdings Pte Ltd, for the 49% acquisition of 3 late-stage development projects in Indonesia, with a combined potential capacity of 320MW. The projects are located in South Sulawesi, Sukabumi, and Lombok. As part of the transaction, the Group, provided a subscription deposit amounting to \$2.00 million. In 2024, total subscriptions amounted to US\$5.78 million (₱228.14 million) was reclassified as subscription to PT Lombok, PT Sidrap 2 and PT Sukabumi, accounted as associates and joint venture. As at December 31, 2024 and 2023, the carrying amount is nil and US\$2.00 million (₱110.74 million), respectively.

Subscription to Beacon Capital Holdings Limited

On December 18, 2023, the Group entered into a Reservation Agreement with Beacon Capital Holdings Limited and Huntington Renewable Investments Limited, to acquire 49% equity stake in BIM Energy Holdings, BIM Group's holding company for renewable projects in Vietnam. The transaction is subject to condition precedents, including regulatory approval in Vietnam. As part of the transaction, the Group, provided a reservation deposit amounting to US\$24.50 million (₱1,356.57 million).

In 2024, deposit amounting to US\$24.50 million (₱1,356.57 million) was reclassified to investment in BIM Energy Holding Corporation, a joint venture.

Convertible loans

The rollforward analysis of this account follows (in thousands):

	2024	2023
Balance at January 1	₱3,882,716	₱4,755,293
Additions	-	1,807,639
Redemptions	-	(2,341,774)
Cumulative translation adjustment	78,351	(338,442)
	3,961,067	3,882,716
ECL provision	(2,112,850)	(2,266,950)
Balance at December 31	₱1,848,217	₱1,615,766

Vietnam Wind Energy Limited

On April 17, 2020, ACEIC entered into an agreement with VVWL to make available a convertible term loan facility in an aggregate amount of US\$38.00 million (₱1,841.67 million). ACEIC, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preferred shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends, redeemable at the issuer's option. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years of drawn down date.

In 2024 and 2023, ACEIC recognized reversal of allowance for impairment loss in convertible loan to Vietnam Wind of (US\$2.77) million (₱154.10 million) and allowance for impairment loss of \$17.73 million (₱982.54 million), respectively (see Note 22).

As at December 31, 2024 and 2023, ACEIC provided ECL provision amounting to \$36.53 million (₱2,112.85 million) and \$56.24 million (₱3,145.38 million), respectively.



As of December 31, 2024 and 2023, outstanding balance of the convertible loan amounted to nil. Interest income amounted to US\$6.11 million (₱353.56 million), US\$5.02 million (₱277.92 million) and nil in 2024, 2023 and 2022, respectively.

Asian Wind Power 1 HK Ltd

On April 12, 2019, ACEIC entered into an agreement with Asian Wind 1 to make available a convertible term loan facility in aggregate principal amount not exceeding US\$26.00 million (₱1,260.09 million). ACEIC, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, convertible loan amounting to US\$1.43 million (₱74.45 million) was reclassified to debt replacement loans.

On September 29, 2023, repaid the outstanding convertible loan facility amounting to US\$26.00 million (₱1,318.77 million).

On September 27, 2023, ACEV, and Asian Wind Power 1 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$16.26 million (₱920.15 million), payable on July 31, 2040. The Group has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commissioning date.

As of December 31, 2024 and 2023, outstanding balance of the convertible loan amounted to US\$16.26 million (₱920.15 million) and US\$16.26 million (₱900.55 million), respectively. Interest income amounted to US\$2.02 million (₱116.92 million), US\$3.22 million (₱178.10 million) and US\$3.77 million (₱206.49 million) in 2024, 2023 and 2022, respectively.

Asian Wind Power 2 HK Ltd

On March 25, 2020, ACEIC entered into an agreement with Asian Wind 2, to make available a convertible term loan facility in an aggregate amount not exceeding US\$23.00 million (₱1,114.70 million). ACEIC, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A redeemable preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, redemptions amounted to US\$0.26 million (₱14.51 million), while in 2021, drawdown from the loan amounted to US\$0.80 million (₱40.62 million).

On September 29, 2023, ACEIC repaid the outstanding convertible loan facility amounting to US\$21.29 million (₱1,023.00 million).



On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 2 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$15.69 million (P887.49 million), payable on October 31, 2041. The Group, from time to time, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commissioning date.

As of December 31, 2024 and 2023, outstanding balance of the convertible loan amounted to US\$15.69 million (P887.49 million) and US\$15.69 million (P868.59 million), respectively.

For both Asian Wind Power 1 HK Ltd and Asian Wind Power 2 HK Ltd, loans converted to investment in RPS are redeemable at the option of the issuer at par and has to be redeemed in case a liquidation event occurs and before returning the capital to the ordinary shareholders.

Convertible loan facilities bear interest ranging from 8.8% to 14.0% in 2024 and 8.0% to 14.0% in 2023 per annum.

Financial assets at FVOCI

Investment in bonds

Investment in bonds pertain to non-interest bearing bonds with a term of 36-months. The Group recorded the investment as financial asset at FVOCI. The fair value of the investment in bonds is determined using the binomial lattice approach. The fair value of the investment is categorized under Level 3.

Quoted equity investments

Quoted equity instruments consist mainly of investments in listed equity securities and golf club shares. Investments in golf club shares wherein ALI Group does not exercise control or demonstrate significant influence.

Unquoted equity investments

Unquoted equity investments include unlisted preferred shares in public utility companies which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects, water utilities projects, and to its other operations.

Financial assets at FVTPL

Convertible loans

First Myanmar Investment Public Co. (FMI)

On November 8, 2019, the Parent Company signed definitive agreements to acquire a 20% stake in FMI.

The investment in FMI was implemented via an US\$82.5 million convertible loan, which was made by VIP on January 23, 2020. VIP disbursed US\$82.5 million into FMI after securing approval from the Central Bank of Myanmar. The transaction forms part of the VIP's \$237.5 million investment in Yoma Group (see Note 10).



In 2022, FMI and The Parent Company, through VIP, entered into a Restructured Loan Agreement that converted the Group's US\$ 82.5 million convertible loan in FMI into a US\$82.5 million perpetual loan with no fixed maturity date. The restructured loan terms contain an automatic redemption feature by delivery of 8,277,424 shares of FMI to the VIP upon the satisfaction of certain conditions, including the seven-day volume weighted average price at an FMI share price listed in the Yangon Stock Exchange hitting or exceeding MMK 15,000 per share.

As of December 31, 2024 and 2023, the fair value of the convertible loan has been determined using market approach resulting to fair value loss of nil and ₾701.2 million, respectively (see Note 22).

Compulsory Convertible Debenture of Masaya Solar Energy Private Limited ("Masaya Solar")
On November 16 and December 9, 2021, the ACEIC Group subscribed to 21.56 million and 32.80 million, respectively, of the Compulsorily Convertible Debentures (CCDs) of Masaya Solar.
As of December 31, 2024 and 2023, the cost of the investment amounted to ₾921.8 million and ₾1,933.0 million, respectively.

Deferred charges

Deferred charges include ALI Group's project costs incurred for unlaunched projects of the group, advance rental payments, and noncurrent prepaid management fees. This also includes ALI Group's noncurrent portion of cost to obtain contracts which includes prepaid commissions and advances to brokers.

Deferred charges also include IMI's tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

Advances to contractors and suppliers

Advances to contractors represents prepayments for the construction of investment properties, property and equipment and service concession assets.

Deferred input VAT

Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods.

Derivative asset

Noncurrent derivative asset pertains to the long-term energy service agreements for ACEN's solar project in Australia (see Note 15).

Creditable Withholding Tax

The Group will be able to apply the creditable withholding taxes against income tax payable or can be claimed as tax refund from the BIR.

Deposits - others

This includes deposits and advances for projects which include escrow deposits and security deposits on land leases, electric and water meter deposits.

Others

Others pertain to prepayments for expenses that is amortized for more than one year, marketable securities and Customers & Tenants Deposits to Affiliates.



16. Accounts Payable and Accrued Expenses

This account consists of the following:

	2024 (In Thousands)	2023
Accounts payable	₱152,927,977	₱132,709,612
Taxes payable	25,560,837	25,157,368
Accrued expenses:		
Various operating expenses	7,306,577	7,859,172
Personnel costs	7,046,081	6,824,748
Rental and utilities	2,301,142	2,215,890
Professional and management fees	1,512,399	2,628,534
Advertising and promotions	1,365,433	554,007
Repairs and maintenance	313,139	1,062,308
Interest payable	7,761,725	6,967,886
Retentions payable	5,120,029	5,077,135
Liability for purchased land	4,963,944	7,508,478
Related parties (Note 31)	4,544,179	4,814,623
Dividends payable	2,805,520	2,388,389
Property dividends	133,230	991,387
	₱223,662,212	₱206,759,537

Accounts payable and accrued expenses are non-interest bearing and are normally settled on 15- to 60-day terms. Other payables are non-interest bearing and are normally settled within one year.

Taxes payable consists of output VAT, withholding taxes, business taxes, capital gains tax and other statutory payables. These are normally settled within one year.

Accrued project costs are billings not yet received from suppliers for direct materials and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead and provision for repairs and maintenance. These are normally settled within one year.

Accrued various operating expenses include accruals for supplies, commissions, transportation and travel, insurance, representation, dues and fees and others. These are normally settled within one year.

Interest payable pertains to interest incurred on bank loans and fixed bonds but not yet paid.

Retentions payable pertains to the amount withheld by ALI Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

Dividends payable pertains to dividend declared but not yet paid.

Property dividends pertain to the declaration of property dividends consisting of the ACEN shares acquired from ACEIC to the Parent Company's common shareholders at a ratio of three (3) ACEN shares per one (1) parent company common share. SEC approved and issued Certificate of Filing Notice of the Property Dividend declaration last October 24, 2022. BIR released the Certificates



Authorizing Registration (CAR) to stockholders who have met the BIR requirements last December 29, 2022, including of the submission of their Tax Identification Numbers. For stockholders who have not been issued a CAR, the payment date of the property dividend is on the 5th business day following their submission of a CAR to Parent Company. As of December 31, 2024 and 2023, the Parent Company has property dividend payable to common stockholders amounting to ₱133.2 million and ₱991.4 million, respectively (see Note 20).

17. Other Current Liabilities

This account consists of:

	2024	2023
(In Thousands)		
Customers deposits	₱21,831,822	₱37,425,487
Nontrade payables	1,414,404	1,218,747
Others	482,364	480,270
	₱23,728,590	₱39,124,504

Customer deposits pertain to security and customers' deposits. Security deposits are normally equivalent to three (3) to six (6) months' rent of tenants with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last rentals on the related contracts. Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion (see Note 3). The amount of revenue recognized from amounts included in customers' deposits at the beginning of the year amounted to ₱21,492.2 million and ₱20,873.4 million in 2024 and 2023, respectively.

Nontrade payables pertain mainly to non-interest-bearing real estate-related payables to contractors and various non-trade suppliers which are due within one year.

Others include derivative liability, contract liabilities, installment payable and financial liabilities on put option. Contract liabilities include short-term advances received to render manufacturing services. Contract liabilities are recognized as revenue when the Group performs under the contract.

18. Short-term and Long-term Debt

Short-term debt consists of:

	2024	2023
(In Thousands)		
Philippine peso debt - with interest rates ranging from 5.1% to 10.00% per annum in 2024 and 6.00% to 11.37% per annum in 2023	₱64,425,377	₱35,852,099
Foreign currency debt - with interest rates ranging from 5.37% to 7.25% in 2024 and 6.30% to 8.36% in 2023	11,130,907	14,019,394
	₱75,556,284	₱49,871,493

Parent Company

In August 2022, the Parent Company drew ₱4,000 million against its working capital lines with a local bank at a fixed interest rate. In November 2022, the Parent Company drew ₱700.0 million against its working capital lines with a local bank at a fixed interest rate. In December 2022, the Parent Company drew ₱500.0 million against its working capital lines with a local bank at a fixed interest



rate. As of December 31, 2022, unsecured short-term debt of the Parent Company amounted to ₱5,200.0 million from local bank with fixed interest rate ranges from 4.13% to 5.5% per annum. These were subsequently paid in 2023.

In October 2023, the Parent Company drew ₱5,000 million against its working capital lines with a local bank at a fixed interest rate. In December 2023, the Parent Company drew ₱4,000 million against its working capital lines with a local bank at a fixed interest rate. As of December 31, 2023, unsecured short-term debt of the Parent Company amounted to ₱9,000.0 million from local bank with fixed interest rate of 5.75% per annum. These were subsequently paid in 2024.

In December 2024, the Parent Company drew ₱11,500 million and ₱10,500 million against its working capital lines with local banks at a fixed interest rate ranging from 5.5% to 5.8% which matured in February 2025 and March 2025, respectively. The Parent Company also drew ₱6,500 million against its revolver loan facility with a local bank at a fixed rate of 5.5% which matured in March 2025. As of December 31, 2024, unsecured short-term debt of the Parent Company amounted to ₱28,500 million from local banks, maturing in 50 to 92 days with a fixed interest rate ranging from 5.5% to 5.8% per annum.

ALI Group

The short-term debt of ALI Group amounting to ₱20,671.0 million and ₱16,905.1 million as of December 31, 2024 and 2023, respectively, represents peso and foreign-currency denominated bank loans with various interest rates. Peso-denominated short-term loans had a weighted average cost of 6.22% and 6.00% per annum in 2024 and 2023, respectively.

In compliance with Bangko Sentral ng Pilipinas (BSP) rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱5,616.5 million and ₱2,225.3 million as of December 31, 2024 and 2023, respectively, are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. The net book value of the property amounted to ₱3,796.1 million and ₱3,154.5 million as of December 31, 2024 and 2023, respectively, which is accounted as part of the "Investment properties" account (see Note 11).

AC Industrial Group

The Philippine peso debt of AC Industrial Group pertains to short-term loans with various banks and institutions amounting to ₱7,828.5 million and ₱5,804.5 million as of December 31, 2024 and 2023, respectively. These loans are unsecured and bear interest rate of 6.10% to 7.70% and 7.10% to 8.00% per annum in 2024 and 2023, respectively.

The short-term foreign currency denominated debt amounted to ₱148.1 million and ₱351.4 million as of December 31, 2024 and 2023, respectively. These loans are unsecured and bear interest rate of 6.9% to 7.0% per annum in 2024 and 6.30% to 6.38% per annum in 2023.

AIVPL Group

The peso-denominated and dollar-denominated debt of AIVPL Group through its subsidiary, Affinity Express India Private Limited (AEIPL), pertains to short-term loans with various banks amounting to ₱619.9 million and ₱487.0 million as of December 31, 2024 and 2023, respectively. These loans are unsecured and bear interest rate at 6.50% to 7.25% per annum in 2024 and 2023, respectively.

IMI Group

As of December 31, 2024 and 2023, IMI Group has unsecured short-term loans aggregating to US\$152.6 million (₱8,916.8 million) and US\$209.8 million (₱11,613.9 million), respectively. These short-term loans have maturities ranging from 30-180 days and bear fixed interest rates ranging from 5.37% to 6.63% and 4.10% to 8.36% per annum in 2024 and 2023, respectively.



AC Infra Group

Entrego Fulfillment Solutions, Inc. (EFSI) and Entrego Express Corporation (EEC) secured short-term revolving credit facilities from the Bank of the Philippine Islands (BPI) and Rizal Commercial Banking Corporation (RCBC) to fund its operations. As of December 31, 2023, the short-term revolving credit facilities granted by BPI and RCBC amounted to ₱1,000.00 million and ₱2,000.00 million, respectively. Drawdowns shall be in the form of 30-day to 90-day period promissory notes (PNs), extension and renewal allowed for a cumulative PN term of 360 days, and subject to agreed interest based on prevailing market rates. Interests are payable, together with the principal loan amount, at the end of each PN term.

As of December 31, 2024 and 2023, total outstanding loan balance amounted to nil and ₱2,750.0 million, respectively.

ACEIC Group

As of December 31, 2024 and 2023, ACEIC Group has unsecured short-term loans aggregating to ₱5,600 million and ₱1,500.0 million, respectively. These short-term bear fixed interest rates ranging from 5.50% to 5.70% and 6.15% to 6.19% in 2024 and 2023, respectively.

AC Health Group

As of December 31, 2024 and 2023, AC Health Group has outstanding loans payable amounting to ₱493.0 million each which pertains to unsecured loans availed from local banks for working capital purposes. These are on a 90-day to 1-year term with interest rates ranging from 5.80% to 8.00% and 6.75% to 7.25% per annum in 2024 and 2023, respectively.

AC Logistics

As of December 31, 2024 and 2023, AC Logistics has outstanding loans payable amounting to ₱1,332.7 million and ₱936.2 million which pertains to unsecured loans availed from local banks for working capital purposes. These are on a 90-day to 1-year term with interest rates ranging from 7.30% to 7.45% per annum in 2024 and 7.50% to 11.37% in 2023.

AYCFL

As of December 31, 2024, short-term debt amounting to US\$25.0 million pertains to a loan availed from a foreign bank for general corporate purposes. The loan is guaranteed by the Parent Company and bear interest rates of 5.26% to 6.45%.

Long-term debt consists of:

	2024	2023
	(In Thousands)	
The Parent Company:		
Bank loans - with fixed interest rates ranging from 3.0% to 3.31% and 6.44% to 7.13% per annum in 2024 and 2023 with varying maturity dates up to 2029	₱52,813,071	₱51,883,694
Bonds	30,879,523	34,805,561
	83,692,594	86,689,255
Subsidiaries:		
Loans from banks and other institutions:		
Philippine peso - with interest rates ranging from 3.75% to 8.00% in 2024 and 4.00% to 9.08% in 2023	186,016,325	156,784,394
Foreign currency - with interest rates ranging from 1.05% to 8.65% in 2024 and 1.05% to 7.24% in 2023 (Note 23)	82,273,644	45,185,110

(Forward)



	2024	2023
	(In Thousands)	
Bonds:		
Foreign currency bonds:		
Green bonds / Fixed for life (FFL) bonds	₱106,018,981	₱121,303,866
Social bonds	5,784,500	5,537,000
Islamic bonds	3,883,463	
Philippine peso bonds:		
Due 2024	—	14,725,615
Due 2025	23,006,438	23,399,354
Due 2026	15,964,884	15,940,916
Due 2027	24,857,539	24,807,345
Due 2028	22,060,583	21,893,064
Due 2029	13,972,958	13,870,012
Due 2031	2,983,627	2,981,600
Due 2033	6,860,258	6,854,713
Due 2034	13,827,052	—
	507,510,252	453,282,989
	591,202,846	539,972,244
Less current portion	60,875,018	49,461,151
	₱530,327,828	₱490,511,093

Reconciliation of carrying amount against nominal amount follows:

	2024	2023
	(In Thousands)	
Nominal amount	₱594,230,792	₱542,613,105
Unamortized discount	(3,027,946)	(2,640,861)
	₱591,202,846	₱539,972,244

The Parent Company

Bank loans

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

Generally, the Parent Company's long-term loans are unsecured. Due to certain regulatory constraints in the local banking system regarding loans to directors, officers, stockholders and related interest, some of the Parent Company's credit facilities with a local bank are secured by shares of stock of a subsidiary with a fair value of ₱62,444.4 million and ₱63,779.4 million as of December 31, 2024 and 2023, respectively, in accordance with Bangko Sentral ng Pilipinas (BSP) regulations. All credit facilities of the Parent Company outside of BPI are unsecured, and their respective credit agreements provide for this exception.

In August 2015, the Parent Company availed a 7-year loan from a local bank amounting to ₱3.0 billion with a fixed interest rate of 5.29% per annum. Principal repayments amounting to ₱30.0 million shall be made at the end of the third year until the sixth year and payment of remaining principal balance amounting to ₱2.9 billion at maturity date. In September 2020, the Parent Company and the local bank amended the existing agreement to lower the rate to 4.25%. In June 2022, the Parent Company fully paid the balance of ₱2.9 million.

In December 2016, the Parent Company entered into a term loan agreement with a domestic bank amounting to ₱10.0 billion with an interest rate based on (i) the prevailing Benchmark Rate plus a certain spread or (ii) the 28-day BSP Deposit Facility Rate plus a certain spread, whichever is higher. In August 2021, the Parent Company drew ₱2.5 billion with a tenor of 5 years. Principal repayments



amounting to ₱25.0 million shall be made at the first anniversary until end of the fourth year and payment for the remaining principal balance amounting to ₱2.4 billion at maturity date. In October 2021, the Parent Company drew ₱7.5 billion with a tenor of 4 years. Principal repayments amounting to ₱75.0 million shall be made at the first anniversary until end of the third year and payment of remaining principal balance amounting to ₱7.3 billion at maturity date. As of December 31, 2024 and 2023, total outstanding balance of the long-term loan facility amounted to ₱9.6 billion and ₱9.8 billion, respectively.

In April 2018, the Parent Company signed an ₱11.0 billion fixed term loan facility with a domestic bank with a tenor of 8 years. The amount was fully drawn on April 30, 2018. The original terms of the loan stipulated a fixed interest rate of 6.00% for the first five years, which was based on the prevailing 5-year benchmark plus a certain spread and will reprice at the prevailing 3-year benchmark plus a certain spread. In July 2020, the Parent Company and the local bank agreed to revise the interest rate to 4.60% up to April 30, 2023 based on the applicable three (3) year PHP BVAL plus a corresponding spread. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱9.2 billion and ₱10.1 billion, respectively.

In April 2018, the Parent Company signed a ₱5.0 billion term loan facility with a domestic bank. The Parent Company drew ₱2.0 billion with a tenor of five (5) years with fixed interest rate of 6.0%, which was based on the prevailing PDST-R2 benchmark plus a certain spread. In 2021 and 2020, the Parent Company made three principal payments and four principal payments, respectively, amounting to ₱153.8 million each year. In May 2022, the Parent Company fully paid the balance amounting to ₱769.0 million.

In September 2021, the Parent Company signed a ₱5.0 billion loan facility with a fixed or floating rate option and a term of five (5) or seven (7) years. In August 2022, the Parent Company drew down the full amount of ₱5.0 billion with tenor of seven (7) years with interest rate based on 3 months BVAL plus a spread and subject to a floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱4.9 billion and ₱5.0 billion, respectively.

Loans secured by collateral for DOSRI compliance

The Parent Company signed the following loan facilities with a local bank that are secured by collateral:

- a. January 2018: ₱1.9 billion 10-year loan facility with an interest rate based on the prevailing benchmark rates plus a certain spread; and 1.9 billion 10-year Loan Facility with subsidiary shares as collateral.

As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱1.26 billion and ₱1.35 billion, respectively.

- b. January 2018: ₱10.0 billion 10-year loan facility with an interest rate based on the prevailing benchmark rates plus a certain spread. In December 2023, the outstanding balance of ₱3.35 billion was fully paid.
- c. October 2020: ₱10.0 billion term loan agreement secured by ALI shares. The said facility has a tenor of ten (10) years with an interest rate based on the applicable BVAL rate plus a certain spread. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱8.38 billion and ₱8.88 billion, respectively.
- d. December 2022: ₱4.0 billion term loan facility with a fixed and floating rate option for six (6) or seven (7) years. In December 2023, the facility was amended to improve interest rate and availed of by the Parent Company with a tenor of seven (7) years at a fixed interest rate structure of 3 years (3Y) + 4 years (4Y) based on 3Y and 4Y BVAL plus margin and subject to floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱3.95 billion and ₱4.0 billion, respectively.



In May 2022, the Parent Company signed an ₱8.0 billion term loan facility with a local bank. In August 2022, the Parent Company drew down the full amount in two tranches at ₱5.0 billion and ₱3.0 billion, both with a tenor of 6 years with interest rate based on 3 months BVAL plus margin and subject to a floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱7.6 billion and ₱8.0 billion, respectively.

In December 2022, the Parent Company signed a sustainability linked credit facility for ₱5.0 and was amended in March 2023 to extend availability period. In October 2023, the facility was further amended to reduce facility amount to ₱4.0 billion and was availed by the Parent Company for a tenor of eight (8) years at a fixed interest rate. The facility is subject to reduction in coupon for met Key Performance Indicators (KPIs). As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱4.0 billion.

In October 2023, the Parent Company signed and availed of a sustainability linked credit facility for ₱1.0 billion with a tenor of eight (8) years at a fixed interest based on BVAL plus margin. The facility is subject to a reduction in coupon for met KPIs. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱1.0 billion.

In December 2024, the Parent Company signed a EUR50 million Committed Term Loan Facility and drew its peso equivalent of ₱3.1 billion. The tenor of the loan is five (5) years at a fixed interest rate based on the prevailing benchmark rates plus margin. As of December 31, 2024, the outstanding balance of the loan facility is ₱3.1 billion.

In December 2024, the Parent Company signed a sustainability linked credit facility for ₱2.5 billion. As of December 31, 2024, the facility remained undrawn.

In December 2024, the Parent Company signed a US\$100Mn Blended Finance Facility with a fixed or floating rate option and a term of seven (7) years. The facility is composed of a bilateral and a concessional loan. As of December 31, 2024, the facility remained undrawn.

Bonds

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term	Interest rate	Principal Amount (In thousands)	Carrying Value (In Thousands)		Features
				2024	2023	
2017	8 years	4.8200%	10,000,000	₱9,989,859	₱9,979,719	Callable from the 6.5 th anniversary issue until every year thereafter.
2021	3 years	3.0260%	4,000,000	-	3,987,478	3-year no-call bond, fixed coupon Series A 5-year fixed coupon Series B bond callable on the 12th to 19th interest payment date with a call option price of 101.0% on the 12th to 15th interest payment date and 100.5% on the 16th to 19th interest payment date.
2021	5 years	3.7874%	6,000,000	5,972,815	5,959,222	3-year fixed coupon Series C bond with no call option.
2022	3 years	4.4542%	5,000,000	4,988,606	4,970,078	5-year fixed coupon Series D bond callable on the 12 th to 19 th interest payment date with a call option price of 101.0% on the 12 th to 15 th interest payment date and 100.5% on the 16 th to 19 th interest payment date.
2022	5 years	5.6239%	7,500,000	7,450,002	7,434,524	7-year fixed coupon Series E bond callable on the 16 th to 27 th interest payment date with a call option price of 102.0% on the 16 th to 19 th interest payment date, a call option price of 101.0% on the 20 th to 23 rd interest payment date and 100.5% on the 24 th to 27 th interest payment date.
2022	7 years	6.1351%	2,500,000	2,478,241	2,474,540	on the 24 th to 27 th interest payment date.
			₱35,000,000	₱30,879,523	₱34,805,561	



The outstanding Peso bonds of the Parent Company have been rated “PRS AAA” by PhilRatings, which is the highest credit rating possible for long-term issuances. Obligations rated PRS AAA are of the highest quality with minimal credit risk and indicates the obligor’s capacity to meet its financial commitment is extremely strong.

Bond redemption

On March 10, 2022, the BOD of Parent Company approved the early redemption via exercise of Call Option of the ₱10.0 billion, 6.875% Fixed Rate Bonds Due 2027 (the “Bonds”) on May 11, 2022, in accordance with the terms and conditions of the Trust Indenture dated April 27, 2012. The Bonds were redeemed by payment in cash of the redemption price set at 101.0% of the issue price plus all accrued and unpaid interest based on coupon rate of 6.875% per annum.

On July 7, 2023, the Parent Company’s ₱10.0 billion, 3.92% Fixed Rate Bonds Due 2023 (the “Bonds”) with outstanding balance of ₱10.0 billion were fully redeemed in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated June 24, 2016. The bonds were redeemed by cash payment of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.92% per annum.

On May 28, 2024, the Parent Company’s ₱4.0 billion, 3.03% Series A Bonds Due 2024 were fully redeemed on its maturity date on May 28, 2024 in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated May 11, 2021. The Bonds were redeemed by payment in cash of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.03% per annum.

On December 16, 2024, the Parent Company issued a Notice of Bond Redemption to its Bondholders for its ₱10,000 million 4.82% bonds due on February 10, 2025. The Ayala Bonds shall be redeemed by the payment in cash of the redemption price set at 100% of the issue price plus all accrued and unpaid interest based on the coupon rate of 8.82% p.a.

Outstanding fixed rate bonds

Philippine Peso 8-Year Bond due 2025

On February 10, 2017, the Parent Company issued ₱10.0 billion, 4.82% bonds due in 2025. This pertains to the second and final tranche of the ₱20.0 billion fixed rate bonds program approved by the BOD on March 10, 2016.

Philippine Peso 3-Year and 5-Year Bonds due 2024 and 2026

On May 28, 2021, the Parent Company issued a total of ₱10.0 billion bonds, broken down into a ₱4.0 billion bond due 2024 at a fixed rate equivalent to 3.03%, and a ₱6.0 billion bond due 2026 at a fixed rate of 3.7874%. Interest on the Bonds will be payable quarterly. The proceeds were used to refinance select Philippine Peso-denominated obligations and partially to finance capital expenditures. The ₱10.0 billion amount represents the first tranche under the Parent Company’s ₱30.0 billion shelf registration program of the SEC. The 3-year bond due 2024 was redeemed in cash based on a redemption price set at 101.0% of the issue price plus all accrued and unpaid interest based on coupon rate of 3.03% per annum.

Philippine Peso 3-Year, 5-Year, and 7-Year Bonds due 2025, 2027, and 2029

On May 26, 2022, the Parent Company issued a total of ₱15.0 billion bonds, which constitute the second tranche of the Parent Company’s ₱30.0 billion shelf registration that has been approved by the BOD. The Second Tranche consists of 4.45% Series C Bonds due 2025, 5.62% Series D Bonds due 2027, and 6.14% Series E Bonds due 2029 amounting ₱5.0 billion, ₱7.5 billion, and ₱2.5 billion, respectively. Interest on the Bonds will be payable quarterly. Proceeds will be used to refinance select Philippine Peso-denominated obligations and partially to finance capital expenditures.



Subsidiaries

Foreign currency debt

IMI Group

IMI Group's outstanding long-term debt amounted to US\$137.9 million (₱7.98 billion) and US\$146.7 million (₱8.12 billion) as of December 31, 2024 and 2023, respectively.

IMI Parent

IMI Parent's unsecured long-term debts amounting to US\$132.47 million and US\$141.33 million as of December 31, 2024 and 2023, respectively, were obtained from Philippine banks with terms of three to five years, subject to fixed annual interest rates ranging from 4.22% to 8.65% in 2024 and 2023, respectively. Interest expense incurred amounted to US\$7.79 million, US\$5.97 million and US\$4.93 million in 2024, 2023 and 2022, respectively.

VTS and IMI CZ

VTS and IMI CZ have unsecured long-term loans amounting to US\$5.4 million and US\$5.4 million as of December 31, 2024 and 2023, respectively, were obtained from the Japanese and Czech-based banks that are payable in regular monthly installments both with terms of five years. The VTS and IMI CZ loans has interest rates ranging from 0.80% to 2.31% per annum. Interest expense incurred amounted to \$0.18 million, \$0.23 million and \$0.14 million in 2024, 2023 and 2022, respectively.

ALI Group

In November 2019, ALI executed and had simultaneously drawn a US\$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar LIBOR, repriceable quarterly. The proceeds were on lent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

On August 8, 2024, ALI made a first issuance of RM300 million in nominal value pursuant to its Sukuk Murabahah Programme. The long-term loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in non-compliance of the required debt-to-equity ratios; merger or consolidation where the company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets

As of December 31, 2024 and 2023, the remaining aggregate balance of US Dollar-denominated unsecured long-term loans amounted to ₱5,462.1 million and ₱3,045.4 million, respectively.

AC Industrial

The long-term foreign currency denominated debt pertaining to Unionbank of the Philippines amounted to US\$18.8 million (₱1.10 billion) and US\$57.6 million (₱3.20 billion) as of December 31, 2024 and 2023, respectively. These loans are unsecured and bear interest rate of 3.91% to 7.24% per annum in 2024 and 2023.

In 2022, long-term foreign currency denominated debt was availed from Bank of the Philippine Islands amounting to US\$ 25.0 million (₱1.30 billion) with interest rate of 3.95% per annum. US\$20.0 million (₱1.00 billion) of the loans from BPI is secured by continuing guarantee from AC Industrials (Singapore) PTE, LTD. This loan was excluded in the balances as of December 31, 2024, as a result of Merlin Group dilution in 2024 (see Note 2).

In 2024, additional long term foreign currency debt was availed from BPI amounted to US\$44.6 million (₱2.56 billion) with interest of 8.13% per annum to refinance the matured Unionbank loans. As of December 31, 2024 and 2023, the outstanding balance of the loans is US\$44.6 million (₱2.55 billion) and US\$24.75 million (₱1.5 billion) with interest rate of 3.95% per annum.



ACEIC

On February 20, 2017, ACEIC entered into an unsecured loan agreement with The Philippine American Life and General Insurance Company (PHILAM) amounting to ₱1,000.0 million payable in 10 years from the date of drawdown with 6% fixed interest per annum. The loan shall be paid in one lump sum at the maturity date. As of December 31, 2024 and 2023, outstanding balance of the interest-bearing loans amounted to ₱1,000.0 million and ₱998.09 million.

On September 25, 2020, ACEIC secured a 12-year term loan facility from BDO Unibank, Inc with maximum loanable amount of ₱10,000.00 million or its US dollar equivalent. On November 23, 2020 and on December 22, 2020 ACEIC made drawdowns from the loan facility amounting to US\$62.5 (₱3,015.6 million) and US\$37.5 million (₱1,802.3 million), respectively. ACEIC shall pay interest on the outstanding principal amount of the loan at the fixed rate of 4.04% and 4.03% per annum for the first five years term with duration of three (6) months commencing on the drawdown date. Interest shall then be repriced on the 5th anniversary from the drawdown date and will be fixed for the next 7 years until maturity. As of December 31, 2024 and 2023, outstanding balance of the unsecured interest-bearing loan amounted to ₱5,883.0 million and ₱9,074.85 million, respectively.

On November 27, 2020, ACEIC secured a 12-year term loan facility from Bank of the Philippine Islands with maximum loanable amount of US\$60.00 million. On December 22, 2020 ACEIC made a US\$60.00 million (to ₱2,883.72 million) drawdowns from the loan facility. ACEIC shall pay interest on the outstanding principal amount of the loan at the fixed rate of 3.0% per annum for the first five years term with duration of three (3) months commencing on the drawdown date. Interest shall then be repriced on the 5th and 10th anniversary from the drawdown date. As of December 31, 2024 and 2023, outstanding balance of the unsecured interest-bearing loan amounted to ₱3,467.5 million and ₱3,334.7 million, respectively.

On October 19, 2022, ACEIC secured a 10-year term loan facility with maximum loanable amount of ₱3,500.0 million. On the same date, ACEIC made a ₱3,500 million drawdown from the loan facility. ACEIC shall pay interest on the outstanding principal amount of the loan at the fixed 6.18% per annum subject to quarterly repricing. As of December 31, 2024 and 2023, the outstanding balance of the loan amounted to ₱3,500 million.

ACEIC subsidiaries

On April 15, 2024, ACEN, through its subsidiary ACRI, signed a US\$150.0 million green term loan facility with Sumitomo Mitsui Banking Corporation. This strategic financial move is in line with ACEN's ongoing efforts to finance investments in renewable power projects across the region.

On February 11, 2021, long term loans with carrying amounts of AU\$138.29 (₱4,778.6 million) construction facility loan under NESF Syndicated Facility Agreement, AU\$10.50 (₱362.8 million) million green long-term revolving loan with DBS Bank Australia (DBS Bank), AU\$10.00 million (₱345.6 million) green term loan with MUFG Bank, Ltd. (MUFG Bank), Sydney Branch and AU\$0.38 million (₱13.0 million) green term loan facility agreement with Clean Energy Finance Corporation (CEFC) were assumed as a result of acquisition of control over UPC-ACE Australia.

On August 18, 2022, ACEN Australia, a subsidiary under ACRI, and DBS Bank, executed a Common Provisions Agreement and a Facility Agreement for an AU\$100.00 million green long-term revolving loan facility. This green long-term revolving loan facility is part of ACEN's aim to raise an initial issuance of over AU\$600.00 million to support the development of ACEN's projects in Australia. On the same date, ACEN, as Guarantor to ACEN Australia, executed a Common Provisions Agreement and a Facility Agreement with ACEN Australia and DBS Bank Ltd., Australia Branch for an AU\$100.00 million green long-term revolving loan facility. Total loan drawdown as of December 31, 2023 amounted to AU\$44.40 million (₱1,646.4 million). The facility prices off the Bank Bill Swap Rate (BBSW) interest rate benchmark plus 1.75% and will mature on August 18, 2027.



On September 15, 2022, ACEN, as guarantor to ACEN Australia, executed a facility agreement with ACEN Australia and MUFG Bank for an AU\$140.00 million green term loan facility. MUFG Bank and ACEN Australia also entered into an Accession Letter to include MUFG Bank as a Lender under the Common Provisions Agreement dated August 18, 2022 (with ACEN Australia and DBS Bank, Australia Branch and ACEN as Guarantor to ACEN Australia). Total loan drawdown as of December 31, 2024 amounted to AU\$75.80 million (₱2,810.4 million). The facility bears Bank Bill Swap Bid Rate (BBSY) interest rate benchmark plus 1.65% and will mature on September 15, 2027.

On October 28, 2022, ACEN, as guarantor to ACEN Australia, executed a Facility Agreement with ACEN Australia and CEFC for an AU\$75 million green term loan facility. Total loan drawdown as of December 31, 2024 and 2023, amounted to AU\$42.40 million (₱1,571.56 million) and AU\$42.40 million (₱1,571.56 million).

ACEN Australia

- a. On August 18, 2022, ACEN Australia and a bank, executed a Common Provisions Agreement and a Facility Agreement for an AU\$100.00 million (US\$68.10 million) green long-term revolving loan facility.

Total loan drawn from a facility amounted to AU\$67.39 (US\$41.92 million; ₱2,412.29 million) and AU\$44.40 million (US\$29.73 million; ₱1,646.35 million) in 2024 and 2023, respectively. The facility will mature on August 18, 2027.

- b. On September 15, 2022, ACEN Australia and a bank entered into an Accession Letter to include the bank as a Lender under the Common Provisions Agreement for an AU\$140.00 million (US\$95.40 million) green term loan facility.

Total loan drawn from a facility amounted to AU\$140 million (US\$87.59million; ₱5,011.32 million) and AU\$75.80 (US\$50.76 million; ₱2,810.38 million) in 2024 and 2023, respectively. The facility will mature on September 15, 2027.

- c. On October 28, 2022, ACEN Australia executed a facility agreement with a bank for an AU\$75.00 million (US\$51.10 million) green term loan facility.

Total loan drawn from a facility amounted to of AU\$66.98 million (US\$41.66 million; ₱2,397.38 million) and AU\$42.40 (US\$28.38 million; ₱1,571.56 million) in 2024 and 2023, respectively. The facility will mature on October 28, 2027.

These green long-term revolving and term loan facilities are part of ACEN Group's aim to raise an initial issuance of over AU\$600.00 million (US\$408.90 million) to support the development of the Group's projects in Australia. All the loans are secured by a guarantee from ACEN. ACEN Australia had available AU\$296.0 million (US\$4201.7) and AU\$296.0 million (US\$4201.7) in 2024 and 2023, respectively under the committed bank facilities of which all conditions precedent had been met.

- d. ACEN Australia entered into a Syndicated Facility Agreement amounting to AU\$204.54 million (US\$139.40 million) last December 21, 2020. The proceeds of the loan shall be initially used for the construction and eventually for the operation of the 400MW Ac New England Solar Farm Project in New South Wales at conversion date. The Term Facility will be repaid based on an agreed repayment schedule ending in September 2040. The interest rate structure for the facility is a floater based on BBSY bid plus a margin applicable during the plant's construction period with a step up in margins during operations. The facility requires the borrower to enter into a hedging agreement and under such arrangement the floating rate of the loan was swapped for a fixed rate of 2.90%.

On February 11, 2021, ACEN Australia executed the New England Solar Farm Syndicated Facility Agreement with a group of banks. The Syndicated Facility Agreement includes a prepayment clause allowing ACEN Australia to make voluntary prepayments, whether in full or in



part, subject to the achievement of various project milestones. This syndicated loan is secured by the Group's property. As at December 31, 2023, the Group had available AU\$0.70 million (US\$0.50 million) under the syndicated facility in respect of which all conditions precedent had been met. As at December 31, 2024, ACEN Group had available AU\$203.84 million (US\$126.79 million) under the syndicated facility in respect of which all conditions precedent had been met. The corporate and syndicated loan facilities prices off an interest ranging from 1.71% to 6.43% per annum.

On December 7, 2023, ACEN Australia executed a facility agreement with a bank for a total of US\$100.00 million of term facility, with a maturity date of December 7, 2028. As at December 31, 2024, there are no drawdowns from this facility.

On December 7, 2023, ACEN Australia executed a facility agreement with a bank for a total of AU\$75.0 million, with a maturity date of February 26, 2028. As at December 31, 2024, there are no drawdowns from this facility.

- e. On January 11, 2023, ACEN Australia executed a facility agreement with a bank for an AU\$277.00 million (US\$172.30 million) loan facility.

Total loan drawn from a facility amounted to AU\$277.01 million (US\$172.30 million; ₱9,915.26 million) and AU\$133.50 (US\$83.03 million; ₱7,560.25 million) in 2024 and 2023, respectively. The facility will mature on January 6, 2028.

- f. On February 26, 2024, ACEN Australia executed a facility agreement with a bank for a total of AU\$75.00 million loan facility, with a maturity date if February 26, 2028. The total loan draw from a facility amounted to AU\$ 6.80 (US\$ 4.22 million, ₱243.41 million).
- g. On February 26, 2024, ACEN Australia executed a facility agreement with a bank for a total of AU\$75.00 (US\$46.65 million) loan facility. The total loan draw from a facility amounted to AU\$6.95 (US\$4.32 million, ₱248.78 million).

As of December 31, 2024 and 2023, the outstanding balance of the loan facility agreements amounted to ₱26,710.4 million and ₱18,539.3 million, respectively

Total interest expense recognized on long-term loans amounted to ₱2,366.22 million, ₱1,160.94 million and ₱1,293.12 million for the years ended December 31, 2024, 2023 and 2022, respectively

On January 23, 2024, ACEFIL entered into a loan facility agreement amounting to US\$10.00 million due on January 23, 2027 at an annual interest rate of 5.4% per annum. As of December 31, 2024, the outstanding balance as of the loans amounted to ₱578.45 million.

On January 19, 2024 and January 23, 2024, ACEN Cayman entered into a loan facility agreement amounting to US\$320.00 million due in 2029 at an annual interest rate of 5.31% to 5.40% per annum. As of December 31, 2024, the outstanding balance of the loan facility agreements amounted to ₱18,406.3 million.

During 2024, ACEN Renewables International Pte. Ltd (ACRI) entered into various loan facility agreements aggregating US\$475.00 million due in 2028 and 2029 at an annual interest rate of 5.82% to 6.53% per annum. As of December 31, 2024, the outstanding balance of the loan facility agreements amounted to ₱6,370.1 million.

Philippine peso debt

ALI Group

In August to September 2015, ALI assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.7% per annum and terms ranging from 4.4 years to 10.5 years. As of December 31, 2023



and 2022, the remaining balance of the assumed long-term facilities amounted to nil and ₦1,903.6 million, respectively. This was fully paid upon its maturity in the first quarter of 2023.

In March 2017, ALI executed a ₦10,000.0 million unsecured long-term facility with a domestic bank, of which ALI had simultaneously drawn an initial ₦5,000.0 million. The loan carries a fixed interest rate of 4.95% per annum and a term of 10 years. The balance of facility of ₦5,000.0 million was drawn in April 2017. As of December 31, 2024 and 2023, the remaining balance of long-term facilities amounted to ₦8,561.4 million and ₦8,875.0 million, respectively.

In March 2018, ALI executed a ₦5,000.0 million unsecured long-term facility with a domestic bank, in which ALI had simultaneously drawn the entire facility amount. As of December 31, 2024 and 2023, the remaining balance of long-term facility amounted to ₦4,647.6 million and ₦4,712.5 million, respectively.

In January 2020, ALI executed and availed a ₦5,000.0 million unsecured 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.500% p.a. for the initial 5 years. In December 2020, ALI also executed and availed a ₦10,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.000% p.a. for the first 7 years. Both loans will be repriced on the 5th and 7th anniversary. As of December 31, 2024 and 2023, the remaining balance of the loans amounted to ₦4,795.2 million and ₦9,120.0 million and ₦4,912.5 million and ₦9,376.0 million, respectively.

In July 2021, ALI executed a ₦10,000.0 million unsecured 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.88% for the initial 5 years. In August 2021, ALI executed a ₦5,000.0 million unsecured 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.88% p.a. for the initial 5 years. Another ₦4,900.0 million unsecured 6-year long-term facility was drawn in October 2021 at an interest rate of 3.78% p.a. for the initial 3 years. In October 2021, ALI executed a ₦5,000.0 million unsecured 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.75% p.a. for the initial 5 years. In November 2021, ALI also executed a ₦5,000.0 million unsecured 9-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.95% p.a. for the initial 5 years. In December 2021, ALI executed a ₦7,100.0 million unsecured 8-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.87% p.a. for the initial 3 years. As of December 31, 2024 and 2023, the outstanding balance of the loans amounted to ₦37,000.0 million.

On December 16, 2021, the SEC approved and made effective the merger of CHI, AiO, ASCVC and CBDI with and into ALI, with ALI as the surviving entity (the "Merger"). ALI shall be the surviving entity in the Merger and shall possess all the rights, privileges and immunities of CHI, AiO, ASCVC and CBDI (the "Absorbed Corporations"), and all properties and liabilities, and all and every other interest of or belonging to the Absorbed Corporations shall be taken and deemed transferred to ALI without further act or deed. With that, ALI assumed an aggregate of ₦914.1 million long-term facilities of AiO from a domestic bank. As of December 31, 2024 and 2023, the remaining balance of long-term facilities amounted to ₦254.7 million and ₦272.0 million, respectively.

In 2023, the ALI Group originated a total of ₦15,000 million 10-year long-term financing with various domestic banks. The loans carry a floating interest rate and contain a one-time option to shift from a floating rate to a fixed rate available for one or two years from initial availment. In April 2023, ALI executed and availed a ₦5,000.0 million 10-year long-term facility with a domestic bank which carries a floating interest rate equivalent to the higher of (i) 3-month BVAL plus 45 bps, (ii) BSP Overnight Reverse Repurchase Agreement Rate, and (iii) floor rate of 2.75% p.a., with one time option to convert all or a portion of Fixed to Floating or vice versa. In October 2023, ALI Group executed a ₦5,000.0 million 10-year long-term facility which carries a floating interest rate equivalent to the higher of (i) 3-month BVAL plus 70 bps, and (ii) BSP Overnight Reverse Repurchase Agreement Rate, with one time option to convert all or a portion of Fixed to Floating or vice versa. In November 2023 ALI Group executed another ₦5,000.0 million 10-year long-term facility which carries a floating interest rate equivalent to the higher of (i) 3-month BVAL plus 45 bps, (ii) BSP Overnight Reverse Repurchase Agreement Rate, and (iii) floor rate of 5.25% p.a., with one time option to convert all or a



portion of Fixed to Floating or vice versa. As at December 31, 2024 and 2023, the remaining balance of the long-term facilities amount to ₱14,898.7 million and ₱15,000.0 million, respectively.

In 2024, ALI Group originated the first loan from a multilateral agency and its first sustainability-linked loan for a Philippine corporate. ALI Group availed ₱14,210.0 million 8-year long-term facility which carries a fixed interest rate of 5.99% p.a.

ALI subsidiaries

The Philippine Peso bank loans include ALI subsidiaries' secured and unsecured loans that will mature on various dates up to 2032. Peso-denominated loans bear various floating interest rates at 45 bps to 90 bps spread over the benchmark 90-day PHP BVAL Reference Rate (previously PDST-R2) or and fixed interest rates ranging from 3.27% to 4.83% per annum. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP ORRP) or (ii) 95.0% or par of the BSP ORRP or (iii) the BSP ORRP plus a spread of 10 bps to 75 bps p.a. or (iii) the average of the BSP ORRP and Term Deposit Facility with a term close to the 90-day interest period.

The total outstanding balance of the subsidiaries' loans as of December 31, 2024 and 2023 amounted to ₱45,615.8 million and ₱44,234.3 million, respectively.

ACEIC Group

On June 22, 2017, ACEIC entered into unsecured loan agreement with Security Bank Corporation (SBC) amounting to ₱5,000.0 million. The tenor of the loan agreement is seven (7) years from the initial drawdown date, with grace period on principal payments of up to three (3) years, reckoned from the initial drawdown. Repayment of the principal amount shall be 16% of the loan from the 12th to 27th interest period and the remaining 84% of the loan will be paid lump sum on the 28th interest period. On June 29, 2017, ACEIC drew ₱100.0 million from then facility. ACEIC shall pay interest on the outstanding principal amount of the loan at the fixed rate of 5.75% per annum for all drawdowns from June 2017 to June 2018. For all drawdowns beyond June 2018, the interest rate shall be based on the relevant Peso Benchmark Rate PDST-R2 rate, plus credit spread, the fixed interest rate shall have a floor rate of 5.0%. ACEIC undrawn loan amounts to ₱4,900.0 million. As of December 31, 2024 and 2023, the outstanding balance of the interest-bearing loan amounted to nil.

On June 26, 2023, September 29, 2023 and December 22, 2023, ACEIC made drawdowns from the loan facility amounting to ₱1,000.00 million, ₱1,000.00 million and ₱500.00 million, respectively. As of December 31, 2024, and 2023, ACEIC has undrawn loan amounting to nil. ACEIC shall pay interest equivalent to the floating interest rate based on the 3-Month PHP BVAL Reference Rate on the unpaid principal amount of the loan, on each Interest Payment Date for the relevant Interest Period. As of December 31, 2024 and 2023, the outstanding balance of the interest-bearing loan amounted to nil and ₱9,074.85 million.

On November 27, 2020, ACEIC secured a 12-year term loan facility from Bank of the Philippine Islands with maximum loanable amount of US\$60.00 million. On December 22, 2020, ACEIC made a US\$60.00 million drawdown from the loan facility. No collateral on the loans availed. ACEIC shall pay interest on the outstanding principal amount of the loan at the fixed rate of 3.00% per annum for the first five years term. Interest shall then be repriced based on the higher of the relevant U.S. Dollar-denominated ROP Bond yield plus a spread of 1.125%, or the floor rate of 2.70% on the 5th and 10th anniversary from the drawdown date. The proceeds from the loan amounted to ₱2,883.72 million. Debt issue cost amounted to ₱21.64 million. As of December 31, 2024 and 2023, the outstanding balance of the interest-bearing loan amounted to nil and ₱3,334.72 million.



ACEIC subsidiaries

ACEN

Description	Interest Rate (per annum)	Terms	2024	2023
₱1,500.00 million Loan A	Availed ₱1,175 million loan at a fixed rate of 6.50% per annum	Availed on January 11, 2017, payable in a semi-annual installment within 12 years with final repayment on July 11, 2029.	₱515.8	₱611.3
₱5,000.00 million Loan B	Availed ₱5,000 million loan at a rate of 5.05% per annum in 2023, 7.13% per annum in 2024	Availed on November 15, 2019, payable in a semi-annual installment within 10 years with final repayment on November 14, 2029.	4,736.8	4,789.5
₱7,000.00 million Loan C	For the first 5 years; repricing for the succeeding five (5) years is the average of the 5-year BVAL, three (3) days prior to repricing date, plus an agreed margin	Availed ₱500 million loan at a fixed rate of 5.00% per annum which shall be payable at the end of the interest period of six months	6,823.0	6,907.0
	Availed ₱1,000 million loan at a fixed rate of 5.00% per annum which shall be payable at the end of the interest period of six months	Availed on August 24, 2020, payable in a semi-annual installment within 10 years with final repayment on July 15, 2030.		
	Availed ₱1,000 million loan at a fixed rate of 5.066% per annum which shall be payable quarterly	Availed on June 10, 2022, payable in a quarterly installment within 8 years with final repayment on July 15, 2030; repricing for the 4 th and 7 th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus a margin of 80 basis points		
	Availed ₱2,000 million loan at a fixed rate of 7.1720% per annum which shall be payable quarterly	Availed on November 15, 2022, payable in a quarterly installment within 8 years with final repayment on July 15, 2030; repricing for the 3rd and 6th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus a margin of 80 basis points		
	Availed ₱2,500 million loan at 2030; repricing for the 4th and a fixed rate of 6.4580% per 7th anniversaries of the initial annum which shall be payable quarterly	Availed on January 13, 2023, payable in a quarterly installment within 7 years with final repayment on July 15, 2030; repricing for the 4 th and 7 th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus a margin of 80 basis points		

(Forward)



Description	Interest Rate (per annum)	Terms	2024	2023
₱4,500 million Loan D	<p>Availed ₱805 million loan at a fixed rate of 7.00% per annum which shall be payable at the end of the interest period of six months</p> <p>Availed ₱2,000 million loan at a fixed rate of 7.00% per annum which shall be payable at the end of the interest period of six months</p> <p>Availed ₱1,695 million loan at a fixed rate of 7.00% per annum which shall be payable at the end of the interest period of six months</p>	<p>Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 2nd anniversary of initial drawdown .</p> <p>Availed on March 30, 2021, payable in a semi-annual installment within 10 years with final repayment on March 30, 2031.</p> <p>Availed on February 28, 2022, payable in a semi-annual installment within 9 years with final repayment on March 30, 2031.</p>	₱4,432.5	₱4,477.5
₱10,000 million Loan E	<p>Availed ₱3,000 million at a fixed rate of 6.25% per annum in 2023 and 6.91% in 2024</p> <p>Availed ₱3,000 million at a fixed rate of 6.91% per annum in 2023 and 6.96% per annum in 2024 which shall be payable at the end of the interest period of six months</p> <p>floating interest rate repriced on every succeeding semi-annual period.</p>	<p>Availed on December 13, 2022 payable in semi-annual installments within 10 years with final repayment on December 13, 2032</p> <p>Availed on January 27, 2023 payable in semi-annual installments within 10 years with final repayment on December 13, 2032</p>	6,000.0	6,000.0
₱10,000 million Loan F	<p>Availed ₱250 million loan at a fixed rate of 7.09% per annum for the first 2 years; repricing for the 2nd, 4th, 6th, and 8th anniversaries is the Final BVAL, one (1) banking day prior to repricing date, plus a margin of 80 basis points.</p>	Availed on August 17, 2023, payable in a semi-annual installment within 10years with final repayment on August 17, 2033.	244.8	250.0
₱5,000 million Loan G	<p>Availed ₱500 million loan at 6.50%-6.37% per annum</p> <p>Floating interest rate repriced on every succeeding quarterly period. Can be converted to fixed up to 12 months from initial drawdown.</p> <p>Availed ₱3,200 million loan at 5.128% per annum).</p>	<p>Availed on October 24, 2023, payable in a quarterly installment within 10 years with final repayment on October 24, 2033.</p> <p>Availed on August 6, 2024, payable in quarterly installment within 5 years with final repayment on July 24, 2029.</p>	4,670.8	500.0
	Availed ₱1,000 million loan at 5.33% per annum	Availed on December 18, 2024, with final repayment on April 30, 2030.		

(Forward)



Description	Interest Rate (per annum)	Terms	2024	2023
₱20,000 million Loan H	Availed ₱500 million loan with a rate of 6.5% to 6.60% per annum. Availed ₱500 million loan with a rate of 6.59% per annum. Availed ₱1,500 million loan with a rate of 6.39% per annum.	Availed on December 22, 2023, payable in a quarterly installment within 10 years with final repayment on December 22, 2033.	₱2,500.0	₱500.0
₱5,500 million Loan I	Availed ₱509 million loan with a rate of 6.07% per annum. Availed ₱2,290.91 million loan with a rate of 6.72% per annum.	Availed on September 11, 2024, payable in a quarterly installment within 10 years with final repayment on December 22, 2033. Availed on December 18, 2024, payable in a quarterly installment within 10 years with final repayment on December 22, 2033.		2,800.0
₱5,500 million Loan J	Repricing on the 5th anniversary of financial close. Optional second and final repricing on the 7th or 8th anniversaries of the financial close is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin. Availed ₱2,800 million loan with a rate of 5.89% per annum with Repricing on the 5th anniversary of financial close. Optional second and final repricing on the 7th or 8th anniversaries of the financial close is an agreed base rate, one (1) banking day prior to repricing date, plus an agreed margin	Availed on October 24, 2024, payable in a semi-annual installment within 10 years with final repayment on October 24, 2034.	2,800.0	
Carrying value			₱35,523.7	₱24,035.3

₱1.0 billion Omnibus Loan and Security Agreement (OLSA) with Provincia Investments Corporation and Solar Philippines Power Project Holdings, Inc.

On January 25, 2023, ACEN, Provincia Investments Corporation (Provincia), and Solar Philippines Power Project Holdings, Inc. (Solar PH) entered into definitive agreements whereby ACEN receives 500 million shares of SP New Energy Corporation (SPNEC), a listed company, which is an affiliate of Solar PH (which SPNEC shares have a market value of approximately ₱660.0 million as of January 24, 2023) as (a) pre-payment for part of the development loan principal, (b) payment of interest and arrangement and security amendment in consideration for ACEN releasing its pledge over shares owned by Solar PH in SPNEC, and (c) allow further drawdown by Provincia from the existing ₱1,000.0 million loan facility. Consequently, on January 25, 2023, Provincia drew additional ₱125.0 million from its development loan facility. ACEN recognized a ₱515.0 million gain from the partial settlement of development loan recognized under Other income (see Note 22).

Guimaras Wind Corporation

On December 18, 2013, Guimaras Wind entered into a ₱4.30 billion Term Loan Facility with Security Bank Corporation (SBC) and Development Bank of the Philippines (DBP). The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm composed of 272 MW wind turbine generators and related roads, jetty, substations, transmission line facilities and submarine cable to connect to the grid. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.



Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread of 1.625% or a minimum interest rate of 6.25% for the first 10 years, to be repriced at higher of existing rate or 5-year PDST-F plus a spread of 1.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or a minimum interest rate of 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. In 2013, the Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

On April 1, 2015, the publication of PDST-F rates ceased pursuant to the memo of the Bankers Association of the Philippines (BAP) dated January 8, 2015. Subsequently, the parties agreed to adopt PDST-R2 and BVAL rates as benchmark rate in lieu of PDST-F rates. BVAL rates were adopted starting October 29, 2018 when the BAP launched its new set of reference rates to replace the current set of PDST Reference Rates, PDST-R1 and PDST-R2.

The loan facility also contains a prepayment provision which allows Guimaras Wind to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of (a) the principal amount of the loan being prepaid, or (b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor as shown in the Philippine Dealing and Exchange Corporation (PDEX) Market Page, Reuters and the PDS website (www.pds.com.ph) at approximately 11:16 am on the business day immediately preceding the prepayment date. In addition, Guimaras Wind is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan facility is secured by Guimaras Wind's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying values amounting to ₱3,274.3 million and ₱3,374.2 million as at December 31, 2024 and 2023, respectively. In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

As December 31, 2024 and 2023, outstanding balance of the interest-bearing loan amounted to ₱820.4 million and ₱987.7 million, respectively.

NorthWind Power Development Corporation (NPDC)

On May 29, 2020, NPDC entered into a long-term loan facility with BPI amounted to ₱2,300.0 million. The proceeds of the loan were used to fully repay the senior loans of Northwind amounting to ₱2,467.18 million. The payments shall be made in twenty-four (24) sculpted semi-annual amortizations set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread of 1.115%, or (b) 5.125% per annum, whichever is higher.

The loan facility contains a prepayment provision which allows the NPDC to make optional prepayment, wholly or partially, any time during the term of the loan. The amount payable to BPI shall be the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any additional taxes, including additional GRT as a result of such prepayment, and prepayment penalty as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan facility is secured by NPDC's Land and Wind Turbine Generator, Building and Machinery and Equipment account under "Property, plant and equipment" with a carrying amount of ₱1,686.8 million and ₱1,853.11 million as at December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the outstanding balance of NPDC's loans amounted to ₱1,607.0 million and ₱1,768.54 million, respectively.



Montesol

On August 17, 2023, Montesol entered into an Omnibus Loan and Security Agreement ("OLSA") with a local bank for a long-term loan facility amounting to ₱600 million. The proceeds of the loan shall be used to partially finance MONTESOL's permanent working capital requirements and for other general corporate purposes. The loan shall be repaid in twenty-four (24) straight-line semi-annual amortizations. The interest rate is fixed for the initial two (2) years, to be repriced one business day prior to the 2nd and 7th anniversary of the initial drawdown date at a rate equivalent to (a) the 5-year Base Rate-Fixed plus a spread of ninety basis points (0.90%), or (b) five hundred seventy-five basis points (5.75%), whichever is higher. The OLSA includes a prepayment clause that allows MONTESOL to make voluntary prepayments, whether in full or in part, at any point during the term of loan. The amount payable in respect of any prepayment of the loan shall be comprised of: (i) any accrued interest on the principal amount of the loan to be prepaid; (ii) the principal amount of the loan to be prepaid; (iii) prepayment penalty as set forth in the OLSA; and (iv) any additional taxes, including additional GRT, resulting from such prepayment. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated. On December 4, 2023, repricing floor rate was amended from five hundred seventy-five basis points (5.75%) to five hundred fifty basis points (5.50%). As of December 31, 2024 and 2023, the outstanding balance of Montesol's loans amounted to ₱549.9 million and ₱600.00 million, respectively.

San Carlos Solar energy Inc. (SACASOL)

On May 22, 2024, SACASOL entered into a long-term loan facility with a bank amounting to ₱1,400.0 million. The payments shall be made semi-annual amortizations set forth in the agreement. Floating at a rate of 7.07% for three (3) months to be repriced one banking day prior to the first day of each interest period at a rate equivalent to (a) the three (3)-day average of the three (3)-month PHP BVAL Reference Rate plus Margin, or (b) the BSP Overnight Lending Facility per annum plus twenty-five basis points (0.25%) per annum, in each case divided by the Interest Premium Factor, whichever is higher. As of December 31, 2024, the outstanding balance of SACASOL loans amounted to ₱1,330.0 million.

ACEN International, Inc. (ACEN International)

On January 22, 2024, ACEN International executed long-term loan facility with a bank amounting to ₱7,000 million. Payments of principal and interest shall be made semi-annually. Interest rate ranges from 6.85% to 7.46% per annum with repricing for the 36th month at a rate of whichever is higher of (i) moving average of the 4-year BVAL plus margin divided by 0.95; and (ii) 3.25% per annum divided by 0.95.

Total loan drawn from the facility in 2024 amounted to ₱4,166.3 million. The facility will mature on January 31, 2031. As of December 31, 2024, the outstanding balance of ACEN International's loans amounted to ₱4,166.3 million.

AAC

On October 6, 2017, AAC secured a 5-year loan from a local bank amounting to ₱450.0 million, bearing interest of 5.4% per annum. The proceeds were used to partially finance the acquisition of the new aircraft. The principal repayments amounting to ₱22.5 million are due every end of the quarter from the loan availment date. The long-term debt was paid in full in October 2022.

AC Health

AC Health Group has an outstanding 10-year unsecured loans from BPI and Land Bank of the Philippines amounting to ₱1,645.5 million and ₱1,180.0 million with interest rate of 5.5% and 5% per annum, respectively. These loans are intended for the capital expenditure and working capital requirements of the AC Heath Group. As of December 31, 2024 and 2023, the remaining balance of this loan amounted to ₱1,827.69 million and ₱1,320.19 million, and ₱1,683.37 million and ₱1,152.73 million for BPI and Landbank, respectively.



AC Logistics

AC Logistics has outstanding secured long-term loans from local banks amounting to ₱215.8 million and ₱276.27 million as of December 31, 2024 and 2023, respectively.

Bonds

ALI Group

Below is the summary of the outstanding Peso bonds issued by ALI:

Year Issued	Term (Years)	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands)		Features
				2024	2023	
2013	20.0	6.000%	2,000,000	₱1,989,334	₱1,988,434	Fixed rate bond due 2033
2016	10.0	4.850%	8,000,000	7,987,266	7,978,689	Fixed rate bond due 2026
2016	9.0	4.750%	7,000,000	6,992,501	6,984,429	Fixed rate bond due 2025
2017	10.0	5.262%	7,000,000	6,990,112	6,986,234	Fixed rate bond due 2027
2018	10.0	5.920%	10,000,000	—	—	Fixed rate bond due 2028
2019	7.0	6.369%	8,000,000	7,977,618	7,962,227	Fixed rate bond due 2026
2019	5.0	4.758%	3,000,000	—	2,993,838	Fixed rate bond due 2024
2019	7.25	4.990%	1,000,000	983,758	976,665	Fixed rate bond due 2027
2020	5.0	3.862%	6,250,000	6,237,893	6,222,200	Fixed rate bond due 2025
2021	4.0	3.626%	10,000,000	9,989,594	9,959,900	Fixed rate bond due 2025
2021	10.0	4.078%	3,000,000	2,983,627	2,981,600	Fixed rate bond due 2031
2022	6.0	5.809%	12,000,000	11,945,937	11,931,740	Fixed rate bond due 2028
2022	2.0	4.397%	12,000,000	—	11,964,602	Fixed rate bond due 2024
2022	5.0	6.211%	7,000,000	6,957,383	6,942,199	Fixed rate bond due 2027
2022	7.0	6.805%	14,000,000	13,890,083	13,870,012	Fixed rate bond due 2029
2023	5.0	6.030%	10,075,000	9,983,971	9,961,324	Fixed rate bond due 2028
2023	10.0	6.290%	4,925,000	4,870,924	4,866,279	Fixed rate bond due 2033
2024	10.0	6.99%	6,000,000	5,925,274	—	Fixed rate bond due 2034
2024	10.0	6.13%	8,000,000	7,901,778	—	Fixed rate bond due 2034
2024	5.0	4.50%	3,840,000	3,883,463	—	Fixed rate bond due 2029
Total			₱117,490,516	₱114,570,372		

Philippine Rating Services Corporation (PhilRatings) rated ALI's 2024 and 2023 bond issuances "PRS Aaa" with a stable outlook and maintained the "PRS Aaa" rating with a stable outlook for all other outstanding bonds. PRS Aaa is the highest credit rating possible on PhilRatings' rating scale for long-term issuances, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong and that it has the smallest degree of investment risk. A Stable Outlook indicates that the rating is likely to be maintained or to remain unchanged in the next twelve months.

Philippine Peso 20-year Bonds due 2033

In October 2013, ALI issued a ₱2,000.0 million bond due 2023 at a fixed rate equivalent to 4.6% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.000% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to ALI's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 7-year and 10-year Bonds due 2026

In March 2016, ALI issued and listed on the PDEx a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.850% p.a. This is the first tranche of the tranche of debt securities issued under ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. In May 2019, the ALI issued and listed on the PDEx ₱8,000.0 million fixed rate bonds due 2026 at a rate equivalent to 6.369% p.a. The Bonds, the first tranche of ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 9-year and 6-month Bonds due 2025

In April 2016, ALI issued and listed on the PDEx a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.750% p.a. The Bonds is the second tranche of debt securities issued under the ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.



Philippine Peso 7-year and 3-month and 10-year Bonds due 2027

In May 2017, ALI issued a ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.262% p.a. The Bonds represent the fourth tranche of the Fixed-rate Bonds Series issued under the ALI's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEx. In November 2019, ALI issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.99% p.a. The Bonds, the third tranche of bonds issued under the ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2024

In September 2019, ALI issued and listed on the PDEx its ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.758% p.a. The Bonds represent the second tranche of debt securities issued under the ALI's 2019 Program, and were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2025

In September 2020, ALI issued and listed on the PDEx its ₱6,250.0 million fixed rate bond due 2025 at a rate equivalent to 3.862% per annum. The Bonds represent the fifth tranche of the new ₱50.0 billion debt securities issued under the ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 4-year Bonds due 2025

In May 2021, ALI issued and listed on the PDEx its ₱10,000.0 million fixed rate bond due 2025 at a rate equivalent to 3.626% p.a. The Bonds represent the sixth tranche of debt securities issued under the ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2031

In October 2021, the ALI issued a total of P3,000.0 million bonds due 2031 at a fixed rate equivalent to 4.08% p.a. and subject to repricing on October 26, 2026, the fifth anniversary of the Issue Date, at the higher of 4.08% p.a. or the prevailing 5-year benchmark plus 70 bps. The offering which was listed on the PDEx is composed of ₱2,750.0 million issued as the first tranche of ALI's 2021 Program while ₱250.0 million representing the seventh tranche of debt securities were issued under ALI's 2019 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. ALI exercised the call option and the bonds were fully redeemed in April 2023.

Philippine Peso 6-year Bonds due 2028

In May 2022, ALI issued a total of ₱12,000.0 million bonds due 2028 at a fixed rate equivalent to 5.809% p.a. The offering is composed of ₱9,500.0 million as the second tranche of debt securities issued under ALI's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on October 11, 2021 (the "2021 Program"), while ₱2,500.0 million represent the eight and final tranche of debt securities that were issued under the 2019 Program. The Bonds were listed on the PDEx and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 2-Year, 5-Year, and 7-year Bonds due 2024, 2027, and 2029

In July 2022, ALI issued a total of ₱33,000.0 million fixed rate bonds, broken down into ₱12,000.0 million bonds due 2024 at a rate equivalent to 4.397% p.a., ₱7,000.0 million bonds due 2027 at a rate equivalent to 6.211% p.a., and a ₱14,000.0 million bond due 2029 at a rate equivalent to 6.805% p.a.. The offering is the third tranche of debt securities issued under the ALI's 2021 Program. The Bonds were listed on the PDEx and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 5-Year and 10-year Bonds due 2028 and 2033

In June 2023, ALI issued a total of P15,000 million fixed rate bonds, broken down into ₱10,075.0 million bonds due 2028 at a rate equivalent to 6.03% p.a. and ₱4,925.0 million bond due 2033 at a rate equivalent to 6.29% p.a. The offering is composed of ₱4,750.0 million issued as the fourth and final tranche of ALI's 2021 Program while ₱10,250.0 million representing the first tranche of debt securities issued under its 2023 Program. The Bonds were listed on the PDEx and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.



Philippine Peso 10-Year ASEAN Sustainability Bonds due 2034

In 2024, ALI issued a total of ₱14,000.0 million fixed rate bonds broken down into ₱6,000.0 million bonds due 2034 at a rate equivalent to 6.99% p.a. and ₱8,000.0 million bond due 2034 at a rate equivalent to 6.13% p.a. The bonds are composed of Sustainability-Linked Bond and listed an 10-year SL-Bond on the Philippine Dealing & Exchange Corp. (PDEx) issued under the existing securities program.

ACEIC Group

Philippine Peso 10.0 Billion Fixed Rate Bonds due 2027

On September 22, 2022, ACEN issued an unsecured fixed-rate bonds with an aggregate principal of ₱10,000.00 million. The proceeds will be used to finance investments in various solar farms. There are no securities pledged as collateral for these bonds. The issue cost amounted to ₱126.28 million.

The offer is comprised of 5-year bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This issuance is ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years. Interest on the bonds is payable quarterly in arrears starting on December 22, 2022, for the first interest payment date and on March 22, June 22, September 22, and December 22 each year for each subsequent payment date.

Redemption at the option of the Issuer

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

- 12th to 15th Interest Payment Date at Call Option Price of 101.00%
- 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

FFL Bonds / Green Bonds

Green bonds

ACEIC Group

ACEFIL - Medium Term Note (MTN) Programme

On January 16, 2019, ACEFIL established its MTN Programme with an aggregate amount of US\$1,000.00 million (₱48,470.0 million). The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including eligible green projects and other use of proceeds under ACEFIL's green bond framework.

On November 17, 2020, ACEFIL amended the MTN Programme to increase the aggregate amount to US\$2,000.0 million (₱94,960.0 million) and allow the issuance of senior undated guaranteed notes under the MTN Programme.

As of December 31, 2024 and 2023, ACEFIL has issued US\$410.0 million (₱23,130.19 million) and US\$770.0 million (₱42,634.9 million) notes under the MTN Programme, respectively.



ACEFIL - Senior guaranteed notes due 2024 and 2029 and Senior undated guaranteed notes under the MTN Programme

On January 29, 2019, ACEFIL issued US\$225.0 million (₱11,417.4 million) senior guaranteed notes due 2024 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 99.45.

On the July 9, 2020, ACEFIL issued US\$60.00 million (₱2,908.2 million) senior guaranteed notes due 2029 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 104.75.

On November 25, 2020, ACEFIL issued US\$300.0 million (₱14,541.0 million) senior undated guaranteed notes with a fixed coupon of 5.10% for life. The notes were priced at par. The new issue was used to finance the successful tender of US\$186.9 million (₱9,058.5 million) of the US\$400.0 million (₱19,388.0 million) 5.65% senior undated guaranteed notes at a tender price of US\$104.6.

Senior guaranteed notes paid by ACEFIL

On January 25, 2024, ACEFIL redeemed \$360.0 million (₱20,246.40 million) of the Senior guaranteed notes under the MTN Programme. Remaining outstanding guaranteed notes amounted to \$410.00 million.

As of December 31, 2024 and 2023, ACEFIL has outstanding US\$410.0 million (₱23,130.19 million) and US\$770.0 million (₱42,634.9 million) notes under the MTN Programme, respectively.

Redemption at the option of the issuer

At any time, ACEFIL may on any one or more occasions redeem all or part of the “notes under the MTN Programme”, by giving notice, at redemption price equal to 100% of the principal amount of the “notes under the MTN Programme” redeemed, plus the applicable premium (as defined in the respective pricing supplements) as of date, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the “notes under the MTN Programme” is registered on the relevant record date to receive interest due on the relevant interest payment date. record date to receive interest due on the relevant interest payment date.

ACEFIL entered into a Loan Agreement guaranteed by ACEIC Parent

On January 12, 2024, ACEIC as Guarantor to its subsidiary, ACEFIL entered to a loan agreement with a lender for US\$10.00 million. This loan obtained by ACEFIL shall be used to redeem its maturing green bonds in January 2024.

ACEN Finance - Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance Limited (ACEN Finance) established its MTN Programme with an aggregate amount of US\$1,500.0 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the ACEN Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note program; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

ACEN Finance - Senior guaranteed undated FFL notes (Notes) under the MTN Programme

On September 8, 2021, ACEN Finance issued US\$400.0 million senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework. On September 9, 2021, the Notes were listed with the SGX-ST.



The unsecured US dollar-denominated senior Green Bonds requires ACEIC Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEIC Group by certain of ACEIC Group's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEIC Group's properties and assets with other entities if ACEIC is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0.

As of December 31, 2024 and 2023, notes payable under MTN Program amounted to ₦23,667.56 and ₦32,003.8 million respectively.

FFL Bonds

AYCFL

2017 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)

On September 7, 2017, the Parent Company announced that AYCFL had successfully set the terms of a US dollar-denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₦20,171.9 million) with an annual coupon of 5.125% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 13, 2022 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason, AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$100 million of this 5.13% Undated Notes was tendered and the aggregate amount of US\$300 million remained outstanding after payment.

On May 10, 2022, AYCFL made a tender offer settlement amounting to US\$40.12 million in aggregate principal amount of its 5.125% Undated Notes. Pursuant to the settlement of the Tender Offer, US\$40.12 million in aggregate principal amount of the Notes was repurchased and cancelled pursuant to the terms and conditions of the Notes. Following the cancellation, the aggregate principal amount of the Notes that will remain outstanding will be US\$259.88 million. As of December 31, 2024 and 2023, the remaining balance of this loan amounted to ₦15,032.8 million and ₦14,389.6 million, respectively.

2019 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)

On October 23, 2019, the Parent Company announced that AYCFL had successfully priced a similar US dollar denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₦20,118.9 million) with an annual coupon of 4.85% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on October 30, 2024 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$35 million of this 4.85% Undated Notes was tendered and the aggregate amount of US\$ 365 million remained outstanding as of December 31, 2024 and 2023.



2021 AYCFL US\$400 Million Senior Fixed-for-Life Perpetual Notes (the Notes)

On September 16, 2021, the Parent Company announced that it had successfully set the terms for a US dollar-denominated fixed-for-life (non-deferrable) senior perpetual issuance. The Notes have an aggregate principal amount of US\$400 million with a fixed coupon of 3.90% for life, with no step-up and no reset, payable semi-annually. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 23, 2026 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The transaction was settled on September 23, 2021, and the Notes are unconditionally and irrevocably guaranteed by the Parent Company. As of December 31, 2024 and 2023, the remaining balance of this loan amounted to ₦23,138.0 million and ₦22,038.6 million, respectively.

Guarantees

The Parent Company or its subsidiaries may act as guarantor on debt taken out by other subsidiaries within the Group. Both domestic and foreign loans of the Group may be subject to guarantees.

Compliance with debt covenants

The long-term loan agreements of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, declaration and/or payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels.

For the Parent Company, these covenants include, among others, certain ratios like:

- Consolidated net debt to equity ratio not to exceed 3:1
- Consolidated net debt to tangible net worth ratio not to exceed 3:1
- Consolidated current ratio of not lower than 0.5:1

For the subsidiaries, these covenants include, among others, certain ratios like:

- Net debt to equity ratio not to exceed 3:1; not to exceed 1.75:1
- Maximum debt to equity 2.33x
- Debt service ratio of at least 1.25:1
- Current ratio of not lower than 1:1

The Group has complied with these restrictions and requirements as of December 31, 2024 and 2023.

Interest expense on short-term debt amounted to ₦3,702.2 million, ₦3,240.4 million and ₦2,287.8 million in 2024, 2023 and 2022, respectively. Interest expense on long-term debt amounted to ₦25,885.3 million, ₦21,963.8 million and ₦20,843.4 million, respectively (see Note 22).

Interest capitalized by subsidiaries amounted to ₦3,249.6 million and ₦2,536.1 million in 2024 and 2023, respectively. The capitalization rates are 3.09% to 6.28% in 2024 and 4.5% to 6.0% in 2023.



19. Other Noncurrent Liabilities

This account consists of the following:

	2024	2023
(In Thousands)		
Deposits and deferred credits	₱33,755,683	₱31,372,935
Retentions payable	5,815,111	4,926,246
Contractors payable	5,637,478	4,629,579
Liability for purchased land	5,044,725	7,043,929
Deferred output VAT	604,867	59,303
Subscriptions payable	507,550	507,550
Others	2,630,684	932,570
	₱53,996,098	₱49,472,112

Deposits and deferred credits

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties. Security deposits are equivalent to three (3) to six (6) months' rent of long-term tenants with noncancelable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. This also includes customers' deposits which consist of excess of collections over the recognized receivables based on percentage of completion. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and transfer taxes. The payments made by ALI Group for the processing of title are charged to this account.

Retentions payable

Retentions payable pertains to amount withheld by the Group from the contractors' billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in projects requiring rework.

Contractors payable

Contractors payable represents accrued costs incurred for property development that are not yet billed.

Liability for purchased land

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired during the year. These are normally payable in quarterly or annual installment payments within three (3) or five (5) years.

Deferred output VAT

Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.

Subscriptions payable

Subscription payable mainly pertains to ALLHC's investment in Cyber Bay. As of December 31, 2024 and 2023, ALI Group has unpaid subscription in Cyber Bay amounting to ₱481.7 million.

Others

Others include nontrade payables. As of December 31, 2024, it includes ACEIC's dismantling obligations for lease properties and contingent consideration related to acquisition of investment.



20. Equity

The details of the Parent Company's preferred and common shares follow:

	Preferred A shares		Preferred B shares		Preferred C shares		Voting Preferred shares		Common shares	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(In Thousands, except par value per share)									
Authorized shares	12,000	12,000	58,000	58,000	40,000	40,000	200,000	200,000	900,000	900,000
Par value per share	₱100	₱100	₱100	₱100	₱100	₱100	₱1	₱1	₱50	₱50
Issued and subscribed shares	12,000	12,000	58,000	58,000	—	—	200,000	200,000	635,771	635,052
Treasury shares										
At the beginning of year	(6,755)	(12,000)	(28,000)	(8,000)	—	—	—	—	(15,245)	(15,245)
Reacquisition	—	—	(30,000)	(20,000)	—	—	—	—	—	—
Reissuance	—	5,245	7,500	—	—	—	—	—	3,070	—
At end of year	(6,755)	(6,755)	(50,500)	(28,000)	—	—	—	—	(12,175)	(15,245)
Outstanding shares at end of year	5,245	5,245	7,500	30,000	—	—	200,000	200,000	623,596	619,807

The details of the Parent Company's outstanding shares follow:

	Preferred A shares		Preferred B Shares		Preferred C shares		Voting Preferred shares		Common shares	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(In thousands)									
Outstanding shares:										
At beginning of year	5,245	—	30,000	50,000	—	—	200,000	200,000	619,807	619,142
Issued shares on exercise of share options	—	—	—	—	—	—	—	—	—	52
Subscribed shares	—	5,245	7,500	—	—	—	—	—	719	613
Treasury shares acquisition during the year	—	—	(30,000)	(20,000)	—	—	—	—	3,070	—
Outstanding shares at end of year	5,245	5,245	7,500	30,000	—	—	200,000	200,000	623,596	619,807

The details of the Parent Company's paid-in capital follow:

	December 31, 2024									
	Preferred Stock - A	Preferred Stock - B	Voting Preferred	Common Stock	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Stock	
	(In Thousands)									
At beginning of year	₱1,200,000	₱5,800,000	₱200,000	₱31,475,111	₱277,503	₱54,980,070	(₱2,698,931)	₱91,233,753	(₱14,546,351)	
Exercise/Cancellation/Subscription of ESOP/ESOWN	—	—	—	3,388	32,572	515,208	(423,097)	128,071	—	
Collection of subscription receivable	—	—	—	—	—	—	271,179	271,179	—	
Sale of treasury common shares	—	—	—	—	—	(379,882)	—	(379,882)	2,575,359	
Redemption of preferred shares	—	—	—	—	—	(12,000,000)	—	(12,000,000)	(3,000,000)	
Reissuance of preferred shares	—	—	—	—	—	14,131,084	—	14,131,084	750,000	
At end of year	₱1,200,000	₱5,800,000	₱200,000	₱31,478,499	₱310,075	₱57,246,480	(₱2,850,849)	₱93,384,205	(₱14,220,992)	

	December 31, 2023									
	Preferred Stock - A	Preferred Stock - B	Voting Preferred	Common Stock	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Stock	
	(In Thousands)									
At beginning of year	₱1,200,000	₱5,800,000	₱200,000	₱31,460,875	₱258,521	₱49,981,886	(₱2,521,025)	₱86,380,257	(₱13,070,802)	
Exercise/Cancellation/Subscription of ESOP/ESOWN	—	—	—	14,236	18,982	522,148	(385,988)	169,378	—	
Collection of subscription receivable	—	—	—	—	—	—	208,082	208,082	—	
Redemption of preferred shares	—	—	—	—	—	(8,000,000)	—	(8,000,000)	(2,000,000)	
Reissuance of preferred shares	—	—	—	—	—	12,476,036	—	12,476,036	524,451	
At end of year	₱1,200,000	₱5,800,000	₱200,000	₱31,475,111	₱277,503	₱54,980,070	(₱2,698,931)	₱91,233,753	(₱14,546,351)	



Preferred Shares

Preferred A shares

Details of Preferred A shares as follows (*in Thousands, except par value per share*).

Preferred A	2024	2023
Par value per share	₱100	₱100
Issued and subscribed shares	12,000	12,000
Outstanding shares	5,245	5,245
Treasury shares	6,755	6,755
Cost of treasury shares	₱675,500	₱675,500

On November 11, 2008, the Parent Company filed a primary offer in the Philippines of its Preferred A shares to be listed and traded on the PSE.

