COVER SHEET
or
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 8 4 0 4 4

COMPANY NAME

J G S U M M I T H O L D I N G S , I N C . A N D
S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

4 3 r d F l o o r , R o b i n s o n s - E q u i t a b l
e T o w e r , A D B A v e n u e c o r n e r P o v
e d a R o a d , P a s i g C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A		N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.jgsummit.com.ph	8633-7631	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
986	Last Thursday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian M. Go	brian.go@jgsummit.ph	8633-7631	–

CONTACT PERSON's ADDRESS

41st Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Pasig 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*

SECURITIES AND EXCHANGE COMMISSION

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 year ended **December 31, 2023**

2. SEC Identification Number **184044**

3. BIR Tax Identification No. **000-775-860**

4. **JG Summit Holdings, Inc.**
   Exact name of registrant as specified in its charter

5. **Pasig City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **43rd Floor, Robinsons-Equitable Tower, ADB Ave. corner Poveda Road, Pasig City 1600**
   Address of principal office Postal Code

8. **(632) 633-7631**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the RSC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,520,983,658**

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

    Yes [/] No [ ]

12. Check whether the registrant:

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

    Yes [/] No [ ]

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

    Yes [/] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

    The aggregate market value of stocks held by non-affiliates is ₱197,226,119,104.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

(A) Business Development

JG Summit Holdings, Inc. (JG Summit / the Company / the Group), was incorporated in November 1990 as the holding company for a group of companies with substantial stakes in foods, agro-industrial and commodities, real estate and hotel, air transportation, banking and petrochemicals. The Company also has core investments in telecommunications and power generation and distribution.

The Company is one of the largest and most diversified conglomerates within the Philippines. The Company was listed on the PSE in 1993.

The Company and its subsidiaries (the Group), conduct businesses throughout the Philippines, but primarily in and around Metro Manila (where it is based) and in the regions of Luzon, Visayas and Mindanao.

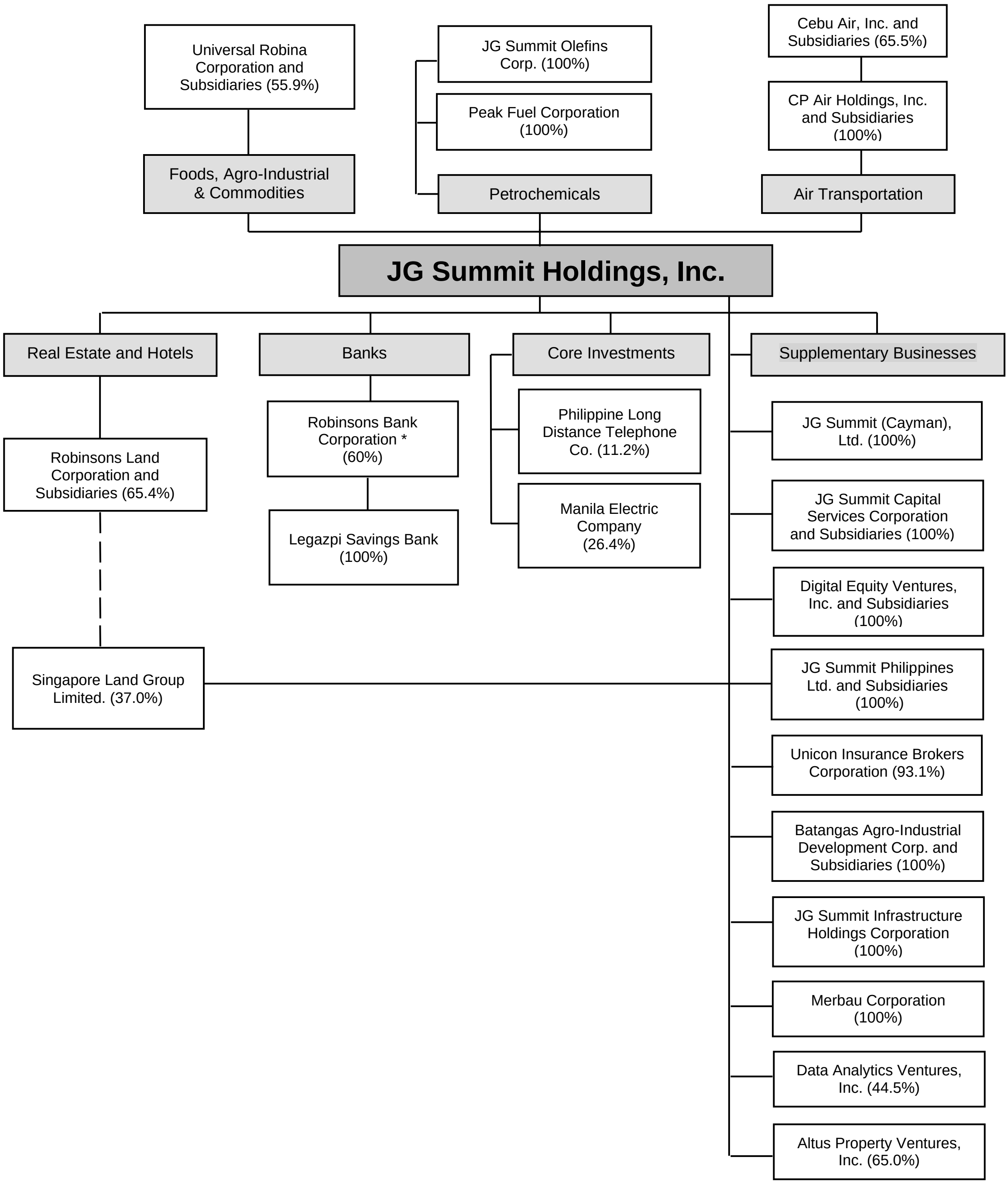
The Group also has a branded consumer foods business in the People's Republic of China (PRC), ASEAN, and a core investment in a property development company in Singapore.

The Company has not been into any bankruptcy, receivership or similar proceedings for the past two years.

The Gokongwei Family beneficially owns approximately 14.3% of the outstanding share capital of the Company. In addition, certain members of the Gokongwei Family are trustees of the Gokongwei Brothers Foundation, which holds interest in approximately 27.9% of the existing outstanding share capital of the Company.

(B) Business of Issuer

The industry segments where the Company and its subsidiaries and affiliates operate are summarized below:



**Merger with BPI effective January 1, 2024.*

The following table shows the breakdown of the Company's revenues and net profits from continuing operations by business areas (in millions except % amounts):

	REVENUES						Net Income attributable to Parent Co.					
	2023		2022		2021		**2023**		2022		2021	
	Peso	**%**	Peso	%	Peso	%	Peso	%	Peso	%	Peso	%
Food, Agro-Industrial and Commodity Food Products	**158,144**	**46**	149,605	50	116,896	53	**6,760**		7,783		12,496	
Air Transportation	**90,661**	**26**	56,638	19	15,566	7	**5,314**		(9,163)		(17,150)	
Real estate and hotels	**44,030**	**13**	48,241	16	39,221	18	**10,683**		9,158		7,600	
Petrochemicals	**38,883**	**11**	37,003	12	41,806	19	**(12,920)**		(14,904)		(2,139)	
Other Supplementary Businesses	**13,354**	**4**	11,690	4	9,650	4	**9,730**		6,699		4,302	
Adjustments/eliminations	**(1,103)**	**–**	(1,269)	–	(1,860)	(1)	**57**		140		(1,220)	
Total from Continuing Operations	**343,969**	**100**	301,908	100	221,279	100	**19,624**		(287)		3,889	

Information as to domestic and foreign revenues, including foreign currency-denominated revenues and dollar-linked revenues, and their contributions to total revenues follow (in millions except % amounts):

	2023		2022		2021	
	Amount	**%**	Amount	%	Amount	%
Domestic	**253,008**	**74**	217,196	71	161,322	73
Foreign	**90,961**	**26**	88,712	29	59,958	27
	343,969	**100**	305,908	100	221,280	100

a) FOODS, AGRO-INDUSTRIAL AND COMMODITIES

Business Development

URC is one of the largest branded food and beverage companies in the Philippines and has established a strong presence in the ASEAN region. URC was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. Today, URC is involved in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods, production of hogs and poultry, manufacture of animal feeds and veterinary products, flour milling, sugar milling and refining and has ventured into the renewables business through its Distillery and Cogeneration divisions.

No material reclassifications, merger, consolidation, or purchase or sale of significant amount of assets (not ordinary) were made in the past three years (2021-2023) except those mentioned in the succeeding paragraphs. URC's financial condition has remained solid in the said period.

Principal Products or Services

URC manages its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into its business segments: Branded Consumer Foods, and the Agro-Industrial and Commodity foods group.

The Branded Consumer Foods (BCF) group, including the packaging division, is URC's largest segment which contributed about 69.2% of revenues for the year ended December 31, 2023. Established in the 1960s, URC's BCF segment manufactures, distributes, sells and markets a diverse mix of food and beverage products. In the Philippines, URC is a dominant player with leading market shares in Snacks, Candies and Chocolates, and is a significant player in the Biscuits and Noodles categories. Beyond Snackfoods, URC is also present in the Beverage space. URC is a competitive player in the Coffee category, is the largest player in the Ready-to-Drink (RTD) Tea market and is further expanding into other RTD beverage segments. URC also conducts some of its branded consumer foods operations through its majority-owned subsidiaries and joint venture companies. URC established URC BOPP Packaging and URC Flexible Packaging divisions to engage in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies and flexible packaging materials to cater to various URC branded products. Both manufacturing facilities are located in Simlong, Batangas and are ISO 9001:2008 certified for Quality Management Systems.

Majority of URC's consumer foods business is conducted in the Philippines but it has expanded more aggressively into other ASEAN markets, primarily through its wholly-owned subsidiary, URC International. In 2021, URC acquired Munchy's, one of the leading players in the Biscuits category in Malaysia, which provides a wide variety of offerings across all key biscuit segments with well-loved brands including Munchy's Crackers, Lexus Cream Sandwich, Oat Krunch and Muzic Wafer. The international operations contributed about 20.7% of URC's sale of goods and services for the year ended December 31, 2023.

URC's Agro-Industrial and Commodity foods group (AIC) is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants, (2) Flour Division, and (3) Sugar and Renewables Division (SURE) which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions. Total AIC contributed about 30.8% of revenues for the year ended December 31, 2023.

With several mills operating across the Philippines, URC SURE remains to be the largest producer in the country based on capacity, aided by the purchase of Roxas Holdings, Inc.'s sugar mill, ethanol plant and other investment properties in La Carlota City, Negros Occidental and it's idle sugar milling machinery and equipment in Central Azucarera Don Pedro Inc. in Balayan, Batangas. The acquisition allows for operational synergies, increase in capacity and efficiency of URC's existing operations and continue in the efforts to support the development of the sugar industry in the Philippines. URC's financial condition remained solid in the said period despite the acquisition.

The percentage contribution to URC's sale of goods and services from continuing operations for each of the three years ended December 31, 2023, 2022 and 2021, by each of URC's principal business segments is as follows:

	For the years ended December 31		
	2023	2022	2021
Branded Consumer Foods Group	**69.2%**	71.9%	71.4%
Agro-Industrial Group	**10.6%**	9.6%	9.8%
Commodity Foods Group	**20.2%**	18.5%	18.8%
	100.0%	100.0%	100.0%

The geographic percentage distribution of the URC's sale of goods and services for each of the three years ended December 31, 2023, 2022 and 2021 is as follows:

	For the years ended December 31		
	2022	2022	2021
Philippines	**81.0%**	78.5%	81.0%
International	**19.0%**	21.5%	19.0%
	100.0%	100.0%	100.0%

Customers

None of the URC's businesses is dependent upon a single customer or a few customers that a loss of anyone of them would have a material adverse effect on the Company. URC has no single customer that, based upon existing orders, will account for 20.0% or more of the Company's total sale of goods and services.

Distribution, Sales and Marketing

URC has developed an effective nationwide distribution chain and sales network that it believes provide its competitive advantage. URC sells its branded food products primarily to supermarkets, as well as directly to top wholesalers, large convenience stores, large scale trading companies and regional distributors, which in turn sell its products to other small retailers. URC's branded consumer food products are distributed directly to over 300,000 outlets in the Philippines and sold through various retailers and regional distributors. URC intends to expand its distribution network coverage in the Philippines by not only increasing the number of retail outlets that its sales force and distributors directly service but also the number of products sold per store. The branded consumer food products are generally sold by URC from salesmen to wholesalers or supermarkets, and regional distributors to small retail outlets. 15 to 30-day credit terms are extended to wholesalers, supermarkets and regional distributors.

URC constantly provides quality products and services across all its business segments, including AIC. Through various institutional accounts, traders, dealers and resellers, URC can reach and make its products available to consumers. In particular, AIG's Animal Nutrition business has increased its distribution network, supported by the Kabalikat Farm Program which covers hog, gamefowl and kennel stakeholders.

URC believes that its emphasis on marketing, product innovation and quality, and strong brand equity has played a key role in its success in achieving leading market shares in the different categories where it competes. In particular, URC launched "Jack 'n Jill" as a master umbrella brand for all its snack food producto to enhance customer recognition. URC devotes significant expenditures to support advertising and branding to differentiate its products and further expand market share both in the Philippines and in its overseas markets. This includes advertising campaigns such as television and radio commercials, print and digital advertisements, as well as trade and consumer promotions.

Competition

The BCF business is highly competitive and competition varies by country and product category URC believes that the principal competitive factors include price, taste, quality, convenience, brand recognition and awareness, advertising and marketing, availability of products and ability to get its product widely distributed. Generally, URC faces competition from both local and multinational companies in all of its markets. In the Philippines, major competitors in the market segments in which it competes include Liwayway Marketing Corporation, Perfetti Van Melle Group, Mondelez Philippines Inc., Republic Biscuit Corporation, Suncrest Foods Inc., Monde Nissin Corporation and Nestle Philippines, Inc.

Internationally, major competitors include Tan Hiep Phat Beverage Group, Mondelez International, Inc., PT Mayora Indah Tbk, Glico, Mamee-Double Decker Sdn Bhd and PepsiCo, Inc.

URC is a prominent player in the agricultural sector, one of the leading flour and sugar millers in the country. Through various initiatives done by each business unit, the company ensures visibility and relevance to its partners and consumers alike. SURE's Project Salig offers farming assistance to support planters, which includes conducting seminars on good farming practices and providing farm equipment needs. Flourish Pilipinas, an initiative started by the Flour division, organizes workshops and trainings in bread and pastry production to support the country's baking industry. Similarly, AIG's Kabalikat Program is also about sharing best farming operations and practices. These programs, among others, gives the company an advantage against its key competitors such as San Miguel Corporation, Victorias Milling Company, Pilmico, UNAHCO (Unilab Group), and Bounty Farms.

Enhancement and Development of New Products

URC intends to continuously introduce innovative new products, product variants and line extensions in the food and beverage space. This year, new products contribute about 9% of URC's Branded Consumer Foods business sales. New products are defined as being launched any time in the prior 3 calendar years, including the current year.

URC supports the rapid growth of the business through line expansion, construction and acquisition of plants.

Raw Materials

A wide variety of raw materials are required in the manufacture of URC's food products, including corn, wheat, flour, sugar, robusta coffee beans, palm oil and cocoa powder. Some of which are purchased domestically and some are imported. URC also obtains a major portion of its raw materials from its commodity food products segments, such as flour and sugar, and flexible packaging materials from its packaging segment. A portion of flexible packaging material requirements is also purchased both locally and from abroad (Vietnam and Indonesia), while aseptic packaging is purchased entirely from China.

For its Animal Nutrition and Health segment, URC requires a variety of raw materials, including corn grains, soya beans and meals, feed-wheat grains, wheat bran, wheat pollard, soya seeds, rice bran, copra meal and fish meal. URC purchases corn locally from corn traders and imports feed wheat from suppliers in North America, Australia, Europe and China. Likewise, soya seeds are imported by URC from the USA.

For its Drugs and Disinfectants segment, URC sources its major raw materials locally. The key ingredient in alcohol is rectified spirit, which is sourced internally from its distillery plants across the country. For its animal health products, URC requires a variety of antibiotics and vitamins, which it acquires from suppliers in Europe and Asia. URC maintains approximately two months physical inventory and one month in-transit inventory for its imported raw materials.

For its Farms segment, URC requires a variety of raw materials, primarily close-herd breeding stocks. For its poultry business, URC purchases the parent stock for its layer chicks from Dekalb from Europe and Hy-line from the USA. Robina Farms obtains all of the feeds it requires from its Animal Nutrition and Health segment and substantially all of the minerals and antibiotics from its Drugs and Disinfectants segment as part of its vertical integration. URC purchases vaccines, medications and nutritional products from a variety of suppliers based on the values of their products.

URC obtains sugar cane from local farmers. Competition for sugar cane supply is very intense and is a critical success factor for its sugar business. Additional material requirements for the sugar cane milling process are either purchased locally or imported.

URC generally purchases wheat, the principal raw material for its flour milling and pasta business, from suppliers in the United States, Canada and Australia.

URC's policy is to maintain a number of suppliers for its raw and packaging materials to ensure a steady supply of quality materials at competitive prices. However, the prices paid for raw materials generally reflect external factors such as weather conditions, commodity market fluctuations, currency fluctuations and the effects of government agricultural programs. URC believes that alternative sources of supply of the raw materials that it uses are readily available. URC's policy is to maintain approximately 30 to 90 days of inventory.

Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract

URC owns a substantial number of trademarks registered with the Bureau of Trademarks subject to the provisions of Republic Act (RA) 8293 also known as the Intellectual Property Code of the Philippines (IP Code) and recorded with the Intellectual Property Office of the Philippines (IPPHL). In addition, certain trademarks have been strategically registered in other countries in which it operates. These trademarks are important in the aggregate because brand name recognition is a key factor in the success of many of the URC's product lines. Trademark registration is a means to protect these brand names from counterfeiting and infringement.

Trademarks registered under RA 166, also known as the Trademark Law, are registered for twenty years. Upon renewal, these trademarks become subject to the IP Code having a registration period of ten years and renewable thereafter. In general, trademarks in other countries have a ten-year registration which are renewable as well, allowing relatively a lifetime of territorial and limited trademark registration.

URC also uses brand names under licenses from third parties. These licensing arrangements are generally renewable based on mutual agreement. URC's licensed brands include Nissin Cup Noodles, Nissin Yakisoba Instant Noodles and Nissin Pasta Express, Vitasoy, Calbee and B'lue, among others.

Licensing agreements are voluntarily registered with the Documentation, Information and Technology Transfer Bureau of the IPPHL.

Regulatory Overview

As manufacturer of consumer food and commodity food products, URC is required to guarantee that the products are pure and safe for human consumption, and that the Company conforms to standards and quality measures prescribed by the Bureau of Food and Drugs (BFAD).

URC's sugar mills are licensed to operate by the Sugar Regulatory Administration (SRA) and renew its sugar milling licenses at the start of every crop year. URC is also registered with the Department of Energy as a manufacturer of bio-ethanol and as a renewable energy developer.

All of the Company's livestock and feed products have been registered with and approved by the Bureau of Animal Industry (BAI), an agency of the Department of Agriculture (DA) which prescribes standards, conducts quality control test of feed samples, and provides technical assistance to farmers and feed millers.

Some of URC's projects, such as the sugar mill and refinery, bioethanol production, biomass power cogeneration and hog and poultry farm operations, are registered with the Board of Investments (BOI) which allows URC certain fiscal and non-fiscal incentives.

Effects of Existing or Probable Governmental Regulations on the Business
URC operates its businesses in a highly regulated environment. These businesses depend upon licenses issued by government authorities or agencies for their operations. The suspension or revocation of such licenses could materially and adversely affect the operation of these businesses.

Research and Development
URC develops new products and variants of existing product lines, researches new processes and tests new equipment regularly in order to maintain and improve the quality of URC's food products. In Philippine operations alone, about ₱251 million was spent for research and development activities in 2023 and approximately ₱218 million and ₱209 million in 2022 and 2021, respectively.

URC has research and development staff for its branded consumer foods and packaging divisions located in its research and development facility in Metro Manila and in each of its manufacturing facilities. In addition, URC hires experts from all over the world to assist its research and development staff. URC conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets.

URC's commodity foods segment also utilizes this research and development facility to improve their production and quality control. URC also strives to capitalize on its existing joint ventures to effect technology transfers.

URC has a dedicated research and development team for its agro-industrial business that continually explores advancements in feeds, breeding and farming technology. URC regularly conducts market research and farm-test for all of its products. As a policy, no commercial product is released if it was not tested and used in Robina Farms.

Costs and Effects of Compliance with Environmental Laws
The operations of URC are subject to various laws and regulations enacted for the protection of the environment, including Extended Producer Responsibility Act (R.A. No. 11898), Philippine Clean Water Act (R.A. No. 9275), Clean Air Act (R.A. No. 8749), Ecological Solid Waste Management Act (R.A. No. 9003), Toxic Substances and Hazardous and Nuclear Wastes Control Act (R.A. No. 6969), Pollution Control Law (R.A. No. 3931, as amended by P.D. 984), the Environmental Impact Statement System (P.D. 1586), Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850), Renewable Energy Act (R.A. No. 9513), Electric Power Industry Reform Act (R.A. No. 9136) and Environmental Compliance Certificates (ECCs) requirements of P.D. No. 1586, in accordance with DENR Administrative Order No. 2003-30. URC believes that it has complied with all applicable environmental laws and regulations, an example of which is the installation of wastewater treatment systems in its various facilities. Compliance with such laws does not have, and, in URC's opinion, is not expected to have, a material effect

upon URC's capital expenditures, earnings or competitive position. As of December 31, 2023, URC has invested about ₱526 million in wastewater treatment in its facilities in the Philippines.

b) REAL ESTATE AND HOTELS

Business Development

RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. It is engaged in the construction and operation of lifestyle commercial centers, offices, hotels, and warehouse facilities; and the development of mixed-use properties, residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an 'investment' component, in which it develops, owns and operates commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels and warehouse facilities); and a 'development' component, in which it develops real estate projects for sale (principally residential condominiums, service lots, house and lot packages and commercial lots).

RLC was incorporated on June 4, 1980 and its shares were offered to the public in an initial public offering and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the Philippine Stock Exchange) on October 16, 1989.

On November 13, 2017, the BOD of RLC approved in principle the stock rights offering (SRO) of up to ₱20 billion composed of 1.1 billion common shares, with a par value of ₱1.00 per share, to all stockholders as of record date January 31, 2018. RLC intended to use the proceeds from the Offer to finance the acquisition of land located in various parts of the country for all its business segments.

RLC has obtained the approval of the BOD of the Philippine Stock Exchange, Inc. (PSE) for the listing and trading of the rights shares on January 10, 2018, while the PSE's confirmation of exempt transaction covering the offer was obtained on December 14, 2017. The following are the key dates of the SRO:

- Pricing date – January 24, 2018
- Ex-date – January 26, 2018
- Record date – January 31, 2018
- Offer period – February 2 to 8, 2018
- Listing date – February 15, 2018

RLC has successfully completed its ₱20 billion SRO of common shares following the close of the offer period on February 8, 2018. A total of 1.1 billion common shares from the SRO were issued at a price of ₱18.20 each. The listing of the shares occurred on February 15, 2018.

On July 31, 2019, the BOD of RLC approved the declaration of property dividend, of up to One Hundred Million (100,000,000) common shares of Altus Property Ventures, Inc. (APVI) (formerly Altus San Nicolas Corp.) in favor of the registered shareholders (the Receiving Shareholders) as of August 15, 2019. The SEC approved the property dividend declaration on November 15, 2019 and the Certificate Authorizing Registration was issued by the Bureau of Internal Revenue on December 6, 2019.

The Receiving Shareholders received a ratio of one (1) share of APVI for every fifty-one and 9384/10000 (51.9384) shares of RLC, net of applicable final withholding tax on December 20, 2019. No fractional shares were issued and no shareholder was entitled to any fractional shares. RLC's remaining interest in APVI after the dividend distribution is 6.11%.

As of December 31, 2023, JG Summit, RLC's controlling shareholder, owned approximately 65.44% of RLC's outstanding shares.

Treasury Stock
On November 4, 2021, the BOD approved the 3 billion common share buyback program of RLC. In 2021, RLC acquired a total of 23,564,900 common shares at a range price of ₱17.36 to ₱19.38 per share for a total consideration of ₱438 million.

On November 8, 2022, the BOD approved the extension of share buyback program for an additional 3 billion common shares. In 2022, RLC acquired a total 116,424,700 common shares at a range price of ₱14.81 to ₱16.75 per share for a total consideration of ₱2.1 billion.

On March 20, 2023, the BOD approved the further extension of the share buyback program by three billion pesos worth of RLC's common shares bringing the total buy-back program to nine billion pesos (₱9,000,000,000). In 2023, RLC acquired a total 214,699,599 common shares at a range price of ₱13.75 to ₱16.41per share for a total consideration of ₱3.2 billion.

Principal Products or Services
RLC has seven business divisions: a) Robinsons Malls, b) Residential Division, c) Robinsons Offices, d) Robinsons Hotels and Resorts, e) Robinsons Logistics and Industrial Facilities, f) Robinsons Destination Estates; and g) Chengdu Ban Bian Jie.

a.) Robinsons Malls
Robinsons Malls (or Commercial Centers Divison) develops, leases and manages lifestyle commercial centers or shopping malls throughout the Philippines. As of December 31, 2023, RLC operates fifty-four (54) shopping malls, comprising eight (8) malls in Metro Manila and forty-six (46) malls in other urban areas throughout the Philippines, and has another three (3) new malls this year and three (3) expansions in the planning, and development stage for completion in the next two (2) years.

Robinsons Mall's rental revenues exceeded pre-pandemic numbers. The sustained healthy spending behavior of Filipino consumers in essential and discretionary purchases including food, fashion, leisure, services, and entertainment significantly contributed to the upsurge in foot traffic and revenues.

The Mall | NUSTAR Resort Cebu, the first and only luxury Mall in Cebu as well as in the Visayas and Mindanao regions, opened its doors to delighted shoppers this year, offering a well-curated mix of global luxury brands and a plethora of the best of local and international cuisines amidst stunning interiors.

The main revenue stream of Robinsons Malls is derived from the lease of commercial spaces and it comprises a significant part of RLC's revenues. Historically, revenues from lease rentals have been a steady source of operating cash flows for the Company. RLC expects that the revenues and operating cash flows generated by the malls business shall continue to be a major driver for the Company's growth in the future.

As of calendar year 2023, RLC has three (3) new malls and three (3) expansions in the planning and development stage for completion in the next two (2) years. RLC's business plan for Robinsons Malls over the next five years, subject to market conditions, is to sustain its growth momentum via development of new lifestyle centers and expansion of existing ones.

RLC also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱4.0 billion and ₱3.3 billion for the calendar years ended December 31, 2023 and 2022, respectively.

b.) Residential Division

RLC's Residential Division develops and sells residential developments for sale/pre-sale. As of December 31, 2023, RLC's Residential Division has ninety (90) residential condominium buildings/towers/housing projects under its RLC Residences brand and forty (40) housing subdivisions under its Robinsons Homes brand, of which one hundred (100) have been completed and thirty (30) are still ongoing. It currently has several projects in various stages for future development that are scheduled for completion in the next one (1) to six (6) years.

RLC's Residential Division focuses on the construction and sale of residential condominiums under its RLC Residences brand, and house and lot and subdivision projects under its Robinsons Homes brand.

The Residential Division is categorized into two (2) brands. The different brands differ in terms of target market, location, type of development and price ranges to allow clear differentiation among markets. These two brands are:

RLC Residences

RLC Residences, the vertical residential division of Robinsons Land, aims to provide seamless customer journey for its clients and focus to build beautiful and well-designed residential condominiums in key urban areas and central business districts. The brand redefined its new core offering under its enhanced customer-centric value propositions: Raise, Live and Connect. Raise stands for raising living standards through elevated design and quality standards, elegant lobbies, and global design and property consultants. Live is all about living smart and productive through the digital solutions for a hassle-free condo-living experience and the introduction of work-from-home nooks and smart home features integrated within the units. Lastly, Connect promotes meaningful connections through amenities for bonding and the convenience of being near life's essentials.

As part of the new brand's efforts to provide a more customer-centric service to its clients and to answer the growing need to do transactions safely at 12 home due to the pandemic, RLC Residences introduced multiple digital innovation such as the myRLC Homeowners Portal (for RLC Residences property residents) and Buyer's Portal (for property buyers) in order to help them access their accounts in real time and accomplish other obligations at the comforts of their home such as payments and gate pass filings. The myRLC Homeowners Portal also provides easier access to the Ring Rob Concierge, RLC Residences' exclusive service for residents where they can book for home services online such as water delivery, laundry, interior design, and more. For potential clients, RLC Residences also has its virtual gallery of its model units that clients may access anytime, anywhere.

In terms of home offerings, RLC Residences also integrated home upgrades in its new properties. These upgrades are the inclusion of work-from-home provisions in all units, smart home features, pantry and storage areas inside the unit, bike parking areas and allotment of more open spaces within the development among others.

Currently, there are ninety (90) residential projects under its portfolio, of which seventy-one (71) are completed while nineteen (19) are still under construction.

Robinsons Homes
Robinsons Homes (or Homes Division) is one of the residential brands of RLC. It offers lots and house and lot packages in master planned, gated subdivisions to satisfy every Filipino's dream of owning his own home.

As of December 31, 2023, Homes Division has forty (40) projects in its portfolio. Eleven (11) of these projects are on-going construction.

RLC's focuses in increasing the value of its exclusive subdivisions as well as expanding its housing portfolio.

c.) Robinsons Offices
Robinsons Offices (or Office Building Division) develops office buildings for lease. As of December 31, 2023, this division has completed thirty-one (31) office developments. These are located in Quezon City, Mandaluyong City, Cebu City, Ilocos Norte, Tarlac City, Naga City, Davao City, Bacolod City and Iloilo City. We also have office projects in the Central Business Districts of Pasig City, Makati City and Taguig City. Furthermore, to ensure business growth and continuity, the Company has a robust pipeline of new offices for completion in the next coming years, with its much-awaited building, GBF Center Tower 1, to be launched in 2024.

Robinsons Offices is redefining workspaces by building the next generation of sustainable, world-class office buildings and engages third-party architects and engineers for the design of its office developments. It offers innovative and efficient business spaces that incorporate technology, making it the preferred address of Business Process Outsourcing (BPO) firms and multinational companies. Robinsons Offices continuously improves its developments with enhancements in building designs, office layouts, sustainable features and amenities, making Robinsons Offices one of the leading providers of office spaces in the Philippines.

In its pursuit to attract new clients and encourage continuous expansion of existing tenants, Robinsons Offices launched three (3) innovations/services that further enhanced customer experience.

In June 2023, Robinsons Offices in collaboration with Global Electric Transport (GET) further boosted accessibility to Bridgetowne, RLC's premier Destination Estate with four (4) exisiting office buildings, by introducing an electric transport service from and to Robinsons Galleria. As ridership increases, routes can easily expand to more stops between different RLC developments. The City Optimized Managed Electric Transport or "COMET", is a green-initiative that offers an enjoyable, safe and eco-friendly way to travel. By taking the COMET shuttle, passengers are contributing to the reduction of air pollution from harmful CO2 emissions, thus helping combat global warming.

Shortly after, in July 2023, Robinsons Offices partnered with QUBE Smart Technology Corporation, to usher in the future of security, efficiency and convenience of its office tenants. The collaboration has deployed digital smart locker systems in office common areas that provide enhanced personal storage for customers' belongings and documents, hassle-free parcel reception to reduce workplace interruptions or missed deliveries, efficient and safe food delivery solutions to prevent food theft, as well as digital advertising platforms for office and retail tenants. With this initiative, the service gaps between food or parcel deliveries, customers and building management can be bridged in the most convenient and safe manner.

By October 2023, Robinsons Offices, along with FarmTop, committed to take urban agriculture to new heights through the development of its first "sky farm" on the roof-deck of Cyberscape Alpha in Ortigas Center. The initiative is the groups' share to help the country achieve food security while addressing 27 environmental challenges. The project envisions the setup of strategically located sky farms atop office buildings around the country, where crops are cultivated through hydroponics or soilless farming in a controlled environment. The method, which also does away with conventional pesticides, is also described as "post-organic" as it reduces the risk of attacks from soil-based pests and weeds. The joint initiative promotes technologically enhanced but sustainable agriculture.

In its continous effort to practice and promote sustainability, Robinsons Offices has built green certified office buildings. A number of projects are Leadership in Energy and Environmental Design (LEED) certified. The US Green Building Council registered LEED buildings are: Tera Tower (Gold), Exxa Tower (Silver), Zeta Tower (Silver) and Giga Tower (Gold), while five (5) existing buildings have been EDGE or Excellence in Design For Greater Efficiencies certified: Cyberscape Gamma, Cyberscape Beta, Cybergate Galleria Cebu, Cyber Omega, Cyberscape Alpha and Cybergate Sigma, all of which are constantly striving to minimize their environmental impact and have identified the most cost-effective strategies to reduce energy use, water use and embodied energy in materials. Robinsons Offices will continue to pursue green building certifications by applying and registering its buildings with LEED and/or EDGE.

In 2024, Robinsons Offices is introducing a new generation of technologically equipped, visually dynamic, and environment-friendly workspaces with the much-awaited completion of GBF Center 1 in RLC's Bridgetowne Destination Estate — an iconic landmark in the making that will set a new standard for sustainable office developments and redefine the city skyline.

Robinsons Offices is committed to continue growing its portfolio with buildings that are equipped to support uninterrupted business operations, are accessible to major transportation modes and hubs, and are strategically situated in close proximity to lifestyle centers, residential developments, hotels, and other urban amenities. Driven by its promise in elevating the customer experience, Robinsons Offices is well-positioned for continued growth and success in the years to come.

Meanwhile, RLC continues to strengthen its portfolio of flexible workspace business with its own brand called 'work.able'. work.able offers plug and play, and build-to-suit workspaces to clients who are looking for flexible office solutions such as private offices, venues for meetings and events and co-working spaces. As of December 31, 2023, RLC has nine (9) work.able centers located in Ortigas CBD in Pasig City, Quezon City and Taguig City. RLC closed and completed one (1) build-to-suit transaction in 2023 located in Cyber Omega Tower in Ortigas. By early next year, RLC aims to launch a speculative center located in Robinsons Summit Center in Makati City. This is a testament to the strong demand for flexible offices and that work.able centers are carefully designed and backed by research to ensure consumer centric features that would cater to a delightful experience from its customers.

As of December 31, 2023, RLC has two (2) office projects in the planning and development stage and for completion next year.

d.) Robinsons Hotels and Resorts
Robinsons Hotels and Resorts owns, develops, and operates hotels and resorts within Metro Manila, and urbanized and targeted tourist destinations in the Philippines. It has a has a diverse portfolio covering the following brand segments: Luxury Hotels and Resorts, Upscale Deluxe Hotels, Mid-market City and Resort Hotels, and Essential Service Value Hotels. As of December 31, 2023, RLC owned twenty-six (26) hotels and resort for a total of 4,243 owned room keys in strategic metropolitan and urbanized locations consisting of thirteen (13) Go Hotels, seven (7) Summit Hotels and Resorts, one (1) Grand Summit Hotel, four (4) international brands, and one (1) Fili Hotel. In 2023, RLC launched The Westin Manila, a luxury high rise hotel in the heart of Ortigas Center, Mandaluyong City and the NUSTAR Convention Center in NUSTAR Integrated Resort that can cater to up to 2,000 guests.

RHR owns and operates food and beverage outlets spanning across its various hotel properties. RHR's F&B wide range of offerings include fine dining, premium restaurant concepts, and casual dining.

RLC has entered into an agreement with its franchisee, Roxaco-Asia Hospitality Corporation, for four (4) Go Hotels present in Manila Airport Road, Ermita Manila, Timog-Quezon City, and North EDSA-Quezon City. Combined, the four Go Hotels account for 804 rooms.

RHR continues to solidify its position in the Philippine hospitality space with its newly launched hotels. In 2023, RHR opened the doors of The Westin Manila, luxury hotel managed by Marriott International in Ortigas Center. The Westin Manila promises wellness alongside sustainable amenity offerings. The 32-storey hotel features 303 rooms with stunning views of the Metro Manila skyline and thoughtfully appointed with amenities that underline the Westin's holistic approach to well-being. These new developments brought RHR's total count to twenty-six (26) properties and 4,243 owned keys.

In 2024, RHR looks forward to the completion of major renovations done on Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria. Finally, the crown jewel ultra-luxury hotel in the NUSTAR Integrated Resort, NUSTAR Hotel, is slated to be operational this year.

e.) Robinsons Logistics and Industrial Facilities
Robinsons Logistics and Industrial Facilities (RLX) focuses on industrial leasing. As of December 31, 2023, RLX has nine (9) industrial facilities in its portfolio in key strategic locations Calamba City, Laguna, Muntinlupa City, Cainta, Rizal, San Fernando City, Pampanga, and Mexico City, Pampanga. It now has presence within the National Capital Region, and in both the North and South of Metro Manila. RLX will work towards becoming the fastest growing logistics facility provider in the country with additional warehouses in the pipeline. As of December 31, 2023, total net leasable area reached 227,250 square meters.

The accelerated growth of e-Commerce in the Philippines significantly increased demand for logistics facilities with new specifications. RLC capitalized on this opportunity and supplied the need for logistics facilities with capabilities and features tailor-fit for Fast-Moving Consumer Goods (FMCG) and e-Commerce companies, among others. Key specifications of these facilities include high ceilings, raised flooring, loading docks with roll up doors, high strength flooring, and complete Fire Detection and Alarm Systems (FDAS), and fire protection systems. Through all these, RLC ensures the longevity and safety of its logistics facilities, and enables optimized operations for customers.

Its completed projects have cemented RLX in key strategic locations. It now has presence within the National Capital Region, and in both the North and South of Metro Manila. It has a total of nine (9) industrial warehouses nationwide. All RLX projects are fully leased out or committed to tenants.

RLX is on track to becoming the fastest growing logistics facility provider in the country with additional warehouses in the pipeline. To further accelerate the growth of GLA, RLX is exploring purchasing existing logistics facilities and upgrading these facilities to meet RLX design standards. As it looks to expand its reach and support more businesses, exceptional service continues to be of utmost priority.

f) Robinsons Destination Estates *(formerly Integrated Developments Division)*
RLC's Robinsons Destination Estates (RDE) focuses on strategic land bank acquisition in collaboration with corporate land acquisition, exploration of real estate infrastructure projects, and partnerships that create growth opportunities. RDE advanced with the development of its premier destination estates---the 32-hectare Bridgetowne in Pasig and Quezon City; the 18-hectare Sierra Valley in Cainta and Taytay, Rizal, and the 229-hectare Montclair in Porac and Angeles, Pampanga. RLC will continue to make substantial progress in its landmark destination estates. To strengthen earnings, the division will likewise explore innovative real estate formats, new business ventures, and strategic partnerships for its mixed-use developments.

In 2023, RDE remained focused on strategic land bank acquisition in collaboration with corporate land acquisition, exploration of real estate infrastructure projects, and partnerships that create growth opportunities.

RDE advanced with the development of its premier destination estates Bridgetowne—the 32-hectare property that connects the cities of Pasig and Quezon, Sierra Valley—the 18-hectare property in Cainta and Taytay, Rizal, and Montclair—the 229-hectare property in Porac and Angeles, Pampanga. Bridgetowne completed the construction of The Victor, a 60-meter-high art installation that captures the indomitable spirit of the Filipino, as well the Iconic Bridge, designed by Manosa & Co., under late National Artists Francisco "Bobby" Manosa. On the other hand, Sierra Valley's interim retail thrived in 2023 with new areas made available and fully leased out during the year. Finally, Montclair completed the construction of its access bridge connecting the 2 parcels of land along SCTEX.

RLC will continue to make substantial progress in its landmark destination estates. To strengthen earnings, the division will likewise explore innovative real estate formats, new business ventures, and strategic partnerships for its mixed-use developments.

g) Chengdu Ban Bien Jie
RLC's Chengdu Ban Bien Jie is a residential development with minor commercial component located in Chendu, China. It is RLC's first international foray spanning across 8.5 hectares of land acquired in 2016 through a public auction.

Building on its well-established expertise and reputation in the Philippines, RLC expanded its presence beyond local shores and launched its first international venture with a residential project in Chengdu City, China. The city of Chengdu, the capital of Sichuan Province, is the fifth largest city in China with over 16 million residents and is considered as one of the richest urban areas in the country. RLC's Ban Bian Jie Project is strategically located in Wuhou District, the largest of the five inner districts of Chengdu. Situated next to the majestic sceneries of the Jiang An River and Yong Kang Forest Park, the project's prime location and quality features make it an attractive and preferred choice for employees and families.

The Chengdu Ban Bian Jie project is a residential development with a total gross floor area of approximately 220,000 square meters. Comprised of a series of carefully designed high-rise towers, townhouses and shops, Chengdu Ban Bian Jie caters to the sophisticated, discerning lifestyle of the upper-middle-class market. The project features an entertainment area for children, and various sports facilities, including gyms and a swimming pool, to suit even the most active residents. With its convenient proximity to the main Chengdu Shuangliu International Airport, the sprawling community offers entertainment centers, a shopping complex, and relaxation areas, such as the clubhouse and ecological gardens, for rest and recreation.

The percentage contribution to RLC's revenues for the three years ended December 31, 2023, 2022 and 2021 by each of its business segment is as follows:

	For the years ended December 31		
	2023	2022	2021
Commercial Centers	**38.6%**	28.6%	23.2%
Residential	**28.6%**	20.0%	16.6%
Office Buildings	**17.5%**	15.5%	16.7%
Hotels and Resorts	**10.9%**	5.1%	3.4%
Robinsons Destination Estates	**2.8%**	1.4%	8.3%
Logistics and Industrial Facilities	**1.6%**	1.2%	1.0%
Chengdu Ban Bian Jie	**0.0%**	28.2%	30.8%
	100.0%	100.0%	100.0%

Competition

Commercial Centers Division

RLC has two major competitors in its Commercial Centers Division—SM Prime Holdings, Inc. (SMPHI) and Ayala Land, Inc. (ALI). Each of these companies has certain distinct advantages over RLC, including SMPHI's considerably larger mall portfolio and ALI's access to prime real estate in the heart of Metro Manila. There are a number of other players in the shopping mall business in the Philippines, but they are significantly smaller and, because of the high barriers to entry into the business (which include cost, branding, reputation, scale and access to primereal estate), RLC expects that it will continue to compete principally with these two major companies in this market sector for the foreseeable future. Shopping mall operators also face competition from specialty stores, general merchandise stores, discount stores, warehouse outlets, street markets and online stores.

RLC believes its strength is in its mixed-use, retail, commercial and residential developments. RLC operates on the basis of its flexibility in developing malls with different sizes depending on the retail appetite of the market per location. It is focused on balancing its core tenant mix and providing a more distinctive shopping mall experience to its loyal customers, as well as its ability to leverage the brand equity and drawing power of its affiliated companies in the retail trade business.

Residential Division

- **RLC Residences**
  RLC Residences continues to develop beautiful, well-designed, high quality homes catered to young professionals, starting and growing families under the BC1 segment looking for a home in the city that they can proudly call their own. Competitors such as Alveo Land, MEG, Filinvest Land, Inc. (FLI), and Ortigas & Co. target the young professionals and starting families under this bracket. There are also a number of players who try to compete in this segment of the market with one or two projects. Projects under RLC Residences remain among the top-of-mind developments as a result of growing experienced sales and distribution networks and convenient locations. Projects are located within Central Business Districts or RLC's mixed-use development.

  RLC Residences has numerous competitors in the middle-income segment. This is in part a function of the fact that, as compared to other business areas, RLC does not enjoy the same "early mover" advantage. Currently, they are companies like Avida Land (AL), FLI, SMPHI, and DMCI Homes. Based on public records and independent industry reports and its own market knowledge, RLC believes that it is among the top five middle-ranged condominium developers in the Philippines in terms of revenues from sales. RLC believes that it can successfully compete in this market segment on the basis of its brand name, technical expertise, financial standing and track record of successfully completed, quality projects.

  The brand strives to compete with developers who have already established their names in tapping the elite market. RLC Residences aims to increase its share of this market segment and steer buyers of competitors such as Ayala Land Premier, Rockwell Land Corporation (ROCK), Century Properties Group, Inc. (CPGI) and Megaworld Corporation (MEG) to its developments.

- **Robinsons Homes**
  Recognizing the growing housing market in the Philippines, RLC continues to embark on building subdivisions through its Robinson Homes brand. For families aspiring to own their first home or upgrade to a better abode and neighborhood, Robinsons Homes provides them themed, master-planned, secure and gated horizontal subdivisions in key urbanized cities nationwide ideal to start the good life. Robinsons Homes offers horizontal developments that caters to the affordable and mid-cost segment, as well as the premier market.

  Robinsons Homes' competitors in these markets are: Ayala Land Inc., Filinvest Land Inc., Vista Land & Lifescapes, Inc., Aboitiz Land Inc. and Cebu Landmasters Inc.. Also competing in the affordable segment are PHirst Park Homes, Inc. and and 8990 Holdings Inc.

  Robinsons Homes has an established presence in key locations nationwide, with projects in Laoag, Tarlac, Puerto Princesa, Bacolod, and General Santos. It has also built a strong reputation in strategic areas through the development of several projects in Pampanga, Bulacan, Antipolo, Angono, Cavite, Batangas, Cebu, Cagayan de Oro, and Davao. Robinsons Homes is committed to provide green and sustainable communities with lifestyle amenities in response to the needs of the market.

RLC believes that its reliability to deliver and consistent quality products at an affordable price has contributed to its ability to generate sales and its overall success.

Robinsons Offices
RLC believes believes that competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, availability of space, and PEZA registration. The biggest competitors of RLC under this segment are ALI, Megaworld and SM.

Robinsons Hotels and Resorts
RLC competes in different markets for its hotels and resorts segments. Across all of its hotel formats, its main competitors in terms of number of rooms are: Ayala Land, Alliance Global Group Inc., SM Hotels and Conventions Corporation, Filinvest Land Inc and Double Dragon Corporation. Aside from these large hotel owners and developers, there is a growing number of small independent players and foreign entrants that increases the competitive landscape of hospitality in the country.

RLC continues to strengthen its market leadership through elevating its portfolio of hotel brands, investing in strategic locations and its people. With RLC's longstanding expertise in developing and managing hotels, RLC is focused on scaling the business while improving standards leading up to world-class quality.

Logistic and Industrial Facilities Division
Demand for logistics facilities continues to be strong. Under its RLX Logistics Facilities brand, the RLX develops excellent quality logistics facilities in industrial centers of growth around the Philippines. The biggest competitors of RLC in the development of logistics facilities are Ayalaland Logistics Holdings Corp. and Double Dragon Properties Corp.

Robinsons Destination Estates *(previously Integrated Developments Division)*
RLC is an accomplished developer of integrated developments. RLC has developed four major mixed used developments in Metro Manila alone, namely, Robinsons Galleria, Robinsons Forum, Robinsons Manila, and Robinsons Magnolia. These projects are anchored by Robinsons Mall with
components of Office and/or Residential and/or Hotel/Leisure. Furthermore, it continues to develop its destination estates namely Bridgetowne, Sierra Valley and Montclair. RDE remains focused on this fast-growing development format.

Major developers are still into integrated developments. Developers have been acquiring big parcels of land and incorporating different real estate components to attract investors and customers. The biggest competitors of RLC in integrated developments are Ayala Land, Inc., Megaworld Corp, Filinvest, Inc., Double Dragon Properties Corp., and SM Prime Holdings.

RDE will harness opportunities for synergies with RLC's other business units: Robinsons Malls, Residential, Robinsons Hotels and Resorts, and Robinsons Offices. RLC, having years of experience in these real estate components, will thus have a competitive advantage. With efficient master planning, innovative designs, and quality construction, RLC is committed to sustainable and future proof communities.

Raw Materials/Suppliers
Construction and development of malls, high-rise office and condominium units as well as land and housing construction are awarded to various reputable construction firms subject to a bidding process and management's evaluation of the price and qualifications of and its

relationship with the relevant contractor. Most of the materials used for construction are provided by the contractors themselves in accordance with the underlying agreements, although sometimes RLC will undertake to procure the construction materials when it believes that it has an advantage in doing so. RLC typically will require the contractor to bid for a project on an itemized basis, including separating the costs for project materials that it intends to charge RLC. If RLC believes that it is able to acquire any of these materials (such as cement or steel) at a more competitive cost than is being quoted to it, it may remove these materials from the project bid and enter into a separate purchase order for the materials itself, to reduce project costs.

Customers

RLC has a broad base of customers, comprised of both local and foreign individuals, and institutional clients. RLC is not dependent on a single or a few customers, the loss or any of which would have a material adverse effect on the business taken as a whole.

Related Party Transactions

RLC leases significant portions of its commercial centers and office buildings to companies controlled by the Gokongwei Family, including Robinsons Department Store, Robinsons Supermarket and Handyman Do-It-Best. RLC's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

In addition, JG Summit also provides RLC with certain corporate services including corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

Regulatory and Environmental Matters

Shopping Malls

Shopping mall centers are regulated by the local government unit of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of the fire code and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism. A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the Department of Tourism.

For the shopping malls owned by RLC, RLC has ensured that it is compliant with all of the above regulations.

Residential Condominium and Housing and Land Projects

Presidential Decree No. 957 (The Subdivision and Condominium Buyers' Protective Decree) as amended, is the principal statute which regulates the development and sale of real property as part of a condominium project or subdivision. The law covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes as well as condominium projects for residential or commercial purposes. It also sets out standards for lower density developments.

Republic Act No. 4726 (The Condominium Act), on the other hand, is the primary law governing condominiums. The law covers the legal definition of a condominium, the rights of a unit owner, and the rules governing transfers, conveyances and partitions in condominiums.

The Housing and Land Use Regulatory Board (HLURB) is the administrative agency of the Government which, together with local government units, enforces these laws and has jurisdiction to regulate the real estate trade and business. Subdivision or condominium units may be sold or offered for sale only after a license to sell (LTS) has been issued by the HLURB. The LTS may be issued only against a performance bond posted to guarantee the completion of the construction of the subdivision or condominium project and compliance with applicable laws and regulations.

All subdivision and condominium plans are subject to approval by the relevant Local Government Unit (LGU) in which the project is situated and by the HLURB. The development of subdivision and condominium projects can 56 commence only after the HLURB has issued a development permit. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the LGU and HLURB.

Owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Republic Act No. 9646 (The Real Estate Service Act of the Philippines) provides that real estate consultants, appraisers, assessors and brokers must pass the requisite exams and be duly registered and licensed by the Professional Regulation Commission (PRC), while real estate salespersons, or those who act of a real estate broker to facilitate a real estate transaction, only need to be accredited by the PRC.

Project permits and the LTS may be suspended, cancelled or revoked by the HLURB by itself or upon a verified complaint from an interested party for reasons such as non-delivery of title to fully paid buyers or deviation from approved plans. A license or permit to sell may only be suspended, cancelled or revoked after notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Residential subdivision developments must comply with applicable laws and standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction. Under current regulations, a developer of a residential subdivision is required to reserve at least 30% of the gross land area of such subdivision for open space for common uses, which include roads and recreational facilities. A developer of a commercial subdivision is required to reserve at least 3.5% of the gross project area for parking and pedestrian malls, but the minimum parking area requirement may be further increased by ordinances promulgated by LGUs.

Republic Act No. 7279 (Urban Development and Housing Act of 1992), as amended by Republic Act No. 10884, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, in accordance with the standards set by the HLURB. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development. RLC has benefited from providing low-income housing or projects of such types which are financially assisted by the government. These policies and programs may be modified or discontinued in the future.

The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under R.A.57 No. 10884, income derived by domestic corporations from the development and sale of socialized housing is exempt from project related income taxes, capital gains tax on raw lands used for the project, value-added tax for the project contractor concerned, transfer tax for both raw completed projects, and donor's tax for lands certified by the LGUs to have been donated for socialized housing purposes. Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by RLC, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of RLC.

Hotels

To encourage inbound investments and economic growth, the Philippine Board of Investments (BOI) as operated by the Department of Trade and Industry (DTI), provides tax incentive packages to eligible businesses operating in the Philippines. Enterprises that provide tourism-related services fall under the eligible industries for these incentives.

All hotels and resorts operated by the Company are compliant with the Hotel Code and registered with the Board of Investments.

Since the onset of the COVID-19 pandemic in 2021, the Philippine hospitality industry has been subjected to various implementing rules and regulations set by the government's Inter-Agency Task Force (IATF) and Department of Tourism (DOT). These guidelines are regularly updated according to the requirements of community quarantine classifications intended to manage and curb the pandemic. As the country eases out of the pandemic, government restrictions on mobility and travel requirements have generally been lifted.

Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform (DAR), land classified for agricultural purposes as of or after 15 June 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Special Economic Zone

The Philippine Economic Zone Authority ("PEZA") is a government corporation that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA registered enterprises locating in an Ecozone are entitled to fiscal and nonfiscal incentives such as income tax holidays and duty-free importation of equipment, machinery and raw materials.
Information technology ("IT") enterprises offering IT services (such as call centers, and business process outsourcing using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

RLC actively seeks PEZA registration of its buildings, as this provides significant benefits to RLC's tenants. PEZA registration provides significant tax incentives to those of RLC's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or 5% gross income taxation), thereby making tenancy in RLC's PEZA-registered buildings potentially more attractive to them. As of calendar year 2023, a number of RLC malls and office buildings are PEZA-registered.

Singapore Land Group Limited
In May 1999, the Company, through a subsidiary, acquired a 23.0% stake in a Singapore listed company, Singapore Land Group Limited (SLG) (formerly United Industrial Corporation Limited/UIC) which is a Singapore-based real estate company and is one of the leading diversified developers of commercial and retail properties. It has a portfolio of 2.5 million square feet of office space and 1 million square feet of retail premises, which includes some of Singapore's well-known landmarks such as Singapore Land Tower, The Gateway and Marina Square. It also has overseas investments in Shanghai, Beijing and Tianjin, China, and London, UK. As of December 31, 2023, the Company holds an indirect interest of 37.0% in the shares of SLG.

c) AIR TRANSPORTATION

Business Development
Cebu Air, Inc. (CEB) is an airline that operates under the trade names "Cebu Pacific" and "Cebu Pacific Air" and is the leading low-cost carrier in the Philippines. It pioneered the "low fare, great value" strategy in the local aviation industry by providing scheduled air travel services targeted to passengers who are willing to forego extras for fares that are typically lower than those offered by traditional full-service airlines while offering reliable services and providing passengers with a fun travel experience.

CEB was incorporated on August 26, 1988 and was granted a 40-year legislative franchise to operate international and domestic air transport services in 1991. It commenced its scheduled passenger operations in 1996 with its first domestic flight from Manila to Cebu. In 1997, it was granted the status as an official Philippine carrier to operate international services by the Office of the President of the Philippines pursuant to Executive Order (E.O.) No. 219. International operations began in 2001 with flights from Manila to Hong Kong.

CEB's common stock was listed with the Philippine Stock Exchange (PSE) on October 26, 2010, CEB's initial public offering (IPO).

As of December 31, 2023, CEB operates a route network serving 68 domestic routes and 36 international routes with a total of 2,934 scheduled weekly flights. It operates from three hubs, including the Ninoy Aquino International Airport (NAIA) Terminal 3 and Terminal 4 both located in Pasay City, Metro Manila; Mactan-Cebu International Airport located in Lapu-Lapu City, part of Metropolitan Cebu; and Diosdado Macapagal International Airport (DMIA) located in Clark, Pampanga.

As of December 31, 2023, CEB has fleet of 85 aircraft. The fleet excludes three (3) ATR 72-500 aircraft classified as other assets as these are currently not operating and are held for sale. The average aircraft age of CEB's fleet is approximately 5.6 years as of December 31, 2023.

Aside from passenger service, the CEB also provides airport-to-airport cargo services on its domestic and international routes. In addition, it offers ancillary services such as cancellation and rebooking options, in-flight merchandising such as sale of duty-free products on international flights, baggage and travel-related products and services.

A-plus, on the other hand, is engaged in the business of line maintenance (including certification and providing mechanic assistance), to provide technical ramp, equipment handling, and light maintenance aircraft checks (up to and including "A" checks).

The percentage contributions to the CEB's revenues of its principal business activities are as follows:

	For the Years Ended December 31		
	2023	2022	2021
Passenger Services	**68.9%**	62.0%	40.0%
Cargo Services	**4.5%**	12.5%	41.1%
Ancillary Services*	**26.6%**	25.5%	18.9%
	100.0%	100.0%	100.0%

**includes A-plus' revenue from rendering line and light maintenance services to third party customers*

There are no material reclassifications, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business that was made in the past three years aside from those discussed above. CEB has not been subjected to any bankruptcy, receivership or similar proceeding in the said period.

Distribution Methods of Products or Services

CEB has three principal distribution channels: the internet; direct sales through booking sales offices, call centers and government/corporate client accounts; and third-party sales outlets.

<u>Internet</u>

The CEB has its internet booking system platform through www.cebupacificair.com where passengers can book flights and purchase ancillary products and services online. The system also provides passengers with real-time access to CEB's flight schedules and fare options.

The CEB also has its official mobile application which allows guests to book flights on-the-go through their mobile devices.

Booking and Regional Branch Offices
As of December 31, 2023, CEB operates two (2) booking offices located in the Philippines. These offices handle ticketing transactions and customer service issues, such as customer requests for change of itinerary. CEB also has four (4) regional branch offices in Hong Kong, Seoul, Tokyo and Shanghai**.**

Government/Corporate Client Accounts
As of December 31, 2023, CEB has government and corporate accounts for passenger sales. It provides these accounts with direct access to its reservation system and seat inventory as well as credit lines and certain incentives.

Third Party Sales Outlets
As of December 31, 2023, CEB has a network of distributors in the Philippines selling its air services within an agreed territory or geographical coverage. Each distributor maintains and grows its own client base and can impose on its clients a service or transaction fee. Typically, a distributor's client base would include agents, travel agents or end customers. CEB also has a network of foreign general sales agents, wholesalers, and preferred sales agents who market, sell and distribute CEB's air services in other countries.

Customers
CEB's business is not dependent upon a single customer or a few customers that a loss of anyone of which would have a material adverse effect on CEB.

Competition
The Philippine aviation authorities deregulated the airline industry in 1995 which resulted in fewer regulatory barriers to entry into the Philippine domestic aviation market. For the international market the Philippines currently operates under a bilateral framework whereby foreign carriers are granted landing rights in the Philippines on the basis of reciprocity as set forth in the relevant bilateral agreements between the Philippine government and foreign nations.

CEB maintains a strong market position despite competition on both its domestic and international routes. The level and intensity of competition varies from route to route. Principally, it competes with other airlines that service the routes it flies. However, on certain domestic routes, CEB also considers alternative modes of transportation, particularly sea and land transport, to be competitors for its services. Substitutes to its services also include video conferencing and other modes of communication.

In the domestic market, CEB is the leading domestic airline in the Philippines by passengers carried, with a market share of 53%. Its major competitors in the Philippines are Philippine Airlines ("PAL"), PAL Express; and Philippines Air Asia (PAA).

Internationally, CEB competes with the following LCC's and full-service airlines in its international operations: AirAsia, Jetstar Airways, PAL, Cathay Pacific, Singapore Airlines, Scoot, Jeju Air and Thai Airways, among others.

A-Plus' major competitor is Lufthansa Technik Philippines ("LTP"); however, the latter focuses mostly on rendering base maintenance services or heavy checks.

Publicly-Announced New Product or Service
In March 2023, it resumed its Melbourne-Manila route with flights three (3) times a week and utilizing its high capacity A330 aircraft, which is capable of carrying up to 436 passengers or 459 passengers per flight

In April 2023, CEB also resumed its Clark hub operations by relaunching flights and increasing frequencies of its domestic and international destinations from Clark International Airport. With this, the Airline Group flew its inaugural flights from Clark to Bacolod, Boracay, Davao, and Bangkok.

In May 2023, CEB also relaunched its Laoag-Manila route. It is scheduled to fly daily between Laoag and Manila, making it the 35th destination in its domestic network.

In December 2023, CEB launched its maiden Manila-Da Nang flight. Da Nang is a popular tourist destination known for its luxurious resorts, architectural designs, and delectable cuisines. It is also the gateway to three UNESCO World Heritage Sites: The Hue Imperial Citadel, My Son Sanctuary, and Hoi An ancient town. The flight was launched with the Airline Group's with its signature Piso Sale, shoring shows the Airline Group's undeniable commitment to help boost tourism by offering faster and more affordable travel.

Throughout the year, CEB likewise increased its flight frequencies to various existing routes and destinations those to Boracay, Davao, Cebu and Hong Kong,

Known for its affordable promos, CEB also offered seat sales in various dates in 2023 which allowed passengers to book ahead for their domestic or international destinations, and score value-for-money fares, making the low fares even more affordable.

Last but not the least, CEB embarked on several initiatives throughout 2023 to continuously improve its passengers' travel experience:

- Starting August 1, 2023, the Airline noted that its travel fund will be non-expiring
- Extended the validity of travel vouchers
- First local carrier to incorporate use of self-bag drop counters in its domestic operations in Clark International Airport
- Elevated passenger experience at NAIA Terminal 3 by allowing passengers who accomplished online check-in to enter through a dedicated gate, among other features that will ease travel experience
- Continuous improvement in Charlie the Chatbot

Raw Materials

Fuel is a major cost component for airlines. CEB's fuel requirements are classified by location and sourced from various suppliers.

CEB's fuel suppliers at its international stations include Shell-Dubai, Shell-Hongkong, Shell-Singapore, World Fuel-Japan, World Fuel-Canton, PTT-Bangkok, PTT-Incheon and Ampol-Sydney among others. It also purchases fuel from local suppliers like Petron and PTT Philippines. CBE purchases fuel stocks on a per parcel basis, in such quantities as are sufficient to meet its monthly operational requirements. CEB's contracts with fuel suppliers are on a yearly basis and may be renewed for subsequent one-year periods.

Patents, Trademarks, Licenses, Franchises, Concessions and Royalty Agreements

Trademarks

Trademark registrations with the Intellectual Property Office of the Philippines (IPOPhil) prior to the effective date of Republic Act (R.A) No. 8293, or the current Intellectual Property Code of the Philippines, are valid for twenty (20) years from the date of issue of the certificate of registration.

Trademark registrations covered by R.A. No. 8293 are valid for ten (10) years from the date of the certificate of registration. Regardless of whether the trademark registration is for twenty (20) years or ten (10) years, the same may be renewed for subsequent ten (10)-year terms.

CEB holds the following valid and subsisting trademark registrations:

Jurisdiction	Mark
Philippines	CEBU PACIFIC, CEBU PACIFIC AIR, Cebu Pacific Eagle Head Logo, Cebu Pacific (with Eagle Head), Cebu Pacific Air.Com, Cebu Pacific Mascot, WHY EVERYONE FLIES., WHY EVERYJUAN FLIES., CEBU PACIFIC AIR.COM WHY EVERYONE FLIES., CEBU PACIFIC AIR.COM WHY EVERYJUAN FLIES., CEBGO, Cebu Pacific Logo (Eagle Head), Cebu Pacific, CEBGO, 1AVIATION, 1AV, 1 Aviation Logo, Super Seat Fest, Travel Sure, CEBU PACIFIC TRAVEL SURE YEAR-ROUND PROTECT, CEBU PACIFIC TRAVEL SURE, FLY ME NEXT, CEB TravelSure, CEBU PAC, CEB, CEB PAC, Cebu Pacific, CEB Getaways, CEB Meals, CEB Moments, CEB Prepaid Baggage, CEB Seat Selector, CEB Sports Equipment, CEB Surfboard, CEB Transfers, CEB Wi-Fi Kit, Eco Plane, Every Juan, EveryJuan, Fly Easy, Go Ahead, Go Basic, Go Easy, Go Flexi, Juan for Fun, Juan for Fun Cebu Pacific, P1so Club, The Juan Effect, It’s Time Every Juan Flies, It’s Time Everyone Flies, Cebu Pacific and Device, Cebupacificair.com & logo, AVIATION PARTNERSHIP PHILIPPINES & DESIGN and Let's Fly every Juan.
China	CEBU PACIFIC AIR, CEBU PACIFIC, IT'S TIME EVERYONE FLIES, Cebu Pacific (Eagle Head Logo), Cebu Pacific Mascot, Cebu Pacific (With Eagle Head), and Cebu Pacific Air.Com (With Eagle Head)
Japan	Ceppie
Singapore	Cebu Pacific Mascot, Cebu Pacific Eagle Head Logo, Cebu Pacific with Eagle Head Logo
WIPO Cambodia	Cebu Pacific Air
WIPO	Cebu Pacific
WIPO US	Cebu Pacific (Eagle Head Logo)

Franchise

In 1991, pursuant to R.A. No. 7151, CEB was granted a franchise to operate air transportation services, both domestic and international. In August 1997, the Office of the President of the Philippines gave CEB the status of official Philippine carrier to operate international services. On June 30, 2001, the Philippine Civil Aeronautics Board (CAB) issued the permit to operate scheduled international services and a certificate of authority to operate international charters.

In December 2008, pursuant to R.A. No. 9517, CEBGO, Inc, CEB’s wholly owned subsidiary, was granted a franchise to establish, operate and maintain domestic and international air transport services with Clark Field, Pampanga as its base. This franchise shall be for a term of twenty-five (25) years.

Government Approval of Principal Products or Services

CEB operates its business in a highly regulated environment. CEB’s business depends upon the permits and licenses issued by the government authorities or agencies for its operations which include the following:

- Legislative Franchise to Operate a Transport Services by Air
- Certificate of Public Convenience and Necessity (CPCN)

- Foreign Air Operator Permit
- Air Operator Certificate
- Certificate of Registration
- Certificate of Airworthiness
- Aviation Insurance Coverage

CEB also has to seek approval from the relevant airport authorities to secure airport slots for its operations.

As an airline operator, CEB recognizes the effect of the nature and extent of regulations on the results of its operations. Consequently, in conducting its businesses, CEB has secured or seeks to secure all relevant and applicable government approvals at both the national and local levels.

Basic permits and licenses required of airlines operating in the Philippines are set forth below:

- <u>Legislative Franchise to Operate a Transport Services by Air</u> - grants CEB the right to establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, both domestic and international. It provides that air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. All aircraft used by CEB shall at all times be airworthy and the crew members shall be licensed by the government of the Philippines.

- <u>Certificate of Public Convenience and Necessity (CPCN)</u> - a permit issued by the CAB authorizing a domestic person or entity, that is at least 60% owned by Filipinos, to engage in international and/or domestic, scheduled and/or non-scheduled air transportation services. A CPCN is renewable every five (5) years.

- <u>Foreign Air Operator Permit</u> - approval granted by the national civil aviation authority to a foreign aircraft operator authorizing the operation of a foreign registered aircraft on flights into and out of the issuing country, which CEB needs in order to operate to foreign jurisdictions.

- <u>Air Operator Certificate</u> - issued by the CAAP to enable the air carrier to operate in the Philippines, with a term of one year. Prior to issuance, the applicant must undergo a five-phase certification process by the CAAP, wherein the proposed plan/site, routes, key management personnel, and aircraft will be evaluated.

- <u>Certificate of Registration</u> –This certificate of registration, which shall be carried aboard the aircraft for all operations, is secured from CAAP once the Philippine air carrier has submitted and met all the requirements for the registration. The said certificate has a validity of 1 year and renewed every year thereafter, and for as long as the aircraft is operated and/or owned by a Philippine air carrier.

- <u>Certificate of Airworthiness</u> - Each aircraft must also be issued a certificate of airworthiness. This certificate is secured from CAAP once the evaluation of the submitted documents is completed and the aircraft has successfully passed the CAAP Inspector's acceptance and conformity inspections. The said certificate has a validity of one (1) year and renewable annually thereafter.

- Aviation Insurance Coverage – As a mandatory requirement under the Philippine Civil Aviation Regulations, an operator of aircraft must have valid insurance covering aircraft hull, passenger, freight and mail onboard aircraft and third-party liability.

Effects of Existing or Probable Government Regulations on the Business

CEB recognizes the effect of the nature and extent of regulations on the results of its operations. Consequently, in conducting its businesses, CEB has secured or seeks to secure all relevant and applicable government approvals at both the national and local levels.

Aviation Safety Ranking and Regulations - CEB has fully complied with the IATA Operational Safety Audit (IOSA) and recently passed in its 2023 IOSA Audit. IOSA is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline.

In pursuit of maintaining and improving its safety procedures, the Airline Group has invested in technology that would improve its capability to manage safety risks such as on-board Runway Overrun Prevention System (ROPS) cockpit technology for its Airbus fleet for purposes of calculating whether the aircraft can safely stop in the runway length remaining ahead of the aircraft, Area Navigation (RNAV) data for more accurate navigation and approaches to various airports and a Fatigue Risk Management System to ensure that pilots are at adequate levels of alertness.

CEB is part of the International Air Transportation Association (IATA), the trade association for the global airline industry, where it gained access to expertise and learnings on best practices and innovations among global airlines, as well as help formulate policies on critical aviation issues.

ASEAN Open Skies Agreement – The ASEAN Open Skies agreement allows designated carriers of ASEAN countries to operate unlimited flights between capitals, leading to better connectivity and more competitive fares and services. Subject to regulatory approvals, this liberalized and equitable air services agreement further allows carriers to upgrade its ASEAN flights to wide-bodied aircraft and increase capacity without the need for air talks thus allowing airlines to focus on expanding its operations, stimulating passenger traffic, and improving customer experience rather than spending valuable resources on negotiating for additional air rights.

Air Passenger Bill of Rights – The Air Passenger Bill of Rights, which was formed under a joint administrative order of the Department of Transportation and Communications (DOTC), CAB and the Department of Trade and Industry (DTI), sets the guidelines on several airline practices such as overbooking, rebooking, ticket refunds, cancellations, delayed flights, lost luggage and misleading advertisement on fares.

R.A. No. 11659 – Public Service Act, as Amended - This amends Commonwealth Act No. 146, otherwise known as the Public Service Act passed in 1936. Among others, this distinguishes a public utility from a public service. The scope of a public utility is limited to persons who operate, manage and control for public use any of the following: (i) electricity distribution; (ii) electricity transmission; (iii) petroleum and petroleum products pipelines transmissions systems; (iv) water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems; (v) seaports; and (vi) public utility vehicles. It further provides that nationality requirements shall not be imposed by the relevant Administrative Agencies, as defined in the said act, on any public service not classified as a public utility. CEB is considered as a public service and not a public utility.

__Research and Development__
CEB incurred minimal amounts for research and development activities, which do not amount to a significant percentage of revenues.

__Costs and Effects of Compliance with Environmental Laws__
The operations of CEB are subject to various laws enacted for the protection of the environment. CEB has complied with the following applicable environmental laws and regulations:

- Presidential Decree No. 1586 (Establishing an Environmental Impact Assessment System) which directs every person, partnership or corporation to obtain an Environmental Compliance Certificate (ECC) before undertaking or operating a project declared as environmentally critical by the President of the Philippines. Petro-chemical industries, including refineries and fuel depots, are considered environmentally critical projects for which an ECC is required. CEB has obtained ECCs for the fuel depots it operates and maintains for the storage and distribution of aviation fuel for its aircraft.

- R.A. No. 8749 (The Implementing Rules and Regulations of the Philippine Clean Air Act of 1999) requires operators of aviation fuel storage tanks, which are considered as a possible source of air pollution, to obtain a Permit to Operate from the applicable regional office of the Environment Management Bureau (EMB). CEB's aviation fuel storage tanks are subject to and are compliant with this requirement.

- R.A. No. 9275 (Implementing Rules and Regulations of the Philippine Clean Water Act of 2004) requires owners or operators of facilities that discharge regulated effluents to secure from the Laguna Lake Development Authority (LLDA) (Luzon area) and/or the applicable regional office of the EMB (Visayas and Mindanao areas) a Discharge Permit, which is the legal authorization granted by the Department of Energy and Natural Resources for the discharge of waste water. The Group's operations generate waste water and effluents for the disposal of which a Discharge Permit was obtained from the LLDA and the EMB of Region 7 which enables it to discharge and dispose of liquid waste or water effluent generated in the course of its operations at specifically designated areas. CEB also contracted the services of government-licensed and accredited third parties to transport, handle and dispose its waste materials.