Preferred A shares are cumulative, nonvoting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of shares and with a dividend rate of 8.88% per annum. The Preferred A shares may be redeemed at the option of the Parent Company starting on the fifth year.

On June 28, 2013, the BOD approved and authorized the exercise of call option on Preferred A shares effective November 25, 2013 based on the dividend rate of 8.88% per annum. The redemption of Preferred A shares is presented as part of treasury stock.

On March 23, 2023, the Parent Company filed a registration statement for the offer and re-issuance of 4,000,000 Preferred "A" Shares with an aggregate issue value of ₱10.0 billion and an oversubscription option of up to 4,000,000 Preferred "A" Shares with an aggregate issue value of up to ₱10.0 billion.

On May 29, 2023, the Parent Company re-issued 5,244,515 of its non-voting perpetual Preferred A shares at an issue price of ₱2,500.0 per share and a par value of ₱100.0 per share or for a total of ₱13.1 billion with a dividend rate of 6.3587% per annum.

Preferred B shares

Details of Preferred B shares as follows (*in Thousands, except par value per share*).

Preferred B	Series 1		Series 2		Series 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Par value per share	₱100	₱100	₱100	₱100	₱100	₱-		
Issued and subscribed shares	20,500	28,000	30,000	30,000	7,500	–	58,000	58,000
Outstanding shares	–	–	–	30,000	7,500	–	7,500	30,000
Treasury shares	20,500	28,000	30,000	–	–	–	50,500	28,000
Cost of treasury shares	₱2,050,000	₱2,800,000	₱3,000,000	₱-	₱-	₱-	₱5,050,000	₱2,800,000

In July 2006, the Parent Company filed a primary offer in the Philippines of its Preferred B shares at an offer price of ₱100.00 per share to be listed and traded in the PSE. The Preferred B shares are cumulative, nonvoting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of shares and with dividend rate of 9.4578% per annum. The Preferred B shares may be redeemed at the option of the Parent Company starting on the fifth year from the date of issuance.

On March 14, 2011, the BOD approved and authorized the exercise of call option on its Preferred B shares effective July 21, 2011 based on the dividend rate of 9.5% per annum. The redemption of Preferred B shares is presented as part of treasury stock.

Preferred B Series 1 shares

In September 2013, the BOD approved and authorized the re-issuance and offering of 20.0 million Preferred B Series 1 shares from its 58.0 million authorized Class "B" preferred treasury share capital for an aggregate amount of ₱10.0 billion. The Preferred B Series 1 shares were offered at a price of ₱500.00 per share with a fixed quarterly dividend rate of 5.25% per annum.



On September 28, 2023, the BOD approved the optional redemption of the 20.0 million Preferred B Series 1 shares effective November 15, 2023 by payment in cash of the redemption price equal to 100% of the issue price of the shares plus accrued and unpaid dividends up until November 15, 2023 based on the dividend rate of 5.25% per annum.

Preferred B Series 2 shares

On August 22, 2014, the BOD approved and authorized the re-issuance and offering of 27.0 million Preferred B Series 2 shares, which comprise a second and separate series from the Parent Company's outstanding 5.25% Preferred B Series 1 shares, from its 58.0 million authorized Class "B" preferred treasury share capital, for an aggregate amount of ₱13.5 billion. The Preferred B Series 2 shares were offered at a price of ₱500.00 per share with a dividend rate of 5.575%. The re-issuance resulted to the Parent Company's recognition of ₱10.7 billion additional paid-in capital excluding direct expenses from re-issuance.

On September 13, 2019, the BOD approved and authorized the redemption by the Parent Company of its 27.0 million Preferred B Series 2 shares representing all of the outstanding Preferred B Series 2 shares at the redemption price equal to the issue price plus all accrued and unpaid dividends until November 5, 2019 based on the dividend rate of 5.575% per annum. On the same date, the BOD also approved and authorized the re-issuance and offering of 30.0 million Preferred B Series 2 shares for an offer price of ₱500.00 per share with a dividend rate of 4.8214%. These two transactions resulted to the Parent Company's recognition of ₱1.1 billion net additional paid-in capital excluding direct expenses from re-issuance.

On January 15, 2020, the Parent Company has fully utilized the proceeds from the reissuance of Preferred B Series 2 shares.

On November 29, 2024, the 5th year anniversary from the listing of the shares, the Parent Company redeemed its ACPB2 Series shares at redemption price equal to 100% of its issue price of ₱500 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% p.a.

Preferred B Series 3 shares

October 10, 2024, the BOD approved and authorized the re-issuance and offering of ₱15,000.0 million Preferred B Series 3 shares, with an issue price of ₱2,000 per share, to be reissued from the Company's treasury shares. The Parent Company sold 5.0 million Preferred B Series 3 shares with an aggregate issue price of ₱10,000.0 million constituting the base size of the offer, and, as a result of the Parent Company's exercise of its oversubscription option in order to address the excess demands for the shares, an additional 2.5 million Preferred B Series 3 shares with an aggregate issue price of 5,000.0 million were sold. The re-issuance resulted to the Parent Company recognizing ₱14,450.0 million additional paid-in capital net of direct expenses from re-issuance.

On June 27, 2024, the BOD approved the issuance of Preferred Shares with a base amount of ₱10.00 billion with an oversubscription option for up to an additional ₱5.00 billion, subject to regulatory requirements. On September 27, 2024, the Parent Company received the Certificate of Permit to Offer Securities for Sale from the SEC for the offer and re-issuance of 5.0 million Preferred "B" Shares with a base amount of ₱10.00 billion with an oversubscription option of up to 2.5 million Preferred "B" Shares with an aggregate issue value of up to ₱5.00 billion. On October 15, 2024, 7.5 million Preferred "B" Shares Series 3 (ACPB3) shares were issued at ₱2,000.0 per share and listed with the Philippine Stock Exchange.

On September 30, 2024, the Parent Company's Executive Committee, in the exercise of its authority under the By-Laws, and upon endorsement of our Finance Committee, approved the optional redemption of the ₱15.0 billion 4.8214% Preferred "B" Series 2 shares (APB2R). The redemption will be effective November 29, 2024 (the 5th year anniversary from the listing of the shares) by payment in cash of the redemption price equal to 100% of the issue price of ₱500.00 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% per annum.



On January 20, 2025, the Parent Company has fully utilized the proceeds from the reissuance of ACPB3 shares.

Preferred C shares

Preferred C shares are cumulative, non-participating, non-voting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of the shares.

Voting Preferred shares

On March 15, 2010, the BOD approved the reclassification of 4.0 million unissued common shares with a par value of ₱50.00 per share into 200.0 million Voting Preferred shares with a par value of ₱1.00 per share and the amendment of the Parent Company's amended Articles of Incorporation to reflect the reclassification of the unissued common shares into new Voting Preferred shares.

On April 16, 2010, the Parent Company's stockholders ratified the reclassification.

On April 22, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new Voting Preferred shares.

The Voting Preferred shares are cumulative, voting and redeemable at the option of the Parent Company under such terms that the BOD of the Parent Company may approve at the time of the issuance of shares and with a dividend rate of 5.3% per annum. In 2016, the dividend rate was repriced to 3.6950%.

On July 16, 2019, the BOD approved the re-pricing of dividend rate to 5.7730% per annum, which is equal to the 3-year PHP BVAL reference rate as of May 20, 2019 and will be applicable until May 20, 2022, the next re-pricing date.

The Additional Paid-in Capital pertaining to preferred shares amounted to ₱26,303.8 million and ₱22,075.0 million as of December 31, 2024 and 2023, respectively.

Pursuant to Clause 3 of the Terms and Conditions of the Offer and Subscription of the Voting Preferred shares, the dividend rate of the shares has been re-priced from 5.7730% per annum to 4.8096% per annum, which is equal to the 3-year PHP BVAL reference rate as of May 20, 2022 and will be applicable until May 20, 2025, the next re-pricing date.

Common Shares

The common shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least 60% of the outstanding capital stock shall be owned by citizens of the Philippines or by partnerships, associations or corporations with 60% of the voting stock or voting power of which is owned and controlled by citizens of the Philippines.

In July 2013, the SEC approved the amendments to the Parent Company's Articles of Incorporation for the exemption of 100 million common shares from the exercise of pre-emptive rights of holders of common shares. These shares are allocated to support the financing activities of the Parent Company.

On July 21, 2018, the Parent Company issued 8.8 million common shares at a price of ₱916.0 per share to an institutional investor and paid documentary stamp taxes and listing fee amounting to ₱4.4 million and ₱9.0 million, respectively.

On May 22, 2019, the Parent Company purchased its 3,805,644 common shares at ₱838.0 from Mitsubishi Corporation ("Mitsubishi") pursuant to the share buyback program approved by the BOD on September 10, 2007, June 2, 2010, and December 10, 2010.



On December 11, 2019, the Parent Company also purchased its 613,000 common shares at ₦815.00 pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019. The Parent Company purchased another 60,000 common shares at ₦752.00 on December 16, 2019.

On various dates in 2020, the Parent Company, pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019, purchased 1,266,210 of its common shares with prices ranging from ₦408 to ₦755 per share.

On May 26, 2021, the Parent Company, pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019, purchased 8,450,000 of its common shares at ₦683.12 per share.

On December 10, 2021, the BOD approved the allocation of an additional ₦10.0 billion to our current ₦10.0 billion share buyback program approved on December 5, 2019.

On various dates in 2022, the Parent Company purchased a total of 1,050,000 common shares with prices ranging from ₦607.93 to ₦697 per share.

In 2023, 51,842 common shares were issued under ESOP (nil in 2024) (see Note 28).

Treasury shares

On March 31, 2022, the Parent Company assigned from its Treasury Shares two (2) common shares, as qualifying shares, to the two (2) new nominees for independent directors of the Parent Company.

On May 31, 2022, the Parent Company purchased its 40,000 common shares at ₦625.00 price per share, 450,000 common shares at ₦697.00 price per share, and 310,000 common shares at ₦634.1158 price per share, respectively, pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

On July 14, 2022, the Parent Company purchased its 250,000 common shares at ₦607.9301 price per share pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

On September 26, 2024, Parent Company sold 3,070,150 Treasury Common Shares at a price of ₦720.00 per share through a block sale transaction.

On October 15, 2024, the Parent Company received in full the proceeds from the successful re-issuance of ₦15,000.0 million preferred B shares (ACPB3). Total Preferred "B" shares subscribed were 7.5 million shares at ₦2,000.0 per share.

As of December 31, 2024, treasury shares include 6.8 million Preferred A shares amounting ₦675.5 million and 50.5 million Preferred B shares amounting to ₦5,050.0 million or a total of ₦5,725.5 million. As of December 31, 2023, treasury shares include 6.8 million Preferred A shares amounting ₦675.5 million and 28.0 million Preferred B shares amounting to ₦2,800.0 million or a total of ₦3,475.5 million. As of December 31, 2024 and 2023, treasury shares also include 12.2 million and 15.2 million common shares, respectively, amounting to ₦8,495.4 million and ₦11,070.8 million, respectively.



In accordance with Revised SRC Rule 68, Annex 68-K, below is a summary of the Parent Company's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval	2024 Number of holders of securities as of December 31	2023 Number of holders of securities as of December 31
Common shares	200,000,000 ¹	₱1.00 par value ² ; ₱4.21 issue price	July 1976	6,217	6,292
Preferred A shares	12,000,000	₱100 par value; ₱500 issue price	November 2008	—	—
Preferred A shares ³	8,000,000	₱100 par value; ₱2,500 issue price	May 5, 2023	6	6
Preferred B shares	8,000,000	₱100 par value; ₱500 issue price	July 2006	—	—
Preferred B shares- Series 1 ⁴	20,000,000	₱100 par value; ₱500 issue price	October 2013	—	16
Preferred B shares- Series 2 ⁵	30,000,000	₱100 par value; ₱500 issue price	November 2019	—	5
	27,000,000	₱100 par value; ₱500 issue price	October 2014	—	—
Preferred B shares- Series 3 ⁶	7,500,000	₱100 par value; ₱2,000 issue price	September 2024	2	—
Voting preferred shares	200,000,000	₱1 par value; ₱1 issue price	March 2010	1,058	1,055

¹Initial number of registered shares only.

²Par value now is ₱50.00

³5,244,515 Preferred A shares were re-issued on May 29, 2023.

⁴The Preferred B- Series 1 shares were re-issued on November 15, 2013.

⁵The Preferred B-Series 2 share were re-issued on November 29, 2019.

⁶The Preferred B-Series 3 share were re-issued on October 15, 2024.

Retained Earnings

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries and associates and joint ventures accounted for under the equity method amounting to ₱244,078.5 million, ₱211,065.1 million and ₱187,561.3 million as of December 31, 2024, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury.

In accordance with the Revised SRC Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration as of December 31, 2024 and 2023 amounted to ₱67,898.5 million and ₱61,589.7 million, respectively.

Cash dividends consist of the following:

	Per Share			Amount (In Thousands)		
	2024	2023	2022	2024	2023	2022
Dividends to common shares declared and paid during the year:						
1 st Declaration	₱4.19	₱3.81	₱3.46	₱2,597,897	₱2,358,987	₱2,142,235
2 nd Declaration	4.19	3.81	3.46	2,610,750	2,358,987	2,142,235
Dividends paid to equity preferred shares during the year						
Preferred Shares A	6.3587%	6.3687%	—	833,707	416,854	—
Preferred Shares B - Series 1	0.0000%	5.2500%	5.2500%	—	525,000	525,000
Preferred Shares B - Series 2	4.8214%	4.8214%	4.8214%	723,210	723,210	723,210
Preferred Shares B - Series 3	1.5135%	0.0000%	0.0000%	227,018	—	—
Voting Preferred Shares	4.8096%	4.8096%	5.7730%	9,619	9,619	11,546



On December 11, 2023, the BOD approved the declaration of regular cash dividends of ₱3.806 per common share, payable to stockholders of record as of December 26, 2023, and distributable on January 10, 2024.

As of December 31, 2024, and 2023, the Parent Company has cash dividend payable to common and preferred stockholders amounting to ₱2,681.5 million and ₱2,257.8 million, respectively.

Property dividends consist of the following:

On April 29, 2022, the BOD, during an organization board meeting, approved the acquisition of 1,861,000,000 common shares of ACEN from ACEI via block sale at prevailing market prices (AC-ACEI Transaction). This transaction was completed on May 10, 2022, at the purchase price of ₱7.60 per ACEN share.

On May 12, 2022, BOD confirmed the declaration of property dividends consisting of the ACEN shares acquired from ACEIC to the Parent Company's common shareholders at a ratio of three (3) ACEN shares per one (1) parent company common share, subject to: (a) completion of the AC-ACEIC Transaction, and (b) applicable regulatory approvals. The record date is May 27, 2022, with distribution or settlement date of the dividends payable to be determined by the management after applicable regulatory approvals have been obtained. No shareholder shall be entitled to fractional shares.

On October 24, 2022, the SEC approved the property dividends and issued a Certificate of Filing Notice of the Property Dividend declaration.

The dividend distribution commenced in December 2022 and will continue as and when electronic Certificates Authorizing Registration (eCARs) are issued by BIR. The eCAR issuance is a prerequisite for the transfer of the properties of the Parent Company, i.e. the ACEN shares, to each entitled stockholder as of the record date and it is a process that entails the participation of both the Parent Company, as transferor, and the stockholders, as transferees.

As of December 31, 2024 and 2023, the Parent Company has property dividend payable to common stockholders amounting to ₱133.2 million and ₱991.4 million, respectively.

As of December 31, 2024, the Parent Company has significantly completed the distribution of property dividends. The BIR's issuance of eCARs and subsequent distribution of ACEN shares are ongoing.

Capital Management

The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the years ended December 31, 2024 and 2023.



The Parent Company monitors capital using a gearing ratio of debt to equity and net debt to equity. Debt consists of short-term and long-term debt of the Group. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and restricted cash of the Group. The Parent Company considers as capital the total equity.

	2024	2023
	(In Thousands)	(In Thousands)
Short-term debt	₱75,556,284	₱49,871,493
Long-term debt	591,202,846	539,972,244
Total debt (a)	666,759,130	589,843,737
Less:		
Cash and cash equivalents	75,501,736	74,784,222
Short-term investments	723,567	1,426,579
Restricted cash	-	8,827,833
Net debt (b)	₱590,533,827	₱504,805,103
Total equity (c)	₱725,581,720	₱674,941,361
Debt to equity (a/c)	91.9%	87.4%
Net debt to equity (b/c)	81.4%	74.8%

The Parent Company also monitors capital through return-to-common equity ratio. For this ratio, the Parent Company considers as capital the average amount of equity with the exclusion of accounts pertaining to preferred shares and the non-controlling interests.

	2024	2023
	(In Thousands)	(In Thousands)
Net income attributable to owners of the parent company	₱42,026,496	₱38,073,084
Less:		
Dividends to equity preferred shares	1,793,554	1,674,683
	40,232,942	36,398,401
Divided by: average common equity attributable to owners of the parent company	₱388,730,241	₱356,452,478
Return to common equity	10.3%	10.2%

21. Revenue

This account consists of:

	2024	2023	2022
	(In Thousands)	(In Thousands)	(In Thousands)
Revenue from contracts with customers			
Real estate	₱140,670,158	₱112,605,037	₱95,854,782
Manufacturing services	62,762,188	73,590,033	75,891,365
Power generation	36,671,202	35,275,111	36,065,920
Automotive	31,221,987	24,333,624	23,742,553
Others	18,555,795	11,204,730	5,069,304
	289,881,330	257,008,535	236,623,924
Rental income (Note 30)	35,862,630	32,896,212	27,196,530
Sales of goods and rendering of services	325,743,960	289,904,747	263,820,454
Share in net profits of associates and joint ventures	44,307,947	46,633,463	36,128,918
Interest income from real estate (Note 3)*	-	5,359,526	6,694,930
Total	₱370,051,907	₱341,897,736	₱306,644,302

*ALI group fully adopted PFRS 15 which considered interest income previously recognized as a non-significant financing component



Disaggregated revenue information

Set out below is the disaggregation of revenue from contracts with customers of the material subsidiaries of the Group:

ALI Group

Revenue from contracts with customers of ALI Group consists of:

	2024	2023	2022
	(In Thousands)		
Revenue from contracts with customers			
Residential development	₱112,916,969	₱92,337,260	₱81,244,149
Hotels and resorts	9,732,010	8,780,374	6,194,072
Construction	13,027,625	6,595,611	4,235,503
Others	4,993,554	4,891,792	4,181,058
	₱140,670,158	₱112,605,037	₱95,854,782

ALI Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. ALI Group's disaggregation of each source of revenue from contracts with customers are presented below:

Residential development

	2024	2023	2022
	(In Thousands)		
Type of Product			
Middle income housing	₱39,171,820	₱32,204,567	₱23,539,723
Core-mid	30,657,377	25,990,604	19,831,937
Condominium	28,495,003	24,297,144	25,218,522
Lot only	14,592,769	9,844,945	12,653,967
	₱112,916,969	₱92,337,260	₱81,244,149

All of ALI Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Hotels and resorts

	2024	2023	2022
	(In thousands)		
Type of Services			
Rooms	₱5,926,258	₱5,086,501	₱3,464,771
Food and beverage	3,151,353	2,727,063	1,933,309
Other operated department	152,695	482,190	342,515
Others	501,704	484,620	453,477
	₱9,732,010	₱8,780,374	₱6,194,072

ALI Group's revenue from hotels and resorts is attributed to the operations from the development and management of hotels and resorts/serviced apartments.

ALI Group's construction revenue pertains to transactions with related parties such as joint ventures and associates.

Others are mainly composed of property management facilities of ALI Group and third party projects.



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

Real estate sales

ALI Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii) service lot and house, and (ii) condominium unit and ALI Group concluded that there is one performance obligation in each of these contracts. ALI Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an unbilled receivable or customers' deposit.

After the delivery of the completed real estate unit, ALI Group provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by ALI Group as a quality assurance warranty and not treated as a separate performance obligation.

Hotels and resorts

Rooms revenue from hotel and resort operations is recognized when services are rendered. Revenue from banquets and other special events are recognized when events take place.

Construction

Revenue from fixed price construction contracts are recognized over time using the milestone-based revenue recognition which is in reference to output method. The output method is determined based on the start and completion of a task of the contract inclusive of uninstalled goods and materials delivered to the site.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as of December 31, 2024 and 2023 are as follows:

	2024	2023
	(In Thousands)	(In Thousands)
Within one year	₱74,621,596	₱66,739,284
More than one year	48,813,403	59,864,314
	₱123,434,999	₱126,603,598

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of ALI Group's real estate projects. ALI Group's condominium units are completed within three to five years, from start of construction while serviced lots and serviced house and lots are expected to be completed within two to three years from start of development.



IMI Group

The following table presents revenue of IMI Group by type:

	2024	2023	2022
(In thousands)			
Manufacturing of goods	₱62,619,923	₱73,382,620	₱75,695,905
Non-recurring engineering services	142,265	207,413	195,460
Revenue from contracts with customers	₱62,762,188	₱73,590,033	₱75,891,365

Translated using the average exchange rate for the year (US\$1:₱57.12 in 2024, \$1: ₱55.59 in 2023 and US\$1: ₱54.08 in 2022).

The following table presents revenue per market segment:

	2024	2023	2022
(In Thousands)			
Automotive	₱42,846,175	₱44,378,856	₱40,317,486
Industrial	15,651,188	21,642,071	25,665,211
Consumer	1,855,100	1,848,429	3,798,203
Medical	1,270,327	1,289,953	1,244,059
Telecommunication	438,182	1,685,600	2,049,263
Aerospace/defense	-	2,010,479	2,160,592
Multiple market/others	701,216	734,645	656,551
	₱62,762,188	₱73,590,033	₱75,891,365

Translated using the average exchange rate for the year (US\$1:₱57.12 in 2024, \$1: ₱55.59 in 2023 and US\$1: ₱54.08 in 2022).

Revenues from contracts with customers of IMI Group are also further disaggregated by customer's nationality and timing of revenue recognition, as management believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table presents revenues from external customers based on customer's nationality:

	2024	2023	2022
(In Thousands)			
Europe	₱45,869,251	₱51,571,384	₱50,719,672
America	6,525,718	10,324,572	9,457,593
Japan	3,550,754	3,174,683	3,773,545
Rest of Asia / Others	6,816,465	8,519,394	11,940,555
	₱62,762,188	₱73,590,033	₱75,891,365

Translated using the average exchange rate for the year (US\$1:₱57.12 in 2024, \$1: ₱55.59 in 2023 and US\$1: ₱54.08 in 2022).

ACEIC Group

Tariff Adjustment

On May 26, 2020, the ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index and foreign exchange variations through Discounted Cash Flows Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020.

Renewable energy subsidiaries under the FIT system which include Guimaras Wind Corporation, Monte Solar Energy, Inc. (MSEI), SACASOL, and Northwind, accrued the retroactive revenue adjustment amounting to ₱791.5 million. This will be recovered for a period of five (5) years.

NLR, a renewable energy producer and a joint venture through PhilWind, also accrued the retroactive revenue adjustment amounting to ₱635.5 million.



On February 19, 2021, ERC clarified on its letter to National Transmission Corporation (“TransCo”), the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021, 2022 and 2023 generation billing. Revenue in 2021, 2022 and 2023 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

22. Costs and Expenses and Other Income (Charges)

Details of cost of goods sold and services included in the consolidated statements of income are as follows:

	2024	2023	2022
	(In Thousands)		
Cost of goods sold (Notes 8 and 31)	₱94,899,203	₱68,791,301	₱60,620,088
Cost of services:			
Cost of inventory (Note 8)	45,492,145	53,093,114	56,383,956
Cost of power operations	23,390,253	28,900,920	30,805,480
Personnel costs (Notes 27 and 31)	11,444,930	13,561,869	12,977,977
Depreciation and amortization (Notes 11, 12, 13 and 14)	13,981,078	11,576,692	12,402,403
Rental, utilities and supplies	4,338,428	6,008,569	6,560,538
Hotels and resorts operations	7,788,893	7,106,025	5,399,588
Professional fees, management fees and commissions	7,919,477	5,967,666	5,202,077
Taxes and licenses	5,580,374	4,760,682	4,813,079
Repairs and maintenance	4,995,137	4,284,556	3,969,472
Contract labor	1,103,362	1,662,569	2,177,364
Insurance	543,121	687,293	855,157
Transportation and travel	3,335,507	2,295,799	834,975
Others	13,693,931	11,134,985	7,566,570
	143,606,636	151,040,739	149,948,636
Costs of goods sold and services	₱238,505,839	₱219,832,040	₱210,568,724

Cost of goods sold includes, among others, the cost of real estate inventories amounting to ₱63.7 billion, ₱45.3 billion and ₱37.6 billion in 2024, 2023 and 2022, respectively; electronics goods amounting to ₱45.9 billion, ₱54.1 billion and ₱56.5 billion in 2024, 2023 and 2022, respectively; and cost of vehicles, automotive parts and accessories amounting to ₱ 32.4 billion, ₱20.7 billion and ₱19.5 billion in 2024, 2023 and 2022, respectively.

“Others” include various items such as AC Logistic’s group’s export and import costs; other business units’ communication, dues and fees, miscellaneous overhead, among others.



General and administrative expenses included in the consolidated statements of income are as follows:

	2024	2023	2022
	(In Thousands)		
Personnel costs (Notes 27 and 31)	₱16,446,546	₱14,151,057	₱12,728,500
Provision for impairment/losses on:			
Various other assets (Notes 14 and 23)	269,064	2,826,265	253,182
Goodwill (Note 14)	2,409,852	3,115,244	—
Financial assets at FVOCI (Note 15)	—	2,562,834	3,005,849
Investments in associates and joint ventures (Note 10)	8,140,087	949,861	3,139,370
Receivables (Note 7)	3,011,120	1,719,011	515,812
Inventories (Note 8)	887,915	518,768	223,590
Property, plant and equipment (Note 12)	536,284	—	58,165
Depreciation and amortization (Notes 11, 12, 13, 14 and 30)	3,210,890	2,904,062	3,269,566
Professional fees	4,256,683	3,561,687	2,297,018
Taxes and licenses	2,841,314	2,207,325	2,059,443
Contract labor	1,516,482	1,026,405	1,039,926
Advertising and promotions	1,960,897	1,343,359	841,547
Repairs and maintenance	789,961	882,555	834,087
Transportation and travel	639,247	694,173	624,609
Dues and fees	437,819	561,864	621,312
Rental and utilities	676,592	700,099	604,808
Insurance	718,571	444,395	512,667
Postal and communication	284,218	351,949	299,365
Research and development	276,476	477,826	229,827
Supplies	247,437	236,449	208,052
Entertainment, amusement and recreation	182,500	172,157	149,221
Donations and contributions	185,786	206,917	96,961
Others	1,344,559	1,032,274	1,013,739
	₱51,270,299	₱42,646,536	₱34,626,616

"Others" include various expenses such as plant relocation costs, management fees, marketing, collection charges, sales commission, bank service charge, periodicals and miscellaneous operating expenses.

Depreciation and amortization expense included in the consolidated statements of income follows:

	2024	2023	2022
	(In Thousands)		
Included in:			
Cost of sales and services	₱13,981,078	₱11,576,692	₱12,402,403
General and administrative expenses	3,210,890	2,904,062	3,269,566
	₱17,191,968	₱14,480,754	₱15,671,969

Personnel costs included in the consolidated statements of income follow:

	2024	2023	2022
	(In Thousands)		
General and administrative expenses	₱16,446,546	₱14,151,057	₱12,728,500
Cost of sales and services	11,444,930	13,561,869	12,977,977
	₱27,891,476	₱27,712,926	₱25,706,477



Other income consists of:

	2024	2023	2022
	(In Thousands)		
Dilution gain (loss) in associates (Note 10)	₱3,836,727	(₱4,405,549)	₱180,761
Net gain (loss) on sale of investments (Notes 2, 10 and 23)	2,311,691	3,091,847	(5,491,428)
Foreign exchange gain (Note 32)	1,340,195	127,000	584,673
Revenue from management contracts	977,235	437,419	906,616
Dividend Income	825,492	323,377	248,213
Remeasurement gain on previously held interest (Notes 10 and 23)	650,214	3,433,327	10,921,026
Gain (loss) on sale of other assets	464,438	95,181	(86,230)
Collateral income on automotive sales	453,581	710,954	455,018
Mark-to-market loss on financial assets at FVTPL (Notes 9 and 33)	(251,126)	(231,187)	(654,823)
Insurance proceeds	1,228	10,523	150,309
Recoveries of account written off (Note 7)	98,300	—	350,000
Others	3,801,450	1,440,671	3,319,044
	₱14,509,425	₱5,033,563	₱10,883,179

In 2024, the “dilution gain in associates” includes the effect on the Group’s ownership interest in BPI following its merger with RBC amounting to ₱4,187.6 million (see Note 10). In 2023, the “dilution loss in associates” includes the effect of change in ownership interest in investment in LHI amounting to ₱3,553.4 million (see Note 10).

“Net gain (loss) on sale of investments” mainly includes ₱1,665.2 million net gain on the series of transaction for PT Sidrap Bayu Energi (SBE) value realization and ₱646.5 million gain on sale of MWC in 2024; ₱1,261.9 million gain on sale of the remaining interest in GNPK, ₱1,062.0 million gain on deconsolidation of ACEHI Netherlands, ₱2,159.4 million gain on sale of MCX and ₱1,515.6 million on loss on MWCI buyback in 2023; and loss on deconsolidation of SLTEC amounting to ₱6,187.7 million in 2022 (see Notes 2, 10 and 23).

Remeasurement gain on previously held interest consists of ₱638.0 million gain from the partial sale of ownership in Merlin Solar in 2024, ₱3,433.3 million gain from the sale of shares in ACEHI Netherlands B.V. in 2023, and ₱10,921.0 million gain from the purchase of shares in UPC Australia in 2022 (see Notes 2 and 23).

“Others” mainly pertain to income derived from ancillary services, other activities rendered for the customers, not in the normal course of business and miscellaneous income of consolidated subsidiaries.

In 2024, “Others” mainly includes income from forfeitures of deposits and penalties amounting to ₱559.2 million, incentives amounting to ₱ 424.7, gain from early extinguishment of convertible loans through the partial sale at a premium to Acciona Energia of the loan for Blue Circle’s Mui Ne Wind Project in Vietnam amounting to ₱389.1 million, gain on reversal of ACEIC on ACEN non-controlling interest transaction cost from follow-on offering, stock rights offering and share issuance amounting to ₱349.5 million, gain on write-off payables amounting to ₱351.9 million, reversal of impairment provision amounting to ₱226.1 million, government grants of amounting to ₱174.6, guarantee fee amounting to ₱163.8 million, gain on derivative and swaps amounting to ₱150.5 and non-technical billings amounting to ₱101.4 million.

In 2023, “Others” mainly includes gain on conversion of receivables of SPNEC amounting to ₱515.0 million, income from forfeitures amounting to ₱494.8 million, release of escrow from sale of Milestone amounting to ₱239.5 million and guarantee fee income amounting to ₱154.7 million.



In 2022, this mainly includes marketing and management fees amounting to ₱693.1 million, reversal of accruals amounting to ₱350.0 million, guarantee fee income amounting to ₱347.9 million, financial subsidies amounting to ₱309.85 million, income from forfeitures amounting to ₱192.0 million, sponsorships amounting ₱120.0 million and other income from property damage claims of ACEN, Gigasol 3 and Northwind totaling to ₱73.0 million.

Interest income consists of:

	2024	2023	2022
	(In Thousands)		
Interest income on:			
Cash and cash equivalents (Note 6)	₱951,461	₱1,354,337	₱674,477
Short-term investments (Note 7)	2,102,070	1,702,177	401,897
Receivables, financial assets at amortized cost and other current assets	10,210,712	8,444,976	7,781,301
Others	—	2,061	69
	₱13,264,243	₱11,503,551	₱8,857,744

Interest and other financing charges consist of:

	2024	2023	2022
	(In Thousands)		
Interest expense on:			
Long-term debt (Note 18)	₱25,885,315	₱21,963,791	₱20,843,354
Short-term debt (Note 18)	3,702,237	3,240,446	2,287,827
Accretion of lease liabilities (Note 30)	2,409,910	2,081,347	1,879,160
Amortization of discount on long-term debt	830,037	932,368	873,765
Others	3,371,410	2,981,911	3,217,939
	₱36,198,909	₱31,199,863	₱29,102,045

“Others” include, among others, various charges, such as pretermination costs, bond offering fees, and credit card charges. Pre-termination costs include fees paid upon prepayment of long-term facility and/or borrowings by the ACEIC Group in 2021. Others also include ALI Group’s loss on sale of residential receivables without recourse amounting to ₱1,705.9 million in 2024, ₱1,806.8 million in 2023 and ₱2,904.1 million in 2022 (see Note 7).

23. Business Combinations, Disposals and Transactions with Non-controlling Interests

Business Combinations

2024 Acquisitions

Paivatar Energy Corporation (Paivatar)

On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar, signed a Shareholders’ and Investment agreement with BrightNight APAC B.V (BrightNight APAC) for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines.

BrightNight APAC subscribed for 0.42 million common shares with ₱1.00 par value and 0.56 million redeemable preferred shares with ₱100.00 par value. Total subscription amounted to ₱56.39 million for 40% and 50% voting and economic interest, respectively. Further to the transaction, BrightNight Philippines B.V. (BrightNight PH), an affiliate of BrightNight APAC, assigned ownership investment in Jord Energy Corp and Renovable Earth Corp. in favor of Paivatar.



The Group's 60% retained interest in Paivatar will be accounted for as a joint venture starting March 8, 2024, where both ACEN and Paivatar are equally represented in the Board and all matters shall be approved unanimously by both shareholders.

Paivatar accounts have been classified in the Group's consolidated financial statement as at September 30, 2024 as follows: a.) balance sheet accounts were deconsolidated b.) income statement accounts for the period January 1 to February 29, 2024 are included in the consolidated statement of income.

The net assets of Paivatar as at March 7, 2024 and proceeds from divestment are as follows (amounts in thousands):

Assets	₱139,501
Liabilities	1,013
Total identifiable net asset	138,488
Less BrightNight APAC investment	56,331
Net assets attributable to ACEN	82,157
Less: Fair value of retained interest	82,275
Gain on deconsolidation	₱118

After BrightNight APAC's subscription, the Group has diluted its interest and partially divested in Paivatar. The deconsolidation resulted in a gain of ₱0.12 million which is recognized under "Other income – net" account in the 2024 consolidated statement of income deconsolidation is as follows (amounts in thousands):

Cash consideration	₱-
Less cash surrendered with the subsidiary	62,375
Net cash outflow	(₱62,375)

Real Wind Energy, Inc. (RWEI)

On March 22, 2024, ACEN signed a Deed of Absolute Sale of Shares with Modern Energy Management Pte. Ltd. (MEM), as the seller, for the acquisition by ACEN of 4,000 secondary common shares in RWEI and a Loan Assignment Agreement for the assignment of MEM's receivables from RWEI. The total cost of the transaction is ₱568.7 million (US\$10.0 million) which is comprised of the acquisition cost for the shares amounting to US\$8.8 million and assigned receivables of US\$1.2 million.

On August 1, 2024, ACEN signed a Deed of Absolute Sale of Shares with Maraj Energy and Development Corp. ("Maraj"), as the seller, for the acquisition by ACEN of 6,000 secondary common shares representing the remaining 60% ownership in RWEI. The total transaction cost is ₱742.0 million which is comprised of the acquisition cost for the shares amounting to ₱32.0 million and ₱710.0 million earnout. As a result, the Group acquired control over RWEI.

The fair values of the identifiable assets and liabilities, net of eliminations, at acquisition date on August 1, 2024 follow (amounts in thousands):

Assets	28,060
Liabilities	92,408
Total identifiable net liabilities	(64,348)
Less cost of acquisition	741,984
Fair value of previously held interest	568,719
Goodwill arising on acquisition	₱1,375,051

RWEI is a special purpose vehicle for the development and operation of a 500MW wind energy project located in Real, Quezon. The RWEI project is strategically located close to another ACEN



wind project spanning Laguna and Quezon. This new acquisition presents opportunities for synergies through the joint use of logistical routes, transmission lines, and substation infrastructure.

The cost of the business combination follows (amounts in thousands):

Cash consideration	₱31,984
Earnout consideration	710,000
Fair value of equity interest in RWEI before business combination	568,719
Total consideration	₱1,310,703

As of December 31, 2024, ₱30.0 million of acquisition cost remains unpaid and this is payable upon release of Certificate Authorizing Registration which is expected within the next 12 months from September 30, 2024. The earnout remains unpaid and is payable upon achievement of certain milestones which is beyond 12 months from December 31, 2024.

Net cash outflow on acquisition is as follows (amounts in thousands):

Total cash consideration paid in cash	₱570,703
Less cash acquired with the subsidiary ^(a)	(901)
Net cash outflow	₱569,802

^(a)*Cash acquired with the subsidiary is included in cash flows from investing activities.*

If the acquisition had taken place at the beginning of 2024, revenue reduction for the year ended December 31, 2024 would have been nil and the additional contribution to the net loss attributable to ACEN would have amounted to ₱33.5 million.

Initial accounting for the acquisition of RWEI has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

Cebu District Property Enterprise, Inc. (CDPEI)

On November 4, 2024, ALI acquired the shares of Aboitiz Land and AEV in CDPEI. As a result, CDPEI became a wholly owned subsidiary of ALI. The total consideration for the acquisition is valued at ₱1.81 billion in exchange for 18.1 million CDPEI shares. The Group reclassified the amount from investment in a joint venture to investment in a subsidiary in 2024 (see Note 10).

2022 Acquisitions

IE Medica Inc.

In 2019, AC Health through its wholly-owned subsidiary, AHCHI Pharma Ventures, Inc. (APV) acquired 490,000 ordinary shares in IEM representing 49% of equity interest. The acquisition cost of the investment amounted to ₱931 million which includes a contingent consideration amounting to ₱250.2 million and a call option amounting to ₱15.7 million. This resulted in APV obtaining significant influence over IE Medica.

On June 1, 2022, AC Health exercised the call option for the 20,000 common shares with a total purchase price of ₱38.0 million, increasing its ownership interest to 51% (see Note 3).

The fair value of the previously held equity investment in IEM, which is calculated at 49% ownership of the pre-money valuation, amounted to ₱1,437.64 million as of June 1, 2022, and that resulted in a ₱108.12 million gain on remeasurement recognized in consolidated statement of income (see Note 22).

The pre-money valuation of IEM at ₱2,933.9 million has been determined based on the discounted cash flow method using cash flow projections from financial budgets covering a five-year period (from



2022 to 2027). These projections are based on forecasted revenues with discount rate of 12.60%, long-term growth rate of 5.94% and terminal value of ₦3,424.9 million.

The fair value of the identifiable assets and liabilities acquired and goodwill arising as at the date of acquisition follows: total assets of ₦1,002 million, total liabilities of ₦592 million and goodwill of ₦1,134 million. The identifiable assets include tradenames amounting to ₦252.50 million, which is based on the projected revenues from these tradenames multiplied by the delta gross profit percentage of 4%, less the cost to maintain and related taxes, and discounted with a rate of 14.6%.

From the date of acquisition, AC Health's share in IEM's revenue and net income amounted to ₦837.4 million and ₦66.5 million, respectively.

UPC-AC Energy Australia (HK) Ltd.

On March 11, 2022, the Group, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for the Group's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for US\$78.3 million (₦4,070.4 million) and Rohner's 1,000,054 ordinary class B shares in UPC Australia for US\$9.4 million (₦486.4 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner was US\$87.7 million (₦4,556.8 million). ACRI also paid various legal and consulting fees amounting to US\$0.27 million (₦14.69 million) and was capitalized as part of the investment. This acquisition cost has been included as additional investment in UPC-ACE Australia accounted for as investment in joint venture under the equity method of accounting.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia. Consequently, the Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of US\$189.7 million (₦10,921.0 million) (see Note 22).

The fair values of the identifiable assets and liabilities, net of eliminations, in acquired and goodwill arising as at the date of acquisition follow (amounts in thousands):

	In US\$	In PHP
Assets		
Other receivables	\$3,556	₦192,080
Prepayments	10	519
Cash and bank balances	12,779	690,251
Investment in associates and joint ventures	775	41,866
Derivative financial instrument	3,239	174,935
Plant and equipment	294,218	15,892,474
Right-of-use assets	24,503	1,323,557
Intangible assets	1,919	103,672
	340,999	18,419,354
Liabilities		
Finance lease liabilities	27,506	1,485,756
Provisions	1,919	103,657
Other liabilities	581	31,365
Loans and borrowings	101,821	5,499,956
Other payables	289	15,597
Amount due to related parties	40,541	2,189,843
Other liabilities	496	26,809
	173,153	9,352,983
Net Assets	\$167,846	₦9,066,371



Part of eliminated transaction of the ACEN Group with UPC-ACE Australia includes \$228.98 million (₱12,951.3 million) convertible loans.

The fair value of the receivables approximates their carrying amounts. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

Below are the details of the consideration (amounts in thousands):

	In US\$	In PHP
Total consideration	\$505,926	₱28,664,849
Add: non-controlling interest	33,569	1,946,009
Less: fair value of assets acquired, and liabilities assumed	167,846	9,066,371
Goodwill arising on acquisition	\$371,649	₱21,544,487

Total consideration includes the convertible loans of the ACEN Group with UPC-ACE Australia amounting to \$228.98 million (₱12,951.3 million), the carrying amount of the investment in UPC-ACE Australia before the business combination and the gain from the remeasurement of the previously held interest.

The non-controlling interest (20%) in UPC-ACE Australia recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to US\$33.6 million (₱1,946.0 million). The fair value approximates the carrying amounts. Net cash outflow on acquisition is as follows (amounts in thousands):

	In US\$	In PHP
Total cash consideration paid in cash	\$87,699	₱4,556,824
Less: Cash acquired with the subsidiary ^(a)	(12,779)	(690,251)
Net cash outflow	\$74,920	₱3,866,573

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

Goodwill arose in the acquisition of UPC-ACE Australia because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the profit and loss for the year is \$0.1 million (₱5.0 million) loss attributable to the additional business generated by UPC-ACE Australia. No revenue for the period from UPC-ACE Australia.

Had the business combination been effected at January 1, 2022, the additional revenue for the year ended December 31, 2022 of the ACEN Group would have been \$15.3 million (₱900.2 million), and the additional profit for the year would have been \$6.6 million (₱385.0 million).

As of December 31, 2022, the initial accounting for the acquisition of UPC-ACE Australia has only been provisionally determined as the acquisition occurred close to the end of reporting period. In 2023, the final accounting for the acquisition was completed. There was no change on the final goodwill amount from the acquisition.

UPC-ACE Australia is a holding company for Australia energy and power projects and investment.

ACEIC's UPC Philippine Renewable Companies and Businesses

On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endevor, UPC Philippines, and Stella Marie L. Sutton (collectively, the Sellers) signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's share and/or subscription rights in the following companies to ACEN and ACE Endevor:



- 40% interest in North Luzon Renewable Energy Corp. ("NLR", the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte),
- 39.98% interest in Bayog Wind Power Corp. ("BWPC", the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte), and
- 100% in development and pipeline vehicle companies (collectively referred to as "Target Companies"):
 - Buduan Wind Energy Co, Inc.,
 - Caraballo Mountains UPC Asia Corporation,
 - Pangasinan UPC Asia Corporation,
 - Sapat Highlands Wind Corporation,
 - Mindanao Wind Power Corp.,
 - Itbayat Island UPC Asia Corporation,
 - Laguna Central Renewables, Inc.,
 - Laguna West Renewables, Inc.,
 - Suyo UPC Asia Corporation, and
 - SolarAce 4 Energy Corp. ("SolarAce 4")

Prior to the acquisition of 39.98% in BPWC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BPWC and was accounted for as an acquisition of non-controlling interest.

Prior to the acquisition of 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, Endevor. The acquisition resulted to 100.00% interest in SolarAce4 and was accounted for as an acquisition of non-controlling interest.

The following are the fair values of the identifiable assets and liabilities of the Target Companies as at the date of acquisition (in thousands):

Assets	
Cash and cash equivalents	₱2,690
Accounts and notes receivable	727
Input value added tax	2,649
Property, plant and equipment	202
Other noncurrent assets	71,762
	78,030
Liabilities	
Accounts payable and other current liabilities	3,428
Income and withholding taxes payable	27
Long-term loans – net of current portion	132,380
Other noncurrent liabilities	55,384
	191,219
Total identifiable net liabilities	(113,189)
Less: Cost of acquisition	5,167
Goodwill arising on acquisition	₱118,356

Goodwill comprises the fair value of expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date. Net cash outflow on acquisition is as follows (in thousands):

Cash consideration	₱5,167
Less: cash acquired with the subsidiary ^(a)	2,690
Net cash outflow	₱2,477

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.



If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱2.04 million.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and Endevor will acquire interest in UPC Philippines entities, the Sellers will in turn subscribe to up to 390.00 million common shares of ACEN with subscription price of ₱ 11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. Consequently, on March 22, 2022, ACEN signed Subscription Agreements with the Sellers for 389,995,833 ACEN shares for subscription price per share of ₱8.29 per share.

AIR21 Holdings, Inc. (AIR21)

On August 30, 2022, AC Logistics and Mr. Lina (an existing stockholder) reached financial close for AC Logistics' acquisition of a 60% interest in AIR21 amounting to ₱6.0 billion, through issuance by Mr. Lina of an exchangeable note to AC Logistics, and AC Logistics' subscription of primary shares in AIR21. AIR21 has controlling interests in eight operating companies that include Airfreight 2100 Inc., Air2100 Inc., U-Freight Philippines Inc., U-Ocean Inc., Cargohaus Inc., LGC Logistics Inc., Waste & Resources Management Inc., and Integrated Waste Management Inc.

AC Logistics acquired the controlling interest in AIR21 by subscribing to 1.5 billion common shares at ₱1.50 billion subscription price (for 35% equity and voting interest) and through the voting proxies of the exchangeable note (for 25% voting interest).

The provisional values of the identifiable assets and liabilities acquired and goodwill arising as at the date of acquisition follows (amounts in thousands):

Assets	
Cash and cash equivalents	₱3,132,608
Receivables	4,286,372
Financial assets at FVOCI	4,300
Contract asset	33,296
Other current assets	211,142
Property, plant and equipment	807,450
Right of use asset	784,150
Investment property	1,770,167
Intangible assets	112,673
Deferred tax asset	80,414
Other noncurrent assets	131,050
	11,353,622
Liabilities	
Accounts payable and other current liabilities	2,781,081
Contract liability	174
Other current liabilities	163,386
Lease liabilities	460,337
Loans payable	₱3,093,520
Pension liability – net	139,891
Deferred tax liability	378,350
Other noncurrent liabilities	248,838
	7,265,577
Net assets	₱4,088,045
Cost of acquisition	4,333,113
Less: Fair value of assets acquired, and liabilities assumed	4,088,045
Goodwill arising on acquisition	₱245,068



The cost of the business combination is made up as follows (amounts in thousands):

	In PHP
Total consideration	₱1,500,000
Add: Non-controlling interest	2,833,113
Total Consideration	₱4,333,113

The purchase price allocation has been prepared on a preliminary basis due to unavailability of information to facilitate fair value computation which includes information necessary for the valuation of other intangible assets, if any. The provisional goodwill is subject to reasonable changes, if any, as additional information becomes available and the purchase price allocation has been finalized. The purchase price allocation has been finalized in 2023 and resulted to changes in certain fair values of assets and liabilities and the resulting derecognition of goodwill and recognition of gain on bargain purchase amounting to ₱60.2 million.

Disposals of Subsidiaries

2024 Disposals

Third Party Fundraise of Merlin Solar

On July 23, 2024, an equity funding round had been concluded for Merlin Solar (with the participation of Ayala Group and other investors) resulting in the dilution of Ayala Group's indirect stake from 99% to 56% and remeasurement gain of ₱638.0 million on the investment in Merlin Solar Group (see Note 10). Ayala Group infused US\$10.0 million into Merlin. The partnership provides Merlin with fresh capital, a wider customer network to drive the company's next phase of growth and enhanced technical expertise. This transaction also supports Ayala Group's strategic agenda of rationalizing its portfolio.

On February 3, 2025, the final close for the capital raise was completed. This further reduced the effective ownership of the Ayala Group in Merlin Solar from 56% to 39%.

Sale of ACEN Axedale Solar Farm Pty. Ltd.

On December 12, 2024, ACEN Australia Pty. Ltd completed the sale of 100% of the outstanding capital stock of ACEN Axedale Solar Farm Pty. Ltd. ("Axedale") to FRV Solar Holdings B.V. ("FRV", a third party) for a purchase price of ₱214.77 million (AU\$6 million) and a contingent consideration of up to ₱229.1 million (AU\$6.35 million) payable upon financial close completion. As at December 31, 2024, the Group estimated the contingent consideration to be at ₱53.25 million (AU\$1.5 million) and recorded as other receivables under current assets. This transaction was accounted for as a loss of control transaction which resulted in the deconsolidation of the assets and liabilities of Axedale in the Group's consolidated financial statements as at the date of loss of control.

The net assets of Axedale as at December 12, 2024 and proceeds from divestment are as follow:

	In PHP (In Thousands)	In AU\$
Assets	₱253,545	\$7,086
Liabilities	(22,389)	(596)
Total identifiable net assets	231,156	6,490
Less:		
Cash consideration received	214,771	6,000
Contingent consideration	53,245	1,488
Gain on deconsolidation	₱36,860	\$998

The amount of the contingent consideration represents the Group's best estimate of the final capital expenditures that the buyer (or FRV) will incur upon completion of the financial close. The Group has taken into account assumptions that reflect uncertainties regarding the final agreed capital and other contractual clauses.



Net cash inflow on deconsolidation is as follows:

	In PHP (in Thousands)	In AU\$
Cash consideration	₱214,771	\$6,000
Less cash surrendered with the subsidiary	-	-
Net cash inflow	₱214,771	\$6,000

2023 Disposals

The Group completed disposals or partial sale of the following investments generating funds of ₱13,543.6 million, as follows:

Business Units	Proceeds (In thousands)
MWC (see Note10)	₱5,674,665
ACEHI Netherlands B.V.	3,949,564
MCXPCI	3,800,000
Others	119,342
Total	₱13,543,571

Sale of MCXPCI

On December 6, 2021, the Parent Company and PAVI signed an Investment Agreement relating to the MCX Project and for the sale of the Parent Company's 100% ownership stake in MCXPCI subject to the satisfaction of certain conditions (see Note 13).

On various dates in 2022 and 2023, the Parent Company was able to satisfy the remaining conditions to complete the sale of its investment in MCXPCI including receipt of the required approvals from the SEC and DPWH (see Note 13).

On January 26, 2023, the SEC issued its Certificate of Approval of Valuation to MCXPCI certifying and approving that the valuation of rights, assets and contracts of the Parent Company (see Note 13). On February 1, 2023, MCXPCI waived the satisfaction of the Parent Company's receipt of the remaining third-party consents and on the same day, commenced the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI (see Note 13).

On April 5, 2023, in accordance with the provisions of the Investment Agreement, MCXPCI redeemed 277.3 million preferred shares held by the Parent Company at ₱1.00 per share or at a total redemption amount of ₱277.3 million. The redeemed preferred shares were retired by MCXPCI to treasury shares and will not be re-issued.

On June 2, 2023, consents were received from the DPWH for certain assignments and actions.

On July 19, 2023, the DPWH, as the Grantor of the MCX Project Concession, confirmed its concurrence and signified that it interposed no objection to the transfer by the Parent Company of its equity interest in MCXPCI to PAVI.

On August 8, 2023, MCXPCI and PAVI executed a Loan Agreement for a ₱2.85 billion loan amount and on September 28, 2023, PAVI released the loan amount to MCXPCI. The loan has a term of one (1) year from the signing of the Loan Agreement and subject to interest at a rate equivalent to one (1)-year Bloomberg Valuation Reference Rate plus 325 basis points. The interest shall be due semi-annually. On the same date, MCXPCI converted 2.9 billion Class B common shares held by the Parent Company into 2.9 billion of its redeemable preferred shares at par value of ₱1.00 per share or a total redemption price of ₱2.9 billion.

On September 28, 2023, MCXPCI redeemed 2,903.7 million redeemable preferred shares held by the Parent Company for a total consideration of ₱3,431.0 million resulting in a ₱527.3 million gain on



redemption (see Note 22). The redeemed preferred shares were retired to treasury and will not be re-issued. On the same date, PAVI subscribed to 1.0 million redeemable preferred shares of MCXPCI with par value of ₱1.00 per share, at a total subscription price of ₱581.0 million. As a result, as of September 28, 2023, full ownership of MCXPCI has been transferred to PAVI.

Sale of Shares in ACEHI Netherlands B.V.

On July 10, 2023, ACRI completed the sale of 2,424 ordinary shares representing 24.24% of the outstanding capital stock of ACEHI Netherlands, a subsidiary of ACRI / ACEIC group, to Star Energy Oil & Gas Pte Ltd. (SEOG, a third party) for US\$69.80 million (₱3,949.6 million) which is a commercially agreed price between a willing buyer and seller. ACEHI Netherlands is a Dutch holding company that has a 19.80% ownership interest in Star Energy Geothermal Salak-Darajat B.V. (Salak-Darajat) owner operator of a 655.5 MW geothermal power plants in West Java, Indonesia. Prior to the transaction, the interests in Salak-Darajat was an investment in associate of the Group. On the other hand, SEOG is part of the Star Energy Group, which is ACRI's current partner for the Salak-Darajat.

As of December 31, 2023, ACEIC Group's 75.76% retained interest in ACEHI Netherlands was accounted for as a joint venture where both ACRI and SEOG are equally represented in ACEHI Netherlands' BOD and all matters shall be approved unanimously by both shareholders. ACEIC Group's indirect interest in Salak-Darajat decreased from 19.80% to 15.00% (see Note 10).

The sale transaction resulted in ACEIC Group's loss of control over ACEHI Netherlands. The Group remeasured its 75.76% retained interest in ACEHI Netherlands using the fair market value of the sale transaction with SEOG which gave rise to the remeasurement gain amounting to ₱3,433.3 million. ACEIC Group received ₱3.9 billion consideration for the sale and resulted in a ₱1,062.0 million gain on deconsolidation of ACEHI Netherlands, both presented under "Other income" in the consolidated statements of income.

Net cash inflow on acquisition is as follows (in thousands):

	In US\$	In PhP
Cash consideration	\$69,811	₱3,949,564
Less: cash surrendered with the subsidiary ^(a)	73	4,120
Net cash inflow	\$69,738	₱3,945,444

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

Sale of STI Enterprise Limited (STI)

On August 3, 2023, IMI and minority shareholders of STI have entered into an agreement to sell their respective 80% and 20% shares in STI to Rcapital, a private investment firm based in London with a portfolio of UK-based companies including precision engineering solution providers in the aerospace and defense sectors, for an agreed consideration of GBP 2.5 million to be paid two years after the completion date. With the condition precedent having been met, particularly, the UK government's clearance under the National Security and Investment Act 2021, and closing deliverables having been exchanged by the parties, the transaction was completed on October 31, 2023.

Sale of MT C-Con

On August 18, 2023, AC Industrial, through its subsidiary, AC Industrial (Singapore) Pte. Ltd., entered into and completed a Sale and Purchase Agreement for the sale of its 92.45% stake to Munich, Germany-based Callista Asset Management 18 GmbH, an affiliate of Callista Private Equity (Callista). MT Technologies GmbH's minority shareholders also sold their shares, resulting in a 100% transfer of MT Technologies GmbH's ownership to Callista. This transaction resulted to a realization of the loss equivalent to the impairment previously booked. MT Technologies GmbH, a majority-owned entity by Ayala Group through AC Industrials (Singapore) Pte. Ltd., is a German auto parts-maker specializing in designing and manufacturing of injection molds for metal and plastic car parts. The sale of MT Technologies GmbH continues Ayala Group's strategic priority to realize value through a combination of strategic partnerships and divestments from certain non-core assets. Ayala Group will sharpen its focus on the continued expansion of its core businesses in real estate, banking, telecommunications, and power, and scaling up its emerging businesses in healthcare and logistics.

2022 Disposals



Divestment in South Luzon Thermal Energy Corporation (SLTEC)

On April 8, 2022, SLTEC refinanced the existing ₱9,800.00 million SLTEC loan and upsized it by ₱3,900.00 million pursuant to the Amended and Restated Omnibus Loan and Security Agreement ("AROLSA") executed on April 11, 2022.

On April 11, 2022, SLTEC applied with the SEC for the reduction in ACS from 35,830,250 common shares to 832,500 common shares. On the same date, SLTEC applied for amendment of features of the SLTEC redeemable preferred shares from voting to non-voting. Both applications were approved on October 7, 2022.

SLTEC redeemed all of the redeemable preferred shares held by ACEN for a total redemption price of ₱3,583.03 million in three tranches: (1) 32,000,000 on October 21, 2022, (2) 2,480,000 on November 7, 2022 and (3) 1,350,250 also on November 7, 2022.

On October 28, 2022, SLTEC retired 34,997,750 common shares held by ACEN at par value of ₱100 per share or a total of ₱3,499.8 million. After retirement, ACEN held the remaining 832,500 common shares of SLTEC.

On November 7, 2022, ACEN and EPHI (a third party) executed a share purchase agreement covering the sale of 832,500 common shares with purchase price of ₱83.3 million (equivalent to ₱100 per share). The deed of absolute sale was executed on the same date.

As a result of the foregoing, the ACEN lost control over SLTEC, deconsolidated the assets, liabilities and equity accounts of SLTEC.

SLTEC accounts have been classified in the Group's consolidated financial statement as of December 31, 2022 as follows:

- a. Balance sheet accounts were deconsolidated.
- b. Income statement accounts for the period January 1 to October 31, 2022 are included in the consolidated statement of income.

The net assets of SLTEC as at October 31, 2022 and proceeds from divestment are as follows (amounts in thousands):

Assets	
Cash and cash equivalents	₱1,671,439
Accounts and notes receivable	1,080,420
Fuel and spare parts	857,660
Other current assets	733,748
Property, plant and equipment	19,678,196
Goodwill	669,040
Other noncurrent assets	442,220
	25,132,723

Liabilities	
Accounts payable and other current liabilities	1,759,667
Income and withholding taxes payable	30,090
Long-term loans	13,380,342
Deferred income tax liabilities - net	267,298
Pension and other employee benefits	9,227

(Forward)



Equity

Remeasurement loss on defined benefit plans	(P5,791)
	15,440,833
Total identifiable net assets	9,691,890
Add: redemption of ACEN shares	6,947,775
Less:	
GSIS investments	(2,200,000)
InLife investments	(1,000,000)
EPHI investments	(248,000)
Net assets attributable to ACEN	13,191,655
Add: Non-controlling interest	162,091
Less: Cash consideration	7,166,050
Loss on deconsolidation	P6,187,696

After the sale to EPHI, ACEN has fully divested its interest in SLTEC. The divestment resulted in a loss which is recognized under “Other income - net” account in the consolidated statement of income (see Note 22).

Net cash inflow on acquisition is as follows (amounts in thousands):

Cash consideration	P7,166,050
Less: Cash surrendered with the subsidiary ^(a)	1,671,439
Net cash inflow	P5,494,611

^(a)*Cash acquired with the subsidiary is included in cash flows from investing activities.*

ACEIC Group recognized deconsolidation loss of P6,187.7 million which represents the difference between the total SLTEC carried in ACEIC's consolidated financial position of P13,353.8 million and proceeds from divestment of P7,166.1 million. SLTEC's carrying value of P13,353.8 million included P699.0 million goodwill recognized during the acquisition of control in 2019.

Execution of Option Agreements between ACEN and InLife, GSIS and EPHI to implement the overall energy transition mechanism for SLTEC.

On October 24, 2022 and November 7, 2022, ACEN executed separate Option Agreements with InLife, GSIS and EPHI, (collectively the “Investors”) involving SLTEC, following the issuance of SLTEC redeemable preferred shares to these Investors and purchase by EPHI of the common shares.

The Option Agreements entitle ACEN and the Investors, severally, to exercise call and put options, respectively, based on certain pre-agreed conditions, to enable the early retirement of the coal plant by 2040, and its transition to cleaner technology. These options are exercisable only beginning 2031 to 2040 and accounted as derivative asset and liability.

Administration and Management Agreement (“AMA”) and Operations and Maintenance Agreement (“O&M Agreement”)

Executed on October 4, 2019, which was amended on April 11, 2022, ACEN and SLTEC entered into an AMA granting ACEN the exclusive right and obligation to administer and manage all of the net available output of SLTEC’s power plant and ACEN’s obligation to supply and deliver the necessary coal to generate electricity at an agreed price, subject to certain adjustments. In addition, ACEN shall pay SLTEC regardless of availability based on a pricing formula that will ensure SLTEC has sufficient cash to cover debt service and distributions to shareholders. The agreement shall have a term of until December 25, 2040, unless sooner terminated pursuant to the exercise by ACEN of the call option.

On April 11, 2022, the ACEN also entered into an Operations and Maintenance Agreement (“O&M Agreement”) with SLTEC, wherein ACEN shall provide operation, maintenance, and administrative services to SLTEC to ensure the proper and efficient operation and maintenance of the Power Plant. The O&M Agreement is valid for a period of five (5) years effective from April 11, 2022 and shall automatically renew for successive five (5) year terms from April 11, 2022 until December 25, 2040.



The AMA and O&M does not give ACEN control over SLTEC. The rights of ACEN and terms and conditions under this agreement are subject to review and approval of SLTEC BOD.

Transactions with Non-controlling Interest

ACE/C Group

Acquisition by ACRI of 20% non-controlling in UPC-ACE Australia

On February 1, 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. ACEN Australia, through ACRI, is now a wholly owned subsidiary of ACEN. The total consideration amounted to US\$85.4 million (₱4.7 billion) including excess consideration or goodwill of US\$ 51.8 million (₱2.9 billion).

The acquisition of 20% ownership interest resulted to 100% interest in ACEN Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves amounting to ₱2,864.6 million.

Capital Infusions

In 2022, additional infusions from minority shareholders of ACEN totaling ₱10,559.7 million, arising from UPC owners and minority shareholder of NAREDCO amounting to ₱10,558.6 million and ₱1.09 million, respectively. The transaction resulted to a debit to equity reserve amounting to ₱1,355 million.

ACEN's Capital Raising Activities

Issuance and listing of ACEN preferred shares

On September 1, 2023, ACEN marked the issuance of its ₱25.0 billion perpetual preferred shares which were listed on the Main Board of the PSE on September 1, 2023 under the trading symbols "ACENA" for the Series A preferred shares and "ACENB" for the Series B preferred shares.

Of the total proceeds from the issuance of Series A and B preferred shares, ₱18,381.98 million is held in an escrow account (see Note 9). Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures. This resulted to an increase in noncontrolling interests of ₱24.8 billion.

ALI Group

Acquisition of Portico Land Corp.

On March 14, 2024 Alveo Land Corp., a wholly owned subsidiary of ALI, acquired 1,370,400 common shares and 6,589,600 preferred shares of Portico Land Corp from the remaining investor resulting to a decrease in non-controlling interest of the Group by ₱1.02 billion. The acquisition is accounted as involving entities under common control. As a result, Portico became a wholly owned subsidiary.

Property-for-share swap between ALI and AREIT, Inc. (AREIT)

On September 20, 2024, ALI sold an aggregate of 75,000,000 common shares of AREIT at a transaction price of ₱36.20 per share, equivalent to ₱2.3 billion. All these transactions were executed in relation to the property-for-share swap with AREIT.

This resulted in an increase in noncontrolling interest of ₱9.0 billion and equity reserve of ₱5.0 billion in the consolidated statement of changes in equity for the period ended December 31, 2024.

On March 7, 2023, the Executive Committee of ALI approved the subscription of ALI and its subsidiaries, ALMI, and NBCC to 607.6 million primary common shares of AREIT, in exchange for flagship offices and malls with an aggregate value of ₱22,479.7 million, as validated by a third-party fairness opinion. This was approved by AREIT stockholders at the annual stockholders' meeting on April 26, 2023.



On March 29, 2023, ALI sold 205.0 million shares (Offer Shares) of AREIT at a transaction price of ₱32.10 per share, equivalent to ₱6,580.5 million (exclusive of fees and taxes), in relation to its ₱22.5 billion property-for-share swap transaction with AREIT. As a result, ALI's holdings in AREIT was reduced from 66.0% to 54.4%, resulting to an increase in noncontrolling interests of ₱4.2 billion and equity reserve of ₱2.2 billion.

On September 20, 2023, ALI and AREIT received the SEC's approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of ₱22.5 billion in exchange for 607.6 million primary common shares of AREIT, pursuant to the Deed of Exchange executed last June 2, 2023. Consequently, ALI's holdings in AREIT increased to 66.0%.

Approval of Property-for-share swap between ALI and AREIT

On March 9, 2022, the Executive Committee of ALI approved the subscription to 252,136,383 AREIT primary common shares, in exchange for six office buildings located in Cebu with an aggregate value of ₱11,257.9 million, under a property-for-share swap as validated by a third-party fairness opinion. The transaction was approved by AREIT shareholders at their annual meeting held last April 21, 2022 and was approved by the SEC on December 29, 2022.

On April 27, 2022, ALI sold 87,370,000 shares (Offer Shares) of AREIT, Inc. (AREIT) at a transaction price of ₱39.70 per share, equivalent to ₱3.47 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares amounted to ₱2.53 billion (with Parent Company's share of ₱1.28 billion) out of the ₱3.40 billion net proceeds. This transaction was executed in relation to the property-for-share swap transaction with AREIT. The proceeds from the block sale were settled on May 2, 2022, under the Placement Agreement between the ALI and AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 60.32% from 66.11%. On May 2, 2022, ALI submitted the required Reinvestment Plan detailing the use of proceeds obtained from the share sale transaction. On December 29, 2022, ALI and AREIT executed the Amendment to the Deed of Exchange to set October 1, 2022 as the effective date of assignment by ALI of the income of the properties and the tenant lease contracts and permits to AREIT.

Acquisition of shares by the Parent Company

On various dates in 2022, the Parent Company purchased a total of 488.67 million ALI common shares at varied purchase price per share with a total purchase price amounted to ₱12,506.9 million. In 2022, the impact of this transaction is a decrease to equity reserve amounting to ₱4,655.8 million.

Property for share swap between the Parent Company, ALI and Mermac

On January 20, 2022, the BOD approved the transfer by the Parent Company of certain assets having an aggregate value of ₱17,275.6 million (the "AC Assets") to ALI in exchange for 309,597,711 common shares (the "ALI Shares") to be issued by ALI at the subscription price of ₱55.80 per share (the Transaction). The valuations are supported by a fairness opinion issued by an independent firm, FTI Consulting Philippines, Inc. (FTI). The AC Assets to be transferred and the corresponding as follows:

Property	Valuation Method
Parent Company's 50% stake in Ayala Hotels, Inc.	DCF, Term and Reversion Model
Parent Company's 100% stake in Darong Agricultural and Development Corporation	NAV Model
Parent Company and Mermac's office units at the 32nd to 35th Floors of Tower One and Exchange Plaza with appurtenant parking slots;	Market Approach
Parent Company's lot with improvements in Brgy. Bagumbayan, Quezon City along C5 Road; and its land in Calauan, Laguna.	Market Approach



The Deed of Exchange for this transaction was executed on January 31, 2022.

On January 12, 2023, the Parent Company, ALI, and Mermac received the SEC's approval for the property-for-share swap transaction issued on December 29, 2022. With the SEC's approval, the closing condition for the transaction had been met and the parties closed the transaction.

The transaction is aligned with the Group's strategic direction to increase its stake in ALI, which will consequently improve equity earnings and cashflows from dividends, as well as with the Group's goal to value realize ₦50 billion by 2023. The Parent Company's effective ownership in ALI increased to 50.60%, and the recognized gain amounted to ₦16,929.4 million. The transaction resulted in an increase in equity reserve amounting to ₦746.0 million in the consolidated statement of financial position. This was a non-event at consolidated level as it is a transfer within the Group.

The transaction is a tax-free exchange transaction under Section 40(C)(2) of the National Internal Revenue Code, as amended. The Parent Company and ALI are working on the requirements for the issuance of the CAR over the AC assets and for the additional listing of the ALI Shares.

Other ALI Transactions

ALI acquired additional 175,778 common shares and 139,332 preferred shares of Vesta Property Holdings, Inc. for a value of ₦31.51 million in July 2023. As a result of the additional investments in common and preferred shares, the ownership interest in Vesta increased from 84% in 2022 to 88% as of July 2023. The acquisition is accounted as involving entities under control. As a holder of preferred shares, ALI has voting rights same as that attached to common shares. The impact to equity reserves is a decrease of ₦357.13 million in 2023.

On November 14, 2023, ALI purchased 7,143 common shares and 64,289 preferred shares of SITE Corp. for a total consideration of ₦203.58 million from the existing investor which is equivalent to a 5% stake in SITE. This acquisition is accounted as involving entities under control. As a result, the impact to equity reserves is a decrease of ₦132.15 million.

24. Assets and Liabilities and Operations of Segment under PFRS 5

On July 1, 2019, the ACEIC and PPLC executed the Divestment Term Sheet for the acquisition in tranches by PPLC of the ACEIC Group's indirect partnership interest in GNPK, through the sale of its limited partnership interest in KPHLC. The completion of the first tranche of the transaction will result in PPLC gaining control over GNPK's coal power plant. The transaction is subject to certain conditions precedent, including PCC approval that was already obtained on September 30, 2019, and lenders' consent for ACEIC's full divestment from the project which was obtained on December 15, 2020. The Group classified the assets and liabilities of KPHLC as assets and liabilities held for sale in 2019 since based on management's assessment, the criteria under PFRS 5 have been met.

On December 28, 2020, ACEIC, PPLC and their related companies amended and restated the Divestment Term Sheet and signed and executed an Amended and Restated Term Sheet for the divestment of ACEIC from GNPK to update the terms and conditions of the divestment.

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis.

As of September 30, 2021, the following transactions were completed:

1. Redemption of the Kauswagan Power Holding Ltd. Co. (KPHLC) Class A and B limited partnership interest held by ACEIC. KPHLC holds 85.7% ownership interest in GNPK.
2. Investment by ACEIC subsidiaries (ACE (BVI) B, Inc., ACE (BVI) D, Inc., ACE (BVI) F, Inc., ACE (BVI) T, Inc., and ACE (BVI) PHILCO Corp.) in GNPK through subscription to KPHLC's Class A and B limited partnership interests.



3. Sale of 100% interest in ACE (BVI) B, Inc. and 11.62% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 38.6% (45% of 85.75%) interest in GNPK (first tranche sale). Pursuant to the Divestment Agreement, with the completion of the first tranche sale, management and operational control over KPHLC and GNPK is transferred to PPLC and its affiliates, whereby PPLC and its affiliates, among others, acquired the right to appoint and elect four of the five members of KPHLC's and GNPK's management committee representatives, and four of the five members of the Board of directors of Kauswagan Power GP Corporation, the sole general partner of GNPK.

The sale and retained interest were valued at US\$453.24 million (₱23,096.8 million) payable on a deferred basis. Total gain upon loss of control over GNPK is at ₱3,501.4 million which includes the following: 1) ₱1,299.5 million gain on sale of shares on the 38.6% interest in GNPK; 2) ₱1,588.2 million fair value gain on sale on the 41.7% retained interest in GNPK; and 3) ₱613.7 million gain on the re-attribution of accumulated share in currency translation adjustments as of September 30, 2021.

ACEIC continued to consolidate the balances until completion of the first tranche sale as of September 30, 2021, upon which, the Assets held for sale and Liabilities held for sale were deconsolidated from the Group's consolidated statements financial position.

In accordance with PFRS 5, since the ACEIC Group is committed to a sale plan, the ACEIC Group classifies its retained investment in KPHLC, which owns GNPK, as held for sale.

As of December 31, 2022, management continues to classify the retained interest as held for sale even after the one-year period because of the following factors: There is an executed divestment agreement; The Group is actively undertaking activities to finalize the divestment, including the plan to issue a notice of divestment to the buyers;

On February 23, 2023, the Group has issued a Second Sale Tranche Notice to PPLC confirming the intent to execute and complete the Sale Tranche covering the balance of the Group's interests in KPHLC by March 31, 2023. On June 30, 2023, the sale of 100% interest in ACE (BVI) D, Inc., ACE (BVI) F, Inc. and ACE (BVI) T, Inc. and 88.38% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPK (second tranche sale) was completed. As of June 30, 2023, the Group, through ACEIC, has fully divested its interest in GNPK. The completion of the second tranche sale resulted in a net gain of ₱1,261.91 million for the year ended December 31, 2023, which is presented under "Other income" of consolidated statements of income (see Note 22).

The amount and timing of collection of the consideration is dependent on the distributable proceeds that will be received by the buyer from its two GN Power affiliates, GNPK and GNPD, which is based on the priority payment waterfall provisions of the divestment agreement. In determining the fair value of the receivables and the retained interest, ACEIC used key assumptions such as revenue from energy sales, fuel costs and discount rate in relation to the future cashflows of GNPK and GNPD.

On September 19, 2024, the ACEIC Group received payment amounting to US\$20.25 million (₱1,134.44 million). Interest income of US\$51.38 million (₱2,950.36 million) and US\$46.28 million (₱2,571.45 million) in 2024 and 2023, respectively, is reported under "Accrued interest receivable" account. As of December 31, 2024 and 2023, the outstanding interest amounted to US\$97.66 million (₱5,648.95 million) and US\$46.28 million (₱2,571.43 million), respectively.

Receivables from PPLC and affiliates resulting from the above transactions amounted to ₱29,445.22 million and ₱26,555.27 million as of December 31, 2024 and 2023, respectively (see Note 7).



25. Income Tax

The components of the Group's deferred taxes are as follows:

Net deferred tax assets

	2024	2023
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	₱10,627,809	₱7,918,260
Lease liability	4,737,857	4,918,571
Remeasurement loss	3,385,388	2,234,189
NOLCO	854,597	1,886,546
Retirement benefits	474,701	279,170
Allowance for probable losses	369,120	699,182
Accrued expenses	369,115	3,796,307
Allowance for expected credit losses	171,798	146,807
Allowance for inventory obsolescence	47,698	49,678
Unrealized foreign exchange loss	34,247	79,398
MCIT	32,651	49,130
Advanced rental	2,545	2,545
Others	936,505	1,337,194
	22,044,031	23,396,977
Deferred tax liabilities on:		
ROU asset	(1,040,606)	(2,844,490)
Unrealized foreign exchange gain	(550,725)	(38,284)
Capitalized interest and other expenses	(126,113)	(167,010)
Others	(106,492)	(886,703)
	(1,823,936)	(3,936,487)
Net deferred tax assets	₱20,220,095	₱19,460,490

Net deferred tax liabilities

	2024	2023
	(In Thousands)	
Deferred tax assets on:		
Allowance for probable losses	₱820,104	₱27,701
Accrued expenses	608,262	65,457
Retirement benefits	115,793	—
Unrealized foreign exchange loss	67,132	294
Lease liability	50,604	161,489
NOLCO	31,266	96,128
Advanced rental	(1,580)	—
Others	106,222	474,206
	1,797,803	825,275
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	(12,250,654)	(8,518,227)
ROU asset	(1,791,664)	(165,208)
Acquisition of trademarks and patents	(825,749)	(825,749)
Property, plant and equipment	(418,108)	(452,896)
Capitalized interest and other expenses	(408,545)	(367,760)
Land and improvements	(165,681)	(302,631)
Unrealized foreign exchange gain	(146,781)	(53,051)
Reversal of impairment	(120,300)	(120,300)
Accrued receivables	(118,789)	(136,190)
Unrealized fair value gain less costs to sell of biological assets	(6,611)	(6,611)

(Forward)



	2024 (In Thousands)	2023 (In Thousands)
Unrealized gain on FVTPL	(₱5,590)	(₱46,018)
Retirement benefits	-	(35,436)
Fair value adjustment arising from business combination	-	-
Advanced rental	-	(1,580)
Others	(922,581)	(1,252,568)
	(17,181,053)	(12,284,225)
Net deferred tax liabilities	(₱15,383,250)	(₱11,458,950)

Deferred tax related to items recognized in OCI during the year:

	2024 (In Thousands)	2023 (In Thousands)
Net loss / (gain) on cash flow hedges	₱484,292	(₱28,557)
Net loss / (gain) on FVOCI	-	2,640
Remeasurement loss / (gain) on defined benefit plan	(50,431)	(205,929)
Deferred tax charged / (credited) to OCI	₱433,861	(₱231,846)

The Group has NOLCO amounting to ₱60.75 billion and ₱57.8 billion in 2024 and 2023, respectively, and MCIT amounting to ₱997.20 million and ₱417.8 million in 2024 and 2023, respectively. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

As of December 31, 2024, total unrecognized deferred tax assets on NOLCO and MCIT amounted to ₱35,633.37 million and ₱672.57 million, respectively. As of December 31, 2023, total unrecognized deferred tax assets on NOLCO and MCIT amounted to ₱46,149.6 million and ₱365.0 million, respectively. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next three (3) to five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2024, the Group has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) years, pursuant to the Bayanihan to Recover As One Act, and three (3) consecutive taxable years for NOLCO incurred in taxable year 2023 and 2024, as follows:

Year incurred	Expiry Date	NOLCO (In Thousands)
2021	2026	₱11,296,257
2022	2025	11,966,782
2023	2026	16,749,341
2024	2027	16,561,945



For the NOLCO of certain entities within the Group, this expires between three (3) to ten (10) years from the date incurred depending on the jurisdiction the entity is operating. Details are as follows (in thousands):

Year incurred	NOLCO
2018 and prior	₱551,610
2019	619,001
2020	715,244
2021	873,113
2022	693,377
2023	603,516
2024	122,458

As of December 31, 2024, MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities, respectively, is as follows:

Year incurred	Expiry Date	MCIT
2022	2025	₱106,690
2023	2026	181,001
2024	2027	689,512

The following are the deductible temporary differences and unused NOLCO and MCIT for which no deferred tax assets were recognized:

	2024 (In Thousands)	2023
NOLCO	₱22,519,365	₱24,987,679
Accumulated impairment losses on property, plant and equipment	2,140,380	7,883,081
Pension liability	777,688	768,316
Accrued expenses	47,749	351,766
Allowance for impairment loss on assets held for sale	-	218,069
Allowance for doubtful accounts	20,069	30,323
Allowance for expected credit losses	80,101	-
MCIT	93,519	91,781
Excess of cost over NRV of inventories	22,702	23,154
Provision for maintenance obligation	49,640	31,431
Lease liability	-	-
Others	9,090	2,720

As of December 31, 2024 and 2023, deferred tax liabilities have not been recognized on the undistributed earnings and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future.



The reconciliation between the statutory and the effective income tax rates follows:

	2024	2023	2022
Statutory income tax rate	25%	25%	25%
Tax effects of:			
Nontaxable share in net profits of associates and joint ventures	(15.17)	(16.94)	(17.34)
Nondeductible expenses	5.31	4.70	3.43
Interest income and capital gains subjected to lower rates	(4.61)	(3.12)	0.99
Income under income tax holiday	(0.32)	(0.56)	(0.21)
Others	4.25	5.71	0.06
Effective income tax rate	14.46%	14.79%	11.93%

The income tax on profits of overseas subsidiaries have been calculated at the rates of tax prevailing in the countries where such subsidiary operates, based on existing legislation, interpretations and practices in respect thereof.

ALI

The BOI issued certificates of registrations to ALI Group in accordance with the existing Omnibus Investment Code. The projects have been granted an ITH for a fixed period from the date of registration or actual start of operations, whichever is earlier.

IMI

The IMI Group is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2024, there are four remaining project activities with ITH which will expire in 2027, 2028 and 2029. Under its PEZA registrations, the IMI's projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty-free importation of inventories and capital equipment.

The IMI Group is allowed to continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 11534 otherwise known as the Corporate Recovery and Tax Incentives Act (CREATE Law). Registered Business Enterprises (RBEs) currently availing of the 5% tax on gross income earned prior to the effectivity of CREATE Law shall be allowed to continue availing the tax incentive for ten years. The Special Corporate Income Tax (SCIT) shall be equivalent to a tax rate of 5% based on the gross income earned (GIE), in lieu of all national and local taxes.

For projects as Ecozone Export Enterprise under Supplemental Agreements with PEZA dated December 9, 2019 which were granted an ITH prior to the effectivity of the Act and that are entitled to the 5% tax on gross income earned incentive after the ITH are allowed to use the ITH for the period specified in the terms and conditions of its registration and thereafter, avail of the 5% tax on gross income earned incentive, subject to the 10 year limit for both incentives.

Based Erosion and Profit Shifting (BEPS) Pillar Two

The Organization for Economic Co-operation and Development (OECD) has published the Global Anti-Base Erosion (GloBE) Model Rules ("Pillar Two Rules"), which include a minimum 15% tax rate per jurisdiction on multinational companies with an annual consolidated group revenue of EUR750 million or more for 2 out of the 4 immediately preceding fiscal years.

Pillar Two tax legislation has been implemented in some of the countries in which subsidiaries of the Group operate which became effective for reporting periods beginning on 1 January 2024. Given this, the Group determined that it is in-scope for Pillar Two and has assessed the applicable Pillar Two tax legislation in all the countries in which subsidiaries of the Group operate to determine whether or not a Pillar Two 'top-up' tax liability needs to be recognized.



The relevant Pillar Two Rules also provide for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two tax legislation provides for a transitional Country-by-Country Reporting (“CbCR”) safe harbor (“TCSH”) that applies for the first three fiscal years following the entry into force of the relevant Pillar Two tax legislation; the TCSH relies on simplified calculations (mainly based on data extracted from the CbCR under BEPS Action 13) and three kinds of alternative tests. Where at least one of the TCSH tests is met for a jurisdiction in which the Group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

Based on the assessment performed, most of the jurisdictions where the Group operates should benefit from the TCSH. Only four jurisdictions did not pass any of the TCSH tests, namely Bulgaria, Serbia, Singapore, and British Virgin Islands.

As of December 31, 2024, although not material at the consolidated financial statements, the Group provided for and expects to pay the collectible top – up liability under the Qualified Domestic Minimum Top-up Tax (“QDMTT”) and Income Inclusion Rule (“IIR”).

For 2024, the Group has also applied the amendment to IAS 12 which allows for temporary mandatory relief from accounting for the deferred tax impacts of the top-up tax and allows for recognition of the top-up tax as current tax expense as incurred.

26. Earnings Per Share

The following table presents information necessary to calculate EPS on net income attributable to owners of the Parent Company:

	2024	2023	2022
	(In Thousands, except EPS figures)		
Net income attributable to the owners of the Parent Company	₱42,026,496	₱38,073,084	₱27,397,791
Less: Dividends on preferred stock	(1,793,554)	(1,674,683)	(1,259,756)
	40,232,942	36,398,401	26,138,035
Less profit impact of assumed conversions of potential ordinary shares of investees	(50,951)	(69,746)	(81,196)
	₱40,181,991	₱36,328,655	₱26,056,839
Weighted average number of common shares	621,195	619,552	619,424
Dilutive shares arising from stock options	–	–	685
	621,195	619,552	620,109
Basic EPS	₱64.77	₱58.75	₱42.20
Diluted EPS	₱64.69	₱58.64	₱42.02



27. Defined Benefit Plan

The Parent Company and certain subsidiaries have their respective funded, noncontributory tax-qualified defined benefit type of retirement plans covering substantially all of their employees. The benefits are based on defined formula with a certain minimum lump-sum guarantee of effective salary per year of service. The consolidated retirement costs charged to operations amounted to ₱1,356.9 million, ₱1,408.2 million and ₱1,232.9 million in 2024, 2023 and 2022, respectively.

The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). ACERF is a legal entity separate and distinct from the Parent Company, governed by a board of trustees appointed under a Trust Agreement between the Parent Company and the initial trustees. It holds common and preferred shares of the Parent Company in its portfolio. All such shares have voting rights under certain conditions, pursuant to law. ACERF's portfolio is managed by an Executive committee appointed by the fund's trustees for that purpose. The members of the committee include the Parent Company's Treasurer, Comptroller and Total Rewards Head. ACERF has not exercised voting rights over any shares of the Parent Company that it owns.

For the subsidiaries, the funds are generally administered by a trustee bank under the supervision of the Board of Trustees of the plan for each subsidiary. The Board of Trustees is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity.

Existing regulatory framework in the Philippines requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. Some of the entities of the Group also provides additional post employment healthcare benefits to certain senior employees in the Philippines.

The components of expense (included in personnel costs under "Cost of services" and "General and administrative expenses") in the consolidated statements of income follow:

	2024	2023	2022
(In Thousands)			
Current service cost	₱869,923	₱1,206,584	₱837,606
Past service cost	222,471	28,075	15,761
Net interest cost on benefit obligation	264,483	174,873	383,924
Gain on curtailment and settlements	—	(1,334)	(4,431)
Total pension expense	₱1,356,877	₱1,408,198	₱1,232,860

The remeasurement effects recognized in other comprehensive income (included in Equity under "Remeasurement losses (gains) on defined benefit plans") in the consolidated statements of financial position follow:

	2024	2023	2022
(In Thousands)			
Loss (gain) on plan assets (excluding amount included in net interest)	₱101,152	(₱137,574)	₱201,160
Actuarial loss (gain) due to liability assumption changes - experience and demographic assumptions	(185,617)	(429,063)	245,319
Actuarial gain due to liability assumption changes - financial	(412,870)	(1,072,753)	(375,187)
Remeasurements in other comprehensive income	(₱497,335)	(₱1,639,390)	₱71,292



The funded status and amounts recognized in the consolidated statements of financial position for the pension plan as of December 31, 2024 and 2023, are as follows:

	2024	2023
(In Thousands)		
Benefit obligations	₱10,810,558	₱9,673,016
Plan assets	(4,858,253)	(4,341,719)
Net pension liability position	₱5,952,305	₱5,331,297

As of December 31, 2024 and 2023, pension assets (included under "Other Noncurrent Assets") amounted to ₱249.1 million and ₱140.6 million (see Note 15), respectively, and pension liabilities amounted to ₱5,952.3 million and ₱5,331.3 million, respectively.



Changes in net defined benefit liability of funded funds in 2024 and 2023 are as follows:

2024

	Net benefit cost in consolidated statement of income							Remeasurements in other comprehensive income							Foreign currency exchange differences	Settlements December 31	
	January 1 (Audited)	Current service cost	Past Service Cost	Net interest	Loss (gain) on Curtailments and Settlements			Benefits paid	Return on plan assets*	Actuarial (gain)loss due to experience	Actuarial loss due to demographic assumption changes	Actuarial (gain) loss due to liability assumption changes	Subtotal	Transfer payments by employer			
							Subtotal										
(In Thousands)																	
Present value of defined benefit obligation	₱9,673,016	₱869,923	₱222,471	₱406,420	₱—	₱1,498,814	(₱751,112)	₱—	₱412,870	₱185,617	₱—	₱598,487	(₱3,244)	₱—	₱135,889	₱10,810,558	
Fair value of plan assets	(4,341,719)	—	—	(141,937)	—	(141,937)	649,227	(101,152)	—	—	—	(101,152)	167,937	(851,720)	168	(239,057)	(4,858,253)
Net defined benefit liability (asset)	₱5,331,297	₱869,923	₱222,471	₱264,483	₱—	₱1,356,877	(₱101,885)	(₱101,152)	₱412,870	₱185,617	₱—	₱497,335	₱164,693	(₱851,720)	₱(341,125)	₱(103,168)	₱5,952,305

*Excluding amount included in net interest

2023

	Net benefit cost in consolidated statement of income							Remeasurements in other comprehensive income							Foreign currency exchange differences	Settlements December 31	
	January 1 (Audited)	Current service cost	Past Service Cost	Net interest	Loss (gain) on Curtailments and Settlements			Benefits paid	Return on plan assets*	Actuarial loss due to experience	Actuarial loss due to demographic assumption changes	Actuarial loss due to financial assumption changes	Subtotal	Transfer payments by employer			
							Subtotal										
(In Thousands)																	
Present value of defined benefit obligation	₱8,170,032	₱1,206,584	₱28,075	₱357,050	(1,334)	₱1,590,375	(₱1,110,723)	₱—	₱1,072,753	₱429,063	—	₱1,501,816	(₱124,013)	₱—	(₱111,272)	(₱243,199)	₱9,673,016
Fair value of plan assets	(4,670,327)	—	—	(182,177)	—	(182,177)	995,968	137,574	—	—	—	137,574	197,069	(819,243)	(583)	—	(4,341,719)
Net defined benefit liability (asset)	₱3,499,705	₱1,206,584	₱28,075	₱174,873	(₱1,334)	₱1,408,198	(₱114,755)	₱137,574	₱1,072,753	₱429,063	—	₱1,639,390	₱73,056	(₱819,243)	(₱111,855)	₱243,199	₱5,331,297

*Excluding amount included in net interest



The fair value of plan assets by each class as of the end of the reporting period are as follows:

	2024	2023
	(In Thousands)	
Assets		
Cash and cash equivalents	₱174,464	₱218,457
Debt investments	2,428,068	2,031,121
Government securities	899,842	958,596
AAA rated debt securities	1,019,872	702,658
Not rated debt securities	508,354	369,867
Equity investments	1,973,647	1,811,646
Holding firms	209,528	1,142,649
Unit investment trust fund	311,694	209,701
Mutual funds	48,217	60,056
Property	368,590	338,133
Financials	24,644	7,928
Others	1,010,974	53,179
Other assets	282,074	2,758
	4,858,253	4,063,982
Liabilities		
Trust fee payable	-	(49)
Other liabilities	-	(2)
	-	(51)
Net Asset Value*	₱4,858,253	₱4,063,931

*The difference of ₱277.8 million in the fair value of plan assets as of December 31, 2023, pertains to movements after the valuation date.

All equity and debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves using various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2024	2023
Discount rates	4.03% to 7.71%	4.0% to 7.7%
Future salary increases	3.5% to 10%	3.5% to 10.0%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

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

	Increase (decrease)	2024	2023
		Net Pension Liabilities	
		(In Thousands)	
Discount rates	1% (1%)	(₱446,301) 624,381	(₱381,651) 525,892
Future salary increases	1% (1%)	638,373 (479,165)	490,081 (362,272)



The management performed an Asset–Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 49.98% of debt instruments, 40.62% of equity instruments and 9.40% other assets.

The Group expects to contribute ₦840.24 million to the defined benefit pension plan in 2025.

The average duration of the defined benefit obligation at the end of the reporting period is 3 to 25 years in 2024 and 5 to 29 years in 2023.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 (amounts in thousands):

	2024	2023
Less than 1 year	₦494,879	₦504,882
More than 1 year to 5 years	2,834,599	2,855,018
More than 5 years	63,703,263	58,850,208
	₦67,032,741	₦62,210,108

As of December 31, 2024 and 2023, the plan assets include shares of stock of the Parent Company with total fair value of ₦75.9 million and ₦162.6 million, respectively. The Parent Company gives the trustee bank the discretion to exercise voting rights over the shares.

The fund includes investment in securities of its related parties. The details of the investment per type of security are as follows (amounts in thousands):

2024	Historical Cost	Fair Value	Unrealized Gain (Loss)
	(In Thousands)	(In Thousands)	(In Thousands)
Equity securities	₦807,579	₦845,978	₦38,399
Debt securities	1,493,127	1,487,913	(5,214)
Unit investment trust funds	312,616	311,693	(923)
Others	6,189	6,189	-
	₦2,619,511	₦2,651,773	₦32,262

2023	Historical Cost	Fair Value	Unrealized Gain
	(In Thousands)	(In Thousands)	(In Thousands)
Equity securities	₦1,277,746	₦1,239,978	(₦37,768)
Debt securities	956,016	956,108	92
Unit investment trust funds	188,235	180,700	(7,535)
Others	462,666	478,341	15,675
	₦2,884,663	₦2,855,127	(₦29,536)

The overall expected rate of return on assets is determined based on the market prices prevailing on that date.

The Group's transactions with the fund mainly pertain to contributions, benefit payments, settlements and curtailments.



28. Stock Option Purchase Plans

The Parent Company has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (ESOWN) covering 3.0% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a defined period of time.

ESOP

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he/she is given 3 years to exercise his/her vested and unvested options. In case the grantee resigns, he/she is given 90 days to exercise his/her vested options.

A summary of the Parent Company's stock option activity and related information for the years ended December 31, 2024, 2023 and 2022 follows:

	2023		2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, at beginning of year	103,080	₱499.98	118,200	₱499.98
Exercised	(103,078)	500.00	(15,120)	500.00
Cancelled	(2)	499.98	—	—
Outstanding, at end of year	—	₱—	103,080	₱499.98

The options have a contractual term of 10 years. Options amounting to nil and ₱39.0 million were exercised in 2024 and 2023, respectively. As of December 31, 2024 and 2023, the weighted average remaining contractual life of options outstanding is nil and 1 year, respectively, and the exercise prices ranged from nil to ₱264.1.

The fair value of each option is estimated on the date of grant using the Black-Scholes Merton Formula and Binomial Tree Model.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also necessarily be the actual outcome.

ESOWN

The Parent Company also has ESOWN granted to qualified officers wherein grantees may subscribe in full to the shares awarded to them based on the average market price determined by the Personnel and Compensation Committee as the offer price set at grant date. For any share awards unsubscribed, grantees still have the option to subscribe from the start of the fifth year but not later than on the start of the seventh year from date of grant.

The original terms of the ESOWN grant provided that, to subscribe, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year payment period. For any shares awards unsubscribed, grantees still have the option to subscribe from the start of the fifth year but not later than on the start of the seventh year from the date of grant. In case the grantee resigns, the unsubscribed shares are cancelled, while the subscribed shares may be paid up to the percent of holding period completed, with any payments already convertible into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, and payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may continue to subscribe to the unsubscribed shares anytime within the 10-year period. The plan does not allow sale or assignment of the share All shares acquired through the plan are subject to the Parent Company's Right to Repurchase.



In 2015, the Parent Company introduced a revised ESOWN plan wherein grantees are given one (1) month from the time an allocation is awarded to subscribe in full, with any unsubscribed awards forfeited.

In April 2021 and 2020, the BOD approved the 2021 and 2020 stock option program pursuant to its Employee Stock Ownership Plan (the "Plan").

In 2021, the program authorizes the grant to 32 executives, in accordance with the terms of the Plan, stock options covering up to a total of 600,275 common shares at a subscription price of ₱749.47 per share, which is the rounded off volume-weighted average prices of our common shares at the PSE over the last 5-day trading days from April 16 to 22, 2021.

In April 2022, the BOD approved the 2022 stock option program pursuant to its Employee Stock Ownership Plan (the "Plan"). The program authorizes the grant to 71 executives, in accordance with the terms of the Plan, stock options covering up to a total of 483,145 common shares at a subscription price of ₱749.55 per share, which is the rounded off volume-weighted average prices of the Parent Company's common shares at the PSE over the last 5-day trading days from April 22 to 28, 2022.

The Plan involved two grantee subgroups with distinct subscription payment structures: (A) following previous due dates from previous grants, i.e., 40% of subscription amount payable within three years from grant date, balance payable within 10 years, (B) 10% down payment, 90% payable in equal installments over a 10-year horizon (including the grant date).

In April 2023, the BOD approved the 2023 stock option program pursuant to its Employee Stock Ownership Plan (the "Plan"). The plan authorizes the grant to 81 executives in accordance with the terms of the Plan, stock options covering up to a total of 632,500 common shares at a subscription price of ₱635.74 per share, which is the rounded off volume-weighted average prices of the Parent Company's common shares at the PSE over the last 5-days from April 20 to 27, 2023.

On April 2024, the BOD, during its organization board meeting approved the 2024 stock option program pursuant to the Employee Stock Ownership Plan (the Plan), authorizing the grant to 111 executives, in accordance with the terms of the Plan, stock options covering up to a total of 790,000 common shares at a subscription price of ₱588.29 per share, which is the rounded off volume weighted average prices of our common shares at the PSE over the last 5-day trading days from April 19 to April 25, 2024. Subscribed shares remain in trust for the account of ESOWN Administrator until fully paid.

ESOWN grants totaling 719,200, 612,500 and 474,346 were subscribed in 2024, 2023 and 2022, respectively. Movements in the number of grants outstanding under ESOWN as of December 31, 2024, 2023 and 2022 follow:

	2024		2023	
	Number of ESOWN grants	Weighted average exercise price	Number of ESOWN grants	Weighted average exercise price
At January 1			-	₱-
Granted	763,000	588.29	632,500	635.74
Subscribed	(719,200)	(588.29)	(612,500)	(635.74)
Expired	(43,800)	588.29	(20,000)	635.74
At December 31	₱-	₱-	₱-	₱-

The ESOWN grants are effectively treated as options on shares exercisable within a given period, considering both the subscription period allowed to grantees and the subscription payment pattern. As such, the fair values of these options are estimated on the date of grant using the Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. This model requires six inputs to produce the stock option value, which are namely: share price, exercise price, time to maturity, volatility rate, dividend yield, and risk-free rate.



The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	April 26, 2024	April 28, 2023	April 23, 2022	April 23, 2021	April 17, 2020
Number of unsubscribed shares	-	-	-	-	-
Fair value of each option	₱187.16	₱194.28	₱205.64	₱132.88	₱162.32
Share price	₱595	₱639	₱737.50	₱737.50	₱754.50
Exercise price	₱588.29	₱635.74	₱749.55	₱749.55	₱749.47
Expected volatility	19.95%	29.28%	28.61%	28.61%	32.69%
Dividend yield	1.1630%	4.3460%	0.94%	0.94%	0.90%
Interest rate	5.89%	5.67%	0.95%	0.95%	1.13%

In 2024, 2023 and 2022 the Parent Company recognized ₱128.4 million, ₱114.6 million and ₱94.1 million as share-based payments expense, respectively.

Subscriptions receivable from the stock option plans covering the Parent Company's shares are presented under equity.

ALI

ALI has stock option plans for key officers and employees covering 2.5% of ALI's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

ESOP

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of ALI or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

ALI has no ESOP grant and availment during 2024, 2023 and 2022.

ESOWN

In November 2001, ALI offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, ALI introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee of ALI as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of ALI or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to ALI's right to repurchase.



The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula and Binomial Tree Model (BTM), taking into account the terms and conditions upon which the options were granted. The BSM Formula and BTM Model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate. The expected volatility was determined based on an independent valuation.

On August 17, 2020, the BOD approved ALI's 2020 stock option program pursuant to ALI's Employee Stock Ownership Plan (the "Plan"), covering up to 18,194,618 common shares at a subscription price of ₱27.72 per share, which is the average price of ALI common shares at the Philippine Stock Exchange over the last 15-day trading as of August 14, 2020, less 15% discount.

On September 28, 2020, 169 stock option grantees subscribed to 14,845,498 common shares at ₱27.72 per share and became effective on the same day. As a result of the subscription of the 169 stock option grantees, the number of ALI outstanding common shares increased to 14,730,395,599.

On February 23, 2021 and April 21, 2021, the ALI BOD and stockholders, respectively, approved the amendment of the ESOWN Plan to increase the covered shares from 2.5% to 3% of the ALI's total authorized capital stock.

On May 3, 2021, 156 ESOWN grantees subscribed to a total of 11,389,265 common shares at ₱33.29 per share. The subscriptions became effective on the same day. The option price is the average price of common shares at the PSE over the last five trading days as of February 22, 2021, less a 15% discount. As a result of the subscriptions, the outstanding common shares of ALI increased to 14,711,784,864.

On May 19, 2022, 223 grantees subscribed to a total of 14,170,576 common shares at ₱30.29 per share. Of the 14,170,576 common shares subscribed, 10,072,622 shares are immediately available for issuance while the remainder will become available upon approval by the SEC of the ALI's application for exemption from the registration requirements. The option price is the average price of the common shares at the PSE over the last 30-day trading as of February 14, 2022, less 15% discount.

On September 9, 2022, the SEC approved the application for exemption from the registration requirements for the additional 100,000,000 common shares allocated for ESOWN. With this, an additional 4,097,954 common shares were issued to the eligible subscribers of the 2022 ESOWN Grant at ₱30.29 per share. The option price is the average price of the common shares at the PSE over the last 30-day trading as of February 14, 2022, less 15% discount. As a result of the additional subscriptions, the number of ALI's issued and outstanding common shares are now at 15,395,366,537 and 14,762,076,694, respectively.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2024	WAEP	2023	WAEP	2022	WAEP
At January 1	-	₱-	-	₱-	-	₱-
Granted	18,542,868	-	20,741,692	-	17,349,169	-
Subscribed	(9,894,677)	28.82	(14,579,090)	24.68	(14,170,576)	30.29
Availment	973,629	-	859,789	-	1,067,483	-
Cancelled	(9,621,820)	-	(7,022,391)	-	(4,246,076)	-
At December 31	-	₱28.82	-	₱-	-	₱-



The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date									
	March 31, 2024	March 31, 2023	March 31, 2022	March 15, 2021	August 17, 2020	March 21, 2019	March 28, 2018	March 01, 2017	April 05, 2016	March 20, 2015
Number of unsubscribed shares	-	-	-	-	-	-	-	-	181,304	-
Fair value of each option(BTM)	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱8.48	₱13.61	₱16.03
Fair value of each option(BSM)	₱8	₱9	₱12.62	₱9.25	₱9.12	₱17.13	₱12.71	₱-	₱18.21	₱20.63
Weighted average share price	₱34	₱29	₱35.63	₱39.17	₱32.61	₱44.70	₱41.02	₱39.72	₱35.58	₱36.53
Exercise price	₱29	₱25	₱30.29	₱33.29	₱27.72	₱44.49	₱45.07	₱35.81	₱26.27	₱29.58
Expected volatility	25.80%	27.50%	24%	27.19%	25.05%	31.48%	34.04%	30.95%	32.03%	31.99%
Dividend yield	1.43%	1.11%	0.77%	0.38%	0.81%	1.16%	1.22%	1.34%	1.27%	1.02%
Interest rate	5.55%	5.00%	1.18%	1.03%	1.13%	5.57%	4.14%	4.41%	4.75%	4.11%

Total expense (included under "General and administrative expenses") recognized in 2024, 2023 and 2022 in the consolidated statement of income arising from share-based payments of ALI amounted to ₱107.5 million, ₱149.5 million and ₱152.9 million, respectively.

IMI

IMI Group has an ESOWN, which is a privilege extended to IMI Group's eligible managers and staff whereby IMI Group allocates up to 10% of its authorized capital stock for subscription by said personnel under certain terms and conditions stipulated in the ESOWN.

The key features of the plan are as follows:

- The subscription price per share shall be based on the average closing price at the PSE for 20 consecutive trading days with a discount to be determined by the Compensation Committee of IMI.
- Term of payment is eight years reckoned from the date of subscription with specified percentage of payment (i.e., 2.5% initial payment, 5.0% on 1st anniversary, 7.5% on 2nd anniversary, 10% on 3rd anniversary and balance over remaining years).
- Holding period: 40%, 30% and 30% after one (1), two (2) and three (3) years from subscription date, respectively.

Movements in the number of shares outstanding under ESOWN in 2024, 2023 and 2022 follow:

	2024		2023		2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
At beginning of year	136,926,800	₱6.60	137,004,327	₱6.60	137,127,271	₱6.61
Forfeitures	(54,262)	12.50	(77,527)	12.50	(122,944)	13.56
At end of year	136,872,538	₱6.63	136,926,800	₱6.60	137,004,327	₱6.96

Total expense arising from share-based payments of IMI (included under "General and administrative expenses") in the consolidated statements of income amounted to nil in 2024, 2023 and 2022.



29. Operating Segment

For management purposes, the Group is organized into the following business units:

- Parent Company - represents operations of the Parent Company including its financing entities such as ACIFL, AYCFL, PFIL and MHI.
- Real estate and hotels - planning and development of large-scale fully integrated mixed-used communities that become thriving economic centers in their respective regions. These include development and sale of residential, leisure and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential condominiums and office buildings; development of industrial and business parks; development and sale of high-end, upper middle-income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management.
- Financial services and insurance - commercial banking operations with expanded banking license. These include diverse services such as deposit taking and cash management (savings and time deposits in local and foreign currencies, payment services, card products, fund transfers, international trade settlement and remittances from overseas workers); lending (corporate, consumer, mortgage, leasing and agri-business loans); asset management (portfolio management, unit funds, trust administration and estate planning); securities brokerage (on-line stock trading); foreign exchange and capital markets investments (securities dealing); corporate services (corporate finance, consulting services); investment banking (trust and investment services); a fully integrated bancassurance operations (life, non-life, pre-need and reinsurance services); and other services (internet banking, foreign exchange and safety deposit facilities). planning); securities brokerage (on-line stock trading); foreign exchange and capital markets investments (securities dealing); corporate services (corporate finance, consulting services); investment banking (trust and investment services); a fully integrated bancassurance operations (life, non-life, pre-need and reinsurance services); and other services (internet banking, foreign exchange and safety deposit facilities).
- Telecommunications (Telecoms) - provider of digital wireless communications services using a fully digital network; domestic and international long distance communication services or carrier services; broadband internet and wireline voice and data communication services; also licensed to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services. In recent years, operations include developing, designing, administering, managing and operating software applications and systems, including systems designed for the operations of bill payment and money remittance, payment facilities through various telecommunications systems operated by telecommunications carriers in the Philippines and throughout the world and to supply software and hardware facilities for such purposes.
- Industrial Technologies - global provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services with manufacturing facilities in Asia, Europe, and North America. It serves diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-development to manufacturing and order fulfillment), ACITHI's comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs.
- Power - unit that will build a portfolio of power generation assets using renewable and conventional technologies which in turn will operate business of generating, transmission of electricity, distribution of electricity and supply of electricity, including the provision of related services.



- Automotive and Others - includes operations of the following:
 - Automotive/ Motors – business on manufacturing, distribution and sale plus providing repairs and services for passenger cars, commercial vehicles, motorcycles. Initiatives include industrial manufacturing activity for long-term synergy and integration with automotive business.
 - Healthcare – catering to accessible, affordable, and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care.
 - Infrastructure - development arm for various types of infrastructure
 - Logistics – business unit provides end-to-end logistics solutions to cater to all customers across the value chain.
 - Water - water delivery, sewerage, sanitation, distribution services, pipeworks, used water management and management services; also exclusively provides water services, facilities to all property development projects of major real estate companies.
 - Education - delivering accessible, quality education that enables significantly improved employability for our high school and college graduates; with mission to transform lives and society by innovating Philippine education and research.
 - Venture capital - platform for peeking into new technologies and business models that are relevant to the group; aims to be an enabler by investing in adjacent businesses that are complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses. International unit - strategic investments in overseas property companies and projects
 - Others - includes outsourcing services unit (onshore and offshore outsourcing services in the research, analytics, legal, electronic discovery, document management, finance and accounting); aviation (air-chartered services); consultancy, and other operating companies

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended December 31, 2024, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results include transfers between operating segments. Those transfers are eliminated in consolidation.

The various business segments in the Group is not affected by seasonality in operations.



The following tables regarding operating segments present assets and liabilities as of December 31, 2024, 2023 and 2022 and revenue and income information for each of the three years in the period ended December 31, 2024 (amounts in millions):

2024

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Revenue									
Sales to external customers	₱68 132	₱177,333 (800)	₱- -	₱- -	₱62,702 (44)	₱36,861 -	₱48,780 329	₱- 383	₱325,744 -
Intersegment									
Share in net profits of associates and joint ventures	-	2,025	27,915	7,591	-	4,623	2,154	-	44,308
	200	178,558	27,915	7,591	62,658	41,484	51,263	383	370,052
Costs and expenses									
Costs of sales and services	17	110,208	-	-	57,389	27,379	43,020	493	238,506
General and administrative	8,715	9,471	-	-	9,839	7,127	15,928	190	51,270
	8,732	119,679	-	-	67,228	34,506	58,948	683	289,776
Other income (charges)									
Interest income	684	844	-	-	100	10,752	1,055	(171)	13,264
Other income	4,386*	1,330	-	-	742	4,966	2,805	280	14,509
Interest and other financing charges	(9,898)	(18,288)	-	-	(1,209)	(5,387)	(1,587)	170	(36,199)
	(4,828)	(16,114)	-	-	(367)	10,331	2,273	279	(8,426)
Net income (loss) before income tax	(13,360)	42,765	27,915	7,591	(4,937)	17,309	(5,412)	(21)	71,850
Provision for (benefit from) income tax	65	8,534	-	-	196	1,109	452	32	10,388
Net income (loss)	(₱13,425)	₱34,231	₱27,915	₱7,591	(₱5,133)	₱16,200	(₱5,864)	(₱53)	₱61,462
Other information									
Segment assets	64,867	873,722	-	-	46,492	333,001	79,292	(69,490)	1,327,884
Investments in associates and joint ventures	272,925	30,734	-	-	-	58,917	38,646	-	401,222
Deferred tax assets	151	14,853	-	-	216	3,372	955	673	20,220
Total assets	337,943	919,309	-	-	46,708	395,290	118,893	(68,817)	1,749,326
Segment liabilities	234,197	549,559	-	-	33,587	209,292	42,197	(60,471)	1,008,361
Deferred tax liabilities	73	10,468	-	-	56	2,195	2,591	-	15,383
Total liabilities	234,270	560,027	-	-	33,643	211,487	44,788	(60,471)	1,023,744
Segment additions to property, plant and equipment and investment properties	348	34,349	-	-	545	34,013	2,740	(4,141)	67,854
Depreciation and amortization	261	10,275	-	-	1,885	2,658	2,271	(158)	17,192
Non-cash expenses other than depreciation and amortization	3,846	255	-	-	3,751	1,150	5,763	489	15,254
Cash flows provided by (used in):									
Operating activities	(10,377)	₱31,212	-	-	3,750	8,012	(5,031)	(20,197)	7,369
Investing activities	(2,111)	(54,683)	-	-	(34)	(40,752)	(23,391)	56,632	(64,339)
Financing activities	12,377	27,830	-	-	(4,101)	18,753	28,830	(26,980)	56,709

* Includes calculated dilution gain from BPI and RBC merger amounting to ₱4.2 billion (₱2.8 billion from AC's direct investment in BPI and ₱1.4 billion from its share in LHI's dilution of its investment in BPI) (see Note 10).



2023

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Revenue									
Sales to external customers	₱57	₱139,463	₱-	₱-	₱74,337 (139)	₱35,458 6	₱40,590 275	₱-	₱289,905 -
Intersegment	97	583	₱-	₱-				₱(822)	
Share in net profits of associates and joint ventures	-	1,577	24,649**	7,655	-	6,939	1,797	4,016**	46,633
Interest income from real estate	-	5,360	-	-	-	-	-	-	5,360
	154	146,983	24,649	7,655	74,198	42,403	42,662	3,194	341,898
Costs and expenses									
Costs of sales and services	17	87,092	-	-	67,508	30,627	35,019	(431)	219,832
General and administrative	2,965	9,625	-	-	9,260	7,458	14,630	(1,291)	42,647
	2,982	96,717	-	-	76,768	38,085	49,649	(1,722)	262,479
Other income (charges)									
Interest income	573	643	-	-	118	9,717	667	(215)	11,503
Other income	(3,415)**	1,015	-	-	(1,217)	6,584	3,991	(1,924)	5,034
Interest and other financing charges	(8,757)	(15,406)	-	-	(1,178)	(4,672)	(1,540)	353	(31,200)
	(11,599)	(13,748)	-	-	(2,277)	11,629	3,118	(1,786)	(14,663)
Net income (loss) before income tax	(14,427)	36,518	24,649	7,655	(4,847)	15,947	(3,869)	3,130	64,756
Provision for (benefit from) income tax	61	7,489	-	-	439	360	1,212	19	9,580
Net income (loss)	(₱14,488)	₱29,029	₱24,649	₱7,655	(₱5,286)	₱15,587	(₱5,081)	₱3,111	₱55,176
Other information									
Segment assets	₱63,177	₱796,438	₱-	₱-	₱56,216	₱294,645	₱76,423	(₱51,610)	₱1,235,289
Investments in associates and joint ventures	262,757	31,174	-	-	-	45,102	14,931	-	353,964
Deferred tax assets	133	15,146	-	-	142	2,224	912	903	19,460
Total assets	₱326,067	₱842,758	₱-	₱-	₱56,358	₱341,971	₱92,266	(₱50,707)	₱1,608,713
Segment liabilities	₱211,266	₱519,146	₱-	₱-	₱37,813	₱166,635	₱41,727	(₱54,274)	₱922,313
Deferred tax liabilities	73	7,324	-	-	56	1,288	2,718	-	11,459
Total liabilities	₱211,339	₱526,470	₱-	₱-	₱37,869	₱167,923	₱44,445	(₱54,274)	₱933,772
Segment additions to property, plant and equipment and investment properties	₱340	₱21,455	₱-	₱-	₱1,527	₱29,379	1,886	₱2,485	₱57,072
Depreciation and amortization	₱228	₱9,506	₱-	₱-	₱1,966	₱1,648	₱2,043	(₱910)	₱14,481
Non-cash expenses other than depreciation and amortization	(₱416)	₱589	₱-	₱-	₱3,557	₱3,001	₱5,406	(₱870)	₱11,267
Cash flows provided by (used in):									
Operating activities	(₱8,388)	₱21,360	₱-	₱-	₱301	₱1,581	(₱3,563)	₱3,185	₱14,476
Investing activities	₱13,660	(₱30,186)	₱-	₱-	(₱1,903)	(₱26,115)	(₱4,040)	(₱6,726)	(₱55,310)
Financing activities	(₱4,667)	₱13,886	₱-	₱-	₱219	₱29,929	₱5,905	(₱3,581)	41,691

**Represents gain from divestment by Arran in LHI amounting to ₱4.0 billion and related dilution loss on the change in interest of the Parent Company amounting to ₱3.6 billion (see Note 10).



2022

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Revenue									
Sales to external customers	₱330	₱115,166	₱-	₱-	₱75,527	₱36,250	₱36,547	₱-	₱263,820
Intersegment	76	1,286	₱-	₱-	200	-	486	(2,048)	-
Share in net profits of associates and joint ventures	-	1,424	18,530	10,435	-	4,082	1,658	-	36,129
Interest income from real estate	-	6,695	-	-	-	-	-	-	6,695
	406	124,571	18,530	10,435	75,727	40,332	38,691	(2,048)	306,644
Costs and expenses									
Costs of sales and services	-	75,827	-	-	69,855	35,215	32,380	(2,709)	210,568
General and administrative	3,276	7,616	-	-	6,255	4,751	13,284	(555)	34,627
	3,276	83,443	-	-	76,110	39,966	45,664	(3,264)	245,195
Other income (charges)									
Interest income	412	433	-	-	37	7,580	700	(304)	8,858
Other income	484	1,688	-	-	224	7,356	1,228	(97)	10,883
Interest and other financing charges	(7,126)	(15,232)	-	-	(796)	(4,941)	(1,177)	170	(29,102)
	(6,230)	(13,111)	-	-	(535)	9,995	751	(231)	(9,361)
Net income (loss) before income tax	(9,100)	28,017	18,530	10,435	(918)	10,361	(6,222)	985	52,088
Provision for (benefit from) income tax	4	5,599	-	-	330	(357)	351	287	6,214
	(9,104)	22,418	18,530	10,435	(1,248)	10,718	(6,573)	698	45,874
Operations of the segment under PFRS 5	-	-	-	-	-	-	-	-	-
Net income (loss)	(₱9,104)	₱22,418	₱18,530	₱10,435	(₱1,248)	₱10,718	(₱6,573)	₱698	₱45,874
Other information									
Segment assets	₱62,801	₱730,544	₱-	₱-	₱61,971	₱233,227	₱81,380	(₱49,690)	₱1,120,233
Investments in associates and joint ventures	246,931	31,908	-	-	-	34,584	14,697	-	328,120
Deferred tax assets	124	13,894	-	-	196	1,833	1,729	595	18,371
Assets under PFRS 5	-	-	-	-	-	-	-	11,821	11,821
Total assets	₱309,856	₱776,346	₱-	₱-	₱62,167	₱269,644	₱97,806	(₱37,274)	₱1,478,545
Segment liabilities	₱223,987	₱480,337	₱-	₱-	₱38,770	₱138,276	₱42,730	(₱50,048)	₱874,052
Deferred tax liabilities	85	5,849	-	-	61	664	2,535	-	9,194
Total liabilities	₱224,072	₱486,186	₱-	₱-	₱38,831	₱138,940	₱45,265	(₱50,048)	₱883,246
Segment additions to property, plant and equipment and investment properties	₱253	₱24,121	₱-	₱-	₱2,031	₱27,776	₱791	(₱2,287)	₱52,685
Depreciation and amortization	₱273	₱9,689	₱-	₱-	₱2,836	₱2,501	₱727	(₱354)	₱15,672
Non-cash expenses other than depreciation and amortization	₱-	₱374	₱-	₱-	₱256	₱1,346	₱5,272	₱-	₱7,248
Cash flows provided by (used in):									
Operating activities	(₱11,762)	₱26,348	₱-	₱-	(₱2,238)	₱4,185	(₱1,586)	₱3,772	₱ 18,719
Investing activities	(₱20,319)	(₱22,925)	₱-	₱-	(₱1,073)	(₱38,086)	(₱20,641)	₱ 34,232	(₱68,812)
Financing activities	₱23,016	(₱5,537)	₱-	₱-	₱1,054	₱29,313	₱22,623	(₱35,788)	₱ 34,681



Geographical Segments

	Revenue		Total Assets		Investment Properties and Property, Plant and Equipment Additions	
			(In Millions)			
	2024	2023	2022	2024	2023	2024
Philippines	₱304,380	₱265,132	₱161,384	₱1,513,970	₱1,312,430	₱37,356
Europe	46,176	51,587	51,140	21,604	26,144	1,621
Asia	13,160	13,758	81,542	207,199	256,650	17,022
USA	6,336	11,421	12,578	6,553	13,489	176
	₱370,052	₱341,898	₱306,644	₱1,749,326	₱1,608,713	₱56,175
						₱57,072

30. Leases

Group as a lessee

The Group has lease contracts for land, building, warehouses and various items of plant, machinery, vehicles and other equipment used in its operations. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space and machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets recognized and the movements during the years are as follows:

	2024			
	Right-of-use Assets			
	Land, Building and Improvements	Transportation Equipment	Others	Total
(In Thousands)				
Cost				
At January 1	₱31,120,777	₱1,618,232	₱1,099,092	₱33,838,101
Addition during the year	4,321,198	204,899	324,523	4,850,620
Modifications/adjustments	235,264	(1,515,562)	(89,983)	(1,370,281)
At December 31	35,677,239	307,569	1,333,632	37,318,440
Accumulated Depreciation and Amortization				
At January 1*	8,990,531	753,345	596,044	10,339,920
Depreciation (Note 22)	2,027,982	433,986	276,640	2,738,608
Capitalized depreciation	256,037	3,367	–	259,404
Cumulative translation adjustment	192,882	1,569	1,733	196,184
Modification/adjustments	445,623	(939,345)	(284,072)	(777,794)
At December 31	11,913,055	252,922	590,345	12,756,322
Net Book Value	₱23,764,184	₱54,647	₱743,287	₱24,562,118

	2023			
	Right-of-use Assets			
	Land, Building and Improvements	Transportation Equipment	Others	Total
(In Thousands)				
Cost				
At January 1	₱29,165,466	₱1,803,284	₱965,206	₱31,933,956
Addition during the year	3,614,653	117,720	591,655	4,324,028
Modifications/adjustments	(1,659,342)	(302,772)	(457,769)	(2,419,883)
At December 31	31,120,777	1,618,232	1,099,092	33,838,101
Accumulated Depreciation and Amortization				
At January 1*	7,794,117	651,855	626,217	9,072,189
Depreciation (Note 22)	1,767,581	179,553	299,818	2,246,952
Capitalized depreciation	104,576	27,994	86	132,656
Cumulative translation adjustment	(1,666,460)	(222)	429	(1,666,253)
Modification/adjustments	990,717	(105,835)	(330,506)	554,376
At December 31	8,990,531	753,345	596,044	10,339,920
Net Book Value	₱22,130,246	₱864,887	₱503,048	₱23,498,181



The rollforward analysis of lease liabilities follows (in thousands):

	2024	2023
At January 1	₱30,705,536	₱30,343,440
Additions	4,850,620	4,441,466
Accretion of interest expense (Note 22)	2,409,910	2,081,347
Remeasurement due to lease modification/adjustments	(195,683)	162,138
Foreign exchange gain	(34,306)	3,425
Cumulative translation adjustment	(260,875)	(21,369)
Remeasurement due to termination of lease contract	83,554	363,556
Payments	(2,775,815)	(2,971,192)
Others	(432,490)	(2,172,755)
Disposals	(908,475)	(1,524,520)
As at December 31	₱33,441,976	30,705,536
Current lease liabilities	(4,647,964)	(3,069,992)
Noncurrent lease liabilities	₱28,794,012	₱27,635,544

The following are the amounts recognized in the consolidated statement of income (in thousands):

	2024	2023
Depreciation expense of right-of-use assets	₱2,587,151	₱2,246,952
Interest expense on lease liabilities	2,409,910	2,081,347
Expense relating to short-term leases	383,045	473,208
Foreign exchange loss	3,385	(12,787)
	₱5,383,491	₱4,788,720

The Group had a total cash outflow for leases of ₱2,775.8 million and ₱2,971.2 million in 2024 and 2023, respectively. In 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of ₱10,781.1 million and ₱4,294.2 million, respectively. In 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of ₱4,324 million and ₱4,441.5 million, respectively.

Refer to Note 32 (Liquidity risk) for the maturity analysis of the undiscounted lease payments.

The significant leases entered into by the Group are as follows:

ALI Group

ALI Group entered into lease agreements with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

ALI Group has lease contracts for land that contains variable payments based on certain percentage of gross rental income of the commercial centers. These terms are negotiated by management for certain commercial spaces without steady customer demand. Management's objective is to align the lease expense with the revenue earned.

The following provides information on the ALI Group's variable lease payments, including the magnitude in relation to fixed payments (in thousands):

	Fixed Payments	Variable Payments	Total
Fixed	₱806,242	₱-	₱806,242
Variable rent with minimum payment	-	2,689,830	2,689,830
Variable rent only	-	259,801	259,801
At December 31	₱806,242	₱2,949,631	₱3,755,873



	2023		
	Fixed Payments	Variable Payments	Total
Fixed	₱1,420,958	₱-	₱1,420,958
Variable rent with minimum payment	29,028	9,820,596	9,849,624
Variable rent only	—	1,345,824	1,345,824
At December 31	₱1,449,986	₱11,166,420	₱12,616,406

ALI

On January 2017, ALI signed a Lease Agreement with Philippine Racing Club, Inc. for the lease of land located in Circuit Makati, Brgy. Carmona, Makati City with an aggregate area of 12,793 sqm. The term of the lease shall be twenty-three (23) years and three (3) months commencing from Delivery Date. The Lessee shall have the option to renew the lease under the same terms and conditions for another period of five years, provided that renewal period shall be mutually agreed by the Parties. For the period commencing from delivery date until sixty-three (63) months thereafter, the Lessee shall pay the Lessor the rent amounting to ₱100.00 million. Commencing on the sixty fourth month from execution of the contract until the end of the lease term, the Lessee shall pay the Lessor the rent equal to fifty percent (50%) of the Gross Income of the Lessee.

On September 2018, the ALI signed a Lease Agreement with Manila Seedling Bank Foundation, Inc. (MSBFI) for the lease of a 4.5-hectare portion of land located at the corner of EDSA and Quezon Avenue, Diliman, Quezon City. The term of the lease shall be coterminous with the Lessor's usufruct over the Leased Premises, or until September 20, 2027.

Bay City

On September 2, 2014, ALI signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. ALI signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and ALI. ALI assigned the parcels of land to Bay City in December 2017.

ALI also signed the Air Rights and Basement Rights over the leased property with an aggregate area of 1,686.48 sqm and 8,294 sqm, respectively, subject to the same terms and conditions as the contract of lease dated September 2, 2014.

Ayalaland MetroNorth, Inc. (AMNI)

On January 28, 2011, the Board of Regents of the University of the Philippines awarded to AMNI the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. AMNI signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants. The rights were subsequently assigned by ALI to AMNI in 2015.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area shall be constructed on the property.

NTDCC

NTDCC entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to NTDCC in exchange for NTDCC's assumption of DRP obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration with escalation rate of 3% annually starting inception.



In consideration of the lease, the NTDCC will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the NTDCC's commercial center business. Of the 5% variable amount due, 2.42% shall be directly paid by the NTDCC to the minority shareholders of Monumento Rail Transit Corporation, 28.47% shall be paid directly to Metro Global Holdings Corporation and the remaining 69.11% shall be applied against receivables.

On January 13, 2006, the deed of assignment between MRTDC and NTDCC was acknowledged by DOTC making MRTDC and NTDCC jointly and severally liable for the DRP and all other obligations attached thereto. NTDCC has been paying rent to DOTC in behalf of MRTDC since January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration. As of December 31, 2020, the DRP obligation amounted to ₱3,703.3 million. Total DRP obligation paid amounted to ₱244.0 million in 2020.

On October 29, 2015, the Company entered into a non-cancellable land lease agreement with GERI for the lease of an aggregate of 10,994.86 square meters undivided portions of the North Avenue Lot Pad A and North Avenue Lot Pad B to which the latter is entitled to development rights. The agreement shall be effective until August 8, 2047, subject to the extension of the development rights period.

During 2016, the Company entered into non-cancellable land lease agreement with Anglo, DBH and Allante which shall be effective until August 8, 2047.

ALICAP

In December 2017, the ALICAP entered into 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1440 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US\$0.42 million. The ATR72-600 with

MSN 1440 was delivered to ALICAP in February 2018 and has started flight operations in March 2018. ALICAP, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term for US\$14.16 million.

In June 2018, ALICAP entered into another 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1492 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US\$0.42 million. The ATR72-600 with MSN 1492 was delivered to ALICAP on the same month and has started flight operations in August 2018. ALICAP, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term amounting to US\$14.16 million.

AHRC

On January 30, 2018, the AHRC signed a Lease Agreement with Dunes & Eagle Land Development Corporation for the lease of ten parcels of land located at Barangay Mactan, Lapu-Lapu City, Mactan Island, Cebu with an aggregate area of 3,220 sqm. The term of the lease shall be for a period of fifty (50) years commencing from the date of execution of the agreement. Rent payment should be as follows: (a) ₱70 million per annum for the first 5 years (b) 5% of Gross Revenues or ₱70 million per annum whichever is higher for the 6th year to the 30th year, and (c) 5.5% of Gross Revenues or ₱70 million per annum whichever is higher for the 31st year to the 50th year.

On July 26, 2012, ALI entered into a renewable contract of lease with Province of Negros Occidental for 40,481 square meters area of land with a monthly lease of ₱73.00 per square meter which shall be escalated every five years by ten percent (10%) of the current rate of rent. The term of the lease shall be for a period of fifty (50) years commencing from the date of delivery subject to renewal by mutual agreement of the parties under such terms and conditions as may be mutually acceptable. AHRC has assessed that the lease agreement is a non-cancellable lease. On December 23, 2014, ALI assigned its rights and obligations to Capitol Central Hotel Ventures, Inc. under the Contract of Lease Assignment over a portion on which Seda Capitol Central was constructed equivalent to an area of 3,714.80 square meters. The agreement on lease assignment transfers and conveys Capitol



Central Hotel Ventures, Inc. to take over the lease of the assigned portion subject to the same terms and conditions contained in the contract of lease.

Bonifacio Hotel Ventures, Inc. entered into a non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which Seda BGC Tower 1 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel's gross income for its 1st year of operation, 4% of the Hotel's gross income for its 2nd year of operation, and 5% of the Hotel's gross income for the succeeding years or ₱350 per square meter for the 1st year, ₱375 per square meter for the 2nd year and ₱400 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period. Bonifacio Hotel Ventures, Inc. entered into another non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which the Seda BGC Tower 2 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel's gross income for its 1st year of operation, 4% of the Hotel's gross income for its 2nd year of operation, and 5% of the Hotel's gross income for the succeeding years or ₱575 per square meter for the 1st year, ₱616.06 per square meter for the 2nd year and ₱657.15 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period.

ALLHC

On August 28, 1990, ALLHC, through a Deed of Assignment, acquired all the rights, titles, interests and obligations of Gotesco Investment, Inc. in a contract of lease of the land owned by PNR for the Tutuban Terminal. The contract provided for a payment of a guaranteed minimum annual rental plus a certain percentage of gross sales. The lease covers a period of 25 years until 2014 and is automatically renewable for another 25 years, subject to compliance with the terms and conditions of the lease agreement. ALLHC entered into an agreement with PNR for the renewal of its lease contract for another 25 years beginning September 5, 2014.

Station Square East Commercial Corporation (SSECC)

ALI has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement signed on July 2000, a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. Subsequently, ALI transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues.

Capitol

On April 26, 2012 ALI signed a Lease Agreement with the Province of Negros Occidental for the lease of a parcel of land with an aggregate area of 40,481 sq. m. located along Gatuslao cor. North and South Capitol Roads, Bacolod City, registered in the name of the Province of Negros Occidental. ALI signed a 50-year lease contract with an option to renew as may be mutually agreed upon by the lessor and ALI. ALI assigned the parcels of land to Capitol in December 2017.

Arvo Commercial Corporation (Arvo)

On October 15, 2014, Arvo entered into a property lease agreement with Rotonda Development Corporation for the construction, development and operation of a commercial and mall center. The terms of the lease shall be 42 years, with an option to renew for another 40 years subject to mutual agreement of the parties. The lease agreement provided rent-free period of 2 years and lease payments shall commence thereafter. Lease payments shall be paid annually at ₱60.00 per sqm, subject to an annual escalation of 4%.



IMI Group

IMI Group has various operating lease agreement in respect of plant facilities, office spaces and land. These lease agreements have terms ranging from 5 to 15 years, fixed payment subject to escalation clauses, renewal option and early termination penalties.

Operating leases - as lessor

ALI Group

ALI Group have lease agreements with third parties covering their investment properties portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancelable operating leases of ALI Group are as follows:

	2024	2023
	(In Thousands)	
Within one year	₱15,743,963	₱14,225,222
After one year but not more than five years	18,764,311	40,592,506
More than five years	42,335,735	21,570,082
	₱76,844,009	₱76,387,810

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Total rental income from the lease agreements amounted to ₱35,862.6 million, ₱32,896.2 million and ₱27,196.5 million in 2024, 2023 and 2022, respectively (see Note 21).

31. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management and Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the Committee approved threshold value of ₱50.0 million or five (5) percent of the total assets, whichever is lower. The Parent Company's Risk Management Unit, acting as the secretariat of the Committee, reviewed the RPTs before these were presented to the Committee for approval.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative



service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

The transactions and balances of accounts with related parties follow:

a. Transactions with BPI, an associate

- As of December 31, 2024 and 2023, the Group maintains current and savings account, money market placements and other short-term investments with BPI broken down as follows (amounts in thousands):

	2024	2023
Cash in banks	₱6,986,671	₱8,728,749
Cash equivalents	16,972,959	16,943,304
Short-term investments	474,375	453,910
Financial assets at FVTPL	6,084,589	206,772

- From the Group's placements and short-term investments with BPI, the Group has accrued interest receivable amounting to ₱14.3 million and ₱9.9 million as of December 31, 2024 and 2023, respectively. Cash in banks and cash equivalents earn interest at 0.25% to 6.25% per annum. Investment in FVTPL pertain to MMF which earns interest depending on the duration of time invested in the fund with fair value of ₱6,084.6 million and ₱206.8 million as of December 31, 2024 and 2023, respectively. Interest income earned from all the deposits, placements and investments amounted to ₱717.0 million in 2024, ₱706.76 million in 2023 and ₱102.9 million in 2022.

The Group also has short-term and long-term debt payable to BPI aggregating to ₱66.89 billion and ₱52.96 billion as of December 31, 2024 and 2023, respectively. These short-term and long-term debts are interest bearing with varying rates ranging from 3.27% to 7.11%, have various maturities starting 2019 and varying schedules of payments for interest. Interest expense incurred from the amounted to ₱711.0 million in 2024, ₱2,164.2 million in 2023 and ₱1,799.2 million in 2022.

Transactions with BPI will be settled in cash.

b. Outstanding balances of related party transactions follow (amounts in thousands):

	Receivables		Payables	
	2024	2023	2024	2023
Associates:				
BPI	₱1,196,001	₱1,200,102	₱1,055,281	₱408,014
Manila Water Co. Inc. (MWCI)	-	618,682	-	171,648
Rize-Ayalaland (Kingsway) GP Inc.	733,070	733,070	-	-
Cebu District Property Enterprise, Inc. (CDPEI)	-	1,217,649	-	2,552
Alveo-Federal Land Communities, Inc.	-	104,209	-	5
Tianjin Eco-City Ayala Land Development Co. Ltd.	24,320	24,320	-	-
BF Jade E-Services Philippines Inc	90,059	94,629	5,932	2,082
Honda Cars Philippines, Inc. (HCP)	105,091	81,098	183,805	45,559
Mercado General Hospital, Inc. (MGHI)	792	459	-	-
Bonifacio Land Corp. (BLC)	573	573	212,696	212,696
	2,149,906	4,074,791	1,457,714	842,556

(Forward)



	Receivables		Payables	
	2024	2023	2024	2023
Joint ventures:				
Greencore Power Solutions 3, Inc	₱4,810,301	₱4,640,131	₱-	₱-
ALI-ETON Property Development Corporation	3,043,999	1,950,557	4,417	4,279
AMI AC Renewables Corporation (AAR)	1,694,948	901,336	-	-
Globe	308,005	291,934	207,810	322,675
UPC Renewables Asia III Limited (UPC III)	-	281,252	-	-
Yoma Group	1,634,863	1,528,348	-	-
The Blue Circle Pte. Ltd. (TBC)	-	-	-	-
Brightnight	648,478	346,794	-	-
Unlimited Renewable Holding	485,247	-	-	-
Maibara Geothermal, Inc.	-	10,944	105,251	103,650
	12,625,841	9,951,296	317,478	430,604
Other related parties:				
Asian Wind 1 /Asian Wind Power 2 HK Ltd.	3,080,135	2,657,800	-	-
Vietnam Wind Energy Limited	8,455,330	7,239,415	-	-
BIM Wind Power Joint Stock Company (BIM Wind)	747,678	446,027	-	-
UPC Solar Asia Pacific Ltd.	2,738,482	2,585,996	-	-
NEFIN Solar Asset Limited	1,464,001	1,019,345	-	-
Fort Bonifacio Development Corporation (FBDC)	661,527	853,913	42,634	31,102
Ingrid Power Holdings	120,727	426,454	-	-
Masaya Solar Energy Private Ltd	147,505	141,194	-	-
AKL Properties Inc.	-	-	-	-
BIM Renewable Energy Joint Stock Company (BIMRE)	2,099,233	96,185	-	-
North Luzon Renewable Energy Corp.	-	1,891	-	-
Columbus Holdings, Inc.	42,922	42,922	-	-
PT Entities	763,788	-	-	-
UPC Power Solutions	1,378,101	6,210	-	-
Esta Galleria, Inc.	-	-	98,151	93,579
Masaya Solar Hold Co. Ltd.	-	-	1,918,707	2,735,465
GNPower Dingin Ltd. Co.	-	-	479,827	621,734
Others	1,964,719	575,409	229,668	59,583
	23,664,148	16,092,761	2,768,987	3,541,463
	₱38,439,895	₱30,118,848	₱4,544,179	₱4,814,623

Dividends	Receivables		Payables	
	2024	2023	2024	2023
Stockholder				
Mermac	₱-	₱-	₱1,241,853	₱1,026,325
Cash				

1. Receivable from MWCI pertains to Design and Build of Calawis Water Treatment Plant and various reimbursements. Payable to Manila Water pertains to down payment and recoupment for the same project. As of December 31, 2024, the Group has fully divested its interest in MWCI (see Note 10).
2. Receivable from BPI includes trade receivables on vehicles sold and financing dealer incentives by AC Industrial Group, dividends receivable and accrued interest receivables on short-term placements by the Group.
3. Receivable from CDPEI pertains to development and construction related costs while accounts from Alveo-Federal Land mainly consist of marketing and management fees and construction costs.
4. Receivable from BF Jade pertains to delivery services provided by the Group to BF Jade which are normally collectible within 15 to 45 days from invoice date, as well as from rent receivable arising from the lease of the MCX ECC Facility. Payable to BF Jade pertains to COD collections payable which consists of amounts collected on behalf of the Group's clients pertaining to parcels delivered with a cash-on-delivery scheme and remitted to the client normally 5-7 days after collection.
5. Receivable from HCP pertains to marketing and sales incentives arising from the sale of vehicles. Payable to HCP consist of purchased parts and accessories and vehicles that are trade in nature, interest-free, unsecured and are payable within 15 to 30 days.



6. Receivable from MGHI includes 5-year loan subject to interest of 4% (Note 35), billings related to Testing/Laboratory sites, and receivable for rent and utilities.
7. Receivable from BLC pertains to parcels and documents delivery by Entrego.
8. Receivable from ALI-ETON pertains to the sale of land by Alveo to ALI-ETON.
9. Receivable from TBC pertain to the interest-bearing loan agreement it has entered into with ACEIC to fund the development costs for the pipeline projects of TBC. The loan has been fully repaid during 2022.
10. Receivable from Brightnight pertains to an interest-bearing shareholder loan agreement to fund renewable projects in India. The loan is payable on the date falling twenty (20) years after the date of Agreement or such other date as may be agreed between the Parties, with 12.00% interest per annum.
11. Receivable from AAR and UPC III pertains to accrued interest income on dividend yields from investments in the redeemable preference shares.
12. Receivable from Globe includes trade receivables on vehicles sold and project management and professional fees.
13. Receivable from Asian Wind 1 pertains to an interest-bearing loan agreement to refinance the Preferred B Facility Agreement with ACEIC and to provide additional funding for the development, financing and construction of the Dai Phong Project. The interest-bearing loan has a total facility of US\$61.00 million and bears an annual fixed rate and payable 12 months from the commissioning date. As at December 31, 2024 and 2023, outstanding balance of the interest-bearing loan amounted to US\$26.59 million (₱1,538.10million) and US\$26.59 million (₱1,472.29 million), respectively.
14. Receivable from Asian Wind 2 pertain to a Preferred B Facility Agreement with Asian Wind Power 2 HK to make available a convertible term loan facility (convertible to RPS) in an aggregated amount not exceeding US\$54.00 million (₱2,617.00 million) to finance the development and construction of Hong Phong 1 Project. The principal and interest are payable on earlier of 5 business days from the date of drawdown of Debt Replacement facility or 25th anniversary of drawdown date. The RPS shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends, is redeemable only by cash at the issuer's option on "first in first out".
15. Receivable from BIM Wind pertains to an interest-bearing loan agreement to fund the pre-development costs and turbine reservation fees for the project of BIM Wind in Vietnam. The interest-bearing loan has a total facility of US\$45.00 million and bears an annual fixed interest and payable 5 months from the drawdown date. On May 19, 2021, the loan facility was amended to increase the principal amount and extend the maturity to 10 years. As at December 31, 2024 and 2023, outstanding balance of the interest-bearing loan amounted to nil and nil, respectively.
16. Receivable from Vietnam Wind Energy pertains to an interest-bearing loan facility to provide bridge financing and to partially fund the construction of the Soc Trang Wind projects. As at December 31, 2024 and 2023, the amount receivable is US\$36.53 million (₱2,112.85 million) and US\$38.17 million (₱2,113.58 million).
17. Receivable from BIMRE pertains to an interest-bearing loan agreement to partially fund the construction of the incremental project expansion. The interest-bearing loan has a total facility of US\$40.00 million, bears an annual fixed interest and is payable 12 months from the drawdown date. First drawdown was made on June 9, 2020 and subsequently on January 4, 2021.
18. Receivable from Greencore pertains to interest bearing loan agreement to finance the development, construction, operation and maintenance of the power plant (Note 10). The loan is secured by (1) a real estate mortgage over Greencore's real assets in favor of ACEN, (2) a mortgage and pledge over the shareholding of the shareholders of Greencore in favor of ACEN, and (3) the cashflows of the project



19. Receivable from UPC Solar pertains to the loan agreement it has entered into with ACEIC Group to fund the development and construction of renewable energy assets in Asia. The loan and interest are payable on January 31, 2023.
20. Receivable from NEFIN Solar pertains to the interest-bearing loan facility to provide bridge financing. The interest-bearing loan has a total facility of US\$35 million and bears an annual fixed rate payable from the second anniversary date of the first issuance. First issuance date is April 22, 2022.
21. Receivable from FBDC largely pertains to management fees which are included under "Other income" and billed and unbilled receivables of MDC Group for the construction of FBDC's projects.
22. Receivable from Ingrid Power Holdings pertains to the short-term loan agreement for Ingrid's working capital requirements. The interest-bearing loan bears an annual fixed rate and principal is payable 30 to 120 days from drawdown.
23. Receivable from Masaya Solar pertains to loan facility to fund the development of Masaya Solar in Madhya Pradesh, India. The loan is payable in 3 years from utilization date.
24. Receivable from AKL pertains to construction of Newton Project and various recoveries.
25. ACEIC Group's interest-bearing receivables with related parties bear interest ranging from 3.00% to 15% annually.

ACEIC Group has RPS and convertible loans with related parties. Refer to Note 15 for the details of the transactions, balances, and terms and conditions.

26. Other outstanding balances of receivable from related parties at year-end pertain mostly to advances, including those for project development, logistics and reimbursement of operating expenses
27. All these are unsecured, interest free, will be settled in cash and are due and demandable, unless otherwise stated.
28. Payable to BPI includes interest payable on Group's borrowings payable at various payment terms like monthly or quarterly and insurance premiums payable which are due in 30-60 days.
29. The other outstanding balances of payable to related parties at year-end pertains to advances, including those for development costs and land acquisitions, and expenses incurred on utilities, professional services, logistics and other miscellaneous services. Unless otherwise stated, all these are unsecured, interest free, will be settled in cash and are due and demandable.
30. Allowance for doubtful accounts on amounts due from related parties amounted to ₱1.1 million and ₱21.5 million as of December 31, 2024 and 2023, respectively. Reversal of provision for doubtful accounts amounted to ₱17.4 million in 2019 (see Note 7). Provision for doubtful accounts amounted to ₱50.4 million in 2018 (see Note 23).

Other related parties pertain to entities which are either subsidiaries, associates or joint ventures of the Group's associates or joint ventures.

Dividends receivable from related parties pertain to accrued dividend declarations from associates and joint ventures. These are non-interest bearing and usually collectible within one year. This amounted to ₱761.5 million and ₱1,292.7 million as of December 31, 2024 and 2023, respectively (see Note 7).



c. Revenue and expenses from related parties follow:

	Revenue			Costs and Expenses		
	2024	2023	2022	2024	2023	2022
(In Thousands)						
Associates:						
KPHLC	₱-	₱535,614	₱1,132,200	₱-	₱	₱-
BPI	2,002,308	1,969,928	1,025,553	3,637,653	2,850,969	2,516,569
MWC	1,456,498	928,922	894,171	383,518	882,341	620,597
BF Jade	79,893	247,218	329,726	6,882	15,742	20,140
HCPI	7,479	2,679	19,204	6,969,557	6,218,274	4,991,172
Joint ventures:						
Globe	695,939	654,357	347,346	334,151	344,704	404,809
UPC AC Energy Australia HK Ltd.	-	-	851,472	-	-	-
AMI AC Renewables Corporation (formerly New Energy Investments Corp)	957,726	890,825	838,017	-	-	-
UPC Renewables Asia III Ltd	73,476	252,040	229,872	-	-	-
BIM Expansion	-	-	-	-	-	-
Greencore Power Solutions 3, Inc	698,588	495,884	228,241	-	-	-
	5,971,907	5,977,467	5,895,802	11,331,761	10,312,030	8,553,287
Other related parties:						
Vietnam Wind Energy	919,973	993,732	242,621	-	-	-
Asian Wind Power 1 HK Limited	509,063	855,084	477,824	-	-	-
Asian Wind Power 2 HK Ltd.	-	29,526	371,388	-	-	-
BIM Wind	377,056	504,933	888,857	-	-	-
UPC AC Energy Solar Ltd.	458,452	722,197	529,556	-	-	-
BIM Renewable Energy Joint Stock Company	202,399	177,239	185,282	-	-	-
FBDC	-	-	-	-	-	528
Others	885,483	534,123	56,082	73,265	34,495	18,029
	3,352,426	3,816,834	2,751,610	73,265	34,495	18,557
	₱9,324,333	₱9,794,301	₱8,647,412	₱11,405,026	₱10,346,525	₱8,571,844

Revenue recognized from related parties includes:

1. Leasing and project development and management services rendered by ALI Group.
2. Water and sewerage services rendered by MWC.
3. Automotive sales and repair services rendered by AC Industrial Group.
4. Energy sales provided by ACEIC Group.
5. Interest and miscellaneous income from cash deposits and money market placement as well as financing dealer incentive from BPI and other entities.
6. Interest income earned by ACEIC Group on interest-bearing receivables, RPS and convertible loans from related parties.
7. Others include various income such as interest and management fees.

Expenses recognized from related parties include:

1. Interest expense from short-term and long-term debt and credit card and other bank charges payable to BPI.
2. Purchases of communications software and billings for mobile phone charges and internet connections with Globe.
3. Building rental, leased lines, internet connections and ATM connections with Innove, subsidiary of Globe.
4. Purchases of vehicles and parts and accessories from HCP.
5. Others include miscellaneous operating expenses such as professional and management services.



d. The Group's compensation of key management personnel by benefit type follows:

	2024	2023	2022
		(In Thousands)	
Short-term employee benefits (Note 22)	₱1,666,965	₱1,493,307	₱1,509,140
Post-employment benefits (Note 27)	138,702	114,353	105,567
	₱1,805,667	₱1,607,660	₱1,614,707

Key management personnel of the Group include all officers with position of vice president and up.

e. Integrated Micro-Electronics Bulgaria EOOD (IMI BG) has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH (C-Con), a related party and an entity under common control of AC Industrial, for C-Con will duly and timely perform all required obligations under contracts to be entered into with a particular customer. In case of C-Con's failure to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con's insolvency (Breach), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach.

As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG's guarantee. Additionally, IMI BG's guarantee to C-Con is backstopped by AC Industrial (Singapore) Pte. Ltd., another related party of IMI BG.

32. Financial Instruments

Financial Risk Management

General

Like any other risks, financial risks are inherent in the business activities and are typical of any large holding company. The financial risk management of the Parent Company seeks to effectively contribute to better decision making, enhance performance, and satisfy compliance demands.

The Parent Company defines financial risks as risk that relates to the Parent Company's ability to meet financial obligations and mitigate funding risk, credit risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates. Funding risk refers to the potential inability to meet contractual or contingent financial obligations as they arise and could potentially impact the Parent Company's financial condition or overall financial position. Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations or non-payment of an investment. These exposures may result in unexpected losses and volatilities in the Parent Company's profit and loss accounts.

The Parent Company maintains a strong focus on its funding strategy to help provide access to sufficient funding to meet its business needs and financial obligations throughout business cycles. The Parent Company's plans are established within the context of our annual strategic and financial planning processes. The Parent Company also take into account capital allocations and growth objectives, including dividend pay-out. As a holding company, the Parent Company generates cash primarily on dividend payments of its subsidiaries, associates and joint ventures and other sources of funding.

The Parent Company also establishes credit policies in setting up limits for counterparties that are reviewed quarterly and monitoring of any changes in credit standing of counterparties.



The Parent Company has a formal foreign exchange and interest rate risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Ayala Group continues to monitor and manage its financial risk exposures in accordance with Board approved policies. The succeeding discussion focuses on Ayala Group's financial risk management.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise financial assets at amortized cost, FVTPL and FVOCI, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as cash and cash equivalents, short-term investments, accounts and notes receivables and accounts payable and accrued expenses which arise directly from its operations.

The Group's main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, price risk, liquidity risk, and credit risk.

The Group also uses hedging instruments, the purpose of which is to manage the currency and interest rate risks arising from its financial instruments.

The Group's risk management policies relevant to financial risks are summarized below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' obligations. The policy is to keep a certain level of the total obligations as fixed to minimize earnings volatility due to fluctuation in interest rates.

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates as of December 31, 2024 and 2023, with all variables held constant.

Cash flow interest rate risk

	Change in basis points	Effect on profit before tax	
		2024	2023
(In Thousands)			
Parent Company -			
Floating rate			
Borrowings	+100	(P234,588)	(P241,538)
	-100	234,588	241,538
Subsidiaries -			
Floating rate			
Borrowings	+100	(P805,604)	(P710,081)
	-100	805,604	710,081

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



The terms and maturity profile of the interest-bearing financial assets and liabilities, together with the corresponding nominal amounts and carrying values are as follows (amounts in thousands):

December 31, 2024

	Interest terms (per annum)	Rate Fixing Period	Carrying Value	Nominal Amount			Total
				< 1 year	1 to 5 years	> 5 years	
Group							
Cash and cash equivalents	Fixed at the date of investment	Various	₱75,501,736	₱75,501,736	₱-	₱-	₱75,501,736
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	723,567	723,567	₱-	₱-	723,567
Accounts and notes receivable	Fixed at the date of sale or transaction	Various	1,474,029	1,205,599	268,430	₱-	1,474,029
Receivables from related parties	Fixed at the date of transaction	Various	39,008,679	7,461,429	5,042,434	9,227,147	21,731,010
Financial assets at amortized cost	Fixed at the date of transaction	Various	17,918,405	—	—	17,918,405	17,918,405
			134,626,416	84,892,331	5,310,864	27,145,552	117,348,747
Parent Company							
Short-term debt							
Fixed							
Peso	Ranging from 5.3%to 5.8%	Various	28,500,000	28,500,000	—	—	28,500,000
Long-term debt							
USD	Fixed at 3.0%	2 years	5,747,728	—	5,784,500	—	5,784,500
Fixed							
Peso	Fixed at 7.00%	8 years	9,222,035	880,000	8,360,000	—	9,240,000
Peso	Fixed at 7.13%	10 years	8,329,435	500,000	2,000,000	5,875,000	8,375,000
Peso	Fixed at 6.44%	10 years	3,924,428	200,000	800,000	2,950,000	3,950,000
Peso	Fixed at 6.69%	8 years	3,976,427	308,000	2,462,000	1,230,000	4,000,000
Peso	Fixed at 7.00%	8 years	993,347	—	—	1,000,000	1,000,000
Peso	Fixed at 5.49%	5 years	2,996,283	—	—	3,090,075	3,090,075
Peso	Fixed at 4.82%	8 years	9,989,860	10,000,000	—	—	10,000,000
Peso	Fixed at 4.4542%	3 years	4,988,606	5,000,000	—	—	5,000,000
Peso	Fixed at 3.7874%	5 years	5,972,815	—	6,000,000	—	6,000,000
Peso	Fixed at 5.6239%	5 years	7,450,002	—	7,500,000	—	7,500,000
Peso	Fixed at 6.1351%	7 years	2,478,241	—	2,500,000	—	2,500,000
Floating							
Peso	Variable at PHP BVAL rate plus margin or 28-day BSP TDF rate plus margin	3 months	9,680,205	7,300,000	2,400,000	—	9,700,000
Peso	Variable at 14-day TDF or BSP ODF and BSP Overnight RRP rate plus margin	3 months	1,253,752	95,000	1,163,750	—	1,258,750
Peso	Variable at PHP BVAL rate plus margin or RRP plus margin	3 months	7,562,497	400,000	7,200,000	—	7,600,000
Peso	Variable at PHP BVAL rate plus margin subject to a floor rate	3 months	4,874,662	200,000	4,700,000	—	4,900,000
Subsidiaries							
Short-term debt	Ranging from 2.40% to 6.50%	Monthly	35,925,377	36,065,271	—	—	36,065,271
	Ranging from 1.16% to 4.73%	Monthly	11,130,907	1,180,761	—	—	1,180,761
Long-term debt							
Fixed							
Peso and foreign currency	Fixed at 3.0445% to 6.37%	2, 4, 5, 7, 7.25, 9.5, 10, 20 years	474,549,523	34,670,668	20,863,858	422,837,964	478,372,490
Floating							
Peso	Variable	3 months	27,213,000	1,321,350	9,224,355	15,414,272	25,959,977
			₱666,759,130	₱126,621,050	₱ 80,958,463	₱452,379,311	₱659,976,824



December 31, 2023

Group	Interest terms (per annum)	Rate Fixing Period	Carrying Value	Nominal Amount			Total
				< 1 year	1 to 5 years	> 5 years	
Cash and cash equivalents	Fixed at the date of investment	Various	₱74,784,222	₱74,784,222	–	–	₱74,784,222
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	1,426,579	1,426,579	–	–	1,426,579
Accounts and notes receivable	Fixed at the date of sale or transaction	Various	1,391,439	767,530	363,571	260,338	1,391,439
Receivables from related parties	Fixed at the date of transaction	Various	22,548,944	11,308,972	3,390,934	7,849,038	22,548,944
Financial assets at amortized cost	Fixed at the date of transaction	Various	21,263,509	–	–	21,263,509	21,263,509
			₱121,414,693	₱87,287,303	₱3,754,505	₱29,372,885	₱121,414,693
Parent Company							
Short-term debt							
<i>Fixed</i>							
Peso	Ranging from 5.75% to 5.90%	Various	₱9,000,000	₱9,000,000	–	–	₱9,000,000
Long-term debt							
USD	Fixed at 3.0%	2 years	5,517,683	5,537,000	–	–	5,537,000
<i>Fixed</i>							
Peso	Fixed at 4.60%	8 years	10,093,052	880,000	9,240,000	–	10,120,000
Peso	Fixed at 4.82%	8 years	9,979,719	–	10,000,000	–	10,000,000
Peso	Fixed at 4.4542%	3 years	4,970,078	–	5,000,000	–	5,000,000
Peso	Fixed at 3.78740%	5 years	5,959,222	–	6,000,000	–	6,000,000
Peso	Fixed at 3.75%	10 years	4,411,562	250,000	1,250,000	2,937,500	4,437,500
Peso	Fixed at 3.75%	10 years	4,411,364	250,000	1,250,000	2,937,500	4,437,500
Peso	Fixed at 3.0260%	3 years	3,987,478	4,000,000	–	–	4,000,000
Peso	Fixed at 5.6239%	5 years	7,434,524	–	7,500,000	–	7,500,000
Peso	Fixed at 6.1351%	7 years	2,474,903	–	2,500,000	–	2,500,000
Peso	Fixed at 6.4393%	3 years	3,970,113	50,000	1,000,000	2,950,000	4,000,000
Peso	Fixed at 6.6958%	8 years	3,970,958	–	2,769,231	1,230,769	4,000,000
Peso	Fixed at 7.00335%	8 years	992,617	–	–	1,000,000	1,000,000
<i>Floating</i>							
Peso	Variable at PHP BVAL rate plus margin or 28-day BSP TDF rate plus margin	3 months	9,763,809	100,000	9,700,000	–	9,800,000
Peso	Variable at 3-month PHP BVAL rate plus margin or BSP Overnight RRP rate plus margin	3 months	1,347,502	95,000	1,258,750	–	1,353,750
Peso	Variable at PHP BVAL rate plus margin or RRP plus margin	3 months	7,952,049	250,000	7,750,000	–	8,000,000
Peso	Variable at PHP BVAL rate plus margin subject to a floor rate	3 months	4,970,667	250,000	4,750,000	–	5,000,000
Subsidiaries							
Short-term debt	Ranging from 6.00% to 11.37%	Monthly	26,852,099	26,852,099	–	–	26,852,099
	Ranging from 6.30% to 8.36%	Monthly	14,019,394	14,019,394	–	–	14,019,394
Long-term debt							
<i>Fixed</i>							
Peso and foreign currency	Fixed at 3.0445% to 6.37%	2, 4, 5, 7, 7.25, 9.5, 10, 20 years	404,375,722	49,461,151	34,670,668	350,633,836	434,765,655
<i>Floating</i>							
Peso	Variable	3 months	15,272,000	16,836	779,596	14,365,268	15,161,700
			₱561,726,515	₱111,011,480	₱105,418,245	₱376,054,873	₱592,484,598



Foreign exchange risk

The Group's foreign exchange risk results primarily from movements of the PHP against other currencies. The Group's consolidated statements of income can be affected significantly by movements in the USD and other currencies versus the PHP. In 2024 and 2023, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

IMI Group

The IMI Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2024 and 2023, IMI entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

IMI Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than IMI's functional currency. Approximately 52% and 51% of IMI Group's sales for the years ended December 31, 2024 and 2023, respectively, and 53% and 53% of costs for the years ended December 31, 2024 and 2023, respectively, are denominated in currencies other than IMI's functional currency.

IMI Group manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider hedging any material exposure where appropriate.

ACEIC Group

The ACEIC Group's foreign exchange risk is limited to certain foreign currency denominated cash and cash equivalents, receivables and payables, resulting primarily from the movements of the Philippines Peso against the US dollar. For ACEIC Group's subsidiaries with functional currency in US\$, financial assets and liabilities are translated into Philippine peso, the presentation currency of the Group, using closing exchange rate prevailing at the reporting date, and respective income and expenses at the average rate for the period. These include the assets and liabilities of ACRI and its subsidiaries composed of dollar denominated cash and cash equivalents, receivables from related parties , accrued interest receivable, financial assets at amortized cost, investments in financial assets at FVOCI, investments in associates and joint ventures, accounts and other payables, and short-term and long-term debt with US\$ functional currency, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and the respective income and expenses at the average rate for the period. Assets and liabilities of ACEFIL, ACEIC Cayman, ACETI and subsidiaries, ACEC, ACEN Finance and ACE HKL which are in US\$ functional currency were likewise translated to the Group's presentation currency. The exchange difference arising on the translation are recognized in OCI under "Cumulative Translation Adjustments".

Information on the Ayala Group's significant foreign currency-denominated monetary assets and liabilities and their Php equivalent follows:

	December 31, 2024		December 31, 2023	
	US\$	Php Equivalent*	US\$	Php Equivalent*
	(In Thousands)			
Assets				
Cash and cash equivalents	US\$402,313	₱23,284,960	US\$492,256	₱27,256,230
Accounts and notes receivables	298,173	17,279,695	1,840,083	103,018,505
Other financial assets	8,943	509,644	642,084	35,552,172
Other noncurrent assets	—	—	2,048	113,407
Total assets	709,429	41,074,299	2,967,471	165,940,314

(Forward)



	December 31, 2024		December 31, 2023	
	US\$	Php Equivalent*	US\$	Php Equivalent*
(In Thousands)				
Liabilities				
Accounts payable and accrued expenses	US\$19,411	₱1,110,772	US\$1,012,036	₱56,036,439
Other current liabilities	16	842	33,024	1,828,518
Short-term debt	—	—	—	—
Long-term debt	332,493	19,272,243	2,615,858	144,840,038
Other noncurrent liabilities	199	10,106	13,226	732,312
Total liabilities	352,119	20,393,963	3,674,144	203,437,307
Net foreign currency denominated assets (liabilities)	US\$357,310	₱20,680,336	(US\$706,673)	(₱37,496,993)

*Translated using the exchange rate at the reporting date (US\$1:₱57.85 on December 31, 2024 and US\$1:₱55.37 on December 31, 2023).

	December 31, 2024		December 31, 2023	
	JPY	Php Equivalent*	JPY	Php Equivalent*
(In Thousands)				
Assets				
Cash and cash equivalents	JPY427,554	₱156,641	JPY305,856	₱119,692
Accounts and notes receivable	430,641	157,772	628,059	248,532
Other noncurrent assets	—	—	2,339	916
Total assets	858,195	314,413	936,254	369,140
Liabilities				
Accounts payable and accrued expenses	991,990	363,430	834,667	326,635
Other current liabilities	50,122	18,363	—	—
Short-term debt	101,543	37,202	97,902	38,312
Long-term debt	295,299	108,187	51,426	20,125
Other noncurrent liabilities	114,529	41,959	157,545	61,653
Total liabilities	1,553,483	569,141	1,141,540	446,725
Net foreign currency denominated liabilities	(JPY695,288)	(₱254,728)	(JPY205,286)	(₱77,585)

*Translated using the exchange rate at the reporting date (JPY1:₱0.3664 on December 31, 2024 and JPY1:₱ 0.3779 on December 31, 2023).

	December 31, 2024		December 31, 2023	
	RMB	Php Equivalent*	RMB	Php Equivalent*
(In Thousands)				
Assets				
Cash and cash equivalents	RMB159,603	₱1,284,328	RMB186,708	₱1,459,617
Accounts and notes receivables	189,341	1,523,625	293,128	2,291,573
Total assets	348,944	2,807,953	479,836	3,751,190
Liabilities				
Accounts payable and accrued expenses	205,020	1,649,634	299,797	2,343,708
Other current liabilities	14,622	117,664	19,656	153,662
Short-term debt	1,000	8,047	9,950	77,786
Other noncurrent liabilities	116,288	935,767	34,605	270,531
Total liabilities	336,930	2,711,112	364,008	2,845,687
Net foreign currency denominated assets	RMB12,014	₱96,841	RMB115,828	₱905,503

*Translated using the exchange rate at the reporting date (RMB1:₱8.060 on December 31, 2024 and RMB1:₱7.8176 on December 31, 2023).



	December 31, 2024		December 31, 2023	
	EUR	Php Equivalent*	EUR	Php Equivalent
(In Thousands)				
Assets				
Cash and cash equivalents	EUR 24,995	₱1,505,998	EUR 11,168	₱684,061
Accounts and notes receivable	89,988	5,423,028	95,599	5,853,300
Other current assets	—	—	5,497	336,664
Other noncurrent assets	1,080	65,042	1,587	97,233
Total assets	116,063	6,994,068	113,851	6,971,258
Liabilities				
Accounts payable and accrued expenses	33,286	2,005,525	46,743	2,862,332
Other current liabilities	1,451	87,714	2,442	149,596
Short term debt	957	57,675	1,773	108,567
Long-term debt	52,063	3,143,672	2,694	165,008
Other noncurrent liabilities	2,798	168,609	4,315	264,297
Total liabilities	90,555	5,463,195	57,967	3,549,800
Net foreign currency denominated assets	EUR 25,508	₱1,530,873	EUR 55,884	₱3,421,458

*Translated using the exchange rate at the reporting date (EUR1: ₱60.0188 on December 31, 2024 and EUR1: ₱61.2239 on December 31, 2023).

	December 31, 2024		December 31, 2023	
	VND	Php Equivalent*	VND	Php Equivalent
(In Thousands)				
Liabilities				
Accounts payable & accrued expenses				
Other current liabilities	VND 6,290,944	₱14,276	6,290,944	15,008
Other noncurrent liabilities				
Total liabilities	6,290,944	14,276	6,290,944	15,008
Net foreign currency denominated assets	(VND 6,290,944)	(₱14,276)	(VND 6,290,944)	(₱15,008)

*Translated using the exchange rate at the reporting date (VND1: ₱0.0023 on December 31, 2024 and VND1: ₱0.0023 on December 31, 2023).

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (amounts in thousands).

Currency	Increase (decrease) in Peso per foreign currency	Increase (decrease) in profit before tax	
		2024	2023
US\$	₱1.00 (1.00)	₱90,416 (90,416)	₱2,770 (2,770)
JPY	1.00 (1.00)	(695,288) 695,288	(205,286) 205,286
RMB	1.00 (1.00)	12,015 (12,015)	115,828 (115,828)
EUR	1.00 (1.00)	25,507 (25,507)	55,884 (55,884)
VND	1.00 (1.00)	(6,290,944) 6,290,944	(6,290,944) 6,290,944

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



Equity price risk

Financial assets at FVTPL and FVOCI are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, the country's economic performance, political stability, and domestic inflation rates, these prices change, reflecting how market participants view the developments. The Group's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each sector and market.

The Group has not presented the sensitivity of change in market index to reasonably possible change due to the insignificance of impact of effect on equity.

Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues, both on-shore and off-shore.

ALI Group

ALI Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. ALI Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

IMI Group

IMI Group's exposure to liquidity risk relates primarily to its short-term and long-term obligations. IMI Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. IMI Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, IMI Group regularly evaluates its projected and actual cash flows. To cover financing requirements, IMI Group intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.



The table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2024 and 2023, based on contractual undiscounted payments.

	December 31, 2024				
	< 1 year	1 to < 2 years	2 to < 3 years	> 3 years	Total
	(In Thousands)				
Accounts payable and accrued expenses					
Accounts payable	₱150,013,024	₱-	₱-	₱-	₱150,013,024
Accrued expenses	12,798,690	-	-	-	12,798,690
Personnel costs	7,046,081	-	-	-	7,046,081
Retention payable	5,120,029	-	-	-	5,120,029
Related parties	4,544,179	-	-	-	4,544,179
Project costs	2,914,953	-	-	-	2,914,953
Dividends payable	2,805,520	-	-	-	2,805,520
Long-term debt	61,186,800	291,090,290	58,341,272	183,612,430	594,230,792
Short-term debt	75,556,284	-	-	-	75,556,284
Deposits and deferred credits	21,831,822	-	-	28,137,069	49,968,891
Lease liabilities	4,916,152	4,692,853	4,541,970	21,220,601	35,371,576
Liability for purchased land	4,963,944	-	-	5,044,725	10,008,669
Interest payable*	17,542,568	32,220,597	26,761,234	35,549,650	112,074,049
Nontrade payable	1,414,404	-	-	-	1,414,404
Subscription payable	-	507,550	-	-	507,550
Other liabilities	257,918	-	-	9,793,016	10,050,934
	₱372,912,368	₱328,511,290	₱89,644,476	₱283,357,491	₱1,074,425,625
<hr/>					
	December 31, 2023				
	< 1 year	1 to < 2 years	2 to < 3 years	> 3 years	Total
	(In Thousands)				
Accounts payable and accrued expenses					
Accounts payable	₱129,984,567	₱-	₱-	₱-	₱129,984,567
Accrued expenses	14,319,911	-	-	-	14,319,911
Personnel costs	6,824,748	-	-	-	6,824,748
Retention payable	5,077,135	-	-	-	5,077,135
Related parties	4,814,623	-	-	-	4,814,623
Project costs	2,725,045	-	-	-	2,725,045
Dividends payable	2,388,389	-	-	-	2,388,389
Long-term debt	49,703,052	202,957,283	79,258,978	210,693,792	542,613,105
Short-term debt	49,871,494	-	-	-	49,871,494
Deposits and deferred credits	37,425,487	-	-	31,372,935	68,798,422
Lease liabilities	3,243,754	2,234,928	4,692,853	22,271,935	32,433,470
Liability for purchased land	7,508,478	-	-	7,043,929	14,552,407
Interest payable*	23,699,006	39,692,585	29,038,726	44,094,536	136,524,853
Nontrade payable	1,218,747	-	-	-	1,218,747
Subscription payable	-	507,550	-	-	507,550
Other liabilities	305,149	-	-	5,562,149	5,867,298
	₱339,109,585	₱245,392,346	₱112,990,557	₱321,039,276	₱1,018,531,764

*includes future interest payments

Cash and cash equivalents, short-term investments and financial assets at FVTPL are used for the Group's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section.

Credit risk

Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's holding of cash and cash equivalents and short-term investments and receivables from customers and other third parties exposes the Group to credit risk of the counterparty. Credit risk management involves dealing with institutions for which credit limits have been established. The Treasury and Financial Policies of the individual subsidiaries set credit limits for their counterparty. The Group trades only with recognized, creditworthy third parties and has a well-defined credit policy and established credit procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.