- Republic Act No. 11697 (Electric Vehicle Industry Development Act, otherwise known as "EVIDA Law") outlines the regulatory framework, creates a comprehensive roadmap for development, commercialization, and utilization of electric vehicles (EV) in the Philippines, and at the same time, enumerates the fiscal and non-fiscal incentives for compliant electric vehicle users. CEB took deliveries of electric passenger shuttles, employee shuttles, and baggage tractors, as part of CEB's sustainable initiatives to reduce its carbon footprints.

- Extended Producer Responsibility Law ("EPR Law") of 2022 is the law that amends Republic Act No. 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, to institutionalize the extended producer responsibility on plastic packaging waste. It requires obliged enterprises (OEs), by themselves or collectively, with or without a Producer Responsibility Organization (PRO) to prepare and register with the National Solid Waste Management Commission their

EPR Programs to reduce and/or recover for reuse, recycling, treatment, or proper ecological disposal the plastic packaging waste that they release or released to the domestic market.

Compliance with the foregoing laws does not have a material effect to the CEB's capital expenditures, earnings and competitive position. CEB spent over ₱3.446 million in connection with its compliance with applicable environmental laws for the above.

d) PETROCHEMICALS

Business Development

JG Summit Olefins Corporation (JGSOC) is a pioneer in the petrochemical industry in the Philippines, with its fully integrated manufacturing complex in Batangas City. Previously there were two subsidiaries, JG Summit Petrochemical Corporation (JGSPC) established in 1994, which operated the polymer facilities, and JGSOC established in 2008, which operates the naphtha cracker plant. These two companies were collectively known as the JG Summit Petrochemicals Group (JGSPG). As of January 1, 2022, the two companies have been merged to a single corporate entity, with JGSOC as the surviving entity of the merger. JGSOC is 100% owned by the Company.

JGSOC operates the first and only naphtha cracker plant in the country, which produces the olefin raw materials ethylene and propylene used as feedstock by the downstream polymer plants. The cracker's products also include pyrolysis gasoline or 'pygas' and mixed C4, which are in turn the raw materials to produce C4 olefins and aromatics products from its butadiene and aromatics extraction plants, respectively.

The naphtha cracker plant started commercial operations in 2014 and employs proprietary Lummus Technology. The cracker was initially built to produce 320 Kilo Tons per Annum (KTA) of polymer-grade ethylene and 190 KTA of polymer-grade propylene. After its expansion was completed in 2020, the naphtha cracker can now produce 480 KTA of polymer-grade ethylene, 240 KTA of polymer-grade propylene, 180 KTA of mixed C4, and 250 KTA of pygas.

The olefin raw materials ethylene and propylene are used as feedstock for the downstream polymer plants to produce polyethylene (PE) and polypropylene (PP). As the largest manufacturer of polyolefins in the Philippines, JGSOC currently has production capacities of 320 kilo tons per annum (kTA) for PE and 300 kTA for PP. The current polyolefins manufacturing processes are based on widely-used UNIPOL™ PE and PP Process Technology licensed from Univation Technologies, LLC for the PE Process, and from W.R. Grace & Co. for the PP Process. JGSOC markets its world-class quality PE and PP resins under the brand name EVALENE® which is a dominant player in the local resins market and is likewise distributed in more than 30 countries all over the world.

The cracker's two other products, pygas and mixed C4, likewise undergo further extraction in respective downstream facilities to produce intermediate petrochemical derivatives. A new aromatics extraction unit, which started operations in July 2021, produces benzene, toluene, mixed xylenes and mixed aromatics using the cracker's pygas as feed. The unit's rated production capacity is around 90 KTA of benzene, 50 KTA of toluene, 30 KTA of mixed xylenes and 20 KTA of mixed aromatics. It is the first aromatics extraction plant in the Philippines to use GT-BTX® technology from Sulzer GTC.

In 2022, JGSOC has started commercial operations of the first and only butadiene extraction unit in the Philippines, which uses BASF Process licensed from Lummus

Technology. This facility processes mixed C4 from the naphtha cracker to produce butadiene and raffinate-1, with production capacities of 70 KTA for butadiene and 110 KTA for raffinate-1.

In December 2022, JGSOC has started to commission its new 250 kTA PE plant which uses the MarTECH™ loop slurry process, licensed by Chevron Phillips Chemical. The MarTECH™ loop slurry process is also one of the world's leading processes for the manufacture of PE, and which will allow JGSOC to produce bimodal, metallocene and bimodal metallocene PE grades. Expected start of commercial operations of this unit is within 1H 2024.

The expansion project, with its additional volumes and new downstream value-added products, is a step towards product diversification of the Philippine petrochemical industry, and aims to strengthen further the industrial value chain for the various domestic manufacturing sectors.

Peak Fuel Corporation (Peak Fuel) was incorporated in 2020 as a subsidiary and fuels trading arm of JGSPC. With the merger of JGSOC and JGSPC effective as of January 1, 2022, wherein JGSOC was the surviving entity, Peak Fuel Corp. became the subsidiary of JGSOC. Its mission is to support local industries through reliable supply of essential fuels, starting with liquefied petroleum gas (LPG). It started commercial operations in August 2021.

Peak Fuel supplies LPG from its facilities located inside the JG Summit Petrochemical Complex in Batangas City. Peak Fuel's current key markets are LPG importers and refillers across the Philippines. It also envisions serving the LPG industrial and commercial sectors.

With the combined volume of its two refrigerated tanks at 32,000 metric tons, Peak Fuel boasts of the largest LPG storage capacity in the Philippines. Additionally, it has two LPG bullet tanks designed for truck loading with combined capacity of 900 metric tons. For ship loading, it has a spherical pressurized tank with a capacity of 4,000 metric tons that can load into 2,000 to 2500 metric ton vessels through the jetty facility of the JGSPG complex.

Principal Products or Services
JGSOC manufactures Olefins, Aromatics, PE and PP products. For polymers, JGSOC's principal product lines include High Density Polyethylene (HDPE) grades for film, blow molding, monofilament, pipe and injection molding applications, Linear Low Density Polyethylene (LLDPE) grades for film and injection molding applications, PP homopolymer grades for yarn, film, injection molding and thermoforming applications, and random copolymer PP grades for blow molding and injection molding applications. Aromatics pertain to pygas, benzene, toluene, mixed xylenes and mixed aromatics. Olefins refers to ethylene, propylene, mixed C4, butadiene and raffinate-1.

The percentage contribution to JGSOC's and Peak Fuel's combined revenues for the three years ended December 31, 2023, 2022 and 2021 by each of its principal product categories is as follows:

	For the years ended December 31		
	2023	2022	2021
Polyethylene (PE)	**34.9%**	34.3%	42.7%
Polypropylene (PP)	**20.8%**	22.6%	29.1%
LPG	**17.1%**	17.7%	4.1%
Aromatics	**13.8%**	15.9%	14.5%
Butadiene	**8.2%**	–	–
Olefins	**5.3%**	9.5%	9.6%
	100.0%	100.0%	100.0%

** Olefins, Aromatics and PE and PP products were sold by JGSPC in 2021; LPG sold by Peak Fuel Corp. starting in 2021*

JGSOC's polymer products are sold under the EVALENE brand name, are compliant with FDA Philippines food-contact requirements and are also Halal certified. In addition, JGSOC ensures adherence to the highest standards for quality management, environmental performance, and occupational health and safety management with its ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications.

Distribution, Sales and Marketing
For its polymer products, JGSOC sells directly to small, medium and large plastic converters in the Philippines through its in-house Commercial Polymer Sales group. For its aromatics products, JGSOC sells to bulk chemicals traders and end-users through its in-house Commercial Aromatics Sales group. Product distribution to the domestic market is handled directly by JGSOC in coordination with third party trucking services. JGSOC also sells its products for export to international markets, either direct to end users or through reputable trading companies.

Peak Fuel sells LPG to local refillers and importers based in various parts of Luzon in coordination with third party trucking services. It can also fill-in pressurized gas carriers to serve domestic and export customers with sea-fed terminals.

Competition
To be highly competitive, JGSOC is committed to produce consistently good quality products using world-class technology and by employing highly competent personnel. Continuous product and process improvements and research and development is conducted in-house with the assistance of the different technology licensors.

JGSOC is the largest polymer resins producer and the only local manufacturer that can produce both PE and PP in an integrated complex. The two other companies that produce polyolefins produce either PE or PP only. These are NPC Alliance Corporation (NPCAC), whose production capacity is 250,000 MT per annum for PE, and Philippine Polypropylene Inc. (PPI), whose production capacity is 160,000 MT per annum for PP. Manufacturing sites of both competitors are located in Bataan province, north of Manila. The balance for the local polyolefins demand is supplied by imported material brought in either directly by local plastic products manufacturers or by international and local traders. Imported PE and PP resin goods are currently JGSOC's primary competition. JGSOC also is able to develop specialty PE and PP grades for specific niche markets, products for which may be difficult to source via the import market.

For bulk petrochemical products, Petron Corp. based also in Bataan province is the only other domestic manufacturer in the country, with capabilities to produce propylene, benzene, toluene and mixed xylenes.

Raw Materials/Suppliers
The principal raw materials used by JGSOC in the production of its polyolefin products are polymer-grade propylene and ethylene, commonly known as olefins, which are mainly derived from naphtha produced in the oil refining process. Prior to the completion of JGSOC's Naphtha Cracker Plant, JGSPC purchased olefins from international sources though suppliers such as petrochemicals traders.

Since November 2014, the naphtha cracker has been directly supplying previously imported raw materials ethylene and propylene. Per design, the olefins output capacity of the cracker matches the feedstock volume requirements of the polymer plants.

Starting 2021, the naphtha cracker also started supplying pyrolysis gasoline as feedstock for the aromatics extraction unit and as of 2022, mixed C4 as feedstock for the butadiene extraction unit.

Meanwhile, Peak Fuel imports propane and butane for local distribution.

Customers
JGSOC aims to supply the majority of manufacturers of plastic-based products in the Philippines. It also sells its products to internal parties which include the packaging division of URC, and to external parties comprised of more than 300 local manufacturers. Loss of any one customer would not have a materially adverse effect on JGSOC. JGSOC also exports PE and PP worldwide.

Related Party Transactions
JGSOC, in its regular conduct of business, has engaged in transactions with the Company and its affiliates. These transactions principally consist of sales, advances to and from these affiliated companies.

Regulatory Overview
The Philippine Government through the DTI's Board of Investments (BOI) implements policies which directly affect the various manufacturing industries including the petrochemical industry. Under the Philippine Investment Priorities Plan, the BOI has the power to grant fiscal incentives to manufacturers establishing new plants or undertaking rehabilitation or expansion programs. Through several dialogues held with the BOI, JGSOC has emphasized the importance of fully developing the petrochemical industry to help with the sustainable development of the Philippine economy. The BOI has granted JGSOC projects registrations and under its certificates of registration, JGSOC shall be entitled to certain tax and nontax incentives such as: (a) income tax holiday (ITH) from actual start of commercial operations (6 years for pioneer projects and 3 years for expansion projects); only income generated from the registered activity shall be entitled to ITH incentives; additional deduction from taxable income of fifty percent (50%) of wages corresponding to the increment of direct labor; (c) employment of foreign nationals; (d) tax credit for taxes and duties on raw materials and supplies and semi-manufactured products used on its export products and forming part thereof, among others; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW); (g) exemption from wharfage dues, export taxes, duties, imposts and fees on export products; and (h) importation of consigned equipment.

Currently, JGSOC has ITH incentives with pioneer status for its Aromatics, Butadiene and Bimodal PE plants, and ITH incentives with non-pioneer status for its expanded Naphtha Cracker and PP plants.

Costs and Effects of Compliance with Environmental Laws
JGSOC takes pride in consistently undertaking projects to help preserve the environment. The safety of employees and the community is foremost and is never compromised. JGSOC complies with all applicable laws on the environment and is committed to be environmentally responsible by having an effective environmental management system based on the requirements of ISO 14001:2015 (EMS). Compliance with such laws has not had, and in JGSOC's opinion, is not expected to have a material effect upon JGSOC's capital expenditures, earnings or competitive position.

Merger of JGSPC and JGSOC
As of January 1, 2022, JGSPC and JGSOC have been merged to a single corporate entity, with JGSOC as the surviving entity of the merger. JGSOC fully absorbed the business operations of both JGSOC and JGSPC, and assumed all assets, liabilities, rights and obligations of JGSPC, from the effective date of the merger. In 2023 and 2022, JG Summit made additional investment in JGSOC amounting to ₱11.0 billion and ₱5.0 billion, respectively.

f) BANKING SERVICES

Robinsons Bank Corporation (RBC/the Bank), a commercial bank, is the surviving entity between the merger of Robinsons Savings Bank and Robinsons Bank Corporation (formerly known as The Royal Bank of Scotland (Phils.)) as approved by the Bangko Sentral ng Pilipinas (BSP) in December 2010 and by the SEC in May 2011. 60% of the common stocks are owned by JG Capital Services Corporation (JGCSC), a wholly-owned subsidiary of JG Summit, while Robinsons Holdings Inc. (RRHI) owns the remaining 40%.

Robinsons Savings Bank started its operations in November 1997, and was a wholly-owned subsidiary of JGSCS at that time. In the second quarter of 2010, JGCSC and RRHI then jointly acquired 100% of the shares of The Royal Bank of Scotland (Phils.).

In December 2012, RBC acquired Legazpi Savings Bank (LSB), making it a wholly owned subsidiary of the Bank. With this venture, RBC intends to utilize the capacity and branch network of LSB as its vehicle to engage in countryside banking and microfinance lending.

On June 27, 2018, the Bank's Board of Directors approved the increase of the Bank's Authorized Capital Stock from ₱15.0 billion to ₱27.0 billion at ₱10.0 par value per share. The 25% of the net increase amounting to ₱3.0 billion was subscribed and paid in full by the major stockholders of the Bank namely JGCSC and RRHI who subscribed and paid the amount of ₱1.8 billion and ₱1.2 billion, respectively. The increase in Bank's Authorized Capital Stock was approved by the BSP on December 12, 2018 and by the SEC last March 18, 2019.

On February 11, 2021, the Bank subscribed to 85,667 common shares worth ₱8,566,700 of Unicon Insurance Brokers Corporation ("Unicon"). On December 4, 2023, Unicon subscribed to additional 190,550 common shares in Unicon.

On August 24, 2021, the BSP approved the Bank's ₱250 million equity investment in GoTyme Bank Corporation ("GoTyme") which is equivalent to 20% ownership in

GoTyme, a digital bank. Later, on October 17, 2022, the BSP approved the Bank for ₱750 million additional equity investment in GoTyme. As of December 31, 2023, the Bank has invested a total of ₱752 million, equivalent to 15.0% ownership stake in GoTyme.

On September 30, 2022, the Board of Directors (BOD) of RBC approved the plan of merger of RBC and Bank of Philippine Islands (BPI), with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network.

On January 17, 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RBC.

On January 26, 2023, the Articles of Merger and the Plan of Merger were executed by BPI and RBC. The Supplement to the Agreement for the Merger of BPI and RBC was likewise executed on the same date by and among BPI, RBC and RBC Shareholders - Robinsons Retail Holdings, Inc. (RRHI) and JG Summit Capital Services Corp (JG Capital) which states that upon the effectivity of the Merger and receipt of all necessary corporate and regulatory approvals, RBC Shareholders will collectively hold approximately 6% of the resulting outstanding capital stock of BPI.

On March 9, 2023, the Philippine Competition Commission cleared the merger between BPI and RBC. On December 15, 2023, the BSP approved the BPI and RBC merger and later on December 29, 2023, the Securities and Exchange Commission approved the Articles of Merger and the Plan of Merger and their supplements as filed by BPI and RBC. The merger took effect on January 1, 2024.

Principal Products or Services
Prior to merger with BPI, RBC's products and services are made available to its corporate, commercial and retail clients through multiple channels: 168 branch networks in 2023 (of which 158 belongs to the Bank; 14 are LSB branches); 22 Branch-Lites (8 Bank, 14 LSB); 399 ATMs (197 are onsite and 183 are offsite, 19 LSB);online banking (https://www.robinsonsbank.com.ph); and mobile banking which are made available to and can be accessed by Android and iOS users. (include agency banking partners, i.e. Premiumbikes & GrowSari).

Having a proven track record in the banking industry and as JG Summit's major financial service arm, RBC continuously strives to carry on its vision of leading the country to global-competitiveness through quality and innovative banking products and services. It provides a broad range of traditional banking services such as savings, current and time deposits, treasury and trust products, and foreign currency-denominated deposits. It also offers commercial loans, consumer loans such as housing, car and personal loans, motorcycle loans, micro financing, and other products or services such as cash management, trade financing and remittance, among others. In 2017, the Bank unleashed the power of 2 Gives through Robinsons Bank DOS Mastercard. The DOS card is the first and only credit card in the market that automatically splits all transactions into two monthly installments at 0%. The card is 3D Secure, providing the card holders protection from fraud and scheme.

RBC aims to be among the top big banks in the country and continues to be a strategic player in the industry. RBC prides itself with a business portfolio of market leaders, a solid financial position, and a formidable management team which steers the Bank ahead of changing times and through the challenges that come along with it. Thus, RBC is positioned not only to be more responsive in meeting the banking requirements of its retail customers and business partners, but also to fully serve the general banking public.

Competition

The Philippine banking industry is a mature market that has, in recent years, been subject to consolidation and liberalization, including liberalization of foreign ownership restrictions. As of December 31, 2023, there are 38 universal and commercial (local and foreign) banks in the Philippines, according to the BSP. The Bank faces significant levels of competition amid a number of these Philippine banks and the presence of branches of international banks. These include, but not limited to, banks with greater financial and capital resources, bigger market share, and larger brand recognition than the Bank.

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 expand their branch network through acquiring domestic banks;
- ability of the Bank's competitors to establish new branches in Metro Manila due to the removal of the existing new branch license restriction scheme in 2014;
- domestic banks entering strategic alliances with foreign banks with significant financial and management resources;
- continued consolidation in the banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions;
- the impact of financial technologies in developing and transforming banking products and services; and
- the entry of fintech companies offering financial services.

The Bank faces the challenges of such increased competition. In 2019, the Bank increased its equity by ₱3.0 billion to sustain the increasing size of its loan portfolio.

Per BSP data for the period 2019 to 2023, the ranking of the Bank in the last five years shows the competitive strength of Robinsons Bank against its peers.

The table below summarizes the Bank's ranking in the last five years in terms of total assets and total loans (net):

Year	Total Assets	Ranking
2019	128.1 billion	18th
2020	148.9 billion	18th
2021	176.9 billion	17th
2022	174.8 billion	16th
2023	183.5 billion	16th

Total Loans (Net)	Ranking
79.7 billion	16th
87.7 billion	15th
109.7 billion	15th
107.4 billion	14th
115..2 billion	14th

Trademarks and Licenses

Except for software license agreements which it entered into in the ordinary course of business with some information technology companies, the Bank's business and operations are not dependent upon any patents, trademarks, copyrights, licenses, franchises, and royalty agreements.

In 2018 and 2019, the SEC approved the following business names and styles of the Bank, namely: RBank, RBC, Robinsons Bank, RobinsonsBank, Robinsons Bank Corp., RBank Corp., RBank Corporation, RobinsonsBankCorp., and Robinsons Commercial Bank.

In 2022, the Bank was also able to cause the registration of the trade names of its new products before the Intellectual Property Office (IPO), namely:

Trade Name	Date of Registration	Term
Simple Savings	January 10, 2022	Ten years (until January 10, 2032)
RBank Mo	February 07, 2022	Ten years (until February 07, 2032)
Rkansya	September 10, 2022	Ten years (until September 10, 2032)
RBank Instabale	November 3, 2022	Ten years (until November 3, 2032)
Robinsons Bank GO!Auto Loan	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Housing Loan	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Small Biz Loan	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Consumer Loans	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Motorsiklo Loan	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Salary Loan	November 21, 2022	Ten years (until November 21, 2032)
Robinsons Bank GO!Peso Bonds	November 21, 2022	Ten years (until November 21, 2032)

Strong Investor Base
RBC is part of the JG Summit Holdings conglomerate. It maintains good patronage of the concessionaires, contractors and suppliers of the JG Group of Companies; exhibiting strong deposit and loan acquisitions. The Bank being owned by JGSCS and RRHI, RBC is in the company of leading and established corporations in the country today.

Regulatory Overview
As a domestic commercial bank, the Bank is governed by the rules and regulations of the BSP and other government regulators. As such, the Bank ensures that its business operations comply with all applicable government laws, rules and regulations such as BSP mandate on financial inclusions, limits, circulars, Capital Adequacy Ratio, reserves, liquidity, AMLA, and other reportorial requirements.

g) CORE INVESTMENTS

PLDT, Inc. (PLDT)
On March 29, 2011, the Company executed a sale and purchase agreement with PLDT under which PLDT has agreed to purchase all the rights, title and interest in the assets of Digitel. The acquisition was completed on October 26, 2011 following the issuance by the SEC of its confirmation of the valuation of the enterprise assets and the approval by National Telecommunications Commission of the transfer of 51.6% interest in Digitel. In November 2011, the Company subsequently sold 5.81 million and 4.56 million PLDT shares to an associate company of First Pacific Company Limited and NTT Docomo, Inc., respectively for approximately US$600 million. The Company is represented in PLDT’s board of directors with one board seat. The transaction triggered a mandatory tender offer for the acquisition of the remaining 48.5% of Digitel shares held by the public. PLDT launched a tender offer for such shares that ended January 16, 2012.

In December 2019, the Company acquired 7,046,979 American Depositary Receipts (ADRs) of PLDT amounting to ₱7.0 billion, which was then converted into common shares in January 2020 and resulted to the Company's additional 3.3% stake in PLDT. The Company has a total of 11.27% interest in PLDT after the transaction. PLDT is one of the largest and most diversified telecommunications provider in the Philippines, which provides a wide range of telecommunications services in the country through its extensive fibre optic backbone and wireless, fixed line, broadband and satellite networks. PLDT's business comprises three divisions: wireless, fixed line and BPO.

Manila Electric Company (Meralco)
On December 11, 2013, the Company completed the purchase of a 27.1% stake in Manila Electric Company (Meralco) for ₱71.9 billion, which was funded by a combination of debt and equity capital. Meralco is the largest private sector electric distribution utility company in the Philippines and has been serving Filipinos for over 117 years. Today, Meralco provides electricity to 7 million customers in 36 cities and 75 municipalities in a 9,685 square km franchise area that includes Metro Manila, Rizal, Cavite, Bulacan, and portions of Pampanga, Laguna and Quezon. On June 14, 2017, the Company acquired additional 2.44% stake in Meralco for ₱6.9 billion, resulting in the increase in ownership interest in Meralco to 29.56%. On July 28, 2022, the BOD of the Company approved the holding of an overnight block trade for the sale of its 36.0 million common shares in Meralco. On the same day, the Company entered into a Secondary Block Trade Agreement with UBS AG, Singapore Branch (UBS) whereby it appointed UBS, to procure purchasers for the 36.0 million common shares of Meralco at a price of ₱344 per share for a total consideration of ₱12.4 billion together with all dividends, distributions and other benefits attaching to the shares. The sale represents 3.2% of Meralco's total outstanding shares which resulted to the change in the Company's equity interest over Meralco from 29.56% to 26.37%.

Luzon International Premiere Airport Development Corporation (LIPAD)
On February 18, 2019, the Company invested in LIPAD. The shares acquired represented 33% of LIPAD's total outstanding common shares. LIPAD is a corporation organized and incorporated in the Philippines to engage in the operation and maintenance of airports, whether operating as a domestic or international airport or both, including day-to-day administration, functioning, management, manning, upkeep, and repair of all facilities necessary for the use or required for the safe and proper operation of airports. In December 2020, the Company made additional investment amounting to ₱115.5 million equivalent to 115.5 million shares. In September 2021, the Company made additional investment amounting to ₱132.0 million equivalent to 132.0 million shares.

DHL Summit Solutions, Inc. (DSSI)
On December 18, 2019, the Company invested in DSSI. DSSI was incorporated on October 1, 2019 and shall engage in the business of providing domestic transportation, logistics, warehousing and distribution of cargoes, and other supply chain management activities. DSSI started commercial operations in July 2020.

GoTyme Bank Corporation
On February 18, 2021, RBC and RLC entered into a joint venture agreement with RRHI and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the BSP. The initial funding and capital structure required RBC, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.25 billion. The shareholder percentage of RBC, RLC, RRHI and TGL upon incorporation shall be 20.0%, 20.0%, 20.0% and 40.0%, respectively, of the share capital and voting rights of the JVC.

On August 24, 2021 RBC's equity investment of ₱200.0 million representing 20% ownership of the digital bank which was named GoTyme Bank Corporation (GoTyme) was approved by the BSP. After securing Certificate of Authority to Register from the Monetary Board, the SEC approved the Certificate of Incorporation of GoTyme on December 28, 2021.

In February 2022, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱1.6 billion to support the pre-launch and operations of GoTyme and to comply with the ₱1.0 billion BSP-mandated minimum regulatory capital for digital banks.

As of December 31, 2023, the shareholder percentages of RBC, RLC, RRHI and TGL in GoTyme's share capital were 15.0%, 20.0%, 20.0% and 40.0%, respectively, with GoTyme Financial Pte. Ltd. (GTFPL) holding a 3.9% stake, and the remaining 1.1% is owned by Giga Investment Holdings Pte. Ltd. GTFPL is 51% owned by JGS.

h) SUPPLEMENTARY BUSINESSES

JGDEV and DAVI
Part of the Group's digital transformation was the establishment of JG Digital Equity Ventures (JGDEV) and Data Analytics Ventures Inc. (DAVI) in 2018 and 2019, which currently trail blazing the Group's next generation of digital business.

JGDEV, the Group's venture capital arm, continues to invest in promising early-stage startups in the Southeast Asian region that will potentially generate returns while also creating value for the Gokongwei Group's ecosystem.

In 2023, JGDEV continued to take a more measured approach in deploying capital, primarily by supporting key portfolio companies with strategic follow-on investments. Although market conditions remain challenging, the fund continues to be excited by the innovations being made in the local and regional start-up ecosystems, and began deploying from DEV Fund II in 2023.

Key follow-on investments during the year include investments in the following start-ups:

- Tyme, a multi-country digital banking group with operations in South Africa and the Philippines;
- Zuzu, a revenue-management platform for independent hotels across South East Asia; and
- Etaily, an end-to-end e-commerce enabler in the Philippines

.

DAVI, on the other hand, unlocks data opportunities by uncovering new customer patterns and insights, leading to disruptive engagement and growth through precision marketing, customer intelligence, performance dashboards and predictive analytics.

In 2021, DAVI integrated Robinsons Rewards and GetGo into Go Rewards, one of the largest lifestyle rewards program. Go Rewards offers its members to earn and redeem rewards points from its rich merchant base.

The Group also has an interest in insurance brokering, securities investments, and business process outsourcing.

Competition

Many of the Group's activities are carried on in highly competitive industries. Given the Group's diversity, the Group competes with different companies domestically and internationally, depending on the product, service or geographic area. While the Group is one of the largest conglomerates in the Philippines, its subsidiaries compete in different sectors against a number of companies with greater manufacturing, financial, research and development and market resources than the Group.

The following table sets out the Group's principal competitors in each of the principal industry segments in which it operates:

Industry Segment	Principal Competitors
Branded Consumer Foods, Agro-Industrial and Commodity Food Products	Liwayway Marketing Corporation, Perfetti Van Melle Group, Mondelez Philippines Inc., Republic Biscuit Corporation, Suncrest Foods Inc., Monde Nissin Corporation and Nestle Philippines, Inc. Internationally, major competitors include Tan Hiep Phat Beverage Group, Mondelez International, Inc., PT Mayora Indah Tbk, Glico, Mamee-Double Decker Sdn Bhd and PepsiCo, Inc., San Miguel Corporation, Victorias Milling Company, Pilmico, UNAHCO (Unilab Group), and Bounty Farms.
Real Estate and Hotels	SM Prime Holdings, Inc., Ayala Land, Inc., Ayala Land Premier, Rockwell Land Corporation, Century Properties Group, Inc., Megaworld Corporation, Alveo Land, Filinvest Land, Inc., Ortigas & Co., Avida Land, DMCI Homes, Vista Land & Lifescapes, Inc., Aboitiz Land Inc. and Cebu Landmasters Inc., Alliance Global Group Inc., Double Dragon Properties Corp, PHirst Park Homes, Inc. and 8990 Holdings, Inc.
Air Transportation	PAL, PAL Express, Philippines Air Asia for domestic flights; AirAsia, Jetstar Airways, PAL, Cathay Pacific, Singapore Airlines, Scoot, Jeju Air and Thai Airways, among others for International flights
Banking and Financial Services	Bank of Commerce, Philippine Bank of Communications, and Maybank Philippines Incorporated
Petrochemicals	Imports

Publicly-Announced New Product or Service

Other than those discussed above under the air transportation and banking segments, the Group has no publicly-announced new product or service as of the date of the report.

Patents, Trademarks, Licenses, Franchises Concessions, Royalty Agreements

The Group owns a substantial number of trademarks registered with the Intellectual Property Office of the Philippines (IPPHL). Trademark registrations with the IPPHL prior to the effective date of Republic Act No. 8293, or the current Intellectual Property Code of the Philippines, are valid for 20 years from the date of issue of the certificate of registration. Meanwhile, trademark registrations covered by Republic Act No. 8293 are valid for ten years from the date of the certificate of registration. Regardless of whether the trademark registration is for 20 years or ten years, the same may be renewed for subsequent ten-year terms.

The Group also has various licenses and franchises issued by the government to enable them to operate its diverse businesses including food, real estate, banking and financial services, telecommunications, air transportation and power generation.

Effect of Existing or Probable Governmental Regulations on the Business

The Company operates the majority of its businesses, including food, real estate, banking and financial services, telecommunications, air transportation and power generation activities, in a highly regulated environment. Many of these businesses depend upon licenses or franchises issued by the government authorities or agencies for their operations. These businesses would be materially adversely affected by the suspension or revocation of these licenses or franchises, which in turn may have a material adverse effect upon the Company. In addition, the introduction or inconsistent application of, or changes in regulations may from time to time materially affect the Company's operations.

Cost and Effects of Compliance with Environmental Laws

The operations of the Company are subject to various laws enacted for the protection of the environment. The Company believes that it has complied with all applicable Philippine environmental laws and regulations, an example of which is the installation of waste and industrial water treatments in its various facilities. Compliance with such laws has not had, and in the Company's opinion, is not expected to have, a material effect upon the Company's capital expenditures, earnings or competitive position.

Employees and Labor

The number of full-time employees employed by the Company and its operating subsidiaries as of December 31, 2023 is shown in the following table:

Company	No. of Employees
Branded Consumer Foods, Agro-industrial and Commodities	13,546
Airlines	5,471
Property Development and Hotel Management	3,299
Finance	1,966
Petrochemicals	1,177
Supplementary Businesses	520
	25,979

The Company's management believes that good labor relations generally exist throughout the operating companies. For most of the operating companies, collective bargaining agreements exist between the relevant representative unions for the employees and the relevant operating companies. The collective bargaining agreements generally cover a five-year term with a right to renegotiate the economic terms of the agreement after three years, and contain provisions for annual salary increment, health and insurance benefits and closed-shop arrangements. The management believes that those collective bargaining agreements, which are soon to expire or which have expired, will, as a result of existing good labor relations, be successfully renewed or renegotiated.

Risks
The major business risks facing the Group are as follows:

a. *Strategic Risk*
The Group's top Strategic risks cover areas of capital allocation, business performance and competition, which could affect the Company's market capitalization, or pose an unfavorable view in the Group's value creation, and limit growth prospects. To mitigate these risks, the Company conducts sector analysis in relation to customer trends, regular review of capital allocation decisions, and incorporates risk management in the OGSM process of the Group's businesses.

b. *Reputational Risk*
The Group's Reputational risk pertains to how third-party views and ratings affect the corporate image and brands. Misinformation about JGSHI and/or its subsidiaries and unfavorable public opinion could impact the Company's license to operate, as well as market capitalization. The Company performs active scanning of mainstream social media outlets and continuously monitor its business positioning in the market and external reputation. Customer platforms are also improved continuously to provide better customer experience

c. *Governance Risk*
The Group's Governance risk relates to compliance with company policies and processes. Unintended or intentional breaches of company policies and ethical standards may result in operational inefficiencies, significant financial losses, loss of stakeholder trust, or reputational damage. The Company addresses this by strengthening the internal control measures and functions, reinforcing good corporate governance practices, and regularly conducting training on code of business conduct and ethics.

d. *Emerging Risk*
Emerging risks refer to new or developing risks that the Company has little to no experience in. The Company considers geopolitical tensions as one of the top emerging risks, given the continuing conflict in the global order. Potential impact to the Company includes difficulty in sourcing raw materials, decreased profits due to higher input costs, and reduced growth prospects. The Company incorporates geopolitical risk analysis and strategic foresight planning in market and transaction evaluation to reduce the impact of this risk. The Group is also assessing the impact of disruptive technology, such as Generative AI, in business operations. The possible implications include reduced competitive advantage from inability to capitalize on emerging technologies, and increased cost of equipping the organization to adapt to changing business landscape. The Company is working on developing Gen AI policies and setting up a governance committee to establish comprehensive risk management protocols and foster ethical and strategic use of Gen AI to enhance business processes, products and services.

e. *Climate-related Risk*
Climate-related risk is considered one of the most relevant risks for the Group. The inability to mitigate or address the impact of climate-related and extreme weather events could result in damage to facilities, obsolescence or loss of assets, disruptions in the Group's supply chain and operations, as well as, endanger people and the ecosystem. Enhancing infrastructure resilience against extreme weather events and adapting to changing conditions could require significant financial and capital investments. Regulatory changes related to climate change, such as carbon pricing,

emissions caps, and extended producer responsibility, may also affect the Group operationally and financially by escalating compliance costs. The Group has embarked on a project to gain better understanding of science-based climate risks information from the best available climate models to understand how our facilities and value chains can get impacted under different climate scenarios.

f. *Operational Risk*
Product safety, quality, and equipment and process management concerns are among the Group's top Operational risks, along with risks of increasing material costs and availability. Rising raw material costs could negatively impact margins, while unreliability of raw materials supply could result in operational disruptions and loss of sales. The quality of our products and services, on the other hand, influences our relationship with our customers and their perception of the company. The Group, however, is always on top of these risks and ensures that proper operations management and product quality management systems are in place, and there is diversity in raw materials sourcing and adequate insurance coverage for facilities, assets, and people. The Company has a supplier accreditation system in place to ensure continuous supply of quality goods and services by reputable and reliable suppliers who are compliant with applicable government rules and regulations like environmental, labor, health and safety, etc.

g. *IT and Digitalization Risk*
Cybersecurity risk remains to be the most relevant IT and Digitalization risk for the Group. The consequences related to this risk include loss of information, disruptions in business operations, increased cost of added security or disaster recovery, and potential loss of credibility and damage to brand and company image. This risk could also lead to significant regulatory violations. Data breaches could compromise the Company's sensitive or confidential information, and even jeopardize individuals' safety and security, in case of personal data leaks. Nonetheless, this is well-mitigated as the Company continues to strengthen its security posture with pragmatic and holistic solutions to proactively identify, protect, detect, respond and recover, as well as improve our system and data access controls.

h. *People Risk*
The Group's top People risk pertains to talent development and retention in the face of intense competition for key talents, especially for those with digital aptitude. This could result in business disruptions and compromised service quality. High attrition also results in increased cost of talent acquisition and training. This is addressed by continually upgrading the Company's talent acquisition strategies, conducting wages and benefits benchmarking, and employing data insights and advanced analytics in developing HR programs for employees' professional growth and development.

i. *Financial Risk*
The Group's key Financial risks are primarily related to interest rate increases and foreign exchange volatility, which could significantly impact our Group's financial performance. Possible effects include higher cost of debt, lower returns from financial investments and margin compression from higher input costs. To counter this financial risk, the Group manages and maintains a good balance of foreign-denominated financial assets, local currency borrowings, risk-appropriate instruments, while strengthening both onshore and offshore banking relationships.

j. *Legal and Compliance Risk*
The Group's top Legal and Compliance risks include tax-related legal cases and non-compliance with regulations. Non-compliance with any law, including environmental regulations, could have financial and reputational implications for the Company from fines to stoppage of operations. This risk is mitigated by closely monitoring regulatory updates such as those related to the Single-Use Plastic Products bill, the Extended Producer Responsibility Act and carbon emission-related policies, and employing in-house legal experts who coordinate with concerned business units on potential legal issues and pursue all remedies available. The Company also engages with third-party consultants, as necessary, to strengthen its position on related issues.

Working Capital
The working capital requirement of each subsidiary varies depending on the industry it is engaged in and is financed by operations and short-term loans from banks.

Item 2. Properties

JG Summit and its Subsidiaries conduct businesses throughout the Philippines, but primarily in and around Metro Manila (where it is based) and in the regions of Visayas and Mindanao. Substantially, all facilities are owned by the Company and are in good condition.

URC operates the manufacturing/farm facilities located in the following:

Location (Number of facilities)	Type of Facility	Owned/Rented	Condition
Pasig City (5)	Branded consumer food plant, flour mills and feed mill	Owned	Good
Libis, Quezon City (1)	Branded consumer food plant	Owned	Good
Cabuyao, Laguna (1)	Branded consumer food plant	Owned	Good
Luisita, Tarlac (1)	Branded consumer food plant	Rented/Owned	Good
San Fernando, Pampanga (1)	Branded consumer food plant	Rented/Owned	Good
Dasmariñas, Cavite (2)	Branded consumer food plants	Owned	Good
Cagayan de Oro (1)	Branded consumer food plant	Owned	Good
San Pedro, Laguna (2)	Branded consumer food plants	Owned	Good
Calamba, Laguna (1)	Branded consumer food plant	Rented/Owned	Good
San Pablo, Laguna (1)	Branded consumer food plant	Rented/Owned	Good
Biñan, Laguna (1)	Branded consumer food plant	Owned	Good
Antipolo, Rizal (5)	Poultry and piggery farms, slaughterhouse and meat processing plant	Rented/Owned	Good
Naic, Cavite (1)	Poultry farm	Owned	Good
San Miguel, Bulacan (4)	Feed mill, poultry and piggery farms	Owned	Good
San Jose, Batangas(1)	Poultry farm	Rented	Good
Bustos, Bulacan (1)	Piggery farm	Owned	Good
Novaliches, Quezon City (1)	Piggery farm	Owned	Not Operational
Consolacion, Cebu (1)	Feed mill	Owned	Good
Davao City, Davao (1)	Flour mill	Owned	Good
Tabok City, Cebu (1)	Branded consumer food plant	Owned	Good
San Fernando, Cebu (1)	Branded consumer food plant	Owned	Good
Mandaue City, Cebu (1)	Feed mill	Owned	Good
Bais, Negros Oriental (1)	Distillery plant	Owned	Good
Manjuyod, Negros Oriental (1)	Sugar mill	Owned	Good
Piat, Cagayan (1)	Sugar mill	Owned	Good
Kabankalan, Negros Occidental (2)	Sugar mill and cogeneration plant	Owned	Good
San Enrique, Iloilo City (1)	Sugar mill	Owned	Good
Balayan, Batangas (1)	Sugar mill	Owned	Good
La Carlota City, Negros Occidental (2)	Sugar mill and distillery plant	Owned	Good

Location (Number of facilities)	Type of Facility	Owned/Rented	Condition
Simlong, Batangas (3)	BOPP plant/Flexible packaging	Owned	Good
Samutsakhorn Industrial Estate, Samutsakhorn, Thailand (6)	Branded consumer food plants	Owned	Good
Pasir Gudang, Johor, Malaysia (1)	Branded consumer food plant	Owned	Good
Jiangsu, China (1)	Branded consumer food plant	Owned	Good
Guangdong, China (1)	Branded consumer food plant	Owned	Good
Industrial Town, Bekasi, Indonesia (2)	Branded consumer food plants	Owned	Good
VSIP, Binh Duong Province, Vietnam (3)	Branded consumer food plants	Owned	Good
Thach That District, Ha Noi, Vietnam (1)	Branded consumer food plant	Owned	Good
Mingaladon, Yangon, Myanmar (1)	Branded consumer food plant	Rented/Owned	Good
Batu Pahat, Johor, Malaysia (2)	Branded consumer food plant	Owned	Good

URC intends to continuously expand the production and distribution of the branded consumer food products internationally through the addition of manufacturing facilities located in geographically desirable areas, especially in the ASEAN countries, the realignment of the production to take advantage of markets that are more efficient for production and sourcing of raw materials, and increased focus and support for exports to other markets from the manufacturing facilities. It also intends to enter into alliances with local raw material suppliers and distributors. Annual lease payments for rented properties amounted to ₱154 million in 2023.

RLC has invested in a number of properties located across the Philippines for existing and future development projects. All of these properties are fully owned by the Company and none of which are subject to any mortgage, lien or any form of encumbrance. The Company also enters into joint venture arrangements with landowners in order to optimize their capital resources. Not only does this encourage raw land development for future projects but it also provides them exclusive development and marketing rights.

As of December 31, 2023, the following are locations of RLC's properties:

a) Land

Location	Use	Status
Metro Manila		
Manila	Mixed-use (mall/residential/hotel)	No encumbrances
Quezon City	Residential/Office Building/Mixed-use (mall/residential/hotel/office)	No encumbrances
Pasay City	Residential	No encumbrances
Mandaluyong City	Mixed-use (mall/hotel/residential)	No encumbrances
Makati City	Office Building/Residential	No encumbrances
Pasig City	Residential/Mall/Office Building/Mixed-use (mall/hotel/residential)	No encumbrances
Parañaque City	Residential	No encumbrances
Muntinlupa City	Residential	No encumbrances
Las Piñas City	Mall	No encumbrances
Taguig City	Residential	No encumbrances
Malabon City	Mall	No encumbrances
San Juan City	Residential/Hotel	No encumbrances
Metro Manila area	Land bank	No encumbrances
Luzon		
La Union	Residential/Mall	No encumbrances
Pangasinan	Mall	No encumbrances
Bulacan	Mall/Residential	No encumbrances
Nueva Ecija	Mall	No encumbrances
Pampanga	Mall/Warehousing Facility	No encumbrances

Location	Use	Status
Luzon		
Tarlac	Mall/Office Building	No encumbrances
Batangas	Mall/Residential	No encumbrances
Cavite	Mall/Residential/Mixed-use (mall/hotel/residential)	No encumbrances
Laguna	Mall/Warehousing Facility	No encumbrances
Palawan	Mixed-use (mall/hotel/residential)	No encumbrances
Rizal	Residential/Mall/Warehousing Facility	No encumbrances
Isabela	Mall	No encumbrances
Ilocos Norte	Mixed-use (mall/office)	No encumbrances
Camarines Sur	Mall/Office Building	No encumbrances
Cagayan	Mall/Hotel	No encumbrances
Laguna	Mall/Warehousing Facility	No encumbrances
Luzon area	Land bank	No encumbrances
Visayas		
Iloilo	Mall	No encumbrances
Negros Occidental	Mall/Hotel/Office Building	No encumbrances
Cebu	Hotel/Residential/Mixed-use (mall/hotel/residential/office)	No encumbrances
Negros Oriental	Mixed-use (mall/hotel)	No encumbrances
Leyte	Mall/Mixed-use (mall/hotel)	No encumbrances
Capiz	Mall	No encumbrances
Antique	Mall	No encumbrances
Visayas area	Land bank	No encumbrances
Mindanao		
Agusan Del Norte	Mixed-use (mall/hotel)	No encumbrances
Misamis Oriental	Residential	No encumbrances
Davao Del Sur	Mall/Hotel/Office Building	No encumbrances
South Cotabato	Mall/Residential/Hotel	No encumbrances
Lanao Del Norte	Mixed-use (mall/hotel)	No encumbrances
Davao Del Norte	Mall	No encumbrances
Bukidnon	Mall	No encumbrances
Mindanao area	Land bank	No encumbrances

b) Building and Improvements

Location	Use	Status
Metro Manila		
Manila	Mixed-use (mall/residential/hotel)	No encumbrances
Quezon City	Residential/Office Building/Mixed-use (mall/residential/hotel/office)	No encumbrances
Pasay City	Residential	No encumbrances
Mandaluyong City	Mixed-use (mall/hotel/residential/office)	No encumbrances
Makati City	Office Building/Residential	No encumbrances
Pasig City	Residential/Mall/Office Building/Mixed-use (mall/hotel/residential)	No encumbrances
Paranaque City	Residential	No encumbrances
Muntinlupa City	Residential/Warehousing facility	No encumbrances
Las Pinas City	Mall	No encumbrances
Taguig City	Residential/Office Building	No encumbrances
Malabon City	Mall	No encumbrances
San Juan City	Residential/Hotel	No encumbrances
Luzon		
La Union	Residential/Mall	No encumbrances
Pangasinan	Mall	No encumbrances

Location	Use	Status
Luzon		
Bulacan	Mall/Residential	No encumbrances
Nueva Ecija	Mall	No encumbrances
Pampanga	Mall/Warehousing facility	No encumbrances
Tarlac	Mall/Office Building	No encumbrances
Batangas	Mall/Residential	No encumbrances
Cavite	Mall/Residential/Mixed-use (mall/hotel/residential)	No encumbrances
Laguna	Mall/Warehousing facility	No encumbrances
Palawan	Mixed-use (mall/hotel/residential)	No encumbrances
Rizal	Mall/Residential/Warehousing facility	No encumbrances
Isabela	Mall	No encumbrances
Ilocos Norte	Mixed-use (mall/office)	No encumbrances
Camarines Sur	Mall/Office Building	No encumbrances
Cagayan	Mall/Hotel	No encumbrances
Laguna	Mall/Warehousing facility	No encumbrances
Visayas		
Iloilo	Mall/Mixed-use (mall/hotel)/Office building	No encumbrances
Negros Occidental	Mall/Hotel/Office Building	No encumbrances
Cebu	Hotel/Residential/Mixed-use (mall/hotel/residential/office)	No encumbrances
Negros Oriental	Mixed-use (mall/hotel)	No encumbrances
Leyte	Mall/Mixed-use (mall/hotel)	No encumbrances
Capiz	Mall	No encumbrances
Antique	Mall	No encumbrances
Mindanao		
Misamis Oriental	Mall/Residential	No encumbrances
Davao Del Sur	Mall/Hotel/Office Building	No encumbrances
South Cotabato	Mall/Residential/Hotel	No encumbrances
Agusan Del Norte	Mixed-use (mall/hotel)	No encumbrances
Davao Del Norte	Mall	No encumbrances
Lanao Del Norte	Mixed-use (mall/hotel)	No encumbrances
Bukidnon	Mall	No encumbrances
China		
Chengdu	Residential	No encumbrances

RLC owns all the land properties upon which all of its existing commercial centers and offices are located, except for the following: (i) Robinsons Place Iloilo, (ii) Robinsons Cagayan de Oro, (iii) Robinsons Cainta, (iv) Robinsons Pulilan, (v) Robinsons Place Jaro, (vi) Cyber Sigma, and (vii) Robinsons Place Tuguegarao.These seven land properties are leased at prevailing market rates. The leases for the Iloilo and Cagayan de Oro properties are for 50 years each and commenced in October 2001 and December 2002, respectively. The lease for the Cainta property is for 25 years and commenced in December 2003. In 2022, the Company exercised its renewal option further extending the lease for 25 years. The leases for the Pulilan, Cyber Sigma, and Tuguegarao properties are for 25 years each and commenced in January 2008, August 2014, and January 2018, respectively. Renewal options for Pulilan, Cyber Sigma and Tuguegarao are available to the Company, with an Option to Purchase the property and its improvements for Cyber Sigma. The lease for the Jaro, Iloilo property is for 30 years and commenced in March 2015.

As of December 31, 2023, CEB does not own any land. CEB, however, owns an office building that serves as its corporate headquarters and training center, and the buildings on either side of the corporate headquarters that serves as additional offices and storage of some departments, office of 1Aviation, and office of A-Plus, all located at the Domestic

Road, Barangay 191, Zone 20, Pasay City. The land on which said office buildings stand is leased from the Manila International Airport Authority (MIAA). CEB also leases its hangar, aircraft parking and other operational space from MIAA.

CEB owns the Philippine Academy for Aviation Training, Inc. (PAAT) building located in C.M. Recto, Clark Freeport Zone, Philippines. This is subleased to PAAT. The land on which this building stands is leased from the Clark Development Corporation.

As of December 31, 2023, CEB has 76 aircraft consisting of 46 aircraft financed under lease liabilities, 24 aircraft financed under debt arrangements (including finance leases), and 6 (six) aircraft purchased off lease and unencumbered.

RBC currently owns a commercial condominium unit located at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City. There are no mortgages, liens, encumbrances or any limitations on the Bank's ownership of the foregoing properties. The Bank also leases spaces for its branches, branch-lite units, offices and facilities including parking spaces, warehouse and building space for data center.

SOC's complex is located 120 km south of Metro Manila, in Barangays Simlong and Pinamucan Ibaba, Batangas City, overlooking Batangas Bay. At present, JGSOC has a 250-hectare fully integrated, world-class manufacturing complex that houses the Naphtha Cracker Plant, the Polymer Plants, the Aromatics Extraction Plant and the Butadiene Extraction Plant.

Item 3. Legal Proceedings

Certain consolidated subsidiaries are defendants to lawsuits or claims filed by third parties which have pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the Company's consolidated financial position. Refer to Note 43 of the Consolidated Financial Statements attached to this report for a detailed description.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Principal Market or Markets where the Registrant's Common Equity is Traded

The common stock of the Company is listed on the Philippine Stock Exchange. Sales prices of the common stock follow:

	High	Low
2023		
First Quarter	₱57.50	₱47.90
Second Quarter	51.50	43.00
Third Quarter	46.10	35.05
Fourth Quarter	42.00	35.90
2022		
First Quarter	₱63.80	₱54.15
Second Quarter	60.90	47.90
Third Quarter	56.80	42.05
Fourth Quarter	52.00	40.90
2021		
First Quarter	₱74.50	₱57.00
Second Quarter	63.00	49.40
Third Quarter	67.65	55.00
Fourth Quarter	66.50	52.65

The stock price of the Company's shares as of April 11, 2024 is ₱32.

Cash Dividends per Share

The Company's policy is to deliver a steady flow of dividends to its shareholders. In the past five years, JGSHI has successfully paid out at least ₱0.30 per share annually despite the significant adverse impact of the pandemic in the Company's operations and profitability. The Company shall declare cash dividends annually. The dividend rate, however, shall be reviewed every year by the Board of Directors taking into account the absence of circumstances which may restrict the payment of such dividends and considering applicable laws and regulations, the Company's results of operations, medium and long-term growth and investment strategies, cash flow requirements, and other relevant factors.

On May 8, 2023, JGSHI declared a regular cash dividend of ₱0.40 per common share from the unrestricted retained earnings of the Corporation as of December 31, 2022, to all stockholders of record as of May 23, 2023 and payable on June 14, 2023.

On May 12, 2022, JGSHI declared a regular cash dividend of ₱0.40 per common share from the Unrestricted Retained Earnings as of December 31, 2021, to all stockholders of record as of May 26, 2022 and paid on June 14, 2022.

On May 13, 2021, JGSHI declared a regular cash dividend of ₱0.38 per common share from the Unrestricted Retained Earnings as of December 31, 2020 to all stockholders of record as of June 11, 2021 and paid on July 7, 2021.

Stock Dividends Declared

No stock dividend was declared in 2023, 2022 and 2021.

Restricted Retained Earnings

The Parent Company's BOD approved the appropriation of retained earnings totaling ₱101.2 billion. The ₱101.2 billion total appropriations of the Parent Company's retained earnings are earmarked for the following: (a) settlement of certain subsidiary's loan obligations guaranteed by the Parent Company; (b) settlement of Parent Company loan obligations; and (c) general corporate purposes.

Recent Sales of Unregistered Securities

Not Applicable. All shares of the Company are listed on the Philippine Stock Exchange.

The number of shareholders of record holding common shares as of December 31, 2023 was 986. Total common shares outstanding as of December 31, 2023 were 7,520,983,658 common shares with a par value of P1.00.

Top 20 stockholders as of December 31, 2023

	Name	No. of Common Shares Held	% to Total Outstanding (Common)
1.	Gokongwei Brothers Foundation, Inc.	2,096,930,273	27.88
2.	PCD Nominee Corporation (Filipino)	2,023,186,567	26.90
3.	RSB-TIG No. 030-46-000001-9	1,084,985,186	14.43
4.	PCD Nominee Corporation (Non-Filipino)	859,799,286	11.43
5.	Lance Yu Gokongwei	323,643,574	4.30
6.	Ego Investments Holdings Limited	280,946,400	3.74
7.	Robina Gokongwei Pe	188,432,999	2.51
8.	James L. Go	156,113,638	2.08
9.	Gosotto & Co., Inc.	105,676,718	1.41
10.	RBC-TIG ATF TA#030-172-530121	101,871,000	1.35
11.	Lisa Yu Gokongwei	87,076,500	1.16
12.	Lisa Gokongwei Cheng	56,910,000	0.76
13.	RBC-TIG ATF TA#030-172-530122	37,905,000	0.50
14.	Nicris Development Corporation	35,776,914	0.48
15.	Quality Investments & Securities Corp.	8,794,498	0.12
16.	Rowena G. Alano	5,717,411	0.08
16.	Ruth Tiu Gotao	5,717,411	0.08
17.	Maxwell G. Ahyong and/or Christine Y. Ahyong	4,410,000	0.06
18.	Manuel Go Ahyong, Jr. and/or Vivian Yu Ahyong	4,147,500	0.06
19.	Marites G. Ahyong	3,570,000	0.05
20.	JG Summit Capital Services Corporation	3,320,625	0.04
	Other stockholders	46,052,158	0.61
		7,520,983,658	100.00

Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto as of and for the years ended December 31, 2023, 2022 and 2021, which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and after reflecting the following transactions:

- On September 30, 2022, the Board of Directors (BOD) of RBC approved the plan of merger of RBC and Bank of Philippine Islands (BPI), with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network.

- On January 17, 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RBC. On March 9, 2023, the Philippine Competition Commission cleared the merger. Subsequently, on December 15, 2023, the BSP approved the merger, followed by the Securities and Exchange Commission's approval of the Articles of Merger and the Plan of Merger, along with their supplements, as filed by BPI and RBC. The merger officially took effect on January 1, 2024. In accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, the results of RBC operations are presented as discontinued operations, separately from continuing operations, in the consolidated statements of comprehensive income.

Management's Discussion of Results of Operations is presented in two parts: Consolidated Operations and Segment Operations.

<u>RESULTS OF OPERATIONS</u>

<u>2023 vs. 2022</u>

<u>I. Consolidated Operations</u>

Airline rebound and groupwide margin gains tripled JG Summit's 2023 core profits

JG Summit Holdings, Inc. (JGS), one of the largest and most diversified Philippine conglomerates, saw its core net income tripling to ₱19.8 billion in 2023, from ₱6.2 billion in 2022. This robust performance came from the significant turnaround in the Company's airline, along with expanding margins in its property and food businesses and tapering losses from its petrochemical unit.

These financial results were delivered on the back of a 14% increase in total revenues of ₱344.0 billion, owing to the first full year of unrestricted travel demand coupled with the broad-based growth in its real estate unit and the steady improvement in its food and petrochemical sales. Despite the absence of the ₱3.2 billion gain on sale of Meralco shares that was recognized in 2022, JG Summit's consolidated core net income surged 220% year-on-year (YoY) as the strong topline was boosted by better operating margins across all its subsidiaries. Incorporating more favorable foreign exchange (FX) and mark-to-market adjustments, net income leapt to ₱20.0 billion, 30x the ₱0.7 billion reported in the same period last year (SPLY).

Consolidated cost of sales and services in 2023 increased only by 2.1% from ₱232.6 billion last year to ₱237.5 billion this year mainly as the higher fuel consumption of CEB and input costs of URC, were offset by the decline in costs of RLC and SOC.

The Group's operating expenses increased by 12.5% to ₱57.5 billion in 2023 from ₱51.1 billion in 2022 driven by URC's higher advertising and promotions, freight costs and personnel-related expenses, as well as increase in CEB's aircraft and traffic servicing, and other flight-related expenses relative to increase in flight operations.

As a result, Consolidated Operating Income or EBIT from continuing operations amounted to ₱49.0 billion in 2023, 168.3% increase from ₱18.3 billion in 2022. Consolidated EBITDA from continuing operations amounted to ₱78.8 billion in 2023, 71.2% increase from ₱46.0 billion in 2022.

The Group's financing costs and other charges, net of interest income, increased by 72.4% to ₱16.3 billion this year from last year's ₱9.4 billion due to higher interest rates and higher level of interest-bearing liabilities.

Market valuation gains recognized from financial assets and derivative instruments in 2023 amounted to ₱1.3 billion, 77.7% higher from ₱705 million in 2022 mainly attributable to the increase in market values of the Group's equity investments, partly offset by CEB's lower market valuation gains from its convertible bonds' embedded derivative and fuel derivatives.

The Group recognized a lower net foreign exchange (FX) losses of ₱217 million in 2023 from ₱7.4 billion in 2022 primarily driven by the slight appreciation of Philippine Peso vis-à-vis US dollar this year compared to significant depreciation last year.

Other income amounted to ₱866 million in 2023 versus ₱7.1 billion in 2022 primarily due to last year's ₱3.2 billion gain on the sale of some MER shares and ₱3.3 billion gain on URC's sale of property.

Provision for income tax increased to ₱3.2 billion in 2023 from ₱2.8 billion in 2022 mainly due to lower deferred tax assets of the petrochemicals business.

The Group's net income after tax from continuing operations in 2023 amounted to ₱33.4 billion, 416.0% increase from ₱6.5 billion in 2022, mainly driven by higher operating income, market valuation gains and lower foreign exchange losses, partly offset by higher interest expense and lower other income.

The Group's net income after tax from discontinued operations amounted to ₱702 million in 2023 and ₱1.6 billion in 2022 which pertains to the result of operations of RBC.

II. Segment Operations

Foods generated a consolidated sale of goods and services of ₱158.4 billion for the year ended December 31, 2023, ahead by 5.6% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's BCFG segment, excluding packaging division, increased by ₱2.5 billion or 2.3% to ₱108.4 billion in 2023 from ₱105.9 billion recorded in 2022. BCFG domestic operations posted 2.7% increase in net sales from ₱73.6 billion in 2022 to ₱75.6 billion in 2023 due to implemented price increase programs.

  BCF international operations reported a 1.5% increase in net sales from ₱32.3 billion in 2022 to ₱32.8 billion in 2023 driven by continued growth of Vietnam and Malaysia. In constant US Dollar ($) terms, Vietnam sales grew by 13.7% driven by C2 and Rong Do maintaining strong momentum. Malaysia improved by 3.0% coming from price increase (ex-7Days, growth is 6.5%).

Sale of goods and services of BCFG, excluding packaging division, accounted for 68.4% of total URC consolidated sale of goods and services for 2023.

Sale of goods and services in URC's packaging division decreased by 33.1% to ₱1.2 billion in 2023 from ₱1.8 billion recorded in 2022 driven by lower volume and lower prices.

- Sale of goods and services in URC's AIC group amounted to ₱48.8 billion in 2023, an increase of 15.7% from ₱42.1 billion recorded last year.

  - Sale of goods and services in URC's AIG segment amounted to ₱16.7 billion in 2023, a growth of 16.0% from ₱14.4 billion recorded in 2022. Feeds business increased by 19.4% due to strong volumes for hogs and pet food categories in addition to stronger prices. Farms business declined by 4.8% due to lower volume.
  - Sale of goods and services in Flour business amounted ₱6.3 billion in 2023, a growth of 10.1%, increase from ₱5.7 billion recorded in 2022 due to improved commercial flour sales volume.
  - Sales of goods and services in Sugar business amounted to ₱18.9 billion grew by 17.8% from ₱16.0 billion in 2022 driven by higher raw sugar sales volume and increase in sugar selling prices while the Renewables business grew by 14.7% to ₱6.9 billion in 2023.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱4.7 billion or 4.2% to ₱115.4 billion in 2023 from ₱110.7 billion recorded in 2022 with some key commodities remaining elevated.

URC's gross profit for 2023 amounted to ₱43.0 billion, higher by ₱3.8 billion or 9.7% from ₱39.2 billion reported in 2022. Gross profit margin increased by 100 basis points from 26.2% in 2022 to 27.2% in 2023 due to higher selling prices and cost savings, offsetting the impact of higher input costs.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱1.7 billion or 7.0% to ₱25.7 billion in 2023 from ₱24.0 billion registered in 2022. This increase resulted primarily from the following factors:

- 11.1% or ₱789 million increase in advertising and promotions to ₱7.9 billion in 2023 from ₱7.1 billion in 2022 due to higher consumer promotions.

- 6.8% or ₱473 million increase in freight and delivery expense to ₱7.4 billion in 2023 from ₱7.0 billion in 2022.

- 7.3% or ₱344 million increase in personnel expense to ₱5.1 billion in 2023 from ₱4.7 billion in 2022 due to wage increases.

As a result of the above factors, operating income increased by ₱2.1 billion or 14.0% to ₱17.4 billion in 2023 from ₱15.2 billion reported in 2022. URC's operating income by segment was as follows:

- Operating income in URC's BCFG segment, excluding packaging division, increased by ₱1.0 billion or 9.2% to ₱12.0 billion in 2023 from ₱11.0 billion in 2022. BCFG's domestic operations grew by 3.9% to ₱8.8 billion in 2023 from ₱8.4 billion in 2022 driven by the cumulative impact of price increases and operational savings initiatives. International operations posted a ₱3.3 billion operating income, a 26.2% growth from ₱2.6 billion in 2022, due to better topline and continued cost-saving programs. In constant US$ terms, international operations posted an operating income of US$59 million, a 23.4% increase from last year.

  URC's packaging division reported an operating loss of ₱134 million in 2023 from an operating income of ₱85 million reported in 2022 due to lower volume and prices.

- Operating income of AIC group amounted to ₱8.5 billion in 2023, an increase of 19.7% from ₱7.1 billion recorded last year.

  - Operating income in URC's AIG segment increased by ₱662 million or 58.7% to ₱1.8 billion in 2023 from ₱1.1 billion in 2022 driven by strong volume and lower input costs.

  - Operating income in Flour business increased by ₱78 million or 24.8% to ₱394 million in 2023 from ₱316 million in 2022 due to volume growth for commercial flour and lower wheat costs.

  - Operating income in Sugar business grew by ₱523 million or 10.8% to ₱5.4 billion in 2023 from ₱4.9 billion in 2022, although margins began to temper as selling prices started to normalize, while Renewables increased by 17.5% to 962 million in 2023.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱23.8 billion in 2023, 10.4% higher than ₱21.5 billion posted in 2022.

URC's finance costs consist mainly of interest expense, which increased by ₱782 million to ₱1.6 billion in 2023 from ₱806 million recorded in 2022, mostly due to higher interest rates.

URC's finance revenue consists of interest income from money market placements, savings and dollar deposits, as well as dividend income from investments in equity securities. Finance revenue increased by ₱35 million to ₱330 million in 2023 from ₱295 million in 2022 due to higher interest income from money market placements and bank savings.

Equity in net losses of joint ventures decreased to ₱287 million in 2023 from ₱379 million in 2022 due to lower equity take up in net losses of Vitasoy-URC, Inc. (VURCI) this year, partly offset by equity take-up in net losses of Danone Universal Robina Beverages, Inc. (DURBI).

Net foreign exchange gain decreased by ₱121 million to ₱262 million in 2023 from the ₱383 million in 2022 driven by appreciation of Philippine Peso compared to last year's depreciation.

Impairment losses decreased by ₱91 million to ₱236 million in 2023 from ₱327 million in 2022 due to lower provisions for impairment losses of farm assets this year.

Market valuation gain on financial instruments at fair value through profit or loss increased to ₱172 million in 2023 from ₱70 million in 2022 driven by increase in market value of equity investments.

Other income (losses) - net consists of gain on sale of fixed assets, rental income, and miscellaneous income and expenses. Other losses - net amounted to ₱321 million in 2023, while other income - net of ₱3.0 billion was recorded in 2022. A significant gain on sale of an investment property was recorded last year.

URC recognized a provision for income tax of ₱3.0 billion in 2023, a 0.7% decrease from ₱3.0 billion in 2022 due to lower taxable income.

URC's net income amounted to ₱12.7 billion in 2023, lower by ₱1.8 billion or 12.2%, from ₱14.5 billion in 2022, driven by cycling of last year's gain on sale of investment property.

Net income attributable to equity holders of the parent decreased by ₱1.9 billion or 13.4% to ₱12.1 billion in 2023 from ₱14.0 billion in 2022 as a result of the factors discussed above.

NCI represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC (51.0%-owned). NCI in net income of subsidiaries increased from ₱515 million in 2022 to ₱613 million in 2023.

Real estate and hotels generated total gross revenues of ₱39.0 billion for calendar year 2023, a decrease of 10% from ₱43.4 billion the previous year mainly due to a high base in 2022 on account of the recognition of revenues from CDXY's phase 2. EBIT and EBITDA continue to improve coming in for a 22.8% increase to ₱17.3 billion and 17.9% increase to ₱22.8 billion, respectively. This translated to a record consolidated net income of ₱13.4 billion, 20.0% higher versus the same period last year. Meanwhile, net income attributable to equity shareholders of RLC rose by 24% to ₱12.1 billion.

The Commercial Centers Division accounted for 38% of total RLC revenues to close at ₱16.2 billion in 2023, 24% higher versus previous year driven by sustained strength of consumer spending and robust retail sales and on the back of higher occupancy. Amusement revenues increased significantly by 79% due to re-opening of more cinemas during calendar year 2023. Meanwhile, EBITDA increased by 41% to ₱9.3 billion while EBIT ballooned by 94% to ₱5.9 billion year-on-year. Robinsons Malls continues to assert itself as the second largest mall operator in the country highlighted by its 54 lifestyle centers.

Robinsons Offices sustained its upward trajectory in 2023 with a 4% growth from the previous year, posting revenues at ₱7.4 billion and contributed 18% to consolidated revenues. This steady performance is primarily driven by the sustained occupancy of majority of its portfolio, which consists of 31 quality assets in strategic locations. EBITDA increased by 3% to ₱6.4 billion behind cost efficiencies while EBIT growth is flat at ₱5.3 billion due to the full year depreciation of offices completed in 2022.

RLC Residences and Robinsons Homes posted combined realized revenues of ₱12.0 billion in 2023, contributing 28% to consolidated revenues. The robust performance was driven by higher collections and faster completion of RLC's residential projects coupled with significant contribution from its joint venture equity earnings. EBITDA and EBIT surged by 35% and 36% to ₱4.7 billion and ₱4.6, billion, respectively.

With the complete lifting of travel restrictions, resurgence of domestic tourism, and re-opening of international borders, Robinsons Hotels and Resorts' revenues almost doubled versus last year to

₱4.6 billion, accounting for 11% of consolidated revenues. Higher average room rates, increased food and beverage sales, and the revival of Meetings, Incentives, Conferences and Exhibitions (MICE) events positioned RLC's hospitality business on a trajectory for solid financial performance in 2023. EBITDA climbed 303% to ₱1.1 billion; while EBIT rose by 293% to ₱0.4 billion.

Robinsons Logistics and Industrial Facilities continues to make strides in its pursuit of becoming a market leader in the industrial and logistics sector. Industrial leasing revenues accelerated by 24% versus last year to ₱0.7 billion in 2023 driven by the full-year contribution of new industrial facilities. EBITDA and EBIT escalated 32% and 38% to end at ₱0.6 billion and ₱0.5 billion, respectively.

Robinsons Destination Estates (*formerly Integrated Developments Division*) realized revenues registered at ₱1.2 billion in 2023 from a portion of the deferred gain on the sale of parcels of land to joint venture entities, an 80% growth versus the previous year. EBITDA and EBIT amounted to ₱0.7 billion during the period.

Cost of real estate sales is lower by 66% to ₱4.8 billion since last year includes Phase 2 of CDXY. Cost of amusement services notably increased by 66% from the previous year to ₱0.3 billion, also as a function of significantly higher amusement revenues. Cost of hotel operations increased by 62% to ₱4.1 billion due to higher level of operations with the resurgence of tourism and also due to newly opened hotel in 2023.

General and administrative expenses increased by 19% to ₱5.2 billion from ₱4.4 billion last year due to increase in advertising and promotions, salaries and wages, and commission, among others.

Other income (losses) increased from (₱1.1 billion) last year to (₱2.1 billion) this year mainly due to higher interest expense, lower gain from foreign exchange which mainly relates to foreign currency denominated transactions of RLC's foreign subsidiary and higher share in net loss of a joint venture.

Air transportation generated revenues amounting to ₱90.6 billion for the year ended December 31, 2023, 59.6% higher than the ₱56.8 billion revenues earned in the same period last year. The overall increase in revenues was primarily driven by a significant increase in passenger volume, especially for international destinations as CEB continues its ramp-up its international network. International flights increased by 165.2% compared to the same period last year. The increase in revenues is accounted for as follows: (1) Passenger revenues increased by ₱27.3 billion or 77.7% to ₱62.5 billion from ₱35.1 billion generated in 2022. This was brought about by the increase in seat load factor from 75.3% to 84.0%, together with 259.5% increase in international passengers to 4.8 million from 1.3 million same period last year. With an overall increase in travel demand, and as more passengers fly longer international routes, average fares increased by 26.4% to ₱2,993 from ₱2,367 for 2022; (2) Cargo revenues decreased by ₱3.1 billion or 43.0% to ₱4.1 billion from ₱7.1 billion generated in 2022 due to 41.3% decrease in yield coupled with 1.5% decrease in cargo volume carried; and (3) Ancillary revenues increased by ₱9.6 billion or 66.2% to ₱24.1 billion from ₱14.5 billion generated in 2022, mainly due to higher passenger volume and higher take up of ancillary products and services as more passengers flew international flights.

CEB incurred operating expenses of ₱82.0 billion, higher by 20.3% compared to ₱68.2 billion incurred in 2022. The increase was mainly driven by the increase in CEB's operations, since a material portion of its expenses are based on flights and flight hours. The weakening of the Philippine peso against the U.S. Dollar as referenced by the depreciation of the Philippine peso to an average of ₱55.63 per U.S. Dollar for 2023 from an average of ₱54.50 per U.S. Dollar in based on the Philippine Bloomberg Valuation (PH BVAL) weighted average rates also contributed to the increase in operating expenses.

As a result of the foregoing, CEB earned an operating income of ₱8.6 billion for the year ended December 31, 2023, a reversal from the ₱11.4 billion operating loss incurred for the same period last year.

Interest income increased by ₱504.7 million or 163.7% to ₱812.9 million from ₱308.3 million earned in 2022 largely due to increased placements in 2023 and higher average interest rates for cash in bank and short-term placements.

In 2023 and 2022, CEB received ₱17.9 million and ₱6.2 million, respectively, pertaining to insurance proceeds claimed for damages sustained from several incidents and loss events in prior periods.

CEB's market valuation gains amounting to ₱880.2 million originated from the market valuation gains recognized from its convertible bonds' embedded derivative and fuel derivatives. In the same period last year, CEB incurred a gain of ₱997.9 million.

During 2023, CEB entered into sale-and-leaseback transactions that resulted to a gain of ₱1.2 billion. In 2022, CEB entered into swap transactions to replace its two (2) engines resulting to the recognition of gain on exchange amounting to ₱99.5 million, and a sale and lease back transactions that resulted to a gain of ₱1.5 billion. Additionally, CEB entered into a buyback agreement which resulted to a loss of ₱381.6 million. Lastly, CEB has written down various property and equipment and recognized loss amounting to ₱427.6 million.

CEB had equity in net income of joint ventures and associates of ₱58.6 million, a reversal from the ₱113.3 million equity in net loss of joint venture and associates incurred in the same period last year, as CEB's joint ventures and associates reported a net profit during the current period.

Interest expense and accretion expense from lease liability increased by ₱1.9 billion or 55.5% to ₱5.3 billion for the year ended December 31, 2023 from ₱3.381 billion for the same period last year due to the additional aircraft deliveries during the year. The increase is coupled with the increase in bank interest rates for debts and the effect of depreciation of the Philippine Peso against the U.S. Dollar.

As a result of the foregoing, Net income for the year ended December 31, 2023 amounted to ₱7.9 billion, a turnaround from the ₱14.0 billion net loss incurred for the year ended December 31, 2022.

Petrochemicals posted a total revenue of ₱38.0 billion for the year ended December 31, 2023, 6% higher from the ₱36.0 billion revenues generated in the same period last year, with an equivalent 20% increase in volumes year on year.