The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

Given the Group's diverse base of counterparties, the Group is not exposed to large concentrations of credit risk.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is equal to the carrying values.

Part of the policies is the performance of impairment analysis for the credit accounts (see Note 3).

ALI Group

ALI Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, ALI Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. ALI Group also undertakes supplemental credit review procedures for certain installment payment structures. ALI Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with ALI Group security deposits and advance rentals which helps reduce ALI Group's credit risk exposure in case of defaults by the tenants. For existing tenants, ALI Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVTPL and financial assets at FVOCI. ALI Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, ALI Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.



ALI Group's maximum exposure to credit risk as of December 31, 2024 and 2023 is equal to the carrying values of its financial assets.

Given ALI Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate is based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2024 and 2023, the exposure at default amounts to ₡37,066.7 million and ₡23,669.3 million, respectively. The average expected credit loss rate is 1.58% and 1.70% (over total receivables) that resulted in the ECL of ₡3,014.5 million and ₡2,783.7 million as of December 31, 2024 and December 31, 2023, respectively.

IMI Group

The credit evaluation reflects the customer's overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that IMI Group's exposure to bad debts is not significant.

The aging analysis of accounts and notes receivables that are past due follows:

<u>December 31, 2024</u>		Trade Receivable Days Past Due							
	Current	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Total	
(In Thousands)									
Expected credit loss rate									
Trade:									
Real estate and Hotels	₱120,281,608	₱6,034,339	₱3,409,509	₱1,398,621	₱19,271,717	₱13,578,426	₱43,692,612	₱163,974,220	
Industrial Technologies	10,710,293	1,627,989	361,681	234,232	118,422	410,796	2,753,120	13,463,413	
Automotive	1,272,282	915,943	311,599	200,065	78,783		1,791,403	3,063,685	
Power	4,407,537	997,633	296,056	359,922	67,396	1,245,626	2,966,633	7,374,170	
Logistics	81,544	254,663	290,481	284,981	124,604	2,420,823	3,375,552	3,457,096	
Outsourcing	299,013	136,693	34,590	6,887	103,204	285,013	281,374	580,387	
International and others	823,516	542,876	147,803	166,099	357,402	628,019	1,842,199	2,665,715	
Receivable from related parties	126,112	175,048	122,320	60,052	63,222	224,233	644,875	770,987	
Total	138,001,905	10,685,184	4,974,039	2,710,859	20,184,750	18,792,936	57,347,768	195,349,673	
Expected credit loss	446,356	2,357	2,387	5,870	2,233	2,220,407	2,233,254	2,679,610	
<u>December 31, 2023</u>									
	Current	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Total	
(In Thousands)									
Expected credit loss rate	0.26%	0.05%	0.15%	0.46%	0.03%	11.05%			
Trade:									
Real estate and Hotels	₱110,731,398	₱8,810,639	₱1,546,640	₱970,699	₱6,314,425	₱10,110,567	₱27,752,970	₱138,484,368	
Industrial Technologies	12,128,591	1,591,374	483,272	261,877	63,451	695,368	3,095,342	15,223,933	
Automotive	1,196,560	465,473	214,046	121,386	184,051	341,143	1,326,099	2,522,659	
Power	6,417,012	607,429	934,730	123,658	396,781	1,168,615	3,231,213	9,648,225	
Logistics	71,341	43,432	84,262	76,758	102,383	2,678,439	2,985,274	3,056,615	
Outsourcing	327,421	91,256	21,376	30,260	42,954	—	185,845	513,265	
International and others	1,035,912	414,304	309,016	136,750	135,220	379,705	1,374,995	2,410,907	
Receivable from related parties	117,203	153,948	43,218	140,617	72,482	301,104	711,369	828,572	
Total	132,025,438	12,177,855	3,636,560	1,862,005	7,311,747	15,674,941	40,663,107	172,688,544	
Expected credit loss	340,232	6,432	5,463	8,493	2,304	1,731,619	1,754,311	2,094,543	



33. Fair Value Measurement and Derivative Instruments

Fair Value of Financial and Nonfinancial Instruments

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the following financial instruments as of December 31, 2024 and 2023 (amounts in thousands):

	2024			2023
	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS AT FVTPL				
Financial assets at FVTPL - current	₱11,313,625	₱11,313,625	₱7,307,324	₱7,307,324
Convertible loans - noncurrent	3,111,352	3,111,352	3,812,204	3,812,204
Derivative assets				
Freestanding	4,889,291	4,889,291	6,447,640	6,447,640
Total financial assets at FVTPL	19,314,268	19,314,268	17,567,168	17,567,168
AT AMORTIZED COST				
Accounts and notes receivables	215,920,691	214,041,340	278,894,635	277,493,736
Financial assets at amortized cost	17,918,405	14,421,881	21,633,799	18,137,275
Total financial assets at amortized cost	233,839,096	228,463,221	300,528,434	295,631,011
FINANCIAL ASSETS AT FVOCI				
Quoted equity investments	7,804,486	7,804,486	8,547,147	8,547,147
Unquoted equity investments	4,124,208	4,124,208	3,339,756	3,339,756
Total financial assets at FVOCI	11,928,694	11,928,694	11,886,903	11,886,903
OTHER FINANCIAL ASSETS				
Deposits	11,647,652	11,647,652	14,950,639	14,950,639
Total other financial assets	11,647,652	11,647,652	14,950,639	14,950,639
Total financial assets	₱276,729,710	₱271,353,835	₱344,933,144	₱340,035,721
FINANCIAL LIABILITIES AT FVTPL				
Financial liabilities on put option	₱-	₱-	₱-	₱-
Derivative liabilities	257,918	257,918	305,149	305,149
	₱257,918	₱257,918	₱305,149	₱305,149
OTHER FINANCIAL LIABILITIES				
Long-term debt	₱591,202,846	₱550,837,604	₱539,972,244	₱520,203,684
Service concession obligation	-	-	-	-
Deposits and other noncurrent liabilities	54,621,935	55,001,502	65,494,928	66,296,635
Total other financial liabilities	645,824,781	605,839,106	605,467,172	586,500,319
Total financial liabilities	₱646,082,699	₱606,097,024	₱605,772,321	₱586,805,468

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

Financial assets at FVTPL – Fair values of investment securities are based on quoted prices as of the reporting date. For other investment securities such as FVTPL with no reliable measure of fair value, these are carried at its last transaction price. For convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.



Derivative instrument – The fair value of the freestanding currency forwards is based on counterparty valuation.

Noncurrent trade and nontrade receivables – The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 6.09% to 6.61% and 1.66% to 11.5% as of December 31, 2024 and 2023.

Financial assets at amortized cost includes investments in RPS and convertible loans. For investment in RPS and convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

Financial assets at FVOCI investment in bonds - fair value of the bonds is based on binomial lattice approach.

Financial assets at FVOCI quoted equity securities – fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties.

Derivative liability the fair value of the derivative liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

Other financial liabilities - noncurrent - The fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged 3.02% to 8.52% and 5.24% to 6.08% as of December 31, 2024 and 2023 respectively. This also include the contingent consideration related to the acquisition of STI determined based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital. The discount rate is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital. The contingent liability was fully reversed in 2019.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

The following table shows the fair value hierarchy of the Group's assets and liabilities as of December 31, 2024 and 2023 (amounts in thousands):

2024	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring financial assets measured at fair value				
Financial assets at FVTPL - current	P-	P471,010	P10,842,615	P11,313,625
Convertible loans - noncurrent	–	–	3,111,352	3,111,352
Derivative assets				
Freestanding	–	4,889,291	–	4,889,291
Financial assets at FVTPL	P-	P5,360,301	P13,953,967	P19,314,268
Quoted equity investments	P568,690	P7,235,796	P–	P7,804,486
Unquoted equity investments	–	–	4,124,208	4,124,208
Financial assets at FVOCI	P568,690	P7,235,796	P4,124,208	P11,928,694



	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring financial assets for which fair values are disclosed				
Noncurrent trade and nontrade receivables	P-	P-	P80,093,930	P80,093,930
Financial assets at amortized cost	-	-	14,421,881	14,421,881
Deposits	-	-	11,647,652	11,647,652
Financial assets at amortized cost	P-	P-	P106,163,463	P106,163,463
Recurring financial liabilities measured at fair value				
Financial liabilities on put option	P-	P-	P-	P-
Derivative liabilities	-	257,918	-	257,918
Financial liabilities at FVTPL	P-	P257,918	P-	P257,918
Recurring financial liabilities for which fair values are disclosed				
Long-term debt	P-	P-	P550,837,604	P550,837,604
Deposits and other noncurrent liabilities	-	-	55,001,502	55,001,502
Other financial liabilities	P-	P-	P605,839,106	P605,839,106
Nonfinancial assets for which fair values are disclosed				
Investment properties	P-	P3,496,869	P695,278,210	698,775,079
Investments in associates and joint ventures*	478,702,961	-	-	478,702,961
Nonfinancial assets	P478,702,961	P3,496,869	P695,278,210	P1,177,478,040
2023				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring financial assets measured at fair value				
Financial assets at FVTPL - current	P-	P228,674	P7,078,649	P7,307,324
Convertible loans - noncurrent	-	-	3,812,204	3,812,204
Derivative assets	-	-	-	-
Freestanding	-	6,447,640	-	6,447,640
Financial assets at FVTPL	-	6,676,314	10,890,853	17,567,168
Quoted equity investments	461,237	8,085,910	-	8,547,147
Unquoted equity investments	-	-	3,339,756	3,339,756
Financial assets at FVOCI	461,237	8,085,910	3,339,756	11,886,903
Recurring financial assets for which fair values are disclosed				
Noncurrent trade and nontrade receivables	P-	P-	P59,313,501	P59,313,501
Financial assets at amortized cost	-	-	18,137,275	18,137,275
Deposits	-	-	14,950,639	14,950,639
Financial assets at amortized cost	P-	P-	P92,401,415	P92,401,415
Recurring financial liabilities measured at fair value				
Financial liabilities on put option	P-	P-	P-	P-
Derivative liabilities	-	305,149	-	305,149
Financial liabilities at FVTPL	P-	P305,149	P-	P305,149
Recurring financial liabilities for which fair values are disclosed				
Long-term debt	P-	P-	P520,203,684	P520,203,684
Deposits and other noncurrent liabilities	-	-	66,296,635	66,296,635
Other financial liabilities	P-	P-	P586,500,319	P586,500,319
Nonfinancial assets for which fair values are disclosed				
Investment properties	P-	P-	P658,425,255	P658,425,255
Investments in associates and joint ventures*	411,923,435	-	-	411,923,435
Nonfinancial assets	P411,923,435	P-	P658,425,255	P1,070,348,690

*Fair value of material investments in listed associates and joint ventures for which there are published price quotations, including the BPI shares held by Lontide Holdings, Inc.



There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table presents the valuation techniques and unobservable key inputs used to value the Group's financial assets and liabilities categorized as Level 3:

December 31, 2024

	Valuation Technique	Significant Unobservable Input	Range (weighted average)
Assets for which fair value was disclosed			
Financial assets at FVOCI	Mark to market Approach	Published price quotations	₱0.008 to 160,000,000 per share
Notes receivable	DCF method	Discount rate	4.00% to 15.00%
Investment properties			
Land	Market data Approach	Price per square meter	₱2,486 to ₱2,000,000 per Sqm.
Buildings and Improvements	DCF method	Discount rate	5.00% to 13.00%

December 31, 2023

	Valuation Technique	Significant Unobservable Input	Range (weighted average)
Assets for which fair value was disclosed			
Financial assets at FVOCI	Mark to market Approach	Published price quotations	₱0.008 to 120,000,000 per share
Notes receivable	DCF method	Discount rate	4.89% to 6.41%
Investment properties			
Land	Market data Approach	Price per square meter	₱650 to ₱433,000 per square meter
Buildings and Improvements	DCF method	Discount rate	8.00% to 10.00%

ACEIC Group categorizes equity instruments at FVOCI, loans payable and notes payable under Level 3 valuation techniques:

Equity instruments at FVOCI

Management uses the discounted cash flow technique in estimating the fair value of the financial instruments. Based on the financial performance and financial position of the investee entity, management estimates the amount and timing of the future cash inflow arising from redemption. This is a Level 3 valuation technique.

Loans and Notes payable

The estimated fair values are based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 3.02% to 8.52% and 1.03% to 8.88% as at December 31, 2024 and 2023, respectively. This is a Level 3 valuation technique.

ALI Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value. Investment in Arch Capital Fund amounting to ₱180.0 million and ₱191.1 million as of December 31, 2024, and 2023, respectively, were classified under Level 3. Investment in Unit Investment Trust Fund (UITF) amounting to ₱471.0 million and ₱228.7 million as of December 31, 2024, and 2023, respectively, were classified under Level 2. Quoted FVOCI financial assets amounting to ₱567.9 million and ₱416.2 million as of



December 31, 2024, and 2023, respectively, were classified under Level 1. Unquoted FVOCI financial assets amounting to ₫699.7 million and ₫660.7 million as of December 31, 2024 and 2023, respectively, were classified under Level 3.

A reconciliation of the beginning and closing balances of Level 3 financial assets and liabilities at FVTPL are summarized below:

Financial Assets at FVTPL	2024	2023
At January 1	₱10,890,853	₱14,864,588
Additions (Disposals)	2,923,452	(3,912,487)
Recognized in consolidated statement of income	—	21,764
Exchange difference and others	139,662	(83,012)
At December 31	₱13,953,967	₱10,890,853

Financial Liabilities at FVTPL	2024	2023
At January 1	₱—	₱124,456
Recognized in consolidated statement of income	—	—
Exchange difference and others	—	(124,456)
At December 31	₱—	₱—

Derivatives

	2024	2023
Derivative Assets		
Call option of AC Industrial and AC Health	₱—	₱—
Forward contract of Parent Company, ACEIC, IMI and AIVPL	4,889,291	6,447,640
	₱4,889,291	₱6,447,640
Derivative Liabilities		
Put option and forward contract of Parent Company, IMI and ACEIC	₱257,918	₱305,149

Embedded derivatives

BHL

Convertible bonds

In June 2014, BHL invested VND113 billion (equivalent to USD5.3 million) in CII convertible bonds through its wholly owned subsidiary, VIP. These bonds have a maturity of 5 years, and a coupon rate of 5% per annum.

On June 23, 2016, the third bond conversion exercise, BHL Group converted 69,235 bonds into 6,293,461 shares at a closing price of VND 26,500 per share. Based on the initial bond offering submission made by CII, the conversion ratio would be 90.9:1 (1 convertible bond to 90.9 shares), where the number of converted shares will be rounded down to the next last whole number. This conversion increased the investment in CII shares by VND 166.6 billion (equivalent to US\$7.5 million).

BHL Group recognized a total gain of VND 37.9 million (US\$1.7 million) on the conversion exercise, out of which VND 28.3 million (US\$1.3 million) was the gain on the difference between the CII share price on the date of conversion and the carrying amount of convertible bond, and VND 9.6 million (US\$ 0.4 million) was the gain on the realization of the valuation reserve previously recorded on the convertible bonds (see Note 24).



In 2017, the last bond conversion exercise, BHL Group converted 43,755 bonds into 3,977,329 shares at a closing price of VND 37,250 per share. Based on the initial bond offering submission made by CII, the conversion ratio would be 90.9:1 (1 convertible bond to 90.9 shares), where the number of converted shares will be rounded down to the next last whole number. This conversion increased the investment in CII shares by VND 148.2 billion (equivalent to US\$6.7 million). BHL Group recognized a total gain of VND 91.4 billion (US\$4.0 million) on the conversion exercise, out of which VND 35.7 billion (US\$1.6 million) was the gain on the difference between the CII share price on the date of conversion and the carrying amount of convertible bond, and VND 55.7 million (US\$2.4 million) was the gain on the realization of the valuation reserve previously recorded on the convertible bonds (see Note 24).

Fair Value Changes on Derivatives

The net movements in fair values of the Group's derivative instruments as of December 31, 2024 and 2023 follow (amounts in thousands):

Derivative Assets

	2024	2023
Balance at beginning of year	₱6,447,640	₱679,434
Additions (disposals) during the year	(1,558,349)	5,768,206
Balance at end of year	₱4,889,291	₱6,447,640

Derivative Liabilities

	2024	2023
Balance at beginning of year	₱305,149	₱366,921
Net changes in fair value of derivatives	(47,231)	(61,772)
Balance at end of year	₱257,918	₱305,149

No other financial assets or liabilities are carried at fair value as of December 31, 2024 and 2023.

Derivative asset included in additions during the year amounting to AUD\$139.21 million (₱5,162.81 million) pertains to the 20-year LTESA secured by ACEN Australia for its solar projects at the NSW Government's first renewable energy and storage auction, with corresponding recognition of deferred revenue

Net changes in fair value of derivative assets and liabilities was recognized in the consolidated statement of income under "Other Income". However, the net changes in fair value of IMI Group's freestanding currency forward are recognized in the consolidated income under "Foreign exchange gains (losses)" (see Note 22).

34. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

2024	January 1, 2024	Cash Flows	Non-cash Changes	Change due to loss of control (Note 24)	Foreign Exchange Movement	December 31, 2024
Short-term debt and long-term debt	₱589,843,737	₱70,827,025	₱454,406	(₱1,419,648)	₱7,053,610	₱666,759,130
Dividends payable	3,379,776	(10,012,625)	9,571,599*	—	—	2,938,750
Other noncurrent liabilities	49,472,112	4,510,665	119,204	(105,883)	—	53,996,098
Lease liabilities	30,705,536	(2,775,815)	5,576,945**	—	(64,690)	33,441,976
Total liabilities from financing activities	₱673,401,161	₱62,549,250	₱15,722,154	(₱1,525,531)	₱6,988,920	₱757,135,954



2023

	January 1, 2023	Cash Flows	Non-cash Changes	Change due to loss of control (Note 24)	Foreign Exchange Movement	December 31, 2023
Short-term debt and long-term debt	₱552,487,867	₱39,830,999	(₱163,671)	(₱1,399,354)	(₱912,104)	₱589,843,737
Dividends payable	16,383,289	(9,341,869)	(3,661,644)*	—	—	3,379,776
Other noncurrent liabilities	49,043,265	(4,819,990)	5,209,642	39,195	—	49,472,112
Lease liabilities	30,343,440	(2,971,192)	3,351,233**	—	(17,945)	30,705,536
Service concession obligation	111,795	—	—	(111,795)	—	—
Total liabilities from financing activities	₱648,369,656	₱22,697,948	₱4,735,560	(₱1,471,954)	(₱930,049)	₱673,401,161

2022

	January 1, 2022	Cash Flows	Non-cash Changes	Acquisition of subsidiary (Note 23)	Change due to loss of control (Note 24)	Foreign Exchange Movement	December 31, 2022
Short-term debt and Long-term debt	₱478,516,574	₱63,837,128	₱173,785	₱8,741,644	(₱13,380,341)	₱14,599,077	₱552,487,867
Dividends payable	2,728,156	(8,182,808)	21,837,941*	—	—	—	16,383,289
Other noncurrent liabilities	64,501,574	(15,866,053)	(561,952)	978,923	(9,227)	—	49,043,265
Lease liabilities	27,613,757	(3,029,674)	4,063,922**	1,632,351	—	63,084	30,343,440
Service concession obligation	101,030	—	10,765**	—	—	—	111,795
Total liabilities from financing activities	₱573,461,091	₱36,758,593	₱25,524,461	₱11,352,918	(₱13,389,568)	₱14,662,161	₱648,369,656

*pertains to dividends declared during the year

**pertains generally to additions during the year

The Group's noncash investing and financing activities are as follows:

2024

- Transfer from property and equipment to investment properties amounting to ₱3,603.7 million
- Transfer from inventories to investment properties amounting to ₱1,935.95 million
- Capitalized interest in investment properties amounted to ₱614.8 million
- Recognition of ROU asset and lease liabilities (refer to Note 30)
- Distribution of property dividend amounting to ₱847.3 million
- The acquisition of the partners' 50% shares in CDPEI resulted in the assumption of the fair values of its inventory, investment property and payables amounting to ₱6,930.6 million, ₱854.8 million and ₱7,759.0 million, respectively.

2023

- Transfer from investment properties to inventories amounting to ₱9,411.0 million
- Transfer from property and equipment to investment properties amounting to ₱4,702 million
- Transfer from inventory to property, plant and equipment amounting to ₱9 million
- Capitalized interest in investment properties amounted to ₱683.1 million
- Recognition of ROU asset and lease liabilities (refer to Note 30)
- Distribution of property dividend amounting to ₱12,480.8 million
- Loss of control over ACEHI resulting to:
 - Derecognition of investment in joint venture in Salak Darajat amounting to ₱11,551 million
 - Recognition in investment in associate amounting to ₱12,668 million
- Recognition of derivative asset and deferred revenue arising from accounting for LTESA (see Note 2)

2022

- Transfer from investment properties to inventories amounting to ₱16,875.0 million
- Transfer from property and equipment to investment properties amounting to ₱5,597.3 million
- Capitalized interest amounted to ₱1,530.2 million
- Recognition of ROU asset and lease liabilities (refer to Note 30)
- Declaration of property dividend amounting to ₱14,147.9 million



The cash flows from the increase in non-controlling interests in 2024 and 2023 are as follows:

2024

- Property-for-share swap between ALI and AREIT amounting ₱9,040.9 million (see Note 2)
- ALI's buy-back of shares for total consideration of ₱6,585.1 million (see Note 2).

2023

- Property-for-share swap between ALI and AREIT amounting ₱1,848.1 million;
- Acquisition of 20% stake in UPC-ACE Australia amounting to ₱2,864.6 million
- Exercise of exchangeable notes of AC Logistics in Air21 amounting to ₱2,506.2 million
- Issuance and listing of preferred shares by ACEN amounting to ₱24,828.4 million

2022

- Additional infusion from minority shareholders of ACEN amounting to ₱10,559.7.7 million
- Acquisition of ALI shares resulting to cash outflow amounting to ₱12,506.9 million

35. Commitments

Parent Company

The Parent Company acted as guarantor to AYCFL's term loans and borrowings as follows:

Description of loans and borrowings	Date Contracted	2024		2023
		(Amounts in thousands)		
US\$400.0 million Perpetual Undated Notes	September 23, 2021	US\$400,000		US\$400,000
US\$400.0 million Perpetual Undated Notes	October 31, 2019	365,000		365,000
US\$400.0 million Perpetual Undated Notes	September 13, 2017	259,880		259,880
US\$100 million Social Bond	January 14, 2022	100,000		100,000
		US\$1,124,880		US\$1,124,880

Parent Company Guarantee

The Parent Company unconditionally guarantees the due and punctual payment of these loan drawdowns if, for any reason AYCFL does not make timely payment of the amount due. The Parent Company's obligation as guarantor will remain in full force until no sum remains to be lent by the lenders, and the lenders recover the outstanding loan drawdowns (see Note 18).

The loan agreements on long-term debt of the Parent Company and AYCFL provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Parent Company as of December 31, 2024 and 2023. The Parent Company aims to maintain for its debt-to-equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFL.

ALI Group

Assignment Agreement between Metro Rail Transit Corporation (Metro Rail) and MRTDC

On August 8, 1997, an Assignment Agreement was executed between Department of Transportation and Communications (DOTC), Metro Rail whereby MRTDC agreed to be bound by all obligations in respect of the Development Rights and make payments to DOTC.



ALI-SPI

On May 12, 2014, ALI has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. ALI will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

Restructure Agreement

On February 26, 2021, ALI Group entered into agreements to restructure the long-outstanding receivables from MGHI, Panay Medical Ventures, Inc., Mercado General Hospital Sta. Rosa, Inc. and Mercado General Hospital San Jose Del Monte, Inc. amounting to ₱422.1 million, to a 5-year loan with interest rate of 4% per annum. (see Note 31)

Concession Agreement between ASITI and DOTr

On January 26, 2016, ALI Group through ASITI entered into a Concession Agreement (CA) with the Department of Transportation (DOTr). The CA sets forth the rights and obligations of ASITI as concessionaire, including the construction and operation of the South Integrated Transport System Project (the Project) of DOTr. During the concession period, DOTr will monitor and review the performance of the concessionaire.

The concession will run for a period of 35 years from the start of the construction of the Project. Under the terms of the concession agreement, ASITI will design, engineer, construct, operate and maintain a mass transportation intermodal terminal at the outskirts of Metro Manila. The operation of the Project includes the collection and remittance of terminal fees to DOTr of the concessionaire during the concession period. In addition, ASITI will be permitted to develop and operate commercial leasing facilities.

Upon the start of the construction the Project, DOTr will give to ASITI the full, exclusive and uninterrupted use and possession of a 5.57 hectare property known as the Project Land. Ownership of the Project Land shall remain with DOTr at all times while the possession, custody and risk of loss or deterioration of the Project and commercial assets shall vest in the concessionaire during the concession period. ASITI shall transfer the Project and the related assets, free from any liens or encumbrances, to DOTr at the end of the concession period. ASITI will be entitled to annual payments from DOTr amounting to ₱277.9 million during the 35-year concession period, subject to meeting benchmarks set for certain key performance indicators enumerated in the CA.

As of December 31, 2024, construction of the Project has not yet commenced.

ACEIC Group

Feed-in-Tariff (FIT)

On June 10, 2015, San Lorenzo Wind Project (SLWP) under Guimaras Wind was issued a Certificate of Endorsement for Feed-In Tariff Eligibility by the DOE. On December 1, 2015, Guimaras Wind received its Certificate of Compliance from the ERC which entitles Guimaras Wind Corporation to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034. Outstanding receivable under the FIT System amounted to ₱172.2 million and ₱184.7 million as of December 31, 2023 and 2022.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the SLWP's FIT Rate starting 2020 shall be ₱8.59/kWh.

Power Supply Agreement with MERALCO

On September 9, 2019, the bid submitted by ACEN was declared as one of the best bids of MERALCO's 1200 MW competitive selection process ("CSP"). ACEC will supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the



approval of the ERC. ACEN received a copy of the provisional ERC approval for the contract on January 31, 2020 and the final approval on May 13, 2020 for the baseload.

Mid-merit Supply

On September 11, 2019, the bid submitted by ACEN was declared as one of the best bids of MERALCO's 500 MW CSP. Under the contract, ACEN will supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of the ERC. Under the contract, ACEN will supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of the ERC. ACEN received copies of the provisional and final ERC approvals for the contract on January 31, 2020 and June 1, 2020, respectively.

Power Administration and Management Agreement (PAMA)

ACEN entered into PAMAs with its subsidiaries Bulacan Power, CIPP and One Subic Power. Under the terms of the PAMA, ACEN will administer and manage the entire capacity and net output of the foregoing entities' power plants and will pay for all electricity delivered by the power plant based on a formula as set forth in the PAMA and shall be payable monthly. The PAMAs with Bulacan Power and CIPP are valid for ten (10) years and are subject to regular review, while the PAMA with One Subic Power is valid throughout the life of the related Facilities Lease Agreement with SBMA.

On January 12, 2018, PAMAs of ACEIC Group with CIPP and Bulacan Power were amended, providing for certain capacity rates based on nominated capacity and billing of fuel recovery and utilization fee. The new PAMAs became effective starting March 26, 2018 and valid for 10 years and are subject to regular review.

On 25 September 2020, One Subic Power and ACEN executed Letter Agreement No. 01 which amended Article 5 (Supply of Electricity and Fees) of the PAMA.

Ancillary Services Procurement Agreements (ASPA) with NGCP

ACEN and certain subsidiaries executed ASPAs with NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectiveness of the provisional approval or final approval issued by the ERC. Pending ERC's issuance of a final approval, provisional approval is extended every year.

Other Electricity Supply Agreements (ESA) / Contract for the Sale of Electricity (CSE) with customers
ACEN signed contracts to supply the energy requirements of various bilateral and RES contestable customers with a duration ranging from one (1) to fifteen (15) years.

AC Infra Group

On September 12, 2015, LRMC took over the operations of LRT Line 1. In December 2015, LRMC started its rehabilitation of the existing line.

On May 3, 2021 and October 26, 2021, the Re-engineering Project and the Security Network Systems Project, respectively, were completed. As of December 31, 2022, the Engineering, Procurement and Construction (EPC) Works related to the Existing System Rehabilitation and the Rectifier Sub-Stations Rehabilitation Project are 99.9% and 99.7% complete, respectively.

As of December 31, 2024, LRMC has fully drawn its OLSA Facility totaling to ₱24.0 billion to finance the rehabilitation of existing LRT 1 system and construction of the Cavite Extension.

OLSA principal payments made for the year ended December 31, 2024 amounted to ₱133.5 million while interest payments made for the quarter ended December 31, 2024, and applicable to the YTD loan payable balance, amounts to ₱407.6 million.

Total interest payments made in 2023 amounted to ₱1,681.6 million and total drawdowns made to finance EPC payments amounted to ₱3,394.9 million.



Total interest payments made in 2022 amounted to ₱1,512.7 million and total drawdowns made to finance EPC payments amounted to ₱3,394.9 million.

Construction of the Cavite extension is expected to commence once right of way is delivered by the Grantors and is targeted to complete four years thereafter. On May 30, 2017, LRMC received the Permit to Enter certificate from the Grantors allowing LRMC to enter the concerned properties and commence the construction of Cavite extension. As of December 31, 2024, the EPC Works related to the Cavite Extension Works is 100% complete.

36. Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable.

In the opinion of the Group's management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations.

ACEIC Group

Claims for tax refund

- a. On May 19, 2022, Guimaras Wind received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind's Petition for Review for lack of merit. The CTA en banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind's claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514.98, out of the total amount claimed of ₱335,759,253, representing Guimaras Wind's excess and unutilized input value-added tax for Q3 and Q4 of 2014 and Q1 and Q2 of 2015. Guimaras Wind filed its Motion for Reconsideration (MR) to the CTA En Banc on June 3, 2022.

On June 27, 2022, Guimaras Wind received a Resolution from the CTA En Banc directing Guimaras Wind to file its Comment to the MR filed by the Commissioner of Internal Revenue within five (5) days from receipt of the said Resolution. Consequently, Guimaras Wind complied with the Resolution and filed its Comment to the CTA En Banc on July 4, 2022. The case remains pending with the CTA En Banc.

On January 17, 2023, the CTA EB issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division's Decision limiting the Guimaras Wind's entitlement to refund to a reduced amount of ₱16,149,514.98.

The CTA EB held that the Certificate of Endorsement (COE) from the Department of Energy (DOE) and the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) are both required in order for Guimaras Wind to properly avail VAT zero-rating incentives. The CTA EB also rejected the Guimaras Wind's position that its application for COC should be deemed "provisionally approved" six months from the filing of its application for a COC with the ERC.

On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. The Petition for Review is due for filing on March 6, 2023.

On January 24, 2024, the Supreme Court Third Division issued a Resolution requiring Guimaras Wind to file a Comment to the Petition for Review filed by the Commissioner of Internal Revenue within ten (10) days from receipt of the notice. Guimaras Wind filed the Comment on February 10, 2024.



On April 16, 2024, Guimaras Wind received the CIR's MOTEX to file their Comment dated April 3, 2024. On December 19, 2024, the SC Third Division issued a Resolution dated August 7, 2024, requiring Guimaras Wind to file a Reply to the Comment within ten (10) days from notice, or until January 2, 2025. Guimaras Wind filed the Reply on said date.

There is no decision or resolution as of date from the SC's Third Division.

- b. On April 12, 2017, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2015 input VAT amounting to ₱40.62 million. On February 3, 2021, the CTA denied SACASOL's Petition for Review on the ground that SACASOL failed to establish that its sales qualify for VAT zero-rating because SACASOL did not present any proof that it was issued a DOE COE, on a per transaction basis. On February 26, 2021, SACASOL filed a Motion for Reconsideration ("MR"), on the basis that there is no legal requirement for the COE to be on a per transaction basis for the VAT zero-rating of SACASOL's sales, and the VAT zero-rated sales were never disputed considering the partial grant by the BIR of SACASOL's claim for unutilized input VAT attributable to VAT zero-rated sales.

On May 6 and 20, 2021, SACASOL filed Supplemental Motions to admit additional evidence which included a DOE letter and certification confirming that a COR on a per transaction basis is not required for purposes of VAT zero-rating of RE Sales of RE Developers and such document is not actually being issued by the DOE. On September 22, 2021, CTA Third Division issued a resolution denying the Motion for Reconsideration.

On February 2, 2023, SACASOL filed a Petition for Review before the CTA En Banc. On April 27, 2023, CTA En Banc denied SACASOL Petition for Review on the basis of jurisdictional grounds. The CTA En Banc denied the Petition on the ground that the CTA Third Division purportedly has no jurisdiction to entertain the judicial claim for refund for being filed beyond the 120+30 day mandatory and jurisdictional period. The CTA En Banc counted the 120-day period from November 3, 2016 - the date when SACASOL filed its administrative claim for refund, and noted that the BIR only had until March 3, 2017 to decide the said claim. The CTA En Banc then held that since SACASOL did not receive an adverse decision from the BIR by March 3, 2017, the law considers the administrative claim as denied. According to the Decision, SACASOL had 30 days from March 3, 2017 or until April 3, 2017 to seek judicial redress. Since the Petition was only filed on April 12, 2017, the CTA is deprived of jurisdiction to hear the case.

On May 19, 2023, SACASOL filed its MR on the ground that (i) Sec112(c) does not require that the BIR acts and the taxpayer receives the decision within the 120 days; and (ii) SACASOL should be able to file the judicial claim within 30 days from receipt of the decision, as long the decision was made within the 120-day period.

On January 12, 2024, SACASOL received CTA EN Banc Resolution denying the and reiterated its earlier ruling that CTA has no jurisdiction for failure of SACASOL to file its judicial claim for refund within the 120+30 days period from the filing of its administrative claim. The CTA En Banc ruled that the issues in the MR were already addressed, discussed and found wanting in its earlier Decision. On 25 January 2024, SACASOL filed Petition for Extension to File Petition for Review with the Supreme Court. As at March 11, 2024, SACASOL have not received any orders from the Supreme Court relating to the case.

Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and ACEN received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions.

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared OSPGC and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with



trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports.

On July 7, 2023, the PEMC Board issued a Notice on Investigation Report which approves the imposition of penalty amounting to P=700,000 against One Subic Power for breach of MOR. The said breaches were broken down as follows: four breaches in 2014, one breach in 2015, one breach in 2016, and one breach in 2019.

In the May 5, 2023 PEM Board Action letter, the PEM Board cleared Bulacan Power of 10,821 trading intervals, and released its findings and found NO breaches for Bulacan Power for said trading intervals during the January 2015-December 2015 and January 2016-December 2016 investigation periods.

As for CIP II, no breach was found for all the trading intervals from 2014-2021. The PEMC Board issued a Certification dated 24 July 2023 certifying that the investigation cases have been closed and finally disposed of by PEMC.

Refund of Market Transaction Fee from PEMC

On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering the PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The Commission determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.2 million which shall be apportioned among all the Luzon and Visayas participants. The ERC directed PEMC to implement the refund over twelve (12) months beginning on the next billing month upon receipt of the relevant Decision.

PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the PEMC and directed PEMC to submit its plan of action for the refund scheme. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

37. Renewable Energy Act of 2008

Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, which shall be known as the “Renewable Energy Act of 2008” or “RE” (the Act), became effective on January 30, 2009.

As provided for in the Act, developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments, shall be entitled to the following incentives, among others:

- i. Income Tax Holiday (ITH) – For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
- ii. Duty-free Importation of RE Machinery, Equipment and Materials – Within the first ten (10) years from issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;



- iii. Special Realty Tax Rates on Equipment and Machinery – Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value;
- iv. NOLCO – the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
- v. Corporate Tax Rate – After seven (7) years of ITH, all RE developers shall pay a corporate tax of 10% on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
- vi. Accelerated Depreciation – If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
- vii. Zero Percent VAT Rate – The sale of fuel or power generated from renewable sources of energy shall be subject to 0% VAT;
- viii. Cash Incentive of RE Developers for Missionary Electrification – An RE developer, established after the effectiveness of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to 50% of the universal charge for power needed to service missionary areas where it operates the same;
- ix. Tax Exemption of Carbon Credits – All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and

Tax Credit on Domestic Capital Equipment and Services – A tax credit equivalent to 100% of the value of the VAT and customs duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act.

In addition, to accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass will be promulgated which shall include, but not limited to, the following:

- a. Priority connections to the grid for electricity generated from emerging renewable energy resources;
- b. The priority purchase and transmission of, and payment for, such electricity by the grid system operators; and
- c. Determine the fixed tariff to be paid to electricity produced from each type of emerging renewable energy and the mandated number of years for the application of these rates, which shall not be less than twelve (12) years.

The feed-in tariff to be set shall be applied to the emerging renewable energy to be used in compliance with the renewable portfolio standard as provided for in the Act and in accordance with the feed-in-tariff rules to be promulgated by the ERC in consultations with the National Renewable Energy Board.

RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB upon registration.



On July 12, 2010, the ERC approved and issued the FIT Rules which provides for the rules and regulations for the determination of the FIT for emerging RE technologies such as biomass, solar, run-of-river hydropower, ocean and wind energy.

On December 16, 2013, the ERC approved Resolution No. 24 of 2013, A Resolution Adopting the Guidelines on the Collection of the Feed-In Tariff Allowance (FIT-All) and Disbursement of the FIT-All Fund.

Northwind

On July 31, 2007, NorthWind and the DOE entered into a Negotiated Commercial Contract ("NCC") covering the contract area located in Bangui, Ilocos Norte. As a holder of a valid and existing NCC, NorthWind is deemed provisionally registered as a RE Developer under RA 9513. The provisional authority shall subsist until the issuance by the DOE of a Certificate of Registration.

On February 26, 2013, the DOE granted NorthWind a COR under Wind Energy Service Contract No. 2012-07-058.

or its application with the BOI for the grant of incentives under RA 9513. The approval grants an ITH incentive of seven (7) years starting September 2014.

On October 10, 2014, the DOE granted Northwind a Certificate of Endorsement for FIT Eligibility (COE-FIT No. 2014-10-001) for its Phase III expansion project. The endorsement was the basis for the ERC to issue a FIT COC on April 13, 2015.

The tariff on the generation of the original twenty (20) turbines (Phases I & II) is a FIT rate specific to the NorthWind of ₱5.76/kWh, as approved by the ERC in its decision dated June 30, 2014. In an Order dated November 7, 2017, the ERC granted NorthWind an increase of ₱0.20/kWh, in connection with a Motion for Partial Reconsideration of the Decision dated June 30, 2014, in ERC Case No. 2011-060RC filed by NorthWind on December 5, 2014, thereby increasing the FIT rate specific to Phases I & II from ₱5.76/kWh to ₱5.96/kWh.

The FIT rate specific to NorthWind is lower than the national FIT rate and is valid for twenty (20) years, less the actual years of operation as provided for under the FIT Rules.

The tariff on the six (6) turbines (Phase III) is at ₱8.53/kWh, subject to adjustments as may be approved by the ERC under the FIT rules. The FIT period on the six turbines shall be from October 10, 2014 to October 8, 2034.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the NPDC's rate starting 2020 shall be ₱6.52/kWh and ₱8.90/kWh for Phase I & II and Phase III, respectively.

MSEI

On June 13, 2016, the DOE, through its issuance of the Certificate of Endorsement, certified the Montesolar's Solar Farm Project as an eligible project under the FIT system. On December 28, 2016, MSEI received another provisional authority to operate by the ERC dated December 8, 2016 but this time, as a renewable energy generation company, which allows MSEI to be entitled to a FiT rate of ₱8.69/kWh for a period of twenty (20) years from March 11, 2016.

On February 6, 2017, MSEI received the COC from ERC and accordingly, measured its revenue from energy sales using FIT rate.

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and



2020. MSEI accrued the retroactive net revenue adjustment based on the adjusted FIT rates for the years 2016 (₱8.69/kWh), 2017 (₱8.71/kWh), 2018 (₱9.04/kWh), 2019 (₱9.41/kWh) and 2020 (₱9.82/kWh).

Tariff Adjustment

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. Renewable energy subsidiaries under the FIT system include Guimaras Wind Corporation, MSEI, SACASOL, and NorthWind.

38. Events After the Reporting Period

Parent Company

Reissuance of Preferred B Shares Series 2 (ACPB3)

On January 20, 2025, the Parent Company has fully utilized the proceeds generated from the reissuance of Preferred Class “B” Series 3 Shares (ACPB3) with net proceeds amounting to ₱14,880.7 million.

Short-term and long-term debt availments and payments

On January 27, 2025, the Parent Company availed a long-term loan with a local bank amounting to ₱2,500.0 million maturing in 7 years at a fixed rate of 5.435% p.a.

On February 8, 2025, the Parent Company availed of short-term loans with a local bank amounting to ₱5.0 billion maturing in 3 months at a fixed rate of 5.5% p.a.

On February 11, 2025, the Parent Company fully paid various short-term loans with two local banks amounting to ₱11.5 billion. On the same day, it availed with a local bank short-term loans amounting to ₱11.5 billion maturing in 3 months at a fixed rate of 5.5% p.a.

Dividend declaration

On January 30, 2025, the BOD approved the declaration of the first quarter 2025 cash dividends on outstanding Preferred “A” Shares (ACPAR) amounting ¼ of 6.3587% per annum or ₱39.741875 per share, based on the issue price of the shares payable to stockholders of record date as of February 13, 2025, and payment will be distributable on payment date on February 28, 2025.

Redemption of Ayala Corporation’s 10.0 billion 4.82% Bonds due in 2025

On February 10, 2025, the Parent Company’s ₱10.0 billion 4.82% Bonds Due 2025 (the “Bonds”) was fully paid. The payment was made through the Philippine Depository % Trust Corporation, the appointed registrar and paying agent of the Bonds (the “Paying Agent”).

AC and AP Møller Partnership

On March 6, 2025, the Parent Company, through its wholly owned subsidiary, AC Logistics, and A.P. Møller Capital (“APMC”), through EMIF II Holding III B.V. (“EMIF”) entered into a Share Subscription Agreement for EMIF to acquire up to 40% of AC Logistics. APMC, with headquarters in Copenhagen, Denmark, is an infrastructure fund manager focused on scaling critical infrastructure needs, particularly in transport and logistics. The completion of the transaction is subject to finalization of subscription price and satisfaction of conditions precedent including but not limited to regulatory approvals and the achievement of certain business milestones.



AC BOD approved plan to issue up to ₱20.0 billion in peso-denominated preferred shares

On March 13, 2025, the BOD approved the issuance of Philippine Peso Preferred Shares with a base amount of ₱10.0 billion with an oversubscription option for up to an additional ₱10.0 billion, subject to regulatory requirements.

Samurai Loan facility

On March 13, 2025, the Parent Company signed a Samurai Loan facility agreement with Mizuho Bank and Sumitomo Mitsui Banking Corporation of up to US\$200 million (equivalent) in Japanese Yen. The proceeds of this loan facility is intended to fund general corporate purposes.

AC Infra Group

LRT Line 1 Project / Light Rail Manila Corporation (LRMC)

On January 30, 2025, LRMC submitted the invoices for its 38th Balancing Payment amounting to ₱279.1 million. These include claims for fare deficit, EPC escalation costs, claims for delay in common station and other payments in CA, net of concession payments and KPI charges.

On February 14, 2025, the DOTR approved LRMC's petition for fare increase to be implemented effective April 12, 2025.

ACEIC Group

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On February 3, 2025, the BOD of ACEN approved the declaration of the first quarter of 2025 cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on March 3, 2025.

Acquisition of shares of Negros Island Solar Power, Inc. ("ISLASOL") from Asian Energy Impact Trust Plc ("AEIT")

On March 6, 2025, the ACEN executed a Share Purchase Agreement and Deed of Absolute Sale with AEIT involving the sale by AEIT of 7,371 Redeemable Preferred Shares E ("RPS E") of ISLASOL in favor of ACEN for a total purchase price of ₱141.27 million. The acquisition resulted in the ACEN owning 100% of ISLASOL, which was previously 60% owned. As of March 6, 2025, transfer of certificate authorizing registration from the Bureau of Internal Revenue is still in process.

AC Logistics Group

Shareholder Advances

AC Logistics infused non-interest-bearing shareholder advances to Air 21 Holdings, Inc. amounting to ₱250 million.

AC Health Group

On January 6, 2025, AC Health subscribed and paid ₱369.50 million preferred shares at ₱100 per share and paid ₱235.00 million subscribed preferred shares at ₱100 per share. The infusion is for HHFI's CAPEX, working capital, security deposit and royalties for using the FEU-NRMF name.



IMI

Strategic Closure of Chengdu Facility to Optimize Operations

On January 24, 2025, IMI announced the strategic closure of its Chengdu, China facility. This move is part of the IMI Group's ongoing efforts to streamline operations and reduce costs, aligning with the company's strategy to consolidate its footprint into strategically located facilities.

Production at IMI Chengdu concluded in December 2024, with all customer commitments successfully met. The remaining customer projects have been seamlessly transferred to other IMI sites.

IMI is working diligently to comply with local government regulations and initiated a six-month winding up period. On February 10, 2025, IMI Chengdu made a liquidation notice and registered a liquidation team with the Chengdu government.

AC Ventures

Strategic partnership with Mitsubishi Corporation (MC)

In February 2025, the Parent Company, MC and AC Ventures signed the Investment Agreement and other definitive documents for the strategic partnership.

AC Ventures will serve as a joint venture vehicle between the Parent Company and MC for co-investments that will explore consumer-related and digital opportunities in the Philippines. These initiatives are aligned with the Parent Company's strategic priority to support the growth of clear business winners within its portfolio.

ALI Group

On February 20, 2025, the Board of Directors of ALI approved the following:

- a. The subscription of the Parent Company and its subsidiaries, Accendo Commercial Corporation (Accendo), Cagayan de Oro Gateway Corporation (CDOGC), and Central Bloc Hotel Ventures, Inc. to 505,890,177 primary common shares of AREIT, Inc. (AREIT), in exchange for eight (8) commercial properties with an aggregate value of P20,994,442,345.50, as validated by a third-party fairness opinion.
- b. The ALI Performance Shares (APS) Plan which is designed to propel the Group's three-year strategy, strengthen key talent engagement and ensure alignment with shareholder interests. The APS supplements the Group's existing Employee Stock Ownership Plan (ESOWN). Shares issued from ALI PS will form part of the 3% allocation of the Group authorized common shares for stock options.
- c. The 2025 stock option program pursuant to our ESOWN which authorizes the grant to qualified executives, in accordance with the terms of the Plan, of stock options covering up to a total of 8,051,731 common shares at a subscription price of P20.42 per share, which is the average price of our common shares at the Philippine Stock Exchange over the last 5-day average trading as of February 14, 2025, less a prescribed discount. A total of 12,000,000 shares is allocated for ALI PS to vest over three years.
- d. The raising of up to Php75 billion in debt capital to partially finance general corporate requirements and refinance maturing debt through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation, and/or execution of bilateral term loans.



- e. The declaration of a regular cash dividend of P0.2888 per common share for the first half of 2025. The record date is March 5, 2025, and the payment date is March 21, 2025.
- f. The amendment of Article Seventh of the Articles of Incorporation to decrease the authorized capital stock (ACS) from Php21,437,602,946.401 to Php20,437,602,946.40 through the retirement of 1 billion common shares held in Treasury, subject to stockholders' approval.

Globe

Dividends Declaration

On February 6, 2025, the BOD approved the declaration of the first quarter cash dividend of ₱25 per common share, payable to common stockholders of record as of February 20, 2025. Total dividends amounting to ₱3.6 billion will be payable on March 7, 2025.

39. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Ayala Group as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 were endorsed for approval by the Audit Committee and authorized for issue by the BOD on March 13, 2025.



II. 2024 Supplementary Schedules

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ayala Corporation
37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason
Partner
CPA Certificate No. 104921
Tax Identification No. 217-740-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-112-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465408, January 2, 2025, Makati City

March 13, 2025



AYALA CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

Annex B: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex C: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

AYALA CORPORATION AND SUBSIDIARIES**SCHEDULE A - FINANCIAL ASSETS**

AS OF DECEMBER 31, 2024

A. Financial Assets at Fair Value Through Profit and Loss (FVTPL) - Current Not applicable

Financial Assets at FVTPL amounted to ₱11,313,625k is shown under the Other Current Assets account and is 1.9% of the ₱584,562,518k Total Current Assets as of December 31, 2024.

B. Financial Assets at Fair Value Through Profit and Loss (FVTPL) - Noncurrent Not applicable

Financial Assets at FVTPL-noncurrent amounted to ₱3,111,352k is shown under the Other Noncurrent Assets account and is 0.3% of the ₱1,164,763,204k Total Noncurrent Assets as of December 31, 2024.

C. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) - Noncurrent Not applicable

Financial Assets at FVOCI amounted to ₱11,928,694k is shown under Other Noncurrent Assets account and is 1.0% of the ₱1,164,763,204k Total Noncurrent Assets as of December 31, 2024.

D. Financial Assets at Amortized Cost - Noncurrent Not applicable

Financial Assets at amortized cost amounted to ₱17,918,405k is shown under Other Noncurrent Assets account and is 1.5% of ₱1,164,763,204k Total Noncurrent Assets as of December 31, 2024.

AYALA CORPORATION AND SUBSIDIARIES**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**AS OF DECEMBER 31, 2024
(IN THOUSAND PESOS)

Account Type	Beginning Balance	Additions	Deductions	Ending Balance	Payment Period
Advances to Employees	₱1,281,740	₱207,614	(₱463,507)	₱1,025,847	30 days to 1 year
Housing and Related Loan	649,409	16,419	(396)	665,432	1 year to 15 years
Car and Related Loan	152,903	43,725	(13,202)	183,425	1 year to 5 years
Others	197,656	543,838	(535,990)	205,504	6 months to 1 year
TOTAL*	₱2,281,708	₱811,596	(₱1,013,095)	₱2,080,208	

*Please refer to Notes 7 Accounts and Notes Receivable and 31 Related Party Transactions in the 2024 Consolidated Audited Financial Statements for detailed account analysis and discussion.

AYALA CORPORATION AND SUBSIDIARIES

**SCHEDULE C1 - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION
OF FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2024

(IN THOUSAND PESOS)

Creditor	Creditor's Relationship to the Reporting Co.	Account Type	Beginning Balance	Movement	Ending Balance	Nature of Accounts
AC	Parent	Accounts and other receivable	₱265,553	₱5,694	₱271,247	Rental fees, with interest on overdue accounts; other receivables
AYC	Subsidiary	Other receivable	36,603,399	2,132,919	38,736,318	Non-interest bearing receivable from ACIFL (for various investment)
AYC	Subsidiary	Loans receivable	5,537,000	247,500	5,784,500	Interest-bearing loans receivable from BHL
BHL	Subsidiary	Loans receivable	5,560,796	357,171	5,917,967	Mainly interest-bearing loans receivable from AC
BHL	Subsidiary	Accounts Receivable	–	141,261	141,261	Other receivables from AC Industrials
ACIFL	Subsidiary	Accounts and loans receivable	2,931,840	(2,853,278)	78,562	Mainly interest-bearing loans receivable from BHL (for various investments)
AC Health	Subsidiary	Subscription receivable	2,462,950	(2,460,392)	2,558	Deposits on subscriptions, non-interest bearing
ALI	Subsidiary	Accounts receivable	336,122	(2,974)	333,148	Advances, non-interest bearing
Others	Subsidiary	Trade and other receivable	141,869	(13,985)	127,884	Legal fees; reimbursement of expenses, etc.
TOTAL			₱53,839,529	(₱2,446,084)	₱51,393,445	

AYALA CORPORATION AND SUBSIDIARIES

SCHEDULE C2 - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024
(IN THOUSAND PESOS)

Debtor	Debtor's Relationship to the Reporting Co.	Account Type	Beginning Balance	Movement	Ending Balance	Nature of Accounts
AC	Parent	Accounts and loans payable	₱5,560,685	₱357,281	₱5,917,966	Mainly interest-bearing loans payable to BHL
AC	Parent	Accounts and Subscriptions payable	2,773,775	(2,463,054)	310,721	Deposits on subscriptions; advances, non-interest bearing
ACIFL	Subsidiary	Other payable	36,603,399	2,132,919	38,736,318	Non-interest bearing payable to AYC (for various investment)
ACIFL	Subsidiary	Other payable	85,255	3,846	89,101	Other payables to PFIL & AC
BHL	Subsidiary	Accounts and loans payable	2,859,720	(2,841,038)	18,682	Mainly interest-bearing loans payable to ACIFL (for various investments)
BHL	Subsidiary	Loans payable	5,537,000	247,500	5,784,500	Interest-bearing loans payable to AYC
ALI	Subsidiary	Other payable	162,501	4,374	166,875	Advances, non-interest bearing
AYC	Subsidiary	Other payable	74,500	3,354	77,854	Other payables to ACIFL & AC
ACEIC	Subsidiary	Other payable	51,530	(2,637)	48,893	Advances, non-interest bearing
ACI	Subsidiary	Accounts and other payables	32,782	125,527	158,309	Mainly rental fees, with interest on overdue accounts
Others	Subsidiary	Accounts and other payables	98,382	(14,156)	84,226	Rental fees, with interest on overdue accounts; reimbursement of expenses, etc.
TOTAL			₱53,839,529	(₱2,446,084)	₱51,393,445	

AYALA CORPORATION AND SUBSIDIARIES

SCHEDULE D - LONG -TERM DEBT

AS OF DECEMBER 31, 2024

(IN THOUSAND PESOS)

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE	CURRENT	NON-CURRENT	TOTAL	INTEREST RATE	MATURITY DATE
<u>PARENT COMPANY:</u>						
Bank loans	Various	₱9,869,697	₱42,943,374	₱52,813,071	With fixed interest rates ranging from 3.0% to 3.31% per annum with varying maturity dates up to 2033	With varying maturity dates up to 2033
Bonds		14,978,466	15,901,057	30,879,523		
Due 2025	₱15,000,000	14,978,466	–	14,978,466	4.82%; 4.4542%	February 10, 2025; May 26, 2025
Due 2026	₱6,000,000	–	5,972,814	5,972,814	3.7874%	May 28, 2026
Due 2027	₱7,500,000	–	7,450,002	7,450,002	5.6239%	May 26, 2027
Due 2029	₱2,500,000	–	2,478,241	2,478,241	6.1351%	May 26, 2029
		24,848,163	58,844,431	83,692,594		
<u>SUBSIDIARIES:</u>						
Loans from banks and other institutions:						
Philippine Peso	Various	4,287,772	181,728,553	186,016,325	With interest rates ranging from 3.75% to 8.00%.	Various
Foreign currency	Various	8,732,645	73,540,999	82,273,644	With interest rates ranging from 1.05% to 8.65%.	Various
		₱13,020,417	₱255,269,552	₱268,289,969		

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE	CURRENT	NON-CURRENT	TOTAL	INTEREST RATE	MATURITY DATE
Bonds:						
AYCFL's Fixed for life notes	\$1,024,880	P-	P59,221,229	P59,221,229	With interest rates ranging from 3.90% to 5.125%.	
ACEIC's Green bonds	\$810,000	-	46,797,752	46,797,752	With interest rates ranging from 4.00% to 5.25%.	
AYCFL's Social bond	\$100,000	-	5,784,500	5,784,500	2.993%.	January 14, 2032
ALI's MYR bonds	RM300,000	-	3,883,463	3,883,463	4.50%	August 8, 2029
Philippine Peso						
Due 2025	P7,000,000	6,928,206	-	6,928,206		October 25, 2025
Due 2025	P6,250,000	6,180,487	-	6,180,487	3.86%	September 29, 2025
Due 2025	P10,000,000	9,897,745	-	9,897,745	3.63%	May 4, 2025
Due 2026	P8,000,000	-	7,987,266	7,987,266	4.85%	March 23, 2026
Due 2026	P8,000,000	-	7,977,618	7,977,618	6.37%	May 6, 2026
Due 2027	P7,000,000	-	6,990,112	6,990,112	5.26%	May 2, 2027
Due 2027	P1,000,000	-	983,758	983,758	4.99%	February 6, 2027
Due 2027	P7,000,000	-	6,957,383	6,957,383	6.21%	July 4, 2027
Due 2027	P10,000,000	-	9,926,286	9,926,286	6.05%	September 22, 2027
Due 2028	P12,000,000	-	12,016,972	12,016,972	5.81%	May 5, 2028
Due 2028	P10,075,000	-	10,043,611	10,043,611	6.03%	June 26, 2028
Due 2029	P14,000,000	-	13,972,958	13,972,958	6.81%	July 4, 2029
Due 2031	P3,000,000	-	2,983,627	2,983,627	4.08%	October 26, 2031
Due 2033	P2,000,000	-	1,989,334	1,989,334	6.00%	October 10, 2033
Due 2033	P4,925,000	-	4,870,924	4,870,924	6.30%	June 26, 2033
Due 2034	P8,000,000	-	7,901,778	7,901,778	6.13%	November 13, 2034
Due 2034	P6,000,000	-	5,925,274	5,925,274	6.99%	July 18, 2034
		23,006,438	216,213,845	239,220,283		
TOTAL	P518,610,375	P60,875,018	P530,327,828	P591,202,846		

* Please refer to Note 18 Short-term and Long-term Debt of the 2024 Consolidated Audited Financial Statements for the detailed discussion.

AYALA CORPORATION AND SUBSIDIARIES**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS
FROM RELATED PARTIES)**

AS OF DECEMBER 31, 2024

(IN THOUSAND PESOS)

Name of Related Parties	Balance at Beginning of Period	Balance at End of Period
Bank of the Philippine Islands (BPI)*	₱29,950,297	₱35,450,987

*Amounts shown form part of the short-term and long-term debt payable to BPI per Note 31 - Related Party Transactions of the 2024 Consolidated Audited Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES**SCHEDULE F- GUARANTEES OF SECURITIES OF OTHER ISSUERS**

AS OF DECEMBER 31, 2024

(IN THOUSAND PESOS)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guaranty
AYC Finance Limited *	Various *	Total loan drawdowns amounted to \$1,300.0M wherein \$1,124.9M is outstanding as of December 31, 2024.*	None	The Parent Company unconditionally guarantees the due and punctual payment of the loan drawdowns if, for any reason AYCFL does not make timely payment of the amount due. The Parent Company's obligation as guarantor will remain in full force until no sum remains to be lent by the lenders, and the lenders recover the outstanding loan drawdowns.*

* Please refer to Note 35 - Commitments of the 2024 Consolidated Audited Financial Statements for the detailed discussion.

AYALA CORPORATION AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

AS OF DECEMBER 31, 2024

(IN THOUSAND PESOS)

TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING	NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION & OTHER RIGHTS	NUMBER OF SHARES HELD BY RELATED PARTIES	DIRECTORS, OFFICERS & EMPLOYEES	OTHERS
Common Stock issued & subscribed, beginning	900,000,000	619,143,083				
Issued and subscribed on exercise of share options	–	719,200				
Treasury Shares reissuance/acquisition	–	3,070,150				
Common shares outstanding ^{a/}	900,000,000	623,596,775	<i>Refer to "Warrants and options outstanding; repricing" portion of Item 10 of the SEC17A report.</i>	<i>Refer to "Security ownership of certain record and beneficial owners" portion of Item 11 of the SEC17A report.</i>	6,356,970	
Preferred A shares ^{b/}	12,000,000	5,244,515			400	
Preferred B shares ^{c/}	58,000,000	7,500,000			22,000	
Preferred C shares ^{d/}	40,000,000	–			–	
Voting Preferred shares ^{e/}	200,000,000	200,000,000			1,365,976	

^{a/} Ayala Corporation has stock option plans for the key officers (Executive Stock Option Plan-ESOP) and employees (Employee Stock Ownership Plan - ESOWN) covering 3% of the Company's capital stock.*

^{b/} Cumulative, nonvoting and redeemable with a par value of P100 per share and is listed and traded at the Philippine Stock Exchange. It may be redeemed at the option of Ayala Corporation starting on the fifth year from date of issuance.*

^{c/} Cumulative, nonvoting and redeemable with a par value of ₱100.00 per share and is listed and traded at the Philippine Stock Exchange. It may be redeemed at the option of Parent Company starting on the fifth year of from the date of issuance.*

^{d/} Cumulative, nonparticipating, nonvoting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of the shares.*

^{e/} Cumulative, voting and redeemable at the option of Parent Company with a par value of ₱1.00 per share and dividend rate of 4.8096% per annum and will be applicable until May 20, 2025, the next re-pricing date.*

* Please refer to Note 20 of the 2024 Consolidated Audited Financial Statements for the related discussion.

AYALA CORPORATION AND SUBSIDIARIES

ANNEX B: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2024 AND 2023 (IN THOUSAND PESOS)

	December 2024	December 2023
Unappropriated retained earnings, beginning of reporting period*	₱61,589,700	₱57,122,962
Add (less):		
Dividend declaration during the reporting period	(7,002,201)	(6,392,657)
Sale/retirement of investment in FVOCI	-	(8,702)
Unappropriated retained earnings, as adjusted	54,587,499	50,721,603
Add (less): Net Income (loss) for the current year	9,278,311	12,363,461
Add (less):		
Net movement of treasury shares	4,050,907	(1,475,549)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(18,209)	(19,815)
	4,032,698	(1,495,364)
Retained earnings available for dividends	₱67,898,508	₱61,589,700

*Reconciliation of unappropriated retained earnings, beginning of reporting period as per SEC MC No. 16-2023:

	December 2024	December 2023
Unappropriated retained earnings, beginning (per audited FS)	₱76,194,887	₱70,232,785
Add (less):		
Treasury shares, beginning	(14,546,351)	(13,070,802)
Deferred tax asset, beginning	(58,836)	(39,021)
Unappropriated retained earnings, beginning of reporting period	₱61,589,700	₱57,122,962

*Per SEC MC No. 16-2023, Footnote 2, "Unappropriated retained earnings, beginning of reporting period" refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period. SEC MC No. 16-2023 is effective for audited financial statements covering period December 31, 2023 and onwards and supersedes the guidance under SEC MC No. 11-2008 on the determination of the availability of retained earnings for dividend declarations.

AYALA CORPORATION AND SUBSIDIARIES

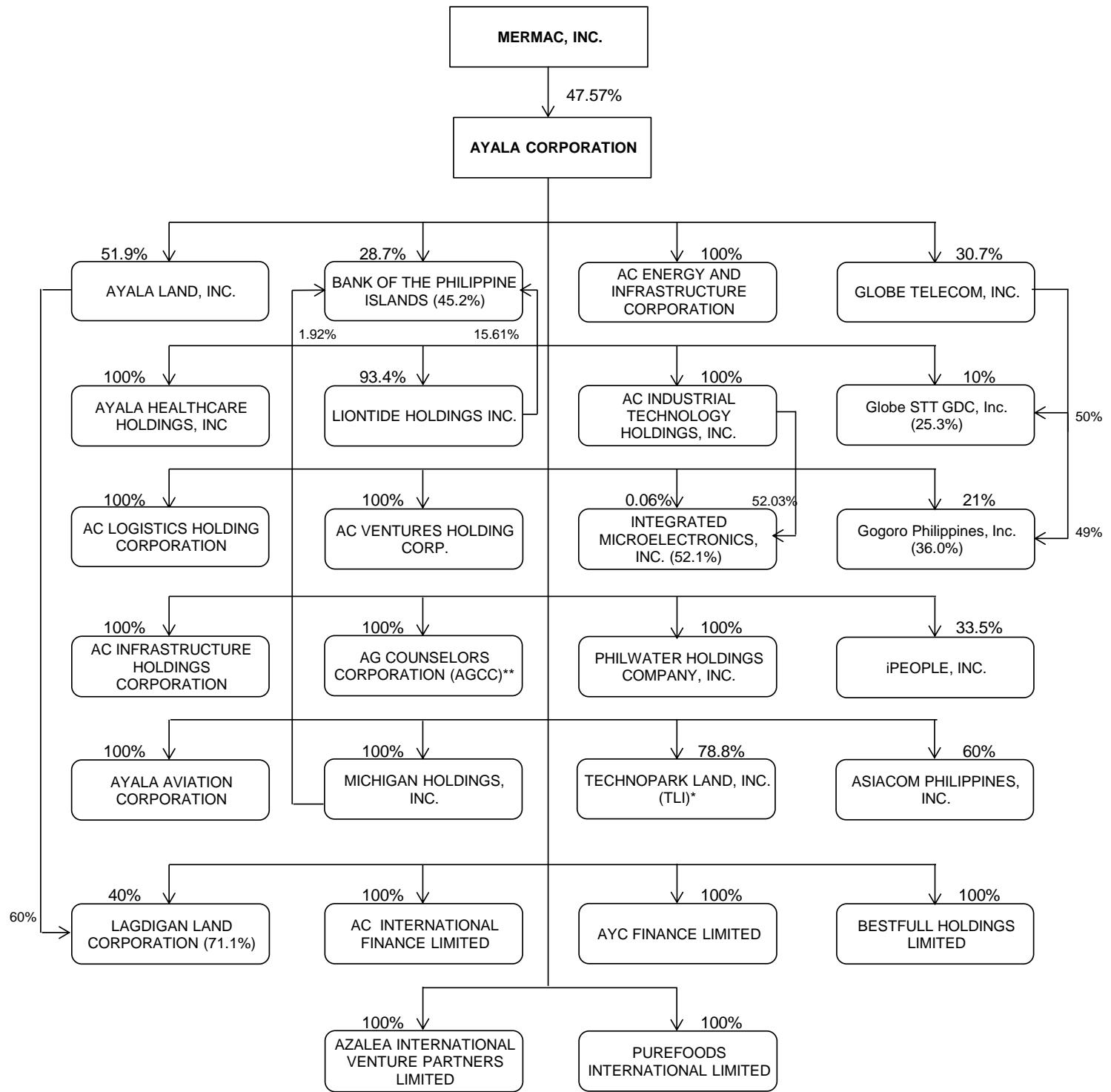
ANNEX C: MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED

(Refer to succeeding pages)

AYALA CORPORATION AND SUBSIDIARIES

Map of Relationships of the Companies within the Group

As of December 31, 2024



Legend:

% of ownership appearing outside the box - direct % of economic ownership

% of ownership appearing inside the box - effective % of economic ownership

*On December 10, 2021, the BOD and stockholders of TLI approved the plan to shorten its corporate term to June 30, 2023. On December 23, 2021, the SEC approved the amendment of the Fourth Article of the Articles of Incorporation to shorten the corporate term to June 30, 2023. It is anticipated that it will not carry out any significant business operation or activity until approval of closure from other regulatory bodies.

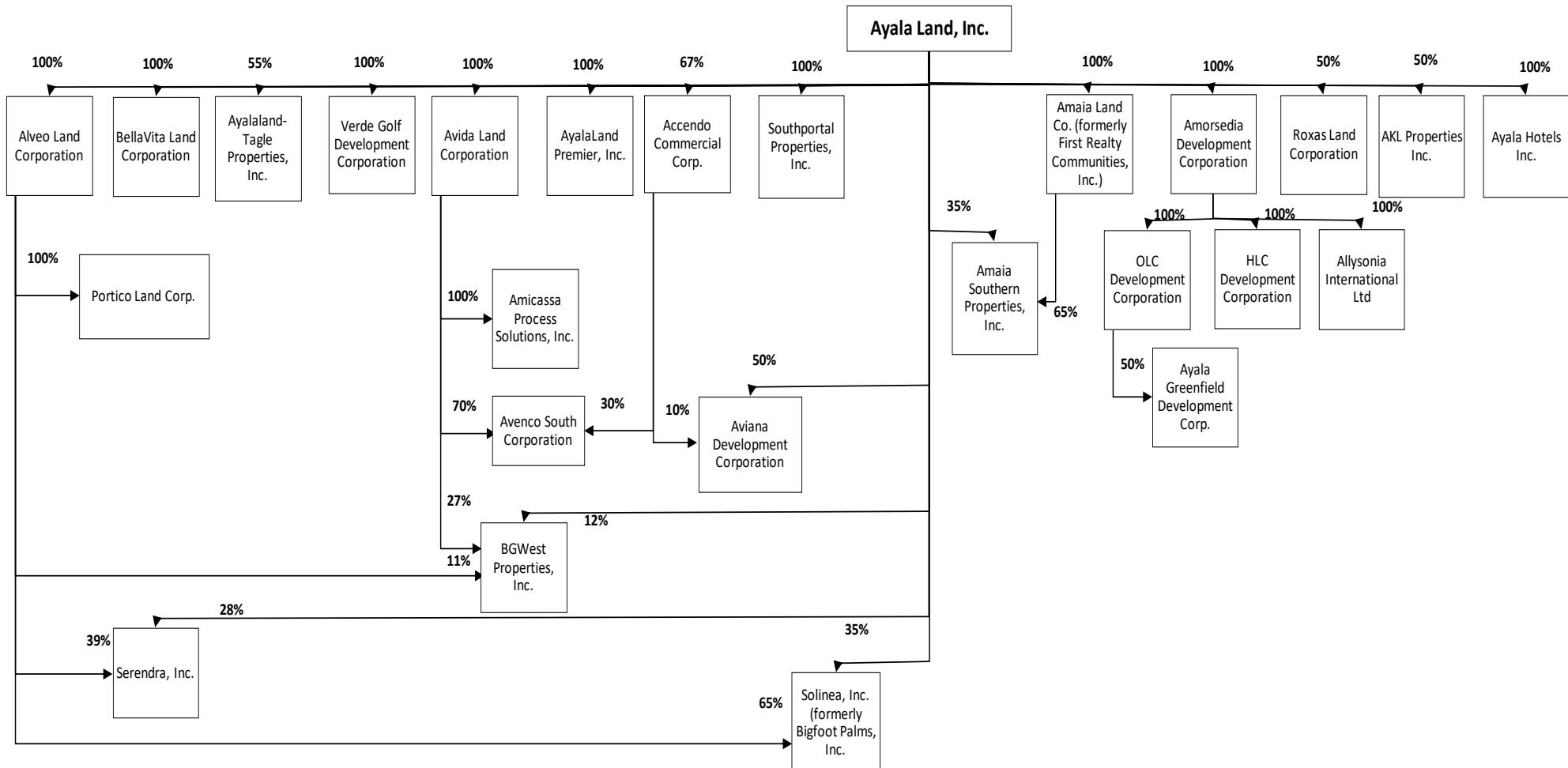
**On January 6, 2025, the SEC approved the amendment to AGCC's AOI including (1) the change of its corporate name to ACX Holdings Corporation, and (2) the change in its business from a business of advisory, consultancy assistance and other allied services, into a holding company with principal business interest in the consumer retail space.

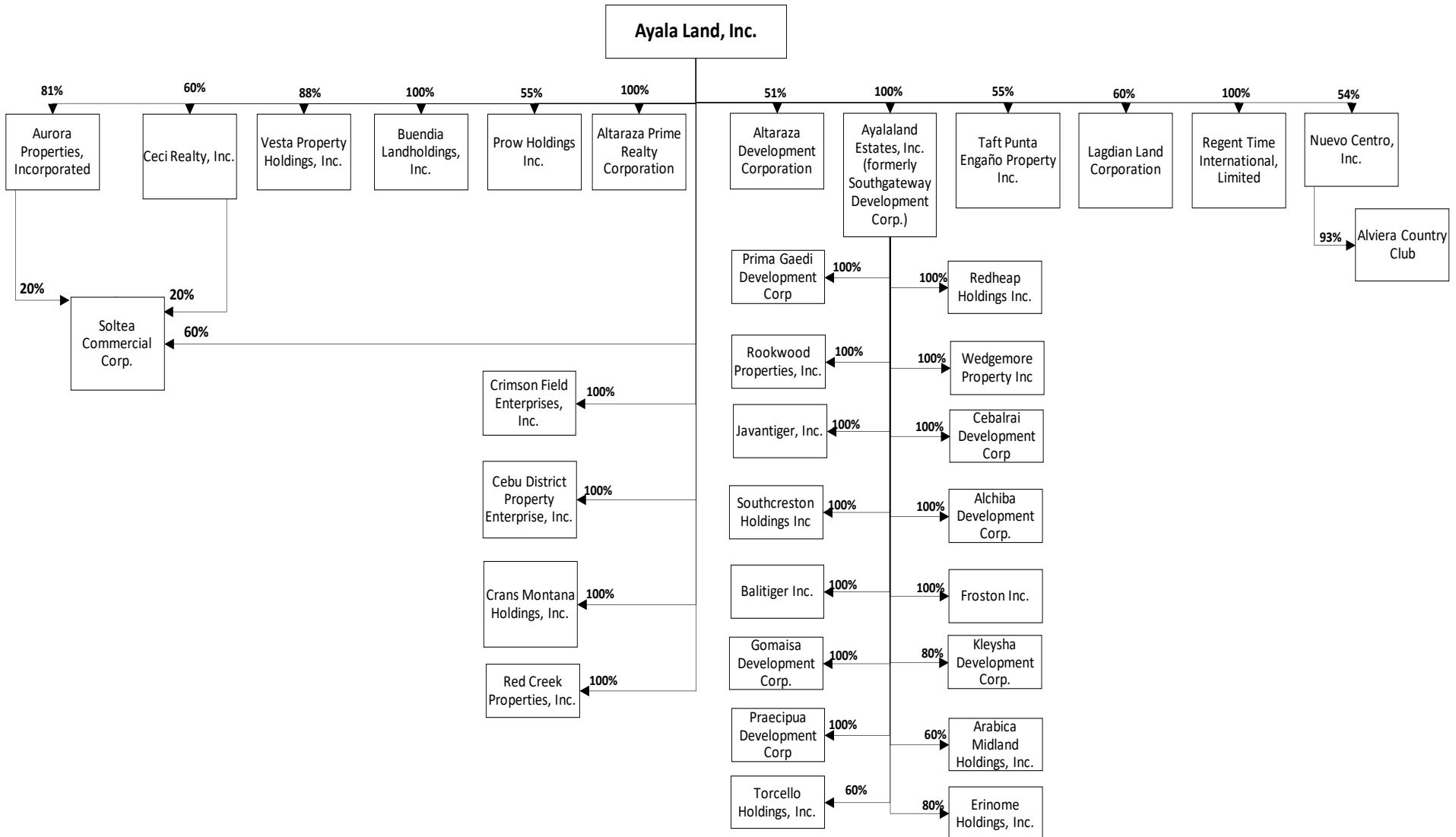
AYALA CORPORATION AND SUBSIDIARIES

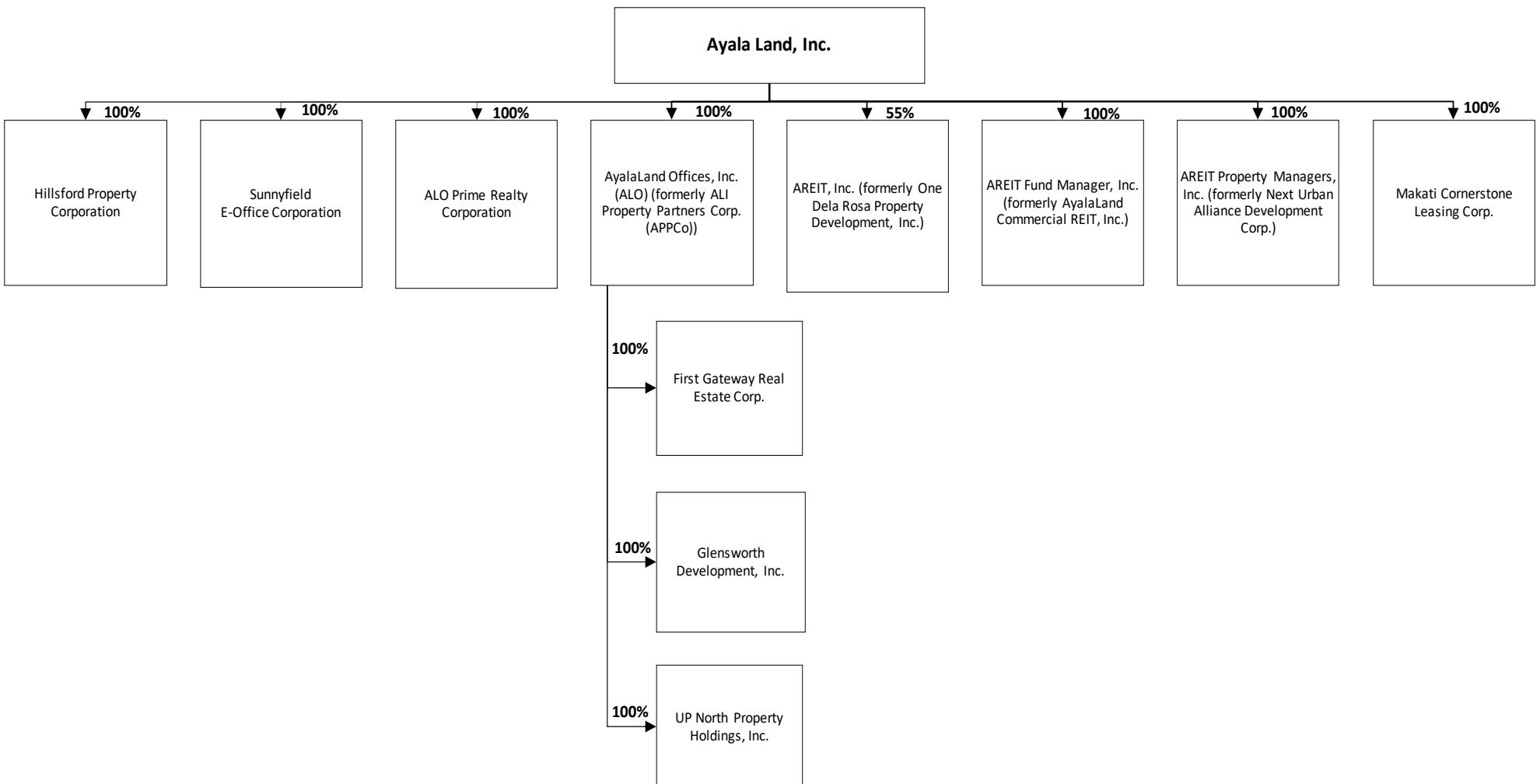
Map of Relationships of the Companies within the Group

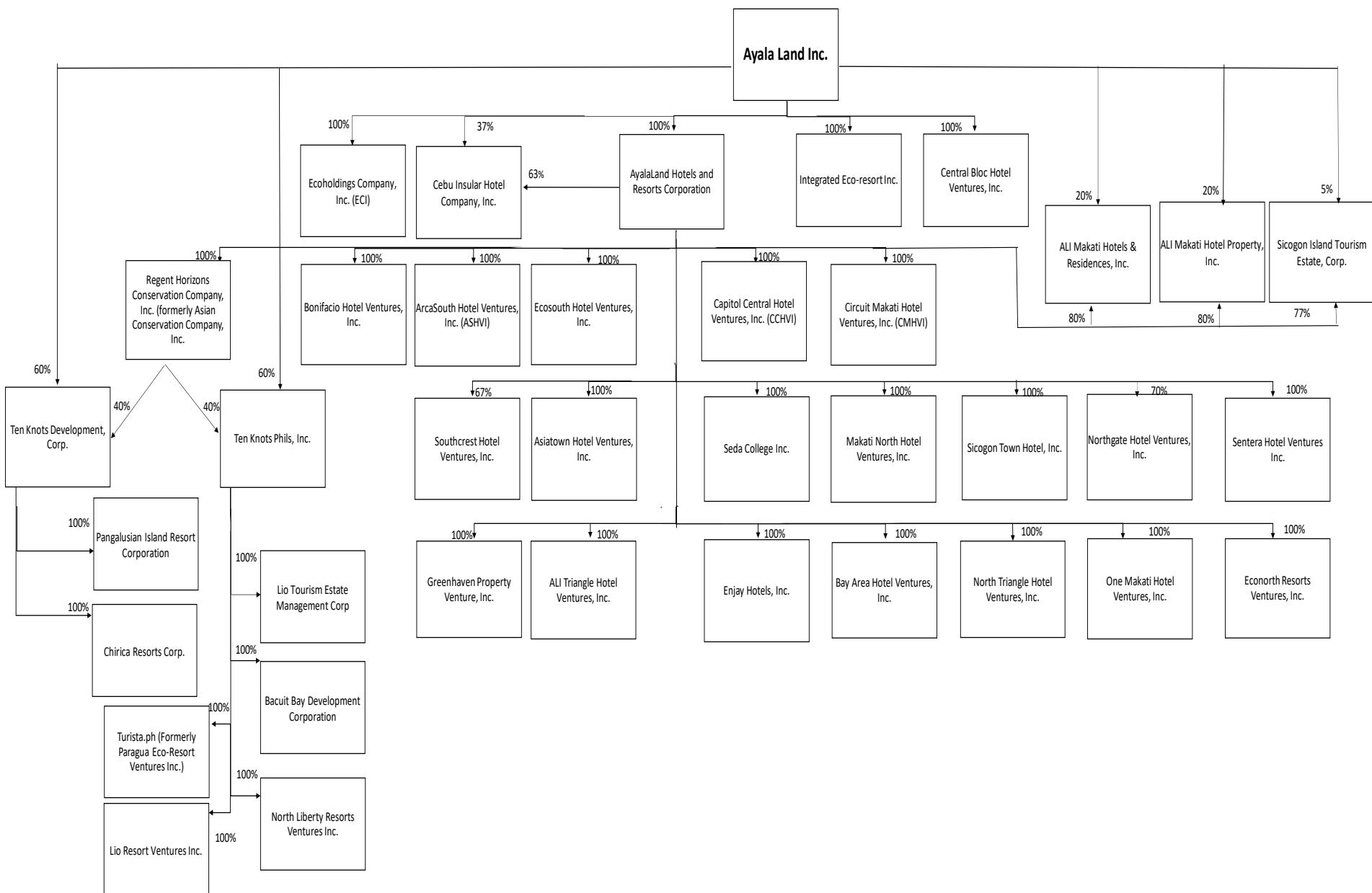
As of December 31, 2024

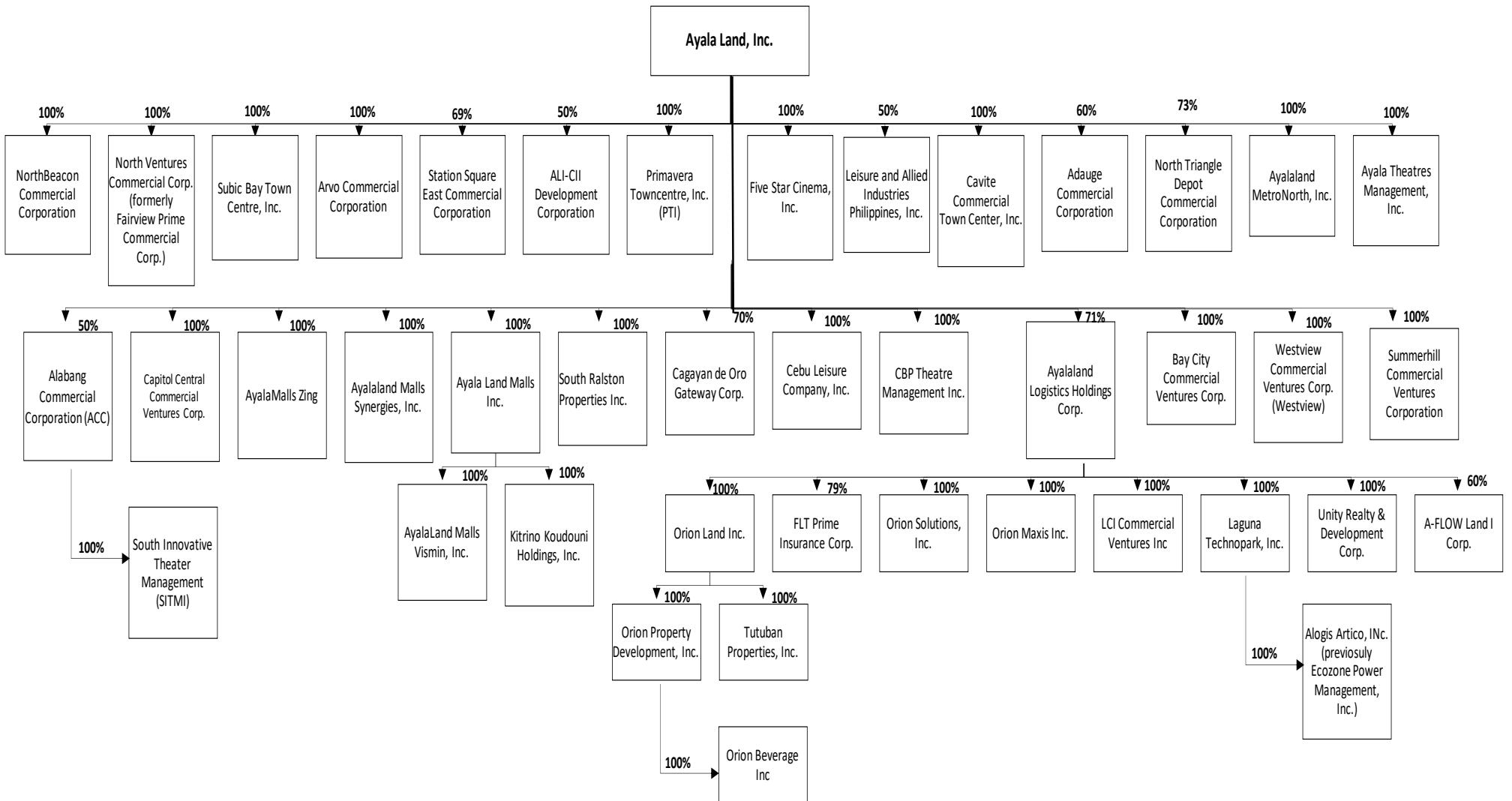
Subsidiaries

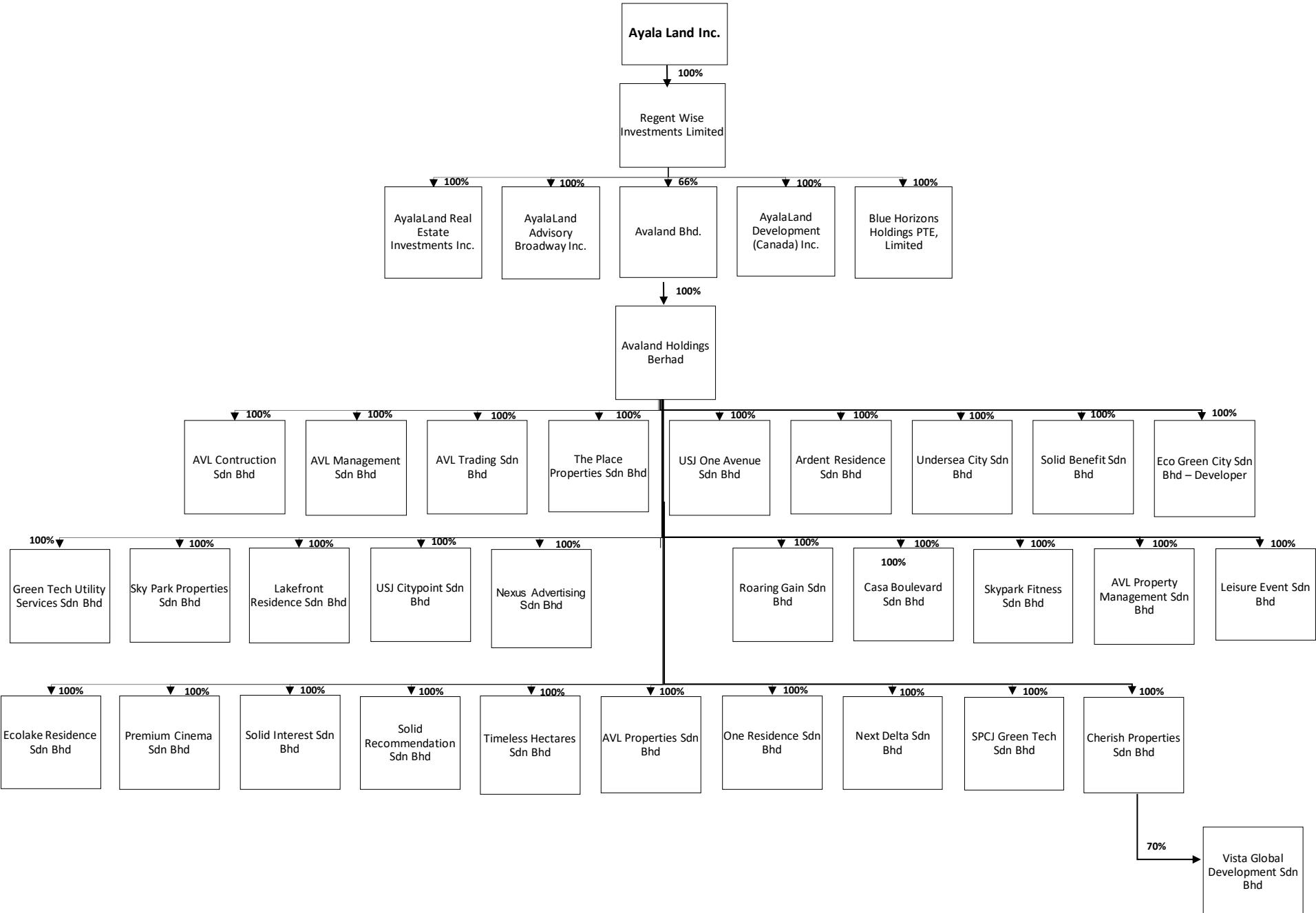


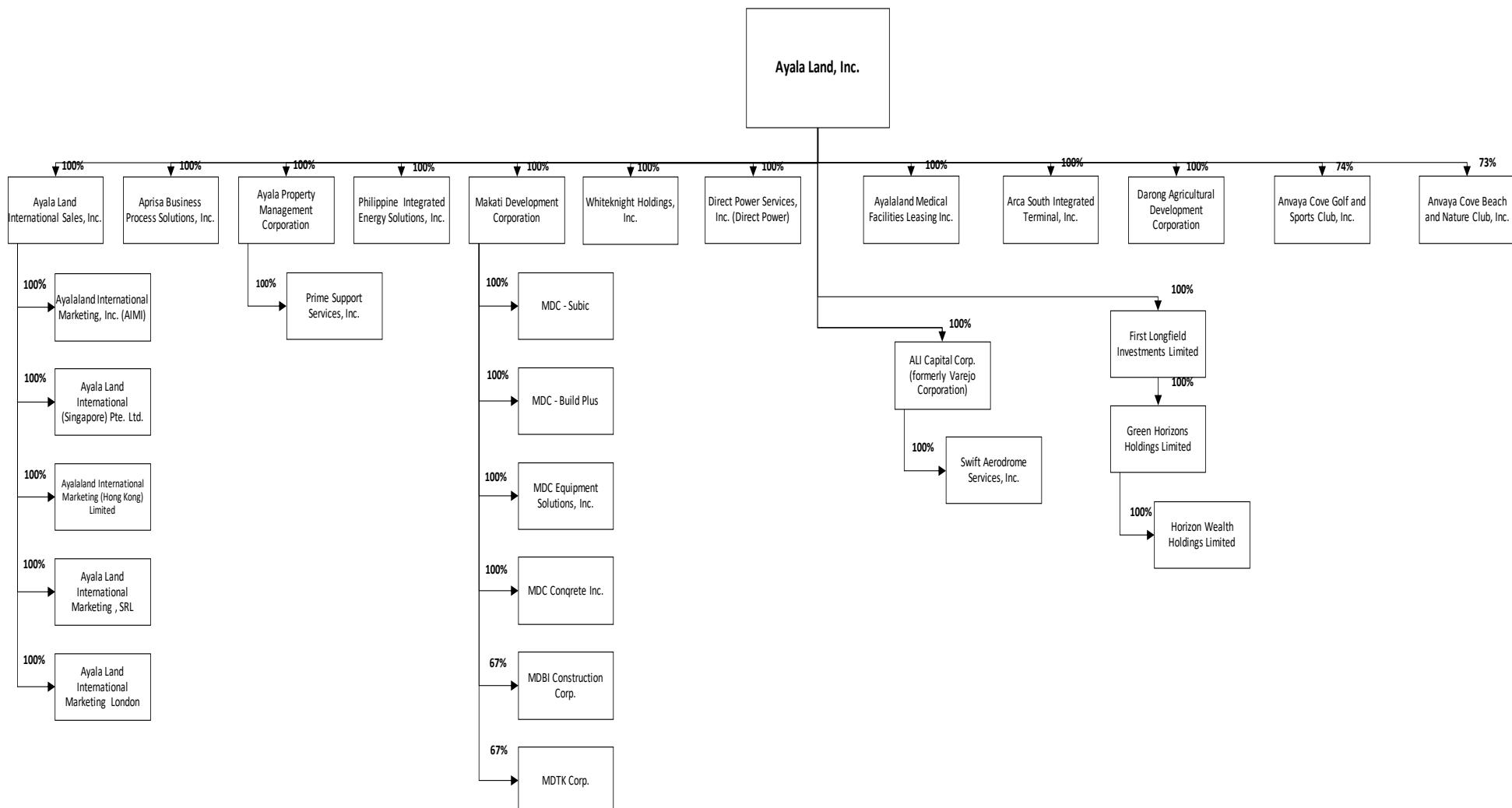




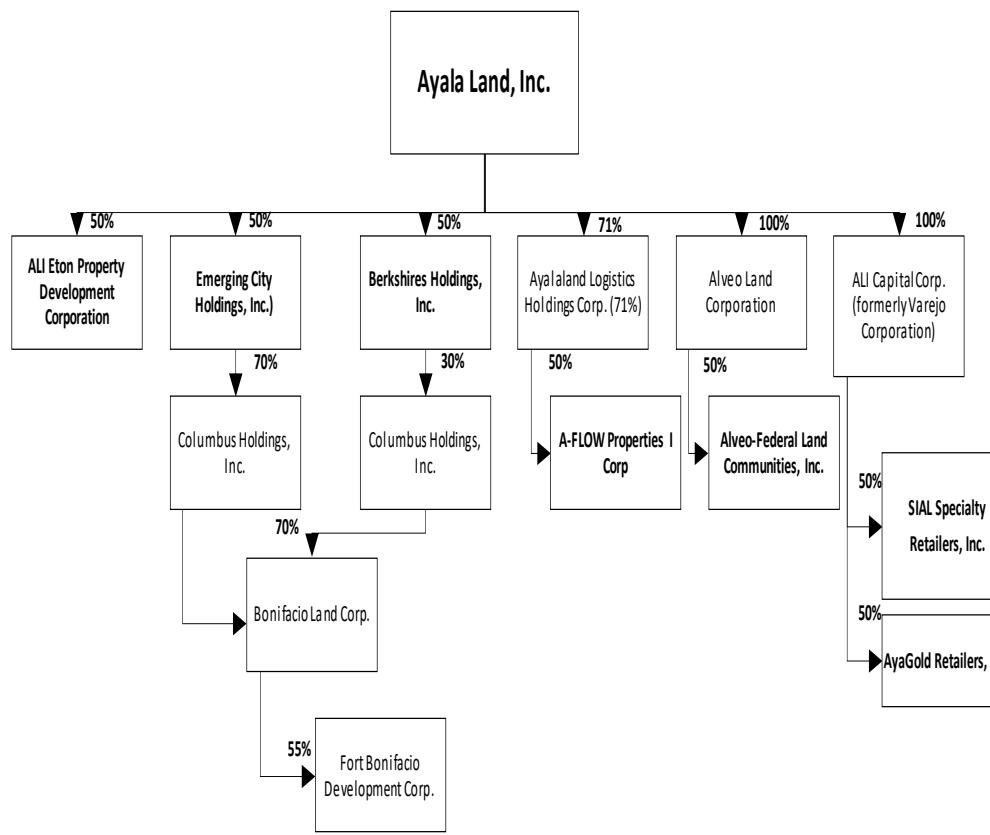




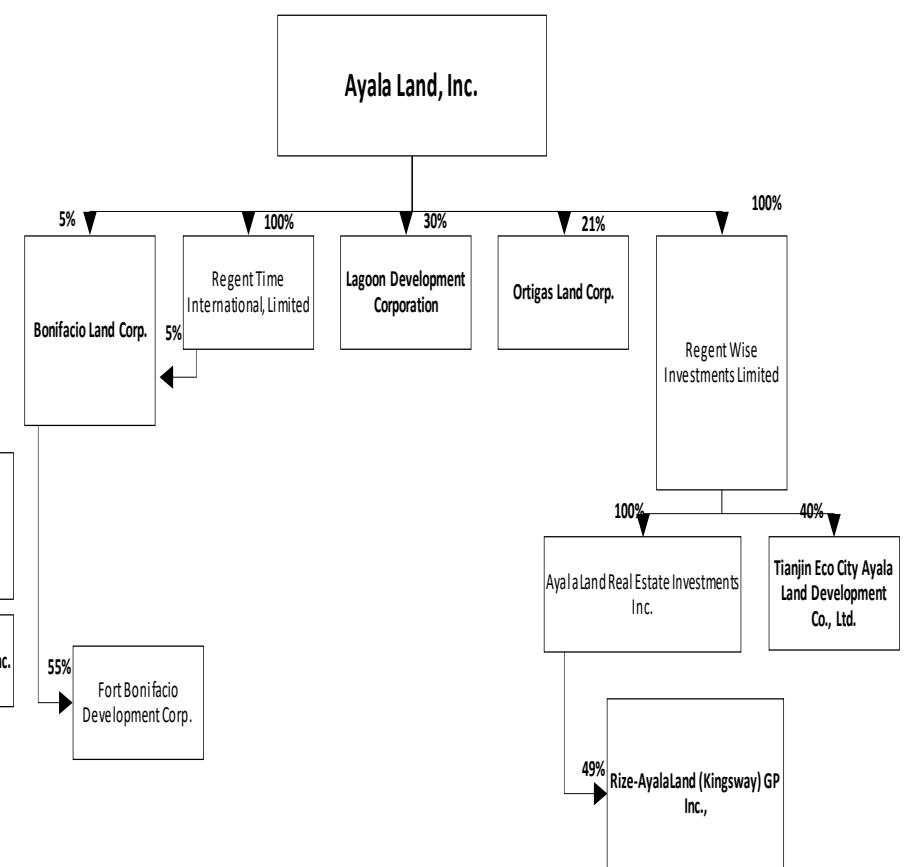


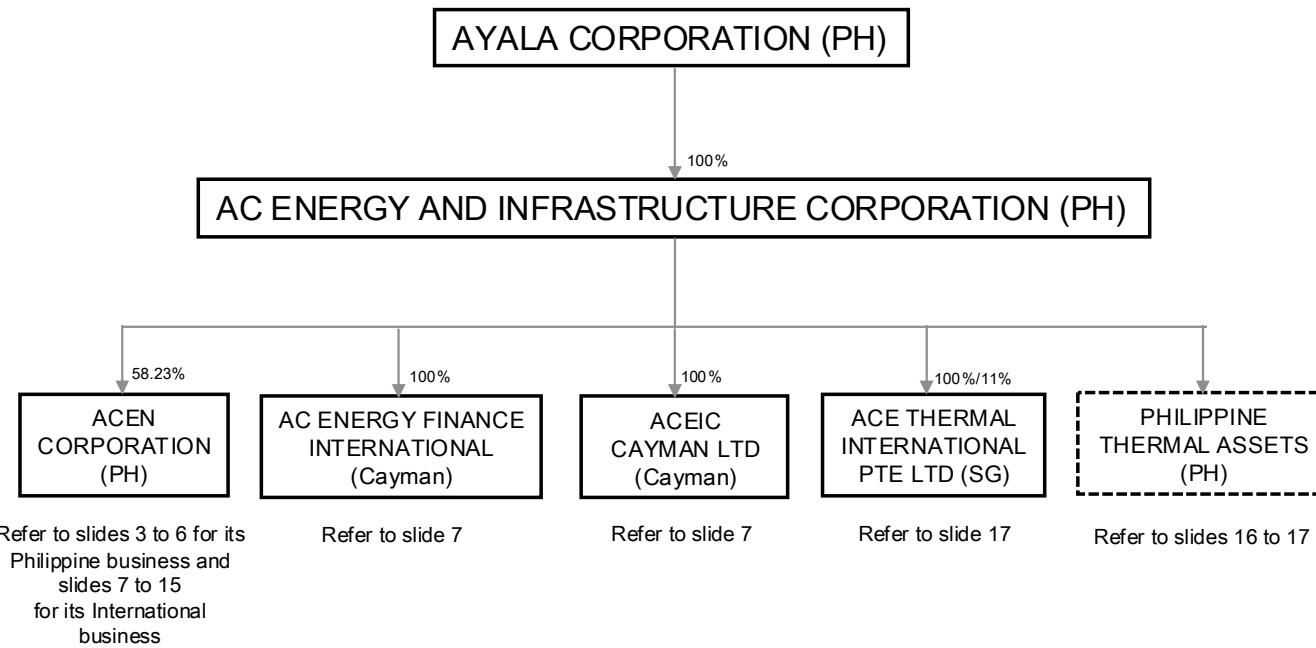


Investments in Joint Ventures



Investments in Associates



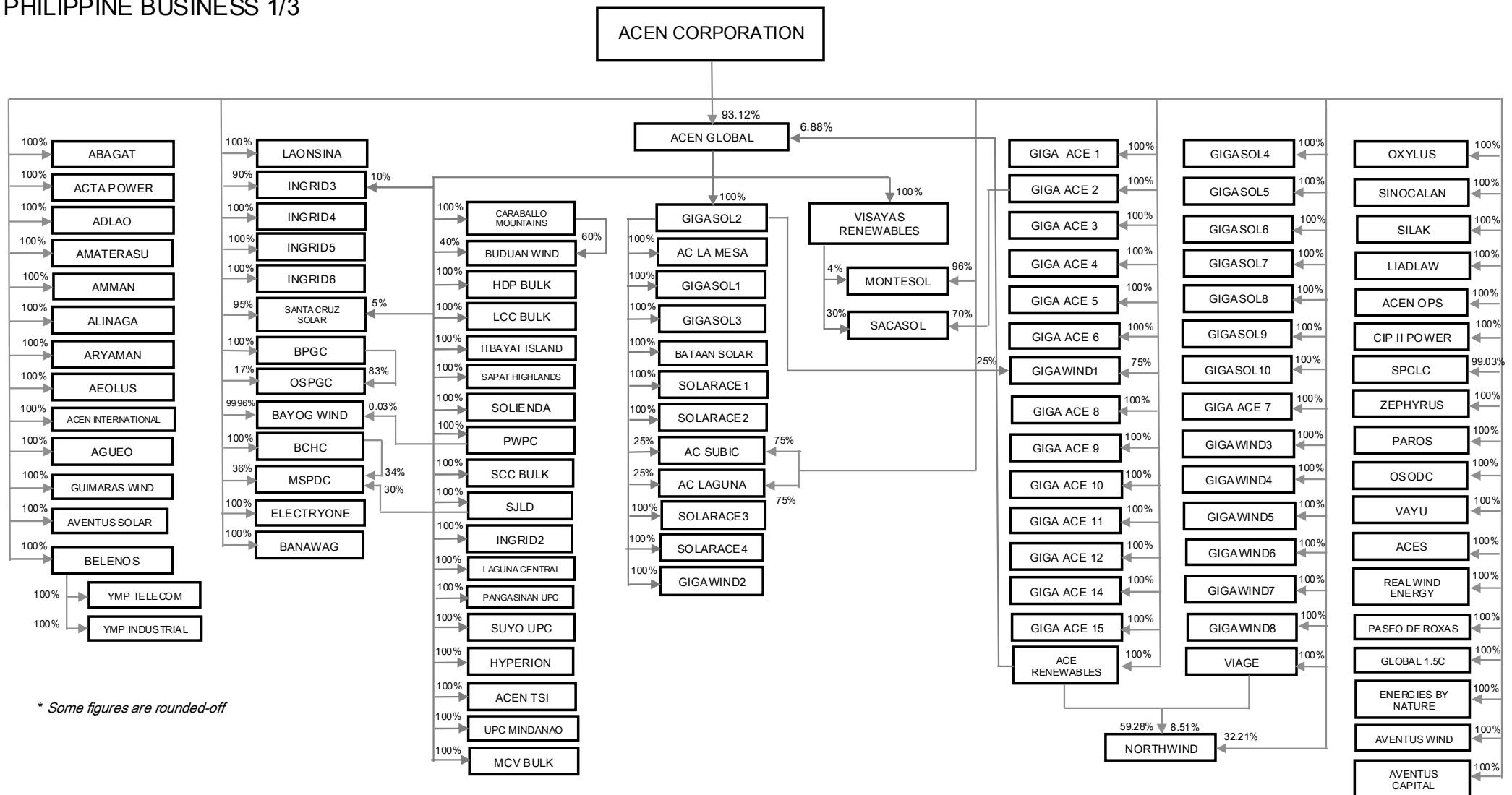


Note:

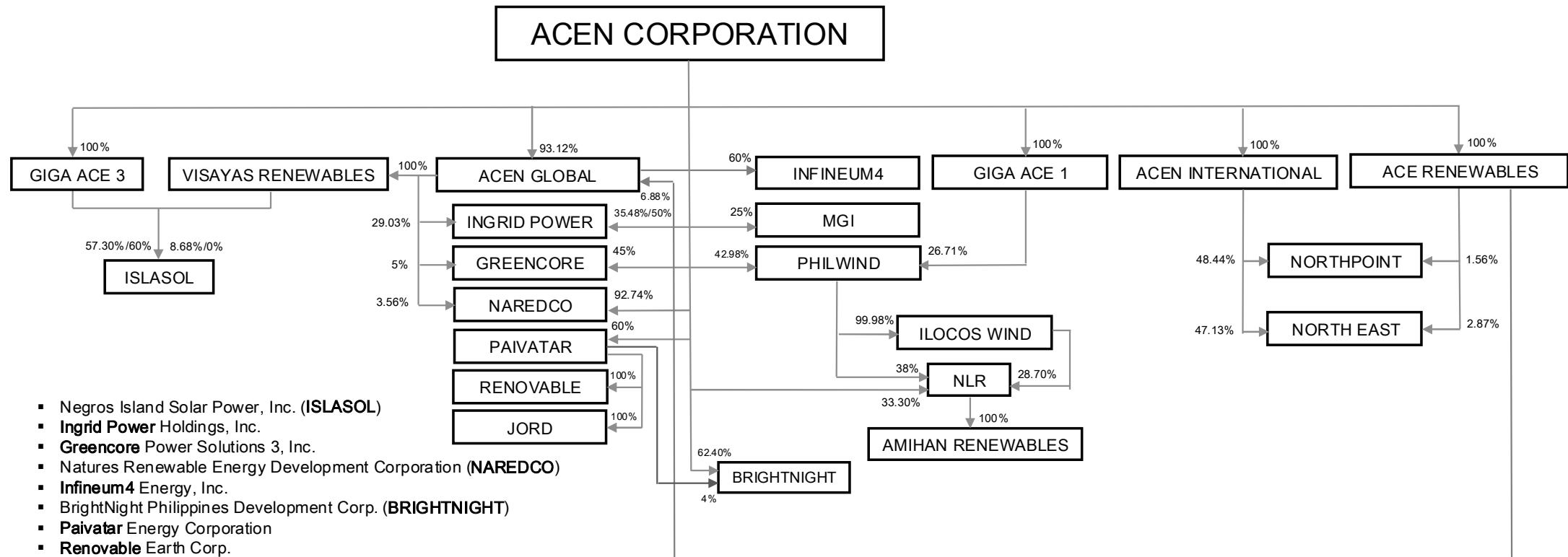
For figures in split form (X%/Y%) as shown in all slides, figures in left represent voting interest, while figures in right represent economic interest.

For figures not in split form, figures represent both voting and economic interest.

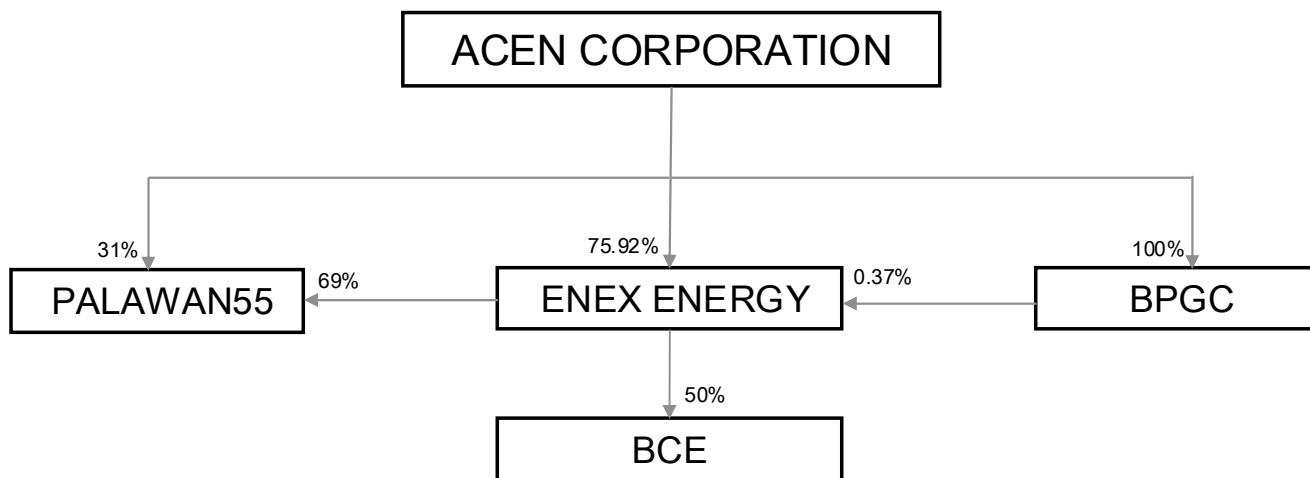
ACEN WHOLLY-OWNED COMPANIES PHILIPPINE BUSINESS 1/3



ACEN JOINT VENTURES PHILIPPINE BUSINESS 2/3

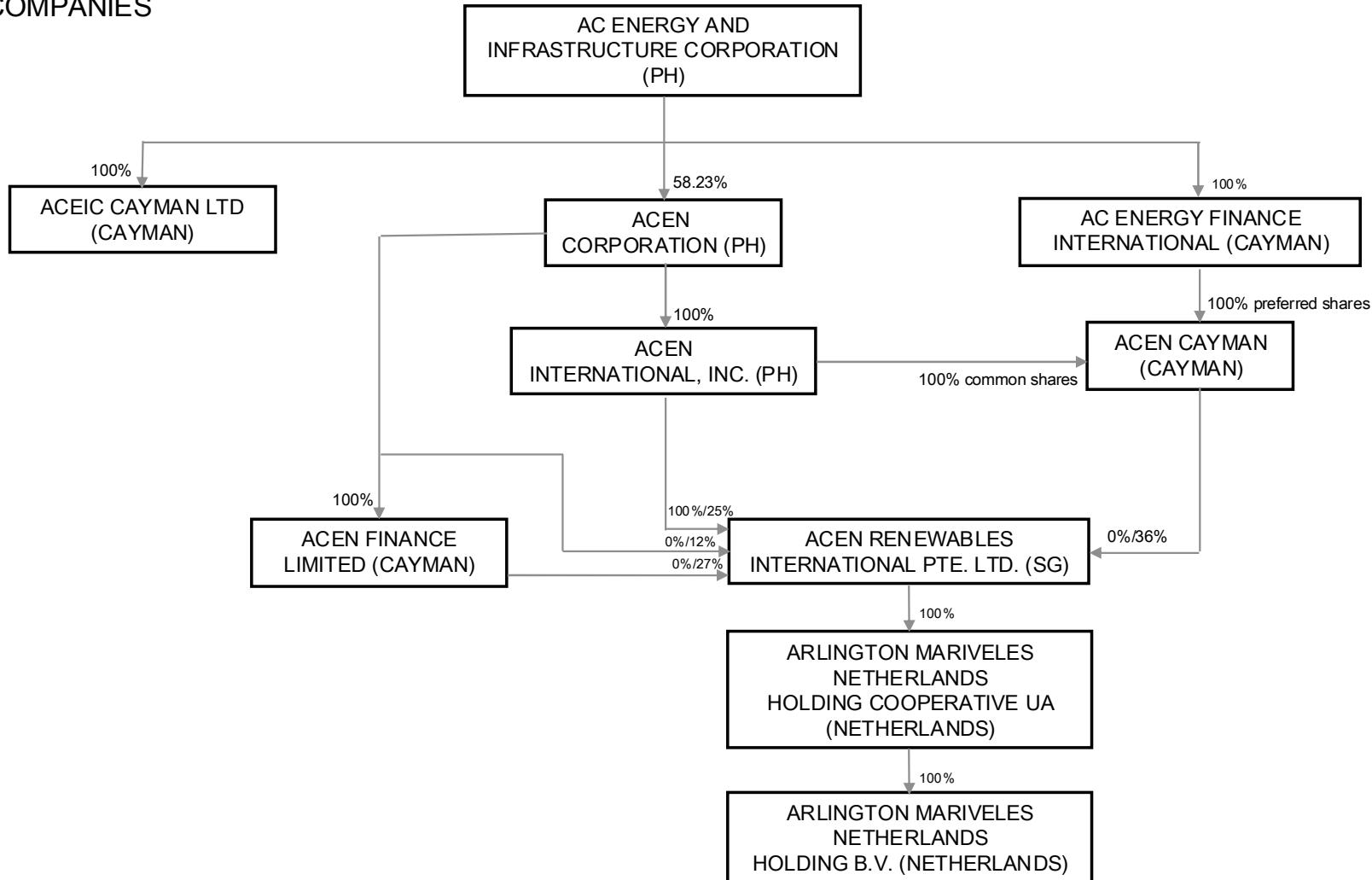


ACEN - ENEX COMPANIES
PHILIPPINE BUSINESS 3/3

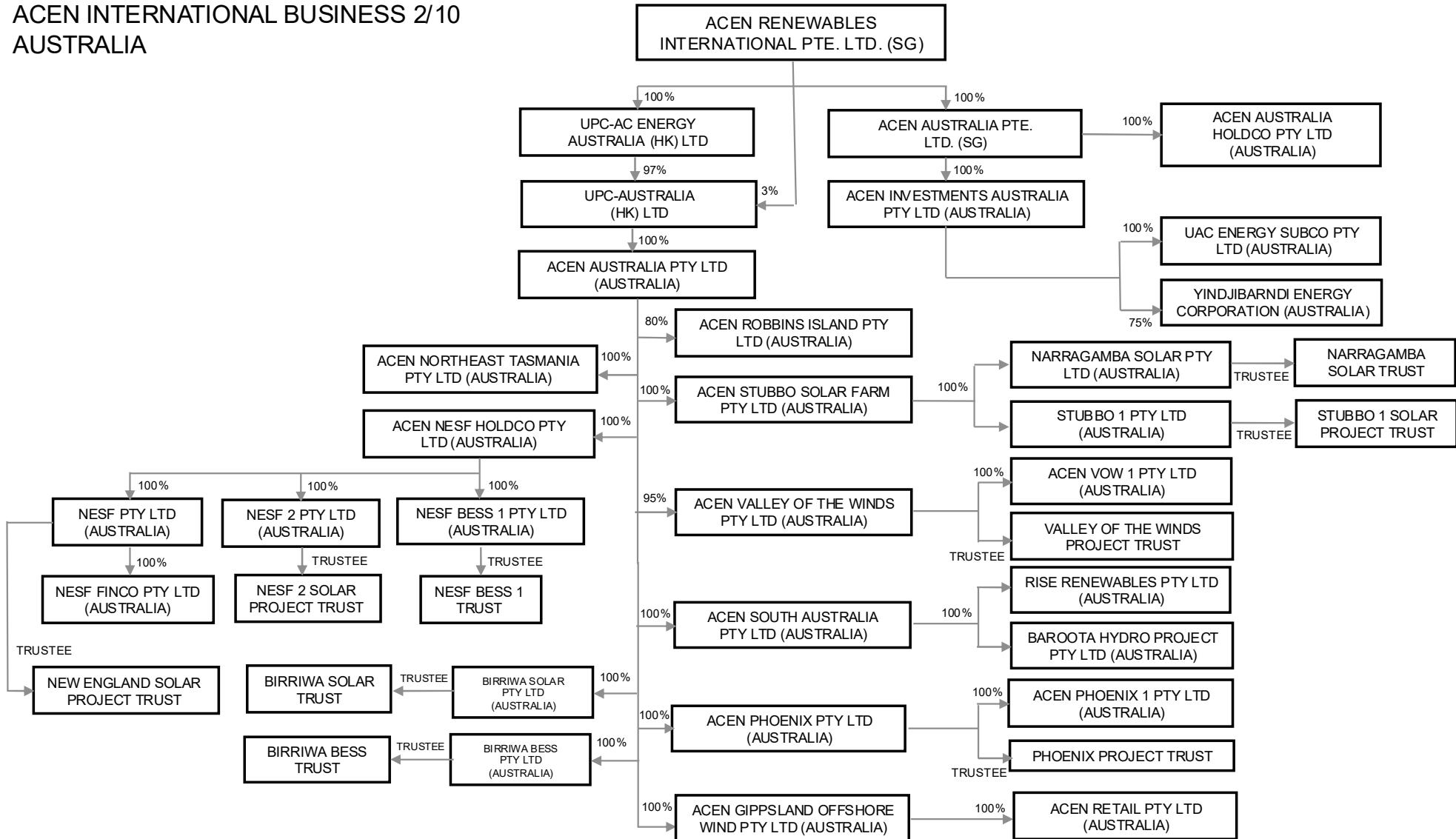


- **Enex Energy** Corporation (PSE-Listed Company)
- **Palawan55** Exploration and Production Corp.
- **Bulacan Power Generating Corp.** (**BPGC**)
- **Batangas Clean Energy, Inc.** (**BCE**)

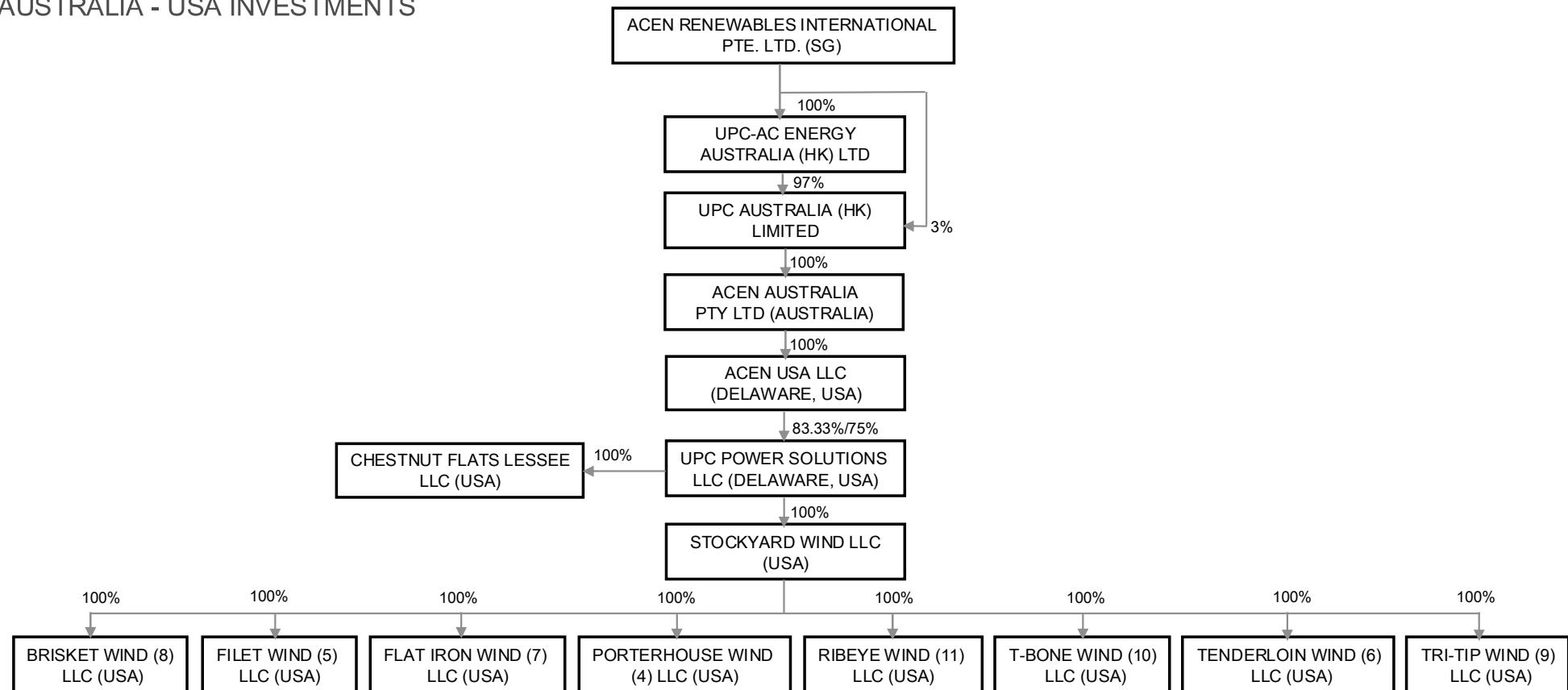
ACEN INTERNATIONAL BUSINESS 1/10
HOLDING COMPANIES



ACEN INTERNATIONAL BUSINESS 2/10 AUSTRALIA

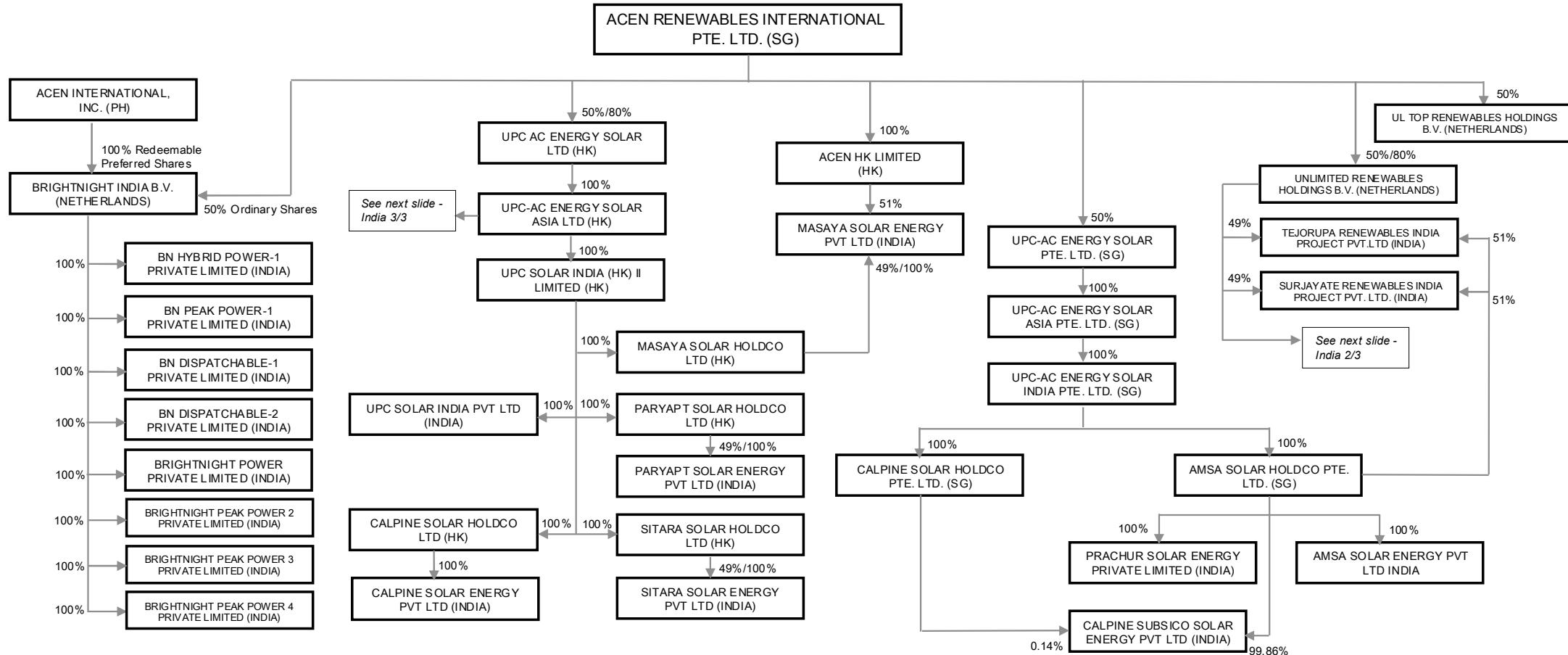


ACEN INTERNATIONAL BUSINESS 3/10
AUSTRALIA - USA INVESTMENTS

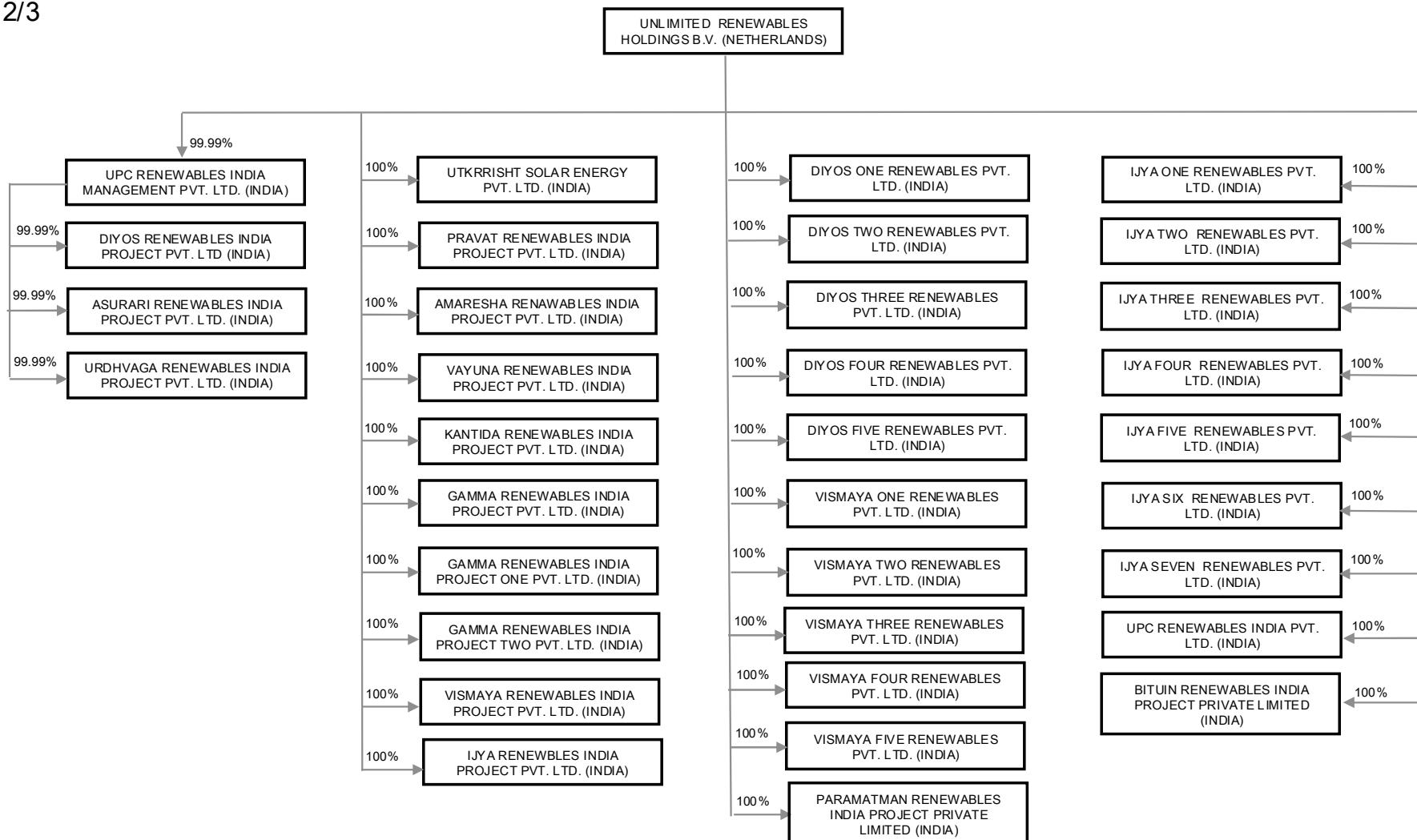


ACEN INTERNATIONAL BUSINESS 4/10

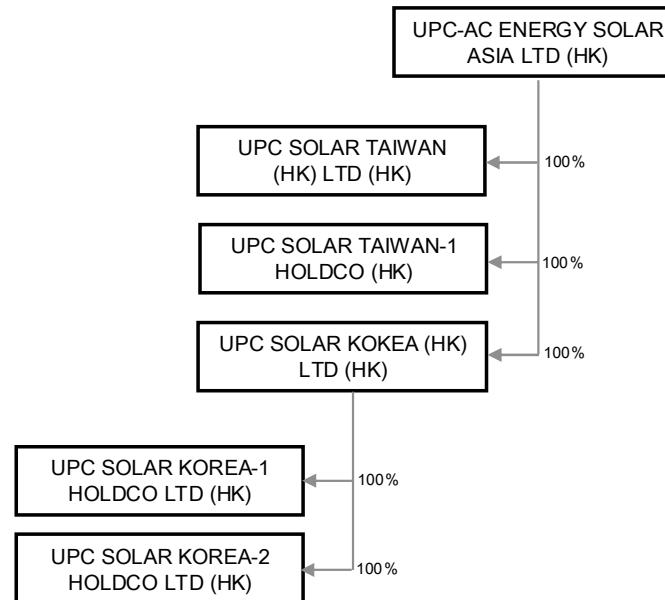
INDIA 1/3



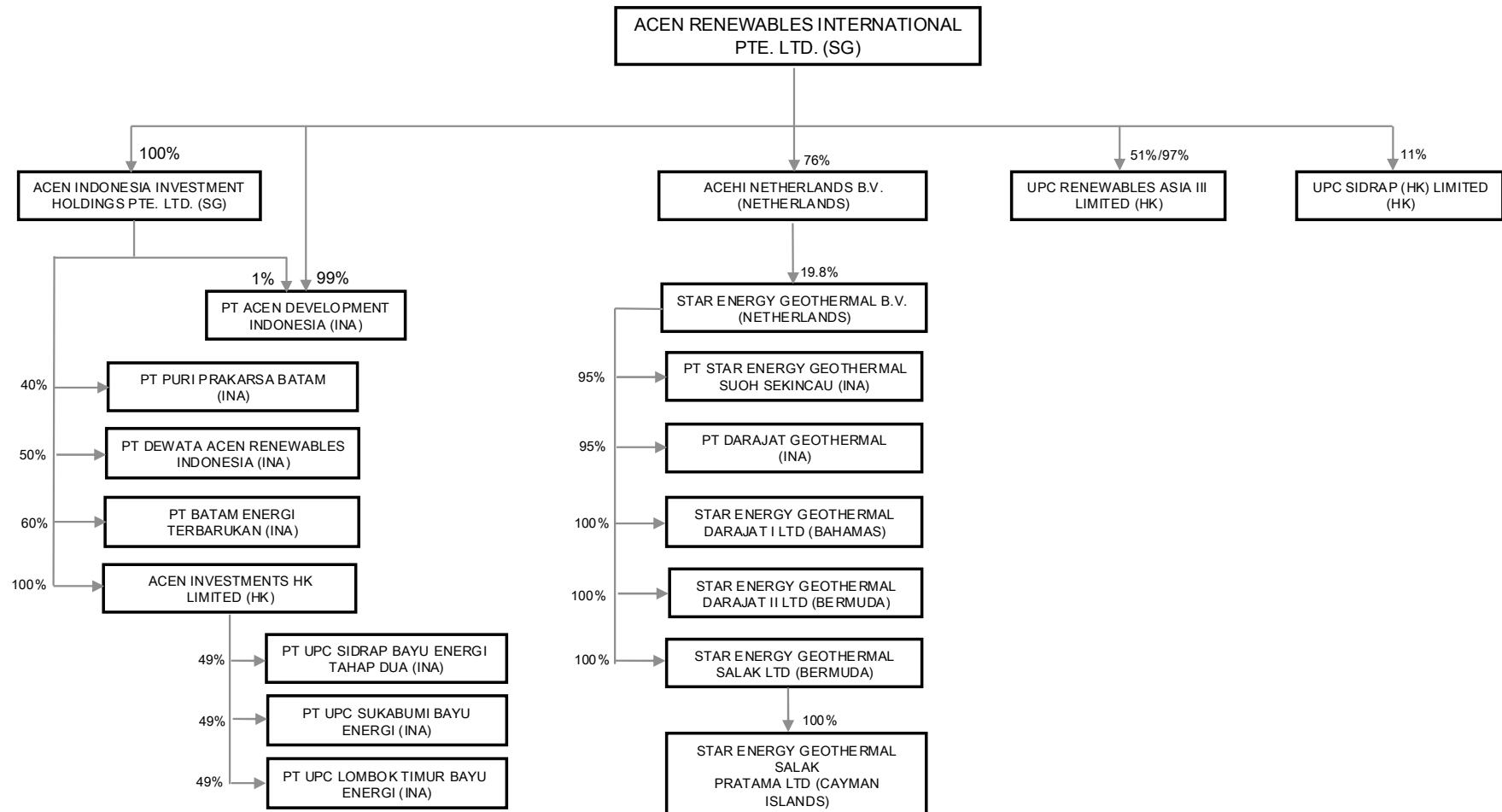
ACEN INTERNATIONAL BUSINESS 5/10
INDIA 2/3



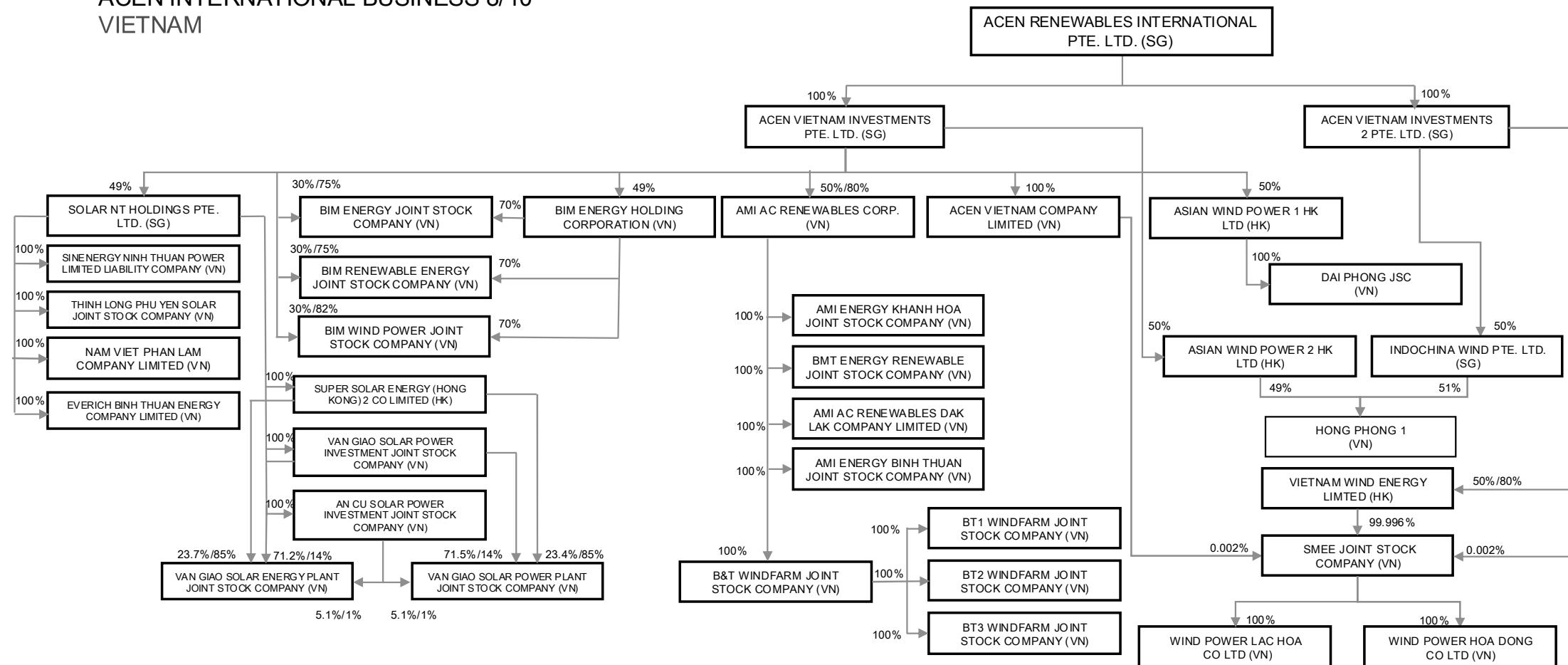
ACEN INTERNATIONAL BUSINESS 6/10
INDIA 3/3



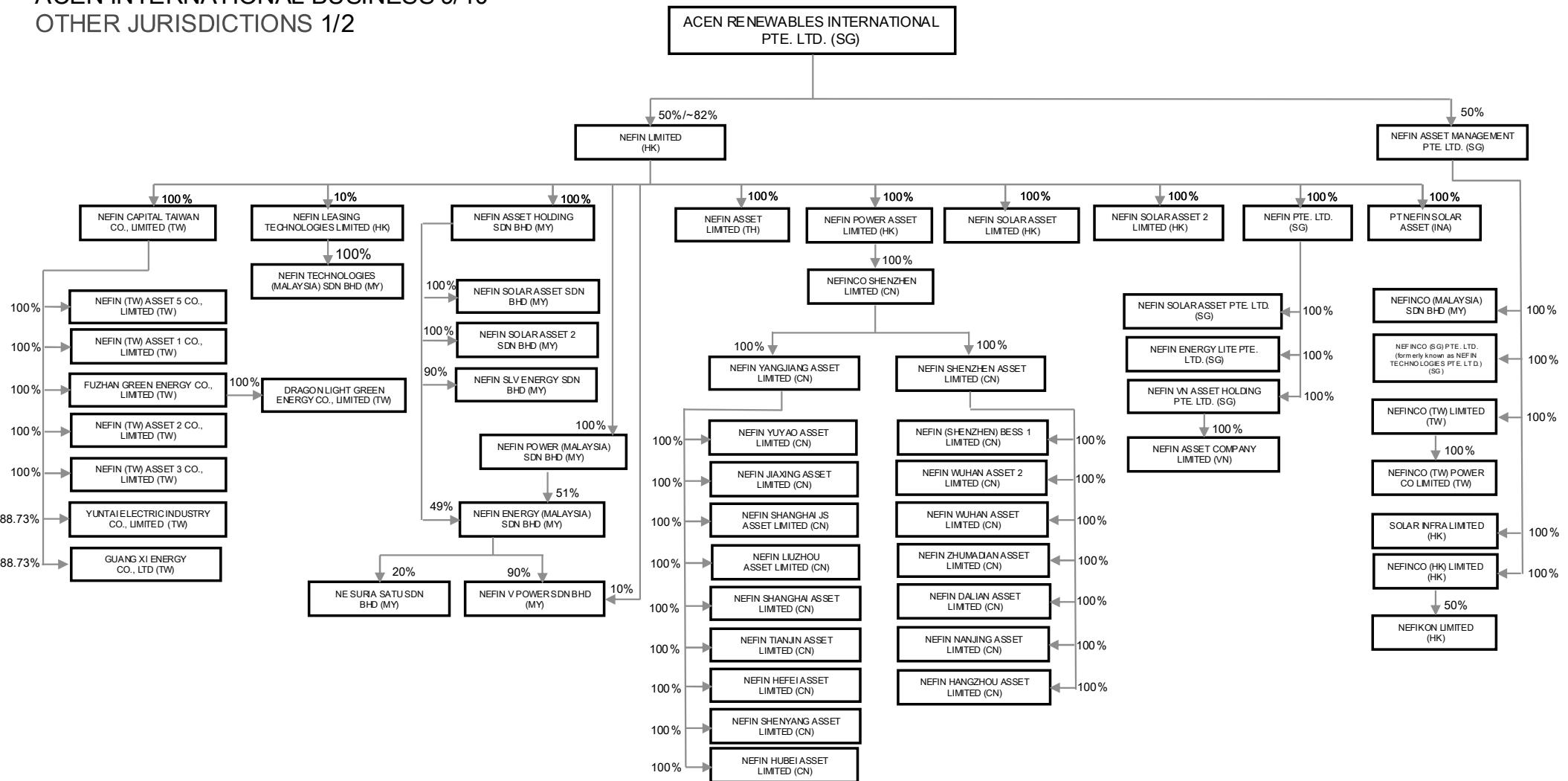
ACEN INTERNATIONAL BUSINESS 7/10 INDONESIA



ACEN INTERNATIONAL BUSINESS 8/10 VIETNAM

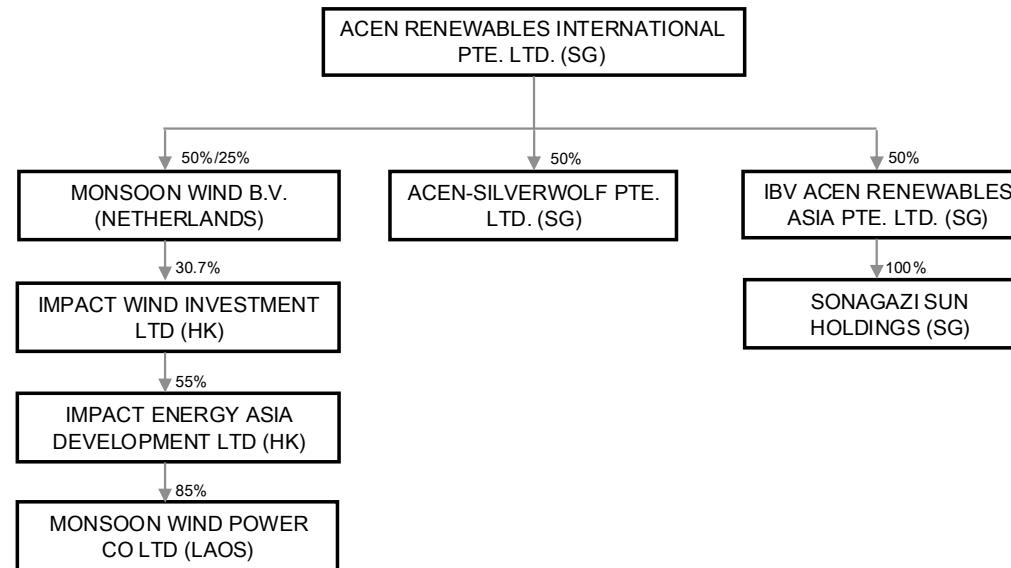


ACEN INTERNATIONAL BUSINESS 9/10 OTHER JURISDICTIONS 1/2

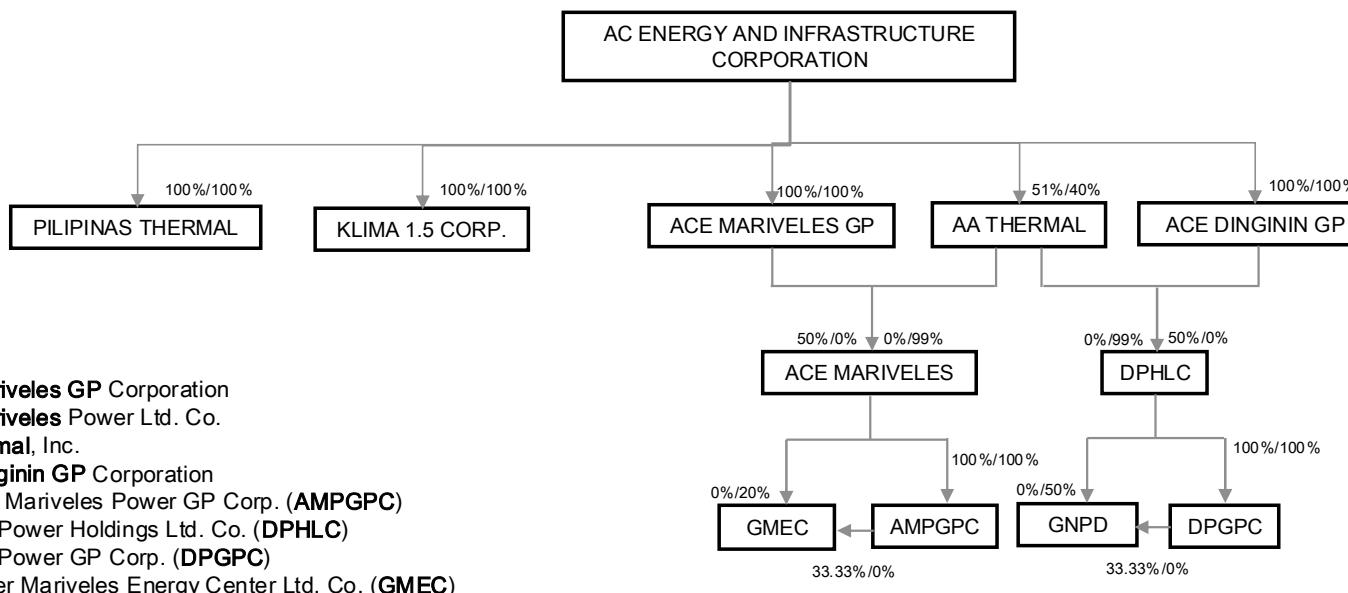


ACEN INTERNATIONAL BUSINESS 10/10

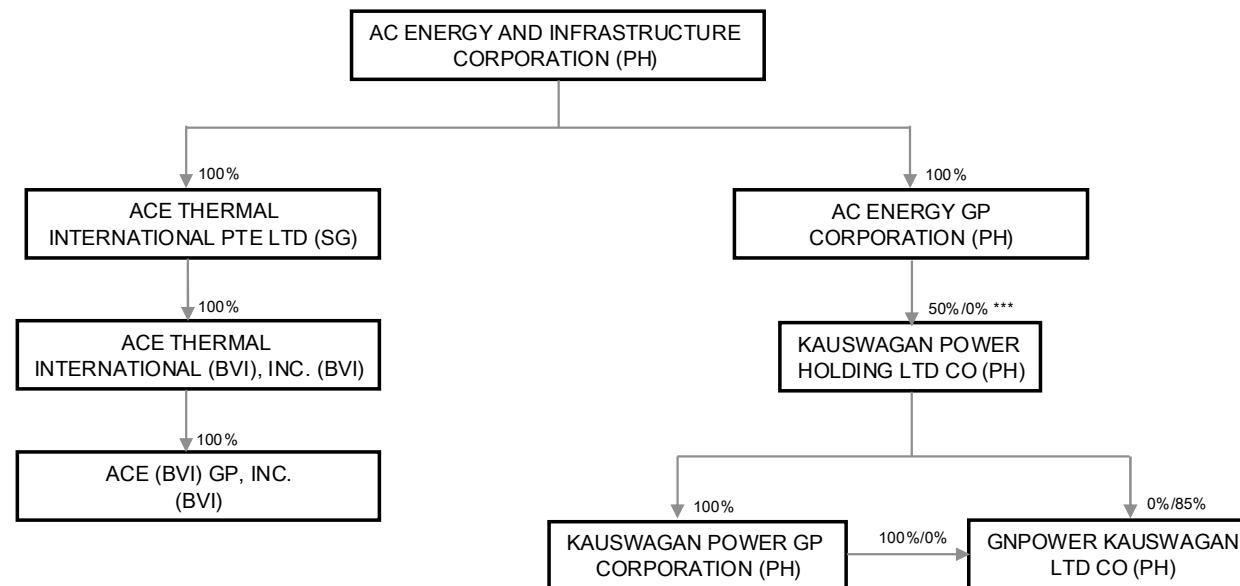
OTHER JURISDICTIONS 2/2



AC ENERGY AND INFRASTRUCTURE CORPORATION PHILIPPINE THERMAL ASSETS 1/2

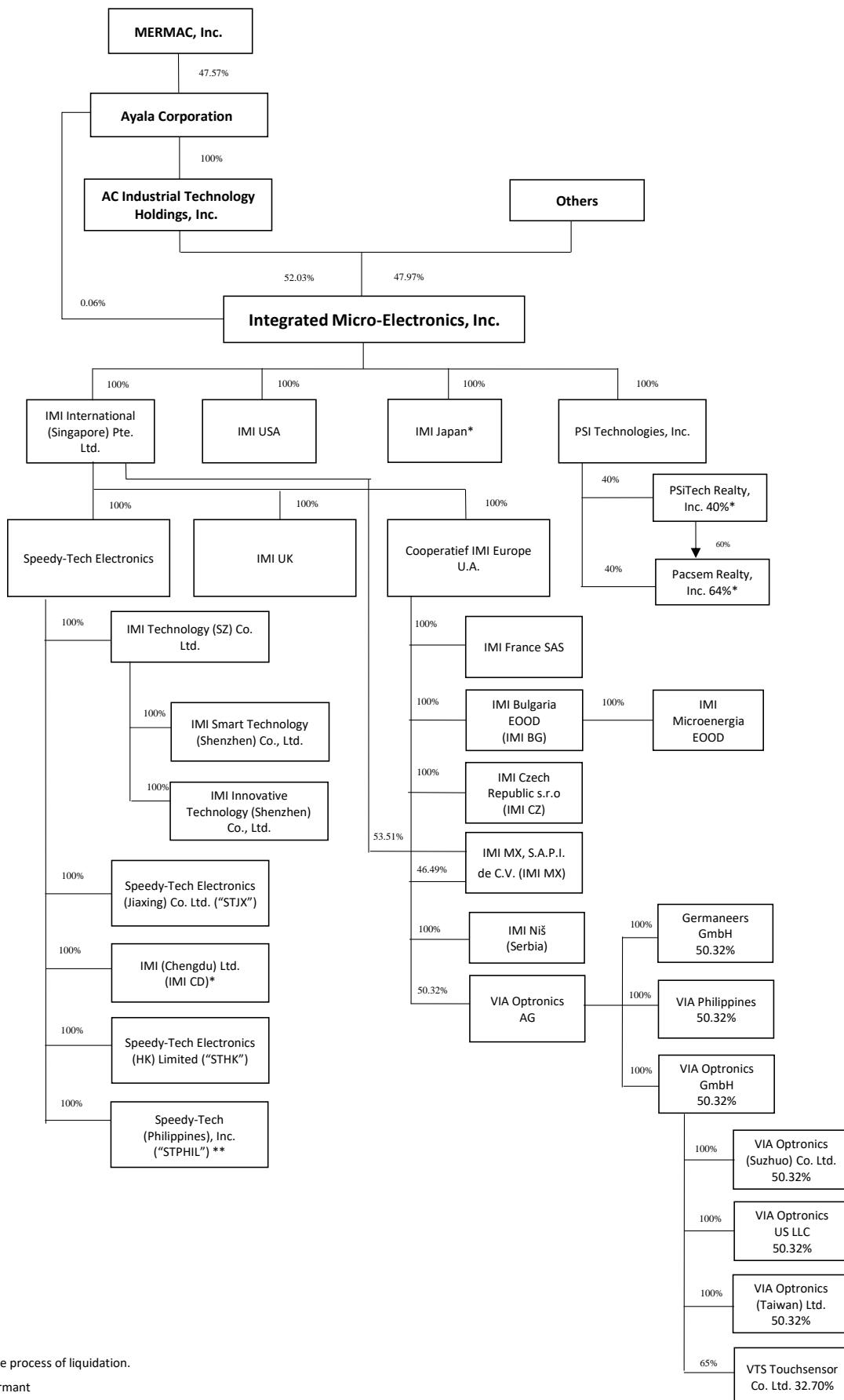


AC ENERGY AND INFRASTRUCTURE CORPORATION PHILIPPINE THERMAL ASSETS 2/2



***with very minimal approving rights

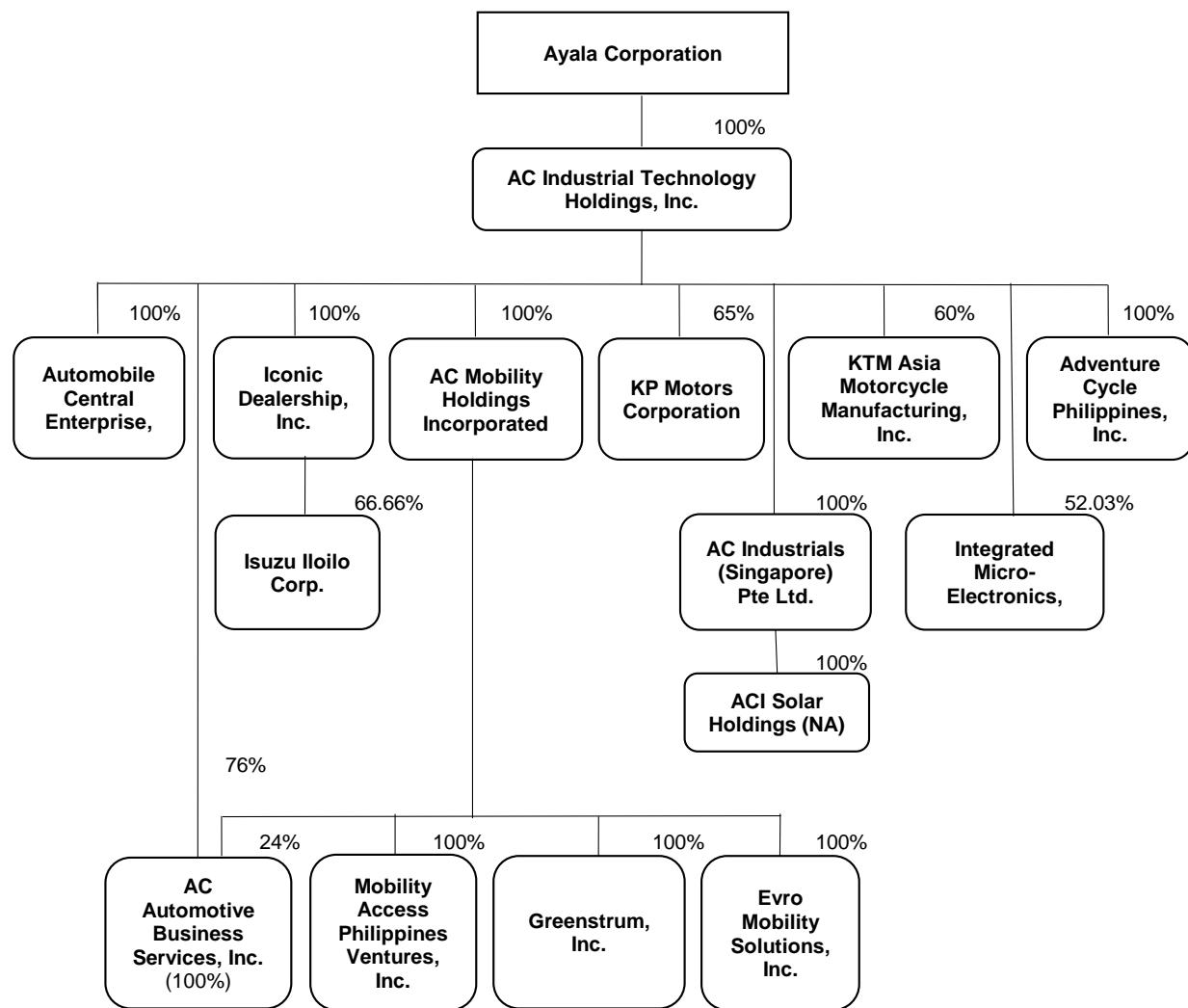
AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024



AYALA CORPORATION AND SUBSIDIARIES

Map of Relationships of the Companies within the Group

As of December 31, 2024

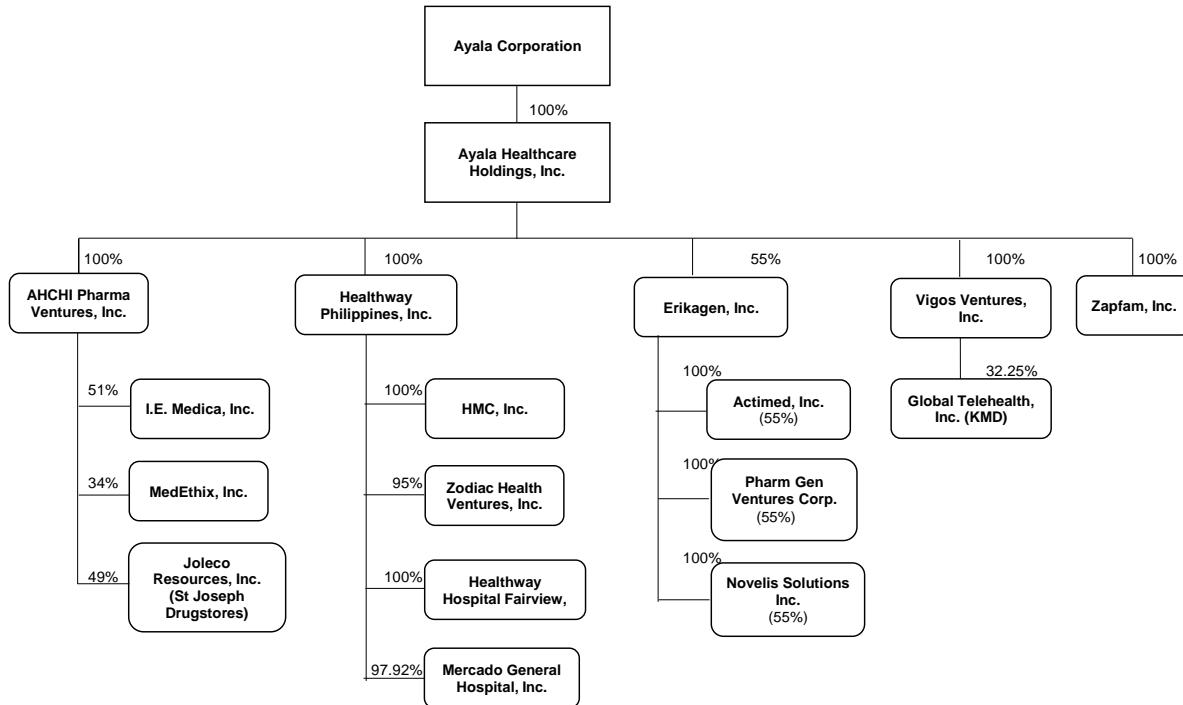


Legend:

% of ownership appearing outside the box - direct economic % of ownership

% of ownership appearing inside the box - effective % of economic ownership

AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024

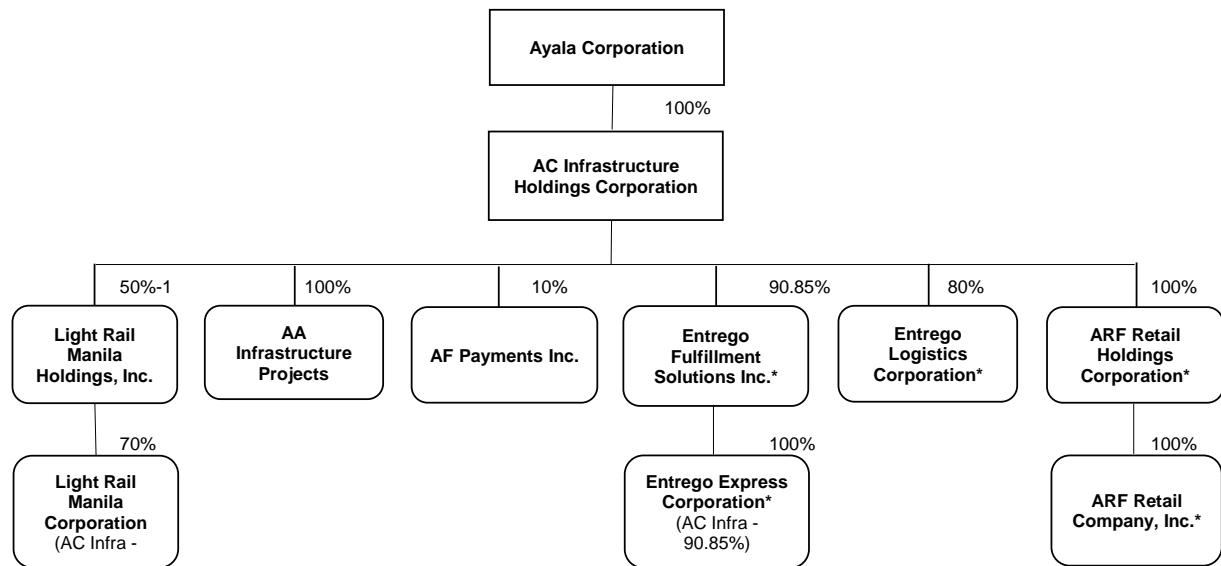


Legend:

% of ownership appearing outside the box - direct economic % of ownership
% of ownership appearing inside the box - effective % of economic ownership

* Chart does not show companies established through former Azalea Technology Investments, Inc. and which are now in the process of dissolution and liquidation: Talentworks Asia Inc. (100%), CNG Global Data Hub (18.03%), Wireless Internet Solutions, Inc. (100%) and Ayala Port, Inc. (50%).

AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024



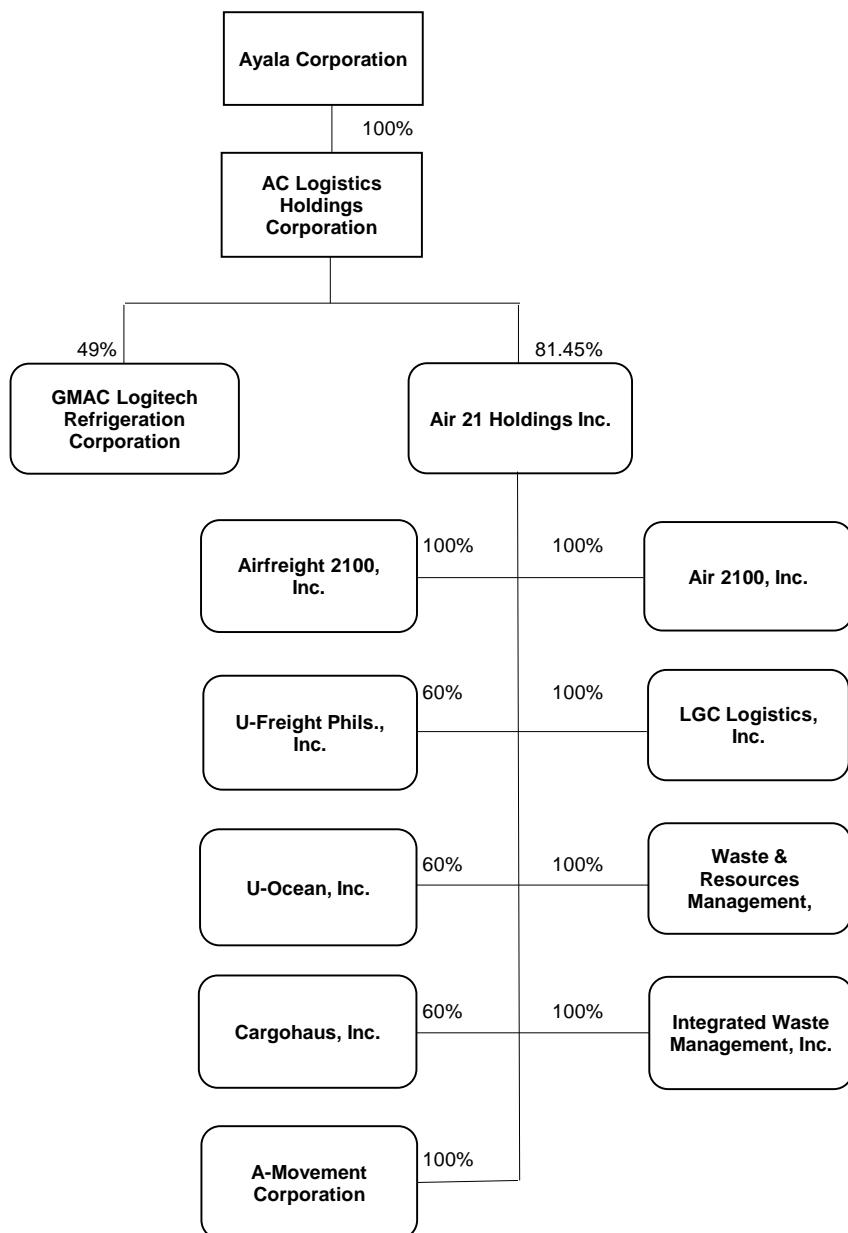
Legend:

% of ownership appearing outside the box - direct economic % of ownership

% of ownership appearing inside the box - effective % of economic ownership

* Under dissolution, please refer to Note 2 of the Notes to Audited Consolidated FS.

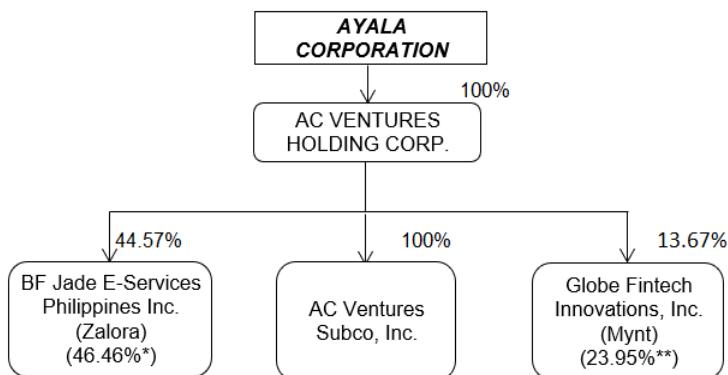
AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024



Legend:

% of ownership appearing outside the box - direct economic % of ownership
 % of ownership appearing inside the box - effective % of economic ownership

AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024

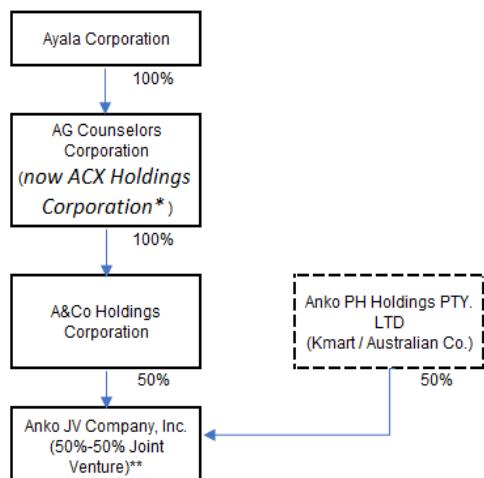


Legend:

% of ownership appearing outside the box - direct economic % of ownership
 % of ownership appearing inside the box - effective % of economic ownership

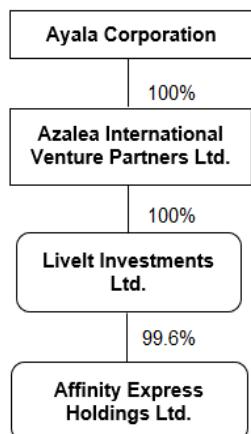
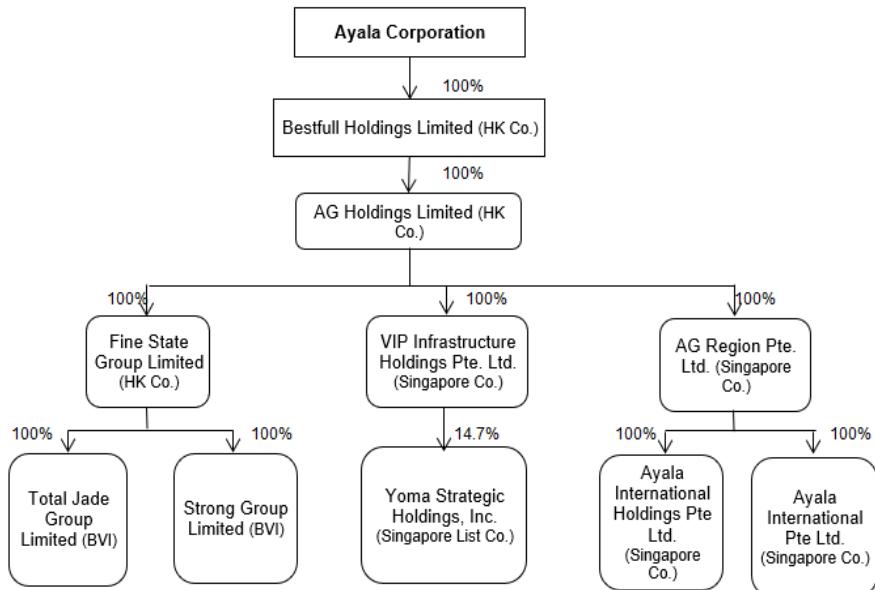
*Including 1.89% indirect ownership of AC thru ALI, BPI and Globe.