The high inventories as of 2022 and the weak demand coupled with the global oversupply of polymers, mostly coming from China and India, has pressed JGSOC to be more price competitive and to strategically implement a five-month facility shutdown. The downstream Aromatics and Butadiene extraction units have shown promising results, contributing ₱8.5 billion in revenues and ending with a 23% gross margin. Peak Fuel, its LPG trading unit continues to provide positive margins to the group.

The decline in the input prices during the year improved the total margins for JGSOC, as compared with the previous year. EBITDA increased by ₱4.3 billion from the negative ₱8.1 billion last year to negative ₱3.8 this year. Incorporating higher interest expense, JGSOC ended 2023 with a ₱12.9 billion net loss.

Equity in net earnings of associated companies and joint ventures amounted to ₱14.2 billion for the year ended December 31, 2023, a 20% increase from last year's ₱11.9 billion driven primarily by higher equity in net earnings of **Meralco** from ₱7.8 billion in 2022 to ₱9.8 billion in 2023 primarily driven by substantial contributions from both its power generation and retail electricity segments. Additionally, the continued expansion of its distribution business further bolstered these positive results.

The equity income derived from **Singapore Land Group (SLG)** experienced a decline, dropping to ₱2.5 billion from the previous year's ₱3.0 billion. This reduction was attributed to decreased contributions from residential projects, as most of them were substantially sold off by the end of 2022. On a brighter note, the recovery of the hospitality industry positively impacted hotel operations.

The Group saw 8% lower dividends from **PLDT**, Inc. totaling to ₱2.6 billion as the telecommunications company halved its special dividends from tower sales to ₱14 per share. Nonetheless, its regular dividends increased by ₱5 to ₱94 per share.

2022 vs. 2021

I. Consolidated Operations

JG Summit hit record-high revenues in 2022 and doubled core profits YoY

JG Summit Holdings, Inc. (JGS), one of the leading Philippine conglomerates, posted a 36% year-on-year (YoY) surge in its total consolidated revenues to ₱312.4 billion in 2022, already surpassing its pre-pandemic level and thus hitting a new record high. Consolidated revenues from continuing operations (excluding Robinsons Bank which is part of Discontinued Operations) amounted to ₱301.9 billion in 2022, or a 36.4% increase from ₱221.3 billion last year.

The agile efforts of its consumer-facing businesses delivered double-digit topline growth on the back of a reopening economy. Despite the margin pressures from unprecedented levels of fuel and commodity prices, such strong revenue performance plus the Group's cost-saving programs translated to significant profit improvements in most of its strategic business units. This was most evident in JGS' air transport subsidiary, which also benefited from relaxed travel restrictions. Meanwhile, its petrochemical unit's new product lines cushioned the adverse impact of subdued industrial demand globally. All in all, including the portfolio management gain that the Parent Company realized from the sale of some of its Meralco shares, JGS registered a two-fold increase in core net income to ₱6.2 billion in 2022.

Incorporating the impact of the 9% YoY devaluation of the peso on the Group's USD-denominated debt, consolidated full-year 2022 net income settled at ₱0.7 billion. This is lower than the reported 2021 net income of ₱5.1 billion, which had ₱6.0 billion of gains and contributions from its food manufacturing arm's discontinued Oceania operations.

Consolidated cost of sales and services in 2022 increased by 41.7% from ₱164.2 billion last year to ₱232.6 billion this year mainly driven by higher sales volume and elevated input costs of URC, increase in average naphtha costs of Petrochem, as well as higher fuel consumption of CEB from increased flight activities during the period coupled with the increase in average published fuel MOPS price to US$126.65 per barrel in 2022 from US$75.09 per barrel in 2021.

The Group's operating expenses increased by 8.2% to ₱51.1 billion in 2022 from ₱47.2 billion in 2021 due to higher selling, general and administrative expenses from increased operations of the

Group. As a result, Consolidated Operating Income or EBIT from continuing operations amounted to ₱18.3 billion in 2022, an 84.2% increase from ₱9.9 billion in 2021. Consolidated EBITDA from continuing operations amounted to ₱46.0 billion in 2022, an 18.1% increase from ₱38.9 billion in 2021.

The Group's financing costs and other charges, net of interest income, increased by 17.6% to ₱9.4 billion this year from last year's ₱8.0 billion due to higher interest expense on short-term debts, trust receipts payables and lease liabilities.

Market valuation gains recognized from financial assets and derivative instruments in 2022 amounted to ₱705 million, a turnaround from ₱1.1 billion market valuation losses in 2021 mainly attributable to CEB's valuation gains on embedded derivative arising from its convertible bonds and interest rate derivatives, net of the decline in market values of the Group's equity investments.

The Group recognized a net foreign exchange (FX) losses of ₱7.4 billion in 2022 from ₱3.1 billion in 2021 primarily driven by the higher depreciation of Philippine Peso vis-à-vis US dollar this year compared to last year.

Other income amounted to ₱7.1 billion in 2022 versus ₱462 million in 2021 primarily due to the ₱3.0 billion gain on the sale of some MER shares, ₱1.2 billion net gain on CEB's sale and lease back, buyback and swap transactions on aircrafts and ₱3.3 billion gain on URC's sale of property.

Provision for income tax increased to ₱2.8 billion in 2022 from ₱81.9 million in 2021 due to higher taxable income this year coupled with last year's reduction in income taxes as a result of the enactment of CREATE, but partly offset by the increase in deferred tax assets of CEB this year.

The Group's net income after tax from continuing operations in 2022 amounted to ₱6.5 billion, a turn-around from last year's consolidated net loss after tax of ₱1.9 billion mainly driven by higher operating income, market valuation gains and other income, partly offset by higher interest expense and foreign exchange losses.

The Group's net income after tax from discontinued operations amounted to ₱1.6 billion in 2022 which pertains to the result of operations of RBC, versus last year's ₱12.7 billion which includes both the discontinued operations of RBC and URC's Oceania business.

II. Segment Operations

Foods generated a consolidated sale of goods and services of ₱149.9 billion for the year ended December 31, 2022, ahead by 28.2% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's BCFG segment, excluding packaging division, increased by ₱24.0 billion or 29.3% to ₱105.9 billion in 2022 from ₱81.9 billion registered in 2021. BCF domestic operations posted an increase in net sales from ₱59.7 billion in 2021 to ₱73.6 billion in 2022 coming from better volume and prices.

  BCF international operations reported a 45.7% increase in net sales from ₱22.2 billion in 2021 to ₱32.3 billion in 2022 with double-digit growth from major markets coupled with uplift from Munchy's acquisition. In constant US dollar (US$) terms, sales increased by 45.3% on the back of Indochina leads expansion across the region, and Munchy continues to deliver synergies. Vietnam sales grew by 21.7% driven by the solid performance of the beverage category with strong growth and market share of C2 and recovery of Rong Do. Thailand improved with 8.3% sales growth coming from growth across all categories particularly

Candies, Snacks, and Bakery.

Sale of goods and services of BCFG, excluding packaging division, accounted for 70.7% of total URC consolidated sale of goods and services for 2022.

Sale of goods and services in URC's packaging division increased by 13.1% to ₱1.8 billion in 2022 from ₱1.6 billion recorded in 2021 due to better volume.

- Sale of goods and services in URC's Agro-Industrial and Commodities (AIC) group amounted to ₱42.1 billion in 2022, an increase of 26.0% from ₱33.4 billion recorded last year.

    - Sale of goods and services in URC's AIG segment amounted to ₱14.4 billion in 2022, a growth of 25.7% from ₱11.5 billion recorded in 2021. Feeds business increased by 31.0% due to double-digit growth in pet food and hog feeds. Farms business declined by 4.6% due to lower volume.

    - Sale of goods and services in URC's commodity foods group (CFG) amounted to ₱27.7 in 2022, a 26.2% increase from ₱21.9 billion reported in 2021. Sugar business grew by 34.9% driven by better prices across all categories while the renewables business grew by 17.9%. Flour business continues to manage at a 14.0% increase due to improved prices amidst a surge in wheat prices and foreign exchange depreciation this year.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱27.2 billion or 32.6% to ₱110.7 billion in 2022 from ₱83.5 billion recorded in 2021 due to higher volume and elevated input costs.

URC's gross profit for 2022 amounted to ₱39.2 billion, higher by ₱5.8 billion or 17.2% from ₱33.5 billion reported in 2021. Gross profit margin decreased by 245 basis points from 28.61% in 2021 to 26.16% in 2022.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱3.2 billion or 15.6% to ₱24.0 billion in 2022 from ₱20.7 billion registered in 2021. This increase resulted primarily from the following factors:

- 31.8% or ₱2.1 billion increase in freight and other selling expense to ₱8.8 billion in 2022 from ₱6.7 billion in 2021 due to higher volume.

- 17.6 % or ₱705 million increase in personnel expense to ₱4.7 billion in 2022 from ₱4.0 billion in 2021 due to annual merit increase and Munchy's contribution.

- 12.8% or ₱110 million increase in depreciation and amortization to ₱966 million in 2022 from ₱856 million in 2021 due to capital expenditure during the year.

As a result of the above factors, operating income increased by ₱2.5 billion or 19.7% to ₱15.2 billion in 2022 from ₱12.7 billion reported in 2021. URC's operating income by segment was as follows:

- Operating income in URC's BCFG segment, excluding packaging division, increased by ₱1.4 billion or 14.8% to ₱10.7 billion in 2022 from ₱9.3 billion in 2021. BCFG's domestic operations grew by 6.2% to ₱8.1 billion in 2022 from ₱7.6 billion in 2021 driven by strong volume coupled with aggressive pricing moves and a cost-savings program. International operations posted a ₱2.6 billion operating income, a 53.5% growth from ₱1.7 billion in 2021, on the back of Munchy's acquisition and quarter-on-quarter margin expansion. Aggressive direct and indirect pricing moves for core SKUs and geographies coupled with structural movements in some smaller markets have helped support absolute growth. In constant US dollar terms, international operations posted an operating income of US$48 million, a 47.3% increase from last year.

URC's packaging division reported an operating income of ₱85 million in 2022 from an operating income of ₱99 million reported in 2021 coming from higher input cost.

- Operating income of AIC group amounted to ₱7.131 billion in 2022, an increase of 29.3% from ₱5.5 billion recorded last year.

  - Operating income in URC's AIG segment decreased by ₱36 million or 3.1% to ₱1.1 billion in 2022 from ₱1.2 billion in 2021 driven by higher input costs.

  - Operating income in URC's CFG segment increased by ₱2.0 billion or 46.0% to ₱6.4 billion in 2022 from ₱4.4 billion in 2021. Flour business decreased by 49.7% due to surging wheat prices. Sugar grew by 89.3% on the back of higher selling prices as well as mill operating efficiencies, while renewables decline by 14.7%.

URC's finance costs consist mainly of interest expense, which increased by ₱233 million to ₱806 million in 2022 from ₱573 million recorded in 2021 due to a higher level of interest-bearing financial liabilities and interest rates.

URC's finance revenue consists of interest income from investments in financial instruments, smoney market placements, savings and dollar deposits, and dividend income from investments in equity securities. Finance revenue increased by ₱40 million to ₱295 million in 2022 from ₱255 million in 2021 due to higher dividend income

Equity in net losses of joint ventures increased to ₱379 million in 2022 from ₱91 million in 2021 due to equity take-up in net losses of VURCI.

Net foreign exchange gain increased by ₱37 million to ₱383 million in 2022 from the ₱346 million in 2021 driven by combined effects of local currency devaluations vis-à-vis US dollar this year versus local currency revaluations last year particularly Philippine Peso, Indonesian Rupiah, and Myanmar Kyat.

Market valuation gain on financial instruments at fair value through profit or loss decreased to ₱70 million in 2022 from ₱87 million in 2021 driven by lower increase in fair values of financial instruments compared last year.

Impairment losses decreased to ₱245 million in 2022 from ₱572 million in 2021 due to lower provisions for impairment losses on fixed assets and spare parts during the year.

Other income (losses) - net consists of gain (loss) on sale of fixed assets, rental income, and miscellaneous income and expenses. Other income - net amounted to ₱3.0 billion in 2022, higher than the ₱2.4 billion reported in 2021 mainly coming from a higher gain on sale of fixed assets recognized this year.

URC recognized a provision for income tax of ₱3.0 billion in 2022, a 90.0% increase from ₱1.6 billion in 2021 due to higher taxable income from sale of properties.

URC's net income from continuing operations amounted to ₱14.5 billion in 2022, higher by ₱1.5 billion or 11.6%, from ₱13.0 billion in 2021, driven by higher operating income coupled with gain on sale of idle assets.

URC's net income from discontinued operations amounted to ₱11.3 billion in 2021 coming from gain recognized from the divestment of Oceania businesses.

URC reported total net income of ₱14.5 billion in 2022, lower by ₱9.8 billion or 40.3% from ₱24.2 billion in 2021.

Net income attributable to equity holders of the parent decreased by ₱9.4 billion or 40.2% to ₱14.0 billion in 2022 from ₱23.3 billion in 2021 as a result of the factors discussed above.

URC reported an EBITDA (operating income plus depreciation and amortization) from continuing operations of ₱21.5 billion in 2022, 16.4% higher than ₱18.5 billion posted in 2021.

Real estate and hotels generated total gross revenues of ₱43.4 billion for calendar year 2022, an increase of 22% from ₱35.6 billion the previous year spurred by growing demands from RLC's recurring business units and amplified by revenues from Phase 2 of its Chengdu Ban Bian Jie project in China. EBIT and EBITDA continue to improve coming in for a 45.3% increase to ₱14.1 billion and 29.3% increase to ₱19.3 billion, respectively. This translated to a record consolidated net income of ₱11.1 billion, 31.0% higher versus the same period last year. Meanwhile, net income attributable to equity shareholders of the parent entity rose by 20.9% to ₱9.75 billion.

The Commercial Centers Division accounted for 29% of total RLC revenues to close at ₱13.0 billion in 2022, 57.9% higher versus previous year as a result of improved consumer spending and retail sales lifted mall revenues. Amusement revenues increased significantly by 12,801.5% due to partial re-opening of cinemas during calendar year 2022. Meanwhile, EBITDA increased by 70.4% to ₱6.6 billion while EBIT increased by 1,484.3% to ₱3.0 billion on the back of flattish growth in depreciation expense. Robinsons Malls continues to assert itself as the second largest mall operator in the country highlighted xby its 53 lifestyle centers.

Robinsons Offices sustained its upward trajectory in 2022 with an 8.9% growth from the previous year, posting revenues at ₱7.1 billion and contributed 16% to consolidated revenues. This steady performance is primarily driven by the strength of its portfolio, which consists of 31 quality assets in strategic locations boosted by the successful leasing activities in new buildings namely, Cyber Omega in Ortigas Center, Cybergate Iloilo 1 and Bridgetowne East Campus One. EBITDA increased by 9.6% to ₱6.2 billion due to cost efficiency while EBIT grew by 11.5% to ₱5.3 billion due to lower depreciation.

RLC Residences and Robinsons Homes posted combined realized revenues of ₱9.1 billion in 2022, contributing 20% to consolidated revenues. The robust performance was driven by increased collections from RLC home/unit buyers, faster completion of the Company's residential projects and remarkable contribution from its joint venture equity earnings. EBITDA and EBIT surged by 54% and 60% to ₱3.5 billion and ₱3.4 billion, respectively.

Chengdu Ban Bian Jie, accounted for 28% or ₱12.8 billion of the RLC's total revenues from Phase 2 which has been 100% completed. Both EBITDA and EBIT ended at ₱1.9 billion. 96% of the entire project have been sold. Furthermore, RLC has recovered 99.8% of its invested capital with the repatriation of US$224.5 million as of December 31, 2022.

With the significant easing of travel restrictions, resurgence of domestic tourism, and re-opening of international borders, Robinsons Hotels and Resorts' revenues rose 93.7% versus last year to ₱2.3 billion, accounting for 5% of RLC's consolidated revenues. Higher average room rates, increased food and beverage sales and the resurgence of MICE events positioned RLC's hospitality business for a strong recovery. Notwithstanding pre-operating expenses from new hotel developments, EBITDA climbed 12.7% to ₱0.3 billion on the back of operational efficiencies; while depreciation from new hotels dragged EBIT to a loss of ₱0.2 billion.

Robinsons Logistics and Industrial Facilities continues to capitalize on the rising opportunities in the industrial and logistics sector. Industrial leasing revenues jumped by 56.9% versus last year to ₱0.6 billion in 2022 due to full year contribution of new industrial facilities that were completed last year in Sucat and in Pampanga. EBITDA and EBIT escalated 48.1% and 40.9% to end at ₱0.5 billion and ₱0.4 billion, respectively.

Robinsons Integrated Developments realized revenues registered at ₱0.7 billion in 2022 from the deferred gain on the sale of parcels of land to joint venture entities yielding an EBITDA and EBIT of ₱0.4 billion. Realized revenues were down by 78% due to last year's sale of prime lots to Shang Robinsons Properties, Inc. (SRPI) and RHK Land Corporation (RHK), two of the most recognized real estate names in Asia. SRPI and RHK acquired a total of over 2.6 hectares of land inside the 31-hectare master-planned Bridgetowne Destination Estate.

Interest income was lower at ₱0.1 billion from ₱0.2 billion last year due to lower average balance of cash and cash equivalents during the calendar year 2022.

Cost of real estate sales went up by 5.9% to ₱14.1 billion from ₱13.3 billion last year due to increase as a function of increased realized sales. Cost of amusement services notably increased by 12,757.0% from the previous year to ₱205.2 billion, also as a function of significantly higher amusement revenues. Cost of hotel operations increased by 85.8% to ₱2.6 billion due to higher level of operations with the resurgence of tourism and also due to newly opened hotels in 2022.

Gain or loss from foreign exchange mainly pertains to foreign currency denominated transactions of the Company's foreign subsidiary. Gain on sale of property and equipment mainly pertains to sale of retired transportation equipment. Gain from Insurance pertains to claims collected from insurance providers during the year.

Air transportation generated revenues amounting to ₱56.8 billion for the year ended December 31, 2022, 260.5% higher than the ₱15.7 billion revenues earned in the same period last year. The overall increase in revenues was primarily driven by significant increase in passenger volume, cargo services and flight activities as the COVID-19 restrictions already eased by March 2022. Starting second quarter of 2022, most parts of the country have remained to be classified under the more relaxed Alert Level classification and this was retained until the end of the year. As a result, CEB has restored almost the same level of its pre-pandemic system-wide capacity following the continuous ramp-up of its domestic and international routes. Currently, CEB is expecting the level of demand to increase further for airline services not just within the Philippines but even abroad. The positive development has not only allowed CEB to carry more passengers, but also boosted CEB's cargo services. The increase in revenues is accounted for as follows: (1) Passenger revenues increased by ₱28.9 billion or 458.70% to ₱35.1 billion for the year ended December 31, 2022 from ₱6.3 billion generated in 2021. This was mainly attributable to the 335.1% increase in passenger volume from 3.4 million to 14.8 million brought about by higher number of flights by 214.3% together with a 14.7 ppts increase in seat load factor from 60.6% to 75.3%. An increase in average fares by 28.4% to ₱2,367 in 2022 from ₱1,844 from last year also contributed to the increase in passenger revenues; (2) Cargo revenues grew by ₱0.6 billion or 10.0% to ₱7.1

billion for the year ended December 31, 2022 from ₱6.5 billion for the year ended December 31, 2021 mostly due to increase in kilograms carried by about 7.3% and higher yield by 2.54%; and (3) Ancillary revenues increased by ₱11.5 billion or 386.3% to ₱14.5 billion for the year ended December 31, 2022 from ₱3.0 billion recorded in the same period last year mainly due to higher passenger volume and flight activity during the period.

CEB incurred operating expenses of ₱68.2 billion for the year ended December 31, 2022, higher by 75.3% compared to the ₱38.9 billion operating expenses incurred for year ended December 31, 2021.This was mostly driven by the increase in CEB's operations due to the eased COVID-19 restrictions, since a material portion of its expenses are based on flights and flight hours. The weakening of the Philippine peso against the U.S. Dollar as referenced by the depreciation of the Philippine peso to an average of ₱54.50 per U.S. Dollar for the year ended December 31, 2022 from an average of ₱49.27 per U.S. Dollar during the same period last year based on the Philippine Bloomberg Valuation (PH BVAL) weighted average rates also contributed to the increase in operating expenses.

As a result of the foregoing, CEB sustained an operating loss of ₱11.4 billion for the year ended December 31, 2022, 50.6% lower than the ₱23.2 billion operating loss incurred for the same period last year.

Interest income increased by ₱271.8 million or 745.1% to ₱308.3 million for the year ended December 31, 2022 from ₱36.5 million earned in the same period last year largely due to higher cash balance and significantly higher average interest rates for cash in bank and short term placements.

CEB recognized market valuation gains amounting to ₱997.9 million for the year ended December 31, 2022 originated from the market valuation gains recognized for CEB's embedded derivative arising from its convertible bonds and interest rate derivatives. As compared to same period last year, CEB incurred a loss of ₱1.3 billion.

CEB had equity in net loss of joint ventures and associates of ₱113.3 million for the year ended December 31, 2022, ₱61.1 million lower than the ₱174.4 million equity in net loss of joint venture and associates incurred in the same period last year. The decrease is due to lower net loss recognized by CEB's joint ventures and associates.

Interest expense and accretion expense from lease liability increased by ₱870.6 million or 34.6% to ₱3.381 billion for the year ended December 31, 2022 from ₱2.511 billion for the same period last year due to the addition of one (1) A321 NEO, three (3) A330 NEO, three (3) A320 NEO and one (1) ATR 72-600 delivered mostly in the latter part of 2021 and 2022 plus sale and leaseback of seven (7) A320 aircraft in December 2021 offset by the return of two (2) A320 CEO and two (2) A330 CEO aircraft to the lessor in 2021. The increase is coupled with the effect of depreciation of the Philippine Peso against the U.S. Dollar to an average of ₱54.50 per U.S. Dollar for the year ended December 31, 2022 from an average of ₱49.27 per U.S. Dollar for the same period last year based on PH BVAL weighted average rates.

As a result of the foregoing, Net loss for the year ended December 31, 2022 amounted to ₱14.0 billion, 43.9% lower than the ₱24.9 billion net loss incurred for the year ended December 31, 2021.

Petrochemicals posted a total revenue of ₱35.9 billion for the year ended December 31, 2022, 11% lower from the ₱40.3 billion revenues generated in the same period last year.

Acting on the subdued global demand with China's borders being closed on one hand, and the cost push from the record-high input prices and shipping charges on the other, both resulting in negative petrochemical spreads, JGSOC strategically implemented a three-month facility shutdown in mid-2022 along with other petrochemical players in the region. Nonetheless, contributions from its recently commissioned Aromatics and Butadiene extraction units cushioned the 11% decline in total revenues. Peak Fuel, its LPG trading unit, also provided an additional revenue stream and continued to expand. Its newly-completed PE3 plant will also allow JGSOC to seize opportunities and capture value through more innovative product offerings.

EBITDA saw a sharp decline to negative ₱8.0 billion as geopolitical tensions in Europe pushed up raw materials and logistics costs to unprecedented levels. Incorporating higher interest expense and forex losses, JGSOC ended 2022 with a ₱14.9 billion net loss.

Equity in net earnings of associated companies and joint ventures amounted to ₱11.9 billion for the year ended December 31, 2022, a 22% increase from last year's ₱9.7 billion driven primarily by higher equity in net earnings of Meralco from ₱6.7 billion in 2021 to ₱7.8 billion in 2022 mainly caused by higher profits from its Singapore power generation unit and larger sales volumes from its domestic energy distribution business. The 15% YoY increase in JGS' equity income already took into account JGS' reduced stake arising from its 3% share sale in July 2022.

For Singapore Land Group, the surge in hotels revenues and higher residential property sales, plus a larger share in the profits of its associates and joint ventures outpaced the slight decline in its leasing business. As a result, equity earnings contribution to JGS ended at ₱3.0 billion, 10% higher vs 2021.

The group also received higher dividends from PLDT amounting to ₱2.8 billion in 2022, a 43% growth YoY. For regular dividends, the telecommunications company distributed a total of ₱89 per share vs ₱82 per share last year. Aside from this, additional dividends of ₱28 per share were declared from the proceeds of PLDT's tower sale.

2021 vs. 2020

I. Consolidated Operations

JG Summit posted improving operating results in 2021

JG Summit Holdings, Inc. (JGS), one of the leading Philippine conglomerates, remains on track to full recovery from the negative impacts of the COVID-19 pandemic. Excluding its airline, Cebu Air, Inc. (CEB), which continued to deal with heightened travel restrictions, JGS saw its full-year 2021 (FY21) consolidated revenues exceed pre-pandemic levels by 7% while its core net income already reached 96% of its 2019 level.

Including CEB's performance, JGS' total revenues grew 13% year-on-year (YoY) to ₱221.3 billion as the partial reopening of the economy benefited its food, real estate, petrochemicals, and banking segments. CEB likewise showed strong sequential improvements quarter-on-quarter (QoQ). JGS' total consolidated core net income rose 672% YoY to ₱3.5 billion, driven by the 46% YoY growth of RLC's profits as well as larger contributions from its core investments in Meralco (MER), Singapore Land Group (SLG), and PLDT. However, there were also headwinds from elevated fuel prices, high inflation, and currency depreciation, which led to narrower operating margins for Universal Robina Corporation (URC), JG Summit Olefins

Corporation (JGSOC), and CEB. Nonetheless, URC's gain on the sale of its Oceania business and the benefits of CREATE law boosted the group's total net income to ₱5.1 billion.

Consolidated cost of sales and services in 2021 increased by 19.2% from ₱137.7 billion last year to ₱164.2 billion this year due to higher sales and increasing input costs particularly of URC, RLC and Petrochem. The Group's operating expenses decreased by 4.3% resulting to a consolidated Operating Income or EBIT of ₱9.9 billion in 2021, a 17.7% increase from ₱8.4 billion in 2020. EBITDA from continuing operations amounted to ₱38.9 billion versus ₱38.2 billion last year.

The Group's financing costs and other charges, net of interest income, increased by 4.1% to ₱8.0 billion this year from last year's ₱7.7 billion primarily due to higher level of financial debt of CEB and Petrochem.

Market valuation losses on financial assets and derivative instruments amounted to ₱1.1 billion in 2021, lower versus ₱2.3 billion loss in 2020 attributable to the increase in market values of the Group's financial assets and the lower valuation losses incurred by CEB - ₱1.3 billion loss on its convertible bonds' embedded derivatives in 2021 versus ₱12.1 billion hedging loss in 2020.

The Group recognized a net foreign exchange loss of ₱3.1 billion in 2021 from ₱2.6 billion foreign exchange gain in 2020 driven by the depreciation of Philippine peso vs U.S. dollar in respect to our dollar-denominated long-term debt and convertible bonds payable.

Other income (expense) - net account, which represents miscellaneous income and expenses, amounted to a gain of ₱462 million in 2021 mainly due to CEB's gain on sale of aircraft.

Consolidated provision for income tax amounted to ₱81.9 million in 2021 from ₱2.7 billion in 2020 mainly due to Group's savings from CREATE bill and higher deferred tax assets of CEB.

The Group's net loss after tax from continuing operations amounted to ₱1.9 billion, albeit smaller from last year's net loss of ₱1.8 billion.

The Group's net income from discontinued operations, which includes both results and contributions from banking business and from the food manufacturing arm' discontinued Oceania Operations, amounted to ₱12.6 billion and ₱2.2 billion for the period ended December 31, 2021 and 2020, respectively.

II. Segment Operations

Foods generated a consolidated sale of goods and services of ₱117.0 billion for the year ended December 31, 2021, ahead of 3.4% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's BCF segment, excluding packaging division, decreased by ₱566 million or 0.7% to ₱81.9 billion in 2021 from ₱82.5 billion registered in 2020. BCFG domestic operations posted a decrease in net sales from ₱61.2 billion in 2020 to ₱59.7 billion in 2021 still driven by high base fueled by pantry stock up with Taal eruption and the start of pandemic shifting household spending to pantry essentials. Economic environment also affected consumer behavior as seen in the category declines.

  BCF international operations reported a 4.4% increase in net sales from ₱21.2 billion in 2020 to ₱22.2 billion in 2021, coming from strong sales momentum with major markets growing versus last year. In constant US dollar (US$) terms, sales increased by 5.3% driven by Indo-China and Indonesia despite COVID challenges. Vietnam significantly grew by 12.0% driven by resurgence in beverage sales particularly C2 while Thailand recovered with 5.2% sales growth coming from strong domestic performance.

Sale of goods and services of BCFG, excluding packaging division, accounted for 70.0% of total URC consolidated sale of goods and services for 2021.

Sale of goods and services in URC's packaging division increased by 44.8% to ₱1.6 billion in 2021 from ₱1.1 billion recorded in 2020 due to better price and volume.

- Sale of goods and services in URC's agro-industrial group (AIG) amounted to ₱11.5 billion in 2021, a decline of 3.2% from ₱11.9 billion recorded in 2020. Feeds business increased by 5.6% due to higher volumes of Pet food and improved selling price. Farms business also decreased by 40.3% due to lower volumes as a result of downsized operations.

- Sale of goods and services in URC's commodity foods group (CFG) amounted to ₱21.9 billion in 2021, a 23.9% increase from ₱17.7 billion reported in 2020. Sugar business grew by 20.7% due to higher volumes and renewables business grew by 64.4% driven by higher average selling price. The acquisition of Central Azucarera de La Carlota and Roxol Bioenergy Corporation contributed to the growth of Sugar and Renewables businesses and performing better than expected. Flour business posted a 4.5% increased due to better selling price.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱4.9 billion or 6.3% to ₱83.5 billion in 2021 from ₱78.6 billion recorded in 2020 due to higher sales and increasing input costs.

URC's gross profit for 2021 amounted to ₱33.5 billion, lower by ₱1.1 million or 3.2% from ₱34.6 billion reported in 2020. Gross profit margin decreased by 195 basis points from 30.57% in 2020 to 28.61% in 2021

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱57 million or 0.3% to ₱20.75 billion in 2021 from ₱20.69 billion registered in 2020. The increase primarily resulted from increases in repairs and maintenance, professional and legal fees and other administrative expenses partially offset by decreased advertising and promotion costs and taxes, licenses and fees.

- 23.9% or ₱128 million increased in repairs and maintenance to ₱664 million in 2021 from ₱536 million in 2020 due to higher software and hardware maintenance costs.

- 24.2% or ₱42 million increased in professional and legal fees to 220 million in 2021 from 17 million in 2020 due to higher contracted professionals during the year.

- 3.3% or ₱243 million decreased in advertising and promotions to ₱7.0 billion in 2021 from ₱7.3 billion in 2020 due to controlled spending.

As a result of the above factors, operating income decreased by ₱1.2 billion or 8.5% to ₱12.7 billion in 2021 from ₱13.9 billion reported in 2020. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, decreased by ₱909 million or 8.9% to ₱9.3 billion in 2021 from ₱10.2 billion in 2020. BCFG's domestic operations decline by 8.0% to ₱7.6 billion in 2021 from ₱8.3 billion in 2020 driven by increasing input costs partially offset by Php2.5B in cost headwinds partially offset by pricing, mix, and cost savings initiatives. International operations posted a ₱1.7 billion operating income, 12.9% lower than the ₱1.9 billion posted in 2020 driven by increasing input prices. Delta COVID variant surge also impacted operating income due to shutdowns and additional COVID-related spend. In constant US dollar terms, international operations posted an operating income of US$ 34 million, a 12.3% decrease from last year.

URC's packaging division reported an operating income of ₱99 million in 2021 from an operating income of ₱522 thousand reported in 2020 driven by higher volume and selling price.

- Operating income in URC's agro-industrial segment decreased by ₱210 million or 15.3% to ₱1.2 billion in 2021 from ₱1.4 billion in 2020 impacted by higher input costs.

- Operating income in URC's commodity foods segment decreased by ₱12 million or 0.3% to ₱4.35 billion in 2021 from ₱4.36 billion in 2020. Flour business decreased by 48.2% due to increasing input costs and operating expenses partially offset by better selling price. Sugar business grew by 16.4% due to better volume and selling price. Renewable energy business increased by 24.9% due to better volume and average selling price of distillery segment.

URC's finance costs consist mainly of interest expense, which decreased by ₱88.4 million to ₱573 million in 2021 from ₱662 million recorded in 2020 due to lower interest rates and level of interest-bearing financial liabilities.

URC's finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue decreased by ₱68 million to ₱255 million in 2021 from ₱324 million in 2020 due to lower interest rates, level of interest-bearing financial assets and dividend income.

Equity in net losses of joint ventures increased to ₱91 million in 2021 from ₱62 million in 2020 due to equity take-up in net losses of DURBI.

Net foreign exchange loss decreased to ₱504 million gains in 2021 from the ₱346 million reported in 2020 driven by combined effects of local currency devaluations vis-à-vis US dollar this year versus local currency appreciation last year particularly Philippine Peso and Myanmar Kyat.

Market valuation gain on financial instruments at fair value through profit or loss decreased to ₱87 million in 2021 from ₱136 million in 2020 driven by market valuation on derivative liability last year.

Impairment losses increased to ₱572 million in 2021 from ₱33 million in 2020 due to provision for impairment losses on idle fixed assets and slow-moving spare parts.

Other losses - net consists of gain (loss) on sale of fixed assets, rental income, and miscellaneous income and expenses. Other income - net amounted to ₱2.4 billion in 2021 higher than the other losses-net of ₱619 million reported in 2020 mainly due to gain on sale of fixed asset this year.

URC recognized consolidated provision for income tax of ₱1.6 billion in 2021, a 20.0% decrease from ₱2.0 billion in 2020 due to savings from CREATE bill and lower taxable income of URC international group.

URC's net income from continuing operation amounted to ₱13.0 billion, higher by ₱2.5 billion or 23.4%, from ₱10.5 billion for 2020 mainly driven by higher other income from gain on sale of fixed assets, turnaround impact of net foreign exchange losses and income tax savings.

URC's net income from discontinued operations for 2021 amounted to ₱11.3 billion, an increase of 906.8% from ₱1.1 billion recorded in 2020 driven by gain from divestment of Oceania business this year.

URC's consolidated net income for 2021 amounted to ₱24.2 billion, higher by ₱12.6 billion or 108.6% from ₱11.6 billion in 2020 due to higher other income from gain on sale of fixed assets and businesses, turnaround impact of net foreign exchange losses and income tax savings.

Net income attributable to equity holders of the parent increased by ₱12.6 billion or 117.0% to ₱23.3 billion in 2021 from ₱10.7 billion in 2020 as a result of the factors discussed above.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱18.5 billion in 2021, 7.9% lower than ₱20.1 billion posted in 2020.

Real estate and hotels generated total gross revenues of ₱35.6 billion for calendar year 2021, an increase of 29.2% from ₱27.5 billion the previous year with strong organic growth fueled by improved customer demand across RLC's core businesses, the sale of parcels of land within the Bridgetowne East Destination Estate, and the continued success of the Chengdu Ban Bian Jie project in China. EBIT and EBITDA increased by 14.4% to ₱9.7 billion and 9.4% to ₱15.0 billion, respectively. This translated to a consolidated net income of ₱8.5 billion, 61.6% greater versus the same period last year. Meanwhile, net income attributable to equity shareholders of the parent entity rose by 53.2% to ₱8.1 billion.

The Commercial Centers Division accounted for 23% of total RLC's revenues to close at ₱8.3 billion in 2021, 2.7% lower versus previous year. The performance of the RLC's lifestyle centers continued to rebound since the implementation of quarantine restrictions in March last year. The steep slump in mall revenues continued to shrink sequentially every quarter. Meanwhile, EBITDA and EBIT decreased by 6.1% to ₱3.9 billion and 52.6% to ₱0.2 billion, respectively, as cash operating expenses are flattish while depreciation and amortization dropped by 0.9%.

Encouraged by the resilient IT-BPM industry, Robinsons Offices finished the year strong and contributed 18% to total RLC revenues. Stable and high occupancy across existing assets, as well as rental escalations, carried revenues to a 9.2% increase to end at ₱6.5 billion. EBITDA closed at ₱5.7 billion, while EBIT ended at ₱4.7 billion, up by 11.4% and 13.1%, respectively.

In 2021, RLC embarked on a rebranding strategy and launched "RLC Residences" – a single, integrated brand identity for its vertical projects. RLC Residences and Robinsons Homes posted combined realized revenues of ₱6.3 billion in 2021, contributing 17% to consolidated revenues. EBITDA and EBIT ended at ₱2.3 billion and ₱2.1 billion, respectively.

Chengdu Ban Bian Jie, accounted for 30% or ₱10.9 billion of RLC's total revenues following the turnover of the residential units from Phase 1 after its successful launch in 2018. Both EBITDA and EBIT ended at ₱1.0 billion. 95% of the entire project have been sold, while construction for Phase 2 is almost complete. Furthermore, RLC has recovered 89% of its invested capital with the repatriation of US$200 million in 2021.

With the gradual easing of travel restrictions and the re-opening of some tourist destinations, Robinsons Hotels and Resorts received demand for quarantine accommodations and long-stay bookings. Accounting for 3% of consolidated revenues, hotel revenues rose 11.0% to ₱1.2 billion versus a year ago. EBITDA accelerated 60.3% to ₱0.25 billion on the back of operational efficiencies; while depreciation from new hotels dragged EBIT to a loss of ₱0.17 billion.

Robinsons Logistics and Industrial Facilities, capitalized on the rising opportunities in the logistics sector and achieved a 49.5% surge in revenues in 2021 to ₱0.35 billion. Similarly, EBITDA and EBIT climbed 76.2% and 88.8% to ₱0.32 billion and ₱0.25 billion, respectively.

Meanwhile, RLC crystalized the value of its destination estates from the sale of prime lots to Shang Robinsons Properties, Inc. (SRPI) and RHK Land Corporation (RHK), two of the most recognized real estate names in Asia. Realized revenues registered at ₱2.97 billion in 2021 yielding an EBITDA of ₱1.55 billion and EBIT of ₱1.54 billion. SRPI and RHK acquired a total of over 2.6 hectares of land inside the 31-hectare master-planned Bridgetowne Destination Estate.

Interest income was lower at ₱0.17 billion from ₱0.24 billion last year due to lower average balance of cash and cash equivalents during the calendar year 2021.

Cost of real estate sales went up by 116.6% to ₱13.3 billion from ₱6.2 billion last year due to increase as a function of increased realized sales. Cost of amusement services declined by 98.3% to ₱0.02 billion as most of cinema operations remained suspended following IATF protocols.

Gain or loss from foreign exchange mainly pertains to foreign currency denominated transactions of the Company’s foreign subsidiary. Gain on sale of property and equipment mainly pertains to sale of retired transportation equipment. Gain from Insurance pertains to claims collected from insurance providers during the year.

Air transportation generated revenues amounting to ₱15.7 billion for the year ended December 31, 2021, 30.4% lower than the ₱22.6 billion revenues earned in the same period last year mainly driven by the decrease in passenger revenue by ₱6.3 billion or 50.2% to ₱6.3 billion for the year ended December 31, 2021 from ₱12.6 billion generated in 2020. This was largely due to the 32.1% decline in passenger volume from 5.0 million to 3.4 million in line with lesser number of flights by 17.6% coupled with a 15.3 ppts decrease in seat load factor from 75.9% to 60.6%. Lower average fares by 26.7% to ₱1,843 for the year ended December 31, 2021 from ₱2,513 for the same period last year also contributed to lower revenues. Cargo operations continued to supplement the business as revenues grew by ₱1.1 billion or 19.8% to ₱6.5 billion for the year ended December 31, 2021 from ₱5.4 billion for the year ended December 31, 2020 mostly due to increase in kilograms carried by about 10.4% and higher yield by 8.5%. Ancillary revenues decreased by ₱1.6 billion or 35.0% to ₱3.0 billion for the year ended December 31, 2021 from ₱4.6 billion recorded in the same period last year mainly attributable to lesser passenger volume and flight activity during the period.

CEB incurred operating expenses of ₱38.9 billion for the year ended December 31, 2021, lower by 10.3% compared to the ₱43.4 billion operating expenses incurred for year ended December 31, 2020. This was primarily brought about by the CEB’s reduced operations due to the COVID-19 global pandemic since a material portion of its expenses are based on flights and flight hours. The slight strengthening of the Philippine peso against the U.S. Dollar as referenced by the appreciation of the Philippine peso to an average of P49.27 per U.S. Dollar for the year ended December 31, 2021 from an average of ₱49.61 per U.S. Dollar during the same period last year based on the Philippine Bloomberg Valuation (PH BVAL) weighted average rates also contributed to the drop in operating expenses.

As a result, CEB sustained an operating loss of ₱23.2 billion for the year ended December 31, 2021, 11.5% higher than the ₱20.8 billion operating loss incurred for the same period last year.

Interest income decreased by ₱121 million or 76.9% to ₱36 million for the year ended December 31, 2021 from ₱158 million earned in the same period last year largely due to lesser cash balance particularly in the early months of 2021 and lower average interest rates on USD short term placements.

CEB recognized market valuation losses from its embedded derivative liability arising from its issuance of the convertible bonds amounting to ₱1.3 billion as of December 31, 2021. For the year ended December 31, 2020, CEB incurred a hedging loss of ₱2.2 billion due to the discontinuation of hedge accounting application on non-effective hedges last year.

CEB had equity in net loss of joint ventures and associates of ₱174 million for the year ended December 31, 2021, ₱142 million lower than the ₱316 million equity in net loss of joint venture and associates incurred in the same period last year. A-plus and SIA Engineering (Philippines) Corporation (SIAEP) ceased to be joint ventures of the Group in November 2020, thus, reducing the Group's equity in net loss in its joint ventures.

Interest expense increased by ₱301 million or 17.5% to ₱2.0 billion for the year ended December 31, 2021 from ₱1.7 billion for the same period last year due to the accrual of interest on convertible bonds issued last May 2021 and promissory notes availed in the latter part of 2020 and early 2021. This was offset by the sale and leaseback of five (5) A320 aircraft in the latter part of 2020 and the effect of the slight appreciation of the Philippine Peso against the U.S. Dollar.

On November 3, 2020, CEB signed a Deed of Absolute Sale of its 35% shareholding in SIA Engineering (Philippines) Corporation (SIAEP) to SIAEC which resulted to a gain on disposal of ₱34.5 million. As of December 31, 2020, CEB no longer has any equity interest in SIAEP. On the same date, CEB acquired SIAEC's 51% interest in A-plus, making the latter a wholly-subsidiary of CEB. The recognition of the investment in A-plus as a subsidiary resulted to a gain on remeasurement of ₱71.3 million on CEB's existing 49% shareholding.

CEB assessed that its investment in Value Alliance Travel System Pte. Ltd (VATS) was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. Its target growth turned significantly lower than actual and expectation has also been further tempered due to the impact of ongoing COVID-19 pandemic. Based on the foregoing, CEB recognized impairment loss amounting to ₱37 million.

As a result of the foregoing, net loss for the year ended December 31, 2021 amounted to ₱24.9 billion, higher than the ₱22.2 billion net loss incurred for the year ended December 31, 2020.

Petrochemicals (consist of JGSPC, JGSOC and Peak Fuel) combined gross revenues reached ₱40.3 billion in 2021, almost double of last year's ₱21.3 billion, driven by strong volumes and higher average selling prices (ASP) due to strong demand recovery from the global economic slowdown in 2020 caused by the COVID-19 pandemic, as well as the extended facility shutdown of JGSOC until 1Q 2020 for turnaround maintenance and project tie-ins. 2021 revenues also include the fresh contributions from its LPG trading business and the newly commissioned Aromatics Extraction Unit. EBITDA expanded 463% to ₱3.1 billion on the back of strong volumes, which offset higher naphtha prices. Moreover, utilization rates improved considering the planned shutdowns in 1Q20. Full year cracker and polymer rates were at 91% and 83%, up from 70% and 69%, respectively.

Interest expense increased from ₱369 million in 2020 to ₱805 million in 2021 due higher level of trust receipts and short-term notes payable which were obtained to finance its working capital requirements and expansion projects. A net foreign exchange loss of ₱404 million was also recognized in 2021 from last year's net foreign exchange gain of ₱396 million. All these factors contributed to the net loss of ₱2.1 billion in 2021 from last year's ₱2.0 billion

Equity in net earnings of associated companies and joint ventures amounted to ₱9.7 billion for the year ended December 31, 2021, a 27.7% increase from last year's ₱7.6 billion driven primarily by higher equity in net earnings of Meralco from ₱4.6 billion in 2020 to ₱6.7 billion in 2021 given the growth in energy consumption across Residential, Commercial, and Industrial segments. The absence of last year's impairment charge on its Pacific Light Power investment also boosted income.

For Singapore Land Group, equity in net earnings increased to ₱2.7 billion, from ₱2.5 billion last year. The recognition of income from its residential joint venture tempered the negative impact of the pandemic on its property trading & technology operations segments.

Meanwhile, the dividends we received from our investment in PLDT, Inc. rose by 6% to ₱2.0 billion from ₱1.9 billion last year. PLDT raised its annual dividends to ₱82 per share vs ₱77 per share last year as hybrid work, home studying, and e-commerce, among others, led to improved earnings momentum.

FINANCIAL CONDITION

2023 vs 2022

The Group's balance sheet maintains a robust financial foundation to propel growth across its operations. As of December 31, 2023, the consolidated assets have surged to ₱1.112 trillion, up from ₱1.073 trillion at the end of 2022. The current ratio stands at 1.01, reflecting a healthy liquidity position. Additionally, the Group's indebtedness remains well-managed, with a gearing ratio of 0.68, comfortably within the financial covenant limit of 2.0. The net debt, amounting to ₱252.0 billion, translates to a net debt to equity ratio of 0.57.

As of December 31, 2023, the Group holds cash and cash equivalents amounting to ₱49.5 billion (including Robinsons Bank's), a decrease from the ₱85.7 billion reported as of December 31, 2022. The Group's cash requirements have been met primarily through operating activities, resulting in a net cash flow provided by operating activities of ₱44.7 billion in 2023. Net cash used in investing activities amounted to ₱26.7 billion which were predominantly utilized to the Group's capital expenditures and acquisition of financial investments which were partially offset by dividends received, refund of pre-delivery payments, proceeds from sales and lease-back transactions, and maturity of investments. Net cash used in financing activities amounted to ₱54.1 billion primarily stemmed from debt settlements, dividend and lease payments and subsidiaries' purchase of treasury shares.

The Group's capital expenditures totaling ₱59.8 billion in 2023 include URC's capacity expansion initiatives, RLC's investment and development of both new and existing facilities and acquisition of land; CEB's additional aircraft acquisition; JGSOC's tail-end expansion projects and capitalizable maintenance capex.

As of December 31, 2023, the Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that would have a significant impact on the Group's operations and/or financial condition.

As of December 31, 2023, except as otherwise disclosed in the financial statements and to the best of the Group's knowledge and belief, there are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Material Changes in the 2023 Financial Statements
(Increase/Decrease of 5% or more versus 2022)

Material changes in the Statements of Consolidated Comprehensive Income were explained in detail in the management discussion and analysis or plan of operations stated above.

Consolidated Statements of Financial Position- December 31, 2023 versus December 31, 2022

9.1% increase in Receivables (including Noncurrent Portion)
Due to higher trade receivables of URC, RLC and JGSOC partly offset by the full payment received from the sale of property to an affiliate.

8.5% increase in Inventories
Due to (i) higher level of finished goods of URC particularly in its Sugar business; (ii) RLC's increase in subdivision land, condominium and residential units for sale mainly due to additional cost incurred on all ongoing projects; (iii) CEB's increased expendable parts, materials and supplies kept in stock for operations, partly offset by (iv) JGSOC's decrease in inventory balances mainly from increased sales volumes after strategically implementing a three-month facility shutdown in February 2023.

33.8% decrease in Biological Assets (including Noncurrent Portion)
Due to hogs downsizing and closure of one poultry farm.

5.7% increase in Other Current Assets
Due to increase in advances to suppliers related to purchase of inventories and capital expenditures of URC and prepaid expenses of CEB.

6.1% increase in Investment in Associates and Joint Ventures (JVs)
Due to the recognized share in the net earnings of associates and joint venture during the period mainly from Meralco, SLG and SRPI.

5.5% increase in Property and Equipment
Due to aircraft acquisitions and other capital expenditures, partly offset by depreciation expense during the period.

72.5% increase in Right-of-Use Assets
Due to new aircraft deliveries during the period, offset by depreciation during the period.

16.7% increase in Other Noncurrent Assets
Due to increase in security deposits of CEB and URC as well as CEB's increase in deferred tax asset mainly driven by higher future deductible amounts such as those from unrealized foreign exchange losses and net lease liabilities posted during the period

15.1% increase in Accounts Payable and Accrued Expenses
Due to additional trade payables of SOC and CEB and higher accruals for the period.

30.9% decrease in Short Term Debt
Due to the settlement of loans and trust receipts of JGSOC partly offset by the net loan availment of URC.

66.9% increase in Lease Liabilities (including Noncurrent Portion)
Due to additional lease liability set up for various aircraft delivered in 2023 offset by payments made during the period

15.0% increase in Other Current Liabilities
Due to (i) CEB's higher unearned transportation revenue from significantly higher forward bookings as of December 31, 2023 compared to December 31, 2022, in line with the increased airline services demand during the period; and (ii) RLC's higher deposits from real estate buyers and lessees.

19.0% decrease in Other Noncurrent Liabilities
Due to CEB's decrease in provision for asset retirement obligation and heavy maintenance visits coupled with the increase in applications during the year.

18.5% increase in Other Comprehensive Loss
Due to (i) market valuation losses on the Group's investments in FVOCI securities primarily driven by lower PLDT share price from ₱1,317 per share as of end-December 2022 to ₱1,279 per share as of end-December 2023, (ii) lower in the share of remeasurements of the net defined benefit liability of Meralco, and (iii) URC's decrease in cumulative translation adjustments.

Stockholders' equity, excluding minority interest, stood at ₱335.9 billion as of December 31, 2023 from ₱319.9 billion last year.

Book value per share amounted to ₱44.66 as of December 31, 2023 from ₱42.54 as of December 31, 2022.

2022 vs 2021

The Group's balance sheet provides enough financial flexibility to support further growth and weather any headwinds amidst a highly volatile global landscape. As of December 31, 2022, consolidated assets amounted to ₱1.073 trillion from ₱1.024 trillion as of December 31, 2021. Current ratio stood at 0.98. The Company's indebtedness remains manageable with a gearing ratio of 0.77, well within the financial covenant of 2.0. Net debt stood at ₱238.1 billion, bringing our net debt to equity ratio to 0.56.

Cash and cash equivalents amounted to ₱85.7 billion (including Robinsons Bank's) as of December 31, 2022 from ₱82.9 billion as of December 31, 2022. The Group's cash requirements have been sourced through cash flow from operations. The net cash flow provided by operating activities in 2022 amounted to ₱6.8 billion. Net cash used in investing activities amounted to ₱7.8 billion mainly which were substantially used for the Group's capital expenditures partially offset by the proceeds from the sale of MER shares, dividends received, and proceeds from sales and lease-back transactions. Net cash provided by financing activities amounted to ₱3.8 billion mainly from net availment of debts and bills payable, partially offset by dividend and lease payments, and subsidiaries' purchase of treasury shares.

The Group's capital expenditures totaling ₱44.8 billion in 2022 include URC's capacity expansion, sustainability projects, and systems automation; RLC's development of malls, offices, hotels, and warehouse facilities, acquisition of land and construction costs; CEB's acquisition of buyer furnished equipment, rotables, assemblies & capitalized overhaul expenses; JGSOC's Butadiene and PE3 expansion projects and RBC's business development initiatives.

As of December 31, 2022, the Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that would have a significant impact on the Group's operations and/or financial condition.

As of December 31, 2022, except as otherwise disclosed in the financial statements and to the best of the Group's knowledge and belief, there are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Material Changes in the 2022 Financial Statements
(Increase/Decrease of 5% or more versus 2021)

Material changes in the Statements of Consolidated Comprehensive Income were explained in detail in the management discussion and analysis or plan of operations stated above.

Consolidated Statements of Financial Position- December 31, 2022 versus December 31, 2021

67.5% decrease in Receivables (including Noncurrent Portion)
Due to the reclassification of the banking business' finance receivables amounting to ₱112.9 billion to 'Assets held for sale' as a result of the merger agreement of RBC with the Bank of Philippine Islands (BPI) *(see Note 44 of the consolidated financial statements)*

48.0% decrease in Financial Assets (including Noncurrent Portion)
Due to (i) decrease in market values of the Group's investment securities particularly our PLDT investment; and (ii) the reclassification of the banking business' investments in fair value through profit and loss (FVTPL), fair value though other comprehensive income (FVOCI), and investment securities at amortized cost totaling ₱40.5 billion to 'Assets held for sale' as a result of the merger agreement of RBC with BPI.

12.8% increase in Inventories
Due to (i) increases in raw materials inventory, finished goods, and work-in-process on the back of higher input cost and volumes of URC; (ii) higher finished goods inventory of JGSOC; and (iii) offset by decline in RLC's condominium and residential units for sale due to the sale of Chengdu Phase 2 project in 2022.

37.8% increase in Biological Assets (including Noncurrent Portion)
Due to the increase in hogs population coupled with improvement in hog mortalities

14.0% increase in Other Current Assets
Due to increase in URC's advances to suppliers and RLC's advances to lot owners

38.9% increase in Right-of-Use Assets
Due to CEB's delivery of one (1) A321 NEO, two (2) A320 NEO and (1) A330 NEO in 2022 offset by the return of one (1) A320 CEO and depreciation during the period

60.8% decrease in Accounts Payable and Accrued Expenses
Primarily due to the reclassification of the banking business' current portion of deposit liabilities amounting to ₱113.8 billion to 'Liabilities directly associated with assets held for sale' as a result of the merger agreement of RBC with BPI.

39.3% increase in Short Term Debt
Due to higher level of short-term debt and trust receipts payable of URC and JGSOC.

43.4% increase in Lease Liabilities (including Noncurrent Portion)
Due to CEB's additional lease liability set up for one (1) A321 NEO, two (2) A320 NEO and (1) A330 NEO delivered in 2022 plus the recognition of the related lease liability of five (5) A321 CEO reclassified from property and equipment to right of use assets offset by payments made during the period.

87.0% increase in Income Tax Payable
Due to additional tax provisions of URC and RLC, net of payments.

21.5% decrease in Other Current Liabilities
Due to (i) RLC's lower deposits from real estate buyers, partially offset by (ii) CEB's higher unearned transportation revenue from increased forward bookings as of December 31, 2022 compared to December 31, 2021 in line with the increased airline services demand during the period.

37.4% decrease in Other Noncurrent Liabilities
Primarily due to the reclassification of the banking business' noncurrent portion of deposit liabilities amounting to ₱12.1 billion to 'Liabilities directly associated with assets held for sale' as a result of the merger agreement of RBC with BPI.

284.8% increase in Other Comprehensive Loss
Due to market valuation losses on the Group's investments in FVOCI securities primarily driven by lower PLDT share price from ₱1,812 per share as of end-December 2021 to ₱1,317 per share as of end-December 2022.

Stockholders' equity, excluding minority interest, stood at ₱319.9 billion as of December 31, 2022 from ₱335.3 billion last year.

Book value per share amounted to ₱42.54 as of December 31, 2022 from ₱44.58 as of December 31, 2021.

KEY FINANCIAL INDICATORS

The Company sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as of and for the year ended December 31, 2023, 2022 and 2021.

Key Financial Indicators	**2023**	2022	2021
Revenues	**₱344.0 billion**	₱301.9 billion	₱221.3 billion
EBIT	**₱49.0 billion**	₱18.3 billion	₱9.9 billion
EBITDA	**₱78.8 billion**	₱46.0 billion	₱38.9 billion
Core net income after taxes	**₱19.8 billion**	₱6.2 billion	₱3.1 billion
Core net income after taxes from continuing operations	**₱19.2 billion**	₱5.3 billion	₱2.3 billion
Net income attributable to equity holders of the Parent Company	**₱20.0 billion**	₱651 million	₱5.1 billion
Liquidity Ratio:			
Current ratio	**1.01**	0.98	1.03
Solvency ratios:			
Gearing ratio	**0.68**	0.77	0.68
Net debt to equity ratio	**0.57**	0.56	0.48

Key Financial Indicators	2023	2022	2021
Asset-to-equity ratio	**2.50**	2.51	2.31
Interest rate coverage ratio	**4.85**	4.13	4.27
Profitability ratio:			
Operating margin	**0.14**	0.06	0.04
Book value per share	**₱44.66**	₱42.54	₱44.58

The manner in which the Company calculates the above key performance indicators is as follows:

Key Financial Indicators		
Revenues	=	Total of sales and services, income from banking business, dividend income and equity in net earnings
EBIT	=	Operating income
EBITDA	=	Operating income add back depreciation and amortization expense
Core net income after taxes	=	Net income attributable to equity holders of Parent Company as adjusted for the net effect of gains/losses on foreign exchange, market valuations and other nonrecurring items.
Current ratio	=	Total current assets over current liabilities
Gearing ratio	=	Total financial debt over total equity
Net debt to equity ratio	=	Total financial debt less cash including financial assets at FVTPL and FVOCI investments (excluding RBC cash, financial assets at FVTPL and FVOCI investments) over total equity
Asset-to-equity ratio	=	Total assets over total equity
Interest rate coverage ratio	=	EBITDA over interest expense
Operating Margin	=	Operating income over total revenue
Book value per share	=	Stockholders' equity (equity attributable to parent excluding preferred capital stock) over outstanding number of common shares

Commitments and Contingent Liabilities

The Company, in the normal course of business, makes various commitments and has certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. The commitments and contingent liabilities include various guarantees, commitments to extend credit, standby letters of credit for the purchase of equipment, tax assessments and bank guarantees through its subsidiary bank. The Company does not anticipate any material losses as a result of these transactions.

In addition, the Group has capital expenditure commitments which principally relate to the acquisition of aircraft which will be funded through CEB's internally generated cash from operations and borrowings (see Note 43 of the Consolidated Financial Statements).

Trends, Events or Uncertainties

There are (i) no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on revenues or income from continuing operations, (ii) no significant elements of income or loss that did not arise from the Company's continuing operations, or (iii) no event that may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Except for income generated from our retail leasing, and our airline's business which generally records higher revenues in January, March, April, May, and December due to festivals and school holidays in the Philippines, there are no seasonal aspects that have a material effect on the Group's financial conditions or results of operations.

DISCLOSURE OF EFFECTS OF PESO DEPRECIATION AND OTHER CURRENT EVENTS

Refer to Management Discussion and Analysis on pages 54-80 of this report and Note 4 to the Consolidated Financial Statements.

Item 7. Financial Statements

The Consolidated Financial Statements and schedules listed in the accompanying Index to Consolidated Financial Statements and Supplementary Schedules (page 96) are filed as part of this report.

Item 8. Information on Independent Accountant and other Related Matters

A. External Audit Fees and Services

Audit and Audit - Related Fees

The following table sets out the aggregate fees billed to the Company for each of the last three (3) years for professional services rendered by SyCip Gorres Velayo & Co.,

	2023	2022	2021
Audit and Audit-Related Fees			
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	**₱4,780,000**	₱4,780,000	₱4,200,000
All Other Fees	**None**	None	None
Total	**₱4,780,000**	₱4,780,000	₱4,200,000

No other service was provided by external auditors to the Company for the calendar years 2023, 2022 and 2021.

The audit committee's approval policies and procedures for the services rendered by the external auditors

The Corporate Governance Manual of the Company provides that the audit committee shall, among others:

1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company.
2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
3. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

B. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

NONE.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names and ages of the directors, member of the advisory board and executive officers of the Company are as follows:

1. **Directors**

Name	Age	Position	Citizenship
James L. Go	84	Non-Executive and Non-Independent Director, Chairman	Filipino
Lance Y. Gokongwei	57	Executive Director, President and Chief Executive Officer	Filipino
Robina Gokongwei Pe	62	Non-Executive and Non-Independent Director	Filipino
Patrick Henry C. Go	53	Executive Director	Filipino
Johnson Robert G. Go, Jr.	59	Non-Executive and Non-Independent Director	Filipino
Jose T. Pardo	84	Non-Executive and Independent Director	Filipino
Renato T. De Guzman	73	Non-Executive and Independent Director	Filipino
Antonio L. Go	84	Non-Executive and Lead Independent Director	Filipino
Artemio V. Panganiban	87	Non-Executive and Independent Director	Filipino

2. **Executive Officers**

Name	Age	Position	Citizenship
Michael P. Liwanag	50	Chief Strategy Officer	Filipino
Maria Celia H. Fernandez-Estavillo	52	Chief Legal Officer and Corporate Secretary	Filipino
Renato T. Salud	60	Chief Corporate Affairs and Sustainability Officer	Filipino
Aldrich T. Javellana	50	Senior Vice President and Treasurer	Filipino
Lisa Y. Gokongwei-Cheng	55	Chief Digital Officer	Filipino
Brian M. Go	50	Chief Finance and Risk Officer	Singaporean
David Gulliver G. Go	52	Chief Human Resources Officer	Filipino
Michele F. Abellanosa	53	Vice President, Corporate Controllership	Filipino
Rya Aissa S. Agustin	43	Chief Audit Executive	Filipino
Laurinda R. Rogero	47	Chief Compliance Officer	Filipino
Ma. Christina Bellaflor P. Alvarez	52	Chief Information Officer	
Bach Johann M. Sebastian	62	Senior Advisor, Corporate Finance and Strategy	Filipino
Alan D. Surposa	60	Senior Advisor, Procurement	Filipino
Ian Pajantoy	58	Data Protection Officer	Filipino
Andre Ria B. Buzeta-Acero	44	Assistant Corporate Secretary	Filipino

All of the above directors and officers have served their respective offices since May 15, 2023.

Messrs. Jose T. Pardo, Renato T. De Guzman, Antonio L. Go, and Mr. Artemio V. Panganiban are the independent directors of the Company as defined under SRC Rule 38.1.

The directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers and members of the advisory board are appointed or elected annually by the Board of Directors. Appointed or elected officers and advisory board members are to hold office until a successor shall have been elected, appointed or shall have qualified.

A brief description of the directors, and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

Directors

1. ***James L. Go***, 84, is the Chairman of JGSHI since May 14, 2018. He is also the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation, the Vice Chairman of Robinsons Retail Holdings, Inc., and a Board Advisor of Cebu Air, Inc. since January 1, 2023. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation and JG Summit Olefins Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a Director of PLDT, Inc. since November 3, 2011, and is an Advisor to the Audit Committee and a member of the Technology Strategy and Risk Committees. He was elected a Director of Manila Electric Company on December 16, 2013, and is a member of the Executive, Finance, Nomination and Governance, Audit, Risk Management, and Related Party Transactions Committees. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

2. ***Lance Y. Gokongwei***, 57, is the President and Chief Executive Officer of JGSHI since May 14, 2018. He is also the Chairman of Cebu Air, Inc., Universal Robina Corporation, Robinsons Retail Holdings, Inc., and JG Summit Olefins Corporation. Effective January 8, 2024, he became the Chairman, President, and Chief Executive Officer of Robinsons Land Corporation. He is a Director and a Vice Chairman of the Executive Committee of Manila Electric Company. He is also a Director of RL Commercial REIT, Inc., Altus Property Ventures, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and Endeavor Acquisition Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

3. ***Robina Pe Gokongwei***, 62, has been a Director of JGSHI since April 15, 2009. She is the President and Chief Executive Officer of Robinsons Retail Holdings, Inc. (RRHI). Operating a diverse portfolio of brands, RRHI is one of the largest multi-format retailers in the country. She is also a Director of Robinsons Land Corporation and Cebu Air, Inc. She is a Trustee and the Secretary of the Gokongwei Brothers Foundation, Inc. and a Trustee and Vice Chairman of the Immaculate Concepcion Academy Scholarship Fund. She is also a member of the Xavier School Board of Trustees. She was formerly a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984. She has two children, Justin, 28 and Joan, 17. She is married to Perry Pe, a lawyer.

4. ***Patrick Henry C. Go***, 53, has been a Director of JGSHI since January 17, 2000, and was appointed as Executive Director effective August 1, 2023. He holds the positions of Director and Executive Vice President of Universal Robina Corporation, Director and Chief Executive Officer and President of Merbau Corporation, and Director of Robinsons Land Corporation, Manila Electric Company, Meralco Powergen Corporation, and JG Summit Olefins Corporation. He is a Trustee and Treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo De Manila University and attended the General Management Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

5. ***Johnson Robert G. Go, Jr.***, 59, has been a Director of JGSHI since August 18, 2005. He is currently a Director of Universal Robina Corporation, Robinsons Land Corporation, and A. Soriano Corporation. He is a Trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

6. ***Jose T. Pardo***, 84, has been an Independent Director of JGSHI since August 6, 2003. He is presently the Chairman of the Philippine Stock Exchange, and the Philippine Seven Corporation. He is also a Director of Del Monte Philippines, Inc., and Advisory Board Chair of Bank of Commerce. Mr. Pardo also serves in various private and non-listed enterprises and is the Chairman of the Securities Clearing Corporation of the Philippines, a Director of National Grid Corporation of the Philippines, League One Finance and Leasing Corporation, and Araneta Hotels. Mr. Pardo is also the Chairman of ECOP Council of Business Leaders, Chairman of PCCI Council of Business Leaders, and the Chairman and a Trustee of Philippine Stock Exchange Foundation, a Director of ZNN Radio Veritas Foundation and a Director and Trustee of Bayaning Pulis Foundation. He also held positions in Government as former Secretary of the Department of Finance and former Secretary of the Department of Trade and Industry. He obtained his Bachelor of Science degree in Commerce, Major in Accounting and his Master's Degree in Business Administration from the De La Salle University in Manila. He has been conferred on February 10, 2018 an Honorary Doctorate in Finance by the De La Salle University in Manila.

   Mr. Pardo's expertise and many years of experience have been invaluable to the management of JGSHI especially because of his extensive experience in public service. Mr. Pardo has served in varying leadership capacities in civic and other various organizations and his insights as the Chair of JGSHI's Governance, Nomination, Remuneration, and Sustainability Committee is very valuable and instrumental in helping the Corporation realize its purpose and ambition to deliver efficient and prudent management of the Corporation that will deliver long term success aligned with its core values of entrepreneurial mindset, stewardship, and integrity. Mr. Pardo's visionary leadership and outstanding contributions has earned him numerous honors and distinctions from national award-giving bodies and educational institutions which include the following: The Outstanding Filipino Award for Business, The Outstanding Young Men Award, the Man of the Year Award, the President Roxas Memorial Award, and De La Salle Alumni Association Distinguished Lasallian Award. The Corporation recognizes Mr. Pardo's invaluable contribution to the furtherance of the goals and objectives of the Corporation and his vital instruction in navigating the Philippine regulatory landscape. The Corporation's management believes that the extensive experience of its directors and senior management is crucial in future proofing the Corporation and its businesses and in ensuring that customers are provided with better choices and that successes are shared with stakeholders.

   We note that while SEC Memorandum Circular (MC) No. 19, Series of 2016 limits the term of independent directors to nine (9) years reckoned from 2012, the affirmative vote of stockholders representing majority of the Corporation's total outstanding capital stock for the election of Mr.

Pardo shall be deemed approval from the stockholders for Mr. Pardo to serve as independent director of JGSHI for the ensuing year, as required under the aforementioned circular.

7. **Renato T. De Guzman,** 73, has been an independent director of JGSHI since April 28, 2015. He was appointed Chairman of the Board of Trustees of the Government Service Insurance System in July 2015 under the previous administration and served as such until December 2016. He is currently a Director of Maybank Philippines, Inc. since April 2016 and Maybank Singapore Limited as of July 1, 2019. He is the Chairman of Nueva Ecija Good Samaritan Health System, Inc. and Good Samaritan College. He was a Senior Adviser of the Bank of Singapore until September 2017, Chief Executive Officer of the Bank of Singapore (January 2010-January 2015), ING Asia Private Bank (May 2000-January 2010), Country Manager Philippines of ING Barings (1990-2000), and Deputy Branch Manager of BNP Philippines (1980-2000). He holds a Bachelor of Science in Management Engineering from the Ateneo de Manila University, Master's Degree in Business Administration with Distinction at the Katholieke Universiteit Leuven, Belgium and a Masters in Management from McGill University, Canada.

8. ***Antonio L. Go***, 84, Mr. Antonio L. Go has been an Independent Director of JGSHI since May 23, 2018. He is currently the Chairman of Equicom Savings Bank, ALGO Leasing and Finance, Inc., My Health Ventures Corporation, and the Vice Chairman of Maxicare Healthcare Corporation, and Maxicare Life Insurance Corporation. He is a Director of Equitable Computer Services, Inc., Medilink Network, Inc., Equicom Inc., Equicom Manila Holdings, Inc., Equitable Development Corp., T32 Dental Centre Pte Ltd. (Singapore), Dental Implant Maxillofacial Centre Pte Ltd. (Hong Kong), Mioki Holdings Pte. Ltd., Algo Healthcare Holdings Pte. Ltd., Equicom Health Solutions Pte. Ltd., Pin-An Holdings, Inc., Equicom Property Holdings, Inc., DDMP REIT, Inc., Maxicare Health Services, Inc., Steel Asia Manufacturing Corporation and Dito Telecommunity Corporation. He is also a Trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science Degree in Business Administration. He attended the International Advance Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

9. ***Artemio V. Panganiban***, 87, has been an Independent Director of JGSHI since May 14, 2021. He previously served as an Independent Director of Robinsons Land Corporation. He is concurrently an Adviser, Consultant and/or Independent Director of several business, civic, non-government and religious groups. He also writes a regular column in the Philippine Daily Inquirer. He is a retired Chief Justice of the Philippines and was concurrently Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to becoming Chief Justice, he was Justice of the Supreme Court of the Philippines (1995-2005), Chairperson of the Third Division of the Supreme Court (2004-2005), Chairperson of the House of Representatives Electoral Tribunal (2004-2005), Consultant of the Judicial and Bar Council (2004-2005) and Chairperson of eight Supreme Court Committees (1998-2005). He authored fourteen (14) books. Retired Chief Justice Panganiban obtained his Bachelor of Laws degree, cum laude, from the Far Eastern University and placed 6th in the 1960 bar examination. He was conferred the title Doctor of Laws (Honoris Causa) by the University of Iloilo in 1997, the Far Eastern University in 2002, the University of Cebu in 2006, the Angeles University in 2006, and the Bulacan State University in 2006.

Executive Officers

1. ***Mr. Michael P. Liwanag***, 50, is the Chief Strategy Officer of JGSHI since August 15, 2022. He is also a Director of Maxicare Healthcare Corporation and Maxicare Life Insurance Corporation (Maxilife). Prior to his current role, he was the Senior Vice President, Investor Relations, and Chief of Staff of JGSHI until August 14, 2022. He also served as URC's Senior Vice President until December 2020 and Vice President for Corporate Strategy and Development until May 14, 2018. Before joining URC in 2001, he was exposed to different business functions such as Portfolio & Strategy Management, Mergers and Acquisitions, Program Management, and Business Analytics in Digital Telecommunications Phils., Inc., Global Crossings and Philippine Global Communications, Inc. He studied Engineering at the University of the Philippines, is a Certified Management Accountant (ICMA Australia) and an alumnus of the Harvard Business School (AMP).

2. ***Maria Celia H. Fernandez-Estavillo***, 52, is the Chief Legal Officer and Corporate Secretary of JGSHI since October 1, 2020. She is also the Corporate Secretary of Universal Robina Corporation and JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member of The British School Manila Board of Governors since 2020. Prior to joining JGSHI in March 2017, Atty. Fernandez-Estavillo was the head of the Legal and Regulatory Affairs Group, the Corporate Secretary and a member of the Board of Directors of Rizal Commercial Banking Corporation. She was the Assistant Vice President of Global Business Development of ABS-CBN. She also held positions in government as Head of the Presidential Management Staff, Assistant Secretary at the Department of Agriculture and Chief of Staff of Senator Edgardo J. Angara. She began her legal career in ACCRA. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude) and secured her Juris Doctor (Cum Laude) from the same school. She completed her Master of Laws in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

3. ***Renato T. Salud***, 60, , is the Chief Corporate Affairs and Sustainability Officer of JGSHI since March 21, 2016. Prior to joining JGSHI in March 2016, he was the Corporate Relations Director, Asia for Diageo Asia Pacific based in Singapore. In this role, he had oversight on a number of Asian countries in the areas of regulation, communications and corporate social responsibility. He has extensive experience in working with governments in formulating best practice policy recommendations. He started his career as Legislative Liaison Officer for the Department of National Defense and speechwriter for Defense Secretary Fidel Ramos. In 1992, when Fidel Ramos became President of the Philippines, he continued to serve him at the Office of the Press Secretary until 1998. He moved into the private sector with Pfizer Philippines where he was Corporate Affairs Director for two years. From 2000 to 2006, he then joined Philip Morris, starting as Philip Morris Philippines Corporate Affairs Director before moving to Hong Kong to take on the role of Director for Communications for Asia Pacific. He later became Regional Corporate Affairs Director for Eastern Europe, Africa and Middle East based in Switzerland and by the time he left Philip Morris to join Diageo in 2006, he held the position of Regional Corporate Affairs Director for the European Union. He has degrees in business and law both from Ateneo de Manila University. He also obtained his Master's Degree in Public Administration at Harvard's John F. Kennedy School of Government.