**Including 10.28% indirect ownership of AC thru Globe.



*On January 6, 2025, the SEC approved the change in corporate name of AGCC to ACX Holdings Corporation.
 **Retail store in Glorietta.

AYALA CORPORATION AND SUBSIDIARIES
Map of Relationships of the Companies within the Group
As of December 31, 2024



INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Ayala Corporation
37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. Except for Price per share, components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason
Partner
CPA Certificate No. 104921
Tax Identification No. 217-740-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-112-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465408, January 2, 2025, Makati City

March 13, 2025



AYALA CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

AS AT DECEMBER 31, 2024 AND 2023

Ratio	Formula	December 2024 (In thousands)	December 2023	December 2024	December 2023
Liquidity Analysis Ratios					
Liquidity Ratio*	Cash & Cash equivalents + Short-term investments	₱76,225,303	₱76,210,801	0.20	0.22
	Current Liabilities	389,290,509	349,362,933		
	Cash & Cash equivalents	75,501,736	74,784,222		
	Short-term investments	723,567	1,426,579		
	Total	76,225,303	76,210,801		
Current Ratio*	Current Assets	584,562,518	575,495,486	1.50	1.65
	Current Liabilities	389,290,509	349,362,933		
Quick Ratio*	Quick assets	313,053,378	322,046,802	0.80	0.92
	Current Liabilities	389,290,509	349,362,933		
	Current assets	584,562,518	575,495,486		
	Inventories	(247,752,784)	(231,279,175)		
	Prepayments	(23,756,356)	(22,169,509)		
	Quick assets	313,053,378	322,046,802		
Solvency Ratio*	Total Assets	1,749,325,722	1,608,713,290	1.71	1.72
	Total Liabilities	1,023,744,002	933,771,929		
Financial Leverage Ratios					
Assets-to-Equity Ratio*	Total Assets	1,749,325,722	1,608,713,290	2.41	2.38
	Total Stockholders' Equity	725,581,720	674,941,361		
Interest Rate Coverage Ratio**	Earnings Before Interest and Taxes (EBIT)	108,049,437	95,956,274	2.98	3.08
	Interest and other financing charges	36,198,909	31,199,863		
	Income after income tax from continuing operations	61,462,045	55,176,358		
	Provision for income tax	10,388,483	9,580,053		
	Interest and other financing charges	36,198,909	31,199,863		
	EBIT	108,049,437	95,956,274		
Debt Ratio*	Short-term debt + Long-term debt	666,759,130	589,843,737	0.38	0.37
	Total Assets	1,749,325,722	1,608,713,290		
	Short-term debt	75,556,284	49,871,493		
	Long-term debt (current & noncurrent)	591,202,846	539,972,244		
	Total debt	666,759,130	589,843,737		
Debt-to-Equity Ratio*	Short-term debt + Long-term debt	666,759,130	589,843,737	91.9%	87.4%
	Total Stockholders' Equity	725,581,720	674,941,361		
Net Debt-to-Equity Ratio*	Net debt	590,533,827	504,805,103	81.4%	74.8%
	Total Stockholders' Equity	725,581,720	674,941,361		
	Short-term debt	75,556,284	49,871,493		
	Long-term debt (current & noncurrent)	591,202,846	539,972,244		
	Total debt	666,759,130	589,843,737		
	Less:				
	Cash and cash equivalents	75,501,736	74,784,222		
	Short-term investments	723,567	1,426,579		
	Restricted cash	—	8,827,833		
	Net debt	590,533,827	504,805,103		
Profitability Ratios					
Gross Profit Margin**	Sale of goods & rendering of services	87,238,121	70,072,707	0.27	0.24
	- Cost of sales & services	325,743,960	289,904,747		
	Sale of goods & rendering of services	325,743,960	289,904,747		
	Cost of sales & services	(238,505,839)	(219,832,040)		
	Gross profit	87,238,121	70,072,707		

Ratio	Formula	December 2024 (In thousands)	December 2023	December 2024	December 2023
Net Profit Margin**					
	Net Profit	₱35,967,822	₱27,426,171	0.11	0.09
	Sale of goods & rendering of services	325,743,960	289,904,747		
	Gross profit	87,238,121	70,072,707		
	General and administrative expenses	(51,270,299)	(42,646,536)		
	Net Profit	35,967,822	27,426,171		
Return on Equity**					
	Net Income to Owners of the Parent	42,026,496	38,073,084	5.8%	5.6%
	Total Stockholders' Equity	725,581,720	674,941,361		
Return on Common Equity***					
	Net Income to Owners of the Parent (Common)	40,232,942	36,398,401	10.3%	10.2%
	Common Equity Attributable to Owners of the Parent (Average)	388,730,241	356,452,478		
	Net income to owners of the Parent	42,026,496	38,073,084		
	Less: Dividends on preferred stock	(1,793,554)	(1,674,683)		
	NIAT to Common	40,232,942	36,398,401		
	Equity attributable to owners of the parent	434,499,625	396,538,552		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	26,303,842	22,074,952		
	Treasury shares - preferred shares	(5,725,549)	(3,475,549)		
	Common equity attributable to owners of the Parent	27,778,293	25,799,403		
	Average common equity attributable to owners of the Parent	406,721,332	370,739,149		
		388,730,241			
	Equity attributable to owners of the parent	396,538,552	367,062,529		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	22,074,952	19,696,722		
	Treasury shares - preferred shares	(3,475,549)	(2,000,000)		
	Common equity attributable to owners of the Parent	25,799,403	24,896,722		
	Average common equity attributable to owners of the Parent	370,739,149	342,165,807		
		356,452,478			
Return on Assets**					
	Net Income	61,462,045	55,176,358	3.5%	3.4%
	Total Assets	1,749,325,722	1,608,713,290		
Price/Earnings Ratio**					
	Price Per Share	599.00	681.00	9.25	11.59
	Earnings Per Common Share (Basic)	64.77	58.75		
Other Ratio					
Book Value per Share*	Common Equity Attributable to Owners of the Parent	406,721,332	370,739,149	652.22	598.15
	Outstanding Common Shares	623,597	619,807		

* Based on "As at" December 31, 2024 and 2023 balances.

** Includes both "As at" and "Period ended" December 31, 2024 and 2023 balances.

*** Includes both "As at" and "Period ended" December 31, 2024, 2023, and 2022 balances.

AYALA CORPORATION AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION****AS AT DECEMBER 31, 2024 AND 2023**

	2024	2023
Total Audit Fees	₱127,809,363	₱112,031,601
Non-audit services fees:		
Other assurance services	19,233,714	24,640,964
Tax services	8,097,492	1,260,000
All other services	2,485,257	1,053,300
Total non-audit fees	29,816,463	26,954,264
Total audit and non-audit fees	₱157,625,826	₱138,985,865

AYALA CORPORATION AND SUBSIDIARIES

Annex F: LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC
As of December 31, 2024
(in Thousand Pesos)

1. Gross and net proceeds as disclosed in the final prospectus

	Base Offer of P10 Billion	Base Offer with Oversubscription Option of up to P5 Billion
Gross proceeds	P10,000,000,000	P5,000,000,000
Net proceeds	P9,914,737,533	P14,889,869,112

2. Actual gross and net proceeds

AC Preferred Class "B" Series Re-issuance (APB3R) Offering Proceeds	P15,000,000,000
Less: Related Disbursements	
SEC Registration and Legal Research Fee	P4,355,625
Documentary Stamp Tax	7,500,000
PSE Filing Fee	15,000,000
VAT on PSE Filing Fee	1,800,000
Gross Receipts Tax	3,816,918
Fees paid to the Sole Issue Manager and the Joint Lead Underwriters and Bookrunners	56,250,000
Estimated legal fees	280,000
Fees paid to the PSE Trading Participants	2,500,000
Stock Transfer Service Inc.'s ("STSI") receiving agent service fee	700,000
Professional Expenses	26,967,517
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	139,255
Net proceeds	P14,880,690,686

3. Each expenditure item where the proceeds were used

The proceeds were used in the redemption of Class "B" Preferred Shares callable on November 29, 2024.

4. Balance of the proceeds as of end of reporting period

The balance of the proceeds as of December 31, 2024 is nil.

III. 2024 Ayala Corporation and Subsidiaries Special Form for Financial Statements (SFFS)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEL. NO.: (632) 7908-3000

FAX NO.: _____

COMPANY TYPE : Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	1,749,325,722	1,608,713,290
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	584,562,518	575,495,486
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	75,501,736	74,784,222
A.1.1.1 On hand	324,989	421,559
A.1.1.2 In domestic entities	56,741,468	50,531,822
A.1.1.3 In foreign banks/entities	18,435,279	23,830,841
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	158,358,122	159,553,272
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	129,708,452	128,787,075
A.1.2.1.1 Due from customers (trade)	94,290,672	94,393,518
A.1.2.1.2 Due from related parties (trade & nontrade)	12,191,290	12,269,322
A.1.2.1.3 Others	29,299,002	21,309,640
A.1.2.1.3. Advances, dividends and other receivables	29,299,002	21,309,640
A.1.2.1.3.	-	-
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(6,072,512)	(5,643,893)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	28,649,670	30,766,197
A.1.2.2.1 Due from customers (trade)	19,325,800	18,935,617
A.1.2.2.2 Due from related parties (trade & nontrade)	9,642,752	6,458,533
A.1.2.2.3 Other receivables	1,184,864	5,779,191
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	(1,503,746)	(407,144)
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	247,752,784	231,279,175
A.1.3.1 Raw materials and supplies	13,753,790	15,528,264
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	1,832,941	1,788,247
A.1.3.3 Finished goods	1,369,744	1,051,686
A.1.3.4 Merchandise/Goods in transit	-	-
A.1.3.5 Unbilled Services (in case of service providers)	-	-
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2 + A.1.3.6.3)	230,796,309	212,910,978
A.1.3.6.1 Real Estate (Residential, commercial lots, condominium units and offices)	226,560,078	209,316,511
A.1.3.6.2 Vehicles, Parts and Accessories	3,767,887	2,593,347
A.1.3.6.3 Others	468,344	1,001,120
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	723,567	1,426,579
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities:	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **AYALA CORPORATION AND SUBSIDIARIES**

CURRENT ADDRESS: **37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City**

TEL. NO.: **(632) 7908-3000**

FAX NO.: _____

COMPANY TYPE : **Holding Company**

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	723,567	1,426,579
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions / Short-term investments	723,567	1,426,579
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities:		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities:	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	102,226,309	108,452,238
A.1.5.1 Advances to contractors and suppliers	25,455,263	29,122,391
A.1.5.2 Prepaid expenses	23,756,356	22,169,509
A.1.5.3 Input VAT	14,581,198	17,019,639
A.1.5.4 Creditable withholding tax	17,805,306	14,525,602
A.1.5.5 Financial assets at fair value through profit or loss	11,313,625	7,307,324
A.1.5.6 Restricted cash	-	8,827,833
A.1.5.7 Contract assets, Deposits in escrow and Derivative assets	4,977,181	4,773,394
A.1.5.8 Others	4,337,380	4,706,546
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	178,131,222	149,054,722
A.2.1 Land	-	-
A.2.2 Land, buildings and improvements including leasehold improvement	31,699,611	34,304,898
A.2.3 Machinery and equipment (on hand and in transit)	81,221,448	46,948,142
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and	4,284,049	6,854,794
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	118,942,782	112,075,355
A..2.5.1 Hotel property and equipment	21,511,273	15,491,389
A..2.5.2 Furniture and fixtures	24,293,150	17,185,858
A..2.5.3 Construction in progress	73,138,359	83,308,653
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(58,016,668)	(55,039,012)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	401,221,558	353,964,343
A.3.1 Equity in domestic subsidiaries/affiliates	366,071,558	329,287,343
A.3.2 Equity in foreign subsidiaries/affiliates	35,150,000	24,677,000
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment in bonds and other securities	32,958,451	37,332,906
A.5 Investment Property and Land and Improvements	262,903,806	242,484,670
A.6 Intangible Assets	39,383,400	40,424,326
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	36,697,943	37,635,517
A.6.1.1 Goodwill	29,883,217	30,059,956
A.6.1.2 Leasehold and other rights	3,048,806	3,450,579
A.6.1.3 Trademarks	3,301,741	3,474,737
A.6.1.4 UnpatentedTechnology/Intellectual Properties	185,106	609,781
A.6.1.5 Customer relationships	279,073	307,943
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	2,685,457	2,788,809
A.6.2.1 Licenses	201,826	270,295
A.6.2.2 Developed software, project development cost and others	2,483,631	2,251,035
A.7 Service Concession Assets	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale		

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT

NAME OF CORPORATION: **AYALA CORPORATION AND SUBSIDIARIES**

CURRENT ADDRESS: **37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City**

TEL. NO.: **(632) 7908-3000**

FAX NO.:

COMPANY TYPE: **Holding Company**

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	151,065,379	119,341,363
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	137,022,175	109,734,605
A.9.1.1 Due from customers (trade)	80,962,213	58,530,836
A.9.1.2 Due from related parties (trade & nontrade)	1,110,511	443,472
A.9.1.3 Other receivables	54,949,451	50,760,297
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	15,495,343	10,947,523
A.9.2.1 Due from related parties (trade & nontrade)	15,495,343	10,947,523
A.9.2.2 Other receivables	-	-
A.9.2.3	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	(1,452,139)	(1,340,765)
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	99,099,388	90,615,474
A.10.1 Deferred Tax Assets	20,220,095	19,460,490
A.10.2 Deferred charges	22,446,159	17,033,185
A.10.3 Advances to contractors and suppliers	8,640,107	8,508,364
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	47,793,027	45,613,435
A.10.4.1 Right-of-use assets	24,562,118	23,498,181
A.10.4.2 Deferred input VAT and Creditable withholding taxes	10,478,930	9,489,128
A.10.4.3 Derivative asset	4,499,660	5,162,810
A.10.4.4 Deposits - others	5,750,041	4,631,317
A.10.4.5 Others (including Pension assets)	2,502,278	2,831,999
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	1,023,744,002	933,771,929
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	389,290,509	349,362,933
B.1.1 Trade and Other Payables to Domestic/Foreign Entities	197,621,147	180,052,693
B.1.1.1 Loans/Notes Payables	-	-
B.1.1.2 Trade Payables	141,786,016	120,086,178
B.1.1.3 Payables to Related Parties	4,544,179	4,814,623
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	-	-
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	41,206,979	29,942,845
B.1.1.5.1 Accrued expenses (project, personnel cost, etc.)	7,884,417	10,441,025
B.1.1.5.2 Taxes payable	25,560,837	25,157,368
B.1.1.5.3 Interest payable	7,761,725	6,967,886
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	10,083,973	12,585,613
B.1.1.6.1 Liability for purchase of land	4,963,944	7,508,478
B.1.1.6.2 Retention payable	5,120,029	5,077,135
B.1.1.6.3	-	-
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	23,102,315	23,327,068
B.1.2.1 Trade Payables	11,141,961	12,623,434
B.1.2.2 Accrued expenses and other payables	11,960,354	10,703,634
B.1.2.3	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	75,556,284	49,871,493
B.1.4.1 Short-term debt	75,556,284	49,871,493
B.1.4.2 Estimated liabilities for land and property development	-	-
B.1.4.3 Cumulative redeemable preferred shares-current	-	-
B.1.4.4 Unrealized gain on real estate sales	-	-
B.1.4.5 Contract liabilities	-	-
B.1.5 Income tax payable	820,441	1,076,256
B.1.6 Service concession obligation	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or	92,190,322	95,035,423
B.1.7.1 Dividends declared and not paid at balance sheet date	2,805,520	2,388,389
B.1.7.2 Acceptances Payable	-	-
B.1.7.3 Lease liabilities	4,647,964	3,069,992
B.1.7.4 Portion of Long-term Debt Due within one year	60,875,018	49,461,151
B.1.7.5 Property Dividends	133,230	991,387
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities,	23,728,590	39,124,504
B.1.7.6.1 Customers deposits	21,831,822	37,425,487
B.1.7.6.2 Nontrade payables	1,414,404	1,218,747
B.1.7.6.3 Others	482,364	480,270

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEL. NO.: (632) 7908-3000

FAX NO.: _____

COMPANY TYPE: Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	530,327,828	490,511,093
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial/Non-Financial Institutions	412,545,881	385,742,368
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions	117,781,947	104,768,725
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Service concession obligation - net of current portion	-	-
B.6 Other Liabilities (B.5.1 + B.5.2)	104,125,665	93,897,903
B.6.1 Deferred Tax Liabilities	15,383,250	11,458,950
B.6.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	88,742,415	82,438,953
B.6.2.1 Lease liabilities - net of current portion	28,794,012	27,635,544
B.6.2.2 Deposits and deferred credits	33,755,683	31,372,935
B.6.2.3 Liability for purchased land	5,044,725	7,043,929
B.6.2.4 Retentions and Contractors payable	11,452,589	9,555,825
B.6.2.5 Other liabilities (including pension, subscription payable and deferred output VAT)	9,695,406	6,830,720
EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	725,581,720	674,941,361
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		
C.1.1 Common shares (900,000,000 x P50 par value in 2024 and 2023)	45,000,000	45,000,000
C.1.2 Preferred Shares A (12,000,000 x P100 par value in 2024 and 2023)	1,200,000	1,200,000
C.1.3 Preferred Shares B (58,000,000 x P100 par value in 2024 and 2023)	5,800,000	5,800,000
C.1.4 Preferred Shares C (40,000,000 x P100 par value in 2024 and 2023)	4,000,000	4,000,000
C.1.5 Voting Preferred Shares (200,000,000 x P1 par value in 2024 and 2023)	200,000	200,000
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	32,654,291	34,714,823
C.2.1 Common shares (623,596,775*xP50 par value in 2024); (619,807,425*xP50 par value in 2023) *net of Treasury shares (TS)	31,179,839	30,990,371
C.2.2 Preferred Shares A (5,244,515*x P100 par value in 2024 and 2023 *net of TS)	524,452	524,452
C.2.3 Preferred Shares B (7,500,000*x P100 par value in 2024); (30,000,000*x P100 par value in 2023) *net of TS	750,000	3,000,000
C.2.4 Voting Preferred Shares (200,000,000 x P1 par value in 2024 and 2023)	200,000	200,000
C.3 Paid-up Capital Stock (C.3.1 + C.3.2 + C.3.3 + C.3.4)	36,137,725	36,253,683
C.3.1 Common shares	28,937,725	29,053,683
C.3.2 Preferred Shares A	1,200,000	1,200,000
C.3.3 Preferred Shares B	5,800,000	5,800,000
C.3.4 Voting Preferred Shares	200,000	200,000
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	57,246,480	54,980,070
C.5 Minority Interest	291,082,095	278,402,809
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	20,142,113	21,968,243
C.6.1 Share-based payments	-	-
C.6.2 Other Comprehensive Income (CTA, Fair value reserve of financial assets at FVOCI and	(5,333,920)	(3,382,087)
C.6.3 Equity reserve	25,476,033	25,350,330
C.6.4		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	-	-
C.8 Retained Earnings (C.8.1 + C.8.2)	335,194,299	297,882,907
C.8.1 Appropriated	-	-
C.8.2 Unappropriated	335,194,299	297,882,907
C.9 Head / Home Office Account (for Foreign Branches only)	-	-
C.10 Cost of Stocks Held in Treasury/Preferred shares held by a subsidiary (negative entry)	(14,220,992)	(14,546,351)
TOTAL LIABILITIES AND EQUITY (B + C)	1,749,325,722	1,608,713,290

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **AYALA CORPORATION AND SUBSIDIARIES**

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEL. NO.: (632) 7908-3000

FAX NO.: _____

COMPANY TYPE : Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	397,825,575	358,434,850	326,385,225
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	289,881,330	257,008,535	236,623,924
A.2 Share in the Profit or Loss of Associates and Joint Ventures	44,307,947	46,633,463	36,128,918
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	35,862,630	38,255,738	33,891,460
A.3.1 Rental Income	35,862,630	32,896,212	27,196,530
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)	-	-	-
A.3.3 Sale of Real Estate or other Property and Equipment	-	-	-
A.3.4 Royalties, Franchise Fees, Copyrights (books, films,	-	-	-
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	-	5,359,526	6,694,930
A.3.5.1 Interest income from real estate	-	5,359,526	6,694,930
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	27,773,668	16,537,114	19,740,923
A.4.1 Interest Income	13,264,243	11,503,551	8,857,744
A.4.2 Dividend Income			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	2,525,003	2,955,841	(6,232,481)
A.4.3.1 Gain on sale of investments	2,311,691	3,091,847	(5,491,428)
A.4.3.2 Mark-to-market gain on financial assets at FVTPL	(251,126)	(231,187)	(654,823)
A.4.3.3 Gain on sale of other assets	464,438	95,181	(86,230)
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	11,984,422	2,077,722	17,115,660
A.4.4.1 Gain / (Loss) on Foreign Exchange	1,340,195	127,000	584,673
A.4.4.2 Remeasurement gain on previously held interest; ar	650,214	3,433,327	10,921,026
A.4.4.3 Revenue from management contracts	977,235	437,419	906,616
A.4.4.4 Others	9,016,778	(1,920,024)	4,703,345
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF SALES (C.1 + C.2 + C.3)	238,505,839	219,832,040	210,568,724
C.1 Purchases/ Cost of sales and rendering of services	238,505,839	219,832,040	210,568,724
C.2 Merchandise Inventory, Beginning	-	-	-
C.3 Merchandise Inventory, End (negative entry)	-	-	-
D. GROSS PROFIT (A - B - C)	159,319,736	138,602,810	115,816,501

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEL. NO.: (632) 7908-3000

FAX NO.: _____

COMPANY TYPE : Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	51,270,299	42,646,536	34,626,616
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses	51,270,299	42,646,536	34,626,616
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	-	-	-
E.4.1			
E.4.2			
E.4.3			
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	36,198,909	31,199,863	29,102,045
F.1 Interest on Short-term Promissory Notes/Short-term debt	3,702,237	3,240,446	2,287,827
F.2 Interest on Long-term Promissory Notes/Long-term debt	25,885,315	21,963,791	20,843,354
F.3 Interest on bonds, mortgages and other long-term loans	-	-	-
F.4 Amortization of discount on long-term debt	830,037	932,368	873,765
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	5,781,320	5,063,258	5,097,099
F.5.1 Accretion of lease liability	2,409,910	2,081,347	1,879,160
F.5.2 Others	3,371,410	2,981,911	3,217,939
F.5.3			
F.5.4			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	71,850,528	64,756,411	52,087,840
H. INCOME TAX EXPENSE (negative entry)	(10,388,483)	(9,580,053)	(6,213,909)
I. INCOME(LOSS) AFTER TAX	61,462,045	55,176,358	45,873,931
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the	-	-	-
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	19,435,549	17,103,274	18,476,140
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	42,026,496	38,073,084	27,397,791
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	64.77	58.75	42.20
M.2 Diluted	64.69	58.64	42.02

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City
TEL. NO.: (632) 7908-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Net Income (Loss) Before Tax and Extraordinary Items</u>	71,850,528	64,756,411	52,087,840
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>			
Depreciation and Amortization	17,191,968	14,480,754	15,671,969
Amortization, specify: Amortization of discount on long-term debt-net			
Others, specify: Interest & other financing charges-net of amount capitalized	36,198,909	31,199,863	29,102,045
Loss (gain) on sale of investments and other assets	(2,776,129)	(3,187,028)	5,577,658
Provision for impairment losses/ Write-down of receivables and inventories/ Loss arising from loss of control/ Excess of share in fair	15,254,322	11,691,983	8,380,968
Cost of share-based payments	128,430	114,645	94,116
Dilution loss (gain)	(3,836,727)	4,405,549	(180,761)
Mark to market gain on financial assets at FVTPL and on derivative contracts	251,635	249,754	622,808
Other investment income and dividend income	(3,079,503)	530,814	(833,024)
Interest income from real estate and others	(13,264,243)	(16,863,077)	(15,552,674)
Remeasurement gain on previously held interest	(650,214)	(3,433,327)	(10,921,026)
Share of profit of associates and joint ventures	(44,307,947)	(46,633,463)	(36,128,918)
Interest received	3,357,926	15,861,534	11,993,719
Interest paid	(26,498,904)	(24,232,167)	(22,942,899)
Income tax paid	(7,938,492)	(9,892,507)	(7,480,109)
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Accounts and notes receivable – trade	(21,976,141)	(4,752,733)	(14,509,697)
Inventories	(10,085,352)	(22,106,446)	(19,292,166)
Service Concession Asset	-	1,420,977	-
Others, specify: Other current assets	1,923,830	(18,024,928)	(710,753)
Increase (Decrease) in:			
Accounts payable and accrued expenses	10,628,193	20,259,099	20,233,631
Income and Other Taxes Payable			
Others, specify: Net pension liabilities	274,471	1,140,324	(309,060)
Other current liabilities	(15,277,425)	(2,509,575)	3,815,095
Net cash provided by operating activities associated with noncurrent assets held for sale			
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	7,369,135	14,476,456	18,718,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/maturities of financial assets FVOCI and at amortized cost	6,549,984	880,560	465,912
Sale/maturities of financial assets at FVTPL	20,402,470	3,589,957	4,065,795
Sale/redemptions of investments in subsidiaries, associates and joint ventures	13,396,522	13,543,571	948,591
Disposal of property, plant and equipment	6,624,975	2,414,209	-
Disposal of investment properties	1,166,728	1,080,985	766,670
Maturities of (additions to) short-term investments	703,012	1,746,263	(2,467,793)
Additions to:			
Service concession assets	-	-	(7,750)
Investments in associates and joint ventures	(36,230,281)	(5,292,126)	(18,481,384)
Property, plant and equipment	(45,088,947)	(41,302,400)	(32,988,344)
Investment properties	(21,295,144)	(15,769,975)	(19,697,178)
Financial assets at FVTPL	(23,935,908)	(3,709,519)	(8,968,147)
Financial assets at FVOCI and at amortized cost	(3,496,650)	(9,113,463)	(8,112,664)
Accounts and notes receivable - nontrade	2,012,386	(3,828,513)	(5,237,542)
Intangible assets	(2,074,182)	(1,065,436)	(491,386)
Dividends received from associates and joint ventures	19,549,501	13,737,409	9,675,584
Acquisitions through business combinations - net of cash acquired	(2,379,802)	(309,200)	2,423,867
Decrease (increase) in other noncurrent assets	(123,587)	(11,584,525)	3,799,033
Net cash provided by (used in) investing activities associated with noncurrent assets held for sale, including cash balance/ Change due to loss of control over subsidiaries	(120,154)	(327,694)	5,494,611
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(64,339,077)	(55,309,897)	(68,812,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term and long-term debt	422,541,970	212,351,999	305,959,758
Issuance of preferred shares	14,881,084	13,000,487	-
Issuance of common shares	2,195,477	11,442	8,513
Others, specify:			
Collections of subscriptions receivable	271,179	212,755	196,942
Cost of issuance of shares	(360)	(332)	(319)
Payments of:			
Acquisition of treasury shares - common	(351,714,945)	(172,521,000)	(242,122,630)
Dividends paid	(10,012,625)	(9,341,869)	(8,182,808)
Payment of principal portion of lease liabilities	(2,775,815)	(2,971,192)	(3,029,674)
Redemption of preferrees shares	(15,000,000)	(10,000,000)	-
Interest paid and Service concession obligation paid	(4,722,068)	(3,764,416)	(4,588,181)
Increase (decrease) in:			
Other noncurrent liabilities	4,510,665	(4,819,990)	(15,866,053)
Non-controlling interests in consolidated subsidiaries	(3,465,586)	19,532,753	2,993,880
Net cash used in financing activities associated with noncurrent assets held for sale			
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	56,708,976	41,690,637	34,681,143
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(260,966)	857,196	(15,412,220)
Effect of Changes in Foreign Exchange Rates on Cash and Cash Equivalents	978,480	79,655	(1,224,318)
Cash and cash equivalents Beginning of year	74,784,222	73,847,371	90,483,909
End of year	75,501,736	74,784,222	73,847,371

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEI - NO.: (632) 7908-3000

FAX NO.:-

COMPANY TYPE : Holding Company

PSIG:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

TEL. NO.: (632) 7908-3000

FAX NO.: _____

COMPANY TYPE : Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)												
	Capital Stock	Subscribed	Additional Paid-in Capital	Subscriptions receivable	Share-based Payments	Cumulative Translation Adj	Retained Earnings	Remeasurement Gain (Loss) on Defined Benefit Plans/ Fair Value Reserve of Financial Assets at FVOCI	Other Reserves	Reserves under PFRS 5	Treasury Stock	Minority Interest	TOTAL
K.5	-	-	-	-	-	-	-	-	-	-	-	-	-
L. Issuance of Capital Stock / Other movements													
L.1 Exercise of ESOP/ESOWN	169,378	-	-	-	(38,950)	-	-	-	-	-	-	-	130,428
L.2 Redemption of preferred shares	(8,000,000)	-	-	-	-	-	-	-	-	-	(2,000,000)	-	(10,000,000)
L.3 Property dividends	-	-	-	-	-	-	-	-	-	-	-	12,480,844	12,480,844
L.4 Collection of subscription receivables	208,082	-	-	-	-	-	-	-	-	-	-	-	208,082
L.5 Reissuance of preferred shares	12,476,036	-	-	-	-	-	-	-	-	-	524,451	-	13,000,487
L.6 Change in non-controlling interests	-	-	-	-	-	-	-	-	(3,741,382)	-	-	23,872,998	20,131,616
M. Balance, At December 31, 2023	54,332,456	164,725	37,929,927	(1,193,355)	3,295,297	297,882,907	(6,677,384)	25,350,330	-	(14,546,351)	278,402,809	674,941,361	
M.1 Correction of Error(s)	-	-	-	-	-	-	-	-	-	-	-	-	-
M.2 Effect of adoption of new accounting standards	-	-	-	-	-	-	539,022	-	-	-	-	809,766	1,348,788
M.3	-	-	-	-	-	-	-	-	-	-	-	-	-
N. Restated Balance	54,332,456	164,725	37,929,927	(1,193,355)	3,295,297	298,421,929	(6,677,384)	25,350,330	-	(14,546,351)	279,212,575	676,290,149	
O. Surplus													
O.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-	-	-
O.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
O.3 Currency Translation Differences	-	-	-	-	-	1,116,147	-	-	-	-	-	-	1,116,147
O.4 Other Surplus (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-
O.4.1 Net unrealized gains for the year recognized in	-	-	-	-	-	-	-	-	-	-	-	-	-
O.4.2 Net Income	-	-	-	-	-	-	42,026,496	-	-	-	-	19,435,549	61,462,045
O.4.3 Remeasurement Gain (Loss) on Defined Benefit	-	-	-	-	-	-	-	(63,743)	-	-	-	-	(63,743)
O.4.4 Fair Value Reserve of Financial Assets at FVOCI	-	-	-	-	-	-	1,804,573	(3,060,735)	-	-	-	-	(1,256,162)
O.4.5 Other comprehensive income - noncontrolling	-	-	-	-	-	-	-	-	-	-	-	279,462	279,462
O.4.6 Cost of share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
O.4.7 Exercise of exchange option	-	-	-	-	-	-	-	-	-	-	-	-	-
O.4.8 Reclassification/Others (Derecognition of remeasurement loss)	-	-	-	-	-	-	(56,498)	56,498	-	-	-	-	-
P. Dividends (negative entry)							(7,002,201)	-	-	-	-	(3,416,688)	(10,418,889)
Q. Appropriation for (specify)													
Q.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Q.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Q.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Q.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Q.5	-	-	-	-	-	-	-	-	-	-	-	-	-
R. Issuance of Capital Stock / Other movements													
R.1 Exercise of ESOWN	128,071	-	-	-	-	-	-	-	-	-	-	-	128,071
R.2 Redemption of preferred shares	(12,000,000)	-	-	-	-	-	-	-	-	-	(3,000,000)	-	(15,000,000)
R.3 Property dividends	-	-	-	-	-	-	-	-	-	-	-	847,290	847,290
R.4 Collection of subscription receivables	271,179	-	-	-	-	-	-	-	-	-	-	-	271,179
R.5 Reissuance of preferred shares	14,131,084	-	-	-	-	-	-	-	-	-	750,000	-	14,881,084
R.6 Sale of treasury common shares	(379,882)	-	-	-	-	-	-	-	-	-	2,575,359	-	2,195,477

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: AYALA CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue,

TEL. NO.: (632) 7908-3000 FAX NO.: _____

COMPANY TYPE : Holding Compnay

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

**Table 5. Details of Income and Expenses, by source
(applicable to corporations transacting with foreign corporations/entities)**

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2)	397,825,575	358,434,850	326,385,225
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	325,743,960	289,904,747	263,820,454
A.1.1 Domestic	260,258,333	213,624,557	130,178,409
A.1.2 Foreign	65,485,627	76,280,190	133,642,045
A.2 Other Revenue (A.2.1 +A.2.2)	72,081,615	68,530,103	62,564,771
A.2.1 Domestic	64,630,859	60,676,004	45,508,713
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	7,450,756	7,854,099	17,056,058
A.2.2.1 Share of profit (loss) of associates and joint	135,854	454,421	(50,823)
A.2.2.2 Rental income	50,519	31,389	13,085
A.2.2.3 Other income (including gain on sale of	2,494,839	1,358,310	12,310,267
A.2.2.4 Interest income	4,998,871	5,936,601	5,434,199
A.2.2.5 Mark to market gain on financial assets at FVPL	(153,574)	21,764	(607,222)
A.2.2.6 Forex gain (loss)	(75,754)	51,614	(43,448)
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.1			
B. EXPENSES (B.1 + B.2)	336,363,530	303,258,492	280,511,294
B.1 Domestic	248,633,165	205,694,111	182,223,081
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	87,730,365	97,564,381	98,288,213
B.2.1 Cost of Sales	67,867,812	74,343,961	75,370,514
B.2.2 Selling/Marketing/Operating expenses	12,998,923	15,810,868	15,087,247
B.2.3 Others including income tax	6,863,630	7,409,552	7,830,452
B.2.4			
B.2.5			
B.2.6			
B.2.7			
B.2.8			
B.2.9			
B.2.10			

IV. 2024 Parent Company Financial Statements (with BIR ITR Filing Reference) and SFFS



For The
Greater Good

37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas cor Makati Avenue
Makati City, 1226 Philippines
www.ayala.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

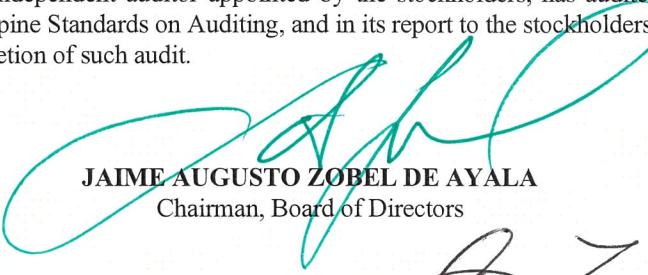
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

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

Signed on March 13, 2025.


JAIME AUGUSTO ZOBEL DE AYALA
Chairman, Board of Directors


CEZAR P. CONSING
President & Chief Executive Officer


ALBERTO M. DE LARRAZABAL
Chief Finance Officer

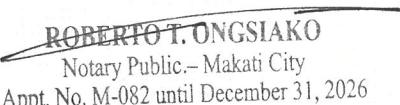
SUBSCRIBED AND SWORN to before me this MAR 13 2025 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Jaime Augusto Zobel de Ayala	P9640299A	November 21, 2018 – DFA Manila
Cezar P. Consing	P6868155A	April 17, 2018 – DFA NCR South
Alberto M. de Larrazabal	P6263220B	February 11, 2021 – DFA Manila

Doc. No. 495 ;
Page No. 100 ;
Book No. LX ;
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN ACT (amending Sec. 188 of the NIRC) affixed on original submitted to the court.




ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-082 until December 31, 2026
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 10467518MN – 01/02/2025 – Makati City
MCLE Compliance No. VIII – 0000591 – 09/30/2022
37th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Avenue
Makati City, Philippines



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-153-610-000
Name	: AYALA CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462500065228409
Amount Payable (Over Remittance)	: -76,971,874.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2024
Date Filed	: 04/10/2025
Tax Type	: IT

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To: [AC ORTEGA, Belinda L.](#)
Cc: [AC ORTEGA, Belinda L.](#)
Subject: Your BIR AFS eSubmission uploads were received
Date: Thursday, April 10, 2025 11:47:04 PM

Hi AYALA CORPORATION,

Valid files

- EAFS000153610RPTTY122024.pdf
- EAFS000153610OTHY122024.pdf
- EAFS000153610ITRTY122024.pdf
- EAFS000153610AFSTY122024.pdf
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Transaction Code: **AFS-0-PQSFW3RM066H79LALPPXWW2XQ0STX2YRZ**

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Company TIN: **000-153-610**

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CO V E R S H E E T
 for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	4	2	1	8							
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C O M P A N Y N A M E

A	Y	A	L	A	C	O	R	P	O	R	A	T	I	O	N	

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

3	7	F	-	3	9	F	A	y	a	l	a	T	r	i	a	n	g	l	e	G	a	r	d	e	n			

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

--	--	--

Secondary License Type, If Applicable

--	--	--

C O M P A N Y I N F O R M A T I O N

Company's Email Address

acquery@ayala.com.ph

Company's Telephone Number

7908-3000

Mobile Number

--

No. of Stockholders

6,217

Annual Meeting (Month / Day)

April 25

Fiscal Year (Month / Day)

December 31

C O N T A C T P E R S O N I N F O R M A T I O N

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

Name of Contact Person

Josephine G. De Asis

Email Address

deasis.jg@ayala.com.ph

Telephone Number/s

7908-3000

Mobile Number

--

C O N T A C T P E R S O N ' s A D D R E S S

37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ayala Corporation
37F-39F Ayala Triangle Garden Tower 2
Paseo De Roxas Corner Makati Avenue
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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



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

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

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

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

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

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



- 3 -

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

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 31 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Ayala Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as whole.

The engagement partner on the audit resulting in this independent auditor's report is Sherwin V. Yason.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason
Partner
CPA Certificate No. 104921
Tax Identification No. 217-740-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-112-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465408, January 2, 2025, Makati City

March 13, 2025



AYALA CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 20)	₱10,148,802	₱8,480,135
Accounts and notes receivable (Notes 5 and 20)	1,395,966	1,717,884
Other current assets (Note 6)	131,905	96,865
Assets under PFRS 5		
Asset held for distributions to owners (Note 7)	819,767	1,667,057
Total Current Assets	12,496,440	11,961,941
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 5 and 20)	343,925	286,152
Investments in subsidiaries, associates and joint ventures (Note 8)	266,091,969	247,556,410
Right-of-use asset - net (Note 28)	1,896,161	1,991,094
Investment properties - net (Note 9)	984,347	990,045
Financial assets at fair value through other comprehensive income (OCI) (Notes 10)	1,090,511	949,362
Property and equipment - net (Note 11)	991,635	881,525
Deferred tax assets - net (Note 17)	77,044	58,836
Other noncurrent assets (Note 6)	1,284,650	1,141,028
Total Noncurrent Assets	272,760,242	253,854,452
	₱285,256,682	₱265,816,393
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 12 and 20)	₱3,843,905	₱3,339,181
Dividends payable (Notes 20 and 29)	2,814,723	3,249,176
Short-term debt (Note 14)	28,500,000	9,000,000
Current portion of:		
Long-term debt (Notes 14 and 20)	24,848,163	11,630,161
Lease liabilities (Note 28)	45,711	38,467
Income tax payable (Note 17)	1,793	28,233
Other current liabilities (Notes 13 and 20)	27,808	2,535,146
	60,082,103	29,820,364
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 14 and 20)	64,592,160	80,576,777
Lease liabilities - net of current portion (Note 28)	2,141,765	2,166,991
Pension liability (Note 17)	899,422	777,688
Total Noncurrent Liabilities	67,633,347	83,521,456
	₱127,715,450	₱113,341,820

(Forward)



	December 31	
	2024	2023
Equity		
Paid-in capital (Note 15)	₱93,384,205	₱91,233,753
Remeasurement losses arising on pension liability (Note 21)	(1,222,102)	(1,239,819)
Fair value reserve of financial assets through OCI (Note 10)	887,406	746,257
Cash flow hedge reserve (Note 24)	241,718	85,846
Retained earnings (Note 15)	78,470,997	76,194,887
Treasury stock (Note 15)	(14,220,992)	(14,546,351)
Total Equity	157,541,232	152,474,573
	₱285,256,682	₱265,816,393

See accompanying Notes to Parent Company Financial Statements.



AYALA CORPORATION**PARENT COMPANY STATEMENTS OF INCOME**

(Amounts in Thousands)

	Years Ended December 31	
	2024	2023
REVENUE		
Revenue from contracts with customers (Note 16)	₱365,615	₱312,832
Dividends (Note 20)	19,302,715	19,155,784
	19,668,330	19,468,616
COSTS AND EXPENSES		
General and administrative (Note 18)	12,052,357	5,964,211
Depreciation and amortization (Notes 7, 9, 11 and 28)	243,973	211,119
	12,296,330	6,175,330
OTHER INCOME (EXPENSE)		
Gain on transfer of properties (Notes 7, 8, 20 and 25)	—	1,590,913
Gain on sale of investment (Note 8)	7,983,374	2,504,688
Interest and other financing charges (Notes 14, 18 and 20)	(6,635,367)	(5,793,169)
Interest income (Notes 4, 5, 18 and 20)	392,432	245,894
Other income (Notes 7 and 18)	224,917	645,281
Other expenses (Note 18)	—	(68,798)
	1,965,356	(875,191)
INCOME BEFORE INCOME TAX	9,337,356	12,418,095
PROVISION FOR INCOME TAX (Note 17)	59,045	54,633
NET INCOME	₱9,278,311	₱12,363,462
EARNINGS PER SHARE (Note 19)		
Basic	₱12.05	₱17.25
Diluted	₱12.05	₱17.25

See accompanying Notes to Parent Company Financial Statements.



AYALA CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Years Ended December 31	
	2024	2023
NET INCOME	₱9,278,311	₱12,363,462
OTHER COMPREHENSIVE INCOME		
<i>Items that will be reclassified to profit or loss:</i>		
Net gains on cash flow hedges (Note 24)	155,872	71,113
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement gain (loss) arising on pension liability (Note 21)	17,717	(456,498)
Unrealized fair value gains on financial assets at fair value through OCI (Note 10)	141,149	210,840
	314,738	(174,545)
TOTAL COMPREHENSIVE INCOME	₱9,593,049	₱12,188,917

See accompanying Notes to Parent Company Financial Statements.



AYALA CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Year Ended December 31, 2024								
	Paid-in Capital (Note 15)	Share-based Payments (Note 22)	Remeasurement Gains and (Losses) Arising on Pension Liability (Note 21)	Fair value Reserve of Financial Assets Through OCI (Note 10)	Cash flow Hedge Reserve (Note 24)	Retained Earnings (Note 15)	Treasury Stock (Note 15)		Total
At January 1, 2024	₱91,233,753	₱-	(₱1,239,819)	₱746,257	₱85,846	₱76,194,887	(₱11,070,802)	(₱3,475,549)	₱152,474,573
Net income	—	—	—	—	—	9,278,311	—	—	9,278,311
Other comprehensive income	—	—	17,717	141,149	155,872	—	—	—	314,738
Total comprehensive income	—	—	17,717	141,149	155,872	9,278,311	—	—	9,593,049
Redemption of preferred shares	(12,000,000)	—	—	—	—	—	—	(3,000,000)	(15,000,000)
Reissuance of preferred shares	14,131,084	—	—	—	—	—	—	750,000	14,881,084
Sale of treasury shares	(379,882)	—	—	—	—	—	2,575,359	—	2,195,477
Exercise/cancellation of Executive (ESOWN)/collection of subscription receivable	399,250	—	—	—	—	—	—	—	399,250
Cash dividends (Note 15)	—	—	—	—	—	(7,002,201)	—	—	(7,002,201)
At December 31, 2024	₱93,384,205	₱-	(₱1,222,102)	₱887,406	₱241,718	₱78,470,997	(₱8,495,443)	(₱5,725,549)	₱157,541,232

See accompanying Notes to Parent Company Financial Statements



	Year Ended December 31, 2023								
	Paid-in Capital (Note 15)	Share-based Payments (Note 22)	Remeasurement Gains and (Losses) Arising on Pension Liability (Note 21)	Fair value Reserve of Financial Assets Through OCI (Note 10)	Cash flow Hedge Reserve (Note 24)	Retained Earnings (Note 15)	Treasury Stock (Note 15)		Total
At January 1, 2023	₱86,380,257	₱38,951	(₱783,321)	₱535,417	₱14,733	₱70,232,784	(₱11,070,802)	(₱2,000,000)	₱143,348,019
Net income	—	—	—	—	—	12,363,462	—	—	12,363,462
Other comprehensive income	—	—	(456,498)	210,840	71,113	—	—	—	(174,545)
Total comprehensive income	—	—	(456,498)	210,840	71,113	12,363,462	—	—	12,188,917
Redemption of preferred shares	(8,000,000)	—	—	—	—	—	—	(2,000,000)	(10,000,000)
Reissuance of preferred shares	12,476,036	—	—	—	—	—	—	524,451	13,000,487
Exercise/cancellation of Executive Stock Option Plan (ESOP)/Employee Stock Ownership Plan (ESOWN)/collection of subscription receivable	377,460	—	—	—	—	—	—	—	377,460
Cost of share-based payments	—	(38,951)	—	—	—	—	—	—	(38,951)
Sale of FVOCI	—	—	—	—	—	(8,702)	—	—	(8,702)
Cash dividends (Note 15)	—	—	—	—	—	(6,392,657)	—	—	(6,392,657)
At December 31, 2023	₱91,233,753	₱—	(₱1,239,819)	₱746,257	₱85,846	₱76,194,887	(₱11,070,802)	(₱3,475,549)	₱152,474,573

See accompanying Notes to Parent Company Financial Statements.



AYALA CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱9,337,356	₱12,418,095
Adjustments for:		
Dividend income (Note 20)	(19,302,715)	(19,155,784)
Gain on transfer of properties (Notes 7, 8, 20 and 25)	—	(1,590,913)
Interest expense (Note 18)	6,624,103	5,746,198
Provision for impairment losses on subsidiaries, associates and joint ventures (Notes 8 and 18)	7,425,000	2,847,709
Depreciation and amortization (Notes 9, 11 and 28)	243,973	211,119
Share-based payments (Notes 18, 20 and 22)	128,408	114,645
Provision for credit losses (Notes 5 and 18)	25,016	—
Interest income (Note 18)	(392,432)	(245,894)
Pension expense (Notes 18 and 21)	420,387	131,118
Loss (gain) on sale/return of:		
Investments in subsidiaries, associates and joint venture - net (Notes 8 and 18)	(7,983,374)	(3,032,002)
Property and equipment (Notes 11 and 18)	(6,712)	(10,222)
Investment properties (Notes 9 and 18)	(5,206)	—
Foreign exchange gains	(89,695)	(33,457)
Operating loss before changes in working capital	(3,575,891)	(2,599,388)
Changes in working capital:		
Decrease (increase) in:		
Accounts and notes receivable	(291,804)	(198,734)
Other current and noncurrent assets	345,042	(88,983)
Increase in accounts and other payables	294,593	307,174
Net cash used for operations	(3,228,060)	(2,579,931)
Interest received	391,734	231,587
Interest paid	(6,381,127)	(5,299,249)
Income tax paid	(103,693)	(58,669)
Contribution to pension fund (Note 21)	(143,953)	(102,887)
Net cash used in operating activities	(9,465,099)	(7,809,149)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from subsidiaries, associates and joint ventures	19,833,468	17,863,514
Proceeds from:		
Disposal of shares of subsidiaries (Note 8)	12,817,326	11,884,167
Sale of service concession assets (Note 7)	—	3,199,896
Sale of investment property	5,861	—
Sale of property and equipment (Note 11)	26,684	13,317
Payment of security deposit on lease liabilities (Note 28)	—	(1,438)

(Forward)



	Years Ended December 31	
	2024	2023
Additions to:		
Investments in subsidiaries, associates and joint ventures (Note 8)	(₱33,254,811)	(₱13,888,917)
Property and equipment (Note 11)	(133,379)	(342,969)
Net cash provided by (used in) investing activities	(704,851)	18,727,570
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of short-term and long-term debt (Note 14)	102,860,798	47,384,098
Collections of subscription receivable (Note 15)	271,179	212,755
Sale of treasury common shares (Note 15)	2,195,477	11,442
Re-issuance of preferred shares (Note 15)	14,881,084	13,000,487
Payment of short-term and long-term debt	(86,625,000)	(49,850,000)
Redemption of preferred shares (Note 15)	(15,000,000)	(10,000,000)
Cash dividends paid	(6,578,497)	(6,165,401)
Payment of lease liabilities (Note 28)	(166,064)	(160,302)
Costs of issuance of shares (Note 31)	(360)	(332)
Net cash provided by (used in) financing activities	11,838,617	(5,567,253)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,668,667	5,351,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,480,135	3,128,967*
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱10,148,802	₱8,480,135

See accompanying Notes to Parent Company Financial Statements.

*Include cash in bank classified under Assets under PFRS 5 amounting to ₱1,956



AYALA CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Ayala Corporation (the Parent Company) is incorporated in the Republic of the Philippines on January 23, 1968. On April 15, 2016, during the annual meeting of its stockholders, the stockholders ratified the amendment of the Fourth Article of the Articles of Incorporation (AOI) to extend the corporate term for 50 years from January 23, 2018. The amendment to the AOI was approved by the Securities and Exchange Commission (SEC) on April 5, 2017. On June 17, 2022, the SEC has approved the Parent Company's amendment to the AOI amending its new registered office address and principal place of business to 37F-39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City. The Parent Company is a publicly listed company which is 47.57% owned by Mermac, Inc. (Mermac) and the rest by the public.

The Parent Company is the holding company of the Ayala Group of Companies (the Group), with principal business interests in real estate and hotels, financial services, telecommunications, infrastructure, industrial technologies and automotives, power, logistics, infrastructure, healthcare, investment holdings, and agriculture.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying parent company financial statements have been prepared on a historical cost basis, except for financial assets at fair value through OCI and derivative designated as hedge, that have been measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional currency and all amounts are rounded to the nearest thousand pesos (₱000) unless otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements presented in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial statements of the Parent Company, which are prepared for submission to the Philippine SEC and the Bureau of Internal Revenue (BIR), have also been prepared in compliance with PFRS Accounting Standards.

Changes in Accounting Policies and Disclosures

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years except for the adoption of new standards effective beginning January 1, 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, the adoption of these new standards did not have an impact on the separate financial statements of the Parent Company.

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

The amendments clarify:

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



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

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

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

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

New Standards and Interpretations That Have Been Issued But Are Not Yet Effective

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.



The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- a.) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- b.) Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation



- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectiveness

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Material Accounting Policy Information

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

Financial Instruments

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

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as amortized cost, fair value through OCI, and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15. Refer to the accounting policies under revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost includes cash and cash equivalents and accounts and notes receivable.

Financial assets at fair value through OCI (debt instruments)

The Parent Company does not have any financial assets under this category.

Financial assets designated at fair value through OCI (equity instruments)

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

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

The Parent Company elected to classify irrevocably its listed and unquoted equity investments under this category.

Financial assets at FVTPL

The Parent Company does not have any financial assets carried at FVTPL.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Parent Company uses derivative financial instruments, such as foreign currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which these are entered into and are subsequently remeasured at fair value. Derivatives



are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Parent Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of hedged item.

As at December 31, 2024 and 2023, the Parent Company has designated its foreign currency swap contracts as cash flow hedges.

Hedges that meet all the qualifying criteria for cash flow hedge accounting are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognized in equity as 'Cash flow hedge reserve', while any ineffective portion is recognized immediately in the parent company statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Parent Company uses foreign currency swap contracts, as hedges of its exposure to foreign currency risks in its US Dollar denominated loans. The ineffective portion relating to foreign currency swap contracts is recognized as foreign exchange gains under other income.

The amounts accumulated in 'Cash flow hedge reserve' is reclassified to the parent company statement of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the parent company statement of income.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in 'Cash flow hedge reserve' must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately recycled to the parent company statement of income as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in equity shall be reclassified to the parent company statement of income.



Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;
- The Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (see Note 3)
- Equity instruments at fair value through OCI (see Note 10)
- Trade receivables (see Note 5)

For non-trade receivables, estimated credit losses (ECLs) are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Parent Company's cash and cash equivalents are graded in the top investment category by Moody's Investors Service and Fitch Ratings, Inc. and, therefore, are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from the Moody's Investors Service and Fitch Ratings, Inc. to determine whether the cash and cash equivalents and short-term investments with banks has significantly increased in credit risk and to estimate ECLs.

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



The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Parent Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Parent Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Parent Company debtors operate, information obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Parent Company core operations, which revolves on various industry fields.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Parent Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Parent Company has reasonable and supportable information that demonstrates otherwise.

The Parent Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Financial Liabilities

Initial recognition and measurement

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

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

The Parent Company's financial liabilities include accounts payable and accrued expenses (other than output VAT payable), dividends payable, subscription payable, short-term debt, long term debt and financial guarantee obligation.



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

The Parent Company has not designated any financial liability as at FVTPL.

Loans and borrowings

This is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 14.

Other Financial Liabilities

Issued financial instruments or their components, which are not designated at FVTPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Parent Company's accounts payable and accrued expenses, dividends payables, subscriptions payable, and other current liabilities (other than liabilities covered by other accounting standards such as pension liability and income tax payable).

Derecognition

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

Financial guarantee contracts

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of ECL determined in accordance with the policy set out in Note 26 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized over the period of the guarantee.



Offsetting financial instruments

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

Assets Held for Sale and Held for Distribution to Owners

Noncurrent assets and disposal groups classified as held for sale and distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. At reporting date, the Parent Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset or disposal group must be available for immediate sale or distribution to owners in its present condition subject only to terms that are usual and customary for sales of such assets and its sale or distribution must be highly probable. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale or distribution to owners will be made or that the decision to sell or that the distribution will be withdrawn. Management must be committed to the plan to sell the asset, actions to complete the distribution to owners must have been initiated, and the sale or distribution to owners is expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the parent company statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the parent company statement of profit or loss.

The related results of operations of the disposal group that qualified as discontinued operation are separated from continuing operations.

When an entity acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale or distribution to owners at the acquisition date only if the one-year requirement is met (subject to the allowed exception) and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

Investments in Subsidiaries, Associates and Joint Ventures

The Parent Company's investments in subsidiaries, associates and joint ventures are accounted for under the cost method less accumulated provision for impairment losses, if any.

On acquisition of the investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized.



The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment, or the investee reacquires its own equity instruments from the Parent Company.

Transactions involving non-monetary assets

When the Parent Company has disposed of an asset in exchange for an increased investment in a subsidiary, the cost of the investment shall be recorded at the fair value of the consideration given up. Any difference between the fair value and carrying amount of the asset given up is recognized in other income (expense) in the statement of income.

Investment Properties

Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Depreciation and amortization on building and improvements are computed on a straight-line basis over a 25-year period.

Additions, renewals and betterments are capitalized while minor expenditures for repairs and maintenance are directly charged to operations.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use on which no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. Transfers among investment properties, owner-occupied properties and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of an item of property and equipment consists of its construction cost or purchase price and any directly attributable costs of bringing the item of property and equipment to its working condition and location for its intended use.

Construction in progress are carried at cost and transferred to the related property and equipment account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation or use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.



Depreciation of property and equipment commences once the property and equipment are available for use and is computed using the straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Condominium units	25
Condominium improvements	5
Furniture, fixtures and equipment	3-5
Transportation equipment	5

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that its nonfinancial assets (e.g. investment properties, SCAs, property and equipment, right-of-use assets, and investments in subsidiaries, associates and joint ventures) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income under other income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in subsidiaries, associates and joint ventures

The Parent Company determines at each end of the reporting period whether there is any objective evidence that the investment in the investee company is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount of the investee company and the carrying cost and recognizes the amount in parent company statement of income.



Value-added Tax (VAT)

The Parent Company recognizes revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position under "other current liabilities". When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount under "other current assets".

Fair Value Measurement

The Parent Company measures financial instruments such as derivatives and financial assets at FVOCI at each reporting date. Also, fair values of financial instruments measured at amortized cost and nonfinancial assets such as investment properties are disclosed in Note 9 and 25, respectively, to the parent company financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Parent Company.

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

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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



Equity

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are deducted from additional paid-in capital. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares and are presented as deduction from equity.

Retained earnings represent accumulated earnings of the Parent Company less dividends declared.

Own equity instruments which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance. For the Preferred A and B treasury shares, the amount reflected under treasury stock pertains to par value.

Cash Dividend and Non-cash Dividend to Equity Holders of the Parent Company

The Parent Company recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the dividend is appropriately authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity. For the non-cash dividend distribution, the liability is measured at the acquisition cost of the asset to be distributed.

Share-based Payments

The Parent Company has equity-settled, share-based compensation plans with its employees.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will ultimately vest. The fair value is determined by using the Black-Scholes model, further details of which are provided in Note 22 to the parent company financial statements. In 2023, Executive Stock Option Plan (ESOP) has been discontinued.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.



Where the terms of an equity-settled award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The exercise of the options will result in the issuance of the corresponding number of common shares with an increase in "Paid-in capital" and a decrease in "Share-based payments" accounts.

Employee Share Purchase Plans

The Parent Company has employee share purchase plans (ESOWN) which allow the grantees to purchase the Parent Company's shares. The Parent Company recognizes stock compensation expense over the holding period. Dividends paid on the awards that have vested are deducted from equity. The Parent Company treats its ESOWN plan as option exercisable within a given period. For the measurement of the fair value of options at the grant date, the Parent Company uses a Black-Scholes Merton Formula. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements.

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

Management fees for services rendered are recognized upon performance of obligations over time since its customers simultaneously receive and consume the benefits provided as the Parent Company performs.

Toll revenue is recognized upon entry of vehicles in the toll road facility and receipt of cash payment.

Contract balances

Contract assets

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

Trade receivables

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

Dividends

Dividend income is recognized when the Parent Company's right to receive payment is established.



Other income

Rental income

Rental income from investment properties is recognized on a straight-line basis over the lease term or based on a certain percentage of the net sales of the tenants, as provided under the terms of the lease contract.

Others

Gain on sale of other assets is computed as the excess of proceeds of the disposal over its carrying amount.

Gain on sale of investment in shares of stock is recognized in parent company statement of income if the Parent Company disposes some or all of its investment in a subsidiary, associate or joint venture.

Interest income

Interest income is recognized as it accrues using the EIR method.

Expense Recognition

Expenses are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the parent company statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Pension Cost

Defined benefit plan

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

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

Defined benefit costs comprise the following:

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



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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Tax

Current tax

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



Deferred tax

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

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

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investment in domestic subsidiaries, associates and interests in joint ventures. The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

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

Leases

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

Parent Company as a lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use of assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset. At the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life of 25 years and the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies in Impairment of non-financial assets section.



ii) *Lease liabilities*

At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

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

Parent Company as a lessor

Leases in which the Parent Company does not transfer substantially all the risk and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term, or based on cap rates applied on appraised values, as provided under the terms of the lease contract and included in revenue in the parent company statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Foreign Currency Transactions

Transactions denominated in foreign currencies are initially recorded in Philippine Peso at the exchange rate based on the Bankers Association of the Philippines (BAP) rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are retranslated at the closing BAP rate at reporting date. Exchange gains or losses arising from foreign currency transactions are recognized in parent company statement of income.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting and adjusted to reflect the current best estimate.

Contingencies

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



Events after the Reporting Period

Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in parent company financial statements. Post year-end events that are not adjusting events are disclosed in the parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying parent company financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The estimates and assumptions used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

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

Business model assessment

Classification and measurement of financial assets depends on the results of the business model test and SPPI model. The Parent Company determines the business model at a level that reflects how the financial assets are managed to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the asset is evaluated and their performance measured and the risks that affect the performance of the assets.

The Parent Company classified all of its financial assets as amortized cost, except for equity instruments, as the Parent Company has determined that the financial assets are held in order to collect contractual cash flows.

Determining the stage for impairment

At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. Quantitative criteria may include downgrade in investment grade, defaulted assets, counterparties with objective evidence of impairment. A significant increase in credit risk is also presumed if a debtor is more than 90 days past due in making a contractual payment. Qualitative criteria may include significant adverse changes in business, financial or economic conditions in which the counterparty operates, actual or expected restructuring.

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

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

For cash and cash equivalents, the Parent Company assessed that these financial instruments have low credit risk. As such, expected loss is measured on a 12-month ECL.



The Parent Company has determined that its credit risk on its non-trade receivable has not significantly increased since origination.

Incorporation of forward-looking Information

The Parent Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Parent Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. After taking into consideration external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. The base case represents a most-likely outcome and is aligned with information used by the Parent Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Parent Company has identified and documented key drivers of credit risk and credit losses of each financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables identified and credit risk and credit losses. Predicted relationship between the key indicators and default and loss rates on financial assets have been developed based on analyzing historical data.

Definition of default

The Parent Company defines a financial instrument as in default based on quantitative and qualitative criteria. When the debtor is more than 90 days past due on its contractual payment, the Parent Company considers the debtor to be in default. The Parent Company also applied qualitative criteria, such as the debtor being insolvent, an active market for the financial asset has disappeared, it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

These criteria have been applied to all financial assets held by the Parent Company and consistently throughout to model the PD, LGD and EAD throughout the ECL calculations.

Financial guarantee obligation

The Parent Company has guaranteed AYC Finance Limited's (AYCFL) fixed-for-life undated notes payable and revolving credit facility. The accounting policy on the Parent Company's financial guarantee obligation is discussed in Note 2 to the parent company financial statements. The Parent Company has assessed whether the arrangement meets the definition of financial guarantee under PFRS 9. In making the assessment, the Parent Company has assessed the substance of the arrangement and the capacity of the subsidiary to obtain the loan without the guarantee from the Parent Company.

Contingencies

The Parent Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with internal and external counsel handling the defense in these matters and is based upon an analysis of potential results. The Parent Company currently does not believe that these proceedings will have a material effect on the Parent Company's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.



Management's Use of Estimates

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

Estimating the incremental borrowing rate of lease

The Parent Company uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Parent Company's stand-alone credit rating). As of December 31, 2024 and 2023, lease liabilities of the Parent Company amounts to ₦2,187.5 million and ₦2,205.5 million, respectively (see Note 28).

Provision for ECL

Cash and Cash Equivalents and Non-trade Receivables

The Parent Company measures its ECL on cash and cash equivalents and non-trade receivables in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes and the time value of money. In measuring ECL, the Parent Company consider whether there is a significant increase in credit risk. The Parent Company uses an ECL model that considers the PD, LGD and EAD. In estimating the ECL, the Parent Company uses all available information in measuring ECL, such as available credit rating of the instruments and the debtor, default assessment on the debtor, and history of experience with the debtor. A forward-looking information, such as interest rate, inflation rate and changes in the gross domestic product, is incorporated and its relationship with the credit loss is analyzed at each reporting date. The correlation of forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's forecast of economic conditions may also not be representative of the debtor's actual default in the future. For cash and cash equivalents, the Parent Company assessed that these financial instruments have low credit risk. As such, expected loss is measured on a 12-month ECL.

Trade receivables

The Parent Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the individual loss patterns for each nature of receivables.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if the interest rates, change percentage in gross domestic product and inflation rates are expected to deteriorate over the next year which can lead to an increased number of defaults to the companies, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. While these model inputs including forward-looking information were revised, the ECL models, and definitions of default remain consistent with prior periods.

The Parent Company considers a financial asset in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Parent Company's trade receivables is disclosed in Note 5.

Evaluation of asset impairment and recoveries

The Parent Company reviews investments in subsidiaries, associates and joint ventures, right-of-use assets, investment properties, and property and equipment for impairment of value. This includes considering certain indicators of impairment such as prolonged and significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Parent Company estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that may affect investments in subsidiaries, associates and joint ventures, investment properties, and property and equipment.

Impairment losses recognized on investments in subsidiaries, associates and joint ventures amounted to ₦7,425.0 million and ₦2,847.7 million in 2024 and 2023, respectively. Recoverable amounts of investments in subsidiaries, associates and joint ventures that have been determined to have impairment indicators as of December 31, 2024 and 2023 were based on its value in use with discount rates of 8.94% to 9.72% in 2024 and 10.04% to 14.75% in 2023 and long-term growth rates ranging from 1.0% to 5.2% in 2024 and 2% to 5.8% in 2023. Reversals on impairment losses previously recognized on investments in subsidiaries, associates and joint ventures amounted to nil in 2024 and 2023 (see Notes 8 and 18).

Further details on investments in subsidiaries, associates and joint ventures, investment properties, and property and equipment are given in Notes 8, 9, and 11.

Share-based payments

The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Parent Company.

Further details on share-based payments are given in Note 22.

Estimating pension obligation

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

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the pension obligation and the assumptions used are given in Note 21.



Fair value of assets given up in the property share swap

The Parent Company has recognized the increase in investment in ALI based on the fair value of the assets given up. In estimating the fair value of the assets given up, management need to determine the appropriate technique and inputs for the fair value measurements. Management uses either the discounted cash flow technique or the market approach in estimating the fair value of the assets given up. The technique used is dependent on the highest and best use at the time of the exchange. Based on the data available as at exchange date, management estimates the amount and timing of the future cash inflow arising from the asset. Fair value of asset given up amounts to ₦17,275.6 million (see Note 25).

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the parent company statement of financial position or disclosed in the notes to the parent company financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Further details about the fair value of financial instruments are provided in Note 23

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
<i>(In Thousands)</i>		
Cash on hand and in banks (Note 20)	₦408,514	₦264,730
Cash equivalents (Note 20)	9,740,288	8,215,405
	₦10,148,802	₦8,480,135

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents pertain to short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest ranging from 0.10% to 6.25% and 0.10% to 6.15% in 2024 and 2023, respectively.

Interest income earned from cash in banks and cash equivalents amounted to ₦383.5 million and ₦238.6 million in 2024 and 2023, respectively (see Note 18).

5. Accounts and Notes Receivable

This account consists of:

	2024	2023
<i>(In Thousands)</i>		
Dividend receivable (Note 20)	₦761,517	₦1,292,270
Notes receivable	409,313	343,228
Receivables from related parties (Note 20)	504,789	311,707
Rent receivable (Note 20)	30,914	21,237
Interest receivable (Note 20)	14,789	14,990
Receivable from other companies	32,509	5,996
Other receivables (Note 25)	16,470	20,002
	1,770,301	2,009,430
Less allowance for credit losses (Note 18)	30,410	5,394
	1,739,891	2,004,036
Less noncurrent portion	343,925	286,152
	₦1,395,966	₦1,717,884



The classes of receivables of the Parent Company are as follows:

Notes receivable

Pertains to housing, car, salary and other loans granted by the Parent Company to its officers and employees which are collectible through salary deduction and bears interest rate of 3% to 5.5% per annum in 2024 and 2023, and has various maturity dates from 2025 to 2037.

As of December 31, 2024 and 2023, notes receivable with nominal amounts of ₱415.5 million and ₱337.6 million, respectively, were recorded initially at fair value. The fair value of the notes receivable was obtained by discounting future cash flows using the applicable rate of similar instruments. The unamortized net discount and premium amounted to ₱6.2 million and ₱5.7 million as of December 31, 2024 and 2023, respectively.

Interest income, net of amortization and accretion, amounted to ₱4.7 million and ₱6.5 million in 2024 and 2023, respectively (see Note 18). This is included as part of "Interest income" in the parent company statements of income.

Receivables from related parties

Pertain to the unpaid management fees of the Parent Company's various related parties which are non-interest bearing and are due and demandable. These also include a non-interest-bearing receivable from Laguna Technopark Inc. (LTI) amounting to ₱149.5 million as of December 31, 2024 and 2023 from the sale of land in 2019 (see Note 20).

Rent receivable

Pertains to accrued rent on investment properties of the Parent Company which are non-interest bearing and collectible within one year.

Receivable from other companies

Pertains to receivable from non-related parties. These receivables are non-interest bearing. In 2024, the Parent Company provided allowance for expected credit losses on its receivable from other companies amounting to ₱25.0 million (see Note 18).

Dividend receivable

Pertains to dividends receivable from subsidiaries, associates and joint ventures. These receivables are non-interest bearing and collectible within one year.

Interest receivable

Pertains to accrued interest on cash equivalents.

6. Other Assets

This account consists of:

	2024	2023
(In Thousands)		
CWTs	₱1,133,639	₱1,161,251
Input VAT	96,290	51,688
Refundable deposits	40,491	41,762
Deferred charges	44,995	33,534
Advances to stockholders (Note 7)	9,616	20,484
Others	198,073	35,723
	1,523,104	1,344,442
Less allowance for impairment losses	106,549	106,549
	1,416,555	1,237,893
Less noncurrent portion	1,284,650	1,141,028
	₱131,905	₱96,865



CWTs pertain to taxes withheld by third parties. CWTs can be utilized as payments for income taxes or filed for refund provided that these are properly supported by certificates of CWTs at source subject to the rules of income taxation. In 2023, the Parent Company was issued tax credit certificates representing unutilized excess CWTs for calendar years 2012-2013 amounting totaling ₱127.3 million. As of December 31, 2024, tax creditable certificate issued to the Parent Company amounted to ₱323.7 million representing claims for its excess and unutilized CWTs incurred from 2008-2013. In 2024, a total of ₱122.2 million was applied for the payment of DST on various loans and reissuance of the Parent Company's Preferred B shares.

Advances to stockholders pertains to final tax on property dividend declared by the Parent Company and was subsequently paid by the Parent Company and is subject to the reimbursement from the stockholders upon distribution of the property dividend (see Note 7).

Refundable deposits mainly pertain to deposit paid amounting to ₱2.6 million for the installation of electric wirings to an electric company and from security deposit on the Parent Company's lease amounting to ₱28.8 million. These will be refunded after the termination of the subscription period of the Parent Company and end of lease term, respectively.

Deferred charges pertain to the commitment fees on the undrawn loan with a local bank. The commitment fees are recognized over loan commitment period on a straight-line basis.

Input VAT pertains to VAT imposed on the Parent Company for the acquisition of goods from suppliers as required by Philippine taxation laws and regulations, net of output VAT.

Allowance for impairment pertains to the Parent Company's assessment of uncollectible CWTs. No impairment loss was recognized in 2024 and 2023. In 2023, disallowed CWTs amounting to ₱31.2 million were derecognized, which were already accounted for with an allowance for impairment.

Others pertain to changes in the fair value of hedging instruments (Foreign Exchange Swaps and Cross Currency Swaps) used to manage the currency arising from the Parent's Company's financial instruments (Note 24).

7. Assets and Liabilities under PFRS 5

This consists of:

	2024 (In Thousands)	2023
Asset held for distribution to owners	₱819,767	₱1,667,057
	₱819,767	₱1,667,057

Asset held for distribution to owners

On April 29, 2022, the BOD, during an organization board meeting, approved the acquisition of 1,861,000,000 common shares of AC Energy Corporation (ACEN) from AC Energy and Infrastructure Corporation (AC Energy / ACEIC), a wholly owned subsidiary of the Parent Company, via block sale at prevailing market prices (AC-ACEIC Transaction). This transaction was completed on May 10, 2022, at the purchase price of ₱7.60 per ACEN share and was classified as asset held for distribution to owners under PFRS 5 (see Note 20)

On May 12, 2022, BOD confirmed the declaration of property dividends consisting of the ACEN shares acquired from ACEIC to the Parent Company's common shareholders at a ratio of three (3) ACEN shares per one (1) parent company common share, subject to: (a) completion of the AC-ACEIC Transaction, and (b) applicable regulatory approvals. The record date was May 27, 2022, with distribution or settlement date of the dividends payable to be determined by the management



after applicable regulatory approvals have been obtained. No shareholder shall be entitled to fractional shares.

On October 24, 2022, the SEC approved the property dividends and issued a Certificate of Filing Notice of the Property Dividend declaration.

On December 29, 2022, the BIR released the Certificates Authorizing Registration (CAR) to stockholders who have met the BIR requirements, including the submission of their Tax Identification Numbers. The payment date for the property dividend was set on January 9, 2023 for stockholders who were issued CARs submitted to the Parent Company as of December 29, 2022. For stockholders who have not been issued a CAR by the BIR for the payment of the property dividend, the payment date is the 5th business date following their submission of a CAR to the Parent Company.

As of December 31, 2023, the Parent Company has distributed a total of 1,730,209,513 ACEN shares (around 99% of total property dividends) or a total amount of ₱13,156.5 million, gross of final withholding tax of ₱675.7 million (see Note 6), to shareholders who have been issued with CAR.

As of December 31, 2024, the Parent Company has distributed a total of 1,843,065,579 ACEN shares (around 99% of total property dividends) or a total amount of ₱14,014.7 million, gross of final withholding tax of ₱686.5 million (see Note 6), to shareholders who have been issued with CAR.

As of the date of this report, BIR's issuance of eCARs and subsequent distribution of ACEN shares are ongoing. The declaration of property dividends provides the opportunity for the Parent Company's shareholders to directly benefit in one of its recent successful business-building initiatives.

Assets held for sale - MCXPCI

On December 6, 2021, the Parent Company and Prime Asset Ventures, Inc. (PAVI) signed an Investment Agreement relating to the Muntinlupa-Cavite Expressway Project (MCX Project) and for the sale of the Parent Company's 100% ownership stake in MCX Project Company, Inc. (MCXPCI), subject to the satisfaction of the following conditions:

- Receipt of DPWH's written consent to the assignment of the concession from the Parent Company to MCXPCI;
- Approval and confirmation by the SEC of the valuation of the Parent Company's rights to, interests in, and obligation and principal liability under the MCX Concession Agreement, the MCX SCA and its rights and obligations; and
- Receipt by the Parent Company of the consent required under the MCX Third Party Contracts.

On March 10, 2022, DPWH granted its consent to the transfer of the service concession assets and obligations under the MCX concession arrangement from the Parent Company to MCXPCI.

As at December 31, 2022, the Parent Company has reclassified its assets and liabilities related to MCX concession arrangement as assets and liabilities held for sale.

On January 26, 2023, the SEC issued its Certificate of Approval of Valuation to MCXPCI certifying and approving that the valuation of rights, assets and contracts of the Parent Company in the total amount of ₱3,190 million be applied as payment for the Parent Company's subscription to MCXPCI's 309.0 million Class A common shares with ₱1.00 par value per share and 2,881.0 million Class B common shares with ₱1.00 par value per share.

On February 1, 2023, MCXPCI waived the satisfaction of the Parent Company's receipt of the remaining third-party consents contemplated in the Deed of Assignment executed between the Parent Company and MCXPCI. Consequently, the transition of MCX operations and transfer of its assets and liabilities from the Parent Company to MCXPCI commenced on February 1, 2023. This resulted in the Parent Company's recognizing ₱1,590.9 million gain on transfer of net assets to MCXPI (see



Note 20). The gain on transfer was treated as a tax-free exchange by the Parent Company at the time of the transaction.

On April 5, 2023, in accordance with the provisions of the Investment Agreement, MCXPCI redeemed 277.3 million preferred shares held by the Parent Company at ₦1.00 per share or at a total redemption amount of ₦277.3 million. The redeemed preferred shares were retired by MCXPCI to treasury shares and will not be re-issued. No gain or loss was realized as a result of this transaction.

On June 2, 2023, consents were received from the DPWH for the following matters:

- Assignment of the Reimbursement Agreement dated July 31, 2013 between the DPWH and the Parent Company to MCXPCI, thereby entitling MCXPCI to receive the payment under the Reimbursement Agreement;
- Assignment of the Memorandum of Agreement for Toll Collection Interoperability dated September 15, 2017 to MCXPCI and execution of amendment agreement to reflect MCXPCI as new concessionaire of the MCX Project;
- Execution of an amendment agreement to the MCX Concession Agreement to reflect MCXPCI as the new concessionaire of the MCX Project, among others.

On July 19, 2023, the DPWH, as the Grantor of the MCX Project Concession, confirmed its concurrence and signified that it interposed no objection to the transfer by the Parent Company of its equity interest in MCXPCI to PAVI.

On August 8, 2023, MCXPCI and PAVI executed a Loan Agreement for a ₦2,850 million loan amount and on September 28, 2023, PAVI released the loan amount to MCXPCI. The loan has a term of one (1) year from the signing of the Loan Agreement and subject to interest at a rate equivalent to one (1)-year tenor Bloomberg Valuation Reference Rate plus 325 basis points. The interest shall be due semi-annually. On the same date, MCXPCI converted 2.9 billion Class B common shares held by the Parent Company into 2.9 billion of its redeemable preferred shares at par value of ₦1.00 per share or a total redemption price of ₦2,900 million.

On September 28, 2023, MCXPCI redeemed 2,903.7 million redeemable preferred shares held by the Parent Company for a total consideration of ₦3,431.0 million resulting to a ₦527.3 million gain on redemption (see Note 18). The redeemed preferred shares were retired to treasury and will not be re-issued. On the same date, PAVI subscribed to 1.0 million redeemable preferred shares of MCXPCI with par value of ₦1.00 per share, at a total subscription price of ₦581.0 million. As a result, as of September 28, 2023, full ownership of MCXPCI has been transferred to PAVI. Post this transaction, MCXPCI's assets and liabilities were deconsolidated from the Group's consolidated statement financial statements as at September 30, 2023.

The Parent Company has recognized a total of ₦2,118 million gain before taxes on the divestment of MCX (see Notes 18 and 20). Total taxes as a result of the divestment amounted to ₦23.1 million capital gains taxes and resulted to taxable income amounting to ₦1,964.1 million. The Parent Company also recognized RCIT amounting to ₦491.93 million relating to the gain on redemption wherein NOLCO was applied (Note 17).

As of December 31, 2023, all contracts pertaining to the MCX operations are either amended / assigned from the Parent Company to MCXPCI or in the process of being amended/assigned from the Parent Company to MCXPCI.



8. Investments in Subsidiaries, Associates and Joint Ventures

The Parent Company's investees and the corresponding direct percentages of ownership are shown below:

Nature of Business	Percentage of Ownership		Amounts	
	2024	2023	2024	2023
	Percentage (%)	(In Thousands)		
<u>Subsidiaries</u>				
Ayala Land, Inc. (ALI)	Real Estate and Hotels	51.9	51.0	₱46,108,882
AC Energy / ACEIC	Power	100.0	100.0	24,352,937
AC Industrials Technology Holdings, Inc. (AITHI)	Industrial Technology and Automotive	100.0	100.0	16,310,073
Ayala Healthcare Holdings, Inc. (AHHI)	Healthcare	100.0	100.0	17,086,130
AC International Finance Limited (ACIFL)*	Investment Holding	100.0	100.0	12,303,985
AC Infrastructure Holdings Corporation (AC Infra)	Transport and Infrastructure	100.0	100.0	15,468,953
AC Logistics Holdings Corporation (ACL)	Investment Holding	100.0	100.0	9,649,028
Azalea International Venture Partners, Ltd. (AIVPL)**	Business Process Outsourcing (BPO)	100.0	100.0	4,820,798
Michigan Holdings, Inc. (MHI)	Investment Holding	100.0	100.0	4,400,691
AC Ventures Holding Corp. (AVHC) <i>(Formerly Water Capital Works, Inc.)</i>	Investment Holding	100.0	100.0	24,918,468
Ayala Aviation Corporation (AAC)	Air Charter	100.0	100.0	2,139,391
Bestfull Holdings, Ltd. (BHL)***	Investment Holding-International	100.0	100.0	1,908,013
Philwater Holdings, Inc. (Philwater)	Investment Holding	100.0	100.0	1,884,099
AC Mobility Holdings, Inc. (AMHI)	Automotive	100.0	100.0	2,578,000
AYC Finance Ltd. (AYCFL)*	Investment Holding	100.0	100.0	704,460
Ayala International Pte. Ltd. (AIPL)****	International	100.0	100.0	555,570
Purefoods International Limited (PFIL)**	Investment Holding	100.0	100.0	107,348
Technopark Land, Inc. (TLI)	Real Estate	78.8	78.8	97,983
ACX Holdings Corporation (ACX) <i>(Formerly AG Counselors Corp.)</i>	Consultancy Services	100.0	100.0	191,000
Integrated Microelectronics, Inc. (IMI)	Electronics Manufacturing	52.1	52.1	3,384
MCXPCI (see Note 7)	Investment Holding		—	—
<u>Associates</u>				
Bank of the Philippine Islands (BPI)	Banking	28.7	30.6	63,292,974
iPeople, Inc. (IPO)	Education	33.5	33.5	5,192,488
Manila Water Company, Inc. (MWC)	Water Distribution and Wastewater Services	—	19.6	—
Laggidan Land Corporation (LLC)	Real Estate	40.0	40.0	66,000
<u>Joint Ventures</u>				
Liontide Holdings Inc. (LHI)	Investment Holding	93.4	93.4	29,021,473
Globe Telecom, Inc. (Globe)	Telecommunications	30.7	30.7	18,325,111
Globe STT GDC, Inc. (KarmanEdge) <i>(Formerly, Karmanedge, Inc.)</i>	Telecommunications	10.0	10.0	1,628,128
Asiacom Philippines, Inc. (Asiacom)	Investment Holding	60.0	60.0	397,978
Gogoro Philippines (Gogoro PH)	Automotive	21.0	21.0	100,344
Less allowance for impairment losses			303,613,689	277,653,130
			37,521,720	30,096,720
			₱266,091,969	₱247,556,410

*Incorporated in Cayman Island

**Incorporated in British Virgin Islands

***Incorporated in Hong Kong

****Incorporated in Singapore

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries, associates and joint ventures is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries, associates and joint ventures are in proportion to its ownership interest.



Investment in ALI

On January 20, 2022, the BOD of the Parent Company and ALI approved the property share swap with each other and Mermac. Under the transaction, the Parent Company will transfer various assets to ALI in exchange for 309.60 million ALI common shares at a subscription price of ₱55.80 or total amount of ₱17,275.6 million. The Parent Company shall receive the ALI shares in exchange for certain assets (see Notes 9, 11 and 25).

On December 29, 2022, SEC issued the certificate of approval of valuation of shares of stock and real property, which the Parent Company, ALI and Mermac received on January 12, 2023, in the amount of ₱17,386.2 million to be applied as payment for the additional issuance of 311.6 million common shares at par value of ₱1 per share from unissued portion of ALI's authorized capital stock. This includes the Parent Company's investments in AHI and DADC which were transferred to ALI in exchange of ALI shares.