4. ***Aldrich T. Javellana***, 50, is the Senior Vice President and Treasurer of JGSHI. He was appointed Senior Vice President on October 2, 2017 and has been Vice President-Treasurer of JGSHI since January 2, 2012. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

5. ***Lisa Y. Gokongwei-Cheng,*** 55, is the Chief Digital Officer of JGSHI since May 14, 2020. She is the President and Director of Summit Media (2011 to present), the Chairman of Data Analytics Ventures, Inc. (2022 to present), and the General Manager of Gokongwei Brothers Foundation (2011 to present). She has held various senior positions and directorships in the group namely: Summit Internet Investments, Inc. (2000 to present), Jobstreet Philippines (2000 to 2014), JE Holdings, Inc. (2002), Robinsons Retail Holdings, Inc. (2002 to present), I-tech Global Business Solutions, Inc. (2010-2020), Hongkong- China Foods Co. (2013), and as Vice-President and Director of Summit-App Addictive Philippines, Inc. (2000). She was also Vice President at Metromedia Times Corporation (1993 to 1997) and Digital Communications as Project Manager (1995 to 1999). In January 2024, she was appointed as Director of JG Summit Capital Services Corp., JG Summit Capital Markets Corp., JG Summit Infrastructure Holdings Corporation, CFC Corporation, and Unicon Insurance and Reinsurance Brokers Corporation.She has a Bachelor of Arts degree from Ateneo de Manila University, and obtained her master's degree in Journalism at Columbia University in 1993.

6. ***Brian M. Go,*** 50, is the Chief Finance and Risk Officer of JGSHI since July 1, 2021. He is also a Director of JG Digital Equity Ventures, Inc., and a Board Director of Maxicare Healthcare Corporation, Maxicare Life Insurance Inc., and Maxicare Health Services Inc. Brian started his career in New York City with Booz Allen Hamilton in 1996, in the Financial Services practice. He returned to Manila in 1998, working at DTPI (Digitel/Sun Cellular), working in Corporate Planning, and as Managing Director of the Datacom business. He worked in China from 2003 to 2013, serving as Finance Director, then Chief Financial Officer, of Ding Feng Real Estate (DFRE) group of companies. From 2007, he concurrently assumed the General Manager role for URC China, and was later General Manager for URC Malaysia/Singapore. He was also the Vice President for URC's International Trading Operations/Global Exports based in Singapore from 2019 to 2022. Brian graduated from Harvard College in 1996. He completed an Executive MBA with Kellogg-HKUST in 2007, and is a CFA charter holder.

7. ***David Gulliver "Gully" G. Go***, 52, is the Chief Human Resources Officer of JGSHI since July 1, 2021. He is responsible for executing the Corporate Human Resources mandate to strengthen succession, enhance employee experience and people analytics, and a drive a groupwide purpose-driven, values-based culture. In addition to his executive role at JG Summit, Gully is a board member of Cebu Air Inc. and serves as Board Committee advisor for Marketing and Service Fulfilment at Maxicare Healthcare Corporation. Prior his appointment as Chief Human Resources Officer, he was the VP for Organization Culture in JG Summit Holdings, Inc. He has held positions as Head of Executive Education for the Asian Institute of Management (AIM), as Business Cluster Head for Enderun Colleges, and as Business Development Director of Summit Internet Investments. Gully holds a doctoral degree from the Ritsumeikan University in Japan and an MBA with distinction from the Asian Institute of Management.

8. ***Michele F. Abellanosa,*** 53, is the Vice President, Corporate Controllership of JGSHI since May 2, 2016. She was also elected Treasurer of DHL Summit Solutions, Inc. on February 15, 2022. She was Chief Compliance Officer of JGSHI from July 1, 2021 until March 30, 2022. She brings with her 26 years of experience in finance and is mainly responsible for the consolidated financial statements of the JG group of companies, as well as heading the controllership of JGSHI and JG Summit Capital Services Corporation. Prior to joining JGSHI, she practiced public accounting with SGV & Co. She obtained her BS Accountancy degree, cum laude from the University of Santo Tomas and is a Certified Public Accountant.

9. ***Rya Aissa S. Agustin***, 43, is the Chief Audit Executive of JGSHI since July 1, 2021. Prior to her current role, she served as Director for Corporate Internal Audit. She has extensive experience in internal audit, compliance, risk management and finance in local and international sectors. Before joining JGSHI in 2020, she was the Compliance and Monitoring Head for National Grid Corporation of the Philippines. She started her audit practice in the Global Internal Audit group of Procter & Gamble handling several roles as Global Subject Matter Expert across various audit areas. She is a Certified Internal Auditor (CIA) and a Fellow, Life Management Institute, with Distinction (FLMI) which are globally recognized certifications for audit and financial services professionals. She graduated with a degree in BS Economics, Magna Cum Laude, from the University of the Philippines.

10. ***Laurinda R. Rogero***, 47, was appointed Chief Compliance Officer of JGSHI on March 30, 2022 and is currently the Vice President and Compliance Head of JGSHI's General Counsel Group, a role she has held since May 2017. Prior to joining JGSHI, she was Vice President and Head of the Anti-Money Laundering Department under the Legal and Regulatory Affairs Group of Rizal Commercial Banking Corporation. She also served as Legal Associate in ACCRA and as Court Attorney in the Supreme Court under Associate Justice Consuelo Ynares-Santiago. Atty. Rogero secured her Juris Doctor from the University of the Philippines and a Master of Laws from the University of Melbourne. She was admitted to the Philippine Bar in 2004.

11. ***Ma. Cristina Bellaflor P. Alvarez***, was appointed Chief Information Officer of JGSHI on May 15, 2023. She is also the General Manager of Aspen Business Solutions, Inc. She received a Bachelor of Science degree in Industrial Engineering from the University of the Philippines - Diliman.

12. ***Bach Johann M. Sebastian***, 62, is the Senior Advisor, Corporate Finance and Strategy of JGSHI since August 15, 2022. Prior to his current role, he was the Senior Vice President, Strategic Investment of JGSHI until August 14, 2022. He had been a Senior Vice President and Chief Strategist of JGSHI until May 14, 2018. He is also a Senior Vice President of Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc. and Robinsons Retail Holdings, Inc. Prior to joining JGSHI in 2002, he was Senior Vice President and Chief Corporate Strategist at PSI Technologies and RFM Corporation. He was also Chief Economist, Director of Policy and Planning Group at the Department of Trade and Industry. He received a Bachelor of Arts degree in Economics from the University of the Philippines and his Master's in Business Management degree from the Asian Institute of Management.

13. ***Alan D. Surposa***, 60, is the Senior Advisor, Procurement of JGSHI since October 10, 2023, and was appointed Senior Vice President for Procurement of JG Summit Olefins Corporation effective 2020. His scope includes Procurement Governance ensuring that procurement processes operate smoothly and consistently across the group in line with the set procurement policies of the organization. He will synergize procurement policies, procedures and strategies across the different businesses to create a unified procurement group that is efficient, competent and strategically aligned to deliver competitive advantage. In his expanded role, he also exercises strong functional oversight over heads/managers in the Strategic Business Unit whose work revolves around procurement to ensure consistent alignment and synergies across the Business Unit. He is a member and formerly a Director of The Purchasing Managers Association of the Philippines now PASIA and an active member of PISM. He received his Bachelor of Science degree in Civil Engineering from the Cebu Institute of Technology in Cebu City. He took the Global Supply Chain Course in IMD business school and active alumni.

14. ***Ian Pajantoy***, 58, is the Data Protection Officer (DPO) of JGSHI since May 30, 2019. He is also the Common DPO for other JGSHI business units like Universal Robina Corporation (URC), Summit Publishing Company, Inc. (SPCI), JG Summit Olefins Corporation (JGSOC), Aspen Business Solutions, Inc. (ABSI), JG Digital Equity Ventures, Inc. (JGDEV) and Gokongwei Brothers Foundation, Inc. (GBF). He was tapped as one of the Core Team of the Business Process Outsourcing (Shared Services) arm of JGSHI established in 2013. Prior to joining & handling the Procurement Operations of the Shared Services Group (now ABSI), he joined URC as Plant Administrative Services Manager on May 2, 1996. From year 2000 to 2013, Mr. Pajantoy handled different facets of Supply Chain Management (logistics, procurement, & governance). He graduated from Mapua Institute of Technology with a degree in Management and Industrial Engineering and then later on, Techno-MBA from the De La Salle University - Dasmarinas City, Cavite.

15. ***Andre Ria B. Buzeta-Acero***, 44, is the Assistant Corporate Secretary of JGSHI since October 1, 2020. She is also the Assistant Corporate Secretary of JG Summit Olefins Corporation, and JG Digital Equity Ventures, Inc. She is concurrently the Corporate Secretary of JG Summit Capital Services Corp., JG Summit Infrastructure Holdings Corporation, JG Summit Capital Markets Corp., Chic Centre Corporation, Peak Fuel Corporation, Merbau Corporation and DHL Summit Solutions, Inc. She joined JGSHI in 2007 as part of the General Counsel Group. Prior to JGSHI, she was a Senior Associate in Castillo Laman Tan Pantaleon & Jose Law Offices. She obtained her Juris Doctor degree from the Ateneo de Manila School of Law in 2007 and was admitted to the Philippine Bar in 2008.

Significant Employee

There are no persons who are not executive officers of the Company who are expected to make a significant contribution to the business.

Involvement in Certain Legal Proceedings which occurred during the Past Five Years

None.

Family Relationships

1. Mr. James L. Go is the uncle of Mr. Lance Y. Gokongwei
2. Ms. Robina Y. Gokongwei-Pe is the niece of Mr. James L. Go and sister of Mr. Lance Y. Gokongwei
3. Ms. Lisa Y. Gokongwei-Cheng is the niece of Mr. James L. Go and sister of Mr. Lance Y. Gokongwei
4. Mr. Patrick Henry C. Go is the nephew of Mr. James L. Go and cousin of Mr. Lance Y. Gokongwei
5. Mr. Johnson Robert G. Go, Jr. is the nephew of Mr. James L. Go and cousin of Mr. Lance Y. Gokongwei
6. Mr. Brian M. Go is the son of Mr. James L. Go and cousin of Mr. Lance Y. Gokongwei
7. Mr. David Gulliver G. Go is the nephew of Mr. James L. Go and cousin of Mr. Lance Y. Gokongwei

Item 10. Executive Compensation

The aggregate compensation given to officers and directors of the Company for the last 2 years and projected for the ensuing year (2023) are as follows:

	PROJECTED 2024				ACTUAL	
	Salary	Bonus	Others	Total	**2023**	**2022**
CEO and Four (4) most highly compensated executive officers	₱100,926,722	₱600,000	₱240,000	₱101,766,722	₱96,263,156	₱90,858,972
All other officers and directors as a group unnamed	₱75,477,943	₱4,800,000	₱3,000,000	₱83,277,943	₱78,049,412	₱69,143,545

The following constitute JG Summit's CEO and four (4) most highly compensated executive officers:
1. Mr. Lance Y. Gokongwei is the Director, President and Chief Executive Officer
2. Ms. Maria Celia H. Fernandez-Estavillo is Chief Legal Officer and Corporate Secretary
3. Mr. Renato T. Salud is the Chief Corporate Affairs and Sustainability Officer
4. Mr. Bach Johann M. Sebastian is the Senior Advisor, Corporate Finance and Strategy
5. Mr. Aldrich T. Javellana is the Senior Vice President and Treasurer

Standard Arrangements

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services rendered provided as a director for the last completed year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed year, and the ensuing year, for any service provided as a director.

Terms and Conditions of any Employment Contract or any Compensatory Plan or Arrangement between the Company and the Executive Officers.

None.

Outstanding Warrants or Options Held by the Company's CEO, the Executive Officers and Directors.

None.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

As of December 31, 2023, the Company is not aware of anyone who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

(1) Security Ownership of Certain Record and Beneficial Owners

Title of class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	No. of shares held	% to total outstanding
Common	Gokongwei Brothers Foundation, Inc. 43/F Robinsons-Equitable Tower ADB Ave. cor. Poveda St. Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	2,096,930,273	27.88
Common	PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)	Filipino	2,023,186,567 (See note 3)	26.90
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)	Non-Filipino	859,799,286 (See note 3)	11.43
Common	RSB-TIG No. 030-46-000001-9 17/F Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City (stockholder)	Trustee's designated officers (See note 4)	Filipino	1,084,985,186	14.43

Notes:

1. Gokongwei Brothers Foundation, Inc. (the "Foundation") is a non-stock, non-profit corporation organized by the irrevocable donation by the incorporators, who are also Trustees of the Foundation, of shares of JG Summit Holdings, Inc. Under the Articles of Incorporation and By-Laws of the Foundation, except for salaries of employees and honoraria of consultants and similar expenses for actual services rendered to the Foundation or its projects, no part of the corpus or its income and increments shall benefit or be used for the private gain of any member, trustee, officer or any juridical or natural person whatsoever. The Chairman of the Board of Trustees shall exercise exclusive power and authority to represent and vote for any shares of stock owned by the Foundation in other corporate entities. The incumbent Chairman of the Board of Trustees of the Foundation is Mr. Lance Y. Gokongwei.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current system of the PDTC, only participants (brokers and custodians) are recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant is the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation account, "Citibank N.A." and "Philippine Equity Partners, Inc." hold for various trust accounts the following shares of the Corporation as of December 31, 2023:

	No. of shares	% to Outstanding
Citibank N.A.	895,182,892	11.90%
Standard Chartered Bank	444,804,034	5.91%

Voting instructions may be provided by the beneficial owners of the shares.

4. Robinsons Bank - Trust & Investment Group (RSB-TIG) is the trustee of this trust account. The shares are voted by the trustee's designated officers.

(2) Security Ownership of Management

Title of class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to total outstanding
	Named Executive Officers[1]				
Common	1. Lance Y. Gokongwei	Director, President and Chief Executive Officer	570,962,279(D)	Filipino	7.59%
Common	2. Maria Celia H. Fernandez-Estavillo	Chief Legal Officer and Corporate Secretary	5,250(D)	Filipino	*
	Sub-Total		**570,967,529(D)**		
	Other Directors and Executive Officers				
Common	3. James L. Go	Chairman	156,288,580(D)	Filipino	2.08%
Common	4. Patrick Henry C. Go	Director	133,164(D)	Filipino	*
Common	5. Robina Y. Gokongwei-Pe	Director	190,464,774(D)	Filipino	2.53%
Common	6. Johnson Robert G. Go, Jr.	Director	43,737(D)	Filipino	*
Common	7. Jose T. Pardo	Director (Independent)	1(D)	Filipino	*
Common	8. Renato T. De Guzman	Director (Independent)	22,838(D)	Filipino	*
Common	9. Antonio L. Go	Director (Independent)	1(D)	Filipino	*
Common	10. Artemio V. Panganiban	Director	10(D)	Filipino	*
Common	11. Michael P. Liwanag	Chief Strategy Officer	105,000 (D)	Filipino	*
Common	12. Lisa Y. Gokongwei-Cheng	Chief Digital Officer	146,018,275(D)	Filipino	1.94%
Common	12. Brian M. Go	Chief Finance and Risk Officer	2,237,577(D)	Singaporean	0.03%
Common	14. David Gulliver G. Go	Chief Human Resources Officer	43,735(D)	Filipino	*
	Sub-Total		495,357,692 (D)		
	All directors and executive officers as a group unnamed		**1,066,325,221(D)**		**14.18%**

Notes:

1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2023.

* less than 0.01%

The other Executive Officers of the Company have no beneficial ownership over any shares of the Company as of December 31, 2023, namely:

1. Renato T. Salud - Chief Corporate Affairs and Sustainability Officer
2. Aldrich T. Javellana - Senior Vice President and Treasurer
3. Michele F. Abellanosa - Vice President, Corporate Controllership
4. Rya Aissa S. Agustin - Chief Audit Executive
5. Laurinda R. Rogero - Chief Compliance Officer
6. Ma. Cristina Bellafor P. Alvarez - Chief Information Officer
7. Bach Johann M. Sebastian - Senior Advisor
8. Alan D. Surposa - Senior Advisor
9. Ian Pajantoy - Data Protection Officer
10. Andre Ria B. Buzeta-Acero - Assistant Corporate Secretary

(2) Voting Trust Holders of 5% or More

As of December 31, 2023, there are no persons holding more than 5% of a class under a voting trust or similar agreement.

(3) Changes in Control

None

Item 12. Certain Relationships and Related Transactions

See Note 40 (Related Party Transactions Disclosures) of the Notes to Consolidated Financial Statements filed as part of this Form 17-A.

The Company and its subsidiaries and affiliates, in their regular conduct of business, have engaged in arm's length transactions with each other and with other affiliated companies, consisting principally of sales and purchases at market prices and advances made and obtained.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company upholds its commitment to doing business in accordance with good corporate governance and the highest ethical standards of always acting in good faith and in the best interest of all stakeholders. This is aligned with the Company's core values of entrepreneurial mindset, stewardship and integrity, and embodied in its Articles of Incorporation, By-Laws, Revised Corporate Governance Manual and Code of Business Conduct.

The Company complies with corporate governance standards enshrined in the Securities and Exchange Commission's ("SEC") Code of Corporate Governance for Publicly-Listed Companies, among other SEC regulations and applicable laws. It likewise continuously seeks to improve and strengthen its corporate governance practices through policy engineering and implementation. Moreover, the Company consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards (PFRSs).

To know more about the Company's corporate governance and compliance programs and initiatives, please refer to the Corporate Governance Section in the annexed Sustainability Report.

Item 14. Sustainability Report

Please refer to the attached Sustainability Report.

PART V - EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits (page 103)

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C (Current Report)

Following is a list of disclosures filed by JGSHI under SEC Form 17-C for the six month period from July 1, 2023 to December 31, 2023:

Date of Disclosure	Description
Aug 4, 2023	Notice of Analysts'/Investors' Briefing
Aug 10, 2023	Press Release entitled "JG Summit saw better margins in 2Q, ending 1H23 with P9.5B in core profits"
Aug 10, 2023	Material Information/Transactions regarding JG Summit saw better margins in 2Q, ending 1H23 with P9.5B in core profits
Sep 4, 2023	Change in Shareholdings of a Principal Officer
Sep 14, 2023	Update on Corporate Actions/Material Transactions/Agreements regarding the Merger of BPI and Robinsons Bank
Oct 10, 2023	Change in designation of an Officer
Oct 21, 2023	Update on Corporate Actions/Material Transactions/Agreements regarding the Merger of BPI and Robinsons Bank
Nov 8, 2023	Notice of Analysts'/Investors' Briefing
Nov 14, 2023	Press Release entitled "JG Summit sustains core profit improvement, hitting P15B in 9M2023"
Nov 14, 2023	Material Information/Transactions regarding JG Summit sustains core profit improvement, hitting P15B in 9M2023
Nov 17, 2023	Acquisition/Disposition of Shares of Another Corporation
Dec 6, 2023	[Amended-1] Acquisition/Disposition of Shares of Another Corporation
Dec 16, 2023	Update on Corporate Actions/Material Transactions/Agreements regarding the Merger of BPI and Robinsons Bank
Dec 29, 2023	Update on Corporate Actions/Material Transactions/Agreements regarding the Merger of BPI and Robinsons Bank

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _____________ on _______________, 2024.

By:

JAMES L. GO
Chairman of the Board
Date: April 12, 2024

LANCE Y. GOKONGWEI
President and
Chief Executive Officer
Date: April 12, 2024

BRIAN M. GO
Chief Finance and Risk Officer
Date: April 12, 2024

MARIA CELIA H. FERNANDEZ-ESTAVILLO
General Counsel and Corporate Secretary
Date: April 12, 2024

12 APR 2024

SUBSCRIBED AND SWORN to before me this _____ day of ______ 2024 affiant(s) exhibiting to me his/their Passport numbers, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE
James L. Go	P2019464B	June 20, 2019
Lance Y. Gokongwei	P6235422B	February 5, 2021
Brian M. Go	K2114080N	January 11, 2021
Maria Celia H. Fernandez-Estavillo	P5542345A	January 6, 2018

Notary Public

Doc. No. 484
Book No. 99
Page No. 7
Series of 2024

ANDRE RIA B. BUZETA-ACERO
Notary Public for Pasig, San Juan, and Pateros
Notarial Commission No. 134 valid until December 31, 2024
40th Floor Robinsons Equitable Tower, ADV Ave.
cor. Poveda Road, Ortigas Center, Pasig City 1605
Roll of Attorneys No. 55199
MCLE Compliance No. VII-0015364 valid until April 14, 2025
PTR No. 10081858 / 01-09-2024/ Makati City
IBP Receipt No. 402329 / 01-05-2024 / Rizal Chapter

RS

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CONSOLIDATED COMPANY FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

JG SUMMIT HOLDINGS, INC.

43rd FLOOR ROBINSONS EQUITABLE TOWER ASB AVE. COR. POVEDA RD. ORTIGAS CENTER, PASIG CITY
TEL. NO.: 633-7631, 637-1670, 240-8801 FAX NO.: 633-9387 OR 633-9207

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of JG Summit Holdings, Inc. and Subsidiaries (collectively referred to as the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors (BOD) is responsible for overseeing the Group's financial reporting process.

The Board of Directors (BOD) reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co. (SGV), the independent auditors, appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

James L. Go	**Lance Y. Gokongwei**	**Brian M. Go**
Chairman of the Board	President & Chief Executive Officer	Chief Finance & Risk Officer

Subscribed and Sworn to before me in the City of PASIG CITY this 12 APR 2024, 2024 affiants(s) exhibiting to me his Passport numbers, as follows:

Names	Passport No.
James L. Go	P2019464B
Lance Y. Gokongwei	P5236422B
Brian M. Go	K2114080N

ANDRE RIA B. BUZETA-ACERO
Notary Public for Pasig, San Juan, and Pateros
Notarial Commission No. 134 valid until December 31, 2024
40th Floor Robinsons Equitable Tower, ADV Ave.
cor. Poveda Road, Ortigas Center, Pasig City 1605
Roll of Attorneys No. 55199
MCLE Compliance No. VII-0015364 valid until April 14, 2025
PTR No. 10081858 / 01-09-2024/ Makati City
IBP Receipt No. 402329 / 01-05-2024 / Rizal Chapter

Doc. No. 486
Book No. 107
Page No. 7
Series of 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
JG Summit Holdings, Inc.
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of JG Summit Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

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 (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.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of financial reporting reliefs as issued and approved by the SEC. The impact of the application of the financial reporting reliefs in 2023 and 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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

The Group's 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) assessment of the probability that the Group will be able to collect the consideration from the buyer; and, (2) application of the input method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (or buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past collection history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if such would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the input method. This method measures progress based on actual costs incurred as determined by the accounting department relative to the estimated total project cost. In the estimation of total project costs, the Group requires technical determination by the Group's specialists (project engineers) to estimate all the inputs involved in the construction and development of the projects to include materials, labor and other costs directly related to the construction of the projects.

The disclosures related to the real estate revenue are included in Notes 3 and 26 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's real estate revenue recognition process, policies and procedures.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellations.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we compared the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the percentage of completion (POC), including the cost accumulation process, and for determining and updating total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence, capabilities and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as purchase order, billings and invoices of contractors and other documents evidencing receipt of materials and services from suppliers and contractors. For the estimation of total project costs, we obtained an understanding of the Group's budgeting and project close-out process. For the estimated cost, we performed test of details (price and quantity) on a sampling basis, for the inputs for each of the major project development workstream. We also performed test of subsequent changes to the budget by vouching to certain documents such as capital fulfillment plan, capital expenditure requests and related executive committee approvals. We performed look-back analysis for both ongoing projects and fully completed projects on the current and prior years and performed inquiries with the project engineers for the basis of revisions. We visited selected projects sites and made relevant inquiries with the project engineers. We performed test computation of the POC calculation of management.

Implementation of New Information Technology (IT) System

During the year, the Group implemented a new IT system across all business units and operating subsidiaries of the food, agro-industrial and commodities business within the Philippines. The implementation of the new IT system required significant data migration of the Group's customers, vendors, materials and fixed assets information file from the legacy system to the new system. It also introduced changes to its order-to-cash process, purchase-to-pay process, fixed assets management, and financial statement close process, among others. The implementation of the new IT system forms a critical component of the Group's financial reporting activities and impacts all account balances. The Group places significant reliance on IT systems and the associated controls. Hence, we considered the implementation of a new IT system as a key audit matter.

Audit response

We considered the Group's processes and project governance over the new system implementation.

We involved IT specialists to test the controls over change management and the migration of key financial data from the legacy IT system to the new IT system. We also tested the general IT control environment in the new IT system, including access controls and segregation of duties as well as relevant automated controls critical to financial accounting and reporting process.

In addition, we tested management's reconciliation of the account balances migrated between the two IT systems.

Recoverability of Goodwill and Intangible Assets

Under Philippine Accounting Standard (PAS) 36, Impairment of Assets, the Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives . As of December 31, 2023, the Group's goodwill amounted to ₱19.5 billion. The Group's intangible assets with indefinite useful lives consist of trademarks and brands, trade secrets and product formulation amounting to ₱3.0 billion, ₱2.2 billion and ₱0.4 billion, as of December 31, 2023, respectively. The annual impairment test is significant to our audit because: (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and other intangible assets with indefinite useful lives are included in Notes 3, 18 and 19 to the consolidated financial statements.

Audit response

We involved our internal specialists in evaluating the methodology and assumptions used in the value-in-use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We also assessed the reasonableness of the discount rate used by comparing these against entities with similar risk profiles, capital structures, industries and market information. 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 on the determination of the recoverable amount of goodwill and intangible assets with indefinite useful lives.

Impairment Testing of Property and Equipment

The Group tests for impairment its property and equipment where indicators of impairment exist. As of December 31, 2023, the Group has property and equipment relating to its petrochemicals business amounting to ₱114.9 billion. The disruption caused by the current economic conditions and the COVID-19 pandemic to the Group's petrochemicals business, which reported significant net losses in 2023, are considered by management as an impairment indicator of property and equipment. Accordingly, management performed impairment tests to determine whether the carrying amounts of property and equipment have exceeded their recoverable amounts.

Management's impairment assessment process on property and equipment requires significant judgment and is based on assumptions, specifically discount rate and cashflow forecast, that are subject to higher level of estimation uncertainty.

We consider the impairment testing as a key audit matter given that the amount of property and equipment is significant to the consolidated financial statements of the Group, the heightened level of estimation uncertainty on the future economic outlook and market forecast and the significant judgment involved.

The Group's disclosures in relation to property and equipment are included in Notes 3 and 16 to the consolidated financial statements.

Audit response

With the involvement of our internal specialist, we evaluated the key assumptions, such as forecasted revenues, operating costs and discount rates, that were used to estimate the discounted cash flows of the CGU to which management attributes the property and equipment. We evaluated these key assumptions based on our understanding of the Group's business plans and by reference to historical information and relevant market data. In our sensitivity analyses, we considered past, current and anticipated changes in the business and economic environment. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about the assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property and equipment .

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, 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.

- 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 accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC.

- 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 Janeth T. Nuñez Javier.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-069-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079984, January 6, 2024, Makati City

April 15, 2024

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱37,944,177,016**	₱79,071,733,366
Financial assets at fair value through profit or loss (Note 9)	**7,258,547,701**	7,245,929,014
Financial assets at fair value through other comprehensive income (Note 10)	**8,403,432,199**	9,249,939,997
Receivables (Note 11)	**45,061,655,860**	41,427,326,370
Inventories (Note 12)	**99,912,007,929**	92,052,099,659
Biological assets (Note 17)	**111,278,386**	205,303,346
Assets held for sale (Note 44)	**170,693,532,754**	166,141,382,870
Other current assets (Note 13)	**28,553,365,828**	27,005,300,986
Total Current Assets	**397,937,997,673**	422,399,015,608
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Note 10)	**34,213,469,024**	34,822,127,154
Receivables (Note 11)	**7,353,762,589**	6,594,189,921
Investments in associates and joint ventures (Note 14)	**152,000,507,411**	143,294,924,167
Property, plant and equipment (Note 16)	**270,080,449,923**	256,035,706,144
Investment properties (Note 15)	**129,076,998,999**	123,082,820,865
Right-of-use assets (Note 42)	**77,753,092,318**	45,066,792,781
Goodwill (Note 19)	**19,201,405,362**	20,084,733,064
Intangible assets (Note 18)	**6,123,030,752**	5,889,940,321
Biological assets (Note 17)	**160,655,341**	205,740,429
Other noncurrent assets (Note 20)	**18,355,652,542**	15,725,800,694
Total Noncurrent Assets	**714,319,024,261**	650,802,775,540
	₱1,112,257,021,934	₱1,073,201,791,148

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 21 and 42)	**₱80,887,373,124**	₱70,279,441,735
Short-term debts (Note 23)	**63,524,865,841**	91,917,480,341
Current portion of:		
Long-term debts (Note 23)	**44,984,075,357**	70,460,432,880
Lease liabilities (Note 42)	**9,525,814,186**	6,281,321,598
Income tax payable	**732,762,928**	623,359,279
Liabilities directly associated with assets held for sale (Note 44)	**151,292,085,051**	146,352,177,397
Other current liabilities (Note 22)	**24,346,823,113**	21,170,096,789
Total Current Liabilities	**375,293,799,600**	407,084,310,019
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Note 23)	**179,714,166,288**	153,779,908,527
Lease liabilities (Note 42)	**75,922,764,160**	44,906,196,681
Bonds payable (Note 23)	**13,437,715,699**	13,423,322,594
Deferred tax liabilities (Note 38)	**5,484,349,173**	5,252,972,283
Other noncurrent liabilities (Note 24)	**17,325,406,128**	21,390,398,012
Total Noncurrent Liabilities	**291,884,401,448**	238,752,798,097
Total Liabilities	**667,178,201,048**	645,837,108,116

(Forward)

	December 31	
	2023	2022
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-up capital (Note 25)	**₱52,726,817,651**	₱52,749,051,069
Retained earnings (Note 25)	**260,835,995,193**	243,815,586,710
Equity reserve (Note 25)	**40,847,939,056**	39,128,890,681
Reserves of disposal group held for sale	**(274,756,941)**	(373,832,657)
Other comprehensive losses (Note 36)	**(18,232,609,397)**	(15,387,707,176)
	335,903,385,562	319,931,988,627
Non-controlling interests (Note 25)	**109,175,435,324**	107,432,694,405
Total Equity	**445,078,820,886**	427,364,683,032
	₱1,112,257,021,934	₱1,073,201,791,148

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE (Note 26)			
Sale of goods and services:			
Foods	**₱158,366,708,572**	₱149,903,643,832	₱116,954,788,444
Air transportation	**90,602,558,755**	56,751,365,857	15,740,756,855
Real estate and hotels	**39,033,664,006**	43,379,718,149	35,561,985,340
Petrochemicals	**38,017,416,362**	35,960,997,584	40,323,467,713
Equity in net earnings of associates and joint ventures (Note 14)	**14,188,911,859**	11,852,000,562	9,730,623,868
Dividend income (Note 28)	**2,870,379,211**	3,069,481,794	2,126,820,554
Supplementary businesses	**889,532,324**	991,040,335	841,464,699
	343,969,171,089	301,908,248,113	221,279,907,473
COST OF SALES AND SERVICES			
Cost of sales (Note 30)	**159,603,728,531**	156,478,111,734	122,294,514,585
Cost of services (Note 30)	**77,903,851,646**	76,075,386,257	41,856,956,887
	237,507,580,177	232,553,497,991	164,151,471,472
GROSS INCOME	**106,461,590,912**	69,354,750,122	57,128,436,001
NET OPERATING EXPENSES			
General and administrative expenses (Note 31)	**57,100,645,254**	50,622,342,708	46,501,463,757
Provision for impairment losses and others (Note 34)	**357,878,941**	468,436,281	713,760,729
	57,458,524,195	51,090,778,989	47,215,224,486
OPERATING INCOME	**49,003,066,717**	18,263,971,133	9,913,211,515
OTHER INCOME (LOSSES)			
Financing costs and other charges (Note 35)	**(16,254,753,285)**	(11,133,490,485)	(9,111,084,606)
Finance income (Note 27)	**1,972,482,422**	1,705,900,004	1,094,584,901
Foreign exchange losses	**(217,143,355)**	(7,367,661,264)	(3,107,872,656)
Market valuation gains (losses) on financial assets at fair value through profit or loss - net (Note 9)	**373,390,014**	(272,598,626)	223,603,728
Market valuation gains (losses) on derivative financial instruments - net (Note 8)	**880,160,229**	977,907,504	(1,318,117,077)
Others (Notes 14, 15 and 29)	**865,982,258**	7,054,660,092	461,982,160
INCOME (LOSS) BEFORE INCOME TAX	**36,623,185,000**	9,228,688,358	(1,843,692,035)
PROVISION FOR INCOME TAX (Note 38)	**3,197,719,058**	2,750,347,423	81,948,817
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**33,425,465,942**	6,478,340,935	(1,925,640,852)
NET INCOME FROM DISCONTINUED OPERATIONS (Note 44)	**701,530,141**	1,563,040,343	12,659,665,024
NET INCOME	**34,126,996,083**	8,041,381,278	10,734,024,172

(Forward)

	Years Ended December 31		
	2023	2022	2021
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 36)			
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustments	**(₱1,138,197,118)**	₱1,804,270,571	₱1,652,006,232
Net gains (losses) on financial assets at FVOCI (debt securities) (Note 10)	**124,045,867**	(2,016,930,591)	(1,743,564,389)
Net gains (losses) from cash flow hedges (Note 8)	**(189,120,991)**	558,616,927	51,509,875
Share in the net unrealized gains (losses) on financial assets at FVOCI of associates (debt securities) (Note 14)	**46,671,360**	(48,773,496)	77,748,060
Items that will not be reclassified to profit or loss:			
Net losses on financial assets at FVOCI (equity securities) (Note 10)	**(766,929,837)**	(12,108,519,210)	12,022,272,326
Remeasurements of the net defined benefit liability (Note 37)	**(626,210,486)**	164,467,133	679,789,817
Share in the net unrealized losses on financial assets at FVOCI of associates (equity securities) (Note 14)	**(7,987,295)**	(68,477,578)	(43,264,137)
Share in remeasurements of the net defined benefit liability of associates (Note 14)	**(1,022,155,894)**	1,182,749,536	1,918,720,561
	(3,579,884,394)	(10,532,596,708)	14,615,218,345
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱30,547,111,689**	(₱2,491,215,430)	₱25,349,242,517
NET INCOME ATTRIBUTABLE TO			
Equity holders of the Parent Company	**₱20,044,801,946**	₱650,622,166	₱5,108,229,771
Non-controlling interests (Note 25)	**14,082,194,137**	7,390,759,112	5,625,794,401
	₱34,126,996,083	₱8,041,381,278	₱10,734,024,172
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO			
Equity holders of the Parent Company	**₱17,298,975,440**	(₱11,112,009,722)	₱19,124,074,421
Non-controlling interests (Note 25)	**13,248,136,248**	8,620,794,292	6,225,168,096
	₱30,547,111,688	(₱2,491,215,430)	₱25,349,242,517
Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 39)			
Basic/diluted earnings per share	**₱2.66**	₱0.08	₱0.68
Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company from Continuing Operations (Note 39)			
Basic/diluted earnings (loss) per share	**₱2.61**	(₱0.04)	₱0.52

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023, 2022 and 2021

	Attributable to Equity Holders of the Parent Company																
	Paid-up Capital (Note 25)				Retained Earnings (Note 25)				Other Comprehensive Income (Note 36)								
	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Equity Reserve (Note 25)	Cumulative Translation Adjustments (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Net Unrealized Losses on Cash Flow Hedge (Note 8)	Remeasurements of the Net Defined Benefit Liability (Note 37)	Total Other Comprehensive Income (Loss)	Reserves of Disposal Group Held for Sale (Note 44)	Total	Non-Controlling Interests (Note 25)	Total Equity
Balance at January 1, 2023	₱7,562,983,658	₱45,186,067,411	₱–	₱52,749,051,069	₱125,531,257,311	₱118,284,329,399	₱243,815,586,710	₱39,128,890,681	₱868,619,877	(₱17,985,728,361)	₱369,271,764	₱1,360,129,544	(₱15,387,707,176)	(₱373,832,657)	₱319,931,988,627	₱107,432,694,405	₱427,364,683,032
Total comprehensive income	–	–	–	–	20,044,801,946	–	20,044,801,946	–	(578,943,107)	(672,481,855)	(125,039,465)	(1,369,362,078)	(2,745,826,505)	–	17,298,975,441	13,248,136,248	30,547,111,689
Reclassification to reserves of disposal group held for sale	–	–	–	–	–	–	–	–	2,794,981	(138,835,232)	–	36,964,535	(99,075,716)	99,075,716	–	–	–
Cash dividends	–	–	–	–	(3,024,393,463)	–	(3,024,393,463)	–	–	–	–	–	–	–	(3,024,393,463)	(6,748,756,616)	(9,773,150,079)
Change in non-controlling interest without loss of control	–	–	–	–	–	–	–	236,905,378	–	–	–	–	–	–	236,905,378	64,498,996	301,404,374
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	(8,787,548)	–	–	–	–	–	–	(8,787,548)	9,361,702	574,154
Increase in subsidiaries' treasury shares	–	–	–	–	–	–	–	1,490,930,545	–	–	–	–	–	–	1,490,930,545	(4,843,685,471)	(3,352,754,926)
Stock issue costs of subsidiaries	–	(22,233,418)	–	(22,233,418)	–	–	–	–	–	–	–	–	–	–	(22,233,418)	–	(22,233,418)
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	13,186,060	13,186,060
Balance at December 31, 2023	₱7,562,983,658	₱45,163,833,993	₱–	₱52,726,817,651	₱142,551,665,794	₱118,284,329,399	₱260,835,995,193	₱40,847,939,056	₱292,471,751	(₱18,797,045,448)	₱244,232,299	₱27,732,001	(₱18,232,609,397)	(₱274,756,941)	₱335,903,385,562	₱109,175,435,324	₱445,078,820,886

	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Equity Reserve (Note 25)	Cumulative Translation Adjustments (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Net Unrealized Losses on Cash Flow Hedge (Note 8)	Remeasurements of the Net Defined Benefit Liability (Note 37)	Total Other Comprehensive Income (Loss)	Reserves of Disposal Group Held for Sale (Note 44)	Total	Non-Controlling Interests (Note 25)	Total Equity
Balance at January 1, 2022	₱7,562,983,658	₱45,212,569,757	₱–	₱52,775,553,415	₱127,906,371,016	₱118,284,329,399	₱246,190,700,415	₱40,341,545,330	(₱47,179,126)	(₱4,039,360,496)	₱–	₱87,631,677	(₱3,998,907,945)	₱–	₱335,308,891,215	₱108,322,091,345	₱443,630,982,560
Total comprehensive income	–	–	–	–	650,622,166	–	650,622,166	–	935,044,834	(14,348,483,366)	369,271,764	1,281,534,880	(11,762,631,888)	–	(11,112,009,722)	8,620,794,292	(2,491,215,430)
Reclassification to reserves of disposal group held for sale	–	–	–	–	–	–	–	–	(19,245,831)	402,115,501	–	(9,037,013)	373,832,657	(373,832,657)	–	–	–
Cash dividends	–	–	–	–	(3,024,393,463)	–	(3,024,393,463)	–	–	–	–	–	–	–	(3,024,393,463)	(6,022,484,461)	(9,046,877,924)
Change in non-controlling interest without loss of control	–	–	–	–	–	–	–	134,779,828	–	–	–	–	–	–	134,779,828	(244,133,521)	(109,353,693)
Tranfer of asset to a subsidiary (by a subsidiary)	–	–	–	–	–	–	–	(1,080,644,498)	–	–	–	–	–	–	(1,080,644,498)	1,080,644,498	
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	43,500,000	43,500,000
Increase in subsidiaries' treasury shares	–	(3,427,015)	–	(3,427,015)	–	–	–	(274,103,382)	–	–	–	–	–	–	(277,530,397)	(4,408,994,938)	(4,686,525,335)
Stock issue costs of subsidiaries	–	(23,075,331)	–	(23,075,331)	(1,342,408)	–	(1,342,408)	–	–	–	–	–	–	–	(24,417,739)	(1,247,592)	(25,665,331)
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	–	7,313,403	–	–	–	–	–	–	7,313,403	5,907,514	13,220,917
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	36,617,268	36,617,268
Balance at December 31, 2022	₱7,562,983,658	₱45,186,067,411	₱–	₱52,749,051,069	₱125,531,257,311	₱118,284,329,399	₱243,815,586,710	₱39,128,890,681	₱868,619,877	(₱17,985,728,361)	₱369,271,764	₱1,360,129,544	(₱15,387,707,176)	(₱373,832,657))	₱319,931,988,627	₱107,432,694,405	₱427,364,683,032

	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Equity Reserve (Note 25)	Cumulative Translation Adjustments (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Net Unrealized Losses on Cash Flow Hedge (Note 8)	Remeasurements of the Net Defined Benefit Liability (Note 37)	Total Other Comprehensive Income (Loss)	Reserves of Disposal Group Held for Sale (Note 44)	Total	Non-Controlling Interests (Note 25)	Total Equity
Balance at January 1, 2021	₱7,560,983,658	₱45,148,987,817	₱122,600,000	₱52,832,571,475	₱124,406,517,121	₱118,284,329,399	₱242,690,846,520	₱30,870,428,825	(₱924,884,392)	(₱14,794,597,877)	(₱23,730,026)	(₱2,329,328,169)	(₱18,072,540,464)	₱–	₱308,321,306,356	₱99,789,050,002	₱408,110,356,358
Total comprehensive income	–	–	–	–	5,108,229,771	–	5,108,229,771	–	877,705,266	10,755,237,381	23,730,026	2,359,171,977	14,015,844,650	–	19,124,074,421	6,225,168,096	25,349,242,517
Cash dividends	–	–	–	–	(2,873,173,790)	–	(2,873,173,790)	–	–	–	–	–	–	–	(2,873,173,790)	(4,420,473,375)	(7,293,647,165)
Sale of equity interest in an associate	–	–			(57,787,869)	–	(57,787,869)	–	–	–	–	57,787,869	57,787,869	–	–	–	–
Sale of equity interest in a subsidiary (by a subsidiary)	–	–	–	–	–	–	–	10,830,531,189	–	–	–	–	–	–	10,830,531,189	10,593,578,230	21,424,109,419
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	(4,210,312)	–	(4,210,312)	–	–	–	–	–	–	–	(4,210,312)	(473,539,688)	(477,750,000)
Issuance of shares by subsidiaries	–	–	–	–	–	–	–	159,533,787	–	–	–	–	–	–	159,533,787	3,021,843,474	3,181,377,261
Stock dividends	2,000,000	120,600,000	(122,600,000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase in subsidiaries' treasury shares	–	(700,245)	–	(700,245)	–	–	–	(185,652,747)	–	–	–	–	–	–	(186,352,992)	(673,255,042)	(859,608,034)
Stock issue costs of subsidiaries	–	(56,317,815)	–	(56,317,815)	(6,499,629)	–	(6,499,629)	–	–	–	–	–	–	–	(62,817,444)	(11,519,640)	(74,337,084)
Sale of business by a subsidiary (Note 44)	–	–	–	–	1,333,295,724	–	1,333,295,724	(1,333,295,724)	–	–	–	–	–	–	–	(6,244,876,706)	(6,244,876,706)
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	341,291,632	341,291,632
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	174,824,362	174,824,362
Balance at December 31, 2021	₱7,562,983,658	₱45,212,569,757	₱–	₱52,775,553,415	₱127,906,371,016	₱118,284,329,399	₱246,190,700,415	₱40,341,545,330	(₱47,179,126)	(₱4,039,360,496)	₱–	₱87,631,677	(₱3,998,907,945)	₱–	₱335,308,891,215	₱108,322,091,345	₱443,630,982,560

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	**₱36,623,185,000**	₱9,228,688,358	(₱1,843,692,035)
Income before income tax from discontinued operations (Note 44)	**1,007,423,526**	1,901,172,455	13,259,244,646
Income before income tax	**37,630,608,526**	11,129,860,813	11,415,552,611
Adjustments for:			
Depreciation and amortization (Notes 15, 16, 18, 33, 42 and 44)	**30,076,831,117**	27,842,266,472	30,332,169,190
Equity in net earnings of associates and joint ventures (Notes 14 and 44)	**(13,954,686,739)**	(11,682,935,111)	(9,685,312,139)
Interest expense (Note 35)	**13,332,297,273**	9,449,432,836	8,775,998,939
Dividend income (Notes 28 and 44)	**(2,879,295,286)**	(3,078,397,869)	(2,139,858,648)
Finance income (Note 27)	**(1,972,482,422)**	(1,705,900,004)	(1,111,625,185)
Provision for asset retirement obligation (ARO) and heavy maintenance visits (HMV) (Note 24)	**1,349,982,077**	6,767,055,563	4,416,054,451
Provision for impairment losses (Notes 34 and 44)	**1,263,599,621**	1,435,877,364	1,908,857,830
Gain on sale and retirement of property, plant and equipment (Notes 16 and 29)	**(1,094,267,491)**	(1,083,828,087)	(1,214,494,973)
Market valuation losses (gains) on derivative financial instruments - net (Note 8)	**(880,160,229)**	(977,907,504)	1,318,117,077
Earned and expired portion of travel fund/deferred revenue on rewards program	**(509,447,373)**	(1,121,830,228)	(13,740,128)
Market valuation losses (gains) on financial assets at fair value through profit or loss - net (Note 9)	**(373,390,014)**	272,598,626	(223,603,728)
Gain on sale of financial assets at fair value through OCI (Note 44)	**(33,395,683)**	(19,948,028)	(348,808,663)
Foreign exchange losses (Note 44)	**464,986,040**	7,222,690,092	3,045,695,579
Gain on sale of investment properties (Notes 15 and 29)	**–**	(3,492,347,351)	–
Gain on sale and disposal of investments in associates and joint ventures (Notes 14 and 29)	**–**	(3,069,676,791)	(261,944,949)
Gain on sale of business (Note 44)	**–**	–	(10,100,438,581)
Loss on extinguishment of debt (Note 23)	**–**	–	77,337,557
Inventory obsolescence and market decline (Note 34)	**–**	–	109,167,827
Operating income before changes in working capital accounts	**62,421,179,417**	37,887,010,793	36,299,124,067
Changes in operating assets and liabilities:			
Decrease (increase) in			
Financial assets at fair value through profit or loss	**337,087,551**	(1,058,030,366)	(672,395,451)
Receivables	**(8,396,323,619)**	(14,887,025,578)	(14,962,575,864)
Inventories	**(10,250,378,553)**	(10,449,607,532)	(6,604,816,148)
Biological assets	**1,350,864**	(228,644,974)	(151,867,236)
Other current assets	**(1,419,845,844)**	(5,144,045,892)	2,581,704,792
Increase (decrease) in			
Accounts payable and accrued expenses	**15,169,889,382**	17,281,014,915	9,900,657,352
Unearned revenue	**2,202,182,598**	6,990,465,673	897,172,809
Other current liabilities	**1,665,571,785**	(11,258,307,563)	(11,824,776,665)
Net cash generated from operations	**61,730,713,581**	19,132,829,476	15,462,227,656
Interest paid	**(13,775,994,331)**	(9,203,755,486)	(9,185,606,919)
Income taxes paid	**(5,268,583,981)**	(4,678,164,797)	(3,978,870,270)
Interest received	**2,023,473,911**	1,559,349,192	1,125,220,015
Net cash provided by operating activities	**44,709,609,180**	6,810,258,385	3,422,970,482

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive Income	**(₱10,583,252,781)**	(₱12,713,582,946)	(₱25,384,597,804)
Property, plant and equipment (Note 16)	**(50,043,068,836)**	(32,215,950,471)	(32,282,201,440)
Investment properties (Note 15)	**(9,805,145,056)**	(12,631,223,335)	(13,453,825,400)
Investment securities at amortized cost	**(14,101,076,000)**	(8,908,192,295)	(912,516,473)
Investments in associates and joint ventures (Note 14)	**(1,495,641,660)**	(1,462,314,062)	(655,599,541)
Intangible assets (Note 18)	**(234,618,618)**	(182,970,231)	(301,587,921)
Subsidiaries, net of cash acquired (Notes 14 and 19)	**–**	(486,014,975)	(22,565,594,339)
Dividends received on investments in associates and joint ventures (Note 14)	**6,597,951,268**	5,862,376,373	4,985,370,666
Refund of pre-delivery payments (Note 16)	**11,593,934,637**	5,807,816,618	5,911,374,086
Dividends received (Note 28 and 44)	**2,879,295,286**	3,084,416,493	2,793,840,024
Decrease (increase) in the amounts of other noncurrent assets	**(1,584,555,232)**	647,515,669	3,893,982,808
Acquisition of equity interest in a subsidiary (by a subsidiary) (Note 2)	**–**	43,500,000	(477,750,000)
Proceeds from sale/maturity of:			
Investment in associate and joint venture (Note 14)	**–**	12,163,281,484	–
Property, plant and equipment (Note 16)	**10,869,674,182**	11,504,220,578	11,975,974,647
Financial assets at fair value through other comprehensive income (Note 10)	**11,907,892,603**	9,405,541,030	17,489,322,420
Investment securities at amortized cost	**17,263,816,173**	8,681,762,270	487,023,117
Investment properties (Note 15)		3,593,452,005	65,815,075
Business (Note 44)	**–**	–	22,292,159,390
Assets held for sale (Note 14)	**–**	–	9,090,600,000
Net cash used in investing activities	**(26,734,794,034)**	(7,806,365,795)	(17,048,210,685)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Short-term debts (Note 47)	**171,573,491,995**	167,173,587,690	108,323,336,278
Long-term debts (Note 47)	**64,995,751,271**	35,000,000,000	–
Dividends paid to non-controlling interests (Note 25)	**(6,748,756,616)**	(6,022,484,461)	(4,420,473,375)
Increase (decrease) in other noncurrent liabilities	**(4,708,375,806)**	3,089,471,736	(2,769,664,118)
Settlements of:			
Short-term debts (Note 47)	**(199,633,130,497)**	(141,550,939,493)	(87,105,805,043)
Long-term debts (Note 47)	**(63,293,685,421)**	(38,292,471,559)	(25,562,742,347)
Lease liabilities (Note 42)	**(9,944,700,279)**	(7,870,511,855)	(7,160,310,932)
Dividends paid on:			
Common shares (Note 25)	**(3,008,393,463)**	(3,008,393,463)	(2,857,973,790)
Preferred shares (Note 25)	**(16,000,000)**	(16,000,000)	(15,200,000)
Purchase of treasury shares by subsidiaries (Note 25)	**(3,352,754,926)**	(4,686,525,335)	(859,608,034)
Proceeds from issuance of bonds payable, net of bond issue cost (Note 23)	**–**	–	11,782,473,335
Net cash received from NCI for issuance of shares by a subsidiary (Note 25)	**–**	–	3,150,653,253
Net proceeds from sale of equity interest in a subsidiary (Note 44)	**–**	–	22,519,263,729
Net cash provided by (used in) financing activities	**(54,136,553,742)**	3,815,733,260	15,023,948,956
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(36,161,738,596)**	2,819,625,850	1,398,708,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**85,709,747,371**	82,890,121,521	81,491,412,768
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱49,548,008,775**	₱85,709,747,371	₱82,890,121,521

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

JG Summit Holdings, Inc. ("JGSHI" or "the Parent Company"), was incorporated in the Philippines on November 23, 1990. The Parent Company was listed on the Philippine Stock Exchange in 1993. The registered office address of the Parent Company is at 43rd Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Pasig City, Metro Manila.

JGSHI is the ultimate parent of the JG Summit Group (the Group) and is a holding company with substantial business interests in branded consumer foods, agro-industrial and commodity food products, real estate and hotel, air transportation, banking and financial services, and petrochemicals. The Group also has core investments in telecommunications and power generation and distribution.

The Group conducts business throughout the Philippines, but primarily in and around Metro Manila where it is based. The Group also has branded food businesses in the People's Republic of China, in the Association of Southeast Asian Nations region and interests in property development businesses in Singapore and the People's Republic of China.

The principal activities of the Group are further described in Note 6, *Segment Information*, to the consolidated financial statements.

2. 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 (FVPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that are measured at fair value, and certain biological assets and agricultural produce that are measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine peso (₱), the functional currency of the Parent Company. All values are rounded to the nearest peso except when otherwise stated.

A summary of the functional currencies of certain foreign subsidiaries within the Group follows:

Subsidiaries	Country of Incorporation	Functional Currency
Parent Company		
JG Summit Cayman Limited	Cayman Islands	US Dollar
JG Summit Philippines, Ltd. and Subsidiaries		
JG Summit Philippines, Ltd.	-do-	-do-
JGSH Philippines, Limited	British Virgin Islands	-do-
Telegraph Development, Ltd.	-do-	-do-
Summit Top Investment, Ltd.	-do-	-do-
JG Digital Equity Ventures and a Subsidiary		
JG Digital Capital Pte. Ltd.	Singapore	Singapore Dollar
JG Summit Capital Services Corp and Subsidiaries		
GoTyme Financial Pte. Ltd.	Singapore	Singapore Dollar

(Forward)

Subsidiaries	Country of Incorporation	Functional Currency
Universal Robina Corporation (URC) Group		
URC Asean Brands Co. Ltd. (UABCL)	British Virgin Islands	US Dollar
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd.(Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia)	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
Crunchy Foods Sdn. Bhd (Malaysia)	- do -	- do -
Munchy Food Industries Sdn. Bhd	- do -	- do -
Munchworld Marketing Sdn Bhd	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Advanson International Pte. Ltd. (Advanson)	- do -	- do -
Pan Pacific Investments Co. Ltd. (PPICL)	- do -	- do -
URC Equity Ventures Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyat
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -
Robinsons Land Corporation (RLC) Group		
Robinsons (Cayman) Limited	Cayman Islands	US Dollar
RLC Resources Ltd	British Virgin Islands	-do-
Land Century Holdings, Ltd.	China	Hong Kong Dollar
World Century Enterprise Ltd.	-do-	-do-
First Capital Development, Ltd.	-do-	-do-
Chengdu Xin Yao Real Estate Development, Co. Ltd	-do-	Chinese Renminbi

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standard (PAS) 23, *Borrowing Cost*) for Real Estate industry

The exclusion of land in the determination of POC and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)* for Real Estate industry as discussed in PIC Q&A No. 2018-12-E are not applicable to the Group's real estate operations in the Philippines.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the "Standards Issued But Not Yet Effective" section.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the PIC.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority-owned subsidiaries:

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2023	2022
Food				
URC and Subsidiaries	Philippines*	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**55.93**	55.90
CFC Corporation	-do-	-do-	**55.93**	55.90
Bio-Resource Power Generation Corporation	-do-	Manjuyod, Negros Oriental	**55.93**	55.90
Nissin-URC	-do-	CFC Bldg., E. Rodriguez Jr. Ave., Bagong Ilog, Pasig City	**28.52****	28.51**
URC Snack Ventures Inc. (formerly, Calbee-URC, Inc. (CURCI))	-do-	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**55.93**	55.90
URC Beverage Ventures Inc. (formerly, Hunt-URC (HURC))	-do-	-do-	**55.93**	55.90
URC Philippines, Limited (URCPL)	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**59.93**	59.90
URC International Co. Ltd. (URCICL) and Subsidiaries	-do-	-do-	**55.93**	55.90
Universal Robina (Cayman), Ltd. (URCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	**55.93**	55.90
URC China Commercial Co., Ltd.	China	318 Shangcheng Road, Room 1417 Lian You Bldg., Pudong, Shanghai, China	**55.93**	55.90
Najalin Agri-Ventures, Inc. (NAVI) (Note 16)	Philippines	CAC Compound, La Carlota City, Negros Occidental	**53.59****	53.56**
Air Transportation				
CP Air Holdings, Inc. (CPAHI) and Subsidiaries	Philippines	2nd Floor, Doña Juanita Marquez Lim Building, Osmeña Boulevard, Cebu City	**100.00**	100.00
Cebu Air, Inc. (CAI) and Subsidiaries	-do-	-do-	**65.50**	66.10
CEBGO, Inc. (CEBGO)	-do-	AO-08-09 Mezzanine Level, Passenger Terminal Building, Clark International Airport, Clark Freeport Zone, Pampanga	**65.50**	66.10
Aviation Partnership (Philippines) Corp	-do-	3rd Floor Aviation Partnership Philippines Bldg. 8006 Domestic Road Pasay City	**100.00**	100.00
Real Estate and Hotels				
RLC and Subsidiaries	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City	**65.44**	62.66
Robinson's Inn, Inc.	-do-	-do-	**65.44**	62.66
RL Commercial REIT, Inc. (RCR) (formerly Robinsons Realty and Management Corporation)	-do-	-do-	**42.87****	41.44**
Robinsons (Cayman) Limited	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands		62.66
Robinsons Properties Marketing and Management Corporation	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Artigas Center, Pasig City	**65.44**	62.66
Manhattan Buildings and Management Corp	-do-	-do-	**65.44**	62.66
Altus Angeles, Inc.	-do-	McArthur Highway, Balisage, Angeles City, Pampanga	**33.06****	31.96**

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2023	2022
Go Hotels Davao, Inc.	Philippines	43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**33.06****	31.96**
RLC Resources Ltd	British Virgin Islands	Offshore Incorporations Centre, 2nd Floor, Nagico Building 139 Main Street, Tortola	**65.44**	62.66
Land Century Holdings, Ltd.	Hong Kong	Unit A, 14th Floor, Wing Shan Industrial Building No.428 Cha Kwo Ling Road Yau Tong, Kowloon	**65.44**	62.66
World Century Enterprise Ltd.	-do-	Flat/RM, C&D 18/F Monterey Plaza 15 Chong YIP Street, Kwun Tong, Kowloon	**65.44**	62.66
First Capital Development, Ltd	-do-	Flat/RM, A 14/F Wing Shan Industrial Building 428 Cha Kwo Ling Road, Yau Tong	**65.44**	62.66
Chengdu Xin Yao Real Estate Development Co. Ltd.	China	Banbianjie Community, Jitou Street, Wuhou District, Chengdu	**65.44**	62.66
Bacoor R and F Land Corporation (BRFLC)	Philippines	Unit 3202, 32F Robinsons Equitable Tower, ADB Avenue cor. Poveda Road, San Antonio Pasig City	**45.37****	43.86**
Bonifacio Property Ventures, Inc.	-do-	Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio, Taguig City	**65.44**	62.66
Altus Mall Ventures, Inc.	-do-	Level 2 Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City	**65.44**	62.66
RLGB Land Corporation (RLGB)	-do-	Level 2 Galleria Corporate Center EDSA cor. Ortigas Avenue Ugong Norte Quezon City	**65.44**	62.66
Robinsons Logistix and Industrials, Inc. (RLII)	-do-	Level 2 Galleria Corporate Center EDSA cor. Ortigas Avenue Ugong Norte Quezon City	**65.44**	62.66
RL Property Management, Inc. (RLPMI)	-do-	11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.44**	62.66
RL Fund Management, Inc. (RLFMI)	-do-	14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.44**	62.66
Malldash Corp.	-do-	11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.44**	62.66
Staten Property Management, Inc.	-do-	27F Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City	**65.44**	62.66
RL Digital Ventures, Inc.	-do-	14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City,	**65.44**	62.66
Altus Property Ventures, Inc. (APVI)	-do-	Brgy. 1 San Francisco, San Nicolas, Ilocos Norte	**64.97**	64.80
Petrochemicals				
JG Summit Olefins Corporation (JGSOC)	Philippines	9th Floor, Robinsons Cyberscape Gamma Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City	**100.00**	100.00
Peak Fuel Corporation	-do-	10th Floor Robinsons Cybergate Gamma, Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City	**100.00**	100.00
JGSOC Philippines Limited	British Virgin Islands	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	**100.00**	100.00
Banking				
Robinsons Bank Corporation (RBC) and a Subsidiary***	Philippines	17th floor, Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	**60.00**	60.00
Legazpi Savings Bank, Inc. (LSB)	-do-	Rizal Street, Barangay Sagpon, Albay, Legazpi City	**60.00**	60.00
Supplementary Businesses				
Data Analytics Ventures, Inc. (DAVI)	-do-	37F Cyberscape Gamma Topaz and Ruby Roads Ortigas Center, Pasig City	**44.47****	44.57**
JG Digital Equity Ventures (JG DEV) and a Subsidiary	-do-	37F Cyberscape Gamma Topaz and Ruby Roads Ortigas Center, Pasig City	**100.00**	100.00
JG Digital Capital Pte. Ltd. (JDCPL)	Singapore	168 Tagore Lane Singapore	**100.00**	100.00
JG Summit Capital Services Corp (JGSCSC) and Subsidiaries	Philippines	40th Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**100.00**	100.00
JG Summit Capital Markets Corporation (JGSMC)	-do-	-do-	**100.00**	100.00
Summit Internet Investments, Inc.	-do-	-do-	**100.00**	100.00
GoTyme Financial Pte. Ltd. (GTFPL)	Singapore	328 North Bridge Road #02-20 Raffles Shopping Arcade, Singapore	**51.00**	–
JG Summit Cayman, Ltd. (JGSCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands	**100.00**	100.00
JG Summit Philippines Ltd. (JGSPL) and Subsidiaries	-do-	-do-	**100.00**	100.00
JGSH Philippines, Limited (JGSHPL)	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**100.00**	100.00
Telegraph Developments, Ltd.	-do-	-do-	**100.00**	100.00
Summit Top Investments, Ltd.	-do-	-do-	**100.00**	100.00

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2023	2022
Unicon Insurance Brokers Corporation (UIBC)	Philippines	25F Robinsons Equitable Tower, ADB Ave. corner Poveda St., San Antonio, Pasig City	**93.12**	84.00
JG Summit Infrastructure Holdings Corporation	-do-	43rd Floor Robinsons Equitable Tower, ADB avenue, Corner Poveda Road, Pasig City	**100.00**	100.00
Merbau Corporation	-do-	Ground floor Cybergate Tower 1 Edsa cor Pioneer St. Mandaluyong City	**100.00**	100.00
Batangas Agro-Industrial Development Corporation (BAID) and Subsidiaries	-do-	43rd Floor, Robinsons Equitable Tower ADB Avenue corner Poveda St., Ortigas Center, Pasig City	**100.00**	100.00
Fruits of the East, Inc.	-do-	-do-	**100.00**	100.00
Hometel Integrated Management Corporation	-do-	5th Floor, Citibank Center Bldg., Paseo De Roxas, Makati	**100.00**	100.00
King Leader Philippines, Inc.	-do-	43rd Floor, Robinsons Equitable Tower ADB Avenue corner Poveda St., Ortigas Center, Pasig City	**100.00**	100.00
Tropical Aqua Resources	-do-	-do-	**100.00**	100.00
United Philippines Oil Trading, Inc.	-do-	-do-	**100.00**	100.00
Samar Commodities Trading and Industrial Corporation	-do-	5th Floor, Citibank Center Bldg., 8741 Paseo De Roxas, Makati	**100.00**	100.00

* *Certain subsidiaries are located in other countries, such as China, Malaysia, Singapore, Thailand, Vietnam, etc.*
** *These are majority-owned subsidiaries of the Parent Company's directly-owned subsidiaries.*
****RBC and Subsidiaries were classified as disposal group held for sale due to the planned merger with BPI (Note 44).*

Merger of JG Summit Petrochemical Corporation (JGSPC) with JGSOC
On December 18, 2020, the Board of Directors (BOD) of JGSPC approved a plan to merge JGSPC and JGSOC, a sister company incorporated in the Philippines and registered with the Philippine SEC, wherein JGSOC will be the surviving entity. On September 30, 2021, the merger of the said companies was approved by the Philippine SEC effective on January 1, 2022.

Incorporation of Staten Property Management
On January 25, 2022, Staten Property Management, Inc. was incorporated to manage, own, operate, and carry on the business of providing management services to residential subdivisions, residential and office buildings, commercial, estate, facility, and industrial developments, repairs and maintenance services, lease and tenancy management services, outsourcing services, asset, condotel, parking and apartment management services, treasury and general accounting, billing and collection services, and property consulting services in various residential, commercial, industrial, recreational buildings and developments.

Incorporation of RL Digital Ventures
On February 17, 2022, RL Digital Ventures, Inc. was incorporated to engage in, develop, operate, maintain, and/or provide any form of digital activity and service Information technology (I.T.) solution, e-commerce business or platform, internet or cyberspace activity.

Investment in BRFLC
In 2022, BRFLC issued 1,450,000 additional common shares from its registered share capital of 10,000,000 common shares at par of ₱100 per share, 70% of which or 1,015,000 common shares was subscribed and paid up by RLC.

Investment in GTFPL
In December 2023, JGSCSC invested a total of ₱169.7 million equivalent to 51.0 million common shares and 168.9 million preferred shares of GTFPL.

The Group controls an investee if and only if the 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

If the Group loses control over a subsidiary, it:
- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

Business Combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date when the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in profit or loss in the consolidated statement of comprehensive income as a bargain purchase gain.

Goodwill is not amortized, but is reviewed for impairment at least annually. Any impairment loss is recognized immediately in profit or loss in the consolidated statement of comprehensive income and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective as at January 1, 2023. The Group did not early adopt any other 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 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

  The Pillar Two Model Rules apply to multinational enterprises (MNEs) with annual consolidated revenues in excess of €750.0 million. The Group is in scope for Pillar Two Model Rules. However, it has yet to apply the temporary exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes in 2023 because the Group's entities are operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group is monitoring developments in the enactment of these legislations. The Group will disclose known or reasonably estimable information that will help users of the Group's financial statements understand the Group's exposure to Pillar Two income taxes in which Pillar Two legislation has been enacted or substantially enacted, and will disclose separately Pillar Two current tax expense or income, when it is in effect.

Material Accounting Policy Information

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

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 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.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

<u>Foreign Currency Translation</u>
The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities in their respective functional currencies at the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated using the closing foreign exchange rate prevailing at the reporting date. All differences are charged to profit or loss in the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the statement of comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies
As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses are translated at the monthly weighted average exchange rates for the year.

The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

<u>Cash and Cash Equivalents</u>
Cash represents cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the dates of placement, and that are subject to an insignificant risk of changes in value.

Restricted cash
Restricted cash are cash in bank set aside as security for letters of credit issued to aircraft lessors and held at separate escrow account for the purchase of land properties. The nature of restriction is assessed by the Group to determine its eligibility to be classified as cash and cash equivalents. The Group classifies restricted cash as current and noncurrent assets depending on the tenure of the restriction.

Financial Instruments – Classification and Measurement

Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

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 FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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 computed based on valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which are not observable from the market, the difference between the transaction price and the model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of 'Day 1' difference.

Contractual cash flows characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments that do not pass this test are automatically classified at fair value through profit or loss. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Business model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the portfolio and the financial assets held within that portfolio are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the portfolio (and the financial assets held within that portfolio) and how these risks are managed and how managers of the business are compensated.

Subsequent measurement of financial assets
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); and
- Financial assets at FVPL.

Investment securities at amortized cost
A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for impairment losses and others' in the consolidated statement of comprehensive income.

Financial assets at FVOCI
Financial assets at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statements of comprehensive income as 'Net gains (losses) on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatements on foreign currency-denominated debt securities at FVOCI, is reported in the consolidated statements of comprehensive income. Interest earned on holding debt securities at debt securities at FVOCI are reported as interest income using the EIR method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the consolidated statements of comprehensive income is recognized in profit or loss. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for impairment losses and others' in the consolidated statements of comprehensive income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the consolidated statements of comprehensive income as 'Dividend income' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statements of comprehensive income is reclassified to 'Retained earnings' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at FVPL
Financial assets are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity and debt investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the profit or loss in the statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of debt instruments classified as FVOCI and investments securities at amortized cost.

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 SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated financial assets at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derivative Financial Instruments
Derivative financial instruments, including bifurcated embedded derivatives, are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group’s derivative instruments provide economic hedges under the Group’s policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract with the effect that some of the cashflows of the combined instrument vary, in a way similar to a stand-alone derivative. The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
c. the hybrid or combined instrument is not recognized as at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

The Group's bifurcated embedded derivatives pertain to options arising from the CAI's convertible bonds payable.

Hedge Accounting
The Group uses derivative financial instruments such as jet fuel/sing kero and brent crude swaps and zero cost collars and crack swap contracts to manage its exposure to fuel price fluctuations and forward contracts for the risk associated with foreign currency and interest rate swap to manage the volatilities on swap rates causing uncertainty on monthly rent of the aircraft. 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.

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 asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- 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 Group's risk management strategies and objectives focusing on the hedged risks, identification of the hedging instrument, the hedged item, and the nature of the risks being hedged and the Group's assessment on 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.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognized in the consolidated statement of comprehensive income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of comprehensive income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately under 'Market valuation gains (losses) on derivative financial instruments - net' in the consolidated statement of comprehensive 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 amounts accumulated in OCI are accounted depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income.

Derivatives not Designated as Hedging Instruments
Derivative financial instruments previously designated in hedging relationships that have been subsequently discontinued, either fully or partially, were recognized as financial assets or liabilities at FVPL in the consolidated statement of financial position. Hedge accounting is discontinued under the following circumstances:

- Risk management objectives were updated or modified;
- Economic relationship between the hedge item and hedging instrument was subsequently assessed to be non-existing;

- Effect of credit risk dominates the value changes of the hedging relationship upon performing subsequent effectiveness testing; and
- Forecasted underlying or hedged item is no longer highly probable to occur

Discontinuation of hedge accounting is applied prospectively upon determination that the forecasted cash flow is no longer highly probable, even if still expected to occur. Amounts accumulated in the cash flow hedge reserve remain recognized separately in equity until the forecasted transaction occurs if the loss is recoverable.

When discontinuation of hedge accounting arises due to hedged future cash flows are no longer expected to occur, amounts accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss under 'Market valuation gains (losses) on derivative financial instruments - net' in the consolidated statement of comprehensive income. Any subsequent changes in the fair value of these derivative financial instruments are recognized under 'Market valuation gains (losses) on derivative financial instruments - net' in the consolidated statement of comprehensive income and are presented net.

Derivatives that do not meet the hedge accounting criteria are treated as economic hedges and not designated in hedging relationships.

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 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.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be 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 effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial asset.

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 statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, derivatives designated as hedging instruments in an effective hedge, or other financial liabilities. 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.

Subsequent measurement of financial liabilities
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose 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 comprehensive income. Financial liabilities designated upon initial recognition at FVPL 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 FVPL.

Other financial liabilities
This category pertains to the Group's interest-bearing loans and borrowing and payables. After initial recognition, these other financial liabilities 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 finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities
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 consolidated statement of comprehensive income.

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 effective interest rate, is at least 10.00% 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 10.00% 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 fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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.

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.

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Impairment of Financial Assets
The Group recognizes an allowance for ECL for all debt instruments not classified as FVPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The Group recognizes a 12-month ECL for Stage 1 financial instruments. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.
- Stage 2 is comprised of all financial instruments which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 financial instruments. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For credit-impaired financial instruments:
- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of "default" and "restored"
The Group eventually classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikeliness to pay. 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. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted.

An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Significant increase in credit risk
The assessment of whether there has been a SICR is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information
The 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. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. 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.

The Group applied the general approach for customer receivables from its Banking Segment. For the trade receivables of other segments, the standard's simplified approach was applied where ECLs are calculated based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk of these receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For the Real estate and hotels segment's installment contract, the vintage analysis approach is used. This method accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the PD 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 Group 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.

For cash and cash equivalents, short-term investments and debt securities, 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 SICR 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.

Debt instruments measured at FVOCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off of Financial Assets
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 Group 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 of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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 as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issuance Costs
Debt issue costs are amortized using the effective interest method. The unamortized debt issuance costs are offset against the related carrying value of the loan of the Group's statement of financial position. When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations.

Inventories
Inventories, including work-in-process, are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs. In determining the NRV, the Group deducts from cost 100.0% of the carrying value of slow-moving items and nonmoving items for more than one year.

When inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales and services' in profit or loss in the period when the related revenue is recognized.

Some inventories may be allocated to other asset accounts, for example, inventory used as a component of a self-constructed property, plant or equipment. Inventories allocated to another asset in this way are recognized as an expense during the useful life of that asset.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials and packaging materials

a. *Petrochemicals*
   Cost is determined using the moving average costing method. Cost of finished goods and work-in-process includes direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced.

b. *Branded consumer foods, agro-industrial and commodity food products*
   Cost is determined using the weighted average method. Under the weighted average costing method, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. Cost of finished goods and work-in-process include direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Subdivision land and condominium and residential units for sale
Subdivision land, condominium and residential units for sale in the ordinary course of business are carried at the lower of cost and NRV. Cost includes land costs, costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction.

NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Factory supplies and spare parts
Cost is determined using the weighted average method.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	-	Breeders (livestock bearer)
	-	Sucklings (breeders' offspring)
	-	Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	-	Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	-	Breeders (livestock bearer)
	-	Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset are included in the consolidated statement of income in the period in which it arises.

Assets and Disposal Groups Held for Sale
The Group classifies assets and disposal groups as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset 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.

For the sale to be highly probable, (a) an appropriate level of management must be committed to a plan to sell the asset, (b) an active program must have been initiated, (c) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (d) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and (e) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Asset and disposal groups classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement
Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amount of the asset (or all the assets and liabilities of the disposal group) shall be measured in accordance with applicable standards.

An entity shall present a disposal group held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. These assets and liabilities shall not be offset and presented as a single amount.

Assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized. Liabilities directly related to assets held for sale are measured at their expected settlement amounts.

Discontinued Operation
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 a separate major line of business or geographical area of operations , or
- is a subsidiary acquired exclusively with view to resale.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows are re-presented. Results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

Additional disclosures are provided in Note 44. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

<u>Investments in Associates and Joint Ventures</u>
Associates pertain to all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group also has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associates and joint ventures. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognized in the investees' other comprehensive income, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income. Profits and losses arising from transactions between the Group and the associate are eliminated to the extent of the interest in the associates and joint ventures.

The Group's investments in certain associates and joint ventures include goodwill on acquisition, less any impairment in value. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortized.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property, Plant and Equipment

Property, plant and equipment, except land which is stated at cost less any impairment in value, are carried at cost less accumulated depreciation, amortization and impairment loss, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation (ARO) relating to property, plant and equipment installed/constructed on leased properties or leased aircraft.

Subsequent replacement costs of parts of property, plant and equipment are capitalized when the recognition criteria are met. Significant refurbishments and improvements are capitalized when it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond the originally assessed standard of performance. Costs of repairs and maintenance are charged as expense when incurred.

Foreign exchange differentials arising from the acquisition of property, plant and equipment are charged against profit or loss in the consolidated statement of comprehensive income and are no longer capitalized.

Depreciation and amortization of property, plant and equipment commences once the property, plant and equipment are available for use, and are computed using the straight-line method over the EUL of the assets, regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	EUL
Land improvements	5 to 40 years
Buildings and improvements	3 to 50 years
Machinery and equipment	2 to 50 years
Leasehold improvements	15 years or the lease term, whichever is shorter
Passenger aircraft	15 years
Other flight equipment	3 to 5 years
Transportation, furnishing and other equipment	3 to 5 years

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Pre-delivery payments for the construction of aircraft are initially recorded as 'Construction in-progress' when paid to the counterparty. Construction in-progress are transferred to the related 'Property and equipment' account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property, plant and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for use.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statement of comprehensive income, in the year the item is derecognized.

ARO

The Group is contractually required under various lease contracts to either restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. The event that gives rise to the obligation is the actual flying hours, flying cycles or calendar months of the asset as used, as the usage determines the timing and nature of the overhaul and restoration work required or the amount to be contributed at the end of the lease term. For certain lease agreements, the Group provides for these costs over the terms of the leases through contribution to a maintenance reserve fund (MRF) which is recorded as outright expense. If the estimated cost of restoration is expected to exceed the cumulative MRF, an additional obligation is accounted on an accrual basis. Regular aircraft maintenance is accounted for as expense when incurred.

If there is a commitment related to maintenance of aircraft held under operating lease arrangements, a provision is made during the lease term for the lease return obligations specified within those lease agreements. The provision is made based on historical experience, manufacturers' advice and if relevant, contractual obligations, to determine the present value of the estimated future major airframe inspections cost and engine overhauls.

Advance payment for materials for the restoration of the aircraft is initially recorded under 'Advances to supplier' account in the consolidated statement of financial position. This is recouped when the expenses for restoration of aircraft have been incurred.

The Group regularly assesses the provision for ARO and adjusts the related liability.

Heavy Maintenance Visits (HMV)
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized. HMV liability is carried at amortized cost using the effective interest method.

Travel Fund
Travel fund is a virtual wallet that can be used as a form of payment for booking new flights and purchasing add-ons. Travel fund is offered for cancelled flights or for flights with schedule changes of more than 60 minutes.

In accordance with PFRS 15, *Revenue from Contracts with Customers,* upon receipt of a prepayment from customer, an entity shall recognize a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer, goods or services in the future. An entity shall derecognize that contract liability (and recognize revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation.

A customer's non-refundable prepayment to an entity gives the customer a right to receive a good service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage.

If an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If an entity does not expect to be entitled to a breakage amount, the entity shall recognize the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Borrowing Costs
Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If

the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate for general borrowings. For specific borrowings, all borrowing costs are eligible for capitalization.

Borrowing costs which do not qualify for capitalization are expensed as incurred.

Interest expense on loans is recognized using the effective interest method over the term of the loans.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and impairment loss, if any. Land is carried at cost less impairment loss, if any. Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under investment properties upon: a) entry of judgment in case of judicial foreclosure; b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

The Group's investment properties are depreciated using the straight-line method over their estimated useful lives (EUL) as follows:

Land improvements	8 to 20 years
Buildings and improvements	10 to 30 years

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or 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 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 that property for measurement or disclosure purposes. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under 'Property, plant and equipment' up to the date of change in use.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Goodwill

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following 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 (see Impairment of Nonfinancial Assets).

Where goodwill forms part of a cash-generating unit 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 this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Bank Licenses

Bank licenses arise from the acquisition of branches of a local bank by the Group and commercial bank license. The Group's bank licenses have indefinite useful lives and are subject to annual individual impairment testing.

Intangible Assets

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment loss, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives.

The period and the method of amortization of an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is 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 useful lives is recognized under 'Cost of sales and services' and 'General and administrative expenses' in profit or loss in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset. Intangible assets with finite lives are assessed for impairment, whenever there is an indication that the intangible assets may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If the indefinite useful life is no longer appropriate, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Costs incurred to acquire computer software (which are not an integral part of its related hardware) and costs to bring it to its intended use are capitalized as intangible assets. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Group are also recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expense when incurred.

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 asset and is recognized in profit or loss in the consolidated statement of comprehensive income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets follows:

	Technology Licenses	Branch Licenses and Trade Secrets	Product Formulation and Brands	Software Costs	Customer Relationship	Trademarks
EUL	Finite (12 to 13.75 years)	Indefinite	Indefinite	Finite (5 to 10 years)	Finite (35 years)	Finite (4 years)
Amortization method used	Amortized on a straight-line basis over the EUL of the license	No amortization	No amortization	Amortized on a straight-line basis over the EUL of the software cost	Straight line amortization	Straight line amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired	Acquired	Acquired

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's 'Investments in associates and joint ventures', 'Property, plant and equipment', 'Investment properties', 'Right-of-Use (ROU) assets', 'Goodwill', 'Intangible assets', and 'Biological assets'.

Except for goodwill and intangible assets with indefinite lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

Impairment losses or reversal of impairment losses from continuing operations are recognized under 'Provision for (reversal of) impairment losses and others' in profit or loss in the statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, investment properties, ROU assets, intangible assets with definite useful lives and costs
For property, plant and equipment, investment properties, intangible assets with definite useful lives, 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its impairment test of goodwill annually.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in associates and joint ventures. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount under 'Provision for Impairment losses and others' in profit or loss.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

<u>Member Redemption Liability</u>
The Group operates a reward program that issues loyalty points to its members for purchases made at any participating partner establishment that can be redeemed against any future purchases, subject to a minimum number of points obtained. The Group receives the cost per points issued (CPP) and service fees from the participating partner establishments based on agreed terms and conditions upon issuance of points to program members. The CPP of outstanding issued and unredeemed points are recognized as 'Membership redemption liability' and is presented under 'noncurrent liabilities' in the statement of financial position while the service fees are recognized as 'Revenues' in the statement of comprehensive income.

Equity
Common and preferred stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. No gain or loss is recognized in profit or on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Material Accounting Policy Information Generally Applicable to Foods, Agro-Industrial and Commodities and Petrochemicals

Revenue Recognition
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 Group expects to be entitled in exchange for those goods or services. The 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.

Sales of goods and services
Revenue from sale of goods and services is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services. 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. In determining the transaction price for the sale of goods and services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. If the consideration in a contract includes a variable amount, the 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 using the expected value method and is 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. Some contracts for the sale of goods and services provide customers with a right to return the goods within a specific period.

Sale of sugar and molasses
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

Rendering of tolling services
Revenue derived from tolling activities is recognized as revenue at a point in time when the related services have been rendered.

Material Accounting Policy Information Generally Applicable to Air Transportation

Revenue Recognition
Revenue from contracts with passengers and cargo customers, and any related revenue from services incidental to the transportation of passengers, is recognized when carriage is provided or when the passenger is lifted in exchange for an amount that reflects the consideration to which the Group expects to be entitled to.

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

Sale of air transportation services
Passenger ticket and cargo waybill sales are initially recorded as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until earned and recognized under 'Revenue' account in the consolidated statement of comprehensive income when carriage is provided or when the passenger is lifted or flown.

Flight and booking services
Revenue from services incidental to the transportation of passengers such as excess baggage, inflight sales and rebooking and website administration fees are initially recognized as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until the services are rendered.

Revenue from estimated breakage (expiration) of unused travel funds
Revenue from estimated breakage (expiration) of unused travel funds are recognized based on the historical expiration experience of the Group on the unused travel funds.

Other ancillary revenue
Other revenue such as refund surcharges, service income and cancellation fees are recognized when the services are provided.

Material Accounting Policy Information Generally Applicable to Real Estate and Hotels

Revenue Recognition

Revenue from Contract with Customers
The 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 are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, and common use service area in its mall retail spaces, wherein it is acting as agent.
The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales – Philippines Operations – Performance obligation is satisfied over time
The Group derives its real estate revenue from 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 POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of collections over the total of recognized trade receivables and installment contract receivables is included as 'Contract liabilities' under 'Other current and noncurrent liabilities' in the consolidated statements of financial position.

The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023.

Real estate sales – Philippines Operations – Performance obligation is satisfied at a point in time
The Group also derives real estate revenue from sale of parcels of raw land and developed land. Revenue from the sale of these parcels of raw land are recognized at a point in time (i.e., upon transfer of control to the buyer) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use but the Group does not have an enforceable right to payment for performance completed to date. The Group is only entitled to payment upon delivery of the land to the buyer and if the contract is terminated, the Group has to return all payments made by the buyer.

Real estate sales – China Operations
Taking into account the contract terms per house purchase and sales contract, Chengdu Xin Yao's business practice and the legal and regulatory environment in China, most of the property sales contracts in China do not meet the criteria for recognizing revenue over time and therefore, revenue from property sales continues to be recognized at a point in time, while some property sales contracts meet the criteria for recognizing revenue over time as the properties have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Amusement income
Revenue is recognized upon rendering of services or at a point in time.

Revenue from hotel operations
Revenue from hotel operations is recognized when services are rendered or at a point in time. Revenue from banquets and other special events are recognized when the events take place or at a point in time. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry, valet and other related hotel services are recognized when services are rendered.

Interest income
Interest income is recognized as the interest accrues using the EIR method.

Other income
Other income is recognized when earned.

Costs Recognition

Cost of Real Estate Sales
The 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 and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

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 and General and Administrative Expense
Costs and expenses are recognized in the consolidated statement of comprehensive 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.

Costs and expenses are recognized in the consolidated statement of comprehensive 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.

Costs to obtain 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 "Real estate costs and expenses" account in the consolidated statement of income.

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

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization is included within general and administrative expenses.

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, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the 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, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Income of the Group (Outside of Scope of PFRS 15)

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Dividend income
Dividend income is recognized when the shareholder's right to receive the payment is established.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. 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 an interest expense under 'Financing costs and other charges' account in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

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

Pension Costs
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.

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 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.

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 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.

The Group'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.

Share-based Payments
The Group has a Long-Term Incentive Plan (LTIP) granting eligible persons any one or a combination of Restricted Stock Units (RSUs) and Stock Options to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which these are granted. Said cost is recognized in profit or loss, together with a corresponding increase in 'Share-based payments' account in the consolidated statement of financial position, over the period in which the service conditions are fulfilled, ending on the date on which the eligible persons become fully entitled to the award ("vesting date"). The fair value of Stock Options is determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The cumulative expense recognized for the share-based 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. No expense is recognized for awards that do not ultimately vest.

Where the terms of a share-based 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 modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the eligible persons as measured at the date of modification.

Where a share-based 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 there were a modification of the original award. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Income Taxes

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.

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, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to extent that it is no longer probable that sufficient future 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 each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are 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 of reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and 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.

<u>Leases</u>
Group as a lessee
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset, whether the Group has the right to direct the use of the asset. The Group recognizes a ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

ROU assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be

incurred 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 ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The depreciation period for each class of ROU assets follow:

	Period
Land and improvements	2 to 50 years
Buildings and improvements	2 to 30 years
Passenger aircraft and other flight equipment	1.25 to 18 years
Transportation and other equipment	2 to 30 years

ROU assets are also subject to impairment.

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 reflected 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 commencement date if the interest rate implicit to 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 and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of other flight equipment, furniture and fixtures, and machineries (i.e., lease term of 12 months or less). It also applies the lease of low-value assets recognition exemption to leases of office spaces that are considered low-value. 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.

Sale and leaseback
When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15. When the transfer of the asset is a sale, the Group measures the ROU asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor. When the transfer of the asset is not a sale under PFRS 15 requirements, the Group continues to recognize the asset in its consolidated statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Joint Operation
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognize in relation to its interest in a joint operation its assets, including its share of any assets held jointly; liabilities, including its share of any liabilities incurred jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; and expenses, including its share of any expenses incurred jointly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the period attributable to the ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Parent Company (after deducting interest of the preferred shares, if any) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Segment Reporting
The Group's operating segments 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 6 to the consolidated financial statements.

Subsequent Events
Any post-year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the reporting date (adjusting event) is reflected in the consolidated financial statements. Any post-year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

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

Effective beginning on or after January 1, 2024

- 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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

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.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)
  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	Deferral Period
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)	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.

d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A No. 2018-12. Had this provision been adopted, the Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

As of December 31, 2023, the Group assessed that the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented. The Group is finalizing the quantitative impact of the adoption of PIC Q&A No. 2018-12.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

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

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:

a. *Revenue and cost recognition on real estate sales*

Existence of a contract
The 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 the Group before revenue recognition is to assess the probability that the 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.

Identifying performance obligation
In 2018, the Group entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Group does not have a right to demand payment for work performed to date from the buyer. The related revenue has been recognized in 2021 as the performance obligations under the contract to sell has been performed.

Revenue recognition method and measure of progress
For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the 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, the 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 the Group. The Group considers that the initial and continuing investments by the buyer of about 10.0% on projects that are under development and construction demonstrate the buyer's commitment to pay. For certain inventories that have been fully completed and ready for occupancy, outright investment of the buyer of about 5.0% demonstrates the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the 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 Group, are primarily responsible for the provisioning of the utilities while the 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 Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Revenue and cost recognition

The Group's real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from Chengdu Project

In July 2018, Chengdu Xin Yao Real Estate Development Co. Ltd. secured the license to sell the condominium units in Phase 1 and Phase 2 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of December 31, 2023 and 2022, related revenue for the sale of its Phase 1 and Phase 2 condominium units have been recognized.

Revenue from the sale of real estate units of Chengdu Xin Yao is accounted for under a completed contract method (i.e., at a point in time) in the consolidated financial statements. Under this method, revenue is recognized at the completion of the project. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

b. *Definition of default and credit-impaired financial assets*

The 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 criteria - for installment contract receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - the customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where: Qualitative criteria - the customer meets 'unlikeliness 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 assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
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 the 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 the Group's expected loss calculation.

c. *Revenue recognition on sale of goods from the food business*

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

i. *Existence of a contract*

The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

ii. *Identifying performance obligation*

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*

The Group recognizes its revenue for all revenue streams at a point in time, when the goods are sold and delivered and when services are already rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operation. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

d. *Classification of financial assets from the banking business*

As of December 31, 2023 and 2022, the total assets of the Banking Segment were reclassified under 'Assets held for sale' in the consolidated statements of financial postion (Note 44) :

Evaluation of business model in managing financial instruments
The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

The Bank's BOD approved its documentation of business models which contains broad categories of business models. The business model includes the Bank's lending activities as well as treasury business activities broken down into liquidity and investment portfolios.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In March 2022, the Bank's BOD approved the change in the PFRS 9 business model of the Bank due to the overall change in strategy brought about by significant internal and external factors. Strategically aligned with the shift in the Bank's original long-term direction and positioning under its enhanced five-year plan, the Bank redesigned its business model to also include the BOD-approved plan to purchase certain assets (including 12 branches subject to regulatory approval) and assumption of certain liabilities of its subsidiary as this impacts the Bank's growth path, operations, new target market, and new customer base. The change in strategy will allow the Bank to cross-sell loan products. The Bank has embarked on transformation strategy which includes digitization initiatives, among others. With the change in strategy, the Bank's subsidiary has changed its business operations and processes to fit for purpose a one-product, least-cost operation, focusing only to the Automatic Payroll Deduction System (APDS) market nationwide. The change in strategy will allow the Bank to scale up the APDS business in a timely and efficient manner. The renewed focus to one product will also help the Bank's subsidiary better manage credit risk. The planned purchase of the Bank of the twelve (12) branches was approved by the PDIC on March 1, 2022. On the same day, the Bank submitted the application to the BSP. As a result, the Bank acquired certain assets including 12 branches and assumption of certain liabilities of its subsidiary. The transfer of the 12 branches of its subsidiary, which is subject to regulatory approval, will expand the distribution center of the Bank. New processes and incentive system will be introduced to manage and market the new deposit products and services to expand the Bank's capacity to offer new deposit products and services. This significant change in the Bank's operational activity is expected to generate additional funding from the group necessitating a change in the way the matched assets in the banking book are being managed. Based on the new strategy of the Bank, its operational liquidity requirement will be served by funding from deposits and maturing investment portfolio.

As a result, on April 1, 2022, the Bank reclassified a portfolio of USD-denominated and peso-denominated debt securities with aggregate fair value of ₱21.4 billion from FVOCI to HTC to address the business and liquidity requirements of the change in the Bank's operational activity. The debt securities reclassified are carried at amortized on reclassification date amounting to ₱24.1 billion, resulting in a reversal of net unrealized losses amounting to ₱2.7 billion recorded under 'Other comprehensive income.

e. *Classification of financial assets from the other businesses*
The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

The Group performs the business model assessment based on observable factors such as:
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of those assets managed or on the contractual cash flows collected
- Expected frequency, value, and timing of sales

f. *Determination of fair values of financial instruments*
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different

valuation methodologies and assumptions. Any change in fair value of these financial assets and liabilities would affect the consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statements of financial position 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. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

As of December 31, 2023 and 2022, the fair value of the Group's investments in unquoted equity securities classified as at FVOCI are established with reference to the International Private Equity and Venture Capital (IPEV) Valuation Guidelines. An assessment will be made at each measurement date as to the most appropriate valuation methodology. The Group's investments in unquoted equity securities pertain to early-stage and growth fintech companies. Given the nature of these investments, the appropriate approach to determine fair value is based on a methodology with reference to observable market data (i.e., the price of the most recent transaction or the most recent funding round). Recent transactions may include post year-end as well as pre year-end transactions depending on the nature and timing of these transactions. The initial use and length of period for which this methodology remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed.

Refer to Note 5 for the fair value measurements of financial instruments.

g. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew 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.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the 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 terminate (e.g., a change in business strategy).

For most of its leases, the Group did not include the renewal or termination options in the lease term as the Group assesses that these options are not reasonably certain to be exercised. However, for some leases of parcels of land, the Group included the renewal period as part of the lease term due to significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one year) and there will be a significant negative effect on the operations if a replacement is not readily available.

Refer to Note 42 for the disclosure on the Group's leases.

h. *Classification of leases - Group as lessor*

Operating lease commitments
The Group has entered into commercial, office and industrial property leases on its investment property portfolio. Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Finance lease commitments
The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined based on evaluation of terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases.

Refer to Note 42 for the disclosure on the Group's leases.

i. *Assessment on whether lease concessions granted constitute a lease modification*
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group granted various lease concessions such as lease payment holidays or lease payment reductions in 2022 and 2021.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group for the years ended December 31, 2023, 2022 and 2021 amounted to nil, ₱913.0 million and ₱3.8 billion, respectively.

j. *Distinction between investment properties and owner-occupied properties*
The Group determines whether a property will be classified as Real estate inventories, Land held for future development and Investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories), whether it will be retained as part of the Group's strategic land banking activities for development or sale in the medium or long-term (Land held for future development) or whether it will be held to earn rentals or for capital appreciation (Investment properties). For land properties, the Group considers the purpose for which the land was acquired.

k. *Consolidation of special purpose entities (SPEs)*
The Group periodically undertakes transactions that may involve obtaining the rights to variable returns from its involvement with the SPEs. These transactions include the purchase of aircraft and assumption of certain liabilities. In all such cases, management makes an assessment as to whether the Group has: (a) power over the SPEs; (b) the right over the returns of its SPEs; and (c) the ability to use power over the SPEs to affect the amount of the Group's return, and based on these assessments, the SPEs are consolidated as a subsidiary or associated company. In making these assessments, management considers the underlying economic substance of the transaction and not only the contractual terms. The Group has assessed that it will benefit from the economic benefits of the SPEs' activities and it will affect the returns for the Group. The Group is directly exposed to the risks and returns from its involvement with the SPEs. Such rights and risks associated with the benefits and returns are indicators of control. Accordingly, the SPEs are consolidated.

Upon loss of control, the Group derecognizes the assets and liabilities of its SPEs and any surplus or deficit is recognized in profit or loss.

l. *Determination of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each entity in the Group considers the following:

a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
b. the currency in which funds from financing activities are generated; and
c. the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

m. *Significant influence over an associate with less than 20.0% ownership*
In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Group a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the BOD or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

n. *Determination of jet fuel/sing kero price risk components*
The Group has historically entered into fuel derivatives to provide extensive protection against the unexpected jet fuel prices movement due to various economic and political events happening across the world. Beginning September 1, 2019, the Group commenced the application of hedge accounting under PFRS 9 on fuel derivatives maturing in 2020 and beyond and has classified these as cash flow hedges. Along with the jet fuel price risk hedging, the Group also adopted risk component hedging strategy given the lack of liquidity in the jet fuel derivatives with long-term maturities across financial markets. Risk components of the jet fuel price are identified as the Brent crude oil and cracks. These components are determined to be separately identifiable and changes in the fair value of the jet fuel attributable to changes in the Brent crude oil price can be measured reliably.

The existence of a separate market structure for the Brent crude oil and the crack which represents the refining component corroborates with the management's assertion that these two risk components are separately identifiable and corresponding prices can be reliably measured among others.

o. *Disposal group held of sale and discontinued operations*

As of December 31, 2023 and 2022, the Group classifies its Banking Segment as a disposal group held for sale as it meets the following conditions at the reporting date:
- The entity is available for immediate sale and can be sold in its current condition;
- Sale is highly probable (a buyer has already been identified and the merger plan has been initiated); and
- The entity is to be genuinely sold, not abandoned.

The Group determined that the sale of the Group's Banking Segment and Oceania businesses qualified for presentation as discontinued operations since it represented a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group (Note 44).

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 year are discussed below:

a. *Impairment of goodwill and intangible assets*
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value-in-use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in revenue growth rates and discount rates.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

As of December 31, 2023 and 2022, the balance of the Group's goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss, are disclosed in Notes 19 and 18, respectively.

b. *Expected credit losses on receivables*

For loans and receivables from the banking business, the Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition; whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of
- default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the
- components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss
- should be recognized and the applicable loss rate

For installment contract receivables from the real estate business, the Group uses vintage analysis approach to calculate ECLs for installment contract 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.

For other trade receivables, provision matrix was used to calculate ECLs. The provision rates are based on historical default rates days past due for groupings of various segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates 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 (i.e., gross domestic product and inflation rate) 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 the customer's actual default in the future.

Refer to Note 11 for the carrying amount of receivables subject to ECL and the related allowance for credit losses as of December 31, 2023 and 2022 and for the provisions for impairment losses for the years ended December 31, 2023, 2022 and 2021. Refer to Note 44 for the carrying amount of receivables as of December 31, 2023 and 2022 and for the provisions for impairment losses for the years ended December 31, 2023, 2022 and 2021 of the Banking Segment.

c. *Revenue and cost recognition from the real estate business*
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the POC is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2023, 2022 and 2021, the real estate sales recognized over time amounted to ₱8.7 billion, ₱6.7 billion and ₱5.2 billion, respectively, while the related cost of real estate sales amounted to ₱4.4 billion, ₱3.6 billion and ₱2.5 billion, respectively.

The Group also recognized revenue when control is passed on a certain point in time. The Group's revenue and cost of real estate sales were recognized upon transfer of control to the buyer. Real estate sales pertaining to this transaction amounted to ₱1.1 billion, ₱13.4 billion and ₱13.8 billion for the years ended December 31, 2023, 2022 and 2021, respectively. The related cost of sales amounted to ₱345 million, ₱10.5 billion and ₱10.8 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

d. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, 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. For lease contracts with indefinite term the Group estimates the length of the contract to be equal to the economic useful life of noncurrent assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of ROU assets.

Discount rate. The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

As at December 31, 2023 and 2022, the carrying values of the Group's ROU assets and lease liabilities are disclosed in Note 42 to the consolidated financial statements.

e. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property. Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

The Group's acquisitions are discussed in Note 19 to the consolidated financial statements.

f. *Determination of NRV of inventories*
The Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally providing a 100.0% write down for nonmoving items for more than one year. The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory obsolescence and market decline included under 'Provision for impairment losses and others' in profit or loss in the consolidated statements of comprehensive income are disclosed in Notes 12 and 34 to the consolidated financial statements.

The carrying value of the Group's inventories, net of inventory obsolescence and market decline, is disclosed in Note 12 to the consolidated financial statements.

g. *Estimation of ARO*
The Group is contractually required under certain lease contracts to restore certain leased passenger aircraft to stipulated return condition or to bear a proportionate cost of restoration at the end of the contract period. The contractual obligation includes regular aircraft maintenance, overhaul and restoration of the leased aircraft to its original condition. Since the first operating lease entered by the Group in 2001, these costs are accrued based on an internal estimate which includes certain overhaul, restoration, and redelivery costs at the end of the operating aircraft lease. Regular aircraft maintenance is accounted for as expense when incurred, while overhaul and restoration are accounted on an accrual basis.

Assumptions and estimates used to compute ARO are reviewed and updated annually by the Group. As of December 31, 2023 and 2022, the cost of restoration is computed based on the Group's assessment on expected future aircraft utilization.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The recognition of ARO would increase other noncurrent liabilities and repairs and maintenance expense.

The carrying values of the Group's ARO (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 24 to the consolidated financial statements.

h. *Estimation of HMV*
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The carrying values of the Group's HMV (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 24 to the consolidated financial statements.

i. Estimation of useful lives of property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost
The Group estimates the useful lives of its depreciable property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property, plant and equipment, investment properties and intangible assets would increase depreciation and amortization expense and decrease noncurrent assets.

In 2022, the Group's review indicated that the EUL of certain buildings, machinery and equipment should be extended from 40 to 50 years based on the Group's reassessment of the expected period over which the Group will benefit from the use of these assets. The change in EUL resulted in a decrease in depreciation expense by ₱461.0 million for the year ended December 31, 2022.

The carrying balances of the Group's depreciable assets are disclosed in Notes 15, 16, 17 and 18 to the consolidated financial statements.

j. Estimation of pension and other benefits costs
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 37). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

As of December 31, 2023 and 2022, the balance of the Group's present value of defined benefit obligations and other employee benefits is shown in Note 37 to the consolidated financial statements.

k. Assessment of impairment of nonfinancial assets excluding goodwill and intangible assets
The Group assesses impairment on its nonfinancial assets (i.e., property, plant and equipment, investment properties, investments in associates and joint venture and biological assets carried at cost) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Provision for impairment losses on nonfinancial assets recognized in 2023, 2022 and 2021 is disclosed in Note 34 to the consolidated financial statements.

As of December 31, 2023 and 2022, the balance of the Group's nonfinancial assets excluding goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss are shown in Notes 14, 15, 16 and 17 to the consolidated financial statements.

l. Recognition of deferred tax assets

The Group reviews the carrying amounts of its deferred tax assets at each reporting date and reduces the 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 has certain subsidiaries which enjoy the benefits of an income tax holiday (ITH). As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 38).

The Group's recognized and unrecognized deferred tax assets are disclosed in Note 38 to the consolidated financial statements.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, investment securities at amortized cost, financial assets at FVPL, financial assets at FVOCI, financial liabilities at FVPL and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as receivables and payables which arise directly from its operations. Also, the Parent Company and certain subsidiaries are counterparties to derivative contracts, such as interest rate swaps, currency forwards and currency swaps. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures.

As of December 31, 2023 and 2022, the financial assets and liabilities of the Group's Banking Segment were reclassified under 'Assets held for sale' and 'Liabilities directly associated with assets held for sale' in the consolidated statements of financial position (Note 44).

The BOD of the Parent Company and its subsidiaries review and approve the policies for managing each of these risks which are summarized below, together with the related risk management structure.

<u>Risk Management Structure</u>
The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for oversight of the Group's risk management process which involves identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has reconstituted its Audit Committee to integrate Audit, Related Party Transactions (RPT) and Risk Oversight Committee to spearhead the managing and monitoring of risks.

Audit, RPT and Risk Oversight Committee (AURROC)
The AURROC shall assist the Group's BOD in its fiduciary responsibility by providing oversight over the Group's financial reporting, Internal Control System, Internal and External Audit processes, and compliance with applicable laws and regulations. Furthermore, it is also the Committee's purpose to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks.

The Committee has the following functions:

a. monitor and evaluate the adequacy and effectiveness of the Parent Company's internal control system, integrity of financial reporting, and security of physical and information assets;
b. discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination and coverage of work;
c. review the reports submitted by the Internal and External Auditors and review and monitor Management's responsiveness to findings and recommendations;
d. review and approve the interim and Annual Financial Statements;
e. review and approve the Parent Company's transactions with related parties within the set materiality threshold;
f. evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness, as well as look for emerging risks;
g. review the Parent Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment;
h. provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Parent Company ; and
i. report to the BOD on a regular basis, or as deemed necessary, the Parent Company's risk, material risk exposures, the actions taken to reduce the risks.

Enterprise Risk Management
The role of ERM is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. A Chief Risk Officer or its equivalent position, is appointed by the BOD to oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation. The ERM Head reports functionally to the Committee and administratively to the CEO.

Enterprise Resource Management Framework
The ERM framework revolves around the following activities:

1. Risk Identification. It involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives which are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.

2. Risk Assessment. Each identified risk is assessed to determine which can pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories, such as Reputational Risk, Strategic Risk, Financial Risk, and Compliance Risk. For each risk category, a risk assessment scale is developed to provide objective definitions on what is considered insignificant, minor, moderate, major, or extreme impact to the business. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.

3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile, vulnerability, and contribution to the risk. Risk impact velocity and mitigation timeframe are also considered in prioritizing the organization's actions and urgency of response to risks.

4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.

5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Committee twice a year.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk, such as foreign currency risk, commodity price risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that 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 the Group's exposure to bad debts is not significant.

The Group continuously delivers credit notifications and implements various credit actions based on assessed risks to reduce credit exposure. Regular monitoring of receivable balances from trade customers ensures that appropriate credit treatments are applied to overdue accounts. Similarly, other receivable balances are also closely monitored and managed through appropriate actions to mitigate credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost and certain derivative investments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments. The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.

With respect to the Banking Segment, there are several credit risk mitigation practices in place, as follow:

- The Banking Segment offers a variety of loan products with substantial collateral values. The policy on collateral and other credit enhancements are discussed further below.
- Limits are set on the amount of credit risk that the Banking Segment is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Banking Segment also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Banking Segment employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

a. Credit risk exposure

The Group's maximum exposure to on-balance sheet credit risk is equal to the carrying value of its financial assets except for the Group's trade receivables as of December 31, 2023 and 2022 with carrying value of ₱17.8 billion and ₱15.2 billion, respectively which are secured by collateral with fair value amounting to ₱3.1 billion and ₱2.6 billion, respectively, resulting in net exposure of ₱14.8 billion and ₱12.6 billion, respectively.

Real estate receivables are secured by the real estates sold to the buyers as the ownership shall only be transferred upon full payment of the receivables.

The collateral securities related to the Group's trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

The Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risks, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2023 and 2022, before taking into account any collateral held or other credit enhancements, is categorized by geographic location as follows:

	December 31, 2023					
	Philippines	**Asia (excluding Philippines)**	**United States**	**Europe**	**Others***	**Total**
Cash and cash equivalents**	**₱21,174,696,732**	**₱16,387,212,765**	**₱–**	**₱–**	**₱221,066,539**	**₱37,782,976,036**
Financial assets at FVPL:						
Investment in convertible notes	**–**	**180,885,145**	**3,959,219,003**	**–**	**–**	**4,140,104,148**
	–	**180,885,145**	**3,959,219,003**	**–**	**–**	**4,140,104,148**
Financial assets at FVOCI						
Debt securities:						
Government	**120,673,378**	**427,625,472**	**–**	**–**	**51,790,357**	**600,089,207**
Private	**4,955,021,245**	**2,516,180,959**	**–**	**–**	**332,140,788**	**7,803,342,992**
	5,075,694,623	**2,943,806,431**	**–**	**–**	**383,931,145**	**8,403,432,199**
Receivables:						
Trade receivables	**40,343,480,737**	**4,791,332,673**	**–**	**53,043,394**	**147,393,022**	**45,335,249,826**
Due from related parties	**3,914,716,185**	**–**	**–**	**–**	**–**	**3,914,716,185**
Interest receivable	**179,232,248**	**167,410,208**	**–**	**–**	**13,361,858**	**360,004,314**
Other receivables***	**3,197,516,456**	**32,778,450**	**–**	**4,940,195**	**–**	**3,235,235,101**
	47,634,945,626	**4,991,521,331**	**–**	**57,983,589**	**160,754,880**	**52,845,205,426**
Refundable deposits****	**4,474,818,264**	**–**	**–**	**–**	**–**	**4,474,818,264**
Restricted cash****	**1,322,411,798**	**–**	**–**	**–**	**–**	**1,322,411,798**
	₱79,682,567,043	**₱24,503,425,672**	**₱3,959,219,003**	**₱57,983,589**	**₱765,752,564**	**₱108,968,947,871**

** Others include South American countries (i.e., Argentina and Mexico)*
*** Excludes cash on hand amounting to ₱161,200,980*
**** Excludes claims receivable of JGSOC amounting to ₱364,806,582*
***** Included under 'Other noncurrent assets' in the consolidated statements of financial position*

	December 31, 2022					
	Philippines	Asia (excluding Philippines)	United States	Europe	Others*	Total
Cash and cash equivalents**	₱54,260,876,146	₱24,483,625,862	₱–	₱–	₱107,963,722	₱78,852,465,730
Financial assets at FVPL:						
Investment in convertible notes	–	415,471,860	3,986,748,340	–	–	4,402,220,200
Derivative assets	–	–	–	60,911,158	–	60,911,158
	–	415,471,860	3,986,748,340	60,911,158	–	4,463,131,358
Financial assets at FVOCI						
Debt securities:						
Government	126,987,597	367,729,711	–	–	54,831,180	549,548,488
Private	3,796,569,342	3,814,803,351	10,325,826	954,258,980	124,434,010	8,700,391,509
	3,923,556,939	4,182,533,062	10,325,826	954,258,980	179,265,190	9,249,939,997
Receivables:						
Trade receivables	33,137,053,875	4,443,124,540	–	11,142,448	95,138,887	37,686,459,750
Due from related parties	4,421,673,277	–	–	–	–	4,421,673,277
Interest receivable	210,297,366	135,251,145	–	4,356,246	4,244,572	354,149,329
Other receivables***	6,090,775,903	27,449,386	–	4,940,195	–	6,123,165,484
	43,859,800,421	4,605,825,071	–	20,438,889	99,383,459	48,585,447,840
Refundable deposits****	3,158,379,453	–	–	–	–	3,158,379,453
Restricted cash****	1,266,354,890	–	–	–	–	1,266,354,890
	₱106,468,967,849	₱33,687,455,855	₱3,997,074,166	₱1,035,609,027	₱386,612,371	₱145,575,719,268

** Others include South American countries (i.e., Argentina and Mexico)*
*** Excludes cash on hand amounting to ₱219,267,636*
**** Excludes claims receivable of JGSOC amounting to ₱186,737,480*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

ii Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2023 and 2022, before taking into account any collateral held or other credit enhancements.

	December 31, 2023							
	Manufacturing	Real Estate, Renting and Related Business Activities	Wholesale and Retail trade	Financial Intermediaries	Transportation, Storage and Communicatoin	Electricity, Gas and Water	Others*	Total
Cash and cash equivalents**	₱–	₱–	₱–	₱37,782,976,036	₱–	₱–	₱–	₱37,782,976,036
Financial assets at FVPL								
Unquoted equity securities	–	–	–	–	–	–	310,361,162	310,361,162
Investment in convertible notes	3,959,219,003	–	–	–	–	–	180,885,145	4,140,104,148
	3,959,219,003	–	–	–	–	–	491,246,307	4,450,465,310
Financial assets at FVOCI								
Debt securities								
Government	–	–	–	120,673,371	–	–	479,415,836	600,089,207
Private	–	738,259,284	605,906,158	1,695,173,181	1,013,029,127	1,246,251,349	2,504,723,893	7,803,342,992
	–	738,259,284	605,906,158	1,815,846,552	1,013,029,127	1,246,251,349	2,984,139,729	8,403,432,199
Receivables								
Trade receivables	19,383,853,847	21,128,134,952		271,376,137	1,791,717,604	–	2,760,167,286	45,335,249,826
Due from related parties	295,390,767	72,701,436	4,137,721	153,730,045	668,021	–	3,388,088,195	3,914,716,185
Interest receivable		93,011,405	3,116,358	158,290,913	10,134,544	19,398,214	76,052,880	360,004,314
Other receivables***	1,433,135,311	1,188,607,794		21,206,144	–	–	592,285,852	3,235,235,101
	21,112,379,925	22,482,455,587	7,254,079	604,603,239	1,802,520,169	19,398,214	6,816,594,213	52,845,205,426
Refundable security deposits****	–	–	–	–	–	–	4,474,818,264	4,474,818,264
Restricted cash****	–	63,148,423	–	–	1,259,263,375	–	–	1,322,411,798
	₱25,071,598,928	₱23,283,863,294	₱613,160,237	₱40,203,425,827	₱4,074,812,671	₱1,265,649,563	₱14,766,798,513	₱109,279,309,033

** Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.*
*** Excludes cash on hand amounting to ₱161,200,980*
**** Excludes claims receivable of JGSOC amounting to ₱364,806,582*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

	December 31, 2022							
	Manufacturing	Real Estate, Renting and Related Business Activities	Wholesale and Retail trade	Financial Intermediaries	Transportation, Storage and Communicatoin	Electricity, Gas and Water	Others*	Total
Cash and cash equivalents**	₱–	₱–	₱–	₱78,852,465,730	₱–	₱–	₱–	₱78,852,465,730
Financial assets at FVPL								
Derivative assets	–	–	–	60,911,158	–	–	–	60,911,158
Investment in convertible notes	3,986,748,340	–	–	–	33,929,784	–	381,542,076	4,402,220,200
	3,986,748,340	–	–	60,911,158	33,929,784	–	381,542,076	4,463,131,358
Financial assets at FVOCI								
Debt securities								
Government	–	–	–	126,987,588	–	–	422,560,900	549,548,488
Private	448,578,637	931,710,654	1,098,386,907	1,809,311,850	867,646,750	1,302,874,811	2,241,881,900	8,700,391,509
	448,578,637	931,710,654	1,098,386,907	1,936,299,438	867,646,750	1,302,874,811	2,664,442,800	9,249,939,997
Receivables								
Trade receivables	17,202,185,042	17,273,064,571	–	208,737,669	1,897,940,115	–	1,104,532,353	37,686,459,750
Due from related parties	217,801,094	72,701,436	4,137,721	42,799,696	30,668,021		4,053,565,309	4,421,673,277
Interest receivable	11,878,388	66,094,183	3,138,015	186,118,470	5,512,088	18,324,889	63,083,296	354,149,329
Other receivables***	4,483,260,676	1,173,226,727	–	13,268,229	–	–	453,409,852	6,123,165,484
	21,915,125,200	18,585,086,917	7,275,736	450,924,064	1,934,120,224	18,324,889	5,674,590,810	48,585,447,840
Refundable security deposits****	–	–	–	–	–	–	3,158,379,453	3,158,379,453
Restricted cash****	–	434,299,396	–	–	832,055,494	–	–	1,266,354,890
	₱26,350,452,177	₱19,951,096,967	₱1,105,662,643	₱81,300,600,390	₱3,667,752,252	₱1,321,199,700	₱11,878,955,139	₱145,575,719,268

* *Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.*
** *Excludes cash on hand amounting to ₱219,267,636*
*** *Excludes claims receivable of JGSOC amounting to ₱186,737,480*
**** *Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

c. Credit quality per class of financial assets

The table below shows the maximum exposure to credit risk for the Group's financial assets not measured at fair value by credit rating grades:

	2023 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	**₱37,783**	**₱–**	**₱–**	**₱–**	**₱37,783**
Financial Assets at FVPL					
Unquoted Equity Securities					
Unrated	**310**	–	–	–	**310**
Investment in convertible note					
Unrated	**4,140**	–	–	–	**4,140**
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
Standard	**8,403**	–	–	–	**8,403**
Receivables:					
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	**31,669**	**31,669**
Standard	–	–	–	**566**	**566**
Past Due but not Individually Impaired	–	–	–	**12,537**	**12,537**
Individually Impaired	–	–	–	**564**	**564**
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	**2,786**	**2,786**
Standard	–	–	–	**1,129**	**1,129**
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	**360**	–	–	–	**360**
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	**1,363**	–	–	–	**1,363**
Standard	**1,593**	–	–	–	**1,593**
Past Due but not Individually Impaired	–	–	–	**47**	**47**
Individually Impaired	–	–	–	**231**	**231**
Refundable deposits* **					
Neither Past Due nor Individually Impaired					
High Grade	**4,475**	–	–	–	**4,475**
Restricted cash* **					
Neither Past Due nor Individually Impaired					
High Grade	**1,323**	–	–	–	**1,323**
	₱59,750	**₱–**	**₱–**	**₱49,529**	**₱109,279**

** Excludes cash on hand amounting to ₱161,200,980*
*** Excludes claims receivable of JGSOC amounting to ₱364,806,582*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

	2022 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	₱78,853	₱–	₱–	₱–	₱78,853
Financial Assets at FVPL					
Investment in convertible note					
Unrated	4,402	–	–	–	4,402
Derivative assets					
High grade	61	–	–	–	61
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
Standard	9,250	–	–	–	9,250

(Forward)

	2022 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Receivables:					
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	₱–	₱–	₱–	₱26,118	₱26,118
Standard	–	–	–	691	691
Past Due but not Individually Impaired	–	–	–	10,405	10,405
Individually Impaired	–	–	–	473	473
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	3,518	3,518
Standard	–	–	–	904	904
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	330	–	–	–	330
Standard	24	–	–	–	24
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	1,172	–	–	–	1,172
Standard	4,597	–	–	–	4,597
Substandard	30				30
Past Due but not Individually Impaired	–	–	–	45	45
Individually Impaired	–	–	–	278	278
Refundable deposits* **					
Neither Past Due nor Individually Impaired					
High Grade	3,158	–	–	–	3,158
Restricted cash* **					
Neither Past Due nor Individually Impaired					
High Grade	1,266	–	–	–	1,266
	₱103,143	₱–	₱–	₱42,432	₱145,575

** Excludes cash on hand amounting to ₱219,267,636*
*** Excludes claims receivable of JGSOC amounting to ₱186,737,480*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

Classification of Financial Assets by Class used by the Group
High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability.

Other high grade accounts are considered to be of high value since the counterparties have a remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Aging analysis of receivables by class

The aging analysis of the Group's Past Due but Not Impaired receivables as of December 31, 2023 and 2022 follow:

	2023 *(in millions)*				
	Less than 30 Days	**30 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Trade receivables	**₱4,743**	**₱1,740**	**₱1,023**	**₱5,031**	**₱12,537**
Others	**1**	**11**	**34**	**1**	**47**
	₱4,744	**₱1,751**	**₱1,057**	**₱5,032**	**₱12,584**

	2022 *(in millions)*				
	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
Trade receivables	₱5,418	₱892	₱903	₱3,192	₱10,405
Others	16	3	21	5	45
	₱5,434	₱ 895	₱924	₱3,197	₱10,450

Liquidity risk

Liquidity risk refers to the possibility of being unable to meet financial obligations promptly. These obligations include repaying liabilities or making payments for asset purchases as they become due. The Group's liquidity management strategy involves maintaining sufficient funding capacity to cover capital expenditures, service maturing debts, and accommodate fluctuations in asset and liability levels. These fluctuations may arise due to changes in the Group's business operations or unforeseen events influenced by customer behavior or capital market conditions.

To ensure liquidity, the Group holds a level of cash and cash equivalents deemed adequate for financing its ongoing operations. As part of its liquidity risk management, the Group regularly assesses projected and actual cash flows. Additionally, it continuously monitors financial market conditions to identify opportunities for fund-raising activities. These activities may involve obtaining bank loans or issuing capital in both onshore and offshore markets.

The tables below summarize the maturity profile of the Group's financial assets and liabilities based on the applicable undiscounted contractual payments as of December 31, 2023 and 2022:

	2023					
	On Demand	**Up to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 Years**	**Total**
Financial Assets						
Cash and cash equivalents*	**₱23,234,639,662**	**₱14,642,802,958**	**₱138,801**	**₱–**	**₱–**	**₱37,877,581,421**
Financial assets at FVPL:						
Equity securities						
Quoted	**891,103,889**	–	**1,916,978,502**	–	–	**2,808,082,391**
Unquoted	**310,361,162**	–	–	–	–	**310,361,162**
Investment in convertible note	–	**69,286,332**	**207,858,996**	**5,309,617,063**	–	**5,586,762,391**
	1,201,465,051	**69,286,332**	**2,124,837,498**	**5,309,617,063**	–	**8,705,205,944**
Financial assets at FVOCI:						
Debt securities:						
Private	–	**203,647,177**	**8,117,353,108**	–	–	**8,321,000,285**
Government	–	**20,867,323**	**664,892,025**	–	–	**685,759,348**
	–	**224,514,500**	**8,782,245,133**	–	–	**9,006,759,633**
Equity securities						
Quoted	–	–	–	**31,675,970,234**	–	**31,675,970,234**
Unquoted	–	–	–	**2,537,498,790**	–	**2,537,498,790**
	–	–	–	**34,213,469,024**	–	**34,213,469,024**
	–	**224,514,500**	**8,782,245,133**	**34,213,469,024**	–	**43,220,228,657**
Receivables:						
Trade receivables	**3,899,124,393**	**29,337,800,265**	**5,917,176,686**	**4,804,729,891**	**1,376,418,591**	**45,335,249,826**
Due from related parties	**1,742,102,078**	–	**1,000,000,000**	**1,172,614,107**	–	**3,914,716,185**
Interest receivable	**28,831,982**	**16,321,679**	**314,850,653**	–	–	**360,004,314**
Other receivables**	**2,091,373,006**	**1,029,216,675**	**114,645,420**		–	**3,235,235,101**
	7,761,431,459	**30,383,338,619**	**7,346,672,759**	**5,977,343,998**	**1,376,418,591**	**52,845,205,426**
Refundable security deposits***	**5,254,890**	–	**2,004,000**	**617,616,006**	**3,849,943,368**	**4,474,818,264**
Restricted cash***	**63,148,423**	**1,259,263,375**	–	–	–	**1,322,411,798**
	₱32,265,939,485	**₱46,579,205,784**	**₱18,255,898,191**	**₱46,118,046,091**	**₱5,226,361,959**	**₱148,445,451,510**

** Excludes cash on hand amounting to ₱161,200,980*

***Excludes claims receivable of JGSOC amounting to ₱364,806,582*

****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position.*

	2022					
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	Total
Financial Assets						
Cash and cash equivalents*	₱35,207,790,971	₱43,644,674,760	₱4,243,098	₱–	₱–	₱78,856,708,829
Financial assets at FVPL:						
Equity securities						
Quoted	924,202,501	–	1,858,595,155	–	–	2,782,797,656
Derivative assets	–	–	60,911,158	–	–	60,911,158
Investment in convertible note	–	69,768,096	209,304,287	5,103,037,875	–	5,382,110,258
	924,202,501	69,768,096	2,128,810,600	5,103,037,875	–	8,225,819,072
Financial assets at FVOCI:						
Debt securities:						
Private	–	135,023,867	9,105,463,111	–	–	9,240,486,978
Government	–	9,459,428	577,926,773			587,386,201
	–	144,483,295	9,683,389,884	–	–	9,827,873,179
Equity securities						
Quoted	–	–	–	32,505,517,071	–	32,505,517,071
Unquoted	–	–	–	2,316,610,083	–	2,316,610,083
	–	–	–	34,822,127,154	–	34,822,127,154
	–	144,483,295	9,683,389,884	34,822,127,154	–	44,650,000,333
Receivables:						
Trade receivables	7,326,958,211	21,657,670,621	4,251,585,893	3,931,480,723	518,764,302	37,686,459,750
Due from related parties	1,591,468,565	–	1,000,000,000	1,830,204,712	–	4,421,673,277
Interest receivable	41,485,443	47,522,768	265,141,118	–	–	354,149,329
Other receivables	677,356,230	5,362,615,957	83,193,297	–	–	6,123,165,484
	9,637,268,449	27,067,809,346	5,599,920,308	5,761,685,435	518,764,302	48,585,447,840
Refundable security deposits***	2,427,000	–	2,004,000	575,511,509	2,578,436,944	3,158,379,453
Restricted cash***	434,299,396	832,055,494	–	–	–	1,266,354,890
	₱46,205,988,317	₱71,758,790,991	₱17,418,367,890	₱46,262,361,973	₱3,097,201,246	₱184,742,710,417

** Excludes cash on hand amounting to ₱212,967,636*
***Excludes claims receivable of JGSOC amounting to ₱186,737,480*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position.*

	2023					
	On Demand	**Up to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 Years**	**Total**
Financial Liabilities						
Accounts payable and accrued expenses*	**₱33,302,455,003**	**₱36,759,844,117**	**₱4,047,099,548**	**₱ 328,448,653**	**₱776,650,652**	**₱75,214,497,973**
Short-term debt	**–**	**63,628,750,536**	**–**	**–**	**–**	**63,628,750,536**
Due to related parties**	**758,295,148**	**–**	**–**	**–**	**–**	**758,295,148**
Deposits from lessees***	**–**	**1,703,140,244**	**1,801,962,049**	**2,307,040,637**	**2,999,639,702**	**8,811,782,632**
Long-term debt (including current portion)	**211,313,026**	**9,887,124,455**	**44,615,150,160**	**157,002,440,734**	**48,266,639,812**	**259,982,668,187**
Lease liabilities (including current portion)	**1,029,865,271**	**2,297,202,758**	**9,443,383,701**	**54,406,788,851**	**35,948,371,435**	**103,125,612,016**
Bonds payable	**53,639,688**	**103,818,750**	**465,454,063**	**15,311,535,313**	**–**	**15,934,447,814**
Derivative liabilities	**1,291,971**	**1,291,971**	**–**	**–**	**–**	**1,291,971**
	₱35,356,860,107	**₱114,379,880,860**	**₱60,373,049,521**	**₱229,356,254,188**	**₱87,991,301,601**	**₱527,457,346,277**

**Including noncurrent portion booked under 'Other noncurrent liabilities' in the consolidated statement of financial position but excluding Due to related parties, statutory payables, refund and travel fund payable*
*** Included under 'Accounts payable and accrued expense' in the consolidated statement of financial position*
****Included under 'Other current liabilities' and 'Other noncurrent liabilities' in the consolidated statement of financial position)*

	2022					
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	Total
Financial Liabilities						
Accounts payable and accrued expenses*	₱32,760,916,498	₱23,416,688,197	₱6,435,713,693	₱2,482,252,273	₱614,159,445	₱65,709,730,106
Short-term debt	–	87,349,529,854	4,804,760,833	–	–	92,154,290,687
Due to related parties**	161,443,000	–	–	–	–	161,443,000
Deposits from lessees ***	–	1,450,851,140	1,542,289,999	1,804,219,156	2,485,888,503	7,283,248,798
Long-term debt (including current portion)	234,081,430	36,594,208,595	41,371,475,743	128,374,272,096	46,017,379,903	252,591,417,767
Lease liabilities (including current portion)	601,443,881	1,472,036,024	5,745,576,480	33,554,638,594	19,320,548,031	60,694,243,010
Bonds payable	54,012,656	102,798,281	470,432,813	16,045,243,594	–	16,672,487,344
Derivative liabilities	846,835,509	–	–	–	–	846,835,509
	₱34,658,732,974	₱150,386,112,091	₱60,370,249,561	₱182,260,625,713	₱68,437,975,882	₱496,113,696,221

**Including noncurrent portion booked under 'Other noncurrent liabilities' in the consolidated statement of financial position but excluding Due to related parties, statutory payables, refund and travel fund payable*
*** Included under 'Accounts payable and accrued expense' in the consolidated statement of financial position*
****Included under 'Other current liabilities' and 'Other noncurrent liabilities' in the consolidated statement of financial position)*

Market risk
Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Foreign currency risk
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. As of December 31, 2023, 2022 and 2021, approximately 26.4%, 28.0% and 27.1%, respectively, of the Group's total sales are denominated in currencies other than the functional currency. In addition, approximately 33.4% and 35.5% of total debt are denominated in US Dollar as of December 31, 2023 and 2022, respectively. The Group's capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group's exposure to foreign currency risk as of December 31, 2023 and 2022:

	2023		
	US Dollar	**Other Currencies***	**Total**
Assets			
Cash and cash equivalents	**₱10,974,215,636**	**₱4,517,325,478**	**₱15,491,541,114**
Financial assets at FVPL	**4,219,417,982**	**1,837,664,631**	**6,057,082,613**
Financial assets at FVOCI	**8,403,432,194**	**2,537,498,790**	**10,940,930,984**
Receivables	**10,796,265,926**	**2,532,908,272**	**13,329,174,198**
Other current assets	**2,622,361,273**	**12,663,545**	**2,635,024,818**
	37,015,693,011	**11,438,060,716**	**48,453,753,727**
Liabilities			
Accounts payable and accrued expenses	**6,267,702,370**	**2,040,519,165**	**8,308,221,535**
Financial liabilities at FVPL	**1,291,971**	**–**	**1,291,971**
Short-term debt	**3,420,938,810**	**–**	**3,420,938,810**
Long-term debt (including current portion)	**61,797,885,517**	**23,172,830,732**	**84,970,716,249**
Lease Liabilities	**82,602,465,046**	**–**	**82,602,465,046**
	154,090,283,714	**25,213,349,897**	**179,303,633,611**
Net Foreign Currency-Denominated Liabilities	**(₱117,074,590,703)**	**(₱13,775,289,181)**	**(₱130,849,879,884)**

**Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro*

	2022		
	US Dollar	Other Currencies*	Total
Assets			
Cash and cash equivalents	₱37,225,720,936	₱3,527,707,061	₱40,753,427,997
Financial assets at FVPL	4,206,497,226	1,993,386,450	6,199,883,676
Financial assets at FVOCI	9,249,939,997	996,129,033	10,246,069,030
Receivables	10,092,532,218	1,211,941,493	11,304,473,711
Other current assets	3,069,540,375	806,424	3,070,346,799
	63,844,230,752	7,729,970,461	71,574,201,213
Liabilities			
Accounts payable and accrued expenses	19,704,810,897	1,367,295,199	21,072,106,096
Financial liabilities at FVPL	846,835,509	–	846,835,509
Short-term debt	8,476,200,697	1,372,287,539	9,848,488,236
Long-term debt (including current portion)	87,653,827,290	5,668,467,652	93,322,294,942
Lease Liabilities	47,805,820,001	–	47,805,820,001
	164,487,494,394	8,408,050,390	172,895,544,784
Net Foreign Currency-Denominated Liabilities	(₱100,643,263,642)	(₱678,079,929)	(₱101,321,343,571)

**Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro*

The exchange rates used to convert the Group's US dollar-denominated assets and liabilities into Philippine peso as of December 31, 2023 and 2022 follow:

	2023	2022
US dollar-Philippine peso exchange rate	**₱55.370 to US$1.00**	₱55.755 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar-Philippine peso exchange rate on the Group's income before income tax (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2023 and 2022:

Reasonably Possible Changes in Exchange rates	Change in Income Before Income Tax **2023**	2022
₱2.0	**(₱3,236,013,445)**	(₱3,610,196,884)
(2.0)	**3,236,013,445**	3,610,196,884

Other than the potential impact on the Group's pre-tax income, the Group does not expect any other material effect on equity.

The Group does not expect the impact of the volatility on other currencies to be material.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

In 2023 and 2022, changes in fair value of equity instruments held as financial assets at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, will increase equity by ₱326.7 million and ₱523.2 million, respectively, if equity prices will increase by 1.5%. In 2023, 2022 and 2021, changes in fair value of equity instruments held as financial assets at FVPL due to a reasonably possible change in equity indices, with all other variables held constant, will increase profit by ₱25.2 million, ₱9.6 million and ₱6.5 million, respectively, if equity prices will increase by 1.5%. An equal change in the opposite direction would have decreased equity and profit by the same amount.

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' long-term debt obligations which are subject to floating rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.

The following tables show information about the Group's long-term debt with floating interest rate presented by maturity profile:

	2023										
	<1 year	**>1-<2 years**	**>2-<3 years**	**>3-<4 years**	**>4-<5 years**	**>5 years**	**Total (In Original Currency)**	**Total (in Philippine Peso)**	**Debt Issuance Costs**	**Carrying Value (in Philippine Peso)**	**Fair Value**
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 2.0%-5.0% (PH BVAL)	**₱2,190,872,905**	**₱2,232,909,780**	**₱2,232,909,780**	**₱1,210,588,765**	**₱112,584,210**	**₱–**	**₱7,979,865,440**	**₱7,979,865,440**	**₱–**	**₱7,979,865,440**	**₱7,182,601,862**
Term loan											
Interest rate (Prevailing market rate + GRT)	**–**				**9,930,034,288**		**9,930,034,288**	**10,000,000,000**	**69,965,712**	**9,930,034,288**	**10,179,831,852**
Term loan											
Interest rate (BSP Overnight RRP + 0.5%)	**4,965,996,339**	**–**	**–**	**–**	**–**	**–**	**4,965,996,339**	**5,000,000,000**	**34,003,661**	**4,965,996,339**	**4,981,875,930**
Term loan											
Interest rate (BVAL + 0.5%)	**6,992,530,514**	**–**	**–**	**–**	**–**	**–**	**6,992,530,514**	**7,000,000,000**	**7,469,486**	**6,992,530,514**	**6,936,282,501**
Term Loan		**–**	**–**	**–**	**–**	**–**					
Interest rate (BVAL + 0.75%)	**14,508,000,000**	**–**	**–**	**–**	**–**	**–**	**14,508,000,000**	**14,508,000,000**	**–**	**14,508,000,000**	**15,058,416,041**
Term Loan											
Interest rate (BVAL + 0.75%)	**–**	**4,000,000,000**	**–**	**–**	**–**	**–**	**4,000,000,000**	**4,000,000,000**	**–**	**4,000,000,000**	**4,292,282,029**
Term Loan											
Interest rate (BVAL + 0.75%)	**–**	**–**	**–**	**–**	**9,929,481,600**	**–**	**9,929,481,600**	**9,929,481,600**	**–**	**9,929,481,600**	**10,015,180,665**
Term Loan											
Interest rate (BVAL + 0.75%)	**–**	**–**	**–**	**–**	**24,829,436,296**	**–**	**24,829,436,296**	**24,829,436,296**	**–**	**24,829,436,296**	**25,014,420,381**
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY TONA)	**¥3,209,467,725**	**¥3,319,862,626**	**¥3,346,380,067**	**¥3,373,136,381**	**¥3,399,661,220**	**¥22,010,436,745**	**¥38,658,944,764**	**15,192,965,292**	**-**	**15,192,965,292**	**14,838,083,812**
USD Commercial loans											
Interest rate 1.0%-8.0% (USD LIBOR)	**US$29,636,730**	**US$31,424,992**	**US$86,637,811**	**US$57,593,749**	**US$10,830,535**	**US$64,297,365**	**US$280,421,182**	**15,526,920,855**	**-**	**15,526,920,855**	**14,307,894,131**
								₱113,966,669,483	**₱111,438,859**	**₱113,855,230,624**	**₱112,806,869,204**

	2022										
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total (In Original Currency)	Total (in Philippine Peso)	Debt Issuance Costs	Carrying Value (in Philippine Peso)	Fair Value
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 2.0%-5.0% (PH BVAL)	₱644,444,097	₱3,559,918,166	₱2,593,956,240	₱1,523,162,940	₱867,999,778	₱4,606,673,732	₱13,796,154,953	₱13,796,154,953	₱–	₱13,796,154,953	₱16,146,365,699
Term loan											
Interest rate (Prevailing market rate + GRT)	9,992,871,207	–	–	–	–	–	9,992,871,207	10,000,000,000	7,128,793	9,992,871,207	9,937,069,333
Term loan											
Interest rate (BVAL + 0.5%)	4,996,310,004	–	–	–	–	–	5,159,718,900	5,000,000,000	3,689,996	4,996,310,004	4,927,783,446
Term loan											
Interest rate (BVAL + 0.5%)	–	6,981,566,526	–	–	–	–	6,981,566,526	7,000,000,000	18,433,474	6,981,566,526	6,578,214,795
Term Loan											
Interest rate (BVAL + 0.75%)	–	14,508,000,000	–	–	–	–	14,508,000,000	14,508,000,000	–	14,508,000,000	15,046,765,395
Term Loan											
Interest rate (BVAL + 0.75%)	–	–	4,000,000,000	–	–	–	4,000,000,000	4,000,000,000	–	4,000,000,000	4,190,179,694
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY TONA)	¥1,568,936,150	¥1,577,004,749	¥1,585,465,365	¥1,593,796,773	¥1,602,172,729	¥5,653,045,058	¥13,580,420,824	5,668,467,652	-	5,668,467,652	4,859,063,361
USD Commercial loans											
Interest rate 1.0%-8.0% (USD LIBOR)	US$32,524,939	US$33,513,360	US$34,542,373	US$95,175,604	US$57,593,749	US$111,248,543	US$364,598,568	20,328,193,139	-	20,328,193,139	17,936,130,496
								₱80,300,815,744	₱29,252,263	₱80,271,563,481	₱79,621,572,219

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group's income from floating debt obligations before income tax:

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2023	2022
+150.0 basis points (bps)	**(₱1,129,976,141)**	(₱1,527,814,468)
-150.0 bps	**1,129,976,141**	1,527,814,468

Price interest rate risk
The Group is exposed to the risks of changes in the value/future cash flows of its financial instruments due to its market risk exposures. The Group's exposure to interest rate risk relates primarily to the Group's financial assets at FVPL and financial assets at FVOCI investments.

The table below shows the impact on income before income tax of the estimated future yield of the related market indices of the Group's FVPL and FVOCI investments using a sensitivity approach.

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2023	2022
+150.0 basis points (bps)	**(₱141,884,094)**	(₱149,663,411)
-150.0 bps	**247,429,763**	264,765,391

Reasonably Possible Changes in Interest Rates	Change in Other Comprehensive Income	
	2023	2022
+150.0 basis points (bps)	**(₱168,904,108)**	(₱177,620,441)
-150.0 bps	**168,904,108**	177,620,441

Commodity price risk
The Group enters into commodity derivatives to hedge its exposure to jet fuel price risks arising from its forecasted fuel purchases. Commodity hedging allows stability in prices, thus, offsetting the risk of volatile market fluctuations. Depending on the economic hedge cover, the price changes on the commodity derivative positions are offset by higher or lower purchase costs on fuel. A change in price by US$10.00 per barrel of jet fuel affects the Group's fuel costs in pre-tax income by ₱2.5 billion and ₱1.7 billion for years December 31, 2023 and 2022, respectively, in each of the covered periods, assuming no change in volume of fuel is consumed.

Derivative financial instruments which are part of hedging relationships do not expose the Group to market risk since changes in the fair value of the derivatives are offset by the changes in the fair value of the hedged items.

These hedging activities are in accordance with the risk management strategy and objectives outlined in the Treasury Risk Management policies and guidelines which have been approved by the Executive Committee on September 1, 2019.

5. Fair Value Measurement

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

Cash and cash equivalents, receivables (except installment contract receivables), accounts payable and accrued expenses and short-term debt
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Installment contract receivables
Fair values of installment contract receivables are based on the discounted value of future cash flows using the applicable rates for similar types of receivables. The discount rates used range from 6.1% to 6.2% in 2023 and from 5.4% to 6.7% in 2022.

Debt securities
Fair values of debt securities are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

Quoted equity securities
Fair values are based on quoted prices published in markets.

Unquoted equity securities
Investment in unquoted equity security classified as FVOCI include interest in unlisted preference shares of stock of a fintech company. Fair values are established with reference ot the IPEV Guidelines as discussed in Note 3. In line with the IPEV Valuation Guidelines, the valuation of unquoted equity securities are based on the price of the most recent transaction (i.e., latest funding round post-money valuation of the underlying companies). Funding rounds refer to the series of funding start-up companies go through to raise capital.

Due from and due to related parties
Carrying amounts of due from and due to related parties approximate their fair values because these are collectible/payable on demand, except for certain due from related parties amounting to ₱1.2 billion and ₱1.8 billion as of December 31, 2023 and 2022, respectively, which will mature in April 2025. Due from related parties are unsecured.

Noninterest-bearing refundable security deposits
The fair values are determined as the present value of estimated future cash flows using prevailing market rates.

Investment in convertible notes
The fair value of the convertible notes are determined using HP binomial pricing model and EV/Sales multiple of comparable companies' market data.

Biological assets
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Derivative financial instruments
The fair values of the interest rate derivatives are determined based on the quotes obtained from counterparties. The fair value of the embedded derivative component for the equity conversion and redemption options of the convertible bonds payable was determined using the Jarrow-Rudd model (Note 23).

Investment properties
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Deposits from lessees
The fair value of customers' deposits is based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 6.1% to 6.2% in 2023 and from 5.4% to 6.7% in 2022.

Bonds payable
The fair value of bonds payable is based on the discounted value of future cash flows (interests and principal). The discount rates used is 3.7% in 2023 and 6.4% in 2022.

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans. The discount rates used for peso-denominated long-term debt range from 2.0% to 6.7% in 2023 and from 1.0% to 6.7% in 2022, and for foreign currency-denominated long-term debt from 2.0%-7.0% in 2023 and 2.9%-6.7% in 2022.

Fair Value Hierarchy of Assets and Liabilities
Assets and liabilities carried at fair value are those whose fair values are required to be disclosed.

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

The following table shows the Group's assets and liabilities carried at fair value:

	December 31, 2023				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Assets measured at fair value					
Financial assets at FVPL:					
Equiy securties					
Quoted	**₱2,808,082,391**	**₱2,808,082,391**	**₱–**	**₱–**	**₱2,808,082,391**
Unquoted	**310,361,162**	**–**	**310,361,162**	**–**	**310,361,162**
Investment in convertible notes	**4,140,104,148**	**–**	**4,140,104,148**	**–**	**4,140,104,148**
	7,258,547,701	**2,808,082,391**	**4,450,465,310**	**–**	**7,258,547,701**
Financial assets at FVOCI					
Debt securities:					
Government	**600,089,207**	**600,089,207**	**–**	**–**	**600,089,207**
Private	**7,803,342,992**	**–**	**7,803,342,992**	**–**	**7,803,342,992**
	8,403,432,199	**600,089,207**	**7,803,342,992**	**–**	**8,403,432,199**
Equity securities:					
Quoted	**31,675,970,234**	**31,555,370,234**	**120,600,000**	**–**	**31,675,970,234**
Unquoted	**2,537,498,790**	**–**	**2,537,498,790**	**–**	**2,537,498,790**
	34,213,469,024	**31,555,370,234**	**2,658,098,790**	**–**	**34,213,469,024**
	42,616,901,223	**32,155,459,441**	**10,461,441,782**	**–**	**42,616,901,223**
Biological assets	**271,933,727**	**–**	**20,311,419**	**251,622,308**	**271,933,727**
	₱50,147,382,651	**₱34,963,541,832**	**₱14,932,218,511**	**₱251,622,308**	**₱50,147,382,651**
Liabilities measured at fair value					
Derivative liabilities	**₱1,291,971**	**₱–**	**₱1,291,971**	**₱–**	**₱1,291,971**
Assets for which fair values are disclosed					
Receivables:					
Trade receivables	**₱44,850,258,112**	**₱–**	**₱–**	**₱ 43,403,205,317**	**43,403,205,317**
Other receivables	**2,925,633,256**	**–**	**–**	**2,925,633,256**	**2,925,633,256**
Refundable deposits	**4,474,818,264**	**–**	**–**	**3,835,317,992**	**3,835,317,992**
Investment properties	**129,076,998,999**	**–**	**–**	**417,970,683,686**	**417,970,683,686**
	₱181,327,708,631	**₱–**	**₱–**	**₱468,134,840,251**	**₱468,134,840,251**
Liabilities for which fair values are disclosed					
Deposits from lessees	**₱ 8,852,370,105**	**₱–**	**₱–**	**₱7,459,525,441**	**₱7,459,525,441**
Bonds payable	**13,437,715,699**	**–**	**–**	**14,073,572,664**	**14,073,572,664**
Long-term debt (including current portion)	**224,698,241,645**	**–**	**–**	**203,058,057,340**	**203,058,057,340**
	₱246,988,327,449	**₱–**	**₱–**	**₱224,591,155,445**	**₱224,591,155,445**

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Derivative assets4/15/2024	₱60,911,158	₱–	₱60,911,158	₱–	₱60,911,158
Equity securities:					
Quoted	2,782,797,656	2,782,797,656	–	–	2,782,797,656
Investment in convertible notes	4,402,220,200	–	4,402,220,200	–	4,402,220,200
	7,245,929,014	2,782,797,656	4,463,131,358	–	7,245,929,014
Financial assets at FVOCI					
Debt securities:					
Government	549,548,488	549,548,488	–	–	549,548,488
Private	8,700,391,509	–	8,700,391,509	–	8,700,391,509
	9,249,939,997	549,548,488	8,700,391,509	–	9,249,939,997
Equity securities:					
Quoted	32,505,517,071	32,400,067,071	105,450,000	–	32,505,517,071
Unquoted	2,316,610,083	–	2,316,610,083	–	2,316,610,083
	34,822,127,154	32,400,067,071	2,422,060,083	–	34,822,127,154
	44,072,067,151	32,949,615,559	11,122,451,592	–	44,072,067,151
Biological assets	411,043,775	–	26,191,503	384,852,272	411,043,775
	₱51,729,039,940	₱35,732,413,215	₱15,611,774,453	₱384,852,272	₱51,729,039,940
Liabilities measured at fair value					
Derivative liabilities	₱846,835,509	₱–	₱846,835,509	₱–	₱846,835,509
Assets for which fair values are disclosed					
Receivables:					
Trade receivables	₱37,242,720,078	₱–	₱–	₱36,261,751,428	36,261,751,428
Other receivables	5,816,236,127	–	–	5,816,236,127	5,816,236,127
Refundable deposits	3,124,443,633	–	–	2,553,754,516	2,553,754,516
Investment properties	123,082,820,865	–	–	344,800,774,088	344,800,774,088
	₱169,266,220,703	₱–	₱–	₱389,432,516,159	₱389,432,516,159
Liabilities for which fair values are disclosed					
Deposits from lessees	₱7,283,248,798	₱–	₱–	₱6,098,528,084	₱6,098,528,084
Bonds payable	13,423,322,594	–	–	12,608,846,224	12,608,846,224
Long-term debt (including current portion)	224,240,341,407	–	–	228,826,335,820	228,826,335,820
	₱244,946,912,799	₱–	₱–	₱247,533,710,128	₱247,533,710,128

In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial asset determined under Level 3 includes investment properties. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Installment Contract receivable under 'Trade Receivables'	Discounted cash flow method	6.1% - 6.2% discount rate
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and Cost approach	Price/cost per square meter, size, shape, location, time element, discount, replacement cost and depreciation for improvements
	Discounted cash flow method	Discount rate, capitalization rate, growth rate, occupancy rate
Refundable deposits	Discounted cash flow method	3.0% - 6.0% discount rate
Bonds Payable	Discounted cash flow method	3.7%
Long-term debt	Discounted cash flow method	2.0% - 7.0% discount rate

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets, considering all other variables are held constant.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Risk premium	The return in excess of the risk-free rate of return that an investment is expected to yield.
Reasonable profit margin	Mark up of biological assets at different stages of development.
Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit

6. Segment Information

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.