ALI shares with carrying value of ₱14,037.1 million and ₱10,904.5 million as of December 31, 2024 and 2023 were collateralized to secure the Parent Company's loan facility. The fair value of ALI shares collateralized amounted to ₱62,444.4 million and ₱63,779.4 million as of December 31, 2024 and 2023, respectively, in accordance with Bangko Sentral ng Pilipinas (BSP) regulations. All credit facilities of the Parent Company outside of BPI are unsecured, and their respective credit agreements provide for this exception (see Note 14).

The fair value of the ALI shares held by the Parent Company amounted to ₱199,705.2 million and ₱262,589.5 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Parent Company in ALI is 72.9% and 72.3% as of December 31, 2024 and 2023, respectively.

Investment in ACEIC

The Parent Company has received regular dividend from ACEIC in 2024 and 2023 amounting to ₱2,000.0 million each (see Note 20).

Investment in AITHI

On August 29, 2024, the Parent Company infused to AC Industrials ₱160.0 million for the exit from its motorcycle businesses that hold the KTM and Husqvarna brands. The funds will be used for the closing and sale of domestic inventories of KAMMI stock to ACPI and IDI 2W. The said infusion will be issued with 160,000 redeemable preferred shares.

On December 9, 2024, the Parent Company infused to AC Industrials ₱400.0 million for BYD Dealerships for its capital expenditures, start-up operations, and initial inventory. The said infusion will be issued with 400,000 redeemable preferred shares.

Investment in AC Infra

On various dates in 2024 and 2023, the Parent Company infused additional capital to AC Infra amounting to ₱2,965.0 million and ₱1,648.2 million, respectively. In 2024, the additional capital was used to fund AC Infra's equity commitment to Light Rail Manila Corporation (LRMC) and AF Payments, Inc. (AFPI) for their operating requirements, and to fund Entrego's loan payments and wind-down costs.

Due to continuous delays in the grant of fare increases and lower ridership forecast, the recoverable value of AC Infra's investment in LRMHI was assessed to be lower than its carrying value as of December 31, 2024. In 2024, AC Infra recognized an impairment loss on its investment in LRMHI amounting to ₱3,199.3 million. This resulted to the Parent Company's recognition of ₱3,199.3 million impairment on its investment in AC Infra in 2024.

Integration of Entrego with AC Logistics

In December 2023, due to continuing challenges on the profitability of Entrego, its' operations and certain assets were transferred and integrated with AC Logistics Group. Improvements in operations is expected from lower costs, notable efficiencies, better coverages, and improved service level agreements, yielding better results moving forward. As a result of the winding down of Entrego's operations, the Parent Company recognized an impairment of its investment in AC Infra amounting to ₱2,925.0 million and ₱2,847.7 million in 2024 and 2023, respectively (see Note 18).



Investment in AHHI

On March 1, 2024, the Parent Company infused ₱547.0 million to AC Health to fund the following:

- Healthway Philippines Inc. and HMC capital expenditures and operating expenses
- KMD funding requirements for SuperApp development and launch, and for operating expenses, and
- AC Health Parent capital expenditures, operating expenses, and business development costs.

The capital infusion is for the subscription to 82.1 million preferred shares and 54.7 million common shares at a subscription price of ₱4.00 per share in which both will be coming from the increase in authorized capital stock still for approval by SEC.

On May 2, 2024, the Parent Company made an additional infusion of ₱844.0 million to AC health to fund the 2024 capital expenditure requirement of Healthway Qualimed Hospitals. The capital infusion is part of the advance capital call in the amount of ₱1,391.0 million of which ₱547.0 million has already been infused last March 1, 2024. The additional capital call will issue 84.4 million common shares and 126.6 million preferred shares both at par value of ₱4.00 per share.

On May 9, 2024, AC Health received SEC Certificate of Approval for the Increase in its Authorized Capital Stock.

On April 17 and May 8, 2023, Parent Company infused a total amount ₱702.3 million to AC Health to fund the construction cost and working capital of Healthway Cancer Care Center (₱597.0 million) and to fund Vigos Ventures Inc (₱105.3 million) for Global Telehealth, Inc. (KMD). AC Health issued ₱140.5 million preferred shares at a subscription price at ₱5.0 per share.

On October 31, 2023, Parent Company infused additional ₱2,129 million to AHHI to fund:

- Mercado Group (MGHI) Block Share Purchase up to 45% ownership by AC Health thru its wholly owned subsidiary Healthway Philippines, Inc. (HPI)
- Loan to Qualimed Business Units for capital expenditure requirements
- Loan to HMC Inc. for capital expenditure requirements
- Project Fury: management and lease agreement with FEU-NRMF on its 300-bed hospital, and
- AC Health transaction costs

The loans will fund the supplemental capital expenditure requirements of Healthway Medical Network (HMN) to complete the medical equipment and expand the service lines of HMN (Healthway Clinics and Heathway Qualimed Hospitals), as well as to refurbish said HMN facilities.

The capital infusion is for subscription to existing 0.1 million preferred shares and 267.3 million common shares at a subscription price of ₱4 per share. Subscription to 0.3 million preferred shares and 0.2 million common shares at subscription price of ₱4 per share will both come from an increase in authorized capital stock.

On December 29, 2023, the Parent Company subscribed to ₱2.5 billion of AHHI's preferred and common shares to fund:

- KonsultaMD (KMD) funding requirement and Vigos corporate overhead plus DST and SEC fees
- Project Pope (St. Joseph Drug)
- Project Fury (FEU and second tranche of MGHI Block Share Purchase), and
- AC Health Transaction costs.

The capital call will be covered partially by the existing 32.8 million common shares, while 215.6 million common and 323.2 million preferred shares will come from an increase in authorized capital stock.



As of December 31, 2023, the Parent Company's outstanding subscription payable amounted to ₱2,460.3 million arising from the December 2023 capital call. On January 4, 2024, the Parent Company has fully paid this outstanding subscription payable to AC Health.

Investment in ACL

On April 8, 2024, the Parent Company infused ₱925.0 million to AC Logistics to fund its Parent operating expenses and the scheduled infusions into AHI operating companies (AHI - Airfreigh2100/A-Movement/Cargohaus/Waste Management Group). AC Logistic will issue 438.4 million common shares with a subscription price of ₱2.11 per share and will be coming from its existing and unissued authorized capital stocks.

On May 27, 2024, the Parent Company infused ₱406.0 million to AC Logistics to fund its 1H2024 share in GMAC's construction of its Davao facility and capital calls of Air21 Holdings. AC Logistics will issue 192.4 million common shares for a subscription price of ₱2.11 per share and will be coming from its existing and unissued authorized capital stock.

On July 15, 2024, the Parent Company infused ₱100.0 million to AC Logistics to fund its infusions into Cargohaus. The Parent Company will be issued 47.4 million common shares with a price of ₱2.11 per share for the said drawdown and will be coming from the existing and unissued authorized capital stock.

On September 17, 2024, the Parent Company infused ₱187.5 million to AC Logistics to fund its share in the capital call of Air21 Holdings. The fund will be used for AF2100's operating expenses, working capital, and settlement of long-outstanding liabilities. On the said infusion, the Parent Company will be issued 187.5 million redeemable preferred shares with a par value of ₱1 per share which will come from the increase in its authorized capital stock once approved.

On November 22, 2024, the Parent Company infused additional ₱77.5 million to AC Logistic to fund its share in the capital call of Air21 Holdings. AC Logistics will issue 77.5 million shares with a par value of ₱1 per share for the said capital call which will come from the increase in its authorized capital stock once approved by the SEC.

On December 13, 2024, the Parent Company infused ₱71.0 million to AC Logistics to fund its share in the capital expenditure requirements for the construction of GMAC's Davao facility. AC Logistics will issue 33.6 million common shares with par value of ₱2.11 per share for the said capital call.

On December 27, 2024, AC Logistics received the Certificate of Approval for its application for an increase in its authorized capital stock.

Investment in AVHC

On February 20, 2024, the Parent Company subscribed 185,288 new common shares to AC Ventures at an issue price of ₱600.0 per share or a total amount of ₱111.2 million. The capital infusion was to fund the payment of AC Venture's 30% share in 917Venture's research and development/ building expenses.

On August 20, 2024, the Parent Company infused ₱22,386.7 million to AC Ventures to fund its acquisition of 157.6 million common shares or an 8.3% stake in its associate, Globe Fintech Innovations, Inc. (Mynt), from selling shareholders ASP Phil LP ("Bow Wave"), Lion Fintech Investments Pte. Ltd. ("Warburg") and Insight PHP Holdings, Ltd. ("Insight").



On November 12, 2024, the Parent Company infused ₱152.2 million to AC Ventures to fund its deposit for future subscription to 1.5 million redeemable preferred shares at a subscription price and par value of ₱100.0 per Class C share of AC Ventures, equivalent to 25% of the par value of the proposed increase in authorized capital stock of the company of 6.1 million shares. The fund will be used to settle the outstanding 917Ventures' payables from the expired R&D Agreement between the Parent Company and 917Ventures.

Investment in AAC

On May 31, 2024, the Parent Company converted its subscription deposit with Ayala Aviation amounting to ₱80.0 million or 0.4 million common stocks with a par value of ₱20 per share and for a subscription price of ₱200 per share.

Investment in MCXPCI

In 2023, the Parent Company has completed the sale of its 100% interest in MCXPCI (see Note 7).

Investment in IMI

The fair value of the IMI common shares held by the Parent Company amounted to ₱2.1 million and ₱4.4 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Parent Company in IMI, directly and indirectly, through AITHI, is 52.1% as of December 31, 2024 and 2023.

In 2024, the Parent Company recognized its share in impairment provisions of its investment in IMI amounting to ₱1,000.0 million. The provision was a result of IMI's ongoing efforts to streamline its operations and reduce costs as part of its strategy of consolidating its footprint into strategically located facilities.

Investment in AMHI

On January 10, 2024, the Parent Company infused ₱333.5 million to AC Mobility to fund the 3rd/last tranche of the ₱1,625.0 million capital call for the start-up operations of BYD distribution and the initial set-up of dealerships and the Holding Company.

On January 25, 2024, the Parent Company infused ₱288.0 million to AC Mobility to fund the latter's initial investment in electric vehicle (EV) charging infrastructure and Bosch Car Service Master Franchise. The Parent Company will be issued 2,880 redeemable preferred shares with a par value of ₱100,000.0 per share for the capital infusion.

On December 9, 2024, the Parent Company infused ₱670.0 million to AC Mobility to fund its EV Charging Stations and EVRO. The Parent Company will be issued 6,700 AMHI's redeemable preferred shares with a par value of 10,000 per share for the said infusion.

Investment in ACX

On October 29, 2024, the Parent Company infused ₱170.0 million to ACX Holdings to fund ACX and its wholly owned SPV, Anko PH operating and capital requirements. ACX will issue 170.0 million new preferred shares at par value of ₱1.00 per share upon approval of application for increase in its Authorized Capital Stock.

Investment in BPI

On March 15, 2023, BPI approved its declaration of common shares held in treasury as property dividend distributable to all eligible stockholders. The property dividend shall be paid at an entitlement ratio of 0.0896 common share for every one (1) common share of BPI held by the stockholder. The Parent Company received 124.6 million common shares from BPI as a result of this declaration resulting to 30.6% stake in 2023.

The fair value of the BPI shares held by the Parent Company amounted to ₱184,851.7 million and ₱157,275.5 million as of December 31, 2024 and 2023, respectively.



Investment in MWC

On May 17, 2024, the Parent Company's remaining shareholdings of 577.0 million shares were sold at ₱22.36 per share or for total proceeds of ₱12,818.5 million net of brokerage fees of ₱84.9 million. The sale resulted to a gain of ₱7,983.4 million.

On October 11, 2023, the Parent Company sold 289.0 million common shares of its shareholdings with MWC at ₱17.16 per share through BPI Securities. The sale resulted to a gain of ₱2,504.7 million.

As of December 31, 2024 and 2023, ownership interest of the Parent Company in MWC is nil and 19.6%, respectively. The fair value of the MWC shares held by the Parent Company amounted to nil and ₱10,732.2 million as of December 31, 2024 and 2023, respectively. The voting rights held by the Parent Company and Philwater in MWC is nil and 23.5% as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the effective interest rate of the Parent Company including Philwater is nil and 22.5%, respectively.

Investment in IPO

The fair value of the IPO shares held by the Parent Company amounted to ₱2,375.3 million and ₱2,571.3 million as of December 31, 2024 and 2023, respectively.

Investment in LHI

On January 13, 2023, Arran Investment Pte. Ltd. (Arran) completed the redemption of 31,154,709 redeemable preferred shares in LHI, a joint venture company between the Parent Company and Arran, and the sale of its remaining 10,384,903 redeemable preferred shares in LHI to Robinsons Retail Holdings, Inc. (RRHI). Effective on the same date, Arran, LHI, and the Parent Company terminated their existing Shareholders' Agreement while RRHI, LHI and the Parent Company entered into a new Shareholder's Agreement to govern their relationship as well as the conduct of the business and management of LHI. This resulted to increase in economic ownership interest in LHI to 93.4%.

On March 2, 2023, SEC approved the Amendment to the Articles of Incorporation of LHI to (a) reclassify or convert the Class B common shares of LHI with the par value of ₱18.0 per share into redeemable preferred shares and (b) to declassify the Class A common shares of LHI to redeemable preferred shares. As of December 31, 2023, Parent Company's 56.8 million Class B common shares were converted into 56.8 million redeemable preferred shares at ₱18.0 per share or a total of ₱1.0 billion.

As of December 31, 2024 and 2023, LHI owns 823.2 million and 755.5 million common shares of BPI representing a direct ownership of 15.6% and 16.6%, respectively. The Parent Company and RRHI, as the same with the agreement with GIC Special Investments Pte. Ltd., the entity controlling Arran, as joint venture partners, agreed to vote its BPI shares based on the common position reached jointly by them as shareholders.

The fair value of BPI shares held by LHI amounted to ₱100,432.6 million and ₱85,450.0 million as of December 31, 2024 and 2023, respectively.

Investment in Globe

The fair value of the Globe shares held by the Parent Company amounted to ₱96,678.3 million and ₱76,138.6 million as of December 31, 2024 and 2023, respectively.

Investment in Globe STT GDC Inc. (formerly KarmanEdge)

On March 27, 2023, the Parent Company made an additional equity investment Globe STT GDC, Inc. amounting to ₱352.1 million as part of the committed deferred equity consideration.



Investment in Gogoro PH

On August 24, 2023, the Parent Company, 917Ventures and Gogoro SG ("the Parties") executed a Joint Venture Agreement to establish a joint venture for the launch of the Gogoro two-wheeled electric vehicle (EV) battery swapping technology in Metro Manila.

On August 29, 2023, the Parties subsequently executed a Shareholders Agreement to govern their relationship as shareholders. The Parent Company likewise entered into a Subscription Agreement with Gogoro PH having infused ₱100.3 million in exchange for 42.0 million common shares, representing a 21% stake in the latter, with a ₱1.00 par value per share at an issue price of ₱2.39 per share.

Allowance for probable impairment loss

Movements in allowance for probable impairment losses on investments in subsidiaries, associates and joint ventures follow:

	2024	2023
	(In Thousands)	
At January 1	₱30,096,720	₱27,249,011
Provision (Note 18)	7,425,000	2,847,709
At December 31	₱37,521,720	₱30,096,720

Investments in ACIFL, AIVPL, BHL, and AYCFL have been fully provided for with allowance as at December 31, 2024 and 2023.

In 2024 and 2023, the Parent Company recognized additional impairment losses on its certain investments where the carrying amount exceeded the recoverable amount.

Recoverable amounts of investments in subsidiaries, associates and joint ventures that have been determined to have impairment indicators as of December 31, 2024 and 2023 were based on value in use, with discount rates of 8.94% to 9.72% in 2024 and 10.04% to 14.75% in 2023 and long-term growth rates ranging from 1.0% to 5.2% in 2024 and 2% to 5.8% in 2023. Recoverable amount for the investment with impairment loss in 2023 is based on the market approach.

9. Investment Properties

The movements in investment properties follow:

	2024		
	Land	Buildings and Improvements	Total
	(In Thousands)		
Cost			
At January 1	₱952,479	₱417,969	₱1,370,448
Disposals	(10)	-	(10)
At December 31	952,469	417,969	1,370,438
Accumulated depreciation and impairment losses			
At January 1	26,616	353,787	380,403
Depreciation and provisions	-	5,688	5,688
At December 31	26,616	359,475	386,091
Net Book Value	₱925,853	₱58,494	₱984,347



	2023		
	Land	Buildings and Improvements (In Thousands)	Total
Cost			
At January 1 and December 31	₱952,479	₱417,969	₱1,370,448
Accumulated depreciation and impairment losses			
At January 1	26,616	345,492	372,108
Depreciation and provisions	–	8,295	8,295
At December 31	26,616	353,787	380,403
Net Book Value	₱925,863	₱64,182	₱990,045

Certain parcels of land and buildings are leased to related parties (see Note 20). Rental from investment is based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Rental income from investment properties included under 'Other income' in the Parent Company Statements of Income amounted to ₱162.9 million and ₱89.3 million in 2024 and 2023, respectively (see Note 18). Depreciation expense related to the investment properties held to earn rentals amounted to ₱5.7 million and ₱8.3 million in 2024 and 2023, respectively.

In July 2016, the Parent Company entered into an operating lease agreement with Crans Montana Property Holdings Corp. (Crans Montana), a wholly owned subsidiary of ALI, for the lease of a land in Legaspi Village, Makati City. The lease is for a period of 25 years commencing on the start of commercial operations of the apartment building to be built by the Lessee. The apartment building started its commercial operation on September 1, 2018. Rental income recognized in 2024 and 2023 amounted to ₱2.0 million and ₱1.9 million, respectively (see Note 20).

In September 2019, the Parent Company entered into a lease agreement with Isuzu Automotive Dealership, Inc. (IADI) for the lease of a parcel of land with an approximate area of 5,000 square meters in Dasmarinas, Cavite. The lease shall be for a period of five (5) years commencing on the start of the commercial operations of the vehicle dealership building to be built by the lessee or sixteen (16) months from September 2, 2019, whichever is earlier. The lease commenced on January 1, 2023 with ending period of December 31, 2025.

In July 2020, the Parent Company executed a lease agreement with Premier Southern Petroleum Corp. (formerly Phoenix Southern Petroleum Corporation) for a parcel of land with an area of 2,004 square meters along Alabang-Zapote Road, Alabang, Muntinlupa for a period of five (5) years beginning September 1, 2020 and ending on August 31, 2025. The fixed initial monthly rent amounted to ₱526,786, exclusive of VAT, subject to annual escalation rate of 5%. In 2024 and 2023, the rental income amounted to ₱7.7 million and ₱7.3 million.

The fair value of the Parent Company's investment properties amounted to ₱26,920.5 million as of December 31, 2024. The fair value of the investment properties was determined based on valuations performed by independent professionally qualified appraisers. The valuation techniques and key inputs to valuation of investment properties are presented in Note 23 to the parent company financial statements.

The Parent Company has determined that the highest and best use of the land and buildings leased to related parties is its current use. The Parent Company owns certain parcels of idle land which is intended to be sold or developed in the future. The highest and best use of these parcels of land has been determined to be for commercial and agricultural land utilization. The Parent Company also owns land and building and improvements which are being leased out to other parties. The highest and best use of these investment properties has been determined to be its current use which is for commercial utilization.



The fair value of the investment properties was arrived using the Market Data Approach and Cost Approach for land and building and improvements that are not held for leasing, respectively, and Income Approach for properties which are held for lease.

In Market Data Approach, the value of the land is based on sales and listing of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Cost Approach is a comparative approach to the value of the building and improvements or another asset that it considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction cost (new) of the subject property or asset, less total (accrued) depreciation, plus indirect costs attributed to the improvement.

Income Approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. This approach considers income and expense data relating to the property being valued and estimates value through capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate.

10. Financial Assets at Fair Value through OCI

This account consists of equity investments, which are presented as financial assets at fair value through OCI as at December 31, 2024 and 2023, as follows:

	2024	2023
	(In Thousands)	(In Thousands)
Investments in ACEN	₱3,199	₱3,199
Quoted investments		
Alabang Country Club	679,000	584,000
Manila Golf Club	120,000	120,000
Manila Polo Club	100,000	90,000
Wack Wack Golf Club	85,000	70,000
Canlubang Golf Club	8,000	10,000
Sta. Elena Golf Club	48,000	31,000
Manila Electric Company	10,398	8,501
Makati Sports Club	9,100	6,500
The Philodrill Corporation	1,411	1,523
Others	26,403	24,639
	₱1,090,511	₱949,362

The movements in fair value reserve of financial assets through OCI is as follows:

	2024	2023
	(In Thousands)	(In Thousands)
At January 1 (see Note 2)	₱746,257	₱535,417
Fair value gain recognized in OCI	141,149	210,840
At December 31	₱887,406	₱746,257



11. Property and Equipment

The movements of property and equipment follow:

	2024					
	Condominium Units	Condominium/Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Total
<i>(In Thousands)</i>						
Cost						
At January 1	₱23,328	₱566,266	₱504,866	₱222,900	₱6,379	₱1,323,739
Additions	–	56,467	50,199	131,721	14,334	252,721
Reclassification/Transfers	–	14,375	–	–	(14,375)	–
Disposal	–	–	(67)	(63,066)	–	(63,133)
At December 31	23,328	637,108	554,998	291,555	6,338	1,513,327
Accumulated Depreciation						
At January 1	9,302	22,487	315,408	95,017	–	442,214
Depreciation	687	31,685	42,768	47,500	–	122,640
Disposals	–	–	(67)	(43,095)	–	(43,162)
At December 31	9,989	54,172	358,109	99,422	–	521,692
Net Book Value	₱13,339	₱582,936	₱196,889	₱192,133	₱6,338	₱991,635
	2023					
	Condominium Units	Condominium Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Total
<i>(In Thousands)</i>						
Cost						
At January 1	₱23,328	₱8,296	₱439,951	₱175,827	₱435,912	₱1,083,314
Additions	–	–	144,786	69,746	128,437	342,969
Reclassification/Transfers	–	557,970	(68,805)	–	(557,970)	(68,805)
Retirement	–	–	(3,889)	–	–	(3,889)
Disposal	–	–	(7,177)	(22,673)	–	(29,850)
At December 31	23,328	566,266	504,866	222,900	6,379	1,323,739
Accumulated Depreciation						
At January 1	8,615	8,021	365,481	77,889	–	460,006
Depreciation	687	14,466	29,445	37,058	–	81,656
Retirement	–	–	(3,889)	–	–	(3,889)
Disposals	–	–	(75,629)	(19,930)	–	(95,559)
At December 31	9,302	22,487	315,408	95,017	–	442,214
Net Book Value	₱14,026	₱543,779	₱189,458	₱127,883	₱6,379	₱881,525

The Parent Company recognized gain on disposal which amounted to ₱6.7 million and ₱10.2 million in 2024 and 2023, respectively. These were included as part of gain on sale of property and equipment in "Other income" (see Note 18).

Construction in progress pertains to consultancy and interior design expenditure in relation to a specific unit in a building under construction to be occupied by the Parent Company upon completion. The remaining contractual commitments arising from the construction amounted to ₱1.0 million.

The Parent Company has no restrictions on its property and equipment and none of those have been pledged as security for its obligations. Unless otherwise stated, there are no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance, and enhancements.



12. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
	(In Thousands)	
Accrued expenses	₱2,068,894	₱1,645,725
Interest payable (Note 20)	750,485	807,545
Accounts payable	512,845	490,889
Payables to related parties (Note 20)	319,858	324,408
Others	191,823	70,614
	₱3,843,905	₱3,339,181

Accrued expenses pertain mainly to accrual for short-term employee benefits and various general and administrative expenses of the Parent Company. Total accrual for short-term employee benefits amounted to ₱498.2 million and ₱393.1 million as of December 31, 2024 and 2023, respectively.

Interest payable pertains to interest incurred on bank loans and fixed bonds but not yet paid. This is normally settled within one year.

Accounts payable pertains to payables to non-related parties. These payables are non-interest bearing and normally settled within one year.

Payables to related parties consist of non-interest-bearing liabilities to related parties and others that are due and demandable.

Other payables are non-interest bearing and are normally settled within one year. This includes expanded withholding tax payable of ₱18.8 million and ₱11.4 million as of December 31, 2024 and 2023, respectively.

13. Other Current Liabilities

This account consists of:

	2024	2023
	(In Thousands)	
Subscriptions payable (Notes 8 and 20)	₱-	₱2,460,300
Derivative liability (Note 24)	15,951	62,990
Others	11,857	11,856
	₱27,808	₱2,535,146

The derivative liability pertains to the Company's dollar-denominated forward currency contracts which are designated as cash flow hedge (see Note 24).

14. Short-term and Long-term Debt

Short-term debt consists of the following:

	2024	2023
	(In Thousands)	
Bank loans - with interest rates ranging from 5.5% to 6.0% per annum in 2024 and ranging from 5.8%-6.5% in 2023	₱28,500,000	₱9,000,000



Long-term debt consists of the following:

	2024 <i>(In Thousands)</i>	2023
Foreign currency debt - with interest rates ranging from 3.0% to 3.31% per annum in 2024 and 3.0% to 6.4% in 2023	₱8,744,011	₱5,517,683
Bank loans - with fixed and floating interest rates ranging from 6.3% to 7.5% per annum with varying maturity dates up to 2029 (Note 24)	49,816,788	51,883,694
Bonds	30,879,524	34,805,561
Total long-term debt	89,440,323	92,206,938
Less current portion	24,848,163	11,630,161
	₱64,592,160	₱80,576,777

Reconciliation of carrying amount against nominal amount follows:

	2024 <i>(In Thousands)</i>	2023
Nominal amount	₱89,827,500	₱98,874,250
Less unamortized discount	387,177	583,331
	₱89,440,323	₱98,290,919

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

In compliance with Bangko Sentral ng Pilipinas (BSP) regulations on loans to directors, officers, stockholders and related interests (DOSRI), some of the Parent Company's short term and long-term debt with a local bank are secured by shares of stock of a subsidiary with a fair value of ₱62,444.4 million and ₱63,779.4 million as of December 31, 2024 and 2023, respectively (see Note 8). All credit facilities of the Parent Company outside of this local bank are unsecured, and their respective credit agreements provide for this exception.

Short-Term Debt

In August 2022, the Parent Company drew ₱4,000 million against its working capital lines with a local bank at a fixed interest rate. In November 2022, the Parent Company drew ₱700.0 million against its working capital lines with a local bank at a fixed interest rate. In December 2022, the Parent Company drew ₱500.0 million against its working capital lines with a local bank at a fixed interest rate. As of December 31, 2022, unsecured short-term debt of the Parent Company amounted to ₱5,200.0 million from local bank with fixed interest rate ranges from 4.13% to 5.5% per annum. These were subsequently paid in 2023.

In October 2023, the Parent Company drew ₱5,000 million against its working capital lines with a local bank at a fixed interest rate. In December 2023, the Parent Company drew ₱4,000 million against its working capital lines with a local bank at a fixed interest rate. As of December 31, 2023, unsecured short-term debt of the Parent Company amounted to ₱9,000.0 million from local bank with fixed interest rate of 5.75% per annum. These were subsequently paid in 2024.

In December 2024, the Parent Company availed short-term loans from two local banks amounting to ₱28,500.0 million maturing in 50-92 days at fixed rates ranging from 5.50% - 5.80% per annum. During the same month, the Parent Company fully paid various maturing unsecured short-term loans, availed of in prior months, with two local banks amounting to ₱27,500.0 million.



Long-Term Debt

Bank loans

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

Generally, the Parent Company's long-term loans are unsecured. Due to certain regulatory constraints in the local banking system regarding loans to directors, officers, stockholders and related interest, some of the Parent Company's credit facilities with a local bank are secured by shares of stock of a subsidiary with a fair value of ₱62,444.4 million and ₱63,779.4 million as of December 31, 2024 and 2023, respectively, in accordance with Bangko Sentral ng Pilipinas (BSP) regulations. All credit facilities of the Parent Company outside of BPI are unsecured, and their respective credit agreements provide for this exception.

In December 2016, the Parent Company entered into a term loan agreement with a domestic bank amounting to ₱10.0 billion with an interest rate based on (i) the prevailing Benchmark Rate plus a certain spread or (ii) the 28-day BSP Deposit Facility Rate plus a certain spread, whichever is higher. In August 2021, the Parent Company drew ₱2.5 billion with a tenor of 5 years. Principal repayments amounting to ₱25.0 million shall be made at the first anniversary until end of the fourth year and payment for the remaining principal balance amounting to ₱2.4 billion at maturity date. In October 2021, the Parent Company drew ₱7.5 billion with a tenor of 4 years. Principal repayments amounting to ₱75.0 million shall be made at the first anniversary until end of the third year and payment of remaining principal balance amounting to ₱7.3 billion at maturity date. As of December 31, 2024 and 2023, total outstanding balance of the long-term loan facility amounted to ₱9.6 billion and ₱9.8 billion, respectively.

In April 2018, the Parent Company signed an ₱11.0 billion fixed term loan facility with a domestic bank with a tenor of 8 years. The amount was fully drawn on April 30, 2018. The original terms of the loan stipulated a fixed interest rate of 6.00% for the first five years, which was based on the prevailing 5-year benchmark plus a certain spread and will reprice at the prevailing 3-year benchmark plus a certain spread. In July 2020, the Parent Company and the local bank agreed to revise the interest rate to 4.60% up to April 30, 2023 based on the applicable three (3) year PHP BVAL plus a corresponding spread. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱9.2 billion and ₱10.1 billion, respectively.

In September 2021, the Parent Company signed a ₱5.0 billion loan facility with a fixed or floating rate option and a term of five (5) or seven (7) years. In August 2022, the Parent Company drew down the full amount of ₱5.0 billion with tenor of 7 years with interest rate based on 3 months BVAL plus a certain spread and subject to a floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱4.9 billion and ₱5.0 billion, respectively.

On various dates in 2024 and 2023, the Parent Company made partial payments of the above long-term loans totaling ₱6.1 billion and ₱5.2 billion, respectively.

Loans Secured by Collateral for DOSRI Compliance

The Parent Company signed the following loan facilities with a local bank that are secured by collateral:

- a. January 2018: ₱1.9 billion 10-year loan facility with an interest rate based on the prevailing benchmark rates plus a certain spread; and ₱1.9 billion 10-year Loan Facility with subsidiary shares as collateral.

As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱1.26 billion and ₱1.35 billion, respectively.



- b. January 2018: ₱10.0 billion 10-year loan facility with an interest rate based on the prevailing benchmark rates plus a certain spread. In December 2023, the outstanding balance of ₱3.35 billion was fully paid.
- c. October 2020: ₱10.0 billion term loan agreement secured by ALI shares. The said facility has a tenor of ten (10) years with an interest rate based on the applicable BVAL rate plus a certain spread.

As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱8.38 billion and ₱8.88 billion, respectively.

- d. December 2022: ₱4.0 billion term loan facility with a fixed and floating rate option for six (6) or seven (7) years. In December 2023, the facility was amended to improve interest rate and availed of by the Parent Company with a tenor of seven (7) years at a fixed interest rate structure of 3 years (3Y) + 4 years (4Y) based on 3Y and 4Y BVAL plus margin and subject to a floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱3.95 billion and ₱4.0 billion, respectively.

In May 2022, the Parent Company signed an ₱8.0 billion term loan facility with a local bank. In August 2022, the Parent Company drew down the full amount in two tranches at ₱5.0 billion and ₱3.0 billion, both with a tenor of 6 years with interest rate based on 3 months BVAL plus margin and subject to a floor rate. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱7.6 billion and ₱8.0 billion, respectively.

In December 2022, the Parent Company signed a sustainability linked credit facility for ₱5.0 billion and was amended in March 2023 to extend availability period. In October 2023, the facility was further amended to reduce facility amount to ₱4.0 billion and was availed by the Parent Company for a tenor of eight (8) years at a fixed interest rate. The facility is subject to reduction in coupon for met Key Performance Indicators (KPIs). As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱4.0 billion.

In October 2023, the Parent Company signed and availed of a sustainability linked credit facility for ₱1.0 billion with a tenor of eight (8) years at a fixed interest based on BVAL plus margin. The facility is subject to reduction in coupon for met KPIs. As of December 31, 2024 and 2023, the outstanding balance of the loan facility amounted to ₱1.0 billion.

In December 2024, the Parent Company signed a EUR50.0 million Committed Term Loan Facility and drew its peso equivalent of ₱3.1 billion through a cross-currency swap. The tenor of the loan is five (5) years at a fixed interest rate based on the prevailing benchmark rates plus margin. As of December 31, 2024, the outstanding balance of the loan facility is ₱3.1 billion.

In December 2024, the Parent Company signed a sustainability linked credit facility for ₱2.5 billion. As of December 31, 2024, the facility remained undrawn.

In December 2024, the Parent Company signed a US\$100Mn Blended Finance Facility with a fixed or floating rate option and a term of seven (7) years. The facility is composed of a bilateral and a concessional loan. As of December 31, 2024, the facility remained undrawn.

AYCFL Loan to Ayala International Holdings Limited (AIHL)

On September 28, 2022, AYCFL entered into an agreement in which AYCFL loaned to AIHL, a subsidiary of BHL, then AIHL loaned to the Parent Company amounting to US\$100 million (see Notes 20 and 26). The loan proceeds were directly remitted to the Parent Company per agreement. As approved by the Board, the agreement was entered into to optimize excess funds in AYC Finance Limited ("AYCFL"), and partially fund the Company's peso capital expenditures in 2022 by entering into foreign exchange swap hedging.



As of March 31, 2024, the Parent Company's US\$100 million AIHL loan, with term maturing on September 28, 2024 was 100% fully hedged by designating Dollar foreign exchange swaps as Hedging Instruments. Upon maturity, a foreign exchange hedge roll over strategy will be implemented to replace the existing yet maturing foreign exchange swap on its maturity date, until such time that the replacement foreign exchange swap tenor can be matched with the maturity of the hedged loan. The USD interest payment accruing on the hedged loan principal is not part of the hedged item. As of December 31, 2024 and 2023, total outstanding foreign exchange contract amounts to US\$100 million.

The intercompany loan has a tenor of two (2) years with a fixed annual interest rate of 3% that is repriced on the anniversary of the loan.

Bonds

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands)		Features
				2024	2023	
2017	8 years	4.8200%	10,000,000	₱9,989,860	₱9,979,719	Callable from the 6.5 th anniversary issue until every year thereafter.
2021	3 years	3.0260%	4,000,000	—	3,987,478	3-year no-call bond, fixed coupon Series A
2021	5 years	3.7874%	6,000,000	5,972,815	5,959,222	5-year fixed coupon Series B bond callable on the 12th to 19th interest payment date with a call option price of 101.0% on the 12th to 15th interest payment date and 100.5% on the 16th to 19th interest payment date.
2022	3 years	4.4542%	5,000,000	4,988,606	4,969,715	3-year fixed coupon Series C bond with no call option.
2022	5 years	5.6239%	7,500,000	7,450,002	7,434,524	5-year fixed coupon Series D bond callable on the 12 th to 19 th interest payment date with a call option price of 101.0% on the 12 th to 15 th interest payment date and 100.5% on the 16 th to 19 th interest payment date.
2022	7 years	6.1351%	2,500,000	2,478,241	2,474,903	7-year fixed coupon Series E bond callable on the 16 th to 27 th interest payment date with a call option price of 102.0% on the 16 th to 19 th interest payment date, a call option price of 101.0% on the 20 th to 23 rd interest payment date and 100.5% on the 24 th to 27 th interest payment date.
				₱35,000,000	₱30,879,524	₱34,805,561

The outstanding Peso bonds of the Parent Company have been rated "PRS AAA" by PhilRatings, which is the highest credit rating possible for long-term issuances. Obligations rated PRS Aaa are of the highest quality with minimal credit risk and indicates the obligor's capacity to meet its financial commitment is extremely strong.

Bond Redemption

On July 7, 2023, the Parent Company's ₱10.0 billion, 3.92% Fixed Rate Bonds Due 2023 (the "Bonds") with outstanding balance of ₱10.0 billion was fully redeemed in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated June 24, 2016. The bonds were redeemed by payment in cash of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.92% per annum.

On May 28, 2024, the Parent Company's ₱4.0 billion, 3.0260% Series A Bonds Due 2024 were fully redeemed on its maturity date on May 28, 2024 in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated May 11, 2021. The Bonds were redeemed by payment in cash of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.0260% per annum.



On December 16, 2024, the Parent Company issued a Notice of Bond Redemption to its Bondholders for its ₱10,000 million 4.8200% bonds due on February 10, 2025. The Ayala Bonds shall be redeemed by the payment in cash of the redemption price set at 100% of the issue price plus all accrued and unpaid interest based on the coupon rate of 8.8200% p.a.

Outstanding Fixed Rate Bonds

Philippine Peso 8-Year Bond due 2025

On February 10, 2017, the Parent Company issued 10.0 billion, 4.8200% bonds due in 2025. This pertains to the second and final tranche of the 20.0 billion fixed rate bonds program approved by the BOD on March 10, 2016.

Philippine Peso 3-Year and 5-Year Bonds due 2024 and 2026

On May 28, 2021, the Parent Company issued a total of ₱10.0 billion bonds, broken down into a ₱4.0 billion bond due 2024 at a fixed rate equivalent to 3.0260% and a ₱6.0 billion bond due 2026 at a fixed rate of 3.7874%. Interest on the Bonds will be payable quarterly. The proceeds were used to refinance select Philippine peso-denominated obligations and partially to finance capital expenditures. The ₱10.0 billion amount represents the first tranche under the Parent Company's ₱30.0 billion shelf registration program of SEC. The 3-year bond due 2024 was redeemed in cash based on a redemption price set at 101.0% of the issue price plus all accrued and unpaid interest based on coupon rate of 3.0260% per annum.

Philippine Peso 3-Year, 5-Year, and 7-Year Bonds due 2025, 2027, and 2029

On May 26, 2022, the Parent Company issued a total of ₱15.0 billion bonds, which constitute the second tranche of the Parent Company's ₱30.0 billion shelf registration that has been approved by the BOD. The Second Tranche consists of 4.4542% Series C Bonds due 2025, 5.6239% Series D Bonds due 2027, and 6.1351% Series E Bonds due 2029 amounting ₱5.0 billion, ₱7.5 billion and ₱2.5 billion, respectively. Interest on the Bonds will be payable quarterly. Proceeds will be used to refinance select Philippine Peso-denominated obligations and partially to finance capital expenditures.

Guarantees

The Parent Company or its subsidiaries may act as guarantor on debt taken out by other subsidiaries within the Group. Both domestic and foreign loans of the Group may be subject to guarantees.

Compliance with debt covenants

The loan agreements on long-term debt of the Parent Company provide for certain restrictions and requirements with respect to, among others, declaration and/or payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These financial covenants include, among others, certain ratios like:

- Consolidated Net debt to equity ratio not to exceed 3:1
- Consolidated Net debt to tangible net worth ratio not to exceed 3:1
- Consolidated Current ratio of not lower than 0.5:1

These restrictions and requirements were complied with by the Parent Company as of December 31, 2024 and 2023.

Interest expense on short-term and long-term loans amounted to ₱6,296.7 million and ₱5,393.9 million in 2024 and in 2023, respectively (see Note 18).



15. Equity

The details of the Parent Company's preferred and common shares follow:

	Preferred A shares		Preferred B shares		Preferred C shares		Preferred shares		Common shares	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
(In Thousands, except par value per share)										
Authorized shares	12,000	12,000	58,000	58,000	40,000	40,000	200,000	200,000	900,000	900,000
Par value per share	₱100	₱100	₱100	₱100	₱100	₱100	₱1	₱1	₱50	₱50
Issued and subscribed shares	12,000	12,000	58,000	58,000	—	—	200,000	200,000	635,771	635,052
Treasury shares										
At the beginning of year	(6,755)	(12,000)	(28,000)	(8,000)	—	—			(15,245)	(15,245)
Reacquisition	—	—	(30,000)	(20,000)	—	—	—	—	—	—
Reissuance	—	5,245	7,500	—	—	—	—	—	3,070	—
At end of year	(6,755)	(6,755)	(50,500)	(28,000)	—	—	—	—	(12,175)	(15,245)
Outstanding shares at end of year	5,245	5,245	7,500	30,000	—	—	200,000	200,000	623,596	619,807

The details of the Parent Company's outstanding shares follow:

	Preferred A shares		Preferred B Shares		Preferred C shares		Preferred shares		Common shares	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
(In thousands)										
Outstanding shares:										
At beginning of year	5,245		30,000	50,000	—	—	200,000	200,000	619,807	619,142
Issued shares on exercise of share options	—	—	—	—	—	—	—	—	—	52
Subscribed shares	—	5,245	7,500	—	—	—	—	—	719	613
Treasury shares acquisition during the year	—	—	(30,000)	(20,000)	—	—	—	—	3,070	—
Outstanding shares at end of year	5,245	5,245	7,500	30,000	—	—	200,000	200,000	623,596	619,807

The details of the Parent Company's paid-in capital follow:

	December 31, 2024									
	Preferred Stock - A	Preferred Stock - B	Voting Preferred	Common Stock	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Stock	
At beginning of year	₱1,200,000	₱5,800,000	₱200,000	₱31,475,110	₱277,503	₱54,980,072	(₱2,698,932)	₱91,233,753	(₱14,546,351)	
Exercise/Cancellation/ Subscription of ESOP/ESOWN	—	—	—	—	35,960	515,209	(423,098)	128,071	—	
Issuance of shares upon full payment of subscription	—	—	—	3,388	(3,388)	—	—	—	—	
Collection of subscription receivables	—	—	—	—	—	—	271,179	271,179	—	
Redemption of preferred shares	—	—	—	—	—	(12,000,000)	—	(12,000,000)	(3,000,000)	
Reissuance of preferred shares	—	—	—	—	—	14,131,084	—	14,131,084	750,000	
Sale of treasury shares	—	—	—	—	—	(379,882)	—	(379,882)	2,575,359	
At end of year	₱1,200,000	₱5,800,000	₱200,000	₱31,478,498	₱310,075	₱57,246,483	(₱2,850,851)	₱93,384,205	(₱14,220,992)	

	December 31, 2023									
	Preferred Stock - A	Preferred Stock - B	Voting Preferred	Common Stock	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Stock	
At beginning of year	₱1,200,000	₱5,800,000	₱200,000	₱31,460,875	₱258,521	₱49,981,886	(₱2,521,025)	₱86,380,257	(₱13,070,802)	
Exercise/Cancellation/ Subscription of ESOP/ESOWN	—	—	—	2,592	—	522,150	(177,907)	377,460	—	
Issuance of shares upon full payment of subscription	—	—	—	11,643	(11,643)	—	—	—	—	
Collection of subscription receivables	—	—	—	—	30,625	—	—	30,625	—	
Redemption of preferred shares	—	—	—	—	—	(8,000,000)	—	(8,000,000)	(2,000,000)	
Reissuance of preferred shares	—	—	—	—	—	12,476,036	—	12,476,036	524,451	
At end of year	₱1,200,000	₱5,800,000	₱200,000	₱31,475,110	₱277,503	₱54,980,072	(₱2,698,932)	₱91,233,753	(₱14,546,351)	



Preferred Shares

Preferred A shares

Details of Preferred A shares are as follows (*in Thousands, except par value per share*):

Preferred A	Total	
	2024	2023
Par value per share	₱100	₱100
Issued and subscribed shares	12,000	12,000
Outstanding shares	5,245	5,245
Treasury shares	6,755	6,755
Cost of treasury shares	675,500	675,500

On November 11, 2008, the Parent Company filed a primary offer in the Philippines of its Preferred A shares to be listed and traded on the PSE.

Preferred A shares are cumulative, nonvoting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of shares and with a dividend rate of 8.88% per annum. The Preferred A shares may be redeemed at the option of the Parent Company starting on the fifth year.

On June 28, 2013, the BOD approved and authorized the exercise of call option on Preferred A shares effective November 25, 2013 based on the dividend rate of 8.88% per annum. The redemption of Preferred A shares is presented as part of treasury stock.

On March 23, 2023, the Parent Company filed a registration statement for the offer and re-issuance of 4,000,000 Preferred "A" Shares with an aggregate issue value of ₱10.0 billion and an oversubscription option of up to 4,000,000 Preferred "A" Shares with an aggregate issue value of up to ₱10.0 billion.

On May 29, 2023, the Parent Company re-issued 5,244,515 of its non-voting perpetual Preferred A shares at an issue price of ₱2,500.0 per share and a par value of ₱100.0 per share or for a total of ₱13.1 billion with a dividend rate of 6.3587% per annum.

Preferred B shares

Details of Preferred B shares are as follows (*in Thousands, except par value per share*):

Preferred B	Series 1		Series 2		Series 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Par value per share	₱100	₱100	₱100	₱100	₱100	₱-		
Issued and subscribed shares	20,500	28,000	30,000	30,000	7,500	–	58,000	58,000
Outstanding shares	–	–	–	30,000	7,500	–	7,500	30,000
Treasury shares	20,500	28,000	30,000	–	–	–	50,500	28,000
Cost of treasury shares	₱2,050,000	₱2,800,000	₱3,000,000	₱-	₱-	₱-	₱5,050,000	₱2,800,000

In July 2006, the Parent Company filed a primary offer in the Philippines of its Preferred B shares at an offer price of ₱100.00 per share to be listed and traded in the PSE. The Preferred B shares are cumulative, nonvoting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of shares and with dividend rate of 9.4578% per annum. The Preferred B shares may be redeemed at the option of the Parent Company starting on the fifth year from the date of issuance.

On March 14, 2011, the BOD approved and authorized the exercise of call option on its Preferred B shares effective July 21, 2011 based on the dividend rate of 9.5% per annum. The redemption of Preferred B shares is presented as part of treasury stock.



Preferred B Series 1 shares

In September 2013, the BOD approved and authorized the re-issuance and offering of 20.0 million Preferred B Series 1 shares from its 58.0 million authorized Class "B" preferred treasury share capital for an aggregate amount of ₱10.0 billion. The Preferred B Series 1 shares were offered at a price of ₱500.00 per share with a dividend rate of 5.25% per annum.

On September 28, 2023, the BOD approved the optional redemption of the 20.0 million Preferred B Series 1 shares effective November 15, 2023 by payment in cash of the redemption price equal to 100% of the issue price of the shares plus accrued and unpaid dividends up until November 15, 2023 based on the dividend rate of 5.25% per annum.

Preferred B Series 2 shares

On August 22, 2014, the BOD approved and authorized the re-issuance and offering of ₱27.0 million Preferred B Series 2 shares, which comprise a second and separate series from the Parent Company's outstanding 5.25% Preferred B Series 1 shares, from its 58.0 million authorized Class "B" preferred treasury share capital, for an aggregate amount of ₱13.5 billion. The Preferred B Series 2 shares were offered at a price of ₱500.00 per share with a dividend rate of 5.575%. The re-issuance resulted to the Parent Company's recognition of ₱10.7 billion additional paid-in capital excluding direct expenses from re-issuance.

On September 13, 2019, the BOD approved and authorized the redemption by the Parent Company of its 27.0 million Preferred B Series 2 shares representing all of the outstanding Preferred B Series 2 shares at the redemption price equal to the issue price plus all accrued and unpaid dividends until November 5, 2019 based on the dividend rate of 5.575% per annum. On the same date, the BOD also approved and authorized the re-issuance and offering of 30.0 million Preferred B Series 2 shares for an offer price of ₱500.00 per share with a dividend rate of 4.8214%. These two transactions resulted to the Parent Company's recognition of ₱1.1 billion net additional paid-in capital excluding direct expenses from re-issuance.

On January 15, 2020, the Parent Company has fully utilized the proceeds from the reissuance of Preferred B Series 2 shares.

On November 29, 2024, the 5th year anniversary from the listing of the shares, the Parent Company redeemed its ACPB2 Series shares at redemption price equal to 100% of its issue price of ₱500 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% p.a.

Preferred B Series 3 shares

October 10, 2024, the BOD approved and authorized the re-issuance and offering of ₱15,000.0 million Preferred B Series 3 shares, with an issue price of ₱2,000 per share, to be reissued from the Company's treasury shares. The Parent Company sold 5.0 million Preferred B Series 3 shares with an aggregate issue price of ₱10,000.0 million constituting the base size of the offer, and, as a result of the Parent Company's exercise of its oversubscription option in order to address the excess demands for the shares, an additional 2.5 million Preferred B Series 3 shares with an aggregate issue price of ₱5,000.0 million were sold. The re-issuance resulted to the Parent Company recognizing ₱14,450.0 million additional paid-in capital net of direct expenses from re-issuance.

On June 27, 2024, the BOD approved the issuance of Preferred Shares with a base amount of ₱10.0 billion with an oversubscription option for up to an additional ₱5.0 billion, subject to regulatory requirements. On September 27, 2024, the Parent Company received the Certificate of Permit to Offer Securities for Sale from the SEC for the offer and re-issuance of 5.0 million Preferred "B" Shares with a base amount of ₱10.0 billion with an oversubscription option of up to 2.5 million Preferred "B" Shares with an aggregate issue value of up to ₱5.0 billion. On October 15, 2024, 7.5 million Preferred "B" Shares Series 3 (ACPB3) shares were issued at ₱2,000.0 per share and listed with the Philippine Stock Exchange.



On September 30, 2024, the Parent Company's Executive Committee, in the exercise of its authority under the By-Laws, and upon endorsement of our Finance Committee, approved the optional redemption of the ₱15.0 billion 4.8214% Preferred "B" Series 2 shares (APB2R). The redemption will be effective November 29, 2024 (the 5th year anniversary from the listing of the shares) by payment in cash of the redemption price equal to 100% of the issue price of ₱500.00 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% per annum.

On January 20, 2025, the Parent Company has fully utilized the proceeds from the reissuance of ACPB3 shares.

Preferred C shares

Preferred C shares are cumulative, non-participating, non-voting and redeemable at the option of the Parent Company under such terms that the BOD may approve at the time of the issuance of the shares.

Voting Preferred shares

On March 15, 2010, the BOD approved the reclassification of 4.0 million unissued common shares with a par value of ₱50.00 per share into 200.0 million Voting Preferred shares with a par value of ₱1.00 per share and the amendment of the Parent Company's amended Articles of Incorporation to reflect the reclassification of the unissued common shares into new Voting Preferred shares.

On April 16, 2010, the Parent Company's stockholders ratified the reclassification.

On April 22, 2010, the SEC approved the amendments to the Parent Company's Articles of Incorporation embodying the reclassification of the unissued common shares to new Voting Preferred shares.

The Voting Preferred shares are cumulative, voting and redeemable at the option of the Parent Company under such terms that the BOD of the Parent Company may approve at the time of the issuance of shares and with a dividend rate of 5.3% per annum. In 2016, the dividend rate was repriced to 3.6950%.

On July 16, 2019, the BOD approved the re-pricing of dividend rate to 5.7730% per annum, which is equal to the 3-year PHP BVAL reference rate as of May 20, 2019 and will be applicable until May 20, 2022, the next re-pricing date.

The dividend rate of the Shares has been re-priced from 5.7730% per annum to 4.8096% per annum, which is equal to the 3-year PHP BVAL reference rate as of May 20, 2022 and will be applicable until May 20, 2025, the next re-pricing date.

The Additional Paid-in Capital pertaining to preferred shares amounted to ₱26,303.8 million and ₱22,075.0 million as of December 31, 2024 and 2023.

Pursuant to Clause 3 of the Terms and Conditions of the Offer and Subscription of the Voting Preferred shares, the dividend rate of the shares has been re-priced from 5.7730% per annum to 4.8096% per annum, which is equal to the 3-year PHP BVAL reference rate as of May 20, 2022 and will be applicable until May 20, 2025, the next re-pricing date.

Common Shares

The common shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least 60% of the outstanding capital stock shall be owned by citizens of the Philippines or by partnerships, associations or corporations with 60% of the voting stock or voting power of which is owned and controlled by citizens of the Philippines.



In July 2013, the SEC approved the amendments to the Parent Company's Articles of Incorporation for the exemption of 100 million common shares from the exercise of pre-emptive rights of holders of common shares. These shares are allocated to support the financing activities of the Parent Company.

On July 21, 2018, the Parent Company issued 8.8 million common shares at a price of ₦916.0 per share to an institutional investor and paid documentary stamp taxes and listing fee amounting to ₦4.4 million and ₦9.0 million, respectively.

On May 22, 2019, the Parent Company purchased its 3,805,644 common shares at ₦838.00 from Mitsubishi Corporation ("Mitsubishi") pursuant to the share buyback program approved by the BOD on September 10, 2007, June 2, 2010, and December 10, 2010.

On December 11, 2019, the Parent Company also purchased its 613,000 common shares at ₦815.00 pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019. The Company purchased another 60,000 common shares at ₦752.00 on December 16, 2019.

On various dates in 2020, the Parent Company, pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019, purchased 1,266,210 of its common shares with prices ranging from ₦408 to ₦755 per share.

On May 26, 2021, the Parent Company, pursuant to the share buyback program of ₦10.0 billion worth of shares approved by the BOD on December 5, 2019, purchased 8,450,000 of its common shares at ₦683.12 per share.

On December 10, 2021, the BOD approved the allocation of an additional ₦10.0 billion to our current ₦10.0 billion share buyback program approved on December 5, 2019.

On various dates in 2022, the Parent Company purchased a total of 1,050,000 common shares with prices ranging from ₦607.93 to ₦697 per share.

In 2023, 51,842 common shares were issued under ESOP (nil in 2024) (see Note 22).

Treasury shares

On March 31, 2022, the Parent Company assigned from its Treasury Shares two (2) common shares, as qualifying shares, to the two (2) new nominees for independent directors of the Parent Company.

On May 31, 2022, the Parent Company purchased its 40,000 common shares at ₦625.00 price per share, 450,000 common shares at ₦697.00 price per share, and 310,000 common shares at ₦634.1158 price per share, respectively, pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

On July 14, 2022, the Parent Company purchased its 250,000 common shares at ₦607.9301 price per share pursuant to the share buyback program approved by the BOD on December 5, 2019 and December 10, 2021.

On September 26, 2024, Parent Company sold 3,070,150 Treasury Common Shares at a price of ₦720.00 per share through a block sale transaction.

On October 15, 2024, the Parent Company received in full the proceeds from the successful re-issuance of ₦15,000.0 million preferred B shares (ACPB3). Total Preferred "B" shares subscribed were 7.5 million shares at ₦2,000.0 per share.

As of December 31, 2024, treasury shares include 6.8 million Preferred A shares amounting ₦675.5 million and 50.5 million Preferred B shares amounting to ₦5,050.0 million or a total of ₦ 5,725.5 million. As of December 31, 2023, treasury shares include 6.8 million Preferred A shares



amounting ₦675.5 million and 28.0 million Preferred B shares amounting to ₦2,800.0 million or a total of ₦3,475.5 million. As of December 31, 2024 and 2023, treasury shares also include 12.2 million and 15.2 million common shares, respectively, amounting to ₦8,495.4 million and ₦11,070.8 million, respectively.

In accordance with Revised SRC Rule 68, Annex 68-K, below is a summary of the Parent Company's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval	2024 Number of holders of securities as of December 31	2023 Number of holders of securities as of December 31
Common shares	200,000,000*	₦1.00 par value**; ₦4.21 issue price	July 1976	6,217	6,292
Preferred A shares***	12,000,000	₦100 par value; ₦500 issue price	November 2008	—	—
Preferred A shares (reissued) ***	8,000,000	₦100 par value; ₦2,500 issue price	May 5, 2023	6	6
Preferred B shares	8,000,000	₦100 par value; ₦500 issue price	July 2006	—	—
Preferred B shares- Series 1****	20,000,000	₦100 par value; ₦500 issue price	October 2013	—	16
Preferred B shares- Series 2*****	30,000,000	₦100 par value; ₦500 issue price	November 2019	—	5
	27,000,000	₦100 par value; ₦500 issue price	October 2014	—	—
Preferred B shares- Series 3*****	7,500,000	₦100 par value; ₦2,000 issue price	September 2024	2	—
Voting preferred shares	200,000,000	₦1 par value; ₦1 issue price	March 2010	1,058	1,055

*Initial number of registered shares only.

**Par value now is ₦50.00

***5,244,515 Preferred A shares were re-issued on May 29, 2023.

****The Preferred B- Series 1 shares were re-issued on November 15, 2013.

*****The Preferred B-Series 2 share were re-issued on November 29, 2019.

*****The Preferred B-Series 3 share were re-issued on October 15, 2024.

Retained Earnings

Retained earnings are restricted for the payment of dividends to the extent of the cost of shares held in treasury.

In accordance with Revised SRC Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration as of December 31, 2024 and 2023 amounted to ₦67,898.5 million and ₦61,589.7 million, respectively.

Cash dividends consist of the following:

2024

	Per share	Amount (In Thousands)
Dividends to common shares declared on:		
June 27	₦4.1866	₦2,597,897
December 12	₦4.1866	2,610,750
Dividends declared and paid to equity preferred shares:		
Preferred Shares A (reissued)	6.3587%	₦833,707
Preferred Shares B – Series 2	4.8214%	723,210
Preferred Shares B – Series 3	1.5135%	227,018
Voting Preferred shares	4.8096%	9,619



2023

	Per share	Amount (In Thousands)
Dividends to common shares declared on:		
July 18	₱3.806	₱2,358,987
December 11	₱3.806	2,358,987
Dividends declared and paid to equity preferred shares:		
Preferred Shares A – (reissued)	6.3587%	416,854
Preferred Shares B – Series 1	5.2500%	525,000
Preferred Shares B – Series 2	4.8214%	723,210
Voting Preferred shares	4.8096%	9,619

On December 11, 2023, the BOD approved the declaration of regular cash dividends of ₱3.806 per common share, payable to stockholders of record as of December 26, 2023, and distributable on January 10, 2024.

As of December 31, 2024, and 2023, the Parent Company has cash dividend payable to common and preferred stockholders amounting to ₱2,681.5 million and ₱2,257.8 million, respectively.

Property dividend consists of:

On May 12, 2022, BOD confirmed the declaration of property dividends consisting of the ACEN shares acquired from ACEIC to the Parent Company's common shareholders at a ratio of three (3) ACEN shares per one (1) parent company common share, subject to: (a) completion of the AC-ACEIC Transaction, and (b) applicable regulatory approvals. The record date is May 27, 2022, with distribution or settlement date of the dividends payable to be determined by the management after applicable regulatory approvals have been obtained. No shareholder shall be entitled to fractional shares.

On October 24, 2022, the SEC approved the property dividends and issued a Certificate of Filing Notice of the Property Dividend declaration.

The dividend distribution commenced in December 2022 and will continue as and when electronic Certificates Authorizing Registration (eCARs) are issued by BIR. The eCAR issuance is a prerequisite for the transfer of the properties of the Parent Company, i.e. the ACEN shares, to each entitled stockholder as of the record date and it is a process that entails the participation of both the Parent Company, as transferor, and the stockholders, as transferees.

As of December 31, 2024 and 2023, the Parent Company has property dividend payable to common stockholders amounting to ₱133.2 million and ₱991.4 million, respectively (see Notes 7 and 8).

As of December 31, 2024, the Parent Company has distributed around 99% of the net property dividends to be distributed to stockholders who have been issued with eCARs by the BIR (Note 7).

As of the date of this report, BIR's issuance of eCARs and subsequent distribution of ACEN shares are ongoing.

Capital Management

The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2024 and 2023.



The Parent Company monitors capital using a gearing ratio of debt to equity and net debt to equity. Debt consists of short-term and long-term debt. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and restricted cash.

Debt to Equity and Net Debt to Equity ratios

	2024	2023
	(In Thousands)	(In Thousands)
Short-term debt (Note 14)	₱28,500,000	₱9,000,000
<u>Long-term debt (Note 14)</u>	89,440,323	92,206,938
Total debt (a)	117,940,323	101,206,938
Less:		
Cash on hand and in banks (Note 4)	408,514	264,730
Cash equivalents (Note 4)	9,740,288	8,215,405
Net debt (b)	107,791,521	92,726,803
Equity (c)	157,541,231	152,474,573
Debt to equity (a/c)	75%	66%
Net debt to equity (b/c)	68%	61%

16. Revenue from Contracts with Customers

This account consists of the following categories of revenue from contracts with customers:

	2024	2023
	(In Thousands)	(In Thousands)
Management fees (Note 20)	₱365,063	₱288,495
Toll revenue	—	24,337
<u>Others (Note 20)</u>	552	—
	₱365,615	₱312,832

17. Income Tax

Provision for income tax consists of:

	2024	2023
	(In Thousands)	(In Thousands)
MCIT	₱1,793	₱28,233
Final tax and capital gains tax	75,460	46,215
Deferred	(18,208)	(19,815)
	₱59,045	54,633

The reconciliation between the statutory and the effective income tax rates follow:

	2024	2023
Statutory income tax rate	25.00%	25.00%
Tax effects of:		
Nontaxable dividend income	(51.68)	(38.56)
Interest income and capital gains subjected to final taxes	(22.39)	(5.81)
Change in unrecognized deferred tax assets	25.04	11.76
Nondeductible expenses	24.10	—
Others	0.56	8.05
Effective income tax rate	0.63%	0.44%



Details of the deferred tax assets - net are as follows:

	2024 (In Thousands)	2023
Deferred tax assets:		
Lease liability	₱525,844	₱535,460
Security deposit	6,011	6,055
	531,855	541,515
Deferred tax liability:		
ROU	(454,811)	(482,679)
Deferred tax assets - net	₱77,044	₱58,836

The Parent Company has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. These deductible temporary differences, NOLCO and MCIT follow:

	2024 (In Thousands)	2023
NOLCO	₱20,090,343	₱19,745,967
Pension liability	899,422	777,688
Allowance for credit losses on:		
Accounts and notes receivables	30,410	5,394
Other noncurrent assets	106,549	106,549
MCIT	42,480	43,740

As of December 31, 2024, MCIT that can be claimed as deduction from future income tax liabilities or taxable income, respectively, are as follows (amounts in thousands):

Year incurred	MCIT	Expiry year
2022	₱12,454	2025
2023	28,233	2026
2024	1,793	2027
	₱42,480	

The movements in MCIT are as follows:

	2024 (In Thousands)	2023
At January 1	₱43,740	₱19,073
Additions	1,793	28,233
Expiration	(3,053)	(3,566)
At December 31	₱42,480	₱43,740

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



As of December 31, 2024, the Parent Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years for taxable years 2022 and 2023 and for the next five (5) years for taxable years 2020 and 2021, as follows (amounts in thousands):

Year Incurred	Availment Period	Amount	NOLCO Expired/Used	NOLCO Unapplied
2020	2021-2025	₱5,543,223	(₱491,031)	₱5,052,192
2021	2022-2026	4,878,894	-	4,878,894
2022	2023-2025	4,340,810	-	4,340,810
2023	2024-2026	5,474,071	-	5,474,071
2024	2025-2027	9,344,376	-	9,344,376
		₱29,581,374	(₱491,031)	₱29,090,343

There are no income tax consequences attaching to the payment of dividends by the domestic subsidiaries, associates and joint ventures to the Parent Company.

18. Cost and Expenses and Other Income (Expense)

General and administrative expenses consist of:

	2024	2023
	(In Thousands)	
Provision for impairment of investments in subsidiaries, associates and joint ventures (Note 8)	₱7,425,000	₱2,847,709
Personnel costs (Note 20)	1,837,200	1,274,517
Professional fees (Note 20)	894,960	528,292
Pension expense	420,387	131,118
Advertising and promotions	249,093	170,394
Taxes, licenses and fees	262,535	156,476
Contract Labor	138,189	128,957
Share-based payments (Notes 20 and 22)	128,408	114,645
Donations and contributions	115,814	133,344
Rental (Note 28)	64,094	45,288
Transportation and travel	55,416	36,400
Dues and fees	40,523	39,303
Provision for credit losses (Note 5)	25,016	-
Repairs and maintenance	31,658	20,496
Entertainment, amusement and recreation	31,005	28,951
Condominium and fees	23,610	25,098
Postal and communication	13,409	10,799
Insurance	11,627	11,764
Supplies	8,521	8,528
Utilities	2,063	6,056
Others	273,829	246,076
	₱12,052,357	₱5,964,211

The breakdown of personnel cost is as follows:

	2024	2023
	(In Thousands)	
Salaries	₱1,542,418	₱1,116,603
Employee benefits and others	294,782	157,914
	₱1,837,200	₱1,274,517



"Others" include certain accrued expenses and provisions associated with clearing, relocation costs for certain properties, and business expenses.

Interest and other financing charges consist of:

	2024	2023
	<i>(In Thousands)</i>	
Interest expense on short-term and long-term debt (Notes 14 and 20)	₱6,296,739	₱5,393,872
Amortization of transaction costs of long-term debt (Notes 14)	166,361	181,921
Interest expense on lease liability (Note 28)	128,097	127,967
Foreign exchange loss and other expenses arising from hedging	32,906	42,438
Others	11,264	46,971
	₱6,635,367	₱5,793,169

Interest income consists of interest on:

	2024	2023
	<i>(In Thousands)</i>	
Cash in banks, cash equivalents and short-term investments (Notes 4 and 20)	₱383,514	₱238,566
Notes receivable, including amortization (Note 5)	4,685	6,502
Others	4,233	826
	₱392,432	₱245,894

Other income consists of:

	2024	2023
	<i>(In Thousands)</i>	
Return of capital (Note 7)	₱-	₱527,314
Rental income (Notes 9 and 20)	176,763	107,308
Gain on sale of property and equipment (Note 11)	6,712	10,222
Gain on sale of investment properties (Note 8)	5,206	-
Foreign exchange gains - net	36,236	-
Others (Note 20)	-	437
	₱224,917	₱645,281

Other expenses consist of:

	2024	2023
	<i>(In Thousands)</i>	
Foreign exchange losses - net	₱-	₱68,775
Others	-	23
	₱-	₱68,798



19. Earnings Per Share

The following table presents information necessary to calculate EPS on net income attributable to owners of the Parent Company:

	2024	2023
<i>(In Thousands, except EPS figures)</i>		
Net income	₱9,278,311	₱12,363,462
Less dividends on preferred stock	(1,793,554)	(1,674,683)
	7,484,757	10,688,779
Weighted average number of common shares	621,195	619,552
Dilutive shares arising from stock options	—	—
Adjusted weighted average number of common shares for diluted EPS	621,195	619,552
Basic EPS	₱12.05	₱17.25
Diluted EPS	₱12.05	₱17.25

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million or five (5) percent of the total assets, whichever is lower and other requirements as may be determined by the Committee upon the recommendation of the Parent Company's Risk Management.

Terms and Conditions of Transactions with Related Parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Except as stated otherwise, outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. For the year ended December 31, 2024 and 2023, allowance for credit losses relating to receivable from related parties amounted to nil. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

In the ordinary course of business, the Parent Company transacts with its related parties. The transactions and balances of accounts with related parties follow:

a. Transaction with MCXI

The Parent Company appointed MCXPCI as the Facility Operator of MCX. On February 1, 2023, transition of MCX operations and transfer of its assets and liabilities from the Parent Company commenced. On September 28, 2023, the Parent Company has transferred the full ownership of MCXPCI and MCX Project to PAVI (see Note 7).

b. Transaction with Mermac

On December 15, 2014, Mermac (the Lessor) and the Parent Company (the Lessee) made and entered into a Contract of Lease. The Lessor leases, lets, and demises unto the Lessee, an office space constituting the Leased Premises, located at the 35th Floor, Tower One and



Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City. The term of the lease shall be five (5) years, commencing on November 15, 2014 and ending on November 14, 2019. The lease is subject to an annual escalation clause of 5% for the first 2 years and 10% for the next 2 years (see Note 28).

In November 2019, the contract was renewed annually. In 2023, pursuant to the terms of the Deed of Exchange, the lease agreement, as renewed will be assigned by Mermac to ALI effective January 1, 2023 with the same terms and conditions.

c. Transaction with ALI

In July 2016, Parent Company entered into an operating lease agreement with Crans Montana Property Holdings Corp. (Crans Montana), a wholly owned subsidiary of ALI, for the lease of a land in Legaspi Village, Makati City. For the year ended December 31, 2024 and 2023 rental income amounting to ₱2.0 million and ₱1.9 million, respectively, was recognized (see Note 9).

In April 2021, the Parent Company entered into a lease agreement with ALI where the Parent Company is the lessee to a number of office units and parking slots (see Note 28).

d. Transaction with AITHI

The Parent Company entered into a contract of lease with Honda Cars Makati Inc. (HCMI) and IADI for the lease of land and buildings. Lease fee ranges from 1.0% to 2.0% of the capitalization rate applied on appraised value (see Note 28).

e. Transactions with BPI

- i. As of December 31, 2024, and 2023, the Parent Company maintains current and savings account, money market placements and other short-term investments with BPI broken down as follows:

	2024	2023
	(In Thousands)	
Cash in bank	₱342,264	₱228,172
Cash equivalents	2,161,694	626,917

Cash in bank and cash equivalents in BPI earn interest ranging from 0.10% to 6.2% per annum.

- ii. As of December 31, 2024 and 2023, the Parent Company has short-term and long-term debt with BPI as follows:

	2024	2023
	(In Thousands)	
Long-term debt	₱13,507,615	₱14,140,541
Short-term debt	17,500,000	4,000,000

As of December 31, 2024, and 2023, outstanding long-term debt with BPI is composed of 10-year floating-rate loans with varying maturity dates up to 2030.

- iii. As of December 31, 2024 and 2023, the Parent Company has outstanding receivable from and payable to BPI as follows:

	2024	2023
	(In Thousands)	
Interest receivable	₱1,396	₱2,368
Interest payable	102,712	78,315



iv. Income and expenses incurred with BPI are as follow:

	2024 <i>(In Thousands)</i>	2023
Interest income	₱162,905	₱62,295
Interest expense	1,573,523	1,006,075

v. The Parent Company's pension fund is being maintained by trustee bank BPI Wealth. Balance of the pension fund as of December 31, 2024 and 2023 amounted to ₱1,689.0 million and ₱1,392.0 million, respectively (see Note 21).

f. Transactions with AIHL

As of December 31, 2024 and 2023, the Parent Company has intercompany loan with AIHL amounting to ₱5,747.7 million and ₱5,517.7 million with interest payable amounting to ₱170.1 million and ₱42.9 million (see Note 14).

Outstanding balances from related parties follow:

Cash Dividends	Receivables		Payables	
	2024	2023	2024	2023
<i>(In Thousands)</i>				
Joint Ventures:				
Liontide Holdings, Inc. (Note 5)	₱761,517	₱1,292,270	₱19,965	₱-
	₱761,517	1,292,270	19,965	-
Others:				
Mermac	-	-	1,241,853	1,026,325
	-	-	1,241,853	1,026,325
	₱761,517	₱1,292,270	₱1,261,818	₱1,026,325
<i>(In Thousands)</i>				
Rentals	Receivables		Payables	
	2024	2023	2024	2023
Subsidiaries (direct and indirect):				
HCMI	₱10,762	₱10,762	₱-	₱-
Crans Montana	5,653	5,653	424	424
IADI	1,323	1,323	-	-
IDI	12,564	-	-	-
AC Logistics	-	2,574	-	-
AC Infra	612	925	-	-
	30,914	21,237	424	424
Joint Ventures:				
Asiacom	-	-	228	224
	-	-	228	224
	₱30,914	₱21,237	₱652	₱648
<i>(In Thousands)</i>				
Subscriptions	Receivables		Payables	
	2024	2023	2024	2023
Subsidiaries:				
AC Ventures (Notes 8 and 13)	₱152,159	₱-	₱-	₱2,460,300
ACX (Formerly AGCC)	170,000	-	-	-
	₱322,159	₱-	₱-	₱2,460,300



Other outstanding balances	Receivables		Payables	
	2024	2023	2024	2023
(In Thousands)				
Subsidiaries (direct and indirect):				
LTI	₱149,539	₱149,539	₱-	₱-
ACEIC	11,816	49,649	₱-	₱-
IMI	1,647	33,041	25,634	---
KTM Asia Motor	---	3,267	---	---
BHL	18,682	3,149	---	---
AC Logistics	11,135	1,139	---	---
Crans Montana	392	392	424	424
AC Infrastructure	788	293	---	---
ALI	2,984	---	264,698	278,254
AAVCO	80	---	---	---
Avida Land Corporation	---	---	---	19,965
AGCC	3,269	---	---	14,832
H CX	---	---	3,082	3,082
AIPL	---	---	138	138
Ayala Life Assurance, Inc.	---	---	2	2
ACEN	33,867	---	---	---
MICHIGAN	14	---	---	---
LPHI	---	---	19,965	---
AHCI	9,134	---	---	---
AYC	106	---	---	---
AIVPL	584	---	---	---
LIVE INV	138	---	---	---
ACMHI	53	---	---	---
PWC	69	---	---	---
TLI	291	---	---	---
ACIFL	36	---	---	---
AC Ventures	7,956	---	---	---
AC Industrials	2,799	---	---	---
	255,379	240,469	313,943	316,697
Associates:				
BPI	175,983	43,791	---	300
MT Technologies	9,454	9,454	---	---
Merlin Solar Tech	595	8,148	---	---
BPI Direct Banko	---	87	---	---
BPI Family	7	7	---	---
Gogoro Philippines	---	---	---	650
Ayala (BPI-BIR)	---	---	420	420
IPeople	11,366	---	---	---
	197,405	61,487	420	1,370
Joint Ventures:				
Asti Business Services	5,903	5,903	---	---
Globe	42,368	---	5,267	5,828
Liontide Holdings, Inc	3,127	---	---	---
Asticom Technology Inc.	---	---	---	288
Asiacom Philippines, Inc.	32	---	228	225
	51,430	5,903	5,495	6,341
Others:				
Adventure Cycle	---	1,630	---	---
KP Motors	---	1,630	---	---
AC Automotive Business Services	575	575	---	---
APC	---	13	---	---
	575	9,751	---	---
	₱504,789	₱311,707	₱319,858	₱324,408



Receivables

- i. Dividend receivables pertain to accrued dividend declarations from subsidiaries, associates and joint ventures. These are non-interest bearing and usually collectible within one year.
- ii. Rental receivables pertain to accrued rent on investment properties of the Parent Company. These are non-interest bearing and usually collectible within one year.
- iii. Other receivables from LTI pertain to the sale of parcel of land in the Province of Misamis Oriental (see Note 5).
- iv. Other receivables from Crans Montana pertain to the sale of inner wheel lots in San Antonio, Makati (see Note 9).
- v. Other receivables from HCMI pertain to share in the Parent Company's cost.
- vi. Other receivables from Asti Business Services pertain to the sale of investments in HCX (see Note 8).
- vii. Other receivables from Merlin Solar Tech, KTM Asia Motor and MT Tech pertains to cost recoveries. Outstanding cost recoveries from ACEIC, AC Logistics, BPI, IMI, Adventure Cycle, AC Infrastructure Holdings and KP Motors.
- viii. Other receivables from BHL pertain to the accounting services paid in advance by the Parent Company.

Payables

- i. Cash dividend payable pertains to accrued cash dividends declarations of the Parent Company to its stockholders. These are non-interest bearing and usually paid within one year.
- ii. Property dividends pertain to the ACEN shares declared as property dividends to the Parent. (see Note 7).
- iii. Rental payable pertains to refundable deposits received by the Parent Company in relation to its lease agreements with related parties.
- iv. Subscriptions payable pertains to additional subscriptions to the common or preferred shares of the subsidiaries, associates and joint ventures (see Note 13).
- v. Other payables to ALI pertain to the lease liability recognized by the Parent Company as a lessee to a number of office units and parking slots for a term of 20 years (see Note 28) and deposit of future purchase of the Parent Company properties and accrual of security cost for the year. The payable is to be settled once the ownership for the property is transferred to the buyer.
- vi. Other payables to Avida pertain to advances made for the expenses related to the development of land in Sta. Rosa, Laguna which are non-interest bearing and due and demandable.
- g. The Parent Company purchased 1,861,000,000 common shares of ACEN from ACEIC at a purchase price of ₱7.60 for a total amount of ₱14,143.6 million. The proceeds from the special dividend received from ACEIC were used to fund this purchase (see Notes 7 and item i below).
- h. Income and expenses from related parties follow:

Income	Management Fee		Other Income	
	2024	2023	2024	2023
<i>(In Thousands)</i>				
Subsidiaries (direct and indirect):				
ACEIC	₱12,181	₱42,710	₱-	₱2,435
AYC Finance/AYC Holdings	106	-	-	-
ACIFL	35	-	-	-
IMI	5,301	37,456	-	-
AAHC	3,764	21,000	1,911	90,580
IDI	-	-	2,104	-
Merlin Solar Tech	700	8,400	-	-
ACEN Corporation	43,836	6,786	-	6
AC MOBILITY	-	-	915	-



Income	Management Fee		Other Income	
	2024	2023	2024	2023
(In Thousands)				
AAVCO-AVIATION	₱83	₱-	₱-	₱-
AYALAHEALTHCARE	2,175	-	204	-
ALI	6,818	5,637	-	-
Iconic Dealership	-	3,360	-	1,468
KP Motors	-	1,680	-	-
KTM Asia	-	1,680	-	37
Adventure Cycle	-	1,680	-	-
TLI	300	1,200	-	-
AC Logistics	947	592	183	2,613
AHHI	-	4	-	149
IADI	-	-	34,770	-
HCML	-	-	103,687	-
AIVPL	510	-	-	-
Crans Montana	-	-	2,013	1,917
AC Infra	812	-	572	-
MHI	15	-	-	-
PHILWATER	71	-	-	-
AC Ventures	241	-	-	-
	77,895	132,185	146,359	99,205
Associates (direct and indirect):				
BPI	195,153	56,259	-	-
IPO	11,825	11,879	-	-
Pameka	14	-	-	-
PAMPLONA	1,032	-	-	-
University of Nueva Caceres	-	10,850	-	-
MWC	1,116	3,147	-	-
Yoma Strategic	1,369	1,024	-	-
First Myanmar	-	197	-	-
	210,509	83,356	-	-
Joint Ventures (direct and indirect):				
Globe	58,702	54,823	-	81
ADHI	2,881	-	-	2881
Asiacom	12,008	11,015	810	731
A\$CO Holdings	115	-	-	-
BPI Capital	558	893	-	-
BPI Globe	536	625	-	-
BPI/MS Insurance	257	424	-	-
	75,057	67,780	810	3,693
Others:				
Ayala Group Club Inc.	70	-	-	-
MCX Tollway	-	-	14	-
MCXPCI	-	18	-	527,314
	70	18	14	527,314
	₱363,531	₱283,339	₱147,183	₱627,331

Divestment (Note 7)	Gain on transfer of properties	
	2024	2023
(In Thousands)		
Subsidiaries:		
MCXPCI	₱-	₱1,590,913
	₱-	₱1,590,913
(In Thousands)		
Sale of Investment (Note 8)		
Gain on sale of investment		
2024		
2023		
Associates:		
MWC	₱7,983,374	₱2,504,688
	₱7,983,374	₱2,504,688



Other Income

- i. Other income consists of rental income, other revenue from contracts with customers, reversal of impairment losses and gain on transfer of properties.

Income	Dividend Income		2023 (In Thousands)
	2024	2023	
Subsidiaries:			
ALI	₱3,859,942	₱2,917,059	
ACEIC	2,000,000	2,000,000	
Philwater	395,000	1,523,879	
MHI	375,000	450,000	
ACEN	5,030	4,024	
	6,634,972	6,894,962	
Associates:			
BPI	6,000,105	4,881,592	
MWC	651,430	536,052	
IPO	66,468	66,468	
	6,718,003	5,484,112	
Joint ventures:			
Globe	4,426,663	4,426,663	
LHI	1,523,033	2,350,003	
Others	44	44	
	5,949,740	6,776,710	
	₱19,302,715	₱19,155,784	
Expenses			
Expenses	Professional Fees		Rental
	2024	2023	2024
	(In Thousands)		
Subsidiaries:			
ALI	2,276	—	5,961
AGCC	—	15,617	—
APMC	7,822	3,693	—
MCXI	—	3,395	—
DADC	2,853	—	—
HCXI	1,003	2,737	—
ACEN CORP	6,667	—	—
	₱20,621	₱25,442	₱5,961
			₱15,952
Associates:			
BPI	—	653	—
	—	653	—
	₱20,621	₱26,095	₱5,961
			₱15,952
Expenses			
Expenses	Interest		Others
	2024	2023	2024
	(In Thousands)		
Subsidiaries:			
AIHL	₱170,058	₱170,728	—
ALI	128,097	127,967	—
Associates:			
BPI	1,573,523	1,017,978	—
Joint ventures:			
Globe	—	—	—
Others	—	—	4,453
	₱1,871,678	₱1,316,673	₱4,453
			₱4,591



- j. Compensation of key management personnel by benefit type follows:

	2024	2023
	<i>(In Thousands)</i>	
Short-term employee benefits (Note 18)	P487,711	P393,140
Post-employment benefits (Note 21)	10,543	—
	498,254	P393,140

Key management personnel include all officers with position of Group Heads and up.

21. Retirement Plan

The Parent Company has a funded, noncontributory tax-qualified defined benefit type of retirement plan covering its regular employees. The benefits are based on a defined benefit formula with a minimum lump-sum guarantee of 1.5 months' effective salary per year of service upon retirement.

The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). ACERF is a legal entity separate and distinct from the Parent Company, governed by a board of trustees appointed pursuant to a Trust Agreement between the Parent Company and the initial trustees. It holds common and preferred shares of the Parent Company in its portfolio. All such shares have voting rights under certain conditions, pursuant to law. ACERF's portfolio is managed by an Executive Committee appointed by the fund's trustees for that purpose. The members of the committee include the Parent Company's Treasurer, Comptroller, and Total Rewards Head. ACERF has not exercised voting rights over any shares of the Parent Company that it owns.



Changes in net defined benefit liability of funded funds in 2024 and 2023 are as follows:

2024

	Net benefit cost in statement of income							Remeasurements in OCI								
	January 1	Current service cost	Net interest	Past service cost by affiliates	Contribution by affiliates	Movement subtotal	Benefits paid	(In Thousands)			Return on plan assets*	Actuarial loss due to liability experience	Movement subtotal	Transfer Payments	Contribution by employer	December 31
								–	–	–						
Present value of defined benefit obligation	₱2,169,661	₱172,137	₱124,420	₱209,170	–	₱505,727	(₱294,742)	–	₱80,313	₱158,542	₱238,855	–	–	₱2,619,501		
Fair value of plan assets	(1,391,973)	–	(85,340)	–	(94,951)	(180,291)	294,742	(59,548)	–	(197,024)	(256,572)	(42,032)	(143,953)	(1,720,079)		
Net defined benefit liability (asset)	₱777,688	₱172,137	₱39,080	₱209,170	(₱94,951)	₱325,436	–	(₱59,548)	₱80,313	(₱38,482)	(₱17,717)	(₱42,032)	(₱143,953)	₱899,422		

*Excluding amount included in net interest

2023

	Net benefit cost in statement of income							Remeasurements in OCI						
	January 1	Current service cost	Net interest	Contribution by affiliates	Movement Subtotal	Benefits paid	Return on plan assets*	(In Thousands)			Actuarial Loss (gain) due to liability assumption changes	Movement subtotal	Contribution by employer	December 31
								–	–	–				
Present value of defined benefit obligation	₱1,636,661	₱110,841	₱111,251	–	₱222,092	(₱119,296)	–	–	₱254,315	₱175,889	₱430,204	–	₱2,169,661	
Fair value of plan assets	(1,270,665)	–	(90,974)	(73,036)	(164,010)	119,296	26,294	–	–	–	26,294	–	(102,888)	(1,391,973)
Net defined benefit liability (asset)	₱365,996	₱110,841	₱20,277	(₱73,036)	₱58,082	–	₱26,294	₱254,315	₱175,889	₱456,498	(₱102,888)	₱777,688		

*Excluding amount included in net interest

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.