The industry segments where the Group operates are as follows:

- Foods, agro-industrial and commodities businesses – manufacturing and distribution of a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles and pasta; hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products; and sugar milling and refining and flour milling.

- Air transportation – air transport services, both domestic and international, for passengers and cargos; and line and light maintenance services.

- Real estate and hotels – ownership, development, leasing and management of shopping malls and retail developments; ownership and operation of prime hotels in major Philippine cities; development, sale and leasing of office condominium space in office buildings and mixed-use developments including high rise residential condominiums; and development of land into residential subdivisions and sale of subdivision lots and residential houses and the provision of customer financing for sales.

- Petrochemicals – manufacturer of polyethylene (PE), polypropylene (PP), polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline, pyrolysis fuel oil, aromatics, butadiene and liquefied petroleum gas (LPG).

- Banking – commercial banking operations, including deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing.

- Other supplementary businesses – insurance brokering, data analytics, securities investment and business process outsourcing. This also includes dividend income from PLDT and equity in net earnings of Meralco.

No operating segments have been aggregated to form the above reportable operating business segments.

The Group does not have a single external major customer (which represents 10.0% of Group's revenues).

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as the consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance cost and other charges), finance income, market valuation gains(losses) on financial assets at FVPL and derivatives, foreign exchange gains (losses), other operating income, general and administrative expenses, impairment losses and others and income taxes are managed on a group basis and are not allocated to operating segments. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each of the Group's segments. The Excom oversees Group's decision making process. The Excom's functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process. The Excom is the Group's chief operating decision maker.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for 'Core earnings', EBIT' and EBITDA' as of and for the years ended December 31, 2023, 2022 and 2021. Core earnings pertain to income before income tax excluding market valuation gains (losses) on financial assets at FVPL, market valuation gains (losses) on derivative financial instruments and foreign exchange gains (losses).

The Group's operating segment information follows:

	December 31, 2023						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue							
Sale of goods and services:							
External customers	₱158,366,708,572	₱90,602,558,755	₱39,033,664,006	₱38,017,416,362	₱889,532,324	₱–	₱326,909,880,019
Intersegment revenues	–	–	272,327,554	865,388,385	–	(1,137,715,939)	–
	158,366,708,572	90,602,558,755	39,305,991,560	38,882,804,747	889,532,324	(1,137,715,939)	326,909,880,019
Dividend income (Note 28)	64,605,739	–	–	–	2,805,773,472	–	2,870,379,211
Equity in net earnings (losses) of associates and joint ventures (Note 14)	(287,249,906)	58,564,194	4,723,779,098	–	9,658,372,342	35,446,131	14,188,911,859
Total revenue	158,144,064,405	90,661,122,949	44,029,770,658	38,882,804,747	13,353,678,138	(1,102,269,808)	343,969,171,089
Cost of sales and services (Note 30)	115,353,994,125	58,399,860,511	19,522,783,959	45,149,156,889	266,212,680	(1,184,427,987)	237,507,580,177
Gross income	₱42,790,070,280	₱32,261,262,438	₱24,506,986,699	(₱6,266,352,142)	₱13,087,465,458	₱82,158,179	106,461,590,912
General and administrative expenses (Note 31)							57,100,645,254
Provision for impairment losses and others (Note 34)							357,878,941
Operating income							49,003,066,717
Financing cost and other charges (Note 35)							(16,254,753,285)
Finance income (Note 27)							1,972,482,422
Other operating income (Note 29)							865,982,258
Core earnings							35,586,778,112
Market valuation losses on financial assets							1,253,550,243
Foreign exchange losses							(217,143,355)
Income before income tax							36,623,185,000
Provision for income tax (Note 38)							3,197,719,058
Net income from Continuing Operations							33,425,465,942
Net income from Discontinued Operations (Note 44)							701,530,141
Net income							₱34,126,996,083
Net Income Attributable To							
Equity holders of the Parent Company							
Income (loss) from Continuing Operations	₱6,760,183,735	₱5,314,456,433	₱10,683,001,410	(₱12,920,542,336)	₱9,730,355,674	₱56,428,945	₱19,623,883,861
Income from Discontinued Operations							420,918,085
							₱20,044,801,946
EBIT	₱17,352,227,469	₱8,578,962,404	₱17,335,747,082	(₱8,044,444,821)	₱13,898,992,573	(₱118,417,990)	₱49,003,066,717
Depreciation, amortization and impairment (Notes 33 and 34)	6,403,094,767	13,259,622,656	5,485,248,050	4,297,293,350	280,709,659	29,711,412	29,755,679,894
EBITDA	₱23,755,322,236	₱21,838,585,060	₱22,820,995,132	(₱3,747,151,471)	₱14,179,702,232	(₱88,706,578)	₱78,758,746,611
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	₱9,337,591	₱59,545,114	₱–	₱–	₱6,373,343	₱–	₱75,256,048
Investments	–	–	–	–	56,074,692	–	56,074,692
Inventories	8,060	–	–	–	–	–	8,060
Property, plant and equipment	226,540,141	–	–	–	–	–	226,540,141
	₱235,885,792	₱59,545,114	₱–	₱–	₱62,448,035	₱–	₱357,878,941

	December 31, 2022						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue							
Sale of goods and services:							
External customers	₱149,903,643,832	₱56,751,365,857	₱43,379,718,149	₱35,960,997,584	₱991,040,335	₱–	₱286,986,765,757
Intersegment revenues	–	–	420,780,366	1,042,147,897	–	(1,462,928,263)	–
	149,903,643,832	56,751,365,857	43,800,498,515	37,003,145,481	991,040,335	(1,462,928,263)	286,986,765,757
Dividend income (Note 28)	80,757,174	–	–	–	2,988,724,620	–	3,069,481,794
Equity in net earnings (losses) of associates and joint ventures (Note 14)	(378,967,690)	(113,288,470)	4,440,267,867	–	7,710,559,052	193,429,803	11,852,000,562
Total revenue	149,605,433,316	56,638,077,387	48,240,766,382	37,003,145,481	11,690,324,007	(1,269,498,460)	301,908,248,113
Cost of sales and services (Note 30)	110,684,186,365	48,921,257,587	27,039,622,613	46,924,831,352	202,927,215	(1,219,327,141)	232,553,497,991
Gross income (loss)	₱38,921,246,951	₱7,716,819,800	₱21,201,143,769	(₱9,921,685,871)	₱11,487,396,792	(₱50,171,319)	69,354,750,122
General and administrative expenses (Note 31)							50,622,342,708
Provision for impairment losses and others (Note 34)							468,436,281
Operating income							18,263,971,133
Financing cost and other charges (Note 35)							(11,133,490,485)
Finance income (Note 27)							1,705,900,004
Other operating income (Note 29)							7,054,660,092
Core earnings							15,891,040,744
Market valuation losses on financial assets							705,308,878
Foreign exchange losses							(7,367,661,264)
Income before income tax							9,228,688,358
Provision for income tax (Note 38)							2,750,347,423
Net income from Continuing Operations							6,478,340,935
Net income from Discontinued Operations (Note 44)							1,563,040,343
Net income							₱8,041,381,278
Net Income Attributable To							
Equity holders of the Parent Company							
Income (loss) from Continuing Operations	₱7,783,488,047	(₱9,163,068,059)	₱9,158,371,651	(₱14,904,374,896)	₱6,699,329,773	₱139,506,231	(₱287,202,040)
Income from Discontinued Operations							937,824,206
							₱650,622,166
EBIT	₱15,223,604,351	(₱11,428,849,757)	₱14,112,398,035	(₱11,686,167,084)	₱13,152,325,700	(₱1,109,340,112)	₱18,263,971,133
Depreciation, amortization and impairment (Notes 33 and 34)	6,288,252,700	12,092,864,031	5,237,176,161	3,617,550,354	384,821,648	111,420,469	27,732,085,363
EBITDA	₱21,511,857,051	₱664,014,274	₱19,349,574,196	(₱8,068,616,730)	₱13,537,147,348	(₱997,919,643)	₱45,996,056,496
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	₱4,053,836	₱1,468,389	₱–	₱–	₱43,787,878	₱–	₱49,310,103
Inventories	–	–	9,394,630	–	–	–	9,394,630
Property, plant and equipment	322,984,653	86,746,895	–	–	–	–	409,731,548
	₱327,038,489	₱88,215,284	₱9,394,630	₱–	₱43,787,878	₱–	₱468,436,281

	December 31, 2021						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue							
Sale of goods and services:							
External customers	₱116,954,788,444	₱15,740,756,855	₱35,561,985,340	₱40,323,467,713	₱841,464,699	₱–	₱209,422,463,051
Intersegment revenues	–	–	554,401,657	1,482,671,886	–	(2,037,073,543)	–
	116,954,788,444	15,740,756,855	36,116,386,997	41,806,139,599	841,464,699	(2,037,073,543)	209,422,463,051
Dividend income (Note 28)	32,302,870	–	–	–	2,094,517,684	–	2,126,820,554
Equity in net earnings (losses) of associates and joint ventures (Note 14)	(91,077,671)	(174,431,012)	3,104,377,547	–	6,714,402,125	177,352,879	9,730,623,868
Total revenue	116,896,013,643	15,566,325,843	39,220,764,544	41,806,139,599	9,650,384,508	(1,859,720,664)	221,279,907,473
Cost of sales and services (Note 30)	83,489,333,409	19,065,731,725	23,378,006,275	40,376,611,148	230,207,848	(2,388,418,933)	164,151,471,472
Gross income	₱33,406,680,234	(₱3,499,405,882)	₱15,842,758,269	₱1,429,528,451	₱9,420,176,660	₱528,698,269	57,128,436,001
General and administrative expenses (Note 31)							46,501,463,757
Provision for impairment losses and others (Note 34)							713,760,729
Operating income							9,913,211,515
Financing cost and other charges (Note 35)							(9,111,084,606)
Finance income (Note 27)							1,094,584,901
Other operating income (Note 29)							461,982,160
Core earnings							2,358,693,970
Market valuation losses on financial assets							(1,094,513,349)
Foreign exchange losses							(3,107,872,656)
Loss before income tax							(1,843,692,035)
Provision for income tax (Note 38)							81,948,817
Net loss from Continuing Operations							(1,925,640,852)
Net income from Discontinued Operations (Note 44)							12,659,665,024
Net income							₱10,734,024,172
Net Income Attributable To							
Equity holders of the Parent Compay							
Income (loss) from Continuing Operations	₱12,496,247,002	(₱17,150,436,805)	₱7,600,091,719	(₱2,139,245,570)	₱4,301,943,322	(₱1,219,618,477)	₱3,888,981,191
Income from Discontinued Operations							1,219,248,580
							₱5,108,229,771
EBIT	₱12,716,395,019	(₱23,157,858,622)	₱9,713,808,554	(₱113,840,195)	₱ 11,022,627,467	(₱267,920,708)	₱9,913,211,515
Depreciation, amortization and impairment (Notes 33 and 34)	5,762,875,646	14,355,454,086	5,246,968,024	3,199,076,231	356,857,641	110,797,868	29,032,029,496
EBITDA	₱18,479,270,665	(₱8,802,404,536)	₱14,960,776,578	₱3,085,236,036	₱11,379,485,108	(₱157,122,840)	₱38,945,241,011
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	₱30,419,962	₱104,625,855	₱–	₱–	₱–	₱–	₱135,045,817
Inventories	109,167,827	–	–	–	–	–	109,167,827
Property, plant and equipment	–	–	–	–	432,631,271	–	432,631,271
Other assets	–	36,915,814	–	–	–	–	36,915,814
	₱139,587,789	₱141,541,669	₱–	₱–	₱432,631,271	₱–	₱713,760,729

Other information on the Group's operating segments follow:

	December 31, 2023						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**Consolidated**
Investments in associates and joint ventures (Note 14)	**₱99,348,952**	**₱300,444,965**	**₱68,364,393,691**	**₱–**	**₱83,236,319,803**	**₱–**	**₱152,000,507,411**
Segment assets*	**₱ 180,320,567,543**	**₱186,340,996,956**	**₱235,689,674,878**	**₱149,346,782,589**	**₱314,323,265,179**	**(₱124,457,797,965)**	**₱941,563,489,180**
Short-term debt (Note 23)	**₱26,689,650,885**	**₱–**	**₱800,000,000**	**₱29,835,214,956**	**₱6,200,000,000**	**₱–**	**₱63,524,865,841**
Long-term debt and bonds payable (Note 23)	**₱–**	**₱52,137,467,285**	**₱53,149,167,459**	**₱69,758,917,897**	**₱63,090,404,703**	**₱–**	**₱238,135,957,344**
Segment liabilities*	**₱61,828,704,386**	**₱192,425,494,499**	**₱94,214,865,509**	**₱109,255,165,385**	**₱87,758,186,925**	**(₱29,596,300,707)**	**₱515,886,115,997**
Capital expenditures (Notes 15 and 16)*	**₱10,499,685,632**	**₱30,499,712,252**	**₱11,969,837,192**	**₱6,455,840,307**	**₱302,852,685**	**₱–**	**₱59,727,928,068**

**Excludes Assets held for sale and Liabilities directly associated with assets held for sale and Capital expenditures for the banking business of ₱120,285,824*

	December 31, 2022						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱138,060,136	₱221,880,771	₱63,088,033,268	₱–	₱79,856,313,689	(₱9,363,697)	₱143,294,924,167
Segment assets*	₱169,953,629,407	₱146,312,316,002	₱222,935,878,945	₱149,083,076,283	₱324,627,168,777	(₱105,851,661,136)	₱907,060,408,278
Short-term debt (Note 23)	₱23,220,000,075	₱–	₱–	₱63,897,480,266	₱4,800,000,000	₱–	₱91,917,480,341
Long-term debt and bonds payable (Note 23)	₱–	₱ 53,802,805,005	₱51,159,115,665	₱35,000,000,000	₱97,701,743,331	₱–	₱237,663,664,001
Segment liabilities*	₱53,983,288,312	₱160,060,000,031	₱87,488,753,059	₱107,103,862,106	₱121,275,333,660	(₱30,426,306,449)	₱499,484,930,719
Capital expenditures (Notes 15 and 16)*	₱9,134,912,018	₱9,782,769,849	₱16,530,695,674	₱8,761,779,012	₱361,772,380	₱–	₱44,571,928,933

**Excludes Assets held for sale and Liabilities directly associated with assets held for sale and Capital expenditures for the banking business of ₱275,244,873*

	December 31, 2021							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱55,228,221	₱335,169,241	₱60,625,797,118	₱–	₱154,688,271	₱85,066,356,893	(₱203,120,288)	₱146,034,119,456
Segment assets	₱153,610,243,352	₱137,410,223,820	₱227,949,939,021	₱164,145,750,794	₱179,709,446,390	₱309,565,072,410	(₱148,856,022,924)	₱1,023,534,652,863
Short-term debt (Note 23)	₱15,914,691,530	₱–	₱–	₱50,080,891,952	₱–	₱–	₱–	₱65,995,583,482
Long-term debt and bonds payable (Note 23)	₱–	₱58,139,935,742	₱47,042,864,144	₱30,000,000,000	₱–	₱97,334,229,123	₱–	₱232,517,029,009
Segment liabilities	₱43,842,509,517	₱138,076,956,315	₱97,599,974,998	₱112,640,010,246	₱161,246,398,372	₱113,115,333,724	(₱86,617,512,869)	₱579,903,670,303
Capital expenditures (Notes 15 and 16)	₱13,199,692,100	₱5,506,681,705	₱17,999,501,395	₱12,290,417,538	₱184,988,682	₱48,905,420	(₱3,494,160,000)	₱45,736,026,840

Reconciliation of Income Before Income Tax to EBITDA and Core Earnings

	2023	2022	2021
Income (loss) before income tax	**₱36,623,185,000**	₱9,228,688,358	(₱1,843,692,035)
Finance income	**(1,972,482,422)**	(1,705,900,004)	(1,094,584,901)
Financing cost and other charges	**16,254,753,285**	11,133,490,485	9,111,084,606
Other operating losses	**(865,982,258)**	(7,054,660,092)	(461,982,160)
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	**(1,253,550,243)**	(705,308,878)	1,094,513,349
Foreign exchange losses	**217,143,355**	7,367,661,264	3,107,872,656
EBIT	**49,003,066,717**	18,263,971,133	9,913,211,515
Depreciation and amortization	**29,529,139,753**	27,322,353,815	28,599,130,602
Provision for impairment losses	**226,540,141**	409,731,548	432,631,271
EBITDA	**₱78,758,746,611**	₱45,996,056,496	₱38,944,973,388
Income (loss) before income tax	**₱36,623,185,000**	₱9,228,688,358	(₱1,843,692,035)
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	**(1,253,550,243)**	(705,308,878)	1,094,513,349
Foreign exchange losses	**217,143,355**	7,367,661,264	3,107,872,656
Core earnings	**₱35,586,778,112**	₱15,891,040,744	₱2,358,693,970

Intersegment Revenues

Intersegment revenues are eliminated at the consolidation level.

Segment Results

Segment results pertain to the net income (loss) of each of the operating segments. The chief decision maker also uses the 'Core earnings', 'EBIT' and 'EBITDA' in measuring the performance of each of the Group's operating segments. The Group defines each of the operating segment's 'Core earnings' as the total of the 'Operating income', 'Finance income' and 'Other operating income' deducted by the 'Financing cost and other charges'. EBIT is equivalent to the Group's operating income while EBITDA is computed by adding back to the EBIT the depreciation and amortization expenses including impairment of property, plant and equipment during the period.

Depreciation and amortization

In 2023, 2022 and 2021, the amount of reported depreciation and amortization includes depreciation of property, plant and equipment, investment properties, ROU assets and amortization of intangible assets.

Segment Assets

Segment assets are resources owned by each of the operating segments excluding significant intersegment balances which are eliminated.

Segment Liabilities

Segment liabilities are obligations incurred by each of the operating segments excluding significant intersegment balances which are eliminated. The Group also reports, separately, to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the acquisitions of investment properties and property, plant and equipment during the period, including those acquired through business combination.

Geographical Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2021, the Group has discontinued its operations in New Zealand and Australia.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2023	2022	2021
Domestic	**₱253,008,567,109**	₱213,196,279,511	₱161,321,708,752
Foreign	**90,960,603,980**	88,711,968,602	59,958,198,721
	₱343,969,171,089	₱301,908,248,113	₱221,279,907,473

The Group has no significant customer which contributes 10.0% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2023	2022
Domestic	**₱560,707,552,251**	₱503,205,352,111
Foreign	**96,103,193,729**	96,592,022,060
	₱656,810,745,980	₱599,797,374,171

7. **Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand	**₱161,200,980**	₱219,267,636
Cash in banks (Note 40)	**22,041,774,688**	22,195,776,633
Cash equivalents (Note 40)	**15,741,201,348**	56,656,689,097
	₱37,944,177,016	₱79,071,733,366

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent money market placements made for varying periods depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.10% to 7.30%, from 0.35% to 7.30%, and from 0.03% to 5.30% for foreign currency-denominated money market placements for the years ended December 31, 2023, 2022, and 2021, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 2.00% to 6.00%, from 2.56% to 4.60%, and from 0.13% to 1.06% for the years ended December 31, 2023, 2022, and 2021, respectively.

Interest earned on cash and cash equivalents amounted to ₱1.4 billion, ₱1.1 billion and ₱535.8 million for the years ended December 31, 2023, 2022 and 2021, respectively (Note 27).

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	2023	2022
Cash on hand	**₱161,200,980**	₱219,267,636
Cash in banks (Note 40)	**22,041,774,688**	22,195,776,633
Cash equivalents (Note 40)	**15,741,201,348**	56,656,689,097
Cash and cash equivalents classified as part of assets held for sale (Note 44)	**11,603,831,759**	6,638,014,005
	₱49,548,008,775	₱85,709,747,371

8. **Derivative Financial Instruments**

As of December 31, 2023, the derivative liabilites designated as accounting hedges consist of fuel derivatives amounting to ₱1.3 million (Note 22).

As of December 31, 2022, the derivative assets designated as accounting hedges consists of interest rate derivatives amounting to ₱60.9 million (Note 9) while derivative liabilities not designated as accounting hedges consist of conversion options arising from convertible bonds amounting to ₱846.8 million. (Note 22 and 23).

Conversion Option Arising from Convertible Bonds
On May 10, 2021, CAI issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027 (Note 23). The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The CB contains conversion and redemption options which were identified as embedded derivatives and were separated and accounted for separately on issuance date of the CBs (see Note 23).

As of December 31, 2023 and 2022, the fair value of embedded derivatives, which is shown under 'Other current liabilities' in the consolidated statements of financial position amounted to nil and ₱846.8 million, respectively (Note 22). For the years ended December 31, 2023 and 2022, net market valuation gains (losses) recognized by CAI in the consolidated statement of comprehensive income amounted to ₱880.2 million and ₱977.9 million, respectively.

Derivatives designated as accounting hedges
As part of its asset and liability management, the Group uses derivatives, particularly interest rate swaps and currency options, as cash flow hedges in order to reduce its exposure to market risks that is achieved by hedging portfolios of floating rate financial instruments.

The accounting treatment explained in Note 2 to the consolidated financial statements, *Hedge Accounting*, varies according to the nature of the hedged item and compliance with the hedge criteria. Hedges entered into by the Group which provide economic hedges but do not meet the hedge accounting criteria are included under derivatives not designated as accounting hedges.

- Interest rate derivatives
  CAI entered into interest rate derivative contracts to manage exposure to the volatility of interest rates on the lease rates of the expected aircraft deliveries. These derivatives have various maturity dates within 2023 and 2022 where hedge accounting under PFRS 9 were also applied.

As of December 31, 2023 and 2022, CAI has designated for hedge accounting derivatives with net asset position, included under 'Financial Assets at Fair Value through Profit or Loss' in the consolidated statements of financial position, amounting to nil and ₱60.9 million, respectively.

Fair Value Changes in Derivatives

Fair value changes in derivatives designated as accounting hedges

The net movements in fair value of the Group's derivative financial instruments designated as accounting hedges follow:

	2023	2022
Beginning balance	**₱60,911,158**	₱–
Net changes shown in other comprehensive income (Note 36):		
Net changes in fair value of derivatives taken to other comprehensive income	**(189,120,991)**	558,616,927
Fair value of settled instruments	**126,917,862**	(497,705,769)
	(₱1,291,971)	₱60,911,158

Net changes in fair value of derivatives taken to other comprehensive income are recorded under 'Net gains (losses) from cash flow hedges' in the consolidated statement of comprehensive income.

Refer to Note 23 for the changes in fair value of conversion option arising from convertible bonds.

9. Financial Assets at Fair Value through Profit or Loss

This account consists of the following:

	2023	2022
Equity securities:		
Quoted	**₱2,808,082,391**	₱2,782,797,656
Unquoted	**310,361,162**	–
Investment in convertible notes	**4,140,104,148**	4,402,220,200
Derivatives (Note 8)	**–**	60,911,158
	₱7,258,547,701	₱7,245,929,014

'Investment in convertible notes' includes the following:

JUUL Labs, Inc

JGSPL invested a total of USD75.0 million Convertible Notes of JUUL Labs, Inc. ("JUUL Labs"). It is repayable after 5 years, bears interest at 7.0% p.a. compounded quarterly and paid in kind, contains automatic and optional conversion features, and redeemable at the option of the issuer subject to certain conditions. JUUL Labs is a private company based in California, USA, which is in the business of manufacturing and distributing e-cigarettes.

Zuzu Hospitality Solutions Pte. Ltd.

On September 10, 2019, JGDCPL entered into a Note Purchase Agreement with Zuzu Hospitality Solutions Pte. Ltd. (Zuzu Hospitality) to invest in a Convertible Note amounting to SGD1 million. Zuzu Hospitality is a private company incorporated and based in Singapore that offers outsourced revenue management to independent hotels. Zuzu Hospitality currently operates in Indonesia and Taiwan. As of December 31, 2023 and 2022, the investment amounted to ₱124.5 million and

₱123.6 million, respectively.

As of December 31, 2023 and 2022, unrealized loss on debt securities recognized amounted to nil and ₱84.5 million, respectively.

As of December 31, 2023 and 2022, unrealized loss on equity securities recognized amounted to ₱139.3 million and ₱188.1 million, respectively.

In 2023, 2022 and 2021, the Group recognized net market valuation gains (losses) on financial assets at FVPL (excluding derivatives) amounting to ₱373.4 million, (₱272.6 million), and ₱223.6 million, respectively, included under 'Market valuation gains (losses) on financial assets at fair value through profit or loss - net' in the consolidated statements of comprehensive income.

Interest income on financial assets at FVPL amounting to ₱145.4 million, ₱163.8 million and ₱252.9 million for the years ended December 31, 2023, 2022 and 2021 are included under 'Net Income from discontinued operations' in profit or loss in the consolidated statements of comprehensive income (see Note 44).

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of investments in:

	2023	2022
Debt securities:		
Government	**₱600,089,207**	₱549,548,488
Private	**7,803,342,992**	8,700,391,509
	8,403,432,199	9,249,939,997
Equity securities:		
Quoted	**31,675,970,234**	32,505,517,071
Unquoted	**2,537,498,790**	2,316,610,083
	34,213,469,024	34,822,127,154
	₱42,616,901,223	₱44,072,067,151

Quoted equity securities pertain to investment in PLDT common shares and various golf club shares. The Group has irrevocably elected to classify these investments under this category as it intends to hold these investments for the foreseeable future.

Breakdown of financial assets at FVOCI as shown in the consolidated statements of financial position follows:

	2023	2022
Current portion	**₱8,403,432,199**	₱9,249,939,997
Noncurrent portion	**34,213,469,024**	34,822,127,154
	₱42,616,901,223	₱44,072,067,151

The Group has classified its 24.3 million PLDT shares representing 11.27% ownership interest as financial assets at FVOCI, which have carrying values of ₱31.1 billion and ₱32.1 billion as of December 31, 2023 and December 31, 2022, respectively.

Interest income on debt financial assets at FVOCI follows (Note 27):

	2023	2022	2021
Debt securities:			
Private	**₱516,575,422**	₱536,155,003	₱524,690,271
Government	**37,752,686**	39,372,046	34,069,774
	₱554,328,108	₱575,527,049	₱558,760,045

The Group's effective interest rates range from 4.83% to 8.60% on government securities and 3.90% to 10.50% on private bonds in 2023, 2022 and 2021.

The movements in net unrealized gains (losses) on financial assets at FVOCI follow:

	2023		
	Parent Company	**Non-controlling Interests**	**Total**
Balance at beginning of year	**(₱17,985,728,361)**	**₱256,214,008**	**(₱17,729,514,353)**
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the year on financial assets at FVOCI of the Parent Company and its subsidiaries	**(728,205,060)**	**68,281,950**	**(659,923,110)**
Realized gain on sale of financial assets at FVOCI (Note 29)	**17,039,140**	**–**	**17,039,140**
Reclassification of unrealized loss to reserves of disposal group held for sale (Note 44)	**(138,835,232)**	**(92,556,822)**	**(231,392,054)**
	(18,835,729,513)	**231,939,136**	**(18,603,790,377)**
Net changes in fair value of FVOCI of associates (Note 14):			
Share in net changes in fair value of financial assets at FVOCI of an associates	**38,684,065**	**–**	**38,684,065**
Balance at end of year	**(₱18,797,045,448)**	**₱231,939,136**	**(₱18,565,106,312)**

	2022		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱4,039,360,496)	(₱117,645,484)	(₱4,157,005,980)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the year on financial assets at FVOCI of the Parent Company and its subsidiaries	(14,224,111,355)	105,782,491	(14,118,328,864)
Realized gain on sale of financial assets at FVOCI (Note 29)	(7,120,937)	–	(7,120,937)
Reclassification of unrealized loss to reserves of disposal group held for sale (Note 44)	402,115,501	268,077,001	670,192,502
	(17,868,477,287)	256,214,008	(17,612,263,279)
Net changes in fair value of FVOCI of associates (Note 14):			
Share in net changes in fair value of financial assets at FVOCI of an associates	(109,577,611)	–	(109,577,611)
Accumulated share in net changes in fair value of financial assets at FVOCI of disposed investment taken to profit or loss	(7,673,463)		(7,673,463)
Balance at end of year	(₱17,985,728,361)	₱256,214,008	(₱17,729,514,353)

	2021		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱14,794,597,877)	₱324,400,037	(₱14,470,197,840)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the year on financial assets at FVOCI of the Parent Company and its subsidiaries	10,729,323,198	(442,045,521)	10,287,277,677
Realized gain on sale of financial assets at FVOCI (Note 29)	(8,569,740)	–	(8,569,740)
	(4,073,844,419)	(117,645,484)	(4,191,489,903)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	34,483,923	–	34,483,923
Balance at end of year	(₱4,039,360,496)	(₱117,645,484)	(₱4,157,005,980)

11. **Receivables**

This account consists of:

	2023	2022
Trade receivables	**₱45,335,249,826**	₱37,686,459,750
Due from related parties (Note 40)	**3,914,716,185**	4,421,673,277
Interest receivable	**360,004,314**	354,149,329
Other receivables	**3,600,041,683**	6,309,902,964
	53,210,012,008	48,772,185,320
Less allowance for impairment losses	**794,593,559**	750,669,029
	₱52,415,418,449	₱48,021,516,291

Total receivables shown in the consolidated statements of financial position follow:

	2023	2022
Current portion	**₱45,061,655,860**	₱41,427,326,370
Noncurrent portion	**7,353,762,589**	6,594,189,921
	₱52,415,418,449	₱48,021,516,291

Noncurrent receivables consist of:

	2023	2022
Trade receivables	**₱6,181,148,482**	₱4,763,985,209
Due from related parties	**1,172,614,107**	1,830,204,712
	₱7,353,762,589	₱6,594,189,921

Trade Receivables
Included in trade receivables are installment contract receivables of the real estate segment of the Group amounting to ₱15.7 billion and ₱11.1 billion as of December 31, 2023 and 2022, respectively These are collectible in monthly installments over a period of one (1) year to ten (10) years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI amounting to ₱210.5 million and ₱409.2 million as of December 31, 2023 and 2022, respectively. The title of the real estate property, which is the subject of the installment contract receivable, passes to the buyer once the receivable is fully paid. Revenue from real estate and hotels

includes interest income earnings from installment contract receivables amounting to ₱726.2 million, ₱736.8 million and ₱743.1 million in 2023, 2022 and 2021, respectively, and is recorded under 'Sale of goods and services' on the consolidated statements of comprehensive income.

Other trade receivables are noninterest-bearing and generally have 30 to 90-day terms.

Other Receivables

Other receivables include claims receivables, advances to employees and other non-trade receivables. As of December 31, 2023 and 2022, claims receivables amounted to ₱793.5 million and ₱1.2 billion, respectively. As of December 31, 2022, other non-trade receivables include ₱2.4 billion receivable on sale of land to an affiliate which was collected in 2023 (Note 15). The receivables on the sale of GBPC investment was collected in September 2022.

Allowance for Impairment Losses on Receivables

Changes in the allowance for impairment losses on receivables follow:

	2023		
	Trade Receivables	**Other Receivables**	**Total**
Balance at beginning of year	**₱443,739,672**	**₱306,929,357**	**₱750,669,029**
Provision for impairment losses from continuing operations (Note 34)	**73,036,386**	**2,219,662**	**75,256,048**
Write-offs, net of recoveries	**(31,801,265)**	**–**	**(31,801,265)**
Unrealized foreign exchange gains	**16,921**	**452,826**	**469,747**
Balance at end of year	**₱484,991,714**	**₱309,601,845**	**₱794,593,559**

	2022		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	₱584,463,500	₱314,942,076	₱899,405,576
Provision for impairment losses from continuing operations(Note 34)	5,522,225	43,787,878	49,310,103
Write-offs, net of recoveries	(154,596,158)	(51,800,597)	(206,396,755)
Unrealized foreign exchange gains	8,350,105	–	8,350,105
Balance at end of year	₱443,739,672	₱306,929,357	₱750,669,029

Total amount of allowance for impairment losses reclassified under 'Assets held for sale' amounted to ₱3.3 billion and ₱2.8 billion for the years ended December 31, 2023 and 2022, respectively. Provision for impairment losses on receivables under 'Net Income After Tax from Discontinued Operations' amounted to ₱834.1 million and ₱927.5 million in 2023 and 2022, respectively (Note 44).

Provision for impairment losses on receivables for the years ended December 31, 2023, 2022 and 2021 amounted to ₱75.3 million, ₱49.3 million and ₱135.0 million, respectively.

Allowance for credit losses on other receivables includes credit losses on non-trade receivables, advances to officers and employees and other receivables. Allowance for credit losses on advances to officers and employees amounted to ₱19.6 million as of December 31, 2023 and 2022. Allowance for credit losses on nontrade and other receivables amounted to ₱137.5 million as of December 31, 2023 and 2022.

12. **Inventories**

This account consists of inventories held as follows:

	2023	2022
At cost:		
Subdivision land, condominium and residential units for sale	**₱35,684,565,320**	₱32,511,606,471
Raw materials	**19,781,159,668**	21,429,963,080
Finished goods	**18,052,450,021**	9,104,452,958
Spare parts, packaging materials and other supplies	**4,065,654,764**	2,749,158,955
Work-in-process	**2,410,463,408**	2,596,910,500
	79,994,293,181	68,392,091,964
At NRV:		
Spare parts, packaging materials and other supplies	**11,426,941,072**	13,121,267,650
Raw materials	**4,453,112,689**	2,858,518,402
Finished goods	**4,037,660,987**	7,680,221,643
	19,917,714,748	23,660,007,695
	₱99,912,007,929	₱92,052,099,659

Real estate inventory consists of:

	2023	2022
Land and condominium units	**₱18,254,367,348**	₱15,956,858,765
Land held for development	**15,044,996,873**	14,258,993,850
Residential units and subdivision land	**2,031,832,662**	1,921,642,512
Land use right and development cost	**353,368,437**	374,111,344
	₱35,684,565,320	₱32,511,606,471

Summary of the movements in real estate inventory follows:

	2023	2022
Balance at beginning of year	**₱32,511,606,471**	₱37,679,441,733
Construction and development costs incurred	**6,017,056,980**	5,176,823,883
Land acquisition	**786,003,023**	3,544,468,378
Transfers from investment properties, property and equipment and unrealized land cost (Notes 15 and 16)	**1,121,279,632**	239,895,395
Costs of real estate sales (Note 30)	**(4,751,380,786)**	(14,129,022,918)
Balance at end of year	**₱35,684,565,320**	₱32,511,606,471

Borrowing cost capitalized amounted to nil for the years ended December 31, 2023 and 2022.

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱4.8 billion, ₱14.1 billion and ₱13.3 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of December 31, 2023 and 2022.

Under the terms of agreements covering liabilities under trust receipts amounting to ₱10.5 billion and ₱11.5 billion as of December 31, 2023 and 2022, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks (see Note 23). The Group is accountable to the banks for the value of the trusteed inventories or their sales proceeds.

The Group recognized impairment losses on its inventories included under 'Provision for impairment losses and others' amounting to ₱8,060, ₱9.4 million and ₱109.2 million in 2023, 2022 and 2021, respectively (see Note 34).

13. Other Current Assets

This account consists of:

	2023	2022
Input value-added tax (VAT)	**₱9,766,673,779**	₱10,356,862,267
Advances to suppliers and contractors	**9,595,347,777**	8,326,964,681
Prepaid expenses	**3,328,878,066**	2,407,942,920
Creditable withholding tax	**3,207,446,267**	2,627,097,710
Restricted cash	**1,322,411,798**	1,266,354,890
Advances to lot owners	**667,426,744**	1,159,147,175
Others	**665,181,397**	860,931,343
	₱28,553,365,828	₱27,005,300,986

Input VAT

Input tax pertains to VAT from purchases of goods and services, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations. The Group believes that the amount of input VAT is fully realizable in the future.

Prepaid Expenses

This account consists of prepayments on rent, insurance, taxes, and office supplies.

Advances to Suppliers and Contractors

Advances to suppliers include advance payments for the acquisition of raw materials, spare parts, packaging materials and other supplies. This also includes prepayments for the construction of residential projects.

Restricted Cash

RLC has restricted cash which includes deposits in local banks for the purchase of land. CAI also has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors.

Advances to Lot Owners

Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired. The application is expected to be within twelve (12) months after the reporting date.

Others

Others mainly consist of CAI's three (3) ATR 72-500 aircrafts for sale and are expected to be sold in 2024.

14. **Investments in Associates and Joint Ventures**

Details of this account follow:

	2023	2022
Acquisition cost:		
Balance at beginning of year	**₱100,048,411,905**	₱107,653,236,570
Additional investments	**1,495,641,660**	1,462,314,062
Disposal of investment	**–**	(8,510,608,393)
Reclassification to Assets Held for Sale due to a merger (Note 44)	**(195,525,956)**	(556,530,334)
Balance at end of year	**101,348,527,609**	100,048,411,905
Accumulated equity in net earnings:		
Balance at beginning of year	**41,947,180,680**	38,080,751,252
Equity in net earnings from continuing operations	**14,188,911,859**	11,852,000,562
Equity in net losses from discontinued operations (Note 44)	**(234,225,120)**	(169,065,451)
Dividends received	**(6,597,951,268)**	(5,862,376,373)
Elimination of unrealized losses (gains) on downstream sales	**752,786,201**	(1,626,724,191)
Accumulated equity in net earnings of disposed investment	**–**	(541,782,300)
Reclassification to Assets Held for Sale due to a merger (Note 44)	**234,225,120**	214,377,181
Balance at end of year	**50,290,927,472**	41,947,180,680
Share in unrealized gain (loss) on financial assets at FVOCI of associates:		
Balance at beginning of year	**7,747,718**	124,998,792
Share in net changes in fair value of financial assets at FVOCI of associates (Note 10)	**38,684,065**	(109,577,611)
Accumulated share in net changes in fair value of financial assets at FVOCI of disposed investment	**–**	(7,673,463)
Balance at end of year	**46,431,783**	7,747,718
Share in remeasurements of the net defined benefit liability of associates:		
Balance at beginning of year	**₱1,491,404,571**	₱308,655,035
Share in net changes in remeasurements of the net defined benefit liability of associates	**(1,022,155,894)**	1,219,095,316
Accumulated share in net changes in remeasurements of the net defined benefit liability of disposed investment	**–**	(36,345,780)
	469,248,677	1,491,404,571
Cumulative translation adjustment	**230,738,450**	134,545,504
	152,385,873,991	143,629,290,378
Less allowance for impairment losses	**385,366,580**	334,366,211
	₱152,000,507,411	₱143,294,924,167

The composition of the carrying value of the Group's investments in associates and joint ventures and the related percentages of effective ownership interest are shown below:

	Effective Ownership		Carrying Value	
	2023	2022	**2023**	2022
			(In Million Pesos)	
Associates				
Domestic:				
Manila Electric Company (Meralco)	**26.37**	26.37	**₱80,921.0**	₱77,806.5
Oriental Petroleum and Mining Corporation (OPMC)	**19.40**	19.40	**762.5**	754.7
G2M Solutions Philippines Pte. Ltd. (G2M)	**13.07**	13.07	**668.5**	676.3
Luzon International Premiere Airport Development Corp. (LIPAD)	**33.00**	33.00	**378.5**	397.7
GoTyme Bank Corporation	**24.53**	24.53	**653.1**	338.3
DHL Summit Solutions, Inc. (DSSI)	**50.00**	50.00	**196.1**	109.6
Cebu Light Industrial Park, Inc. (CLIPI)	**20.00**	20.00	**57.8**	58.3
Foreign:				
Singapore Land Group Limited (SLG)	**37.05**	37.05	**62,031.6**	60,283.2
Zyllem Pte. Ltd	**13.33**	13.33	**–**	50.6
Value Alliance Travel System Pte. Ltd. (VATS) (formerly Air Block Box Asia Pacific Pte. Ltd.)	**10.18**	10.18	**–**	–
			145,669.1	140,475.2
Joint Ventures				
Domestic:				
RHK Land Corporation (RHK Land)	**37.60**	37.60	**1,373.9**	1,022.4
Robinsons DoubleDragon Corporation (RDDC)	**41.18**	41.18	**672.9**	672.3
RLC DMCI Property Ventures, Inc. (RLC DMCI)	**31.33**	31.33	**516.9**	442.1
Shang Robinsons Properties, Inc. (SRPI)	**31.33**	31.33	**3,367.9**	329.7
Philippine Academy for Aviation Training (PAAT)	**39.67**	39.67	**300.4**	215.1
Vitasoy-URC, Inc (VURCI)	**27.95**	27.95	**22.5**	80.7
1Aviation Groundhandling Services Corp. (1Aviation)	**27.15**	27.15	**–**	–
Danone Universal Robina Beverages, Inc. (DURBI)	**27.95**	27.95	**–**	–
Foreign:				
Calbee - URC Malaysia Sdn. Bhd (CURM)	**27.95**	27.95	**76.9**	57.4
			6,331.4	2,819.7
			₱152,000.5	₱143,294.9

Material investees

Meralco
On July 28, 2022, the BOD of the Parent Company approved the holding of an overnight block trade for the sale of its 36.0 million common shares in Meralco. On the same day, the Parent Company entered into a Secondary Block Trade Agreement with UBS AG, Singapore Branch (UBS) whereby it appointed UBS, to procure purchasers for the 36.0 million common shares of Meralco at a price of ₱344.0 per share for a total consideration of ₱12.4 billion together with all dividends, distributions and other benefits attaching to the shares. The total consideration, net of transaction costs, amounted to ₱12.2 billion and with resulting gain on sale of ₱3.1 billion recognized under 'Other Operating Income (Expenses)' in the consolidated statements of income (Note 29). The sale represents 3.2% of Meralco's total outstanding shares which resulted in the change in the Parent Company's equity interest over Meralco from 29.56% to 26.37%.

OPMC
OPMC is a company incorporated in the Philippines with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC operational activities depend principally on its service contracts with the government. The Group accounts for its investment in OPMC as an associate although the Group holds less than 20.00% of the issued share capital, as the Group has the ability to exercise significant influence over the investment, due to the Group's voting power (both through its equity holding and its representation in key decision-making committees) and the nature of the commercial relationships with OPMC.

SLG
SLG, a company incorporated in Singapore, is engaged in residential property management. SLG follows the fair value model in measuring investment properties while the Group follows the cost model in measuring investment properties. The financial information of SLG below represents the adjusted amounts after reversal of the effect of revaluation and depreciation on the said assets.

Fair value of investments in listed associates

As of December 31, 2023 and 2022, the Group's investments in the following listed investee companies have fair values of:

	Exchange Listed	**2023**	2022
Meralco	Philippine Stock Exchange	**₱118,578,569,403**	₱88,800,191,824
SLG	Singapore Exchange Limited	**44,292,118,386**	49,704,430,073
OPMC	Philippine Stock Exchange	**314,346,434**	388,082,017

As of December 31, 2023 and 2022, the breakdown of the total fair market value of the Group's investment in OPMC follows:

	2023	2022
Class A Common Stock	**₱72,985,305**	₱90,105,315
Class B Common Stock	**241,361,129**	297,976,702
	₱314,346,434	₱388,082,017

The fair value is based on the quoted price prevailing as of the reporting date.

Summarized below is the financial information of the significant associates of the Group:

- Summarized statements of financial position of the Group's significant associates as of December 31, 2023 and 2022:

	2023			2022		
	Meralco	**SLG**	**OPMC**	Meralco	SLG	OPMC
Current assets	**₱162,759,000,000**	**₱18,687,741,747**	**₱1,107,434,780**	₱154,067,000,000	₱13,426,278,446	₱983,009,205
Noncurrent assets	**423,283,000,000**	**408,094,047,927**	**4,416,372,510**	365,255,000,000	379,951,696,536	3,840,000,624
Current liabilities	**233,273,000,000**	**23,587,292,629**	**107,434,059**	205,506,000,000	9,806,386,649	112,011,102
Noncurrent liabilities	**185,450,000,000**	**41,065,558,664**	**729,945,468**	189,707,000,000	24,782,566,677	64,410,541
Equity	**₱167,319,000,000**	**₱362,128,938,381**	**₱4,686,427,763**	₱124,109,000,000	₱358,789,021,656	₱4,646,588,186
Group's carrying amount of the investment	**₱80,920,988,132**	**₱62,031,639,264**	**₱762,563,406**	₱77,806,506,625	₱60,283,159,014	₱754,732,094

As of December 31, 2023 and 2022, the Group's share in Meralco's net assets amounted to ₱44.1 billion and ₱32.7 billion, respectively. As of December 31, 2023 and 2022, the excess of the carrying value over the Group's share in Meralco's net assets is attributable to the notional goodwill and the difference between the fair value and carrying value of Meralco's net assets at the date of acquisition.

As of December 31, 2023 and 2022, the Group's share in SLG's net assets amounted to ₱134.2 billion and ₱132.9 billion, respectively. The excess of the Group's share in the carrying value of SLG's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of SLG's net assets at the date of acquisition.

As of December 31, 2023 and 2022, the Group's share in OPMC's net assets amounted to ₱909.2 million and ₱901.4 million, respectively. The excess of the Group's share in the carrying value of OPMC's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of OPMC's net assets at the date of acquisition.

- Summarized statements of comprehensive income of the Group's significant associates for the period ended December 31, 2023, 2022 and 2021:

	2023			2022		
	Meralco	**SLG**	**OPMC**	Meralco	SLG	OPMC
Revenues	**₱443,612,000,000**	**₱28,434,022,601**	**₱168,025,516**	₱426,529,000,000	₱24,152,024,331	₱196,968,960
Expenses	**407,279,000,000**	**19,565,623,122**	**77,820,685**	406,348,000,000	14,912,694,605	162,249,664
Other income (expenses)	**(10,456,000,000)**	**(825,336,395)**	**(147,036,770)**	(15,055,000,000)	(1,401,718,103)	8,001,703
Profit before tax	**46,789,000,000**	**9,693,735,874**	**237,241,601**	35,236,000,000	10,641,047,829	26,717,593
Income tax expense	**8,111,000,000**	**1,861,679,779**	**18,705,699**	6,648,000,000	1,617,640,724	–
Profit from the year from continuing operations	**₱38,678,000,000**	**₱7,832,056,095**	**₱218,535,902**	₱28,588,000,000	₱9,023,407,105	₱26,717,593
Other comprehensive income (loss) for the year	**(3,360,000,000)**	**–**	**–**	4,094,000,000	–	–
Total comprehensive income for the year from continuing operations	**₱35,318,000,000**	**₱7,832,056,095**	**₱218,535,902**	₱32,682,000,000	₱9,023,407,105	₱26,717,593
Group's share of profit for the year	**₱9,848,929,280**	**₱2,514,711,084**	**₱48,376,900**	₱7,770,230,460	₱2,956,047,066	₱6,054,593

	2021		
	Meralco	SLG	OPMC
Revenues	₱318,547,000,000	₱18,510,490,560	₱269,030,748
Expenses	289,208,000,000	9,814,564,483	184,386,035
Other income (expenses)	(3,656,000,000)	(968,144,824)	24,704,295
Profit before tax	32,995,000,000	9,664,070,901	59,940,418
Income tax expense	8,912,000,000	1,382,194,643	–
Profit from the year from continuing operations	₱24,083,000,000	₱8,281,876,258	₱59,940,418
Other comprehensive income for the year	6,987,000,000	–	–
Total comprehensive income for the year from continuing operations	₱31,070,000,000	₱8,281,876,258	₱59,940,418
Group's share of profit for the year	₱6,730,478,760	₱2,681,346,964	₱13,430,956

Individually immaterial investees

LIPAD

On February 18, 2019, the Parent Company invested in LIPAD. The shares acquired represented 33.0% of LIPAD's total outstanding common shares. LIPAD is a corporation organized and incorporated in the Philippines to engage in the operation and maintenance of airports, whether operating as a domestic or international airport or both, including day-to-day administration, functioning, management, manning, upkeep, and repair of all facilities necessary for the use or required for the safe and proper operation of airports.

In December 2020, the Parent Company made additional investment amounting to ₱115.5 million equivalent to 115.5 million shares.

CLIPI

The Group accounts for its investments in CLIPI as an associate as it owns 20.0% of the issued share capital of CLIPI. In 2015, CLIPI returned JGDEV's deposit for future stock subscription amounting to ₱5.0 million. As of December 31, 2023 and 2022, the Group has deposit for future stock subscription in CLIPI amounting to ₱10.0 million. These represents 20.0% of CLIPI's proposed increase in authorized capital stock.

G2M

On September 20, 2018, the Parent Company invested in G2M's convertible note amounting to On September 16, 2020, the Parent Company entered into an assignment of agreement with JGDCPL to assign all its rights and obligations in the investment.

In June 2021 and December 2020, JGDCPL invested in G2M's convertible note amounting to $0.7 million and $1.5 million, respectively.

As of December 31, 2021, the convertible note has been converted into 231,120 preferred shares of series A2 and 34,668 preferred shares of series B, equivalent to the Group's 14.2% ownership in G2M. The Group has one representation in the BOD of G2M.

In March 2022, JGDCPL subscribed to G2M's 31,336 series C investments which resulted in a slight dilution of the Group's ownership in G2M to 13.1%.

PAAT

Investment in PAAT pertains to CAI's 60.0% investment in shares of the joint venture. However, the joint venture agreement between the CAI and CAE International Holdings Limited (CAE) states that CAI is entitled to 50.0% share on the net income/loss of PAAT. As such, the CAI recognizes equivalent 50.0% share in net income and net assets of the joint venture.

PAAT was created to address the Group's training requirements and to pursue business opportunities for training third parties in the commercial fixed wing aviation industry, including other local and international airline companies. PAAT was formally incorporated on January 27, 2012 and started commercial operations in December 2012.

1Aviation

Investment in 1Aviation refers to CAI's 40.0% investment in shares of the joint venture. The joint venture agreement indicates that the agreed ownership ratio is 40.0% for CAI and the remaining 60.0% shall be collectively owned by PAGSS and an individual. CAI recognizes 40.0% share in net income and net assets of the joint venture.

1Aviation is engaged in the business of providing groundhandling services for all types of aircraft, whether for the transport of passengers or cargo, international or domestic flights, private. commercial, government or military purposes to be performed at the Ninoy Aquino International Airport and other airports in the Philippines as may be agreed by the co-venturers.

VATS (formerly Air Black Box)
In May 2016, CAI entered into Value Alliance Agreement with other low cost carriers (LCCs), namely, Scoot Pte. Ltd, Nok Airlines Public Company Limited, CEBGO, and Vanilla Air Inc. The alliance aims to increase passenger traffic by creating interline partnerships and parties involved have agreed to create joint sales and support operations to expand services and products available to passengers. This is achieved through LCCs' investment in Air Black Box Asia Pacific Pte. Ltd.

In November 2016, CAI acquired shares of stock in ABB amounting to ₱43.7 million. ABB is an entity incorporated in Singapore in 2016 to manage the ABB settlement system, which facilitates the settlement of sales proceeds between the issuing and carrying airlines, and of the transaction fee due to ABB. The investment gave CAI a 15.0% shareholding proportion to ABB. CAI has assessed that it has significant influence over ABB through its representation in the BOD and participation in the policy-making process of ABB. Accordingly, the investment was classified as an investment in an associate and is accounted for at equity method.

In 2021, CAI assessed that its investment in VATS was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. The target growth turned significantly lower than actual, and expectation has also been further tempered due to the impact of the ongoing COVID-19 pandemic. On this basis and following the key requirements of PAS 36, *Impairment of Assets* wherein assets can be carried at no more than their recoverable amount, CAI has recognized impairment provisions of ₱36.9 million (Note 34).

Subsequently, after incurring further losses, even after the resumption of operations that was previously disrupted by the global pandemic, the management of CAI decided to divest its 13% shareholding in VATS. As of December 31, 2023, prior to the finalization of the divestment on January 5, 2024, the net carrying amount of CAI investment with VATS amounted to nil. The divestment did not have a significant impact in the consolidated financial statements.

DURBI
URC entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "B'lue" brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, URC made additional subscriptions to unissued authorized capital stock of DURBI consisting of 5,000,000 common shares for a total cost of ₱105.0 million.

On October 23, 2023, URC made additional subscriptions to unissued authorized capital stock of DURBI consisting of 8.75 million common shares for a total cost of ₱175.0 million which has been fully paid in cash.

VURCI
URC entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form VURCI, a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, URC made additional subscriptions to the unissued authorized capital stock of VURC consisting of 46,100,000 common shares for a total cost of ₱461.0 million.

On April 28, 2023, URC made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75.0 million which has been fully paid in cash.

CURM
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee – URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savoury snack products. Total consideration amounted to MYR2.7 million (₱34.3 million).

SRPI
On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, SRPI., the JVC, was incorporated. Both RLC and SPI each own 50% of the outstanding shares in the JVC. The office address of the JVC is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

RHK Land
On February 5, 2018, RLC's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

On June 14, 2018, RHK Land Corporation, the JVC, was incorporated. RLC and HKLG owns 60.0% and 40.0%, respectively, of the outstanding shares in the JVC. The principal office of the JVC is at 12F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City.

RLC and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. The JVC shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

On October 2018, RLC entered into a Shareholder Loan Agreement with RHK Land to make available a loan facility of ₱1.4 billion which RHK Land may draw from time to time subject to the terms and conditions set out in the agreement.

RDDC
On December 26, 2019, RDDC was incorporated as the joint venture company (JVC) between RLC and DoubleDragon Corporation. The primary purpose is to engage in realty development.

RLC DMCI
In October 2018, RLC entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Piñas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50.0% ownership.

On March 18, 2019, RLC DMCI was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investments in JVCs are accounted as joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

DSSI
On December 18, 2019, the Parent Company invested in DSSI. DSSI was incorporated on October 1, 2019 and shall engage in the business of providing domestic transportation, logistics, warehousing and distribution of cargoes, and other supply chain management activities. DSSI started commercial operations in July 2020.

Zyllem Pte. Ltd.
In August 2019, JGDCPL invested in 7,476,857 Series A+ shares of Zyllem Pte. Ltd. (Zyllem) at SGD0.1806 per share, or total subscription price of SGD1.35 million. Zyllem is a private company incorporated and based in Singapore that provides fast, cost-effective and reliable on-demand delivery service. Zyllem operates in certain cities in Southeast Asia. Post-subscription, JGDCPL holds 13.3% ownership interest in Zyllem. Also, under the Shareholders' Agreement, subject to JGDCPL holding less than 10.0% ownership interest, JGDCPL is entitled to appoint one (1) director. The investment in Zyllem is accounted for as investment in an associate since the Group has one representation on the BOD of Zyllem. On November 13, 2020, JGDCPL invested in convertible note with face value of SGD0.3 million equivalent to ₱10.7 million. In 2023, JGDCPL fully impaired its investment in Zyllem amounted to ₱56.1 million (Note 34).

GoTyme Bank Corporation (GoTyme)
On February 18, 2021, RBC and RLC entered into a joint venture agreement with Robinsons Retail Holdings, Inc. (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required RBC, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.3 billion. The shareholder percentage of the RBC, RLC, RRHI and TGL upon incorporation shall be 20.0%, 20.0%, 20.0% and 40.0%, respectively of the share capital and voting rights of the JVC.

On August 24, 2021 RBC's equity investment of ₱200.0 million representing 20.0% ownership of the digital bank which was named GoTyme was approved by the BSP. After securing Certificate of Authority to Register from the Monetary Board, the SEC approved the Certificate of Incorporation of GoTyme on December 28, 2021.

In February 2022, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱1.6 billion to support the pre-launch and operations of GoTyme and to comply with the ₱1.0 billion BSP-mandated minimum regulatory capital for digital banks.

In 2023, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱3.1 billion to support the current operations of GoTyme. This includes ₱908.2 million total deposits for stock subscription in GoTyme pending approval by BSP and SEC of GoTyme's application for increased authorized capital stock.

As of December 31, 2023, the shareholder percentages of RBC, RLC, RRHI and TGL in GoTyme's share capital were 15.0%, 20.0%, 20.0% and 40.0%, respectively, with GTFPL holding a 3.9% stake, and the remaining 1.1% is owned by Giga Investment Holdings Pte. Ltd. GTFPL is 51% owned by JGS.

Aggregate information of associates and joint ventures that are not individually material follows:

	2023		2022	
	Associates	**Joint Venture**	Associates	Joint Venture
Group's share of:				
Profit (loss) for the year	**(₱694,491,384)**	**₱2,510,202,486**	(₱231,479,718)	(₱275,576,029)
Other comprehensive income (loss) for the year	**26,532,881**	**(1,491,630)**	5,040,267	(30,353)
Total comprehensive income (loss) for the year	**(₱667,958,503)**	**₱2,508,710,856**	(₱226,439,451)	(₱275,606,382)
Group's share of dividends for the year	**₱2,458,000**	**₱–**	₱2,458,000	₱–
Group's carrying amount of the investment	**₱1,954,040,494**	**₱6,331,173,094**	₱1,630,781,929	₱2,189,744,505

Investment in Subsidiaries

Financial information of subsidiaries that have material non-controlling interest is provided below:

- Portion of equity interest held by non-controlling interest

Name of Subsidiary	Country of Incorporation and Operation	**December 31, 2023**	December 31, 2022
URC	Philippines	**44.07%**	44.10%
RLC	Philippines	**34.56%**	37.34%
CAI	Philippines	**33.50%**	33.90%
RBC	Philippines	**40.00%**	40.00%

- Accumulated balances of material non-controlling interest:

Name of Subsidiary	**2023**	2022
URC	**₱52,617,809,383**	₱51,492,099,715
RLC	**52,803,578,179**	54,399,438,383
CAI	**(87,942,222)**	(2,416,160,943)
RBC	**7,950,765,397**	7,803,877,677

- Profit (loss) allocated to material non-controlling interest:

Name of Subsidiary	**2023**	2022
URC	**₱5,941,940,048**	₱6,669,804,751
RLC	**5,478,739,387**	5,022,466,175
CAI	**2,598,436,983**	(4,816,328,024)
RBC	**306,865,683**	560,991,540

The summarized financial information of subsidiaries with material non-controlling interest are provided below. This information is based on amounts before inter-company eliminations.

- Summarized statement of financial position as at December 31, 2023:

	URC	RLC	CAI
Current assets	**₱89,525,561,389**	**₱62,405,996,215**	**₱28,234,017,775**
Noncurrent assets	**90,795,006,153**	**173,283,678,663**	**158,950,541,583**
Current liabilities	**57,136,813,143**	**34,203,114,360**	**54,689,126,135**
Noncurrent liabilities	**4,691,891,247**	**60,011,751,151**	**127,717,373,377**

- Summarized statement of financial position as at December 31, 2022:

	URC	RLC	CAI
Current assets	₱80,154,694,488	₱60,749,489,592	₱29,794,991,505
Noncurrent assets	89,798,934,919	162,686,706,120	117,360,870,967
Current liabilities	49,400,860,422	43,353,780,837	43,809,200,632
Noncurrent liabilities	4,582,427,890	87,989,069,826	106,231,804,404

- Summarized statements of comprehensive income for 2023:

	URC	RLC	CAI
Revenue	**₱158,366,708,572**	**₱42,018,176,431**	**₱90,602,558,756**
Profit (loss) for the year from continuing operations	**12,704,599,870**	**13,372,323,819**	**7,922,664,507**
Total comprehensive income (loss)	**11,043,476,862**	**13,238,428,606**	**7,586,146,700**
Dividends paid to non-controlling interests	**512,050,000**	**(1,442,078,334)**	**–**

- Summarized statements of comprehensive income for 2022:

	URC	RLC	CAI
Revenue	₱149,903,643,832	₱45,502,988,954	₱56,751,365,859
Profit (loss) for the year from continuing operations	14,471,288,065	11,131,787,447	(13,979,387,118)
Total comprehensive income (loss)	16,597,799,620	11,142,802,075	(13,584,454,645)
Dividends paid to non-controlling interests	295,470,000	1,397,457,269	–

- Summarized statements of comprehensive income for 2021:

	URC	RLC	CAI	RBC
Revenue	₱116,954,788,444	₱36,539,417,580	₱15,740,756,856	₱8,312,410,745
Profit (loss) for the year from continuing operations	12,965,308,196	8,500,642,323	(24,898,602,887)	1,216,105,043
Total comprehensive income (loss)	26,014,812,504	8,659,224,059	(24,723,489,005)	111,504,762
Dividends paid to non-controlling interests	3,688,507,837	731,965,538	–	–

- Summarized statements of cash flows for 2023:

	URC	RLC	CAI
Operating	**₱10,399,191,497**	**₱15,977,892,821**	**₱17,454,433,374**
Investing	**(7,332,009,165)**	**(11,838,120,109)**	**(9,385,436,961)**
Financing	**(4,130,893,792)**	**(6,693,388,633)**	**(11,333,281,029)**
Effect of exchange rate changes	**–**	**–**	**(315,423,128)**
Net cash flows	**(₱1,063,711,460)**	**(₱2,553,615,921)**	**(₱3,579,707,744)**

- Summarized statements of cash flows for 2022:

	URC	RLC	CAI
Operating	₱11,350,879,623	₱11,810,378,483	₱11,859,637,699
Investing	(8,039,580,131)	(18,853,016,939)	6,501,303,798
Financing	(7,017,765,156)	(3,329,136,148)	(19,521,189,192)
Effect of exchange rate changes	–	–	1,531,153,073
Net cash flows	(₱3,706,465,664)	(₱10,371,774,604)	₱370,905,378

- Summarized statements of cash flows for 2021:

	URC	RLC	CAI	RBC
Operating	₱13,466,484,460	₱13,092,058,668	(₱6,257,070,999)	₱24,145,654,169
Investing	(11,629,566,691)	(20,646,128,162)	10,428,221,098	(8,330,479,125)
Financing	(3,744,625,910)	12,199,584,494	9,056,691,866	(7,829,305,386)
Effect of exchange rate changes	–	–	590,110,620	49,786,866
Net cash flows	(₱1,907,708,141)	₱4,645,515,000	₱13,817,952,585	₱8,035,656,524

15. **Investment Properties**

Movements in this account follow:

	2023			
	Land and Land Improvements	**Buildings and Improvements**	**Construction In-Progress**	**Total**
Cost				
Balance at beginning of year	**₱45,292,111,380**	**₱110,495,959,365**	**₱ 15,609,876,833**	**₱171,397,947,578**
Additions	**1,321,674,377**	**1,416,888,785**	**7,066,581,894**	**9,805,145,056**
Disposals/transfers and other adjustments	**1,165,623,254**	**1,690,731,221**	**(2,111,042,382)**	**745,312,093**
Balance at end of year	**47,779,409,011**	**113,603,579,371**	**20,565,416,345**	**181,948,404,727**
Accumulated Depreciation and Amortization				
Balance at beginning of year	**262,004,631**	**48,053,122,082**	**–**	**48,315,126,713**
Depreciation and amortization	**33,623,379**	**4,624,277,866**	**–**	**4,657,901,245**
Reclassification due to a merger (Note 44)	**–**	**(101,622,230)**	**–**	**(101,622,230)**
Balance at end of year	**295,628,010**	**52,575,777,718**	**–**	**52,871,405,728**
	₱47,483,781,001	**₱61,027,801,653**	**₱20,565,416,345**	**₱129,076,998,999**

	2022			
	Land and Land Improvements	Buildings and Improvements	Construction In-Progress	Total
Cost				
Balance at beginning of year	₱35,582,356,920	₱105,805,349,564	₱21,697,954,744	₱163,085,661,228
Additions	4,941,727,515	1,442,155,146	6,247,340,674	12,631,223,335
Reclassification due to a merger (Note 44)	(570,569,221)	(841,170,049)	–	(1,411,739,270)
Disposals/transfers and other adjustments	5,338,596,166	4,089,624,704	(12,335,418,585)	(2,907,197,715)
Balance at end of year	45,292,111,380	110,495,959,365	15,609,876,833	171,397,947,578
Accumulated Depreciation and Amortization				
Balance at beginning of year	239,452,633	45,070,462,296	–	45,309,914,929
Depreciation and amortization	23,932,427	4,394,986,065	–	4,418,918,492
Reclassification due to a merger (Note 44)	–	(173,981,826)	–	(173,981,826)
Disposals/transfers and other adjustments	(1,380,429)	(1,238,344,453)	–	(1,239,724,882)
Balance at end of year	262,004,631	48,053,122,082	–	48,315,126,713
Allowance for Impairment Losses				
Balance at beginning of year	13,892,067	368,733	–	14,260,800
Reclassification due to a merger (Note 44)	(34,672,656)	(368,733)	–	(35,041,389)
Disposals/transfers and other adjustments	20,780,589	–	–	20,780,589
Balance at end of year	–	–	–	–
	₱45,030,106,749	₱62,442,837,283	₱15,609,876,833	₱123,082,820,865

Investment properties consist mainly of land held for appreciation, shopping malls or commercial centers, office buildings and warehouses that are held to earn rentals. Also included under this account are the properties acquired by the Group's banking segment through foreclosures. Most of the Group's properties are in prime locations across the Philippines.

In December 2022, URC executed a Deed of Absolute Sale with a related party for the sale of investment properties for a total consideration of ₱3.3 billion payable in installments (Note 40). Gain on disposal attributable to sale amounted to ₱3.3 billion, which was recognized under 'Other Operating Income (Losses)' in the consolidated statement of comprehensive income (Note 29).

Construction in progress amounting to ₱20.6 billion and ₱15.6 billion as of December 31, 2023 and 2022, respectively, represents the cost of ongoing construction and development of malls and office buildings for lease.

Borrowing costs capitalized amounted to ₱651.0 million and ₱644.5 million in 2023 and 2022, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2023 and 2022 were 4.7% and 4.1%, respectively.

Consolidated rent income from investment properties included under 'Real estate and hotels revenue' in the consolidated statements of comprehensive income amounted to ₱18.7 billion, ₱15.7 billion and ₱11.1 billion in 2023, 2022 and 2021, respectively.

Property operations and maintenance costs included under 'Cost of services' arising from investment properties amounted to ₱616.0 million, ₱645.8 million and ₱700.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

There are no investment properties as of December 31, 2023 and 2022 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its investment properties. Except for contracts awarded, there no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of investment properties amounted to ₱3.1 billion and ₱8.5 billion, as of December 31, 2023 and 2022, respectively.

On October 26, 2022, the Parent Company entered into a Deed of Absolute Sale with a related party for the sale of parcels of land located in Taguig with a total area of 9,030 sqm. The total consideration amounted to ₱225.8 million. Gain from the sale amounted to ₱188.5 million.

Gain on sale of investment properties amounted to ₱3.5 billion for the year ended December 31, 2022. (Note 29).

Depreciation and Amortization

The breakdown of consolidated depreciation and amortization on investment properties follows:

	2023	2022	2021
Depreciation and amortization expense included under:			
Cost of services (Note 33)	**₱4,555,332,968**	₱4,352,918,896	₱4,472,397,346
General and administrative expenses (Note 33)	**946,047**	699,105	5,904,825
Discontinued operations (Note 44)	**101,622,230**	65,300,491	42,097,433
	₱4,657,901,245	₱4,418,918,492	₱4,520,399,604

16. **Property, Plant and Equipment**

The composition of and movements in this account follow:

	December 31, 2023							
	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Transportation, Furnishing and Other Equipment	Passenger Aircraft and Other Flight Equipment	Construction In-progress	Equipment In-transit	Total
Cost								
Balance at beginning of year	**₱12,444,879,985**	**₱38,109,196,639**	**₱204,631,028,563**	**₱12,081,119,954**	**₱75,315,860,024**	**₱49,173,629,040**	**₱4,015,954,491**	**₱395,771,668,696**
Additions	**25,933,114**	**897,452,788**	**3,747,031,134**	**543,147,233**	**14,911,092,752**	**29,230,754,004**	**687,657,811**	**50,043,068,836**
Reclassification due to a merger (Note 44)	**19,759,954**	**(367,324)**	**–**	**(49,044,017)**	**–**	**–**	**–**	**(29,651,387)**
Transfers, disposals and other adjustments	**18,646,792**	**3,974,491,186**	**(1,785,090,638)**	**(330,799,274)**	**(15,215,229,567)**	**(9,581,031,240)**	**(4,015,954,491)**	**(26,934,967,232)**
Balance at end of year	**12,509,219,845**	**42,980,773,289**	**206,592,969,059**	**12,244,423,896**	**75,011,723,209**	**68,823,351,804**	**687,657,811**	**418,850,118,913**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**2,161,081,628**	**16,882,709,836**	**84,013,826,352**	**10,216,997,478**	**25,586,709,255**	**–**	**–**	**138,861,324,549**
Depreciation and amortization	**294,259,341**	**1,699,077,293**	**8,792,032,606**	**739,965,338**	**5,429,806,821**	**–**	**–**	**16,955,141,399**
Reclassification due to a merger (Note 44)	**(35,821,586)**	**(2,064,583)**	**–**	**(74,155,477)**	**–**	**–**	**–**	**(112,041,646)**
Disposals, transfers and other adjustments	**28,678,482**	**173,837,772**	**(545,164,717)**	**(313,713,366)**	**(7,379,571,627)**	**–**	**–**	**(8,035,933,456)**
Balance at end of year	**2,448,197,865**	**18,753,560,318**	**92,260,694,241**	**10,569,093,973**	**23,636,944,449**	**–**	**–**	**147,668,490,846**
Allowance for Impairment Losses								
Balance at beginning of year	**11,385,054**	**195,524,265**	**580,702,461**	**279,328**	**86,746,895**	**–**	**–**	**874,638,003**
Provision for impairment losses (Note 34)	**15,544,461**	**210,693,430**	**–**	**302,250**	**–**	**–**	**–**	**226,540,141**
Balance at end of year	**26,929,515**	**406,217,695**	**580,702,461**	**581,578**	**86,746,895**	**–**	**–**	**1,101,178,144**
Net Book Value at End of Year	**₱10,034,092,465**	**₱23,820,995,276**	**₱113,751,572,357**	**₱1,674,748,345**	**₱51,288,031,865**	**₱68,823,351,804**	**₱687,657,811**	**₱270,080,449,923**

	December 31, 2022							
	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Transportation, Furnishing and Other Equipment	Passenger Aircraft and Other Flight Equipment	Construction In-progress	Equipment In-transit	Total
Cost								
Balance at beginning of year	₱10,909,554,088	₱34,235,443,385	₱171,090,013,640	₱14,768,362,462	₱86,266,176,981	₱56,035,823,369	₱12,350,200,621	₱385,655,574,546
Additions	1,442,997,743	1,835,234,330	9,425,621,192	563,826,104	4,262,002,144	13,871,998,581	814,270,377	32,215,950,471
Reclassification due to a merger (Note 44)	(277,675,605)	(39,946,381)	–	(2,415,992,667)	–	(53,109,306)	–	(2,786,723,959)
Transfers, disposals and other adjustments	370,003,759	2,078,465,305	24,115,393,731	(835,075,945)	(15,212,319,101)	(20,681,083,604)	(9,148,516,507)	(19,313,132,362)
Balance at end of year	12,444,879,985	38,109,196,639	204,631,028,563	12,081,119,954	75,315,860,024	49,173,629,040	4,015,954,491	395,771,668,696
Accumulated Depreciation and Amortization								
Balance at beginning of year	2,020,574,754	16,568,676,492	76,539,351,108	12,351,401,073	27,660,309,257	–	–	135,140,312,684
Depreciation and amortization	216,396,499	1,531,626,733	7,931,424,853	977,536,007	5,244,839,951	–	–	15,901,824,043
Reclassification due to a merger (Note 44)	–	(241,060,210)	–	(1,975,943,969)	–	–	–	(2,217,004,179)
Disposals, transfers and other adjustments	(75,889,625)	(976,533,179)	(456,949,609)	(1,135,995,633)	(7,318,439,953)	–	–	(9,963,807,999)
Balance at end of year	2,161,081,628	16,882,709,836	84,013,826,352	10,216,997,478	25,586,709,255	–	–	138,861,324,549
Allowance for Impairment Losses								
Balance at beginning of year	11,385,054	43,846,880	409,395,193	279,328	–	–	–	464,906,455
Provision for impairment losses (Note 34)	–	151,677,385	171,307,268	–	86,746,895	–	–	409,731,548
Balance at end of year	11,385,054	195,524,265	580,702,461	279,328	86,746,895	–	–	874,638,003
Net Book Value at End of Year	₱10,272,413,303	₱21,030,962,538	₱120,036,499,750	₱1,863,843,148	₱49,642,403,874	₱49,173,629,040	₱4,015,954,491	₱256,035,706,144

Acquisition of machineries and equipment with Central Azucarera de Don Pedro, Inc. (CADPI)
URC entered into an agreement with CADPI for the acquisition of machineries and equipment used in the operations of its sugar milling plant. On June 6, 2023, URC and CADPI proceeded to close the sale transaction, with the signing and delivery of definitive sales agreements as well as performance of all conditions necessary for the closing of the transaction. URC recognized property, plant and equipment amounting to ₱892.9 million from the purchase transaction.