The fair value of plan assets as at the end of the reporting period are as follow:

	2024 (In Thousands)	2023
Assets		
Cash	P167	P9,384
Investments		
Domestic equities		
Listed – Common	420,771	672,068
Listed – Preferred	138,970	60,960
Unlisted – Common	1	10,000
Unlisted – Preferred	1,141	1,142
Unit investment trust fund	–	–
Fixed Income		
Government Securities	326,624	
Corporate bonds	229,586	554,391
Money market placements	602,582	84,912
Investments in real estate	10	–
Miscellaneous assets	–	13
Receivables	1,499	–
	1,721,351	1,392,870
Liabilities		
Trust fee and other payables	1,272	897
Net Asset Value	P1,720,079	P1,391,973

All equity and debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market. The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension obligations for the defined benefit plans are shown below:

	2024	2023
Discount rates	6.00%	6.00%
Future salary increases	7.00%	7.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

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

	December 31, 2024			December 31, 2023		
	Rates	Increase (decrease)	Effect on DBO	Rates	Increase (decrease)	Effect on DBO
Discount rates	7.00% 5.00%	1% (1%)	(7.12%) 8.19%	7.00% 5.00%	1% (1%)	(6.59%) 7.53%
Rate of salary increase	8.00% 6.00%	1% (1%)	7.94% (7.04%)	8.00% 6.00%	1% (1%)	7.29% (6.51%)



The management performed an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Parent Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans. The Parent Company's current strategic investment strategy consists of 50% of equity instrument and 50% of fixed income instrument.

Amounts for the current and previous annual periods are as follows:

	2024	2023	2022	2021	2020
(In Thousands)					
Defined benefit obligation	₱2,619,501	₱2,169,661	₱1,636,661	₱1,807,406	₱2,474,548
Plan assets	(1,720,079)	(1,391,973)	(1,270,665)	(1,145,009)	(1,617,932)
Deficit	₱899,422	₱777,688	₱365,996	₱662,397	₱856,616

The Parent Company expects to contribute ₱275.4 million to its defined benefit pension plan in 2025.

As of December 31, 2024 and 2023, the plan assets include shares of stock of the Parent Company with total fair value of ₱75.9 million and ₱62.6 million, respectively. Unrealized gain and loss on investment in the shares of stock of the Parent Company as of December 31, 2024 and 2023 amounted to nil and ₱47.8 million loss, respectively.

As of December 31, 2024 and 2023, the fund includes investment in debt and equity securities of related parties. Details of the investment per type of security are as follows:

2024

	Historical Cost	Fair Value	Unrealized Gain (Loss)
(In Thousands)			
Equity securities	₱228,464	₱228,464	₱-
Debt securities	183,200	181,856	(1,344)
Total	₱411,664	₱410,320	(₱1,344)

2023

	Historical Cost	Fair Value	Unrealized Gain (Loss)
(In Thousands)			
Equity securities	₱322,505	₱322,505	₱-
Debt securities	144,000	143,204	(796)
Total	₱466,505	₱465,709	(₱796)

The overall expected rate of return on assets is determined based on the market prices prevailing on that date.

In 2024 and 2023, total contributions made to the retirement fund by affiliates amounted to ₱94.95 million and ₱73.0 million, respectively. This pertains to the retirement contributions on behalf of the seconded employees of the Parent Company to ALI, Globe, HCMI, AC Infra, AC Logistics and AC Health (see Note 29).

The Parent Company's transactions with the fund mainly pertain to contributions, benefit payments and settlements.



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

<u>Year ending:</u>	2024	2023
	<i>(In Thousands)</i>	
1 year and less	₱190,443	₱192,000
more than 1 year to 2 years	213,191	297,705
more than 2 years to 3 years	277,071	200,408
more than 3 years to 4 years	294,612	258,151
more than 4 years to 5 years	254,740	285,092
more than 5 years	1,861,664	1,766,503

The weighted average duration of the defined benefit obligation is 7.67 years and 7.17 years in 2024 and 2023, respectively.

22. Stock Option Purchase Plans

The Parent Company has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (ESOWN) covering 3.0% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a defined period of time.

ESOP

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he/she is given 3 years to exercise his/her vested and unvested options. In case the grantee resigns, he/she is given 90 days to exercise his/her vested options.

The options have a contractual term of 10 years. Options amounting to nil and ₱39.0 million were exercised in 2024 and 2023, respectively. As of December 31, 2024 and 2023, the weighted average remaining contractual life of options outstanding is nil, and the exercise prices ranged from ₱264.1 to ₱500.

The fair value of each option is estimated on the date of grant using the Black-Scholes Merton Formula and Binomial Tree Model.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

ESOWN

The Parent Company also has ESOWN granted to qualified officers wherein grantees may subscribe in full to the shares awarded to them based on an average market price determined by the Personnel and Compensation Committee as the offer price set at grant date. For any share awards unsubscribed, grantees still have the option to subscribe from the start of the fifth year but not later than on the start of the seventh year from date of grant.

The original terms of the ESOWN grant provided that, to subscribe, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year payment period. For any shares awards unsubscribed, grantees still have the option to subscribe from the start of the fifth year but not later than on the start of the seventh year from the date of grant. In case the grantee resigns, the unsubscribed shares are cancelled, while the subscribed shares may be paid up to the percent of holding period completed, with any payments already convertible into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, and payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may continue to subscribe to the unsubscribed shares anytime within the 10-year period. The plan does



not allow sale or assignment of the shares. All shares acquired through the plan are subject to the Parent Company's Right to Repurchase.

In 2015, the Parent Company introduced a revised ESOWN plan wherein grantees are given one (1) month from the time an allocation is awarded to subscribe in full, with any unsubscribed awards forfeited.

In April 2022, the BOD approved the 2022 stock option program pursuant to its Employee Stock Ownership Plan (the "Plan"). The program authorizes the grant to 71 executives, in accordance with the terms of the Plan, stock options covering up to a total of 483,145 common shares at a subscription price of ₱749.55 per share, which is the rounded off volume-weighted average prices of the Parent Company's common shares at the PSE over the last 5-day trading days from April 22 to 28, 2022.

The Plan involved two grantee subgroups with distinct subscription payment structures: (A) following previous due dates from previous grants, i.e., 40% of subscription amount payable within three years from grant date, balance payable within 10 years, (B) 10% down payment, 90% payable in equal installments over a 10-year horizon (including the grant date).

In April 2023, the BOD approved the 2023 stock option program pursuant to its Employee Stock Ownership Plan (the "Plan"). The plan authorizes the grant to 81 executives in accordance with the terms of the Plan, stock options covering up to a total of 632,500 common shares at a subscription price of ₱635.74 per share, which is the rounded off volume-weighted average prices of the Parent Company's common shares at the PSE over the last 5-days from April 20 to 27, 2023.

In April 2024, the BOD, during its organization board meeting approved the 2024 stock option program pursuant to the Employee Stock Ownership Plan (the Plan), authorizing the grant to 111 executives, in accordance with the terms of the Plan, stock options covering up to a total of 763,000 common shares at a subscription price of ₱588.29 per share, which is the rounded off volume weighted average prices of our common shares at the PSE over the last 5-day trading days from April 19 to April 25, 2024. Subscribed shares remain in trust for the account of ESOWN Administrator until fully paid.

ESOWN grants totaling 719,200 and 612,500 were subscribed in 2024 and 2023, respectively. Movements in the number of options outstanding under ESOWN as of December 31, 2024 and 2023 follow:

	2024		2023	
	Number of ESOWN grants	Weighted average exercise price	Number of ESOWN grants	Weighted average exercise price
At January 1			—	₱—
Granted	763,000	588.29	632,500	635.74
Subscribed	(719,200)	(588.29)	(612,500)	(635.74)
Expired	(43,800)	588.29	(20,000)	635.74
At December 31	₱—	₱—	₱—	₱—

The ESOWN grants are effectively treated as options on shares exercisable within a given period, considering both the subscription period allowed to grantees and the subscription payment pattern. As such, the fair values of these options are estimated on the date of grant using the Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. This model requires six inputs to produce the stock option value, which are namely: share price, exercise price, time to maturity, volatility rate, dividend yield, and risk-free rate.



The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	April 26, 2024	April 28, 2023	April 23, 2022	April 23, 2022	April 17, 2021	April 26, 2020
Number of unsubscribed shares		—	—	—	—	—
Fair value of each option	187.16	₱194.28	₱205.64	₱132.88	₱162.32	₱224.23
Share price	₱595	₱639	₱737.50	₱737.50	₱754.50	₱597.00
Exercise price	588.29	₱635.74	₱749.55	₱749.55	₱749.47	₱470.72
Expected volatility	19.95%	29.28%	28.61%	28.61%	32.69%	29.74%
Dividend yield	1.1630%	4.3460%	0.94%	0.94%	0.90%	1.27%
Interest rate	5.89%	5.67%	0.95%	0.95%	1.13%	3.03%

In 2024 and 2023, the Parent Company recognized ₱128.4 million and ₱114.6 million, respectively, as share-based payments expense.

Subscriptions receivable from the stock option plans covering the Parent Company's shares are presented under equity.

23. Fair Value Measurement

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

The following table shows the fair value hierarchy of the Parent Company's assets and liabilities follows (amounts in thousands):

2024

	Level 1	Level 2	Level 3	Total
Assets for which fair value was disclosed				
Financial assets at FVOCI	₱15,636	₱1,074,875	₱—	₱1,090,511
Derivative assets	—	193,074	—	193,074
Notes receivable	—	—	403,106	403,106
Investments in subsidiaries, associates and joint ventures*	599,624,215	—	—	599,624,215
Investment properties				
Land	—	17,316,997	—	17,316,997
Buildings and improvements	—	—	9,603,530	9,603,530
	₱599,639,851	₱18,584,946	₱10,006,636	₱628,231,433
Liabilities for which fair value was disclosed				
Derivative liabilities	₱—	₱15,591	₱—	₱15,591
Long-term debt	—	79,210,918	—	79,210,918
	₱—	₱79,226,509	₱—	₱79,226,509

*Fair value of investments in listed subsidiaries, associates and joint ventures for which there are published price quotations, including the BPI shares held by Lontide Holdings, Inc.



2023

	Level 1	Level 2	Level 3	Total
Assets for which fair value was disclosed				
Financial assets at FVOCI	₱13,887	₱935,475	₱-	₱949,362
Derivative assets	-	123	-	123
Notes receivable	-	-	337,559	337,559
Investments in subsidiaries, associates and joint ventures*	594,761,396	-	-	594,761,396
Investment properties				
Land	-	10,825,942	-	10,825,942
Buildings and improvements	-	-	5,184,338	5,184,338
	₱594,775,283	₱11,761,540	₱5,521,897	₱612,058,720
Liabilities for which fair value was disclosed				
Derivative liabilities	₱-	₱62,990	₱-	₱62,990
Long-term debt	-	78,536,377	-	78,536,377
	₱-	₱78,599,367	₱-	₱78,599,367

*Fair value of investments in listed subsidiaries, associates and joint ventures for which there are published price quotations, including the BPI shares held by Lontide Holdings, Inc.

The table below summarizes the valuation techniques and the inputs used in the valuation for assets and liabilities categorized under Level 2 and Level 3 in 2024 and 2023.

2024

	Valuation Technique	Significant Unobservable Input	Range (weighted average)
Assets for which fair value was disclosed:			
Financial assets at FVOCI	Mark to market Approach	Published price quotations	₱0.007 to ₱120,000,000 per share
Notes receivable	DCF method	Discount rate	5.95% to 6.03%
Investment Properties			
Land	Market data Approach	Price per square meter	₱55 to ₱298,000 per square meter
Buildings and Improvements	DCF method	Discount rate	9.54% to 10.39%
Liabilities for which fair value was disclosed:			
Derivative liabilities	Standard Forward Valuation Formula	Forward rate (PHP:USD)	₱57.85 to ₱58.98
Long-term debt	DCF method	Discount rate	1.32% to 6.95%

2023

	Valuation Technique	Significant Unobservable Input	Range (weighted average)
Assets for which fair value was disclosed:			
Financial assets at FVOCI	Mark to market Approach	Published price quotations	₱0.008 to ₱120,000,000 per share
Notes receivable	DCF method	Discount rate	5.90% to 6.04%
Investment Properties			
Land	Market data Approach	Price per square meter	₱650 to ₱433,000 per square meter
Buildings and Improvements	DCF method	Discount rate	9.50% to 10.00%
Liabilities for which fair value was disclosed:			
Derivative liability	Standard Forward Valuation Formula	Forward rate (PHP:USD)	₱50.48 to ₱59.28
Long-term debt	DCF method	Discount rate	1.91% to 6.96%

There was no change in the valuation techniques used by the Parent Company in determining the fair market value of the assets and liabilities. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of the Parent Company's financial instruments (amounts in thousands):

	December 31			
	2024	2023	Carrying Value	Fair Value
At Amortized Cost				
Notes receivable	₱409,313	₱403,106	₱343,228	₱337,559
Financial Assets at Fair Value through OCI				
Quoted equity investments	1,090,511	1,090,511	949,362	949,362
Derivative assets	193,074	193,074	123	123
Total financial assets	₱1,692,898	₱1,686,691	₱1,292,713	₱1,287,044
Derivative liability	15,951	15,951	62,990	62,990
Other Financial Liabilities				
Long-term debt	89,440,323	79,210,918	92,206,938	78,536,377
Total financial liabilities	₱89,456,274	₱79,226,869	₱92,269,928	₱78,599,367

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

- Notes receivable - The fair values are based on the discounted value of future cash flows using the applicable rates for similar instruments. The discount rates used ranged from 6.09% to 6.18% and 5.90% to 6.04% in 2024 and 2023, respectively.
- Financial assets through OCI - The fair values are based on quoted prices.
- Derivative assets / liabilities - The fair values are based on the positive change in the outstanding FX swap transactions designated as cash flow hedges to hedge foreign currency (USD) denominated loans.
- Long-term debt - The fair values are estimated using the discounted cash flow methodology using the current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 1.32% to 6.95% in 2024 and 1.91% to 6.96% in 2023. For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

The carrying amounts of cash and cash equivalents, dividends receivable, receivable from related parties, rent receivable, receivable from other companies, interest receivable and other receivables, accounts payables and accrued expenses, dividends payables, and short-term debts approximate the fair values of these financial instruments due to the short-term nature of these accounts.

24. Leases

Operating Leases – Parent Company as Lessor

The Parent Company is a party under various operating leases which have lease terms between five to twenty-five years with an annual escalation rate of 1.0% to 5.0%. Future minimum rentals receivable under non-cancellable operating leases of the Parent Company follow:

	2024	2023
	(In Thousands)	
Within one year	₱9,630	₱15,639
More than one (1) year but less than five (5) years	16,072	38,302
More than five (5) years	50,272	52,841
	₱75,974	₱106,782



Total contingent rent income amounted to ₡138.4 million and ₡87.9 million in 2024 and 2023, respectively.

Rent expense for short-term lease recognized in parent company statements of income are as follows:

	2024	2023
	(In Thousands)	
Rent expense	₦64,094	₦45,288

The movements in the right-of-use assets follow:

	2024		
	Office Unit	Parking Slot	Total
	(In Thousands)		
Cost			
At January 1	₦2,089,114	₦212,339	₦2,301,453
Additions	-	20,712	20,712
At December 31	<u>2,089,114</u>	<u>233,051</u>	<u>2,322,165</u>
Accumulated depreciation			
At January 1	287,253	23,106	310,359
Depreciation	104,456	11,189	115,645
At December 31	<u>391,709</u>	<u>34,295</u>	<u>426,004</u>
Net Book Value	₦1,697,405	₦198,756	₦1,896,161
	2023		
	Office Unit	Parking Slot	Total
	(In Thousands)		
Cost			
At January 1 (Audited)	₦2,089,114	₦148,480	₦2,237,594
Additions	-	63,859	63,859
At December 31	<u>2,089,114</u>	<u>212,339</u>	<u>2,301,453</u>
Accumulated depreciation			
At January	182,797	12,988	195,785
Depreciation	104,456	10,118	114,574
At December 31	<u>287,253</u>	<u>23,106</u>	<u>310,359</u>
Net Book Value	₦1,801,861	₦189,233	₦1,991,094

The movements in the lease liabilities follow:

	2024		2023
	(In Thousands)		
Beginning balance	₦2,205,458	₦2,175,372	
Additions	19,985	62,421	
Interest expense (Note 20)	128,097	127,967	
Payments	(166,064)	(160,302)	
Ending balance	<u>2,187,476</u>	<u>2,205,458</u>	
Less current portion	45,711	38,467	
Noncurrent portion	₦2,141,765	₦2,166,991	

On April 5, 2021, the Parent Company entered into a lease agreement, where the Parent Company is the lessee to a number of office units and parking slots, with its subsidiary ALI. The term of the lease is 20 years, to be paid quarterly and is subject to an annual escalation rate of 3% every year and thereafter starting on the second year. The right-of-use asset and lease liability initially recognized under this lease is ₦2.2 billion.



25. Financial Instruments

Financial Risk Management

Like any other risks, financial risks are inherent in its business activities and are typical of any large holding company. The financial risk management of the Parent Company seeks to effectively contribute to better decision making, enhance performance, and satisfy compliance demands.

The Parent Company defines financial risks as risk that relates to the Parent Company's ability to meet financial obligations and mitigate funding risk, credit risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates. Funding risk refers to the potential inability to meet contractual or contingent financial obligations as they arise and could potentially impact the Parent Company's financial condition or overall financial position. Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations or non-payment of an investment. These exposures may result in unexpected losses and volatilities in the Parent Company's profit and loss accounts.

The Parent Company maintains a strong focus on its funding strategy to help provide access to sufficient funding to meet its business needs and financial obligations throughout business cycles. The Parent Company's plans are established within the context of its annual strategic and financial planning processes. The Parent Company also takes into account capital allocations and growth objectives, including dividend pay-out. As a holding company, the Parent Company generates cash primarily on dividend payments of its subsidiaries, associates and joint ventures and other sources of funding.

The Parent Company also established credit policies setting up limits for counterparties that are reviewed quarterly and monitoring of any changes in credit standing of counterparties.

The Parent Company formalized the foreign exchange and interest rate risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. In addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Parent Company continues to monitor and manage its financial risk exposures in accordance with Board approved policies. The succeeding discussion focuses on the Parent Company's financial risk management.

Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through OCI, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Parent Company's operations. The Parent Company has various financial assets such as cash and cash equivalents, accounts and notes receivables and accounts payable and accrued expenses which arise directly from its operations.

The Parent Company's main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, price risk, liquidity risk, and credit risk.

The Parent Company also uses hedging instruments, the purpose of which is to manage the currency arising from its financial instruments.

The Parent Company's risk management policies relevant to financial risks are summarized below:

Interest Rate Risk

The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's long-term debt obligations with floating interest rates. The policy is to keep a certain level of the total obligations as fixed to minimize earnings volatility due to fluctuation in interest rates.



The following table demonstrates the sensitivity of the Parent Company's profit before tax and equity to a reasonably possible change in interest rates as of December 31, 2024 and 2023, with all variables held constant.

	Change in basis points (bps)	Effect on income before income tax Increase (Decrease)	<i>(In Thousands)</i>
2024	+100 bps		(P234,588)
	-100 bps		234,588
2023	+100 bps		(P241,538)
	-100 bps		241,538

There is no other impact on the Parent Company's equity other than those already affecting Parent Company's net income.



The terms and maturity profile of the interest-bearing financial assets and liabilities, together with the corresponding nominal amounts, are shown in the following tables (amounts in thousands):

2024

Interest Terms (p.a.)	Rate Fixing Period	Carrying Amount	Nominal Amounts			Total
			< 1 year	1 to 5 years	> 5 years	
Cash and cash equivalents*	Fixed at the date of investment	Various 10,146,253	10,146,253	—	—	10,146,253
Notes receivable	Fixed at the date of investment	Various 409,313	409,313	—	—	409,313
		10,555,566	10,555,566	—	—	10,555,566
Short-term debt						
<i>Fixed</i>						
Peso	Ranging from 5.3%to 5.8%	Various 28,500,000	28,500,000	—	—	28,500,000
Long-term debt						
USD	Fixed at 3.0%	2 years 5,747,728	—	5,784,500	—	5,784,500
<i>Fixed</i>						
Peso	Fixed at 7.00%	8 years 9,222,035	880,000	8,360,000	—	9,240,000
Peso	Fixed at 7.13%	10 years 8,329,435	500,000	2,000,000	5,875,000	8,375,000
Peso	Fixed at 6.44%	10 years 3,924,428	200,000	800,000	2,950,000	3,950,000
Peso	Fixed at 6.69%	8 years 3,976,427	308,000	2,462,000	1,230,000	4,000,000
Peso	Fixed at 7.00%	8 years 993,347	—	—	1,000,000	1,000,000
Peso	Fixed at 5.49%	5 years 2,996,283	—	—	3,090,075	3,090,075
Peso	Fixed at 4.82%	8 years 9,989,860	10,000,000	—	—	10,000,000
Peso	Fixed at 4.4542%	3 years 4,988,606	5,000,000	—	—	5,000,000
Peso	Fixed at 3.7874%	5 years 5,972,815	—	6,000,000	—	6,000,000
Peso	Fixed at 5.6239%	5 years 7,450,002	—	7,500,000	—	7,500,000
Peso	Fixed at 6.1351%	7 years 2,478,241	—	2,500,000	—	2,500,000
<i>Floating</i>						
Peso	Variable at PHP BVAL rate plus margin or 28-day BSP TDF rate plus margin	3 months 9,680,205	7,300,000	2,400,000	—	9,700,000
Peso	Variable at 14-day TDF or BSP ODF and BSP Overnight RRP rate plus margin	3 months 1,253,752	95,000	1,163,750	—	1,258,750
Peso	Variable at PHP BVAL rate plus margin or RRP plus margin	3 months 7,562,497	400,000	7,200,000	—	7,600,000
Peso	Variable at PHP BVAL rate plus margin subject to a floor rate	3 months 4,874,662	200,000	4,700,000	—	4,900,000
		₱117,940,323	₱53,383,000	₱50,870,250	₱14,145,075	₱118,398,325

*Excludes cash on hand



2023

Interest Terms (p.a.)	Rate Fixing Period	Carrying Amount	Nominal Amounts			Total
			< 1 year	1 to 5 years	> 5 years	
Cash and cash equivalents*	Fixed at the date of investment	Various	₱8,477,763	₱8,477,763	₱-	₱8,477,763
Notes receivable	Fixed at the date of investment	Various	343,228	57,076	25,814	343,228
			8,820,991	8,534,839	25,814	8,820,991
Short-term debt						
<i>Fixed</i>						
Peso	Fixed at 5.75%	Various	9,000,000	9,000,000	–	9,000,000
Long-term debt						
USD	Fixed at 3.0%	2 years	5,517,683	5,537,000	–	5,537,000
<i>Fixed</i>						
Peso	Fixed at 4.60%	8 years	10,093,052	880,000	9,240,000	10,120,000
Peso	Fixed at 4.82%	8 years	9,979,719	–	10,000,000	10,000,000
Peso	Fixed at 4.4542%	3 years	4,969,715	–	5,000,000	5,000,000
Peso	Fixed at 3.78740%	5 years	5,959,222	–	6,000,000	6,000,000
Peso	Fixed at 3.75%	10 years	4,411,562	250,000	1,250,000	2,937,500
Peso	Fixed at 3.75%	10 years	4,411,364	250,000	1,250,000	2,937,500
Peso	Fixed at 3.0260%	3 years	3,987,478	4,000,000	–	4,000,000
Peso	Fixed at 5.6239%	5 years	7,434,524	–	7,500,000	7,500,000
Peso	Fixed at 6.1351%	7 years	2,474,903	–	2,500,000	2,500,000
Peso	Fixed at 6.4393%	3 years	3,970,113	50,000	1,000,000	2,950,000
Peso	Fixed at 6.6958%	8 years	3,970,958	–	2,769,231	1,230,769
Peso	Fixed at 7.00335%	8 years	992,617	–	–	1,000,000
<i>Floating</i>						
Peso	Variable at PHP BVAL rate plus margin or 28-day BSP TDF rate plus margin	3 months	9,763,809	100,000	9,700,000	9,800,000
Peso	Variable at 3-month PHP BVAL rate plus margin or BSP Overnight RRP rate plus margin	3 months	1,347,503	95,000	1,258,750	1,353,750
Peso	Variable at PHP BVAL rate plus margin or RRP plus margin	3 months	7,952,049	250,000	7,750,000	8,000,000
Peso	Variable at PHP BVAL rate plus margin subject to a floor rate	3 months	4,970,667	250,000	4,750,000	5,000,000
			₱101,206,938	₱20,662,000	₱69,967,981	₱11,055,769
						₱101,685,750

*Excludes cash on hand



Foreign Exchange Risk

The Parent Company's foreign exchange risk results primarily from movements of the Philippine Peso (Php) against the United States Dollar (US\$).

The table below summarizes the Parent Company's exposure to foreign exchange risk as of December 31, 2024 and 2023.

	2024		2023	
	US\$	Php Equivalent*	US\$	Php Equivalent*
<i>(In Thousands)</i>				
Foreign currency denominated assets				
Cash and cash equivalents	US\$18,214	₱1,055,292	US\$350	₱19,513
Foreign currency denominated liabilities				
Long-term debt	(100,772)	(5,829,191)	(100,770)	(5,579,864)
	(US\$82,558)	(₱4,773,899)	(US\$100,420)	(₱5,560,351)

*Translated using the exchange rate at the reporting date (US\$1 equivalent to ₱57.85 and ₱55.37 in 2024 and 2023, respectively).

The following table demonstrates the sensitivity to a reasonably possible change in the Php:US\$ exchange rate, with all variables held constant, of the Parent Company's income before income tax (due to changes in the fair value of monetary assets).

	Increase (decrease) in Peso per US\$ depreciation (appreciation)	Effect on income before income tax Increase (decrease)
<i>(In Thousands)</i>		
2024	₱1.00	(₱82,529)
	(1.00)	(82,529)
2023	₱1.00	(₱100,420)
	(1.00)	100,420

There is no other impact on the Parent Company's equity other than those already affecting Parent Company's net income.

Equity Price risk

Quoted financial assets at fair value through OCI are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, the country's economic performance, political stability, and domestic inflation rates, these prices change, reflecting how market participants view the developments. The Parent Company's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each sector and market.

The analysis below is performed for a reasonable possible movement of the market index, of the Parent Company's equity with all other variables held constant.

	Market Index	Change in Variables	Effect on Equity Increase (decrease)
<i>(In Thousands)</i>			
2024	PSEi	2%	(₱369)
		-2%	369
2023	PSEi	2%	(₱323)
		-2%	323

There is no impact on the parent company statements of income.



Liquidity Risk

Liquidity risk is defined by the Parent Company as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Parent Company that make it difficult to raise the necessary funds or that forces the Parent Company to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Parent Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues, both on-shore and off-shore. Cash and cash equivalents is used for the Parent Company's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. The Parent Company has access to sufficient variety of sources of funding with existing lenders. The credit facilities are as follows (*in thousands*):

Description of Facility	Date Contracted	Amount undrawn as of December 31, 2024	Outstanding loan balance as of December 31, 2024
₱10 Billion 5 – Years revolving loan facility, Fixed and/or floating rate	1-Dec-16	₱-	₱9,700,000
₱1.9 Billion loan facility, fixed and/or floating rate, with a maximum tenor of 10 years	30-Jan-18	–	1,258,750
₱11 Billion loan facility, floating rate, with a maximum tenor of 8 years	16-Apr-18	–	9,240,000
₱10 Billion 10 – years loan facility, fixed rate	5-Oct-20	–	8,375,000
₱5 Billion loan facility, fixed and/or floating rate, with a maximum tenor of 7 years	8-Sep-21	–	4,900,000
₱8 Billion 6 – years fixed and/or floating rate	1-May-22	–	7,600,000
Up to ₱5 billion Revolving fixed/ floating rate loan facility, with a maximum tenor of 5 years	29-Dec-22	5,000,000	–
₱4 billion loan facility, fixed and/or floating rate, with a maximum tenor of 10 years	28-Dec-22	–	3,950,000
₱5 billion loan facility, fixed and/or floating rate, with a maximum tenor of 8 years	14-Dec-22	–	4,000,000
₱1 billion loan facility, fixed and/or floating rate, with a maximum tenor of 8 years	26-Oct-23	–	1,000,000
₱3.1 billion loan facility, fixed and/or floating rate, with a maximum tenor of 5 years	16-Dec-24	–	3,090,075
₱12 billion loan facility, fixed and/or floating rate, with a maximum tenor of 8 years	1-Oct-24	5,500,000	6,500,000
₱2.5 billion loan facility, fixed and/or floating rate, with a maximum tenor of 8 years	27-Dec-24	2,500,000	–
₱32.0 billion working capital facility with various banks		10,000,000	22,000,000
US\$100 million Uncommitted Working Capital Line *		5,784,500	–
US\$50 million Uncommitted Working Capital Line *		2,892,250	–
US\$200 million Bilateral Term Loan Facility *	1-Feb-22	10,122,875	1,446,125
US\$200 million Bilateral Term Loan Facility *	16-Mar-22	11,569,000	–
US\$100 million Bilateral Term Loan Facility *	31-Mar-22	11,569,000	–
US\$100 million Term Loan Facility *	14-Nov-21	–	5,784,500
US\$100 million Blended Finance Term Loan Facility*	18-Dec-24	5,784,500	–
Total		₱70,722,125	₱88,844,450

*Translated using the exchange rate at the reporting date (US\$1 equivalent to 55.37 in 2023).

**Available thru AYC Finance Ltd.



The table below summarizes the maturity profile of the Parent Company's financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments (amounts in thousands).

	December 31, 2024			
	< 1 year	1 to 5 years	> 5 years	Total
Accounts payable and accrued expenses				
Accrued expenses	₱2,068,894	₱-	₱-	₱2,068,894
Accounts payable	512,845	-	-	512,845
Payables to related parties	319,858	-	-	319,858
Other payables*	191,823	-	-	191,823
Dividends payable	2,681,493	-	-	2,681,493
Other current liabilities				
Derivative liability	15,951	-	-	15,951
Others	11,857	-	-	11,857
Short -term debt	28,500,000	-	-	28,500,000
Long-term debt	24,883,000	50,870,250	14,145,075	89,898,325
Lease liability	161,092	738,328	1,275,366	2,174,786
	₱59,346,813	₱51,608,578	₱15,420,441	₱126,375,832
Interest payable	₱10,980,128	₱21,665,777	₱90,562	₱32,736,467

*Excludes output VAT

	December 31, 2023			
	< 1 year	1 to 5 years	> 5 years	Total
Accounts payable and accrued expenses				
Accrued expenses	₱1,645,725	₱-	₱-	₱1,645,725
Accounts payable	490,889	-	-	490,889
Payables to related parties	324,408	-	-	324,408
Other payables*	70,614	-	-	70,614
Dividends payable	2,257,789	-	-	2,257,789
Other current liabilities				
Derivative liability	62,990	-	-	62,990
Others	11,857	-	-	11,857
Short -term debt	9,000,000	-	-	9,000,000
Long-term debt	11,662,000	69,967,981	11,055,769	92,685,750
Lease liability	151,077	689,602	1,191,738	2,032,417
	₱25,677,349	₱70,657,583	₱12,247,507	₱108,582,439
Interest payable	₱4,021,690	₱9,082,945	₱634,746	₱13,739,381

*Excludes output VAT

Credit Risk

Credit risk is the risk that the Parent Company's counterparties to its financial assets will fail to discharge their contractual obligations. The Parent Company's holding of cash and receivables from customers and other third parties expose the Parent Company to credit risk of the counterparty. Credit risk management involves dealing with institutions for which credit limits have been established. The Parent Company's Treasury Policy sets credit limits for each counterparty. The Parent Company trades only with recognized, creditworthy third parties and has a well-defined credit policy and established credit procedures.

Impairment of financial assets

The gross carrying amount of financial assets with no expected credit losses also represents the Parent Company's maximum exposure to credit risk, as follows:

	2024	2023
	(In Thousands)	
Financial assets		
Cash in bank and cash equivalents	₱10,148,802	₱8,477,763
Dividends receivable	761,517	1,292,270
Notes receivable	409,313	343,228

(Forward)



	2024	2023
	(In Thousands)	
Receivable from related parties	₱504,788	₱311,707
Receivable from other companies	32,509	5,996
Rent receivable	30,914	21,237
Interest receivable	11,500	14,990
Other receivables	19,760	20,002
	₱11,919,103	₱10,487,193

The identified impairment losses were immaterial.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Parent Company would have to pay if the guarantees are called upon.

The credit quality of the Parent Company's financial assets follows (amounts in thousands):

2024

	Neither past due nor impaired				Past due but not impaired		
	High Grade	Medium Grade	Low Grade	Total	Impaired	Total	
Financial assets carried at amortized cost							
Cash and cash equivalents*	₱10,146,253	-	-	₱10,146,253	-	-	₱10,146,253
Accounts and notes receivable							
Dividend receivable	761,517	-	-	761,517	-	-	761,517
Notes receivable	409,313	-	-	409,313	-	-	409,313
Receivable from related parties	504,789	-	-	504,789	-	-	504,789
Rent receivable	30,914	-	-	30,914	-	-	30,914
Receivable from other companies	-	-	-	-	32,509	-	32,509
Interest receivable	11,500	-	-	11,500	-	-	11,500
Other receivables	-	-	-	-	19,759	-	19,759
Financial assets through OCI							
Quoted	1,090,511	-	-	1,090,511	-	-	1,090,511
	₱12,954,797	₱-	₱-	₱12,954,797	₱52,268	₱-	₱13,007,065

*Excludes cash on hand

2023

	Neither past due nor impaired				Past due but not impaired		
	High Grade	Medium Grade	Low Grade	Total	Impaired	Total	
Financial assets carried at amortized cost							
Cash and cash equivalents*	₱8,477,763	-	-	₱8,477,763	-	-	₱8,477,763
Accounts and notes receivable							
Notes receivable	1,292,270	-	-	1,292,270	-	-	1,292,270
Receivable from related parties	343,228	-	-	343,228	-	-	343,228
Rent receivable	311,707	-	-	311,707	-	-	311,707
Receivable from other companies	21,237	-	-	21,237	-	-	21,237
Interest receivable	-	-	-	-	5,996	-	5,996
Other receivables	14,990	-	-	14,990	-	-	14,990
Financial assets through OCI							
Quoted	949,362	-	-	949,362	-	-	949,362
	11,410,557	₱-	₱-	₱11,410,557	₱25,998	₱-	₱11,436,555

*Excludes cash on hand



The credit quality of the financial assets was determined as follows:

High grade pertains to cash and cash equivalents, quoted financial assets, related party transactions and receivables with high probability of collection.

Medium grade pertains to unquoted financial assets other than cash and cash equivalents with nonrelated counterparties and receivables from counterparties with average capacity to meet their obligation.

Low grade pertains to financial assets with the probability to be impaired based on the Parent Company's past experience.

Derivatives Designated as Cash Flow Hedges

The Parent Company has existing US dollar denominated long-term debts that were borrowed on a fixed interest rate. The Parent Company is therefore exposed to foreign currency risks due to potential movements in foreign exchange rates. To hedge these exposures, the Parent Company entered into derivative financial hedging instruments such as foreign exchange swaps.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward contracts match the terms of the respective exposures that they hedge, except as described below in the sources of ineffectiveness. The Parent Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign currency risks are identical to the hedged risk components. To test the hedge effectiveness, the Parent Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- The incorporation of the Foreign Currency Swap counterparty's credit risk or credit valuation adjustment (CVA) and own credit risk or debit valuation adjustment (DVA) in measuring the fair value of the FX Swap as required by PFRS 13, *Fair Value Measurement*, is also a source of ineffectiveness. Hedge ineffectiveness arises because the change in credit risk affecting the fair value of the hedging instrument would not be replicated in the hedged item.
- The prepayment option on the loan is impacted by a counterparty's credit risk, which will change the likelihood that prepayment be exercised or not. If the prepayment option is exercised, this will result to a reduced loan amount creating potential shortage and cause ineffectiveness in the hedging relationship. While it is unlikely that the prepayment option will be exercised based on the Parent Company's cash flow, the Parent Company may opt to revisit and revise its hedge ratio, provided that such revision is still aligned to the Parent Company's risk management objectives, to continue the hedging relationship.

The Parent Company is holding the following foreign exchange swaps designated as cash flow hedges as of December 31, 2024 and 2023 (amounts in thousands):

2024	Maturity				
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Total
Foreign exchange swaps					
Notional amount (in USD)	US\$70,000	US\$30,000	US\$-	US\$-	US\$100,000
Notional amount (in PHP)	P-	P-	P-	P5,784,500	P5,784,500
Notional amount (in EUR)	€-	€-	€-	€50,000	€50,000
Notional amount (in PHP)	P-	P-	P-	P3,019,250	P3,019,250



2023	Maturity				
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Total
Foreign exchange swaps					
Notional amount (in USD)	US\$—	US\$50,000	US\$50,000	US\$—	US\$100,000
Notional amount (in PHP)	₱—	₱2,768,500	₱2,768,500	₱—	₱5,537,000

The impact of the hedging instruments on the parent company statement of financial position as of December 31, 2024 and 2023 is as follows (amounts in thousands):

2024	Notional amount	Carrying amount	Financial Statements Line item	Change in fair value used for measuring ineffectiveness
				Other current assets
Foreign exchange swaps	US\$100,000	₱119,038	Other current assets	₱—
	EUR50,000	58,085	Other current assets	₱—
		₱177,123		

2023	Notional amount	Carrying amount	Financial Statements Line item	Change in fair value used for measuring ineffectiveness
				Other current liabilities
Foreign exchange swaps	US\$100,000	(₱62,867)	Other current liabilities	₱—

The impact of the hedged items on the parent company statement of financial position as of December 31, 2024 and 2023 is as follows (amounts in thousands):

2024	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve
US dollar-denominated Short-term debt Foreign currency risk	₱—	₱112,809
European dollar-denominated long-term debt Foreign currency risk	₱—	₱128,909
		₱241,718

2023	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve
US dollar-denominated Short-term debt Foreign currency risk	₱—	₱85,846

The effect of the cash flow hedge in the parent company statements of income and parent company statements of comprehensive income for the year ended December 31, 2024 and 2023 are as follows (amounts in thousands):



2024

Gain recognized in parent company statement of comprehensive income	Financial Statements Line item	Ineffectiveness recognized in parent company statement of income	Financial Statements Line item	Amount reclassified from OCI to profit or loss	Financial Statements Line item
US dollar-denominated Short-term debt					
Foreign currency risk	₱155,872	Cash flow hedge	– Interest expense	₱85,846	Revenue

2023

Gain recognized in parent company statement of comprehensive income	Financial Statements Line item	Ineffectiveness recognized in parent company statement of income	Financial Statements Line item	Amount reclassified from OCI to profit or loss	Financial Statements Line item
US dollar-denominated Short-term debt					
Foreign currency risk	₱71,113	Cash flow hedge	– Interest expense	₱14,733	Revenue

Impact of hedging in equity

	Cash flow hedge reserve
As at 1 January 2023	14,733
Effective portion of changes in fair value arising from foreign exchange swaps	85,846
Amounts reclassified to profit or loss	(14,733)
As at 1 January 2024	₱85,846
Effective portion of changes in fair value arising from foreign exchange swaps	241,718
Amounts reclassified to profit or loss	(85,846)
As at 31 December 2024	₱241,718

26. Property for share swap

On January 12, 2023, the Parent Company, ALI, and Mermac received the SEC's approval for the property-for-share swap transaction issued on December 29, 2022. With the SEC's approval, the closing condition for the transaction had been met and the parties closed the transaction.

The Transaction is aligned with the Group's strategic direction to increase its stake in ALI, which will consequently improve equity earnings and cashflows from dividends, as well as with the Group's goal to value realize ₱50 billion by 2023. It results in the Parent Company's effective ownership in ALI increasing to 50.60%.

The Transaction is a tax-free exchange transaction under Section 40(C)(2) of the National Internal Revenue Code, as amended. The Parent Company and ALI are working on the requirements for the issuance of the CAR over the AC assets and for the additional listing of the ALI Shares. The transaction resulted to a gain on transfer of properties amounting to ₱16,929.7 million (see Notes 8 and 22).



27. AYCFL's Loans and Borrowings

The Parent Company acted as guarantor to AYCFL's loans and borrowings as follows:

Description of loans and Borrowings	Date Contracted	2024	2023
		Outstanding balance (Amounts in thousands)	
US\$400.0 million Perpetual Undated Notes	September 23, 2021	US\$400,000	US\$400,000
US\$400.0 million Perpetual Undated Notes	October 30, 2019	365,000	365,000
US\$400.0 million Perpetual Undated Notes	September 13, 2017	259,880	259,880
US\$100.0 million Social Bond	January 14, 2022	100,000	100,000
		US\$1,124,880	US\$1,124,880

2017 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (the Notes)

On September 7, 2017, the Parent Company announced that AYCFL had successfully set the terms of a US dollar-denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (20,171.9 million) with an annual coupon of 5.125% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 13, 2022 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$100 million of this 5.125% Undated Notes was tendered and the aggregate amount of US\$300 million remained outstanding after payment.

On May 10, 2022, AYCFL made a tender offer settlement amounting to US\$40.12 million in aggregate principal amount of its 5.125% Undated Notes. Pursuant to the settlement of the Tender Offer, US\$40.12 million in aggregate principal amount of the Notes was repurchased and cancelled pursuant to the terms and conditions of the Notes. Following the cancellation, the aggregate principal amount of the Notes that will remain outstanding will be US\$259.88 million. As of December 31, 2024 and 2023, the outstanding balance of the bond amounted to US\$259.88 million.

2019 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (the Notes)

On October 23, 2019, the Parent Company announced that AYCFL had successfully priced a similar US dollar denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (20,118.9 million) with an annual coupon of 4.85% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on October 30, 2024 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$35 million of this 4.85% Undated Notes was tendered. As of December 31, 2024 and 2023, the outstanding balance of the bond amounted to US\$365 million.

2021 AYCFL US\$400 Million Senior Fixed-for-Life Perpetual Notes (the Notes)

On September 16, 2021, the Parent Company announced that it had successfully set the terms for a US dollar-denominated fixed-for-life senior perpetual issuance. The Notes have an aggregate principal amount of US\$400 million with a fixed coupon of 3.90% for life, with no step-up and no reset, payable semi-annually. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 23, 2026 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest.



The transaction was settled on September 23, 2021, and the Notes are unconditionally and irrevocably guaranteed by the Parent Company. As of December 31, 2024 and 2023, the outstanding balance of the bond amounted to US\$400 million.

AYCFL Social Bond

On November 11, 2021, AYCFL signed a 10-year Social Bond through private placement by the International Finance Corporation (“IFC”) amounting to US\$100 million (the “Social Bond”), to fund the sustainable and resilient growth and capacity building of the Group’s healthcare arm, AC Health. The Social Bond is unconditionally and irrevocably guaranteed by the Parent Company.

On January 14, 2022, AYCFL drew the full amount at a rate of 2.99% for 10 years. Sustainalytics was engaged to provide a second party opinion on the Ayala Health Social Bond Framework which aligns with the Social Bond Principles and Social Loans Principles published by the International Capital Market Association.

The loan agreements on long-term debt of the Parent Company and certain subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of December 31, 2024 and 2023. The Parent Company aims to maintain for consolidated net debt-to-equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFL.

As of December 31, 2024 and 2023, the outstanding balance of the bond amounted to US\$100 million.

US\$100.0 million AYCFL loan to AIHL

On September 28, 2022, AYCFL entered into a tripartite payment direction agreement in which AYCFL loaned to AIHL (subsidiary of BHL) then AIHL loaned to Parent Company amounting to US\$100 million. The loan proceeds were direct remittance to the Parent Company per agreement (see Note 14).

The intercompany loan secured by the Parent Company has a tenor of two (2) years with a fixed annual interest rate that is repriced on the anniversary of the loan.

US\$200.0 million Revolving Credit Facility (the Facility)

In March 2023, AYCFL entered into a US\$200.0 million Revolving Credit Facility with interest rates at certain basis points over SOFR. The Facility has an original availability period of 1 year with a termination date of 2 years. A subsequent Request for Extension of Commitment Termination Date was made in February 2024 which extended the availability period to up to 1 month prior the loan termination date.

The outstanding balance for this facility is nil as of December 31, 2023.

US\$200.0 million Revolving Credit Facility (the Facility)

In May 2023, AYCFL entered into a US\$200.0 million Revolving Credit Facility with interest rates at certain basis points over SOFR. The Facility has an original availability period of up to one month prior the termination date of 3 years.

The outstanding balance for this facility is nil as of December 31, 2023

Parent Company Guarantee

The Parent Company unconditionally guarantees the due and punctual payment of these loan drawdowns if, for any reason AYCFL does not make timely payment of the amount due. The Parent Company's obligation as guarantor will remain in full force until no sum remains to be lent by the lenders, and the lenders recover the outstanding loan drawdowns.



The loan agreements on long-term debt of the Parent Company and AYCFCL provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Parent Company as of December 31, 2024 and 2023. The Parent Company aims to maintain for its debt-to-equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFCL.

28. Contingencies

The Parent Company is contingently liable for lawsuits or claims filed by third parties which are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the parent company financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.

29. Note to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	2024	Cash Flows	Non-cash Changes (In Thousands)	Others	2024
Long-term debt (Note 14)	₱80,576,777	₱3,090,074	₱497,587	(₱19,572,278)	₱64,592,160
Current portion of long-term debt (Note 14)	11,630,161	(6,354,276)	—	19,572,278	24,848,163
Short-term debt (Note 14)	9,000,000	19,500,000	—	—	28,500,000
Lease liability (Note 28)	2,205,458	(166,064)	19,985	128,097	2,187,476
Dividends payable (Notes 15 and 20)	3,249,176	(6,578,497)	(858,157)**	7,002,201*	2,814,723
Total liabilities from financing activities	₱106,661,572	₱9,491,237	(₱340,585)	₱7,130,298	₱122,942,522

	2023	Cash Flows	Non-cash Changes (In Thousands)	Others	2023
Long-term debt (Note 14)	₱87,337,400	₱5,592,987	₱133,519	(₱12,487,129)	₱80,576,777
Current portion of long-term debt (Note 14)	10,953,519	(11,810,487)	—	12,487,129	11,630,161
Short-term debt (Note 14)	5,200,000	3,800,000	—	—	9,000,000
Lease liability (Note 28)	2,175,372	(160,302)	62,421	127,967	2,205,458
Dividends payable (Notes 15 and 20)	16,178,433	(6,165,401)	(13,156,513)**	6,392,657*	3,249,176
Total liabilities from financing activities	₱121,844,724	(₱8,743,203)	(₱12,960,573)	₱6,520,624	₱106,661,572

*Pertains to cash dividends declared by the Parent Company.

**Pertains to property dividends declared by the Parent Company

The Parent Company's noncash investing and financing transactions in 2024 and 2023 are as follows:

2024

- Distribution of property dividend amounting to ₱847.3 million (see Note 7).
- Additional right-of-use assets and lease liabilities amounting to ₱20.0 million (see Note 28).
- Subscription receivable from the 2024 ESOWN plan amounting to ₱423.1 million (see Note 22).
- Unpaid cash dividend amounted to ₱2,681.6 million (see Note 30).



- Contribution of other subsidiaries to pension fund amounting to ₱94.95 million (see Note 21).
- Reclassification of construction in progress to leasehold improvements amounting to ₱14.4 million (see Note 11).
- Unpaid portion of additions to property and equipment amounting to ₱119.3 million (see Note 11).

2023:

- Distribution of property dividend amounting to ₱13,156.5 million (see Note 7).
- Additional right-of-use assets and lease liabilities amounting to ₱63.9 million (see Note 28).
- Retirement of financial asset at FVOCI amounting to ₱8.7 million (see Note 10).
- Subscription receivable from the 2023 ESOWN plan amounting to ₱390.7 million (see Note 22).
- Unpaid cash dividend amounted to ₱2,257.8 million (see Note 30).
- Contribution of other subsidiaries to pension fund amounting to ₱73.0 million (see Note 21).
- Reclassification of construction in progress to leasehold improvements amounting to ₱558.0 million (see Note 11).

30. Events after the Reporting Period

Short-term and long-term debt availments and payments

On January 27, 2025, the Parent Company availed a long-term loan with a local bank amounting to ₱2,500 million maturing in 7 years at a fixed rate of 5.435% p.a.

On February 8, 2025, the Parent Company availed of short-term loans with a local bank amounting to ₱5,000 million maturing in 3 months at a fixed rate of 5.5% p.a.

On February 11, 2025, the Parent Company fully paid various short-term loans with two local banks amounting to ₱11.5 billion. On the same day, it availed with a local bank shorts-term loans amounting to ₱11.5 billion maturing in 3 months at a fixed rate of 5.5% p.a.

Redemption of Ayala Corporation's ₱10,0 billion 4.82% bonds due in 2025

On February 10, 2025, the Parent Company's ₱10 billion 4.82% Bonds due 2025 (the "Bonds") was fully paid. The payment was made through the Philippine Depository & Trust Corporation, the appointed register and paying agent of the bonds (the "Paying Agent").

Reissuance of Preferred B Shares Series 2 (ACPB3)

On January 20, 2025 the Parent Company announced that they have fully utilized the proceeds generated from the reissuance of Preferred Class "B" series 3 shares (ACPB3) with the net proceeds amounting to ₱14,880.7 million.

Dividend declaration

On January 30, 2025, the BOD approved the declaration of the 1st quarter cash dividend on its outstanding Pref Class "A" share amounting to ¼ of 6.3587% per annum, or ₱39.74 per share, based on the issue price of the share payable to stockholders of record as of February 13, 2025 and will be distributable on February 28, 2025.

Ayala Corporation and AP Møller Partnership

On March 6, 2025, the Parent Company, through its wholly owned subsidiary, AC Logistics, and A.P. Møller Capital ("APMC"), through EMIF II Holding III B.V. ("EMIF") entered into a Share Subscription Agreement for EMIF to acquire up to 40% of AC Logistics. APMC, with headquarters in Copenhagen, Denmark, is an infrastructure fund manager focused on scaling critical infrastructure needs, particularly in transport and logistics. The completion of the transaction is subject to finalization of subscription price and satisfaction of conditions precedent including but not limited to regulatory approvals and the achievement of certain business milestones.



Ayala Corporation Board of Directors (BOD) approved plan to issue up to ₱20.0 billion in peso-denominated preferred shares

On March 13, 2025, the BOD approved the issuance of Philippine Peso Preferred Shares with a base amount of ₱10,000.0 million with an oversubscription option for up to an additional ₱10,000.0 million, subject to regulatory requirements.

Samurai Loan Facility

On March 13, 2025, the Parent Company signed a Samurai Loan facility agreement with Mizuho Bank and Sumitomo Mitsui Banking Corporation of up to US\$200 million (equivalent) in Japanese Yen. The proceeds of this loan facility are intended to fund general corporate purposes.

31. Required Under Revenue Regulations 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

Output Value Added Tax (VAT)

The Parent Company is a VAT-registered company with VAT output tax declaration as follows (in thousands):

	Net Sales/Receipts	Output VAT
Taxable Sales:		
Management fee	₱363,636	₱42,658
Rental income	176,763	21,212
Toll revenue	-	-
Sale of assets	32,058	3,847
Other income	1,979	237
Others	1,436	172
	₱575,872	₱68,126

Input VAT

The amount of VAT input taxes claimed are broken down as follows (in thousands):

Current year's domestic purchases/payments for:

Capital goods not subject to amortization and services and goods lodged under other accounts	₱135,365
Capital goods subject to amortization	6,159
Total input VAT claimed during the year	₱141,524

Documentary stamp tax (DST)

The DST paid/accrued on the following transactions are (in thousands):

Transaction	Amount	DST thereon
Long term debt	₱108,686,575	₱229,277
Issuance of common shares	35,960	360
Re-issuance of Preferred Shares	750,000	7,500
Others	-	18
	₱109,472,535	₱237,155



Taxes and Licenses

The following are the taxes, licenses and permit fees lodged under the 'Taxes, licenses and fees' account under general and administrative expenses (in thousands):

a. Local

	2024 (In thousands)
License and permit fees	₱14,560
Real estate taxes	7,964
Lease property taxes	—
	₱22,524

b. National

	2024 (In thousands)
Documentary stamp tax	₱164,145
Fringe benefits tax	25,109
Other taxes	50,757
	₱240,011

Withholding Taxes

Details of withholding taxes for the year are as follows (in thousands):

Final withholding taxes	₱715,340
Withholding taxes on compensation	461,186
Expanded withholding taxes (EWT)	212,099
	₱1,388,625

Tax Contingencies

In April 2015, the Parent Company filed a claim for issuance of TCC with the CTA for its excess and unutilized CWTs incurred in 2012 and 2013 in the aggregate amount of ₱128.7 million. The case was raffled to CTA First Division and docketed under CTA Case No. 9024. In February 2018, the CTA First Division issued a decision in CTA Case No. 9024 partially granting Parent Company's claim for issuance of TCC in the total amount of ₱81.7 million. Not satisfied with the decision, both parties filed a Motion for PR. The Parent Company filed a Motion for PR on the disallowed portion of the claim. In May 2018, the CTA First Division gave due course to the Parent Company's Motion for PR by allowing it to recall its witness and identify relevant documentary evidence in support to the partial reconsideration. On March 25, 2019, the CTA First Division issued an amended decision denying the BIR's Motion for PR. In the said amended decision, the CTA First Division granted the Parent Company's Motion for PR thereby increasing the amount subject for issuance of TCC to ₱127.2 million. The BIR appealed the amended decision to the CTA En Banc and the case was docketed under CTA EB No. 2118.

In October 2020, the CTA En Banc sustained CTA First Division Decision and Amended Decision granting the Parent Company's claim for issuance of TCC to ₱127.2 million. The BIR filed a Motion for Reconsideration (MR) contesting the CTA En Banc Decision which was denied in January 2021. The CIR appealed and filed a petition for review before the Supreme Court docketed under GR No. 256539. On July 28, 2021, the Supreme Court issued a Notice denying the petition. On 08 November 2022, the CTA issued a Writ of Execution requiring the Commissioner of Internal Revenue (CIR) to issue a TCC in favor of the Parent Company in the total amount of ₱127.2 million.

In March 2017, the Parent Company filed a claim for issuance of TCC with the CTA for its excess and unutilized CWT incurred in 2014 in the aggregate amount of ₱62.7 million. The case was raffled to the CTA First Division and docketed under CTA Case No. 9556. Thereafter, the case was transferred to CTA Second Division as a result of court reorganization. On February 26, 2020, the CTA Second Division issued a Decision in CTA Case No. 9556 partially granting Parent Company's claim for



issuance of TCC in the total amount of ₱44.6 million. Not satisfied with the decision, both parties filed a Motion for PR, The Parent Company filed a Motion for PR on the disallowed portion of the claim. On January 11, 2021, the CTA Second Division issued an Amended Decision increasing the claim for issuance of TCC to ₱45.3 million. Still dissatisfied with the CTA Second Division Amended Decision, both parties appealed the said decision to CTA En Banc. The parties are awaiting the decision of the CTA En Banc.

On September 19, 2022, the CTA En Banc issued a resolution dismissing the MR of the Company and BIR. The BIR appealed the CTA En Banc decision and resolution to the SC. On March 29, 2023, the SC issued a Notice denying the petition for review filed by the BIR. On September 14, 2023, the BIR filed a Motion for Reconsideration on the denial of the petition for review. On April 15, 2024, the Supreme Court denied with finality the petition for review filed by the BIR. On November 18, 2024, the Parent Company filed a Motion for Issuance of Writ of Execution with CTA Second Division to enforce the issuance of claim for TCC in the total amount of 45.3 million.

In April 2019, the Parent Company filed a claim for issuance of TCC with the CTA for its excess and unutilized CWTs incurred in 2016 and 2017 in the aggregate amount of ₱212.9 million. The case was raffled to CTA First Division and docketed under CTA Case No. 10056. The Parent Company terminated the presentation of testimonial and documentary evidence and the Formal Offer of Evidence was filed.

On November 16, 2022, the Parent Company filed the memorandum. On December 11, 2023, the CTA First Division issued a favorable Decision partially granting the Company's claim for TCC in the total amount of ₱209.3 million. Not satisfied with the decision, the CIR filed a Motion for Partial Reconsideration. The Motion for Partial Reconsideration was denied, and CIR elevated the case to CTA En Banc. Awaiting the Decision of CTA En Banc.

In May 2021, the Parent Company filed a claim for issuance of TCC with the CTA for its excess and unutilized CWTs incurred in 2018 and 2019 in the aggregate amount of ₱308.61 million. The case was raffled to CTA First Division and docketed under CTA Case No. 10496.

On June 21, 2022, CTA implemented a reorganization of its divisions, and the case was transferred from the First Division to Third Division. On June 19, 2024, the CTA Third Division issued a Decision in CTA Case No. 10496 partially granting Parent Company's claim for issuance of TCC in the total amount of ₱ 308.2 million. Not satisfied with the decision, the CIR filed a Motion for Partial Reconsideration on the disallowed portion of the claim. Awaiting the Decision of CTA Third Division.

In March 2023, the Parent Company filed a claim for issuance of TCC with the CTA for its excess and unutilized CWTs incurred in 2020 and 2021 in the aggregate amount of ₱151.7 million. The case was raffled to CTA Second Division and docketed under CTA Case No. 11110. The Parent Company will present the testimonial and documentary evidence to prove the claim.

32. Approval of the Parent Company Financial Statements

The parent company financial statements of Ayala Corporation as of December 31, 2024 and 2023 were endorsed for approval by the Audit Committee and authorized for issue by the BOD on March 13, 2025.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ayala Corporation
37F to 39F Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason
Partner
CPA Certificate No. 104921
Tax Identification No. 217-740-478
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-112-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465408, January 2, 2025, Makati City

March 13, 2025



AYALA CORPORATION
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS AT DECEMBER 31, 2024 AND 2023
(IN THOUSAND PESOS)**

	December 2024	December 2023
Unappropriated retained earnings, beginning of reporting period*	₱61,589,700	₱57,122,962
Add (less):		
Dividend declaration during the reporting period	(7,002,201)	(6,392,657)
Sale/retirement of investment in FVOCI	–	(8,702)
Unappropriated retained earnings, as adjusted	₱54,587,499	50,721,603
Add (less): Net Income (loss) for the current year	9,278,311	12,363,461
Add (less):		
Net movement of treasury shares	4,050,907	(1,475,549)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(18,209)	(19,815)
	4,032,698	(1,495,364)
Retained earnings available for dividends	₱67,898,508	₱61,589,700

*Reconciliation of unappropriated retained earnings, beginning of reporting period as per SEC MC No. 16-2023:

	December 2024	December 2023
Unappropriated retained earnings, beginning (per audited FS)	₱76,194,887	₱70,232,785
Add (less):		
Treasury shares, beginning	(14,546,351)	(13,070,802)
Deferred tax asset, beginning	(58,836)	(39,021)
Unappropriated retained earnings, beginning of reporting period	₱61,589,700	₱57,122,962

*Per SEC MC No. 16-2023, Footnote 2, "Unappropriated retained earnings, beginning of reporting period" refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period. SEC MC No. 16-2023 is effective for audited financial statements covering period December 31, 2023 and onwards and supersedes the guidance under SEC MC No. 11-2008 on the determination of the availability of retained earnings for dividend declarations.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **AYALA CORPORATION(Parent Company)**

CURRENT ADDRESS: **37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City**

TEL. NO.: _____ FAX NO.: _____

COMPANY TYPE : **Holding Company**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10+A.11)	285,256,682	265,816,393
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5+A.1.6)	12,496,440	11,961,941
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	10,148,802	8,480,135
A.1.1.1 On hand	2,549	2,372
A.1.1.2 In domestic banks/entities	10,146,253	8,477,763
A.1.1.3 In foreign banks/entities	-	-
A.1.2 Short-term investments	-	-
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)	1,395,966	1,717,884
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)	-	-
A.1.3.1.1 Due from customers (trade)	504,789	311,707
A.1.3.1.2 Due from related parties	921,587	1,411,571
A.1.3.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	761,517	1,292,270
A.1.3.1.3.1 Dividend Receivable	160,070	119,301
A.1.3.1.3.2 Others	(30,410)	(5,394)
A.1.3.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2)	-	-
A.1.3.2.1	-	-
A.1.3.2.2 Allowance for doubtful accounts (negative entry)	-	-
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	-	-
A.1.4.1 Raw materials and supplies	-	-
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	-	-
A.1.4.3 Finished goods	-	-
A.1.4.4 Merchandise/Goods in transit	-	-
A.1.4.5 Unbilled Services (in case of service providers)	-	-
A.1.4.6 Others, specify (A.1.4.6.1 + A.1.4.6.2)	-	-
A.1.4.6.1	-	-
A.1.4.6.2	-	-
A.1.5 Financial Assets other than Cash/Receivables/Equity investments (A.1.5.1 + A.1.5.2 + A.1.5.3 + A.1.5.4 + A.1.5.5)	-	-
A.1.5.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.5.1.1 + A.1.5.1.2 + A.1.5.1.3 + A.1.5.1.4 + A.1.5.1.5)	-	-
A.1.5.1.1 National Government	-	-
A.1.5.1.2 Public Financial Institutions	-	-
A.1.5.1.3 Public Non-Financial Institutions	-	-
A.1.5.1.4 Private Financial Institutions	-	-
A.1.5.1.5 Private Non-Financial Institutions	-	-
A.1.5.2 Held to Maturity Investments - issued by domestic entities: (A.1.5.2.1 + A.1.5.2.2 + A.1.5.2.3 + A.1.5.2.4 + A.1.5.2.5)	-	-
A.1.5.2.1 National Government	-	-
A.1.5.2.2 Public Financial Institutions	-	-
A.1.5.2.3 Public Non-Financial Institutions	-	-
A.1.5.2.4 Private Financial Institutions	-	-
A.1.5.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)

CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City

TEL. NO.: FAX NO.:

COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.1.5.3 Loans and Receivables - issued by domestic entities: (A.1.5.3.1 + A.1.5.3.2 + A.1.5.3.3 + A.1.5.3.4 + A.1.5.3.5)	-	-
A.1.5.3.1 National Government		
A.1.5.3.2 Public Financial Institutions		
A.1.5.3.3 Public Non-Financial Institutions		
A.1.5.3.4 Private Financial Institutions		
A.1.5.3.5 Private Non-Financial Institutions		
A.1.5.4 Financial Assets issued by foreign entities: (A.1.5.4.1+A.1.5.4.2+A.1.5.4.3+A.1.5.4.4)	-	-
A.1.5.4.1 Financial Assets at fair value through profit or loss		
A.1.5.4.2 Held-to-maturity investments		
A.1.5.4.3 Loans and Receivables		
A.1.5.4.4 Available-for-sale financial assets		
A.1.5.5 Allowance for decline in market value (negative entry)		
A.1.6 Other Current Assets (state separately material items) (A.1.6.1 + A.1.6.2 + A.1.6.3)	951,672	1,763,922
A.1.6.1 Creditable W/holding Tax		
A.1.6.2 Input VAT	-	-
A.1.6.3 Others	131,905	96,865
A.1.6.4 Asset held for distributions to owners	819,767	1,667,057
A.1.6.5 Asset held for sale	-	-
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	991,635	881,525
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	660,436	589,594
A.2.3 Machinery and equipment (on hand and in transit)	554,998	504,866
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	291,555	222,900
A.2.5 Others, specify (A.2.5.1 + A.2.5.2)	6,338	6,379
A.2.5.1 Construction in Progress	6,338	6,379
A.2.5.2		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2)		
A.2.6.1		
A.2.6.2		
A.2.7 Accumulated Depreciation (negative entry)	(521,692)	(442,214)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the cost method (A.3.1 + A.3.2 + A.3.3)	266,091,969	247,556,410
A.3.1 Investment cost in domestic subsidiaries/affiliates	265,515,551	246,979,992
A.3.2 Investment cost in foreign subsidiaries/affiliates	576,418	576,418
A.3.3 Others, specify (A.3.3.1 + A.3.3.2)		
A.3.3.1		
A.3.3.2		
A.4 Investment Property	984,347	990,045
A.5 Biological Assets		
A.6 Intangible Assets(A.6.1 + A.6.2)		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	343,925	286,152
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2)	343,925	286,152
A.9.1.1 Notes Receivable	343,925	286,152
A.9.1.2 Accounts Receivable	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2)		
A.9.2.1		
A.9.2.2		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Financial Assets other than Cash/Receivables/Equity investments (A.10.1.1 + A.10.1.2 + A.10.1.3 + A.10.1.4 + A.10.1.5)	1,090,511	949,362
A.10.1.1 Held to Maturity Investments - issued by domestic entities: (A.10.1.1 + A.10.1.2 + A.10.1.3 + A.10.1.4 + A.10.1.5)		
A.10.1.1 National Government		
A.10.1.2 Public Financial Institutions		

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)

CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City

TEL. NO.: FAX NO.:

COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.10.1.3 Public Non-Financial Institutions		
A.10.1.4 Private Financial Institutions		
A.10.1.5 Private Non-Financial Institutions		
A.10.2 Loans and Receivables - issued by domestic entities: (A.10.2.1 + A.10.2.2 + A.10.2.3 + A.10.2.4 + A.10.2.5)	-	-
A.10.2.1 National Government		
A.10.2.2 Public Financial Institutions		
A.10.2.3 Public Non-Financial Institutions		
A.10.2.4 Private Financial Institutions		
A.10.2.5 Private Non-Financial Institutions		
A.10.3 Available-for-sale financial assets - issued by domestic entities: (A.10.3.1 + A.10.3.2 + A.10.3.3 + A.10.3.4 + A.10.3.5)	-	-
A.10.3.1 National Government		
A.10.3.2 Public Financial Institutions		
A.10.3.3 Public Non-Financial Institutions		
A.10.3.4 Private Financial Institutions		-
A.10.3.5 Private Non-Financial Institutions		-
A.10.4 Financial Assets issued by foreign entities: (A.10.4.1+A.10.4.2+A.10.4.3)		
A.10.4.1 Held-to-maturity investments		
A.10.4.2 Loans and Receivables		
A.10.4.3 Available-for-sale financial assets		
A.10.5 Other Comprehensive Income financial assets - issued by domestic entities: (A.10.5.1 + A.10.5.2 + A.10.5.3 + A.10.5.4 + A.10.5.5)	1,090,511	949,362
A.10.5.1 National Government		
A.10.5.2 Public Financial Institutions		
A.10.5.3 Public Non-Financial Institutions		
A.10.5.4 Private Financial Institutions	1,090,511	949,362
A.10.5.5 Private Non-Financial Institutions		
A.10.5 Allowance for decline in market value (negative entry)	-	-
A.11 Other Noncurrent Assets (A.11.1 + A.11.2 + A.11.3 + A.11.4 + A.11.5)	3,257,855	3,190,958
A.11.1 Deferred charges - net of amortization	207,453	24,080
A.11.2 Deferred Income Tax	-	-
A.11.3 Advance/Miscellaneous deposits	50,107	62,246
A.11.4 Others, specify (A.11.4.1 + A.11.4.2 + A.11.4.3)	3,106,844	3,211,181
A.11.4.1 Creditable W/holding tax	1,133,639	1,161,251
A.11.4.2 Input Vat/(Output Vat)	-	-
A.11.4.3 Service Concession Assets		
A.11.4.4 Right of Use Asse (ROU)	1,896,161	1,991,094
A.11.4.5 Deferred Tax Assets	77,044	58,836
A.11.5 Allowance for write-down of deferred charges/mpairment loss (negative entry)	(106,549)	(106,549)
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	127,715,450	113,341,820
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6)	60,082,103	29,820,364
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	3,843,905	3,339,181
B.1.1.1 Loans/Notes Payables	-	-
B.1.1.2 Trade Payables		
B.1.1.3 Payables to Related Parties	319,858	324,408
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	3,524,047	3,014,773
B.1.1.5.1 Accrued expenses	2,068,894	1,645,725
B.1.1.5.2 Interest Payable	750,485	807,545
B.1.1.5.3 Accounts Payable and other payable	704,668	561,503
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2)	-	-
B.1.1.6.1		
B.1.1.6.2		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2)	-	-
B.1.2.1 Deposit payable	-	-
B.1.2.2		
B.1.3 Provisions for Maintenance Obligations	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2)	28,500,000	9,000,000
B.1.4.1 Short Term Debt	28,500,000	9,000,000
B.1.4.2		
B.1.5 Liabilities for Current Tax	1,793	28,233
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	27,736,405	17,452,950
B.1.7.1 Dividends declared and not paid at balance sheet date	2,814,723	3,249,176

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)
 CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City
 TEL. NO.: FAX NO.:

COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (In P'000)	2023 (In P'000)
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year	24,848,163	11,630,161
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	73,519	2,573,613
B.1.7.6.1 Other Current Liabilities	27,808	2,535,146
B.1.7.6.2 Lease Liability	45,711	38,467
B.1.7.6.3 Liabilities held for sale	-	-
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	64,592,160	80,576,777
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions	30,879,524	34,805,561
B.2.3 Domestic Private Financial Institutions	33,712,636	45,771,216
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	3,041,187	2,944,679
B.5.1 Deferred Tax	-	-
B.5.2 Others, specify (B.5.2.1 + B.5.2.2)	3,041,187	2,944,679
B.5.2.1 Pension Liability	899,422	777,688
B.5.2.2 Prov for maintenance obligation	-	-
B.5.2.3 Lease Liability, net of current portion	2,141,765	2,166,991
C. EQUITY (C.2+C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	157,541,232	152,474,573
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details, in thousands except par per share) (C.1.1+C.1.2+C.1.3)	56,200,000	56,200,000
C.1.1 Common shares (900,000shares @ P50)	45,000,000	45,000,000
C.1.2 Preferred Shares Pref A(12,000 shares @P100) Pref B (58,000 shares@P100) Pref C(40,000shares@P100)	11,000,000	11,000,000
C.1.3 Others Voting Pref (200,000 shares @ P1)	200,000	200,000
C.2 Issued Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	38,678,498	38,675,111
C.2.1 Common shares (629,569,964shrs @ P50PAR); (629,502,210 shares @P50 PAR);	31,478,498	31,475,111
C.2.2 Preferred Shares Pref A(12,000 shares @P100) Pref B (58,000share @P100)	7,000,000	7,000,000
C.2.3 Others Voting Pref (200,000 shares @ P1)	200,000	200,000
C.3 Subscribed Capital Stock (no. of shares, par value and total value) (C.3.1 + C.3.2 + C.3.3)	310,076	277,503
C.3.1 Common shares (6,201,513 shrs @ P50 par); (5,550,067 shrs@P50 par)	310,076	277,503
C.3.2 Preferred Shares	-	-
C.3.3 Others	-	-
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	57,246,480	54,980,070
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	(3,831,233)	(3,852,904)
C.6.1 Remeasurement gains and losses arising on defined benefit pension plans	(1,222,102)	(1,239,819)
C.6.2 Share-Based payments	-	-
C.6.3 Subscriptions Receivable	(2,850,849)	(2,698,931)
C.6.4 Cash Flow Hedge Reserve	241,718	85,846
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus/Fair Value Reserve of Financial Asset Through OCI	887,406	746,257
C.8 Retained Earnings (C.8.1 + C.8.2)	78,470,997	76,194,887
C.8.1 Appropriated		
C.8.2 Unappropriated	78,470,997	76,194,887
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(14,220,992)	(14,546,351)
TOTAL LIABILITIES AND EQUITY (B + C)	285,256,682	265,816,393

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)

CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City

TEL. NO.: _____ FAX NO.: _____

COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	28,269,053	24,455,392	45,128,245
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)			
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	176,763	107,308	114,178
A.3.1 Rental Income from Land and Buildings	176,763	107,308	114,178
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	28,092,290	24,348,084	45,014,067
A.4.1 Interest Income	392,432	245,894	87,590
A.4.2 Dividend Income	19,302,715	19,155,784	26,256,514
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	7,995,292	2,514,910	12,615
A.4.3.1 Sale of investment in stocks	-	-	-
A.4.3.2 Sale of Property and Equipment	6,712	10,222	12,615
A.4.3.3 Sale of available-for-sale investment	7,983,374	2,504,688	-
A.4.3.4 Sale of investment properties	5,206	-	-
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	401,851	2,431,496	18,657,348
A.4.4.1 Gain / (Loss) on Foreign Exchange	36,236	-	-
A.4.4.2 Construction Revenue	-	-	14,544
A.4.4.3 Gain on merger	-	-	-
A.4.4.4 Gain on return of capital	-	527,314	1,019,686
A.4.4.5 Miscellaneous	365,615	288,932	426,796
A.4.4.6 Toll Revenue	-	24,337	266,642
A.4.4.7 Gain on Transfer of properties	-	1,590,913	16,929,680
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	28,269,053	24,455,392	45,128,245

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)
 CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City
 TEL. NO.: _____ FAX NO.: _____
 COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	12,296,330	6,244,128	5,050,297
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses	12,052,357	5,964,211	4,776,938
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4)	243,973	279,917	273,359
E.4.1 Education-related expenditures			
E.4.2 Construction costs	-	68,798	17,431
E.4.3 Depreciation and amortization	243,973	211,119	255,928
E.4.4 Loss on Sale of investment in stocks	-	-	-
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	6,635,367	5,793,169	4,197,336
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans	6,424,836	5,521,839	3,983,328
F.4 Amortization	166,361	181,921	187,296
F.5 Other interests, specify (F.5.1 + F.5.2)	44,170	89,409	26,712
F.5.1 Other financing charges	11,264	46,971	21,663
F.5.2 Accretion of provision for maintenance obligation	-	-	5,049
F.5.3 Fx loss and other exp arising from hedging	32,906	42,438	
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	9,337,356	12,418,095	35,880,612
H. INCOME TAX EXPENSE (negative entry)	(59,045)	(54,633)	(1,400)
I. INCOME(LOSS) AFTER TAX	9,278,311	12,363,462	35,879,212
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any) (J.1+J.2)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	12.05	17.25	55.89
M.2 Diluted	12.05	17.25	55.83

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)

CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City

TEL. NO.: FAX NO.:

COMPANY TYPE Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	9,337,356	12,418,095	35,880,612
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Provision for (reversal) decline in value of inventory			
Gain on reversal of impairment of input VAT			
Gain on reversal of impairment losses on receivables			
Gain on reversal of accrued expenses and other current liabilities			
Depreciation	243,973	211,119	255,928
Amortization, specify:			
Others, specify: Interest Expense	6,624,103	5,746,198	4,175,673
Cost of Share -based payments	128,408	114,645	94,116
Expected maintenance expense on service concession	-	-	18,965
Provision for(reversal of) impairment losses on subs.,assoc. and joint ventures	7,425,000	2,847,709	1,908,013
Reversal of impairment losses	-	-	(1,019,686)
Provision for credit losses	25,016		
Provision for impairment of other assets	-	-	-
Loss on derivative liability	-	-	-
Gain on reversion of land	-	-	-
Dividend income	(19,302,715)	(19,155,784)	(26,256,514)
Interest income	(392,432)	(245,894)	(87,590)
Loss(gain) on sale of :			
Investmens in shares of stocks	(7,983,374)	(3,032,002)	-
Investment properties and real estate property for sale	(5,206)	-	43
Property and equipment	(6,712)	(10,222)	(12,615)
Investment in Available for Sale financial assets	-	-	-
Exercise of options	-	-	-
Pension expense	420,387	131,118	63,491
Foreign exchange losses	(89,695)	(33,457)	153,197
Loss(gain)on recognition of Land	-	-	-
Gain on transfer of properties	-	(1,590,913)	(16,929,680)
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	(291,804)	(198,734)	38,244
Other Current Assets	345,042	(88,983)	(21,205)
Service concession assets			
Others, specify:			
Increase (Decrease) in:			
Trade and Other Payables	294,593	307,175	108,008
Income and Other Taxes Payable			
Others, specify: Interest received	391,734	231,587	88,106
Interest paid	(6,381,127)	(5,299,249)	(3,672,066)
Income tax paid	(103,693)	(58,669)	(13,368)
Contribution to pension fund	(143,953)	(102,888)	(321,543)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	(9,465,099)	(7,809,149)	(5,549,871)

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRRSS will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)

CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City

TEL. NO.:

FAX NO.:

COMPANY TYPE Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries,associates and joint ventures	19,833,468	17,863,514	26,277,882
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specif Proceeds from :			
Short -term investments	-	-	-
Disposal of financial assets at FVOCI	-	-	253,218
Disposal of available-for-sale financial assets	-	-	-
Partial return of capital from subsidiaries	-	-	1,019,686
Partial disposal of shares of subsidiaries	12,817,326	11,884,167	-
Sale of service concession assets	-	3,199,896	-
Sale of investment properties	5,861	-	-
Sale of property and equipment	26,684	13,317	24,129
Advances to stockholders	-	-	(696,153)
Additions to:			
Short -term investments	-	-	-
Payment of security deposit on lease liabilities	-	(1,438)	-
Acquisition of property for distribution to owners	-	-	(14,147,901)
Additions to:			
Investments in subsidiaries,associates and joint ventures	(33,254,811)	(13,888,917)	(28,074,470)
Financial assets at FVOCI	-	-	(3,199.00)
Service concession assets	-	-	(14,544)
Property and equipment	(133,379)	(342,969)	(229,106)
Right -of -use asset	-	-	(48)
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(704,851)	18,727,570	(15,590,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt	102,860,798	47,384,098	83,450,327
Issuance of new common shares	2,195,477	11,442	7,561
Others, specify: Collecton of subscription receivable	271,179	212,755	197,659
Reissuance of preferred shares	14,881,084	13,000,487	-
Availment of short-term debt			
Payments of:			
Long-term debt and Short- term debt	(86,625,000)	(49,850,000)	(61,270,027)
Others, specify (negative entry):			
Redemption of preferred shares	(15,000,000)	(10,000,000)	-
Purchase of common shares	-	-	(688,285)
Cost of issuance of shares	(360)	(332)	(318)
Cash dividends paid	(6,578,497)	(6,165,401)	(5,538,282)
Payment of Lease Liability	(166,064)	(160,302)	(152,538)
Payment of advance rental on lease liabilities	-	-	-
Payment of Maintenance Obligation	-	-	(13,249)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	11,838,617	(5,567,253)	15,992,848
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	1,668,667	5,351,168	(5,147,529)
Cash and Cash Equivalents			
Beginning of year	8,480,135	3,128,967	8,276,496
End of year	10,148,802	8,480,135	3,128,967

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION:	Ayala Corporation(Parent Company)
CURRENT ADDRESS:	37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City
TEL. NO.:	FAX NO.:
COMPANY TYPE :	Holding Company
	PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity
(Amount in millions)

(Amount in P'000)

FINANCIAL DATA		(Amount in P'000)					
		Capital Stock	Additional Paid-in Capital	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
A.	Balance, 2022	23,327,570	49,981,885	(194,220)	-	70,232,784	143,348,019
I.1	Correction of Error (s)						-
I.2	Changes in Accounting Policy			-		-	-
B.	Restated Balance	23,327,570	49,981,885	(194,220)	-	70,232,784	143,348,019
C.	Surplus		-	(174,545)	-	-	(174,545)
C.1	Surplus (Deficit) on Revaluation of Properties						-
C.2	Surplus (Deficit) on Revaluation of Investments						-
C.3	Currency Translation Differences						-
C.4	Other Surplus (specify)	-	-	(174,545)	-	-	(174,545)
C.4.1	Other Comprehensive Income			(174,545)		-	(174,545)
C.4.2	Sale of Financial Assets through OCI			-		-	-
D.	Net Income (Loss) for the Period					12,363,462	12,363,462
E.	Dividends (negative entry)					(6,392,657)	(6,392,657)
F.	Stock Dividends (negative entry)					-	-
G.	Appropriation for (specify)						-
G.1	Non-controlling interests of the acquired subsidiary						-
G.2							-
H.	Issuance of Capital Stock	(1,620,238)	4,998,185	(38,951)	-	(8,702)	3,330,294
H.1	Common Stock	(144,689)	522,149	(38,951)			338,509
H.2	Preferred Stock	(1,475,549)	4,476,036				3,000,487
H.3	Others			-		(8,702)	(8,702)
I.	Balance, 2023	21,707,332	54,980,070	(407,716)	-	76,194,887	152,474,573
I.1	Correction of Error (s)						-
I.2	Changes in Accounting Policy			-		-	-
J.	Restated Balance	21,707,332	54,980,070	(407,716)	-	76,194,887	152,474,573
K.	Surplus		-	314,738	-	-	314,738
K.1	Surplus (Deficit) on Revaluation of Properties						-
K.2	Surplus (Deficit) on Revaluation of Investments						-
K.3	Currency Translation Differences						-
K.4	Other Surplus (specify)	-	-	314,738	-	-	314,738
K.4.1	Other Comprehensive Income			314,738		-	314,738
K.4.2	Sale of Financial Assets through OCI			-		-	-
L.	Net Income (Loss) for the Period					9,278,311	9,278,311
M.	Dividends (negative entry)					(7,002,201)	(7,002,201)
N.	Stock Dividends (negative entry)					-	-
O.	Appropriation for (specify)						-
O.1	Non-controlling interests of the acquired subsidiary						-
O.2							-
P.	Issuance of Capital Stock	209,400	2,266,411	-	-	-	2,475,811
P.1	Common Stock	2,459,400	135,327	-			2,594,727
P.2	Preferred Stock	(2,250,000)	2,131,084				(118,916)
P.3	Others			-		-	-
Q.	Balance, 2024	21,916,732	57,246,481	(92,978)	-	78,470,997	157,541,232

Note: Capital Stock Common/Pref stock Subscribed Subs Receivable Treasury

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Share-based payments remeasurement gains/losses arising on defined benefit pension net unrealized gain on available

Revaluation increment Share-based payments, remeasurement gains/losses arising on defined benefit pension, net unrealized gain on available for sale financial assets

Retained Earnings **for Sale financial assets**

Retained Earnings **Retained Earnings**

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: Ayala Corporation(Parent Company)
 CURRENT ADDRESS: 37-39F Ayala Triangle Gardens Tower 2 Paseo De Roxas cor. Makati Ave. Salcedo Village, Makati City
 TEL. NO.: FAX NO.:
 COMPANY TYPE : Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

**Table 5. Details of Income and Expenses, by source
(applicable to corporations transacting with foreign corporations/entities)**

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2)	28,269,053	24,455,392	45,128,245
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	-	-	-
A.1.1 Domestic	-	-	-
A.1.2 Foreign	-	-	-
A.2 Other Revenue (A.2.1 +A.2.2)	28,269,053	24,455,392	45,128,245
A.2.1 Domestic	28,269,053	24,455,392	44,003,165
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2)	-	-	1,125,080
A.2.2.1 Gain on Return of Capital	-	-	1,125,080
A.2.2.2 Gain on Sale of shares	-	-	-
B. EXPENSES (B.1 + B.2)	18,990,742	12,091,930	9,249,033
B.1 Domestic	18,835,338	12,019,986	9,082,944
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10+B.2.11+ B.2.12+B.2.13+B.2.14+B.2.15)	155,404	71,944	166,089
B.2.1 Insurance -Others	3,560	4,008	2,697
B.2.2 Personnel Costs	17,119	10,961	95,521
B.2.3 Postal & Communications			
B.2.4 Dues & Fees	11,799	8,503	19,389
B.2.5 Rental Others	15,904	3,212	9,806
B.2.6 Scholarship & Training	12,420	1,123	2,481
B.2.7 Repairs&Maintenance	-	1,610	2,375
B.2.8 Business Development			
B.2.9 Special Events	33,610	5,385	5,001
B.2.10 Contributions	7,390	2,899	6,496
B.2.11 Travel	1,626	7,325	9,221
B.2.12 Professional Fees	48,384	20,991	13,102
B.2.13 Books & Periodicals	-	-	-
B.2.14 Contract Labor	2,724	-	-
B.2.15 Special Publication	868	5,927	-