Sale of Tolong Millsite
In January 2021, URC executed a Memorandum of Agreement and Deed of Absolute Sale with a third party for the sale of its Tolong millsite, with a selling price of ₱1.2 billion. Gain on disposal attributable to the sale amounted to ₱18.9 million, which was recognized under 'Other Operating Income (Losses)' in the consolidated statement of comprehensive income (Note 29).

Construction in-progress
CAI
Construction in-progress represents the cost of airframe and engine construction in-progress and buildings and improvements and other ground property under construction. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2023 and 2022, CAI's pre-delivery payments capitalized as construction in-progress amounted to ₱18.0 billion and ₱14.2 billion, respectively. For the years ended December 31, 2023 and 2022, CAI received pre-delivery payment refunds for delivered aircrafts from Airbus which amounted to ₱11.6 billion and ₱5.8 billion, respectively.

URC
Construction-in-progress amounting to ₱18.2 billion and ₱10.3 billion as of December 31, 2023 and 2022, respectively, represents costs of ongoing expansion and constructions of plants.

JGSOC
Construction-in-progress amounting to ₱27.9 billion and ₱17.4 billion as of December 31, 2023 and 2022, respectively, represents the construction costs of the Naphtha Cracker Plant and Bimodal PE 3. The plant is intended for the production primarily of polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline and pyrolysis fuel oil.

Depreciation and Amortization
The breakdown of consolidated depreciation and amortization on property, plant and equipment follows:

	2023	2022	2021
General and administrative expenses (Note 33)	**₱6,424,139,999**	₱6,422,974,958	₱8,446,325,556
Cost of sales (Note 33)	**9,461,333,194**	8,453,864,979	7,822,566,296
Cost of services (Note 33)	**880,523,117**	827,328,873	723,784,809
Discontinued operations (Note 44)	**189,145,089**	197,655,232	1,030,367,616
	₱16,955,141,399	₱15,901,824,042	₱18,023,044,277

Impairment Losses
The Group recognized impairment losses on property, plant and equipment amounting to ₱226.5 million, ₱409.7 million and ₱432.6 million in 2023, 2022 and 2021, respectively. The assets written-down pertain to (a) CAI's aircrafts that are classified as held for sale; (b) CAI's two (2) ATR 72-500 aircrafts (RPCs 7250 and 7255) (c) URC's property and equipment on non-operational plants; (d) URC's idle and discontinued production line and; (e) URC's office space leasehold improvements and furniture and fixtures.

Property, Plant and Equipment Pledged as Collateral

Passenger aircraft and engines held as securing assets under various loans

CAI entered into various commercial loan facilities to finance the purchase of its aircraft and engines. As of December 31, 2023 and 2022, CAI passenger aircraft held as securing assets under various commercial loans are as follows:

	2023	2022
	Commercial Loans	Commercial Loans
ATR 72-600	**12**	12
Airbus NEO	**9**	6
Airbus CEO	**1**	6
	22	24

Under the terms of the commercial loan facilities (Note 23), upon the event of default, the outstanding amount of loan (including accrued interest) will be payable by the SPEs. Under the terms of commercial loan facilities from local banks, upon event of default, the outstanding amount of loan will be payable, including interest accrued by CAI. Failure to pay the obligation will allow the respective lenders to foreclose the securing assets.

As of December 31, 2023 and 2022, the carrying amounts of the securing assets (included under the 'Property, plant and equipment' account) amounted to ₱33.2 billion and ₱28.2 billion, respectively.

Sale and Sale and Leaseback Transactions

In December 2021, CAI entered into a sale and leaseback agreement for seven (7) A320 aircraft. The lease portion consists of leases between three (3) to five (5) years. The sale portion resulted to a gain of ₱1.4 billion. Meanwhile, in 2022, CAI entered into sale and leaseback agreements for eight (8) engines where its sale portion resulted to a gain of ₱1.5 billion. On the other hand, for 2023, CAI entered into sale and leaseback agreements for five (5) aircraft and two (2) engines where its sale portion resulted to a gain of ₱1.1 billion and ₱139.1 million, respectively. The sale portion resulted in a gain is included 'Gain (loss) on sale of aircraft' under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

In 2022, CAI also entered into an agreement for sale of one (1) A330 CEO aircraft that resulted into the recognition of loss amounting to ₱381.6 million recorded under Gain (loss) on sale of aircraft' under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

Proceeds from sale of property and equipment for the years ended 2023, 2022 and 2021 amounted to ₱10.4 billion, ₱10.5 billion and ₱10.7 billion, respectively.

Operating Fleet
As of December 31, 2023 and 2022, the Group's operating fleet follow:

	2023	2022
Leased aircraft: (Note 42)		
Airbus CEO	**23**	20
Airbus NEO	**29**	17
ATR 72-600	**2**	2
Owned aircraft: (Note 23)		
Airbus CEO	**8**	13
Airbus NEO	**9**	6
ATR 72-600	**12**	12
ATR 72-500	**2**	2
	85	72

For the years ended December 31, 2023, 2022, and 2021, CAI received pre-delivery payment refunds for delivered aircraft from Airbus which amounted to ₱11.6 billion, ₱5.8 billion, and ₱5.9 billion, respectively.

As of December 31, 2023 and 2022, the gross amount of fully depreciated property and equipment which are still in use by the Group amounted to ₱9.9 billion and ₱4.3 billion, respectively.

17. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

	2023	2022
Current portion	**₱111,278,386**	₱205,303,346
Noncurrent portion	**160,655,341**	205,740,429
	₱271,933,727	₱411,043,775

These biological assets consist of:

	2023	2022
Swine		
Commercial	**₱90,750,402**	₱180,766,167
Breeder	**54,032,600**	94,745,595
Poultry		
Commercial	**20,527,984**	24,537,179
Breeder	**106,622,741**	110,994,834
	₱271,933,727	₱411,043,775

The rollforward analysis of this account follows:

	2023	2022
Balance at beginning of year	**₱411,043,775**	₱298,250,510
Additions	**472,987,816**	744,579,361
Disposals	**(612,434,037)**	(632,097,589)
Gains arising from changes in fair value less estimated costs to sell	**336,173**	311,493
	₱271,933,727	₱411,043,775

As of December 31, 2023 and 2022, the Group has about 28,079 and 28,067 heads of swine, respectively, and about 489,819 and 653,657 heads of poultry, respectively.

18. Intangible Assets

The composition and movements in this account follow:

	2023					
	Technology Licenses	**Branch licenses, trade secrets and others**	**Software Costs**	**Trademarks and Brands**	**Product Formulation**	**Total**
Cost						
Balance at beginning of year	**₱552,331,752**	**₱2,218,144,660**	**1,009,214,010**	**₱3,181,655,783**	**₱425,000,000**	**₱7,386,346,205**
Additions	**–**	**–**	**234,618,618**	**–**	**–**	**234,618,618**
Reclassification due to a merger (Note 44)	**–**	**–**	**(222,330,077)**	**–**	**–**	**(222,330,077)**
Disposals/reclassification/others	**–**	**(20,530,766)**	**605,555,133**	**(134,656,435)**	**–**	**450,367,932**
Balance at end of year	**552,331,752**	**2,197,613,894**	**1,627,057,684**	**3,046,999,348**	**425,000,000**	**7,849,002,678**
Accumulated Amortization and Impairment Losses						
Balance at beginning of year	**552,331,752**	**27,296**	**742,522,255**	**201,524,581**	**–**	**1,496,405,884**
Amortization	**–**	**–**	**310,264,575**	**125,498**	**–**	**310,390,073**
Reclassification due to a merger (Note 44)	**–**	**–**	**(81,031,300)**	**–**	**–**	**(81,031,300)**
Disposals/reclassifications/others	**–**	**(27,296)**	**109,334**	**125,231**	**–**	**207,269**
Balance at end of year	**552,331,752**	**-**	**971,864,864**	**201,775,310**	**–**	**1,725,971,926**
Net Book Value at End of Year	**₱–**	**₱2,197,613,894**	**₱655,192,820**	**₱2,845,224,038**	**₱425,000,000**	**₱6,123,030,752**

	2022					
	Technology Licenses	Branch licenses, trade secrets and others	Software Costs	Trademarks and Brands	Product Formulation	Total
Cost						
Balance at beginning of year	₱552,331,752	₱3,087,654,988	₱1,909,458,327	₱3,085,213,132	₱425,000,000	₱9,059,658,199
Additions	–	–	182,970,231	–	–	182,970,231
Reclassification due to a merger (Note 44)	–	(915,033,013)	(1,234,738,726)	–	–	(2,149,771,739)
Disposals/reclassification/others	–	45,522,685	151,524,178	96,442,651	–	293,489,514
Balance at end of year	552,331,752	2,218,144,660	1,009,214,010	3,181,655,783	425,000,000	7,386,346,205
Accumulated Amortization and Impairment Losses						
Balance at beginning of year	552,331,752	–	1,145,125,198	201,524,581	–	1,898,981,531
Amortization	–	76,585	381,475,940	–	–	381,552,525
Reclassification due to a merger (Note 44)	–	–	(784,381,584)	–	–	(784,381,584)
Disposals/reclassifications	–	(49,289)	302,701	–	–	253,412
Balance at end of year	552,331,752	27,296	742,522,255	201,524,581	–	1,496,405,884
Net Book Value at End of Year	₱–	₱2,218,117,364	₱266,691,755	₱2,980,131,202	₱425,000,000	₱5,889,940,321

Technology Licenses
Technology licenses represent the cost of JGSOC's technology and licensing agreements which cover the construction, manufacture, use and sale of PE and PP lines. JGSOC's technology licenses were fully impaired in 2006.

Branch Licenses and Others
Branch licenses belong to RBC which amounted to ₱781.2 million in 2022. In 2022, RBC's branch licenses are presented as part of 'Assets held for sale' due to the planned merger (Note 44). Others include intangible assets which arose from the acquisition of Cebgo, Inc. These assets represent CAI's costs to establish brand and market opportunities under the strategic alliance with Cebgo, Inc. amounting to ₱852.7 million.

Trademarks, Product Formulation, Brands and Customer Relationships
Brands, trademarks and trade secrets were recognized as a result of acquisition of Munchys' Group in 2021. There were also trademarks and product formulation from the acquisition of General Milling Corporation in 2008.

19. Goodwill

Movements in the Group's goodwill account follow:

	2023	2022
Cost		
Balance at beginning	**₱20,355,664,946**	₱19,988,614,327
Translation adjustment	**(883,327,702)**	611,377,625
Reclassification to Assets Held for Sale due to planned merger (Note 44)	–	(244,327,006)
Balance at end of year	**19,472,337,244**	20,355,664,946
Accumulated Impairment Losses	**270,931,882**	270,931,882
Net Book Value at End of Year	**₱19,201,405,362**	₱20,084,733,064

The Group's goodwill pertains to: (a) The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000, (b) the acquisition of Cebgo, Inc. (formerly Tiger Airways Philippines), (c) acquisition of Balayan Sugar Mill in 2016, (d) step acquisition of A-Plus; and (e) acquisition of Munchy's Group in December 2021. Goodwill is not amortized and is non-deductible for tax purposes.

Acquisition of Cebgo
Goodwill arising from the acquisition of Cebgo is attributable to the following:

Achievement of Economies of Scale
CEBGO's overall profitability is expected to improve through cost efficiencies from leveraging on the Parent Company's network of suppliers and other partners.

Defensive Strategy
Acquiring a competitor enables CAI to manage overcapacity in certain geographical areas/markets. CAI also identified intangible assets amounting to ₱852.7 million representing costs to establish brand and market opportunities under the strategic alliance with Tiger Airways Holding Limited.

Goodwill amounting to ₱154.9 million from step acquisition of A-Plus comprises the fair value of expected synergies arising from the acquisition.

Impairment testing of Goodwill

CAI
As of December 31, 2023 and 2022, CAI's management assessed that no impairment loss should be recognized for goodwill and other intangible assets (Note 18) from acquisition of A-Plus and Cebgo. For purposes of impairment testing, the Group considered A-Plus and Cebgo as the CGUs.

Key assumptions used in the VIU calculation
As of December 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenue, fuel cost, passenger load factor, passenger yield: These assumptions are based on the past performance, market developments and expectations in the industry.
- Discount rates: The discount rate used for the computation of the net present value is the weighted average cost of equity and was determined by reference to comparable entities.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of goodwill arising from the acquisition of A-Plus and CEBGO to materially exceed their recoverable amounts.

URC
URC performed its annual impairment test on its goodwill and other intangible assets (Note 18) with indefinite useful lives as of December 31, 2023 and 2022. In 2023 and 2022, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value in use calculations used cash flow projections from financial budgets approved by management covering a five-year period.

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.60% and 3.90% to 6.10% as of December 31, 2023 and 2022, respectively.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

URC management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from URC's acquisitions to materially exceed their recoverable amounts.

20. Other Noncurrent Assets

This account consists of:

	2023	2022
Deferred tax assets (Note 38)	**₱9,152,400,560**	₱6,631,828,721
Security and miscellaneous deposits	**3,764,895,929**	2,577,069,489
Advances to suppliers - net of current portion	**2,312,087,333**	2,548,231,613
Utility deposits	**782,376,483**	736,368,096
Advances to lot owners - net of current portion	**638,763,555**	1,528,296,767
Input VAT	**475,107,948**	481,014,868
Others	**1,230,020,734**	1,222,991,140
	₱18,355,652,542	₱15,725,800,694

Security Deposits
Security deposits include deposits provided to lessors and maintenance providers for aircraft under operating lease.

Advances to Suppliers
Advances to suppliers pertain to RLC's prepayments for the construction of investment properties and property and equipment. These are recouped from billings which are expected to occur in future period.

Utility Deposits
Utility deposits that are refundable consist primarily of bill and meter deposits.

Advances to Lot Owners
Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Others
As of December 31, 2023, others include training costs prepaid by the Group for its "study-now, pay-later" Cadet Pilot Program amounting to ₱390.4 million, and refundable prepaid rent amounting to ₱100.0 million.

As of December 31, 2022, others include training costs prepaid by the Group for its "study-now, pay-later" Cadet Pilot Program amounting to ₱401.3 million, and refundable prepaid rent amounting to ₱100.0 million

21. Accounts Payable and Accrued Expenses

This account consists of:

	2023	2022
Trade payables	**₱41,341,237,862**	₱36,466,313,009
Accrued expenses	**27,296,088,998**	22,585,348,053
Airport and other related fees payable	**4,410,790,183**	3,747,887,878
Output VAT	**4,286,935,517**	2,925,263,126
Due to related parties (Note 40)	**758,295,148**	161,443,000
Withholding taxes payable	**400,900,487**	385,931,356
Travel fund payable (Note 24)	**217,309,782**	1,027,065,525
Dividends payable	**36,715,413**	35,981,802
Refunds payable	**9,434,217**	70,008,622
Other payables	**2,129,665,517**	2,874,199,364
	₱80,887,373,124	₱70,279,441,735

Trade Payables
Trade payables are noninterest-bearing and are normally settled on 30- to 60-day terms. Trade payables arise mostly from purchases of inventories, which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations. Trade payables also include importation charges related to raw materials purchases, as well as occasional acquisitions of production equipment and spare parts. Obligations arising from purchase of inventories necessary for the daily operations and maintenance of aircraft which include aviation fuel, expendables and consumables, equipment and in-flight supplies, and unpaid billings from suppliers and contractors related to construction activities, are also charged to this account.

Accrued Expenses
This account consists of accruals for the following:

	2023	2022
Advertising and promotions	**₱6,134,183,068**	₱4,682,472,405
Landing and take-off, navigational charges, and other aircraft-related expenses	**5,700,609,383**	4,393,043,945
Contracted services	**2,975,359,083**	1,465,968,122
Compensation and benefits	**2,620,217,903**	1,607,503,840
Utilities	**2,314,984,061**	2,356,444,096
Interest payable	**1,833,039,281**	2,449,991,895
Rental expense	**1,463,756,411**	1,301,789,847
Taxes and licenses	**664,369,547**	383,897,236
Freight and handling costs	**291,997,798**	377,714,796
Royalties	**109,185,378**	53,162,833
Insurance	**50,721,093**	127,542,340
Other accrued expenses	**3,137,665,992**	3,385,816,698
	₱27,296,088,998	₱22,585,348,053

Other accrued expenses include accruals for travel and transportation, commission, communication, repairs and maintenance, and other professional and legal fees.

Airport and Other Related Fees Payable
Airport and other related fees payable are amounts payable to the Philippine Tourism Authority, Air Transportation Office, Mactan-Cebu International Airport and Manila International Airport Authority arising from aviation security, terminal fees and travel taxes.

Refunds Payable
Customers are given options for their cancelled flights, which included free rebooking, full cash refund or conversion to a full travel fund. Refunds payable pertain to cash due to be returned to customers.

Other Payables
As of December 31, 2023 and 2022, other payables consist of management bonus and other non-trade payables. Other non-trade payables include liabilities for trucking services, IT-related repairs, payable to employees and advances from stockholders.

22. Other Current Liabilities

This account consists of:

	2023	2022
Unearned transportation revenue	**₱13,761,288,846**	₱11,559,106,248
Contract liabilities (Note 24)	**3,881,029,135**	2,837,695,079
Deposit from lessees (Note 24)	**3,505,102,294**	2,993,141,139
Customer's deposits	**1,808,636,602**	1,633,846,788
Advances from agents and others	**1,389,474,265**	1,299,472,026
Derivative liabilities (Notes 8 and 23)	**1,291,971**	846,835,509
	₱24,346,823,113	₱21,170,096,789

Unearned Transportation Revenue
Passenger ticket and cargo waybill sales are initially recorded under 'Unearned transportation revenue' in the consolidated statements of financial position, until these are recognized under 'Air transportation revenue' in profit or loss in the consolidated statements of comprehensive income, when the transportation service is rendered by the Group (or once tickets are flown).

In 2023, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱11.2 billion and ₱2.5 billion, respectively. In 2022, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱9.6 billion and ₱2.0 billion, respectively.

Contract Liabilities
Contract liabilities (including noncurrent portion shown in Note 24) consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion. The movement in the contract liability is mainly due to reservation of sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion. The contract liabilities account includes deposits from real estate buyers that have not met the revenue recognition threshold of 10.0% and these amounted to ₱1.1 billion as of December 31, 2023 and 2022.

Deposits from Lessees
Deposits from lessees (including the noncurrent portion shown in Note 24) represent cash received from tenants representing three to six months' rent which shall be refunded to tenants at the end of lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Advances from Agents and Others
Advances from agents and others represent cash bonds required from major sales and ticket offices or agents. This account also includes commitment fees received for the sale and purchase agreement of aircraft.

23. Short-term Debts, Long-term Debts and Bonds Payable

Short-term Debts
Short-term debts consist of:

	2023	2022
Parent Company:		
Philippine Peso - unsecured with interest rate of 6.0% in 2023 and ranging from 5.1% to 5.7% in 2022	**₱6,200,000,000**	₱4,800,000,000
Subsidiaries:		
Foreign currencies - unsecured with interest rates ranging from 2.8% to 6.0% in 2023 and from 1.8% to 4.9% in 2022	**4,869,734,406**	10,646,528,236
Philippine Peso - with interest rates of 6.0% to 6.9% in 2023 and 4.8% to 6.9% in 2022	**52,455,131,435**	76,470,952,105
	₱63,524,865,841	₱91,917,480,341

As of December 31, 2023 and 2022, short-term debt of certain subsidiaries denominated in foreign currency and peso include trust receipts payable amounting to ₱32.5 billion and ₱39.3 billion, respectively. The trust receipts payable amounting to ₱10.5 billion and ₱11.5 billion are secured by the trusteed inventories for the same amount as of December 31, 2023 and 2022, respectively (see Note 12).

In 2023, 2022 and 2021, the Group incurred interest expense on short-term notes amounting to ₱5.3 billion, ₱2.5 billion and ₱0.9 billion, respectively (see Note 35).

Long-term Debts
Long-term debts (net of debt issuance costs) consist of:

	Maturities	Interest Rates	**2023**	2022	Condition
Parent Company:					
Term Loans					
₱10.0 billion term loan	2023	BDO's 30-day prime rate (5.75%)	**₱–**	₱9,992,871,207	Unsecured
₱5.0 billion term loan	2023	Floating (5.18%)	**–**	4,996,310,004	Unsecured
₱7.0 billion term loan	2024	Floating (6.49%)	**6,992,530,514**	6,981,566,526	Unsecured
₱5.0 billion term loan	2024	3.50%	**4,748,016,517**	4,793,965,442	Unsecured
₱4.0 billion term loan	2025	4.00%	**3,990,301,030**	3,984,156,421	Unsecured
₱10.0 billion term loan	2028	BDO's 30-day prime rate (6.85%)	**9,930,034,288**	–	Unsecured
₱5.0 billion term loan	2028	Floating (7.00%)	**4,965,996,339**	–	Unsecured
			30,626,878,688	30,748,869,600	

(Forward)

	Maturities	Interest Rates	2023	2022	Condition
Subsidiaries:					
Foreign currencies:					
JGSHPL					
US$750.0 million guaranteed notes	2023	4.38%	₱–	₱34,055,265,439	Guaranteed
US$600.0 million guaranteed notes	2030	4.13%	32,463,526,015	32,897,608,291	Guaranteed
CAI					
JPY commercial loan	Various dates through 2029	Less than 1% (JPY TONA)	15,192,965,292	5,668,467,652	Secured
USD commercial loan from foreign banks	Various dates through 2030	1.00% to 8.00% (US$ Libor)	15,526,920,854	20,328,193,139	Secured
			63,183,412,161	92,949,534,521	
Philippine Peso:					
RLC					
₱12.7 billion loan facility	2023	3.68%	–	12,733,407,827	Unsecured
₱5.0 billion loan facility	2023	3.89%	–	4,937,828,625	Unsecured
₱7.0 billion loan facility	2024	3.10%	6,298,795,884	6,433,104,570	Unsecured
₱1.4 billion loan facility	2025	4.93%	1,362,688,401	1,361,198,194	Unsecured
₱6.0 billion loan facility	2025	4.00%	5,985,901,374	5,976,794,270	Unsecured
₱0.4 billion loan facility	2025	3.80%	425,453,162	424,354,177	Unsecured
₱6.0 billion loan facility	2025	5.38%	5,957,483,261	5,933,566,318	Unsecured
₱6.0 billion loan facility	2026	6.10%	5,937,621,694	–	Unsecured
₱4.5 billion loan facility	2027	4.00%	4,461,734,946	4,464,350,237	Unsecured
₱9.0 billion loan facility	2027	5.94%	8,915,294,110	8,894,511,448	Unsecured
₱4.9 billion loan facility	2028	BPI's prime rate (6.75%)	4,905,074,856	–	Unsecured
₱9.0 billion loan facility	2028	6.17%	8,899,119,771	–	Unsecured
JGSOC					
₱14.5 billion term loan	2024	Floating (6.03 to 6.95%)	14,508,000,000	14,508,000,000	Unsecured
₱5.0 billion term loan	2024	5.00%	5,000,000,000	5,000,000,000	Unsecured
₱1.2 billion term loan	2024	5.50%	1,210,000,000	1,210,000,000	Unsecured
₱1.3 billion term loan	2024	5.50%	1,282,000,000	1,282,000,000	Unsecured
₱5.0 billion term loan	2025	5.26%	5,000,000,000	5,000,000,000	Unsecured
₱4.0 billion term loan	2025	Floating (7.15%)	4,000,000,000	4,000,000,000	Unsecured
₱4.0 billion term loan	2025	4.72%	4,000,000,000	4,000,000,000	Unsecured
₱10.0 billion term loan	2028	BDO's 30-day prime rate (6.85%)	9,929,481,600	–	Unsecured
₱25.0 billion term loan	2028	BPI's prime rate (6.75%)	24,829,436,296	–	Unsecured
CAI					
Term loan	2023	4.80%	–	586,666,667	Unsecured
Commercial loans	Various dates through 2028	2.00%-5.00% (PH BVAL)	7,979,865,441	13,796,154,953	Secured
			130,887,950,796	100,541,937,286	
			224,698,241,645	224,240,341,407	
Less current portion			44,984,075,357	70,460,432,880	
			₱179,714,166,288	₱153,779,908,527	

The foreign exchange rate used to revalue the foreign currency borrowings was ₱55.370 to US$1 and ₱55.755 to US$1 as of December 31, 2023 and 2022, respectively.

Long-term debt to foreign banks is shown net of unamortized debt issuance costs totaling ₱110.6 million and ₱146.8 million as of December 31, 2023 and 2022, respectively. Unamortized debt issuance cost related to peso-denominated long-term debt amounted to ₱475.7 million and ₱301.8 million as of December 31, 2023 and 2022, respectively.

Repayments of the long-term debt (gross of debt issuance costs) follow:

	2023	2022
Due in:		
2024 and 2025	₱81,212,507,053	₱116,178,958,211
Thereafter	144,072,043,429	108,509,997,070
	₱225,284,550,482	₱224,688,955,281

The details of the Group's long-term debt follow:

Parent Company's Philippine Peso Loans

Parent Company ₱10.0 Billion Term Loan with Banco De Oro (BDO) due in June 2023

On June 8, 2018, the Company borrowed ₱10.0 billion under Term Loan Facility Agreement with BDO. The loan bears an interest based on the bank's 30-day prime rate. Interest for 2023 and 2022 amounted to ₱385.3 million and ₱345.6 million, respectively. The original maturity date of the loan was extended to August 8, 2023. The loan was fully settled in August 2023 and was refinanced with a 5-year term loan with the same bank.

Parent Company ₱5.0 Billion Term Loan with Metropolitan Bank and Trust Company (MBTC) due in June 2023

On June 14, 2018, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2023 and 2022 amounted to ₱123.8 million and ₱130.3 million, respectively. The loan was fully settled in June 2023 and was refinanced with a 5-year term loan with the same bank.

Parent Company ₱5.0 Billion Term Loan with MBTC due in July 2024

On July 13, 2017, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC with a fixed rate at 4.93% per annum and shall be payable quarterly in arrears. On January 13, 2022, the rate was amended to 3.5% per annum. Interest for 2023 and 2022 amounted to ₱167.2 million and ₱171.4 million, respectively.

Parent Company ₱7.0 Billion Term Loan with BPI due in August 2024

On August 23, 2019, the Parent Company borrowed ₱7.0 billion under Term Loan Facility Agreement with BPI. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2023 and 2022 amounted to ₱419.3 million and ₱174.3 million, respectively.

Parent Company ₱4.0 Billion Term Loan with BDO due in June 2025

On June 26, 2020, the Parent Company borrowed ₱4.0 billion under Term Loan Facility Agreement with BDO with a fixed rate at 4.00% per annum and shall be payable quarterly in arrears. Interest for 2023 and 2022 amounted to ₱159.7 million and ₱160.0 million, respectively.

Parent Company ₱5.0 Billion Term Loan with MBTC due in June 2028

On June 8, 2023, the Parent Company borrowed ₱5.0 billion under Term Loan facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2023 amounted to ₱185.5 million. The loan was obtained to refinance the ₱5.0 Billion Term Loan with the same bank due in June 2023.

Parent Company ₱10.0 Billion Term Loan with BDO due in 2028

On August 8, 2023, the Parent Company borrowed ₱10.0 billion under Term Loan facility. The loan bears an interest based on the bank's 30-day prime rate. Interest for 2023 amounted to ₱265.8 million. The loan was obtained to refinance the ₱10.0 Billion Term Loan with the same bank due in August 2023.

Subsidiaries' Foreign Currency Loans

JGSHPL 4.375% Senior Unsecured Notes Due 2023

On January 24, 2013, JGSHPL issued US$750.0 million, 4.375% senior unsecured notes due 2023. The notes are unconditionally and irrevocably guaranteed by the Parent Company. On July 21, 2020, JGSHPL redeemed notes with a face value of $32.0 million for a total consideration of $34.0 million. The redemption resulted in a loss on bond reacquisition amounting ₱66.2 million (Note 29).

In January 2023, JGSHPL settled the said bonds at maturity amounting to US$611.2 million or ₱33.4 billion, net of the total bonds cancelled with a face value of US$138.8 million

JGSHPL 4.125% Senior Unsecured Notes Due 2030
On July 2020, JGSHPL issued US$600.0 million, 4.125% senior unsecured notes due 2030. The notes are unconditionally and irrevocably guaranteed by the Parent Company.. On various dates from March 1, 2022 to September 30, 2022, JGSHPL redeemed notes with a face value of $7.7 million for a total consideration of $7.5 million. The redemption resulted in a gain on bond reacquisition amounting to ₱10.6 million.

CAI JPY Commercial Loans
The following table summarizes the Japanese commercial loans entered into by CAI in various dates in 2019 and 2023, to finance the purchase of seven (7) A321NEO aircraft.

Drawdown Date	Aircraft Type	No. of Units	Security Trustees	Maturity Date
January 2019	A321NEO	1	Sampaguita Leasing Co. Ltd.	January 2029
May 2019	A321NEO	1	Dia Boracay Leasing Co. Ltd.	May 2029
October 2019	A321NEO	1	Cebuano Leasing Co. Ltd.	October 2029
November 2019	A321NEO	1	Tarsier Leasing Co. Ltd.	November 2029
July 2023	A321NEO	1	Nalu Leasing Co., Ltd.	July 2033
September 2023	A321NEO	1	Guimaras Leasing Co., Ltd.	September 2033
November 2023	A321NEO	1	Tubbataha Leasing Co., Ltd.	November 2033

In July, September, and November 2023, CAI entered into Japanese commercial loans for three (3) Airbus A321NEO aircraft. The loan required quarterly installments with maturity not longer than 10 years at variable interest rate based on Compounded JPY TONA plus loan margin.

As of December 31, 2023 and 2022, the total outstanding balance of the Japanese yen commercial loans amounted to ₱15.2 billion (¥38.7 billion) and ₱5.7 billion (¥13.6 billion), respectively. Interest expense amounted to ₱37.8 million, ₱15.5 million and ₱18.4 million in 2023, 2022 and 2021, respectively.

CAI USD Commercial Loans from Foreign Banks
The following table summarizes the US Dollar commercial loans entered into by CAI in various dates in 2018 to 2020, to finance the purchase of seven (7) A321CEO and six (6) A321NEO aircraft.

Drawdown Date	Aircraft Type	No. of Units	Security Trustees	Maturity Date
Various dates in 2018	A321CEO	7	Tikgi One Aviation Designated Activity Company	Various dates in 2026
January 2019	A321NEO	1	Sampaguita Leasing Co. Ltd.	January 2029
May 2019 October 2019 November 2019	A321NEO	3	Dia Boracay Co. Ltd. Cebuano Leasing Co. Tarsier Leasing Co.	May 2029 October 2029 November 2029
December 2019 June 2020	A321NEO	2	RAMEN Aircraft Leasing Limited	December 2029 June 2030

As of December 31, 2023 and 2022, the total outstanding balance of the US Dollar commercial loans amounted to ₱15.5 billion (US$280.4 million) and ₱20.3 billion (US$364.6 million), respectively. Interest expense amounted to ₱1,249.3 million, ₱668.3 million and ₱579.8 million in 2023, 2022 and 2021, respectively.

Subsidiaries' Philippine Peso Loans

RLC Three-year "Series C Bonds" maturing on July 17, 2023 and Five-Year "Series D Bonds" maturing on July 17, 2025

On July 17, 2020, RLC issued its "Series C Bonds" amounting to ₱12.8 billion and "Series D Bonds" amounting to ₱427 million constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by the RLC to: (i) partially fund the capital expenditure budget of RLC for calendar years 2023 and 2022 (ii) repay short-term loans maturing in the second half of calendar year; and (iii) fund general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings). The three-year 'Series C Bonds' was fully settled in July 2023.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on January 17 and July 17 of each year at which the bonds are outstanding.

RLC ₱5.0 Billion Term Loan due in August 2023

On August 10, 2016, RLC borrowed ₱5.0 billion under Term Loan Facility Agreements with BPI. The ₱5.0 billion loan was released on August 10, 2016 with interest rate at 3.89% per annum and shall be payable quarterly, computed on the basis of a 360-day year and on the actual number of days elapsed. The loan was fully settled in August 2023

RLC ₱7.0 Billion Term Loan due in March 2024

On March 15, 2017, RLC borrowed ₱7.0 billion million under Term Loan Facility Agreements with MBTC. The loan was released on March 15, 2017 amounting to ₱7.0 billion with interest rate at 4.75% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Annual principal payment is two percent (2%) of the total loan amount or ₱140 million. On November 15, 2021, the interest rate was reduced to a fixed rate of 3.10% per annum for the remaining term of the loan.

RLC ₱1.4 Billion Term Loan due in February 2025

On February 23, 2015, RLC issued ₱1.4 billion bonds constituting direct, unconditional, unsubordinated, and unsecured obligation obligations of RLC and shall at all times rank *pari-passu* and without preference among themselves and among any present and future unsubordinated and unsecured obligations of RLC, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by RLC to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding. Interest rate is 4.93% per annum.

RLC ₱6.0 Billion Term Loan due June 2025

On June 30, 2020, RLC borrowed ₱6.0 billion under Term Loan Facility Agreements with BDO Unibank, Inc. The loan was released on June 30, 2020 which bears interest rate at 4.75% computed per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. On November 26, 2021, the interest rate was reduced to a fixed rate of 4.00% per annum for the remaining term of the loan.

RLC Three-year "Series E Bonds" maturing on August 26, 2025 and Five-Year "Series F Bonds" maturing on August 26, 2027
On August 26, 2022, RLC issued its "Series E Bonds" amounting to ₱6.0 billion and "Series F Bonds" amounting to ₱9.0 billion constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by RLC to: (i) partially fund the capital expenditure budget for project development and land acquisition for calendar years 2022 and 2023 and to partially repay maturing debt obligations; and (ii) for general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears on February 26, May 26, August 26 and November 26 of each year at which the bonds are outstanding.

RLC Three-year "Series G Bonds" maturing on June 30, 2026 and Five-Year "Series H Bonds" maturing on June 30, 2028
On June 30, 2023, RLC issued its "Series G Bonds" amounting to ₱6.0 billion and "Series H Bonds" amounting to ₱9.0 billion constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by RLC to: (i) to fully repay maturing debt obligations; (ii) to partially fund the capital expenditure budget for project development for calendar years 2023 to 2025; and (iii) for general corporate purposes. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears on March 30, June 30, September 30 and December 30 of each year at which the bonds are outstanding.

RLC ₱4.5 Billion Term Loan due February 2027
On February 10, 2017, RLC borrowed ₱4.5 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. The loan was released on February 10, 2017 amounting to ₱4.5 billion with interest rate at 4.95% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Partial payment for this loan amounting to ₱5 million was made on February 13, 2023 and 2022. On November 11, 2021, the interest rate was reduced to a fixed rate of 4.00% per annum until repricing date. On repricing date or on November 13, 2025, the interest rate will revert to 4.95% per annum until maturity date.

RLC ₱4.9 Billion Term Loan due August 2028
On August 10, 2023, the Group borrowed unsecured ₱4.9 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid monthly in arrear. Interest rate is at prevailing market rate,

JGSOC Philippine Peso Term Loan
These are clean loans obtained in 2019, 2020 and 2023 to finance the JGSOC's expansion projects and are payable in lump sum after five years. Interest expense for 2023 and 2022 amounted to ₱2.4 billion and ₱1.9 billion, respectively.

CAI Philippine Peso Term Loans
In 2020, CAI entered into an unsecured, Philippine peso-denominated loan amounting to ₱4.0 billion with Security Bank Corporation due in 2023. The loan was obtained to support the working capital requirements of CAI. As of December 31, 2023 and 2022, the total outstanding Philippine Peso term loan amounted to nil and ₱586.7 million, respectively. Interest expense incurred from this loan amounted to ₱10.7 million, ₱80.3 million and ₱156.3 million in 2023, 2022 and 2021, respectively. CAI's outstanding balance as at December 31, 2022 is due for repayment in 2023 and classified as current in the 2022 consolidated statement of financial position. As of December 31, 2023, the loan has been paid in full.

CAI Peso Commercial Loans
The following table summarizes the Philippine peso commercial loans entered into by CAI on various dates in 2016 to 2018, to finance the purchase of ten (10) ATR 72-600 and one (1) A330CEO aircraft. These loans are secured by the related aircrafts.

Drawdown Date	Aircraft Type	No. of Units	Maturity Date
October and November 2016 February and March 2017	ATR 72-600	4	October and November 2026 February and March 2027
May, July, October and December 2017	ATR 72-600	4	May, July, October and December 2027
February and May 2018	ATR 72-600	2	February and May 2028
May 2017	A330CEO	1	May 2027

Key terms of the commercial loan facilities follow:

- Term of seven to ten (10) years starting from the delivery dates of each aircraft.
- Twenty-eight (28) to forty (40) equal consecutive principal repayments made on a quarterly basis.
- Interests on loans are variable rates based on Philippines Bloomberg Valuation (PH BVAL).
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

As of December 31, 2023 and 2022, the total outstanding Philippine Peso commercial loans amounted to ₱8.0 billion and ₱13.8 billion, respectively. Interest expense incurred from these loans amounted to ₱854.2 million, ₱569.5 million and ₱559.9 million in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, total interest expense on long-term debt amounted to ₱7.3 billion, ₱6.2 billion and ₱7.1 billion, respectively (see Note 35).

In 2023, 2022 and 2021, the Group recognized amortization of bond issue costs amounting to ₱75.8 million, ₱102.6 million and ₱95.9 million, respectively (see Note 35).

Debt Covenants
Certain loan agreements contain provisions which, among others, require the maintenance of specified financial ratios at certain levels and impose negative covenants which, among others, prohibit a merger or consolidation with other entities, dissolution, liquidation or winding-up, except with any of its subsidiaries; and prohibit the purchase or redemption of any issued shares or reduction of registered and paid-up capital or distribution of assets resulting in capital base impairment.

For the Parent Company's term loan facilities of ₱5.0 billion due 2024, ₱7.0 billion due 2024, ₱4.0 billion due 2025, ₱5.0 billion due 2028 and ₱10.0 billion due 2028, the Group is required to maintain a financial ratio of Group's total borrowings to Group's shareholders' equity not exceeding 2.0:1.0.

For JGSPL's US$600.0 million Senior Unsecured Notes due in 2030, the guarantor shall procure that the ratio of Consolidated Total Borrowings to Consolidated Shareholders' Equity does not at any time exceed 2:1.

For CAI's Philippine commercial loans are secured by the related aircraft. The Group is required to comply with affirmative and negative covenants until termination of loans. As of December 31, 2023 and 2022, CAI is not in breach of any loan covenants.

For CAI's Philippine term loans, CAI is required to maintain certain financial ratio until termination of loans. In 2022, CAI obtained a waiver from the bank in relation to debt service coverage ratio requirement.

For RLC's ₱1.4 billion Retail Bonds due 2025, ₱7.0 billion term loan due 2024, ₱6.0 billion term loan due 2025, ₱4.5 billion term loan due 2027 and ₱4.9 billion term loan due 2028 , RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statement as of December 31, 2023 and December 31, 2022. These loans were not guaranteed by the Parent Company. RLC has complied with the debt covenant as of December 31, 2023.

For RLC's 5-year "Series D Bonds" due 2025, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of December 31, 2023 and December 31, 2022. RLC has complied with the debt covenant as of December 31, 2023.

For RLC's 3-year "Series E Bonds" due 2025 and 5-Year "Series F Bonds" due 2027, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of December 31, 2023 and December 31, 2022. RLC has complied with the debt covenant as of December 31, 2023.

For RLC's 3-year "Series G Bonds" due 2026 and 5-Year "Series H Bonds" due 2028, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of December 31, 2023. RLC has complied with the debt covenant as of December 31, 2023.

For JGSOC's term loans, JGSOC is required to maintain a net debt-to-equity ratio of not more than 2.5:1.0, as measured at the end of each calendar year-end. JGSOC has complied with the debt covenant as of December 31, 2023 and 2022.

The Group has complied with all of its debt covenants as of December 31, 2023 and 2022.

<u>Bonds Payable</u>
On May 10, 2021, CAI issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027. The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The conversion option entitles the CB holders to convert its outstanding bonds for CAI's common shares at any time within the conversion period which shall begin 40 days after the issue date of the CB and shall end 20 business days before the maturity date. The price at which the common shares will be issued upon conversion will initially be at ₱38.00 per share, as translated to U.S. Dollars at the fixed exchange rate of USD$1.00 = ₱48.45 and subject to any adjustments from time to time in accordance with the adjustment provisions. No conversion options were exercised as of December 31, 2023 and 2022.

The carrying amount as at December 31, 2023 and 2022 of the financial liability component of the CBs are presented below:

	2023		2022	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$240,755,494**	**₱13,423,322,594**	US$238,923,040	₱12,184,836,126
Unrealized foreign exchange loss	**–**	**(93,207,960)**	–	1,138,579,757
Bond amortization	**1,933,971**	**107,601,065**	1,832,454	99,906,711
Ending balance	**US$242,689,465**	**₱13,437,715,699**	US$240,755,494	₱13,423,322,594

The changes in fair value in 2023 and 2022 of the derivative liabilities at FVPL follows:

	2023		2022	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$15,188,513**	**₱846,835,509**	US$33,941,073	₱1,730,960,768
Market valuation losses (gains)	**(15,188,513)**	**(846,835,509)**	(18,752,560)	(884,125,259)
Ending balance	**US$–**	**₱–**	US$15,188,513	₱846,835,509

In subsequent periods, the debt component of bonds will be carried at amortized cost using the EIR method. Interest expense recognized in 2023 and 2022 from the convertible bonds amounted to ₱733.5 million and ₱613.0 million, respectively.

The conversion option, which represents the bifurcated amount from the fair value of the convertible bonds has an initial fair value of ₱412.8 million. The embedded derivative in the convertible bonds (hybrid instrument) is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

The fair value of the convertible bond was determined using the Jarrow-Rudd model.

The inputs used for the calculation of fair value of convertible bonds as of specific valuation date are as follows:

	2023	2022
Stock price	**₱32.50**	₱38.30
Risk free rate	**3.90%**	3.93%
Conversion price	**₱38.00**	₱38.00
Term	**5.9 years**	5.9 years
Volatility	**32.90%**	51.83%

24. **Other Noncurrent Liabilities**

This account consists of:

	2023	2022
Deposit from lessees - net of current portion	**₱5,347,267,811**	₱4,290,107,659
ARO	**3,774,523,251**	9,663,604,328
Pension liabilities (Note 37)	**3,449,078,341**	2,149,177,535
HMV	**2,000,998,239**	2,721,092,312
Member redemption liabilities	**947,973,303**	965,148,203
Advances for marketing and promotional fund	**443,958,517**	386,661,182
Travel fund payable - net of current portion (Note 21)	**413,619,077**	260,283,121
Contract liabilities - net of current portion (Note 22)	**311,421,975**	5,548,129
Others	**636,565,614**	948,775,543
	₱17,325,406,128	₱21,390,398,012

Deposits from Lessees

Deposits from lessees (including the current portion shown in Note 22) represent cash received from tenants representing three to six months' rent which shall be refunded to tenants at the end of the lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits recorded as part of cost of rental services on the discount amounted to ₱90.0 million, ₱62.0 million and ₱46.0 million in 2023, 2022 and 2021, respectively (Note 30).

The unearned rental income (included under 'Deposit from lessees') amounted to ₱1.7 billion and ₱792.0 million as of December 31, 2023 and 2022, respectively. The rental income on amortization of unearned rental income amounted to ₱109.0 million, ₱65.0 million and ₱46.0 million in 2023, 2022 and 2021, respectively.

ARO

CAI is contractually required under various lease contracts to restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. These costs are accrued based on estimates made by CAI's engineers, which include estimates of future aircraft utilization and certain redelivery costs at the end of the lease period. (see Note 3).

The rollforward analysis of the Group's ARO follows:

	2023	2022
Balance at beginning of year	**₱9,663,604,328**	₱7,084,719,291
Provision for ARO	**1,114,586,977**	5,285,474,877
Applications and other movements	**(7,003,668,054)**	(2,706,589,840)
Balance at end of year	**₱3,774,523,251**	₱9,663,604,328

In 2023, 2022 and 2021, ARO expenses included as part of repairs and maintenance under 'Cost of sales' amounted to ₱1.1 billion, ₱5.3 billion and ₱3.6 billion, respectively (Note 30).

HMV

CAI is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The rollforward analysis of the CAI's HMV follow:

	2023	2022
Balance at beginning of year	**₱2,721,092,312**	₱1,082,628,412
Provision for HMV	**235,395,100**	1,481,580,686
Applications and other movements	**(955,489,173)**	156,883,214
Balance at end of year	**₱2,000,998,239**	₱2,721,092,312

In 2023, 2022 and 2021, HMV expenses included as part of repairs and maintenance under 'Cost of sales' amounted to ₱0.2 billion, ₱1.5 billion and ₱0.8 billion, respectively (Note 30).

Member Redemption Liabilities

This account pertains to the outstanding points issued to Go Reward members until redeemed to its Go Rewards partner merchant stores. Go Rewards is the the integrated loyalty program of the Group owned and managed by DAVI.

Advances for Marketing and Promotional Fund

Advances for marketing and promotional fund represent advances from tenants for sales promotions and marketing programs. These are tenant's share in the costs of advertising and promotional activities which the Group considers appropriate to promote the business in the mall complex.

Travel Fund Payable

Customers are given options for their cancelled flights which included, among others, conversion to a full travel fund which is a virtual wallet equivalent to the amount paid for an existing booking. Prior to March 15, 2020 (pre-COVID-19), the validity of travel fund was only 90 days from the travel fund creation date. However, due to the COVID-19, CAI extended the validity of travel fund from 90 days to two (2) years to give guests enough time to plan on their next trip.

Effective August 1, 2023, CAI removed the expiration date of all its remaining, unexpired travel fund, and extended the validity of its travel vouchers to 18 months, giving passengers a chance to enjoy better and improved customer service.

The current portion of travel fund payable amounted to ₱217.3 million and ₱1.0 billion as of December 31, 2023 and 2022, respectively, and is presented under 'Accounts payable and other accrued liabilities' account in the consolidated statements of financial position (see Note 21).

Expired portion of the travel fund payable amounting to ₱461.9 million and ₱759.1 million for the years ended December 31, 2023 and 2022, respectively, is recognized as part of 'Revenue' in the consolidated statement of comprehensive income. Estimated breakage revenue from travel fund amounting to ₱47.5 million and ₱362.7 million for the years ended December 31, 2023 and 2022, is recognized also as part of 'Revenue' in the consolidated statement of comprehensive income.

Others
Others include retention payable which represents amounts withheld from payments to contractors as guaranty for any claims against them. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work.

25. **Equity**

Details of the Parent Company's authorized capital stock as of December 31, 2023 and 2022 follow:

	Par Value	Shares	Amount
Common shares	₱1.00	12,850,800,000	₱12,850,800,000
Preferred voting shares	0.01	204,000,000,000	2,040,000,000
		216,850,800,000	₱14,890,800,000

The paid-up capital of the Group consists of the following:

	2023	2022
Capital stock:		
Common shares - ₱1 par value	**₱7,520,983,658**	₱7,520,983,658
Preferred voting shares - ₱0.01 par value	**42,000,000**	42,000,000
	7,562,983,658	7,562,983,658
Additional paid-in capital	**45,163,833,993**	45,186,067,411
Total paid-up capital	**₱52,726,817,651**	₱52,749,051,069

Preferred Voting Shares
The preferred voting shares have, among others, the following rights, privileges and preferences:

a. Entitled to vote on all matters involving the affairs of the Parent Company requiring the approval of the stockholders. Each share shall have the same voting rights as a common share.
b. The shares shall be non-redeemable.
c. Entitled to dividends at the rate of 1/100 of common shares, such dividends shall be payable out of the surplus profits of the Parent Company so long as such shares are outstanding.
d. In the event of liquidation, dissolution, receivership or winding up of affairs of the Parent Company, holders shall be entitled to be paid in full at par, or ratably, in so far as the assets of the Parent Company will permit, for each share held before any distribution is made to holders of the common shares.

Record of Registration of Securities with the SEC
Summarized below is the Parent Company's track record of registration of securities under the Securities Regulation Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
June 30, 1993	Registration of authorized capital stock	–	₱1.00	₱–	12,850,800,000 common shares and 2,000,000,000 preferred non-voting shares	–
June 30, 1993	Initial public offering (IPO)	1,428,175,000 common shares	1.00	4.40	–	1,428,175,000 common shares
June 30, 1994	Conversion of convertible bonds into common shares	428,175,000 common shares	1.00	13.75	–	3,725,457 common shares
July 3, 1998	Stock rights offering (1:2)	2,060,921,728 common shares	1.00	2.00	–	2,060,921,728 common shares

The table below provides information regarding the number of stockholders of the Parent Company as of December 31, 2023, 2022 and 2021:

	2023	2022	2021
Common shares	**986**	1,003	994
Preferred voting shares	**1**	1	1

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings and derivative liabilities, while capital represents total equity.

The Group's computation of debt-to-capital ratio follows:

		2023	2022
(a)	Gross debt		
	Short-term debts (Note 23)	**₱63,524,865,841**	₱91,917,480,341
	Current portion of long-term debts (Note 23)	**44,984,075,357**	70,460,432,880
	Long-term debts - net of current portion (Note 23)	**179,714,166,288**	153,779,908,527
	Bonds payable (Note 23)	**13,437,715,699**	13,423,322,594
	Derivative liabilities (Notes 5, 8 and 22)	**1,291,971**	846,835,509
		₱301,662,115,156	₱330,427,979,851
(b)	Capital	**₱445,078,820,886**	₱427,364,683,032
(c)	Debt-to-capital ratio (a/b)	**0.68:1**	0.77:1

The Group's policy is to ensure that the debt-to-capital ratio would not exceed the 2.0:1.0 level.

Regulatory Qualifying Capital

RBC

In 2013, the determination of RBC's compliance with regulatory requirements and ratios is based on the amount of RBC's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

The regulatory Gross Qualifying Capital of RBC consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated note, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary non-financial allied undertakings.

Risk-weighted assets are determined by assigning defined risk weights to statement of financial position exposures and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.

Following is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0%	Cash on hand; claims collateralized by securities issued by the non-government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise and microfinance loans portfolio; nonperforming housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred tax)
150%	All NPLs (except nonperforming housing loans fully secured by first mortgage) and all nonperforming debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The circular is effective on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2016. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Circular sets out a minimum REST limit of 6.00% CET1 capital ratio and 10.00% risk-based capital adequacy ratio, on a solo and consolidated basis, under a prescribed write-off rate of 25.00% on the Group's real estate exposure. These limits shall be complied with at all times.

On June 9, 2016, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides implementing guidelines for universal, commercial, and their subsidiary banks/quasi banks. The circular sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times.

As of December 31, 2023 and 2022, RBC was in compliance with the required CAR.

Retained Earnings

As of December 31, 2023 and 2022, the Group has a total retained earnings of ₱260.8 billion and ₱243.8 billion, respectively. Out of this, ₱118.3 billion were restricted as of December 31, 2023 and 2022. The determination of retained earnings available for dividend declaration is assessed at the Parent Company level.

The details of the Group's restricted retained earnings follow:

Parent Company

As of December 31, 2023, the ₱101.2 billion restricted retained earnings of the Parent Company are earmarked for the following: (a) settlement of a certain subsidiary's loan obligations guaranteed by the Parent Company (Note 23); (b) settlement of Parent Company loan obligations; and (c) general corporate purposes.

The details of the loan obligations follow:

	Subsidiary	Amount	Settlement
Loan obligations:			
4.125% senior unsecured notes	JGSH Philippines, Limited	US$600.0 million	10 years maturing in 2030
Term Loans	Parent Company	₱30.8 billion	Maturing in 2024 to 2028
Term Loans	JGSOC	₱27.5 billion	Maturing in 2024 and 2025
Term Loans	JGSOC	₱37.5 billion	Maturing in 2024, 2025 and 2028

As part of its debt covenant, the Parent Company has to maintain certain financial ratios such as: (a) the Group's current ratio of not less than 0.5:1.0; and (b) the Group's debt-to-equity ratio of not greater than 2.0:1.0. A portion of the Parent Company's retained earnings is restricted to maintain these financial ratios.

A corresponding amount of appropriated retained earnings will be reversed to unappropriated retained earnings once the foregoing loan obligations are settled.

RLC
On December 19, 2023, the BOD approved the reversal of the retained earnings it appropriated in 2022 amounting to ₱20.0 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD approved the appropriation of ₱22.0 billion out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects. These projects and acquisitions are expected to be completed on various dates from 2024 to 2027.

On December 5, 2022, the BOD approved the reversal of the retained earnings it appropriated in 2021 amounting to ₱25.5 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of RLC for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD approved the appropriation of ₱20.0 billion, out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed on various dates from 2023 to 2026.

On December 8, 2021, RLC's BOD approved the reversal of the retained earnings it appropriated in 2020 amounting to ₱26.0 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, RLC's BOD also approved the appropriation of ₱25.5 billion, out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed in various dates from 2022 to 2027.

CAI
On September 7, 2020, CAI's BOD appropriated ₱12.0 billion from its unrestricted retained earnings for purposes of CAI's re-fleeting program. Appropriations as of December 31, 2020 was reversed in the following year. The appropriated amount as of December 31, 2020 was used for the settlement of aircraft and engine lease commitments in 2021.

As of December 31, 2023, 2022 and 2021, CAI has no appropriated retained earnings.

Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱93.1 billion, ₱85.2 billion and ₱99.0 billion as of December 31, 2023, 2022 and 2021, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of cash dividends from the investees.

Cash Dividends

Parent Company

Details of the Parent Company's dividend declarations on its common stock follow:

	2023	2022	2021
Date of declaration	**May 8, 2023**	May 12, 2022	May 13, 2021
Dividend per share	**₱0.40**	₱0.40	₱0.38
Total dividends	**₱3.0 billion**	₱3.0 billion	₱2.9 billion
Date of record	**May 23, 2023**	May 26, 2022	June 11, 2021
Date of payment	**June 14, 2023**	June 14, 2022	July 7, 2021

Details of the Parent Company's dividend declarations on its preferred stock follow:

	2023	2022	2021
Date of declaration	**May 8, 2023**	May 12, 2022	May 13, 2021
Dividend per share	**₱0.004**	₱0.004	₱0.0038
Total dividends	**₱16.0 million**	₱16.0 million	₱15.2 million
Date of record	**May 23, 2023**	May 26, 2022	June 11, 2021
Date of payment	**June 14, 2023**	June 14, 2022	July 7, 2021

The following tables summarize the dividends declared by significant subsidiaries of the Parent Company:

URC

Details of URC's dividend declarations follow:

	2023	2022	2021
Date of declaration	**March 28, 2023**	March 4, 2022	April 29, 2021
Dividend per share - regular	**₱1.50**	₱1.50	₱1.50
Total dividends – regular	**₱3.3 billion**	₱3.3 billion	₱3.3 billion
Date of record	**March 31, 2023**	April 3, 2022	May 20, 2021
Date of payment	**April 28,2023**	April 29,2,2022	June 15, 2021
Dividend per share -special	**₱2.12**	₱1.95	₱1.80
Total dividends – special	**₱4.6 billion**	₱4.3 billion	₱4.0 billion
Date of record	**September 1, 2023**	April 3, 2022	August 19, 2021
Date of payment	**September 27, 2023**	April 3, 2022	September 15, 2021

RLC

Details of RLC's dividend declarations follow:

	2023	2022	2021
Date of declaration	**April 21, 2023**	March 8, 2022	May 6, 2021
Dividend per share	**₱0.52**	₱0.50	₱0.25
Total dividends	**₱2.6 billion**	₱2.6 billion	₱1.3 billion
Date of record	**May 31, 2023**	April 19, 2022	May 26, 2021
Date of payment	**June 21, 2023**	May 13, 2022	June 21, 2021

CAI

As of December 31, 2023, 2022 and 2021, no dividends were declared.

Equity Reserve

URC

- In December 2019, Intersnack bought 40% of URC's equity interest in the Oceania business for a total consideration of ₱7.7 billion (see Note 44). As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%. The excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱1.3 billion is presented under 'Equity reserve' in the consolidated statements of financial position.

  In October 2021, URC sold its remaining 60.0% equity interest in Oceania business to Intersnack (see Note 44). As a result, the Group derecognized the assets and liabilities related to its Oceania business. The Group is of the view that the Equity Reserve can be reclassified to Retained Earnings to present more useful information about its equity. URC evaluated the nature of the Equity Reserve, and if there are specific requirements on its derecognition. Management also considered nature of equity and the applicability of the requirements of PFRS and definitions, recognition criteria and measurement concepts in the Framework.

  On February 8, 2022, URC requested for the SEC's opinion on the reclassification and subsequent treatment of the Equity Reserve. On February 22, 2022, the SEC confirmed that the reclassification of the Equity Reserve to Retained Earnings does not counter any principles in PFRS, and would allow for more understandable financial information for users. Accordingly, URC reclassified Equity Reserve amounting to ₱1.3 billion to Retained Earnings.

- On July 30, 2021, the BOD of URC approved the creation and implementation of a share buyback program involving up to ₱3.0 billion worth of URC's common shares. The BOD of URC approved the extension of the share buyback program for an additional amount of ₱5.0 billion on July 29, 2022. In 2022, URC acquired a total of 22,475,760 common shares for a total consideration of ₱2.6 billion. In 2023, URC acquired a total of 1,084,650 common shares for a total consideration of ₱124.8 million. As a result of various share buy-back transactions during the period, the Parent Company's ownership over URC changed from 55.90% as of December 31, 2022 to 55.93% as of December 31, 2023.

- In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group charged equity reserve from the acquisition amounting to about ₱7.3 million presented under 'Equity reserve' in the consolidated statements of financial position.

- In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non controlling interest for ₱434.5 thousand. The acquisition of shares represented 4.09% interest in URC Malaysia. The Group charged equity reserve from the acquisition amounting to about ₱8.7 million presented under 'Equity reserve' in the consolidated statements of financial position.

RLC

- On August 20, 2021, RLC sold its investment in RCR by way of public offering at a selling price of ₱6.45 per share, with a total selling price amounting to ₱22.6 billion, net of transaction costs amounting to ₱737.3 million. As a result of the sale, the equity interest of RLC over RCR changed from 100% to 63.49%. RLC assessed that the change in its ownership interest over RCR as a result of the public offering did not result in a loss of control. Thus, RLC accounted for the decrease in ownership interest in RCR as an equity transaction. No gain or loss was recognized upon consolidation, and the difference in the proceeds from sale of shares to public and the amount recorded as NCI amounting to ₱10.8 billion was recorded as 'Equity Reserve' in the consolidated statements of financial position.

- On November 4, 2021, the BOD of RLC approved the creation and implementation of a share buyback program involving up to 3.0 billion worth of RLC's common shares. On November 8, 2022, the BOD approved the extension of share buyback program for an additional 3 billion common shares. In 2022, RLC acquired a total 116,424,700 common shares at a range price of ₱14.81 to ₱16.75 per share for a total consideration of ₱2.1 billion.

  On March 20, 2023, RLC's BOD approved the further extension of the sharebuyback program by Three Bilion Pesos (₱3,000,000,000) worth of RLC's common shares bringing the total buy-back program to Nine Billion Pesos (₱9,000,000,000). In 2023, RLC acquired a total 214,699,599 common shares at a range price of ₱13.75 to ₱16.41 per share for a total consideration of ₱3.2 billion. As a result of various share buy-back transactions during the period, the Parent Company's ownership over RLC changed from 62.66% as of December 31, 2022 to 65.44% as of December 31, 2023, with impact on the Group's Equity Reserves amounting to ₱1.5 billion.

- On March 8, 2022, RLC entered into a Deed of Sale with RCR for the sale of Robinsons Cybergate Bacolod, excluding the land where the building is situated, for ₱734 million, exclusive of value-added-tax. The impact on the Equity Reserve amounted to ₱242 million.

  On April 20, 2022, a Deed of Assignment was executed between RLC and RCR for the assignment, transfer, and conveyance by RLC of Robinsons Cyberscape Gamma, excluding the land where the building is situated, with a value of ₱5.9 billion, in exchange for the issuance of 778 million shares in RCR. The impact on the Equity Reserve amounted to ₱1.5 billion.

  These resulted in increase in RLC's interest in RCR from 63.49% to 66.14%. The impact on the RLC's Equity Reserves amounted to ₱1.1 billion.

CAI

- On March 3, 2021, CAI announced the start of its stock rights offer (SRO) for sale or subscription of its cumulative, non-voting, non-participating Convertible Preferred Shares (CPS) with a par value of 1.00 per share at an offer price of 38.00 per entitlement right. The SRO was completed and closed on March 9, 2021 with a total of 328,947,368 shares issued. The CPS were successfully listed with PSE last March 29, 2021. For the years ended December 31, 2023 and 2022, 4,351,156 and 3,163,984 CPS have been converted to common shares with 1.00 par value at the conversion price of 38.00 per share, respectively. As a result, the Parent Company's ownership over CAI changed from 66.10% as of December 31, 2022 to 65.67% as of December 31, 2023. The impact on the Group's Equity Reserves amounted to ₱236.9 million.

<u>Non-controlling Interests</u>
Below is the rollforward of non-controlling interests:

	2023	2022	2021
Beginning balance	**₱107,432,694,405**	₱108,322,091,345	₱99,789,050,002
Total comprehensive income:			
Net income attributable to non-controlling interests	**14,082,194,137**	7,390,759,112	5,625,794,401
Other comprehensive income attributable to non-controlling interests:			
Cumulative translation adjustments	**(559,254,011)**	869,225,737	774,300,966
Gain (loss) on cashflow hedge	**(64,081,526)**	189,345,163	27,779,849

(Forward)

	2023	2022	2021
Net unrealized gains (losses) on financial assets at FVOCI (Note 10)	**₱68,281,950**	₱105,782,491	(₱442,045,521)
Remeasurements due to defined benefit liability (Note 37)	**(279,004,302)**	65,681,789	239,338,401
	13,248,136,248	8,620,794,292	6,225,168,096
Cash dividends paid to non-controlling interests	**(6,748,756,616)**	(6,022,484,461)	(4,420,473,375)
Increase in subsidiaries' treasury shares	**(4,843,685,471)**	(4,408,994,938)	(673,255,042)
Change in non-controlling interest without loss of control	**64,498,996**	(244,133,521)	–
Acquisition of non-controlling interest by a subsidiary	**9,361,702**	43,500,000	(473,539,688)
Subsidiary's share-based payments	**13,186,060**	36,617,268	174,824,362
Acquisition of new subsidiary by a subsidiary	**–**	5,907,514	341,291,632
Stock issue costs of subsidiaries	**–**	(1,247,592)	(11,519,640)
Sale of equity interest in a subsidiary (by a subsidiary)	**–**	–	10,593,578,230
Derecognition of non-controlling interest due to sale of business by a subsidiary	**–**	–	(6,244,876,706)
Transfer of assets to a subsidiary (by a subsidiary)	**–**	1,080,644,498	–
Issuance of shares by subsidiaries	**–**	–	3,021,843,474
	₱109,175,435,324	₱107,432,694,405	₱108,322,091,345

26. Revenue

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenues for the years ended December 31, 2023, 2022 and 2021:

	December 31, 2023			
	Goods and services transferred at a point in time	**Services transferred over time**	**Revenues outside the scope of PFRS 15**	**Total**
Sale of goods and services:				
Foods	**₱158,366,708,572**	**₱–**	**₱–**	**₱158,366,708,572**
Air transportation	**90,602,558,755**	**–**	**–**	**90,602,558,755**
Petrochemicals	**38,017,416,362**	**–**	**–**	**38,017,416,362**
Real estate and hotels	**6,455,992,220**	**6,016,471,491**	**26,561,200,295**	**39,033,664,006**
Equity in net earnings of associates and joint ventures (Note 14)	**–**	**–**	**14,188,911,859**	**14,188,911,859**
Dividend income (Note 28)	**–**	**–**	**2,870,379,211**	**2,870,379,211**
Supplementary businesses	**876,951,905**	**–**	**12,580,419**	**889,532,324**
	₱294,319,627,814	**₱6,016,471,491**	**₱43,633,071,784**	**₱343,969,171,089**

	December 31, 2022			
	Goods and services transferred at a point in time	Services transferred over time	Revenues outside the scope of PFRS 15	Total
Sale of goods and services:				
Foods	₱149,903,643,832	₱–	₱–	₱149,903,643,832
Air transportation	56,751,365,857	–	–	56,751,365,857
Petrochemicals	35,960,997,584	–	–	35,960,997,584
Real estate and hotels	16,142,180,994	6,727,669,613	20,509,867,542	43,379,718,149
Equity in net earnings of associates and joint ventures (Note 14)	–	–	11,852,000,562	11,852,000,562
Dividend income (Note 28)	–	–	3,069,481,794	3,069,481,794
Supplementary businesses	825,907,399	–	165,132,936	991,040,335
	₱259,584,095,666	₱6,727,669,613	₱35,596,482,834	₱301,908,248,113

	December 31, 2021			
	Goods and services transferred at a point in time	Services transferred over time	Revenues outside the scope of PFRS 15	Total
Sale of goods and services:				
Foods	₱116,954,788,444	₱–	₱–	₱116,954,788,444
Real estate and hotels	15,020,628,180	5,202,951,110	15,338,406,050	35,561,985,340
Air transportation	15,740,756,855	–	–	15,740,756,855
Petrochemicals	40,323,467,713	–	–	40,323,467,713
Equity in net earnings of associates and joint ventures (Note 14)	–	–	9,730,623,868	9,730,623,868
Dividend income (Note 28)	–	–	2,126,820,554	2,126,820,554
Supplementary businesses	734,074,617	–	107,390,082	841,464,699
	₱188,773,715,809	₱5,202,951,110	₱27,303,240,554	₱221,279,907,473

27. Finance Income

This account consists of:

	2023	2022	2021
Interest income from:			
Cash and cash equivalents (Note 7)	**₱1,418,154,314**	₱1,130,372,955	₱535,824,856
Financial assets at FVOCI (Note 10)	**554,328,108**	575,527,049	558,760,045
	₱1,972,482,422	₱1,705,900,004	₱1,094,584,901

28. Dividend Income

As a holding company, the Parent Company receives dividends from its strategic investments in companies that are neither consolidated nor equity-accounted in the group accounts. This account includes dividends received from PLDT amounting to ₱2.6 billion, ₱2.8 billion and ₱2.0 billion in 2023, 2022 and 2021, respectively. Investment in PLDT is presented under financial assets at FVOCI.

Total dividend income received by the Group amounted to ₱2.9 billion, ₱3.1 billion and ₱2.1 billion in 2023, 2022 and 2021, respectively.

29. Other Operating Income (Losses)

This account consists of:

	2023	2022	2021
Gain on sale and exchange of aircraft (Note 16)	**₱1,192,144,596**	₱1,241,825,345	₱1,388,678,985
Gain on insurance claims	**154,552,574**	6,174,764	138,049,029
Realized gain (loss) on sale of financial assets at FVOCI (Note 10)	**(17,039,140)**	7,120,937	8,569,740
Gain on bond reacquisition (Note 23)	**16,591,820**	11,117,727	–
Gain on sale of investments (Note 14)	**–**	3,069,676,791	261,944,949
Gain on sale of investment property (Notes 15 and 40)	**–**	3,492,347,351	–
Loss on debt extinguishment (Note 23)	**–**	–	(77,337,557)
Others (Notes 16)	**(480,267,592)**	(773,602,823)	(1,257,922,986)
	₱865,982,258	₱7,054,660,092	₱461,982,160

Gain on Sale of Investments
In 2022, the Parent Company sold 36.0 million common shares of Meralco at a price of ₱344.0 per share for a total consideration, net of transaction costs, of ₱12.4 billion and with resulting gain on sale of ₱3.1 billion (see Note 14).

On December 23, 2020, the Parent Company entered into a share purchase agreement with Meralco PowerGen for the sale of 30.0% of the issued and outstanding shares of Global Business Power Corporation (GBPC). The total consideration for the sale of the shares is around ₱11.4 billion, which shall be paid in installments. The closing of the transaction was completed on March 31, 2021 with a consolidated net gain of ₱261.9 million. As of December 31, 2021, the outstanding receivable related to the sale amounted ₱2.3 billion which was collected in September 2022 (Note 11).

Gain on Insurance Claims
In 2023, RLC recorded ₱136.7 million of gain pertaining to insurance claims for losses related to its damaged investment properties.

In 2023, 2022 and 2021, CAI received ₱17.9 million, ₱6.2 million and ₱138.0 million, respectively, pertaining to insurance proceeds claimed for damages sustained by various aircraft from incidents and loss events.

Others also include gain (loss) on sale of PPE and restructuring provisions.

30. Cost of Sales and Services

This account consists of:

	2023	2022	2021
Raw materials used	**₱122,805,868,959**	₱122,952,603,845	₱91,897,856,192
Direct labor	**5,232,713,654**	5,707,424,425	4,996,839,027
Overhead cost	**37,060,809,955**	34,709,598,023	29,541,006,911
Total manufacturing cost	**165,099,392,568**	163,369,626,293	126,435,702,130
Work-in-process	**186,447,086**	(1,067,514,092)	71,442,072
Cost of goods manufactured	**165,285,839,654**	162,302,112,201	126,507,144,202
Finished goods	**(5,682,111,123)**	(5,824,000,467)	(4,212,629,617)
Cost of sales	**159,603,728,531**	156,478,111,734	122,294,514,585
Cost of services	**77,903,851,646**	76,075,386,257	41,856,956,887
Cost of sales and services	**₱237,507,580,177**	₱232,553,497,991	₱164,151,471,472

Overhead cost consists of:

	2023	2022	2021
Utilities and fuel	**₱14,219,305,752**	₱14,228,348,828	₱11,727,372,166
Depreciation and amortization (Note 33)	**9,628,569,890**	8,754,090,353	7,939,138,864
Repairs and maintenance	**4,681,803,495**	4,059,795,521	3,573,380,419
Personnel (Note 32)	**3,772,067,915**	3,418,832,092	3,124,138,323
Taxes, licenses and fees	**1,783,830,342**	1,702,706,251	1,342,235,898
Security and other contracted services	**1,161,160,992**	793,480,777	821,524,859
Insurance	**656,158,439**	582,941,179	407,607,641
Rental (Note 42)	**384,181,611**	222,278,228	153,760,529
Handling and delivery charges	**131,444,631**	211,375,275	178,340,860
Research and development	**36,850,713**	49,459,163	90,452,181
Others	**605,436,175**	686,290,356	183,055,171
	₱37,060,809,955	₱34,709,598,023	₱29,541,006,911

Cost of services is composed of:

	2023	2022	2021
Air transportation	**₱58,399,860,511**	₱48,921,257,587	₱19,065,731,725
Real estate	**15,160,583,815**	24,415,144,652	21,198,200,185
Hotel operations	**4,128,367,845**	2,553,453,140	1,374,542,038
Information technology and services	**215,039,475**	185,530,878	218,482,939
	₱77,903,851,646	₱76,075,386,257	₱41,856,956,887

Further breakdown of the 'Cost of services' account showing the nature of expenses follow:

	2023	2022	2021
Fuel and oil	**₱29,736,559,205**	₱24,506,760,493	₱5,074,851,774
Maintenance costs	**11,521,934,426**	13,290,642,713	9,091,596,203
Personnel (Note 32)	**6,723,195,454**	3,978,876,238	1,900,427,478
Depreciation and amortization (Note 33)	**5,606,475,672**	5,356,945,528	5,382,528,800
Ground handling charges	**5,277,877,315**	3,556,327,781	1,379,329,615
Cost of real estate sales (Note 12)	**4,751,380,786**	14,129,022,918	13,344,164,863
CUSA charges	**4,321,191,270**	4,355,908,095	2,812,732,973
Landing and take-off	**2,737,308,797**	2,018,733,458	929,313,991
Reservation costs	**2,005,775,591**	1,395,406,533	417,541,871
Property operations and maintenance costs	**1,287,124,555**	1,102,822,646	937,258,013
Contracted services	**917,864,309**	590,771,462	98,323,185
Cost of food and beverage - hotel operations	**635,296,957**	360,272,831	120,156,022
Film rentals expense - amusement services	**340,526,439**	205,148,349	1,595,616
Passenger liability insurance	**288,152,478**	262,184,425	258,566,589
Passenger food and supplies	**272,207,163**	144,396,738	16,991,377
Travel and transportation	**240,287,890**	90,836,453	22,973,535
Interrupted/delayed trips expense	**229,974,078**	87,250,128	17,420,136
Pilot and crew meals	**121,850,129**	70,602,609	15,105,210
Others	**888,869,132**	572,476,859	36,079,636
	₱77,903,851,646	₱76,075,386,257	₱41,856,956,887

Others include management fees, supplies, commissions and accretion of security deposits.

31. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Depreciation and amortization (Note 33)	**₱14,294,094,191**	₱13,211,317,934	₱15,277,462,938
Outside services	**13,736,237,249**	12,314,053,088	9,388,805,466
Advertising and promotions	**9,612,779,717**	8,295,929,956	7,701,558,811
Personnel (Note 32)	**9,181,411,534**	8,140,993,045	7,338,751,817
Aircraft and engine lease	**1,663,875,974**	1,093,428,050	443,481,483
Repairs and maintenance	**1,397,479,219**	1,296,858,356	1,077,954,036
Sales commission	**1,323,200,137**	1,100,358,690	856,092,652
Taxes, licenses and fees	**1,129,522,574**	1,449,511,269	1,269,743,056
Travel and transportation	**949,369,499**	757,593,554	252,468,480
Insurance	**565,022,540**	548,943,097	584,609,339
Rental (Note 42)	**705,370,998**	539,450,009	749,691,111
Utilities and supplies	**627,750,110**	543,444,622	356,286,580
Subscription and membership fees	**582,185,013**	347,249,898	293,405,658
Communication	**295,072,071**	274,491,317	269,182,613
Entertainment, amusement and recreation (Note 38)	**122,756,608**	64,245,532	77,670,138
Others	**914,517,820**	644,474,291	564,299,579
	₱57,100,645,254	₱50,622,342,708	₱46,501,463,757

Others
Other expenses include royalties, donation and contribution, and research and development.

32. Personnel Expenses

This account consists of:

	2023	2022	2021
Salaries and wages	**₱13,493,900,480**	₱10,999,322,619	₱8,464,004,310
Other employee benefits	**5,621,162,263**	4,030,323,841	3,301,442,273
Pension expense (Note 37)	**561,612,160**	509,054,915	597,871,035
	₱19,676,674,903	₱15,538,701,375	₱12,363,317,618

The breakdown of personnel expenses follows:

	2023	2022	2021
General and administrative expenses (Note 31)	**₱9,181,411,534**	₱8,140,993,045	₱7,338,751,817
Cost of sales and services (Note 30)	**10,495,263,369**	7,397,708,330	5,024,565,801
	₱19,676,674,903	₱15,538,701,375	₱12,363,317,618

33. Depreciation and Amortization

The breakdown of depreciation and amortization on property, plant and equipment, investment properties, biological assets, intangible assets and ROU assets follows:

	2023	2022	2021
General and administrative expenses (Notes 15, 16, 18, and 31)	**₱14,294,094,191**	₱13,211,317,934	₱15,277,462,938
Cost of sales and services (Notes 15, 16 and 30)	**15,235,045,562**	14,111,035,881	13,321,667,664
Discontinued operations (Note 44)	**547,691,364**	519,912,657	1,733,038,588
	₱30,076,831,117	₱27,842,266,472	₱30,332,169,190

34. Provision for Impairment Losses and Others

This account consists of:

	2023	2022	2021
Provision for impairment losses on:			
Property, plant and equipment (Note 16)	**₱226,540,141**	₱409,731,548	₱432,631,271
Receivables (Note 11)	**75,256,048**	49,310,103	135,045,817
Investment in associates and joint venture (Note 14)	**56,074,692**	–	36,915,814
Inventory obsolescence and market decline (Note 12)	**8,060**	9,394,630	109,167,827
	₱357,878,941	₱468,436,281	₱713,760,729

35. Financing Costs and Other Charges

This account consists of:

	2023	2022	2021
Interest expense	**₱15,772,172,103**	₱10,764,260,435	₱8,853,447,467
Bank charges	**482,581,182**	369,230,050	257,637,139
	₱16,254,753,285	₱11,133,490,485	₱9,111,084,606

Sources of financing costs and other charges follow:

	2023	2022	2021
Long-term debt and bonds payable (Note 23)	**₱7,915,484,045**	₱6,842,706,443	₱7,066,408,213
Short-term debt (Note 23)	**5,272,468,058**	2,476,372,470	914,918,060
Others	**551,091,875**	397,028,879	350,464,628
	13,739,043,978	9,716,107,792	8,331,790,901
Accretion of lease liabilities (Note 42)	**2,439,874,830**	1,314,827,598	683,432,039
Amortization of debt issuance costs (Note 23)	**75,834,477**	102,555,095	95,861,666
	₱16,254,753,285	₱11,133,490,485	₱9,111,084,606

Others include bank charges and net interest on pension liabilities of certain subsidiaries.

36. Components of Other Comprehensive Income

Below is the composition of the Group's 'Other comprehensive income':

	2023		
	Parent Company	**Non-controlling Interests**	**Total**
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	**(₱728,205,060)**	**₱68,281,950**	**(₱659,923,110)**
Reclassification adjustment included in profit or loss arising from disposal of FVOCI (Notes 10 and 29)	**17,039,140**	**–**	**17,039,140**
	(711,165,920)	**68,281,950**	**(642,883,970)**
Net changes in fair value of FVOCI of an associate (Note 14)	**38,684,065**	**–**	**38,684,065**
	(672,481,855)	**68,281,950**	**(604,199,905)**
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	**(125,039,465)**	**(64,081,526)**	**(189,120,991)**
	(797,521,320)	**4,200,424**	**(793,320,896)**
Cumulative translation adjustments	**(578,943,107)**	**(559,254,011)**	**(1,138,197,118)**
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	**(347,206,184)**	**(279,004,302)**	**(626,210,486)**
Share in remeasurements of net DBL of associates (Note 14)	**(1,022,155,894)**	**–**	**(1,022,155,894)**
	(₱2,745,826,505)	**(₱834,057,889)**	**(₱3,579,884,394)**

	2022		
	Parent Company	Non-controlling Interests	Total
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	(₱14,224,111,355)	₱105,782,491	(₱14,118,328,864)
Reclassification adjustment included in profit or loss arising from disposal of FVOCI (Notes 10 and 29)	(7,120,937)	–	(7,120,937)
	(14,231,232,292)	105,782,491	(14,125,449,801)
Net changes in fair value of FVOCI of an associate (Note 14)	(117,251,074)	–	(117,251,074)
	(14,348,483,366)	105,782,491	(14,242,700,875)
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	369,271,764	189,345,163	558,616,927
	(13,979,211,602)	295,127,654	(13,684,083,948)
Cumulative translation adjustments	935,044,834	869,225,737	1,804,270,571
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	98,785,344	65,681,789	164,467,133
Share in remeasurements of net DBL of associates (Note 14)	1,182,749,536	–	1,182,749,536
	(₱11,762,631,888)	₱1,230,035,180	(₱10,532,596,708)

	2021		
	Parent Company	Non-controlling Interests	Total
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	₱10,729,323,198	(₱442,045,521)	₱10,287,277,677
Reclassification adjustment included in profit or loss arising from disposal of FVOCI (Notes 10 and 29)	(8,569,740)	–	(8,569,740)
	10,720,753,458	(442,045,521)	10,278,707,937
Net changes in fair value of FVOCI of an associate (Note 14)	34,483,923	–	34,483,923
	10,755,237,381	(442,045,521)	10,313,191,860
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	23,730,026	27,779,849	51,509,875
	10,778,967,407	(414,265,672)	10,364,701,735
Cumulative translation adjustments	877,705,266	774,300,966	1,652,006,232
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	440,451,416	239,338,401	679,789,817
Share in remeasurements of net DBL of associates (Note 14)	1,918,720,561	–	1,918,720,561
	₱14,015,844,650	₱599,373,695	₱14,615,218,345

The income tax effects relating to other comprehensive income are as follows:

	2023		
	Before tax	**Tax expense**	**Net of tax**
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	**(₱642,883,970)**	**₱–**	**(₱642,883,970)**
Cumulative translation adjustments	**(1,138,197,118)**	**–**	**(1,138,197,118)**
Net movement in cash flow hedge	**(251,037,627)**	**61,916,636**	**(189,120,991)**
Remeasurements due to defined benefit liability	**(834,947,315)**	**208,736,829**	**(626,210,486)**
Remeasurements due to defined benefit liability of associates	**(1,022,155,894)**	**–**	**(1,022,155,894)**
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	**38,684,065**	**–**	**38,684,065**
	(₱3,850,537,859)	**₱270,653,465**	**(₱3,579,884,394)**

	2022		
	Before tax	Tax benefit	Net of tax
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	(₱14,125,449,801)	₱–	(₱14,125,449,801)
Cumulative translation adjustments	1,804,270,571	–	1,804,270,571
Net movement in cash flow hedge	744,822,569	(186,205,642)	558,616,927
Remeasurements due to defined benefit liability	219,289,511	(54,822,378)	164,467,133
Remeasurements due to defined benefit liability of associates	1,182,749,536	–	1,182,749,536
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	(117,251,074)	–	(117,251,074)
	(₱10,291,568,688)	(₱241,028,020)	(₱10,532,596,708)

	2021		
	Before tax	Tax expense	Net of tax
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	₱10,278,707,937	₱–	₱10,278,707,937
Cumulative translation adjustments	1,652,006,232	–	1,652,006,232
Net movement in cash flow hedge	58,436,209	6,926,334	51,509,875
Remeasurements due to defined benefit liability	971,128,310	291,338,493	679,789,817
Remeasurements due to defined benefit liability of associates	1,918,720,561	–	1,918,720,561
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	34,483,923	–	34,483,923
	₱14,913,483,172	₱298,264,827	₱14,615,218,345

37. Employee Benefits

Pension Plans

The Group has funded, noncontributory, defined benefit pension plans covering substantially all of their regular employees.

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with RBC as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement. As approved by the SEC, RBC was merged withBPI, with BPI as a surviving entity, effective January 1, 2024. Accordingly, BPI will be the Trustee for the Plan.

The amounts recognized as pension liabilities included under ‘Other noncurrent liabilities’ in the consolidated statements of financial position follow:

	2023	2022
Present value of defined benefit obligation	**₱6,265,621,839**	₱5,022,978,516
Fair value of plan assets	**2,816,543,498**	2,873,800,981
Pension liabilities (Note 24)	**₱3,449,078,341**	₱2,149,177,535

Changes in net defined benefit liability of funded funds in 2023 and 2022 follows:

	2023		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liability/(asset)**
Balance at beginning of year	**₱5,022,978,516**	**₱2,873,800,981**	**₱2,149,177,535**
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	**452,965,495**	–	**452,965,495**
Net interest cost	**353,561,116**	**200,625,175**	**152,935,941**
Subtotal	**806,526,611**	**200,625,175**	**605,901,436**
Benefits paid	**(392,128,995)**	**(401,783,630)**	**9,654,635**
Remeasurements in other comprehensive income:			
Return on plan assets	–	**(43,550,216)**	**43,550,216**
Actuarial changes arising from experience adjustments	**227,629,526**	–	**227,629,526**
Actuarial changes arising from changes in financial assumptions	**587,859,692**	–	**587,859,692**
Actuarial changes arising from changes in financial/demographic assumptions	**(24,092,119)**	–	**(24,092,119)**
Subtotal	**791,397,099**	**(43,550,216)**	**834,947,315**
Contributions paid	**36,848,608**	**187,451,188**	**(150,602,580)**
Balance at end of year	**₱6,265,621,839**	**₱2,816,543,498**	**₱3,449,078,341**

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at beginning of year	₱5,278,882,823	₱3,339,826,306	₱1,939,056,517
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	462,315,098	–	462,315,098
Past service cost	20,130,660	–	20,130,660
Net interest cost	243,385,832	148,268,032	95,117,800
Subtotal	725,831,590	148,268,032	577,563,558
Benefits paid	(265,623,537)	(280,837,296)	15,213,759
Reclassification to assets and liabilities held for sale due to planned merger	(374,821,869)	(286,253,680)	(88,568,189)
Reversed company receivable during the year	–	19,440,402	(19,440,402)

(Forward)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Remeasurements in other comprehensive income:			
Return on plan assets	₱–	(₱99,411,480)	₱99,411,480
Actuarial changes arising from experience adjustments	188,835,881	–	188,835,881
Actuarial changes arising from changes in financial assumptions	(344,862,814)	–	(344,862,814)
Actuarial changes arising from changes in financial/demographic assumptions	(162,674,058)	–	(162,674,058)
Subtotal	(318,700,991)	(99,411,480)	(219,289,511)
Contributions paid	(22,589,500)	32,768,697	(55,358,197)
Balance at end of year	₱5,022,978,516	₱2,873,800,981	₱2,149,177,535

The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2023	2022
ASSETS		
Cash and cash equivalents	**₱366,709,917**	₱76,217,607
UITF investments	**1,887,997,617**	349,962,494
Debt instruments	**434,992,139**	1,703,737,691
Financial assets at FVOCI	**47,885,968**	3,626,433
Equity investments	**169,397,897**	36,268,192
Receivable	**6,198,100**	565,877,309
Accrued interest receivable	**7,876,817**	65,937,035
Prepayments and other assets	**580,037**	36,949,424
Land	**143,201,000**	143,201,000
	3,064,839,492	2,981,777,185
LIABILITIES		
Current liabilities	**248,295,994**	107,976,204
	₱2,816,543,498	₱2,873,800,981

The overall expected rates of return on assets are based on the market expectations prevailing as at the reporting date, applicable to the period over which the obligation is settled.

The average duration of the defined benefit obligation of the Group as of December 31, 2023 is 13.17 years. The Group expects to contribute ₱542.5 million into the pension fund in 2024.

The assumptions used to determine the pension benefits of the Group follow:

	2023			
	Retirement Age	**Average Remaining Working Life (in years)**	**Salary Rate Increase**	**Discount Rate**
Parent Company	**60.0**	**9.4**	**5.5%**	**6.11%**
URC	**60.0**	**8.0 to 9.0**	**5.7%**	**6.11 -6.12%**
RLC	**60.0**	**21.33**	**5-5.5%**	**6.05-7.17%**
CAI	**60.0**	**9.4**	**5.0%**	**6.09-6.12%**
JGSOC	**60.0**	**6.6**	**5.0%**	**6.08%**
Unicon	**60.0**	**11.2**	**8.00%**	**6.11%**
APVI	**60.0**	**21.0**	**5.5%**	**6.09%**
DAVI	**60.0**	**25.3**	**5.5%**	**6.06%**

	2022			
	Retirement Age	Average Remaining Working Life (in years)	Salary Rate Increase	Discount Rate
Parent Company	60.0	20.6	5.50%	7.26%
URC	60.0	22.3	5.50%	7.27-7.28%
RLC	60.0	12.3 to 21.2	5.00%	6.90%
CAI	60.0	23.0 to 27.0	5.00%	7.16%
JGSOC	60.0	27.5	5.00%	7.26%
Unicon	60.0	23.9	8.00%	7.30%
RBC	60.0	25.3	5.70%	7.16%
LSB	60.0	26.9	5.70%	7.24%
DAVI	60.0	25.7	4.00%	7.28%
APVI	60.0	37.0	5.00%	6.98%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2023 and 2022, assuming if all other assumptions were held constant:

	2023							
	Parent Company	**URC**	**RLC**	**CAI**	**DAVI**	**JGSOC**	**APVI**	**Unicon**
Discount rates								
+1.00%	**(₱3,954,899)**	**(₱281,799,809)**	**(₱54,483,221)**	**(₱108,063,210)**	**(₱1,135,973)**	**(₱21,702,811)**	**₱142,832**	**(₱609,662)**
(-1.00%)	**4,540,729**	**327,340,999**	**61,707,052**	**123,971,881**	**1,291,999**	**24,711,634**	**(121,317)**	**710,950**
Future salary increases								
+1.00%	**4,522,897**	**325,389,599**	**61,761,733**	**111,475,289**	**1,286,316**	**24,731,571**	**149,935**	**690,604**
(-1.00%)	**(4,011,758)**	**(285,322,381)**	**(56,590,101)**	**(98,353,652)**	**(1,151,870)**	**(22,109,523)**	**(126,229)**	**(604,967)**

	2022									
	Parent Company	URC	RLC	CAI	DAVI	JGSOC	APVI	Unicon	RBC	LSB
Discount rates										
+1.00%	(₱3,017,604)	(₱212,755,116)	(₱51,189,310)	(₱79,547,067)	(₱1,538,811)	(₱24,435,919)	(₱126,229)	(₱316,565)	(₱22,585,388)	(₱4,554,963)
(-1.00%)	3,438,893	246,830,177	58,400,283	90,457,732	1,747,656	28,371,863	147,989	369,240	25,392,632	5,690,156
Future salary increases										
+1.00%	3,465,116	248,756,290	57,886,520	79,106,183	1,788,712	28,735,993	149,935	363,028	25,508,838	5,600,835
(-1.00%)	(3,092,206)	(217,988,042)	(51,718,732)	(70,210,121)	(1,598,681)	(25,146,066)	(131,046)	(317,386)	(23,085,715)	(4,574,445)

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2023	2022
Less than 1 year	**₱538,635,074**	₱557,390,049
More than 1 years to 5 years	**2,437,962,677**	2,020,176,113
More than 5 years to 10 years	**4,102,003,690**	2,998,996,621
More than 10 years to 15 years	**4,763,768,708**	3,677,725,084
More than 15 years to 20 years	**5,338,079,525**	4,089,826,052
More than 20 years	**12,504,693,848**	10,895,205,198

38. **Income Taxes**

Provision for income tax consists of:

	2023	2022	2021
Corporate	**₱4,750,974,291**	₱5,169,304,853	₱3,337,625,304
Final	**209,050,612**	199,394,261	17,381,979
Deferred	**(1,762,305,845)**	(2,618,351,691)	(3,273,058,466)
	₱3,197,719,058	₱2,750,347,423	₱81,948,817

The Group recognized benefit (provision) for income tax in 'OCI' for OCI items amounting to ₱270.7 million, (₱241.0 million) and (₱298.3 million) in 2023, 2022 and 2021, respectively (see Note 36).

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 of the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30.0% to 25.0% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.0%.
- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30.0% to 25.0%.
- MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and

  - The domestic corporation holds directly at least 20.0% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years enhanced deductions (ED).
- For investments prior to effectivity of CREATE:
  - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  - RBEs granted an ITH followed 5.0% GIT or are currently enjoying 5.0% GIT – allowed to avail of the 5.0% GIT for 10 years.

Based on the provisions of Revenue Regulations No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates for taxable year 2020 are 27.50% and 1.50%, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax returns filed in 2021. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the CREATE Act. Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 financial statements.

Entertainment, Amusement and Recreation (EAR) Expenses

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in profit or loss in the consolidated statements of comprehensive income) amounting to ₱122.8 million, ₱64.2 million and ₱77.7 million in 2023, 2022 and 2021, respectively (see Note 31).

Compositions of the Group's net deferred tax assets (included in the 'Other noncurrent assets' in the consolidated statements of financial position) follow (see Note 20):

	2023	2022
Deferred tax assets on:		
Net operating loss carry-over	**₱5,730,094,509**	₱2,395,930,103
Lease liabilities	**2,246,985,640**	2,585,508,684
Asset retirement obligation	**1,014,571,157**	2,415,901,082
Unfunded pension liabilities	**708,439,035**	445,411,798
Unrealized forex loss	**497,359,962**	389,226,964
Allowance for impairment losses on receivables and property and equipment	**242,516,328**	183,234,055
Unrealized loss on net derivative liability	**124,612,000**	382,686,730
Foreign subsidiaries	**–**	46,369,203
Excess MCIT	**15,327,474**	3,381,164
Others	**725,686,750**	780,771,489
Total	**11,305,592,855**	9,628,421,272

(Forward)

	2023	2022
Deferred tax liabilities on:		
Double depreciation	**(₱1,670,531,543)**	(₱2,185,612,382)
Excess of fair value of assets acquired over cost	**(154,704,634)**	(154,704,634)
Unrealized foreign exchange gain-net	**(26,995,158)**	(281,772,700)
Others	**(300,960,960)**	(374,502,835)
	(2,153,192,295)	(2,996,592,551)
Net deferred tax asset	**₱9,152,400,560**	₱6,631,828,721

As of December 31, 2023, deferred tax asset under 'others' include provision for HMV and allowance for inventory write-downs amounting to ₱542.7 million and ₱96.5 million, respectively. As of December 31, 2022, deferred tax asset under 'others' include provision for HMV and allowance for inventory write-downs amounting to ₱680.3 million and ₱63.1 million, respectively.

Compositions of the Group's net deferred tax liabilities reported in the consolidated statements of financial position follow:

	2023	2022
Deferred tax assets on:		
Lease liabilities	**₱640,868,215**	₱625,298,289
Unfunded pension benefits	**187,938,933**	139,099,542
Accrued interest expense	**165,856,908**	142,821,239
CTA of Foreign Subsidiaries	**156,089,076**	–
Allowance for impairment losses on receivables and property, plant and equipment	**60,366,385**	60,088,912
MCIT carryforward	**14,411,289**	13,467,599
Others	**163,623,051**	115,592,407
Total	**1,389,153,857**	1,096,367,988
Deferred tax liabilities on:		
Intangibles	**(981,975,745)**	(1,030,428,235)
Excess of real estate revenue based on POC over real estate revenue based on tax rules	**(1,703,842,176)**	(1,449,264,837)
Unamortized capitalized interest	**(1,307,605,590)**	(1,235,578,133)
Undistributed income of foreign subsidiaries	**(923,275,657)**	(1,059,546,801)
Accrued rent income	**(635,817,928)**	(575,339,880)
ROU asset	**(608,506,424)**	(548,586,037)
Accelerated depreciation	**(523,699,019)**	(189,894,873)
Accrued commission	**–**	(1,512,737)
Others	**(188,780,491)**	(259,188,738)
Total	**(6,873,503,030)**	(6,349,340,271)
Net deferred tax liability	**(₱5,484,349,173)**	(₱5,252,972,283)

The following are the temporary differences on which the Group did not recognize deferred tax assets:

	2023	2022
NOLCO*	**₱51,929,289,123**	₱45,601,909,645
Allowance for inventory write-down	**621,709,126**	2,392,606,993
Net pension liability	**346,747,054**	346,077,792
Allowance for credit and impairment losses	**310,427,433**	310,427,433
Excess MCIT over RCIT	**12,649,360**	12,649,360
	₱53,220,822,096	₱48,663,671,223

**Attributable to the Parent Company, CAI, CEBGO, JGSOC and URC*

Details of the Parent Company's NOLCO follow:

Year Incurred	Amount	Applied	Expired/ Utilized	Balance	Expiry Year
2023	₱2,186,161,062	₱	₱	₱2,186,161,062	2026
2022	1,518,351,919	–	–	1,518,351,919	2025
2021	1,491,711,527	–	–	1,491,711,527	2026
2020	2,141,883,757	–	–	2,141,883,757	2025
	₱7,338,108,265	₱–	₱–	₱7,338,108,265	

Under Section 11 of R. A. No. 7151 (CAI's Congressional Franchise) and under Section 15 of R. A. No. 9517 (Cebgo, Inc.'s Congressional Franchise), known as the "ipso facto clause" and the "equality clause", respectively, the CAI and Cebgo, Inc. are allowed to benefit from the tax privileges being enjoyed by competing airlines. CAI's and Cebgo, Inc.'s major competitor, by virtue of PD No. 1590, is enjoying tax exemptions which are likewise being claimed by the CAI and Cebgo, Inc., if applicable, including but not limited to the following:

a) To depreciate its assets to the extent of not more than twice as fast the normal rate of depreciation; and
b) To carry over as a deduction from taxable income any net loss (NOLCO) incurred in any year up to five years following the year of such loss.

Included in the Group's NOLCO and MCIT are CAI's and Cebgo, Inc.'s NOLCO and MCIT as follows:

CAI NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2023	₱2,933,604,726	₱–	₱–	₱2,933,604,726	2028
2022	5,892,099,712	–	–	5,892,099,712	2027
	₱8,825,704,438	₱–	₱–	₱8,825,704,438	

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱526,518,435	₱–	₱–	₱526,518,435	2027

A-PLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱49,790,993	(₱49,790,993)	₱–	₱–	2025

Furthermore, details of remaining excess MCIT are as follows:

CAI MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2023	₱109,779,045	₱–	₱–	₱109,779,045	2026
2022	8,646,570	–	–	8,646,570	2025
	₱118,425,615	₱–	₱–	₱118,425,615	

CEBGO MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2023	₱15,327,474	₱–	₱–	₱15,327,474	2026

A-PLUS MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱2,709,857	(₱2,709,857)	₱–	₱–	2025
2021	1,244,782	(1,244,782)	–	–	2024
	₱3,954,639	(₱3,954,639)	₱–	₱–	

In addition, pursuant to Section 4 (bbbb) of R.A. No. 11494 (Bayanihan to Recover as One Act) and as implemented under Revenue Regulations (RR) No. 25-2020, the NOLCO of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

In compliance with the disclosure requirements of RR No. 25-2020, below shows the unused NOLCO of the Group:

CAI

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱18,403,734,817	₱–	₱–	₱18,403,734,817	2026
2020	21,026,735,635	–	–	21,026,735,635	2025
	₱39,430,470,452	₱–	₱–	₱39,430,470,452	

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱1,348,925,483	₱–	₱–	₱1,348,925,483	2026
2020	1,111,045,562	(912,909,471)	–	198,136,091	2025
	₱2,459,971,045	(₱912,909,471)	₱–	₱1,547,061,574	

APLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱188,837,864	₱37,721,802	₱–	₱151,116,062	2026

CAI has outstanding registrations with the BOI as a new operator of air transport on a pioneer and non-pioneer status under the Omnibus Investments Code of 1987 (Executive Order 226). On all existing registrations, CAI can avail of bonus years in certain specified cases but the aggregate ITH availments (basic and bonus years) shall not exceed eight years.

As of December 31, 2023 and 2022, CAI has complied with externally imposed capital requirements set by the BOI in order to avail of the ITH incentives for aircraft of registered activity.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2023	2022	2021
Statutory income tax rate	**25.00%**	25.00%	25.00%
Tax effects of:			
Equity in net earnings of affiliates	**(9.27)**	(26.24)	(21.21)
Income subjected to BOI, PEZA and ITH	**(3.89)**	(8.54)	(11.84)
Income exempt from tax	**(1.92)**	(5.58)	(6.51)
Net income before tax of subsidiaries with different tax rates	**(1.62)**	(2.16)	(33.27)
Changes in unrecognized deferred tax assets	**1.04**	51.36	48.33
Non-deductible items	**0.80**	3.38	5.28
Interest income subject to final tax	**(0.52)**	(3.28)	(1.58)
CREATE Act adjustment	–	–	(4.47)
Others	**(0.31)**	(6.19)	6.24
Effective income tax rate	**9.31%**	27.75%	5.97%

39. Earnings Per Share

Basic EPS is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following tables reflect the net income and share data used in the basic/dilutive EPS computations:

EPS attributable to equity holders of the Parent Company

	2023	2022	2021
Income (loss) from continuing operations attributable to equity holders of the Parent Company	**₱19,623,883,861**	(₱287,202,040)	₱3,888,981,191
Less: Dividends on preferred shares (Note 25)	**16,000,000**	16,000,000	15,200,000
Income (loss) from continuing operations attributable to holders of common shares of the Parent Company	**19,607,883,861**	(303,202,040)	3,873,781,191
Income from discontinued operations attributable to equity holders of the Parent Company	**420,918,085**	937,824,206	1,219,248,580
Income attributable to holders of common shares of the Parent Company	**₱20,028,801,946**	₱634,622,166	₱5,093,029,771
Weighted average number of common shares	**7,520,983,658**	7,520,983,658	7,520,983,658
Basic/diluted earnings (loss) per share			
Continuing operations	**₱2.61**	(₱0.04)	₱0.52
Discontinued operations	**0.05**	0.12	0.16
	₱2.66	₱0.08	₱0.68

There were no potential dilutive common shares in 2023, 2022 and 2021.

40. **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 or if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties and are generally settled in cash. Due from and due to related parties are collectible/payable on demand, except for certain due from related parties amounting to ₱1.2 billion and ₱1.8 billion as of December 31, 2023 and 2022, respectively, which will mature in April 2025.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. In addition to the related party information disclosed elsewhere in the consolidated financial statements, the year-end balances in respect of related parties follow:

			2023			
			Outstanding Balance			
Related Party	**Category/Transaction**	**Amount/Volume**	**Consolidated Statement of Financial Position**	**Consolidated Statement of Comprehensive Income**	**Terms**	**Conditions**
Subsidiaries:						
Due from related parties	Settlement of advances	**₱308,765,285**	**₱730,240,940**	**₱–**	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	**282,554,093**	**666,178,249**	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Notes receivable	–	**8,408,841,620**	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	**652,938,168**	–	**652,938,168**		
	Rent income	**146,520,601**	–	**146,520,601**		
	Management fees	**34,000,000**	–	**34,000,000**		
Due to related parties	Availment of advances	**284,880,242**	**1,277,366,247**	–	On demand; Non-interest bearing	Unsecured
	Short-term debt	**(2,542,775,000)**	–	–	Interest-bearing	Unsecured
	Long-term debt	**(2,414,707,264)**	**2,296,960,236**	–	Interest-bearing	Secured

(Forward)

2023						
			Outstanding Balance			
Related Party	**Category/Transaction**	**Amount/Volume**	**Consolidated Statement of Financial Position**	**Consolidated Statement of Comprehensive Income**	**Terms**	**Conditions**
Cash in bank	Deposits	**(₱270,423,969)**	**₱9,088,756,994**	**₱–**	On demand	Unsecured
Cash equivalents	Money market placements	**(5,407,223,593)**	**7,119,784,608**	**–**	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 6.0%	Unsecured; Not impaired
Dividends	Dividend receivable	**181,000,000**	**1,593,529,595**	**–**	On demand	Unsecured; Not impaired
	Dividend income	**6,415,096,373**	**–**	**6,415,096,373**		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	**(657,590,605)**	**2,172,614,107**	**–**	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	**46,701,781**	**74,647,170**	**–**	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	**10,163,827**	**101,141,127**	**–**	2% per annum	Unsecured; Not impaired
	Receivables	**(3,427,037)**	**1,482,138**	**–**	Non-interest bearing	Unsecured; Not impaired
	Sublease agreement	**(49,800,723)**	**30,771,616**	**–**	Payable monthly	Unsecured; Not impaired
	Dividend income	**5,829,720,434**	**–**	**20,262,101**		
	Other income: allocation of CCU expenses	**2,996,423**	**–**	**9,282,311**		
	Utilities expense	**6,987,956**	**–**	**6,253,123**		
	Groundhandling and maintenance services	**33,058,321**	**642,222,608**	**–**	Non-interest bearing	Unsecured; Not impaired
Other Related Parties:						
Receivables	Collecion of the balance on the proceeds from sale of investment property	**(2,383,354,600)**	**–**	**–**	Payable in installment	Unsecured; Not impaired
Due from related parties	Availment of advances	**94,702,175**	**759,101,379**	**–**	On demand; Non-interest bearing	Unsecured; Not impaired

(Forward)

2023

Related Party	**Category/Transaction**	**Amount/Volume**	**Outstanding Balance: Consolidated Statement of Financial Position**	**Outstanding Balance: Consolidated Statement of Comprehensive Income**	**Terms**	**Conditions**
	Rent receivables	**19,235,169**	**₱132,736,040**	**₱–**	On demand; Non-interest bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	**216,814,395**	**–**	**162,573,811**		
	Gain on sale of investment property	**7,335,000**		**188,486,462**		
Due to related parties	Settlement of advances	**(596,852,148**	**758,295,148**	**–**	On demand; Non-interest bearing	Unsecured
Director's fees (included under 'Outside Services' account)	Expenses	**7,335,000**	**–**	**7,335,000**		

2022

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
Subsidiaries:						
Due from related parties	Settlement of advances	(₱590,714)	₱421,475,655	₱–	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	(358,424,509)	383,624,156	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Notes receivable	(4,876,357,710)	8,408,841,620	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	540,852,690	–	540,852,690		
	Rent income	150,708,502	–	150,708,502		
	Management fees	54,600,000	–	54,600,000		
Due to related parties	Availment of advances	(2,691,868,434)	992,486,005	–	On demand; Non-interest bearing	Unsecured
	Short-term debt	1,768,775,000	2,542,775,000	–	Interest-bearing	Unsecured
	Long-term debt	2,264,000,000	4,711,667,500	–	Interest-bearing	Secured

(Forward)

2022						
			Outstanding Balance			
Related Party	Category/Transaction	Amount/Volume	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Terms	Conditions
Cash in bank	Deposits	(₱5,023,135,360)	₱8,818,333,025	₱–	On demand	Unsecured
Cash equivalents	Money market placements	(108,981,801)	12,527,008,201	–	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 2.04%	Unsecured; Not impaired
Dividends	Dividend receivable	181,000,000	1,774,529,595	–	On demand	Unsecured; Not impaired
	Dividend income	6,021,342,151	–	6,021,342,151		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	8,300,493	2,830,204,712	–	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	(33,707,167)	27,945,389	–	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	(4,553,740)	90,977,300	–	2% per annum	Unsecured; Not impaired
	Receivables	4,749,876	4,909,175	–	Non-interest bearing	Unsecured; Not impaired
	Sublease agreement	40,347,032	80,572,339	–	Payable monthly	Unsecured; Not impaired
	Dividend income	20,262,101	–	20,262,101		
	Rent income	432,988	–	432,988		
	Other income: allocation of CCU expenses	9,282,311	–	9,282,311		
	Utilities expense	6,253,123	–	6,253,123		
	Groundhandling and maintenance services	72,858,379	609,164,287	–	Non-interest bearing	Unsecured; Not impaired
Receivables	Collection of balance on the proceeds from sale of GBPC	(2,272,650,000)	–	–	Interest-bearing	Unsecured; Not impaired
Other Related Parties:						
Receivables	Uncollected balance on the proceeds from sale of investment property	₱2,383,354,600	₱2,383,354,600	₱–	Payable in installment	Unsecured; Not impaired

(Forward)

2022

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
	Gain on sale of investment property	₱3,268,173,353	₱–	₱3,268,173,353		
Due from related parties	Settlement of advances	149,220,442	698,304,942	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent receivables	(33,905,738)	79,595,133	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	1,565,266	–	1,565,266		
	Other income: allocation of IT charges and CCU expenses	162,573,811	–	162,573,811		
	Gain on sale of investment property	188,486,462		188,486,462		
Due to related parties	Availment of advances	(7,625,971)	161,443,000	–	On demand; Non-interest bearing	Unsecured
Director's fees (included under 'Outside Services' account)	Expenses	7,335,000	–	7,335,000		

2021

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
Subsidiaries:						
Due from related parties	Settlement of advances	(₱534,978)	₱422,066,369	₱–	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	(419,635,383)	742,048,665	–	On demand; Non-interest bearing	Unsecured; Not impaired

(Forward)

2021						
			Outstanding Balance			
Related Party	Category/Transaction	Amount/Volume	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Terms	Conditions
	Notes receivable	₱8,482,899,330	₱13,285,199,330	₱–	Interest-bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	610,424,198	–	610,424,198	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	144,117,358	–	144,117,358	On demand; Non-interest bearing	Unsecured; Not impaired
	Management fees	54,600,000	–	54,600,000		
Due to related parties	Availment of advances	–	3,684,354,439	–	On demand; Non-interest bearing	Unsecured
	Short-term debt	(364,000,000)	774,000,000	–	Interest-bearing	Unsecured
	Long-term debt	–	2,447,667,500	–	Interest-bearing	Secured
Cash in bank	Deposits	11,530,936,707	13,841,468,385	–	On demand	Unsecured
Cash equivalents	Money market placements	8,719,290,251	12,635,990,002	–	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 2.04%	Unsecured; Not impaired
Dividends	Dividend receivable	–	1,593,529,595	–	On demand	Unsecured; Not impaired
	Dividend income	4,809,321,356	–	4,809,321,356		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	1,821,904,219	2,821,904,219	–	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	645,349	61,652,556	–	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	1,397,524	95,531,040	–	2% per annum	Unsecured; Not impaired
	Receivables	(702,399)	159,299	–	Non-interest bearing	Unsecured; Not impaired
	Sublease agreement	26,346,473	40,225,307	–	Payable monthly	Unsecured; Not impaired
	Dividend income	4,739,273,350	–	4,739,273,350		
	Rent income	715,755	–	715,755		

(Forward)

2021

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
	Other income: allocation of CCU expenses	₱96,814	₱–	₱96,814		
	Utilities expense	5,417,424	–	5,417,424		
	Groundhandling and maintenance services	55,011,098	536,305,908	–	Non-interest bearing	Unsecured; Not impaired
Receivables	Uncollected balance on the proceeds from sale of GBPC	2,272,650,000	2,272,650,000	–	Interest-bearing	Unsecured; Not impaired
Other Related Parties:						
Due from related parties	Settlement of advances	(114,614,027)	549,084,500	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent receivables	(120,299,358)	113,500,871	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	1,796,147	–	1,796,147		
	Other income: allocation of IT charges and CCU expenses	150,066,582	–	150,066,582	On demand; Non-interest bearing	Unsecured; Not impaired
Due to related parties	Settlement of advances	26,009,726	169,068,971	–	On demand; Non-interest bearing	Unsecured
Director’s fees (included under ‘Outside Services’ account)	Expenses	8,125,000	–	8,125,000		

The Parent Company signed various financial guarantee agreements with third parties for the short-term and long-term loans availed by its subsidiaries as discussed in Note 23 to the consolidated financial statements. No fees are charged for these guarantee agreements. Being the centralized treasury department within the Group, the Parent Company usually receives advances from subsidiaries and in turn, makes advances to other subsidiaries. Total debt of subsidiaries guaranteed by the Parent Company in 2023 and 2022 amounted to ₱102.3 billion and ₱110.7 billion, respectively.

Interest earned by the Parent Company on transactions with related parties amounted to ₱0.1 million and ₱1.3 million in 2023 and 2022, respectively. Interest expense incurred amounted to nil in 2023 and 2022. Provision for credit losses on advances to related parties amounted to nil and ₱10.0 million in 2023 and 2022, respectively.

Most of the aforementioned intercompany transactions between the Parent Company and its subsidiaries are eliminated in the accompanying consolidated financial statements.

Transactions with the retirement plan
The retirement fund of the Parent Company's employees amounted to ₱3.1 million and ₱2.9 million as of December 31, 2023 and 2022, respectively. The fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

The retirement plan under the MERP has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

Compensation of key management personnel
There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

The compensation of the Group's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱1,510,814,707**	₱1,424,897,214	₱1,386,000,108
Post-employment benefits	**357,774,488**	350,146,757	180,856,666
	₱1,868,589,195	₱1,775,043,971	₱1,566,856,774

<u>Approval requirements and limits on the amount and extent of related party transactions</u>
Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (1)-month with the same related party, amounting to ten percent (10.00%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

41. Registration with Government Authorities/Franchise

Certain operations of consolidated subsidiaries are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities, and are granted various authorizations from certain government authorities. As registered enterprises, these consolidated subsidiaries are subject to certain requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

42. Leases

The Group's leases mostly pertain to land, office spaces, commercial and residential properties, passenger aircraft, flight, transportation and equipment. Leases of land, office spaces, commercial and residential properties, and transportation equipment generally have terms ranging from 2 to 50 years, while passenger aircraft and other equipment generally have terms between 1.25 and 18 years.

The Group also has certain leases of other flight equipment, furniture and fixtures and machineries with lease terms of 12 months or less, and leases of office spaces considered low-value. The Group applies the recognition exemptions for these type of leases.

ROU Assets

Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2023 and 2022:

	2023				
	Land and Land Improvements	**Buildings and Improvements**	**Passenger Aircraft and Other Flight Equipment**	**Transportation And Other Equipment**	**Total**
Cost					
Balance at beginning of year	**₱1,962,334,203**	**₱212,130,820**	**₱63,200,543,392**	**₱292,032**	**₱65,375,300,447**
Additions	**106,211,189**	**177,052,700**	**41,744,523,661**	**–**	**42,027,787,550**
Other adjustments	**(39,675,766)**	**434,236,807**	**(4,281,493,170)**	**5,565,034**	**(3,881,367,095)**
Balance at end of year	**2,028,869,626**	**823,420,327**	**100,663,573,883**	**5,857,066**	**103,521,720,902**
Accumulated Depreciation					
Balance at beginning of year	**454,794,174**	**44,105,176**	**19,809,583,966**	**24,350**	**20,308,507,666**
Depreciation	**73,007,601**	**279,885,322**	**7,661,769,721**	**976,572**	**8,015,639,216**
Other adjustments	**25,183,213**	**327,711,162**	**(2,908,422,233)**	**9,560**	**(2,555,518,298)**
Balance at end of year	**552,984,988**	**651,701,660**	**24,562,931,454**	**1,010,482**	**25,768,628,584**
Net Book Value at End of Year	**₱1,475,884,638**	**₱171,718,667**	**₱76,100,642,429**	**₱4,846,584**	**₱77,753,092,318**

	2022				
	Land and Land Improvements	Buildings and Improvements	Passenger Aircraft and Other Flight Equipment	Transportation And Other Equipment	Total
Cost					
Balance at beginning of year	₱2,585,226,878	₱715,303,079	₱44,298,956,529	₱31,991,457	₱47,631,477,943
Additions	302,111,341	468,805,339	22,483,271,639	292,032	23,254,480,351
Reclassification due to a merger (Note 44)	–	(1,185,770,197)	–	–	(1,185,770,197)
Other adjustments	(925,004,016)	213,792,599	(3,581,684,776)	(31,991,457)	(4,324,887,650)
Balance at end of year	1,962,334,203	212,130,820	63,200,543,392	292,032	65,375,300,447
Accumulated Depreciation					
Balance at beginning of year	541,376,032	799,800,852	13,977,994,996	31,991,457	15,351,163,337
Depreciation	(13,435,269)	397,760,747	6,639,771,098	23,126	7,024,119,702
Reclassification due to a merger (Note 44)	–	(794,249,267)	–	–	(794,249,267)
Other adjustments	(73,146,589)	(359,207,156)	(808,182,128)	(31,990,233)	(1,272,526,106)
Balance at end of year	454,794,174	44,105,176	19,809,583,966	24,350	20,308,507,666
Net Book Value at End of Year	₱1,507,540,029	₱168,025,644	₱43,390,959,426	₱267,682	₱45,066,792,781

Lease Liabilities

The rollforward analysis of the Group's lease liabilities follows:

	2023	2022
As at January 1	**₱51,187,518,279**	₱35,489,464,321
Additions	**42,027,787,550**	23,254,480,351
Accretion from continuing operations (Note 35)	**2,439,874,830**	1,314,827,598
Accretion from discontinued operations	**29,472,216**	22,613,144
Reclassification due to a merger (Note 44)	**271,539,981**	(739,421,531)
Payments	**(9,944,700,279)**	(7,870,511,855)
Other adjustments	**(562,914,231)**	(283,933,749)
As at December 31	**₱85,448,578,346**	₱51,187,518,279

Total lease liabilities shown in the consolidated statements of financial position follow:

	2023	2022
Current portion	**₱9,525,814,186**	₱6,281,321,598
Noncurrent portion	**75,922,764,160**	44,906,196,681
	₱85,448,578,346	₱51,187,518,279

The maturity analysis of lease liabilities are disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2023, 2022 and 2021 consolidated statements of comprehensive income in relation to the Group's leases:

Revenue	**2023**	2022	2021
Sale of goods and services - rental income and sublease income			
Real estate and hotels	**₱18,689,953,342**	₱15,698,000,000	₱11,056,317,537
Foods	**2,905,749**	111,263,169	58,792,660
	18,692,859,091	15,809,263,169	11,115,110,197
Cost of Sales and Services			
Cost of services - depreciation of ROU assets	**94,376,112**	132,057,423	88,156,594
Rent expense - short term leases (Note 30)	**384,181,611**	222,278,228	153,760,529
	478,557,723	354,335,651	241,917,123
General and Administrative Expenses			
Depreciation of ROU assets	**7,745,370,359**	6,611,273,970	6,922,096,888
Rent expense - leases of low-valued assets (Note 31)	**705,370,998**	539,450,009	749,691,111
	8,450,741,357	7,150,723,979	7,671,787,999
Finance cost and other charges – accretion of lease liabilities (Note 35)	**2,439,874,830**	1,314,827,598	683,432,040
	₱7,323,685,181	₱6,989,375,941	₱2,517,973,035

URC

Operating Lease Commitments - Group as a Lessee

The URC Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to five years from the date of the contracts and are renewable under certain terms and conditions. URC's rentals incurred on these leases (included under 'General and administrative expenses' in the consolidated statements of comprehensive income) amounted to ₱630.4 million, ₱356.3 million, and ₱329.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Future minimum lease payments under noncancellable operating leases of the URC Group follow:

	2023	2022	2021
Within one year	**₱422,884,568**	₱420,513,098	₱473,308,116
After one year but not more than five years	**637,741,087**	1,250,110,723	1,441,900,057
Five years or more	**1,511,435,564**	1,814,956,008	2,110,381,626
	₱2,572,061,219	₱3,485,579,829	₱4,025,589,799

Operating Lease Commitments - Group as a Lessor

The URC Group has entered into one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located.

Future minimum lease receivables under noncancellable operating leases of the URC Group that are due within one year amounted to ₱50.2 million, ₱40.2 million and ₱70.6 million in 2023, 2022 and 2021, respectively.

RLC

Group as a Lessee

The RLC Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments.

The RLC Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Future minimum lease payments under noncancellable operating leases of RLC's certain lessee subsidiaries follow:

	2023	2022
Within one year	**₱253,747,410**	₱207,619,631
After one year but not more than five years	**1,240,754,463**	990,261,462
Over five years	**6,499,602,031**	6,234,473,023
	₱7,994,103,904	₱7,432,354,116

Operating Lease Commitments - Group as a Lessor
The RLC Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining lease terms of between one and ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income (included under 'Real estate and hotels revenue' in profit or loss in the consolidated statements of comprehensive income) amounted to ₱18.7 billion, ₱15.7 billion and ₱11.1 billion in 2023, 2022 and 2021, respectively. Total percentage rent recognized as income amounted to ₱4.4 billion, ₱3.5 billion and ₱2.1 billion in 2023, 2022 and 2021, respectively.

In 2023, RLC and certain lessee amended an existing lease contract which effectively extended the lease term from 10 years to 45 years. Under the amendatory agreement, RLC received a non-refundable security deposit amounting US$18 million which shall represent the lease fee for the extended period of 25 years after the expiration of the initial lease term of 20 years from 2021 up to 2032. RLC retains all significant risks and rewards of ownership on the building.

Future minimum lease receivables under noncancellable operating leases of the RLC Group follow:

	2023	2022	2021
Within one year	**₱5,530,582,566**	₱7,551,776,498	₱10,311,631,297
After one year but not more than five years	**22,536,899,509**	19,816,200,805	17,423,950,184
Over five years	**2,233,090,986**	1,930,650,796	1,669,171,798
	₱30,300,573,061	₱29,298,628,099	₱29,404,753,279

Finance Lease Commitments - Group as a Lessor
RLC has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of five (5) to ten (10) years and the lessee is given the right to purchase the property anytime within the lease period that the lessee any arrears in rental payment, condominium dues and other charges.

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31, 2023 and 2022 follow:

	2023		2022	
	Minimum Lease Payments	**Present Value of Minimum Lease Payments**	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	**₱148,544,003**	**₱140,024,097**	₱288,797,549	₱273,931,038
After 1 year but not more than five years	**61,937,619**	**51,824,724**	120,418,410	99,790,557
Total minimum lease payments	**₱210,481,622**	**₱191,848,821**	₱409,215,959	₱373,721,595

JGSOC

Operating Lease Commitments - Company as a Lessee

In April 2013, JGSOC entered into a lease agreement for shuttle buses that transports its employees from Balagtas to Batangas plant and vice versa which may be renewed annually.

In June 2018, JGSOC entered in a lease contract with a related party for its new Head Office space with a lease term of five years starting in September 2018, with 5.0% annual escalation. JGSOC can renew the lease by submitting a written notice of intent at least nine (9) months before the lease expiration date. The terms and conditions shall be mutually agreed upon by both parties.

Rental expense charged to operations (included under 'Cost of sales and services' and 'General and administrative expenses' in profit or loss in the consolidated statements of comprehensive income) amounted to ₱107.9 million, ₱121.8 million and ₱71.3 million in 2023, 2022 and 2021, respectively.

Future minimum lease payments under the noncancellable lease of JGSOC's office space follow:

	2023	2022
Within one year	**₱38,807,290**	₱31,097,336
After one year but not more than five years	**68,803,417**	53,528,452
	₱107,610,707	₱84,625,788

CAI

CAI entered into operating lease agreements with certain leasing companies, which cover the following aircraft:

Operating Aircraft Lease Commitments - Group as a Lessee

A320CEO aircraft

The following table summarizes the specific lease agreements on CAI's Airbus A320CEO aircraft:

Date of Lease Agreement	**Lessors**	**No. of Units**	**Lease Expiry**
March 2008	Wells Fargo Trust Company, N.A.	1	October 2023
July 2018	JPA No. 117 Co. Ltd	1	June 2025
July 2018	JPA No. 118 Co. Ltd	1	October 2024
August 2018	JPA No. 119 Co. Ltd	1	December 2024
November 2020	EOS Aviation 6 (Ireland) Limited	2	March 2024
December 2021	Avolon Leasing Ireland 3 Limited	5	August 2025 - September 2027
December 2021	VMO Aircraft Leasing 32 and 33 (Ireland) Limited	2	July 2025 - October 2026
May 2023	Banc of America Leasing Ireland Co., Limited	1	May 2026
June 2023	AWAS 3896 Trust	1	June 2026
June 2023	Wilmington Trust SP Services (Dublin) Limited	3	April 2028 – January 2028
November 2023	EOS Aviation 9 (Ireland) Limited	2	November – December 2028
December 2023	AVAP Aircraft Trading Pte. Ltd.	1	December 2027

In 2017, CAI entered into lease agreements with ILL for two (2) Airbus A320 and with JPA No. 78/79/80/81 Co., Ltd for four (4) Airbus A320. These leases have already expired in 2023.

In 2018, CAI had extended the lease agreements with APTREE Aviation Trading 2 Co. Ltd for two (2) years, with Wells Fargo Trust Company, N.A for four (4) years, and with GY Aviation Lease 0905 Co. Limited for another two (2) years on one (1) aircraft and three (3) years on the other. These leases have already expired in 2023.

A320NEO aircraft
The following table summarizes the specific lease agreements on CAI's Airbus A320NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
July 2019	SMBC Aviation Capital LTD	1	July 2029
October 2019	SMBC Aviation Capital LTD	1	October 2029
November 2019	Orix Aviation Systems Limited	1	June 2029
November 2019	Orix Aviation Systems Limited	1	September 2029
January 2020	SMBC Aviation Capital LTD	1	January 2030
November 2021	SMBC Aviation Capital LTD	1	November 2031
April 2022	Jackson Square Aviation Ireland Limited	1	April 2032
July 2022	Sky High 135 Leasing Company Limited	1	July 2032
December 2022	Sky High 135 Leasing Company Limited	1	December 2032
March 2023	Avolon Leasing Ireland 3 Limited	1	October 2034
March 2023	Avolon Leasing Ireland 3 Limited	2	May – June 2035
April 2023	Jackson Square Aviation Ireland Limited	1	April 2035
June 2023	Miracle Carina Company Limited	1	June 2035
August 2023	AerCap Aviation Leasing Limited	1	August 2033
September 2023	AerCap Aviation Leasing Limited	1	September 2033
October 2023	Miracale Cassiopeia Company Limited	1	October 2037
November 2023	SMBC Aviation Capital LTD	1	April 2033

A321NEO aircraft
The following table summarizes the specific lease agreements on CAI's Airbus A321NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
November 2020	Connolly Aviation Capital 5 Limited	1	November 2032
March 2021	JSA Cayman Leasing, Ltd.	1	March 2033
March 2022	Connolly Aviation Capital 6 Limited	1	March 2034
May 2021	SMBC Aviation Capital LTD	1	May 2031

ATR 72-600 aircraft
On May 10, 2019, CAI entered into a 10-year lease agreement with AVAP AIRCRAFT TRADING III PTE. Ltd. for one (1) ATR 72-600 aircraft which was delivered in May 2019.

In December 2021, CAI entered into a 10-year lease agreement with MSO 1628 Leasing Designated Activity Company for one (1) ATR-600 delivered on December 15, 2021.

A330NEO aircraft
The following table summarizes the specific lease agreements on CAI's Airbus A330NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
July 2019	Avolon Leasing Ireland 3 Limited	1	December 2033
November 2019	Avolon Leasing Ireland 3 Limited	1	November 2034
May 2022	Dune Aviation 15 Limited	1	May 2034
November 2021	SMBC Aviation Capital LTD	1	November 2033
March 2023	JLPS Ireland Limited	1	March 2035
November 2023	SMBC Aviation Capital LTD	1	November 2035
November 2019	Avolon Leasing Ireland 3 Limited	1	December 2035

Engine Lease Commitments

The following table summarizes the specific lease agreements on CAI's engines:

Date of Lease Agreement	Lessors	No. of Units	Lease Term
May 2019	RRPF Engine Leasing Limited	10	6-12 years with pre-termination option
September 2020	SMBC Aero Engine Lease B.V.	8	18 months – 9 years
December 2021	Crestone Air Partners, Inc.	2	4-7 years

In May 2019, CAI entered into operating lease agreements with RRPF Engine Leasing Limited for the lease of three (3) Trent 700 engines.

In September and October 2020, CAI entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V for eight (8) CFM56 engines. The leases have short- and long-term lease arrangements between 18 months to eight (8) years, respectively. In December 2021 and April 2022, two (2) CFM56 engine were amended to effect the novation of lease rights to current lessor, SUNRISE NON-US PO 1 LTD.

In 2022, CAI provided a notice to early terminate its operating lease agreement with RRPF Engine Leasing Limited for the lease of one (1) Trent 700 engine until February 2023.

In May and June 2022, CAI has entered into swap transactions to replace its two old (2) engines (ESN 729600 and ESN 697582) with new engines (ESN 849340 and ESN 849288) with its lessors. As a result of the exchange transactions, the Group recognized a gain of ₱99.5 million under 'Gain (loss) on disposal - net' in the consolidated statement of comprehensive income.

In August 2022, CAI entered into operating lease agreements as part of a sale and leaseback transaction with RRPF Engine Leasing Limited for the lease of two (2) PW1133G-JM engines and one (1) Trent 7000 engine.

In September 2022, CAI entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for four (4) PW1133GA-JM engines with lease term arrangements between seven (7) to nine (9) years.

In November 2022, CAI again entered into operating lease agreement as part of a sale and leaseback transaction with RRPF Engine Leasing Limited for the lease of one (1) PW1133G-JM engines.

In 2022, CAI recognized gain on the sale portion of the above transactions amounting to ₱1.5 billion recorded under Gain (loss) on sale of aircraft' under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

In respect to the operational lease agreement dated November 8, 2019, Avolon Leasing Ireland 3 Limited delivered one (1) aircraft to CAI in November 2023. The aircraft was then novated to SMBC Aviation Capital Limited; the executed version of the aircraft lease novation and amendment is dated November 14, 2023.

In December 2023, CAI received one (1) aircraft from Avolon Leasing Ireland 3 Limited in respect of the initial operating lease agreement entered last November 2019. In June 2023, CAI and the lessor amended certain sections and were fully signed and executed thereafter.

As of December 31, 2023 and 2022, CAI has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors.

Lease expenses relating to aircraft leases (included in 'General and Administrative Expenses' account in the consolidated statements of comprehensive income) amounted to ₱1.7 billion, ₱1.1 billion and ₱443.5 million in 2023, 2022, and 2021, respectively.

Future minimum lease payments under the above-indicated operating aircraft leases follow:

	2023		2022		2021	
	US Dollar	**Philippine Peso Equivalent**	US Dollar	Philippine Peso Equivalent	US Dollar	Philippine Peso Equivalent
Within one year	**US$258,328,908**	**₱14,303,671,636**	US$182,214,559	₱10,159,372,756	US$116,348,826	₱5,933,673,803
After one year but not more than five years	**982,573,506**	**54,405,095,010**	731,976,291	40,811,338,097	353,191,108	18,012,393,320
Over five years	**753,471,084**	**41,719,693,917**	474,231,261	26,440,763,968	237,732,932	12,124,141,820
	US$1,994,373,498	**₱110,428,460,563**	US$1,388,422,111	₱77,411,474,821	US$707,272,866	₱36,070,208,943

Operating Non-Aircraft Lease Commitments - Group as a Lessor

CAI has entered into various lease agreements for its hangar, office spaces, ticketing stations and certain equipment. These leases have remaining lease terms ranging from one to ten years. Certain leases include a clause to enable upward revision of the annual rental charge ranging from 5.00% to 10.00%.

Future minimum lease payments under these noncancellable operating leases follow:

	2023	2022	2021
Within one year	**₱227,165,672**	₱221,968,510	₱217,233,256
After one year but not more than five years	**1,227,426,336**	943,617,379	920,545,458
Over five years	**3,840,389,291**	4,351,363,919	4,596,404,352
	₱5,294,981,299	₱5,516,949,808	₱5,734,183,066

Lease expenses relating to both cancellable and noncancellable non-aircraft leases (allocated under different expense accounts in the consolidated statements of comprehensive income) amounted to ₱991.1 million, ₱556.1 million and ₱352.9 million in 2023, 2022, and 2021, respectively.

43. Other Commitments and Contingent Liabilities

Parent Company

- *JGSOC Loan Accommodation from Private Bank*
  On May 12, 2022, the BOD of the Parent Company approved the issuance of a Letter of Support in favor of JGSOC for its application for a term loan facility in the amount of ₱5.0 billion with BDO Unibank.

  On May 23, 2023, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSOC from BDO Unibank in the amount of ₱10.0 billion.

  On July 3, 2023, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSOC from BPI in the amount of ₱25.0 billion.

- *JGSPC/JGSOC Loan Accommodation from Private Bank*
  On December 7, 2021, the BOD authorizes the Parent Company to guarantee the loan/credit accommodation of JGSOC from BPI whether incurred on its own or as a result of the merger between JGSOC and JGSPC, with JGSOC as the surviving corporation in the aggregate principal amount of ₱25.0 billion including any extension, renewal or modification for such loan/credit accommodation.

- *JGSPL 4.125% Senior Unsecured Notes Due 2030*
  On June 26, 2020, the BOD of the Parent Company approved to guarantee the obligations of JGSH Philippines, Limited for the issuance of US$ fixed rate notes amounting to US$600.0 million.

  These notes require the Group not to exceed the 2.0:1.0 financial ratio requirement on its consolidated total borrowing to consolidated total equity ratio and not to fall below 0.5:1.0 financial ratio requirement on its consolidated current assets to consolidated current liabilities ratio.

CAI

Capital Expenditure Commitments
CAI's capital expenditure commitments relate principally to the acquisition of aircraft fleet, aggregating to ₱233.7 billion and ₱241.9 billion as of December 31, 2023 and 2022, respectively.

	2023	
	US Dollar	**Philippine Peso Equivalent**
Within one year	**US$1,076,424,848**	**₱59,601,643,843**
After one year but not more than five years	**2,390,608,582**	**132,367,997,206**
More than five years	**753,471,084**	**41,719,693,917**
	US$4,220,504,514	**₱233,689,334,966**

	2022	
	US Dollar	Philippine Peso Equivalent
Within one year	US$998,715,602	₱55,683,388,406
After one year but not more than five years	2,892,892,307	161,293,210,604
More than five years	447,739,012	24,963,688,598
	US$4,339,346,921	₱241,940,287,608

Aircraft and Spare Engine Purchase Commitments
In August 2011, CAI entered in a commitment with Airbus S.A.S. to purchase firm orders of 32 new Airbus A321NEO aircraft and ten (10) additional option orders. These aircraft are scheduled to be delivered from 2019 to 2026.

On June 28, 2012, CAI has entered into an agreement with United Technologies International Corporation Pratt & Whitney Division to purchase new PurePower® PW1100G-JM engines for its 32 firm and ten (10) optional A321NEO aircraft. The agreement also includes an engine maintenance services program for a period of ten (10) years from the date of entry into service of each engine.

On October 31, 2019, CAI placed an order with Airbus S.A.S to purchase 16 Airbus A330 NEO aircraft. Consequently, on November 29, 2019, the Parent Company entered into agreements with Rolls-Royce PLC for the purchase of spare Trent 7000 engines and for the provision of Total Care life services and other services required in connection with the 16 A330NEO aircraft.

On December 19, 2019, CAI placed an additional order with Airbus S.A.S for 15 A320NEO family aircraft which includes up to ten (10) A321XLR.

As of December 31, 2023, to cover for industry delays, CAI has entered into lease agreements for three (3) Airbus A320 with Banc of America Leasing Ireland Co., Limited, AWAS 3896 Trust and AVAP Aircraft Trading Pte. Ltd., and five (5) Airbus A320NEO with Avolon Leasing Ireland 3 Limited and AerCap Aviation Leasing Limited. Seven (7) out of eight (8) aircraft have been delivered from April to September 2023.

As of December 31, 2023, CAI is set to take delivery of seven (7) A320 NEO aircraft, twelve (12) A321 NEO aircraft, eleven (11) A330 NEO aircraft, ten (10) A321XLR aircraft and two (2) ATR 72-600 aircraft until 2027.

The above-indicated commitments relate to CAI's re-fleeting and expansion programs. These agreements remain in effect as of December 31, 2023.

<u>URC</u>
Milling Contracts
Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

Sugar under Custody but Not Owned
As of December 31, 2023 and 2022, URC has in its custody sugar owned by several quedan holders amounting to ₱2.3 billion (913,414 Lkg) and ₱3.9 billion (1,098,275 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by URC. URC is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

<u>RLC</u>
Capital Commitments
RLC has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱4.7 billion and ₱9.5 billion as of December 31, 2023 and 2022, respectively. Moreover, RLC has contractual obligations amounting to ₱4.3 billion

and ₱5.1 billion as of December 31, 2023 and 2022, respectively, for the completion and delivery of real estate units that have been presold.

RLC has no capital commitments related to its investments in associate and joint ventures.

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business from legal proceedings which are either pending decision by the courts, under arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsels, 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. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on the ground that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

44. Disposal Group Held for Sale and Discontinued Operations

Merger of RBC with Bank of Philippine Islands (BPI)

On September 30, 2022, the BOD of RBC approved the plan of merger of RBC and BPI, with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network.

On January 17, 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RBC.

On January 26, 2023, the Articles of Merger and the Plan of Merger were executed by BPI and RBC. The Supplement to the Agreement for the Merger of BPI and RBC was likewise executed on the same date by and among BPI, RBC and RBC Shareholders - RRHI and JGSCSC, which states that upon the effectivity of the Merger and receipt of all necessary corporate and regulatory approvals, RBC Shareholders will collectively hold approximately 6.0% of the resulting outstanding capital stock of BPI.

The merger between BPI and RBC underwent several regulatory approvals. On March 9, 2023, the Philippine Competition Commission cleared the merger. Subsequently, on December 15, 2023, the Bangko Sentral ng Pilipinas approved the merger, followed by the Securities and Exchange Commission's approval of the Articles of Merger and the Plan of Merger, along with their supplements, as filed by BPI and RBC.

As a result, the related assets and liabilities of RBC as of December 31, 2023 and 2022 are presented as Asset Held for Sale and Liabilities Held for Sale, respectively, in the consolidated statements of financial position while the results of operations are presented as Net Income After Tax from Discontinued Operations in the consolidated statements of comprehensive income.

Management assessed that the carrying amount of Assets Held for Sale is lower than its fair value less costs to sell; thus, the amount recognized as Asset Held for Sale in the statements of financial position is equal to the carrying amounts as of December 31, 2023 and 2022.

The results of operations of RBC in the consolidated statements of comprehensive income are presented below:

	2023	2022	2021
Revenue			
Sale of services	**₱13,121,944,839**	₱10,647,329,942	₱9,285,942,362
Equity in net losses of associates and joint ventures	**(234,225,120)**	(169,065,451)	(45,311,729)
Dividend income	**8,916,075**	8,916,075	13,038,094
Rental income	**13,408,896**	14,673,235	18,757,411
	12,910,044,690	10,501,853,801	9,272,426,138
Cost of Sales and Services	**5,580,108,894**	2,527,409,944	1,731,571,481
Gross Income	**7,329,935,796**	7,974,443,857	7,540,854,657
Net Operating Expenses			
General and administrative expenses	**5,513,352,333**	5,368,871,751	4,734,241,667
Provision for impairment losses and others	**905,720,680**	967,441,083	1,304,264,928
	6,419,073,013	6,336,312,834	6,038,506,595
Operating Income	**910,862,783**	1,638,131,023	1,502,348,062
Other Income			
Foreign exchange gains	**(247,842,685)**	144,971,172	51,023,326
Others	**344,403,428**	118,070,260	106,130,992
Income Before Income Tax	**1,007,423,526**	1,901,172,455	1,659,502,380
Provision for Income Tax	**305,893,385**	338,132,112	280,408,959
Net Income from Discontinued Operations	**₱701,530,141**	₱1,563,040,343	₱1,379,093,421

	2023	2022	2021
Attributable to Parent Company	**₱420,918,085**	₱937,824,206	₱827,456,053
Attributable to non-controlling interest	**280,612,056**	625,216,137	551,637,368
	₱701,530,141	₱1,563,040,343	₱1,379,093,421

Other comprehensive income from discontinued operations consists of the following:

	2023	2022	2021
Net gains (losses) on financial assets at FVOCI	**₱231,392,054**	₱237,060,688	(₱1,130,933,945)
Remeasurements of the net defined benefit liability	**(61,607,560)**	70,356,202	(23,453,184)
Cumulative translation adjustment	**(4,658,301)**	5,748,256	49,786,866
	₱165,126,193	₱313,165,146	(₱1,104,600,263)

The following details outline the asset and liabilitie of RBC that have been classified as held for sale:

	2023	2022
Assets		
Cash and cash equivalents (Note 7)	**₱11,603,831,759**	₱6,638,014,005
Financial assets at fair value through profit or loss	**24,202,665**	518,889
Financial assets at fair value through OCI	**11,858,734,406**	6,729,169,787
Receivables (Note 11)	**109,649,440,089**	112,866,817,495
Investment securities at amortized cost	**30,634,274,547**	33,816,717,769
Investment in associates and joint ventures (Note 14)	**319,948,221**	342,153,153

(Forward)

	2023	2022
Property, plant and equipment (Note 16)	**₱492,919,805**	₱569,719,780
Investment properties (Note 15)	**1,735,965,994**	1,203,084,788
ROU assets (Note 42)	**299,867,501**	391,520,930
Goodwill (Note 19)	**244,327,006**	244,327,006
Intangible assets (Note 18)	**1,506,688,932**	1,365,390,155
Other assets	**2,323,331,829**	1,973,949,113
	170,693,532,754	166,141,382,870
Liabilities		
Accounts payable and accrued expenses*	**137,865,652,445**	123,776,941,398
Income tax payable	**16,843,400**	105,356
Lease liabilities (Note 42)	**330,405,138**	475,433,428
Other liabilities**	**13,079,184,068**	22,099,697,215
	151,292,085,051	146,352,177,397
Net Assets	**₱19,401,447,703**	₱19,789,205,473

**This amount includes the current portion of deposits liabilities amounting to ₱123,187,092,539 and ₱113,795,702,267 as of December 31, 2023 and 2022, respectively.*
***This amount includes the noncurrent portion of deposit liabilities amounting to ₱8,072,172,327 and ₱12,060,686,911 as of December 31, 2023 and 2022, respectively.*

The breakdown of RBC's receivables is as follows:

	2023	2022
Receivables from customers		
Commercial	**₱62,733,058,577**	₱63,936,058,677
Real estate	**36,202,402,161**	34,228,885,494
Consumption	**10,394,717,220**	13,764,219,577
Domestic bills purchased	**531,768,944**	491,330,537
	109,861,946,902	112,420,494,285
Less: Unearned interests and discounts	**(223,224,700)**	(251,151,252)
	109,638,722,202	112,169,343,033
Other receivables	**3,308,220,638**	3,516,953,299
	112,946,942,840	115,686,296,332
Less: Allowance for credit losses	**(3,297,502,751)**	(2,819,478,837)
	₱109,649,440,089	₱112,866,817,495

The related cash flows arising from banking business activities is as follows:

	2023	2022
Net cash used in operating activities	**(₱4,083,355,654)**	(₱21,694,908,580)
Net cash used in investing activities	**(837,173,485)**	(2,650,461,845)
Net cash provided by financing activities	**4,297,573,160**	12,658,177,862
Effect of foreign exchange changes	**(4,658,301)**	5,748,256
	(₱627,614,280)	(₱11,681,444,307)

Sale of Oceania Business
In July 2019, Intersnack agreed to buy 40.0% of Oceania business of URC to leverage on the Group's and Intersnack's know-how from their respective markets. This transaction is expected to yield better manufacturing, supply chain and sustainability practices and will set the groundwork for an even larger and more efficient Oceania operations. On December 23, 2019, the Australian Foreign Investment Review Board (FIRB) approved the transaction. Following the approval, the transaction was completed on the same date. Considerations received for the transaction consisted of cash and Yarra Valley net

assets amounting to US$142.0 million (₱7.2 billion) and US$10.1 million (₱0.5 billion), respectively. As part of the agreement, Intersnack was also given an option to acquire an additional 9.0% equity share in Unisnack Holding Company, Ltd. (UHC).

As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%, and gave rise to 40% non-controlling interest in the consolidated financial statements. As the Group continued to exercise control over UHC, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with the requirements of PFRS 3, *Business Combinations*. Accordingly, the excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱1.3 billion is presented under 'Equity reserve' in the consolidated statement of financial position.

On July 29, 2021, URC Oceania executed a share purchase agreement to sell its remaining 60% ownership interest in its Australia and New Zealand businesses (held under UHC) to Intersnack Group. The first tranche was the exercise of the call option from the 2019 transaction by Intersnack, which allowed it to acquire an additional 9% ownership interest (38,700 ordinary shares) in UHC at a pre-determined exercise price. This was immediately followed by the sale for cash of the remaining 51% ownership interest (219,300 ordinary shares) in UHC. The total cash received by URC Oceania from the 2021 disposal amounted to ₱24.0 billion.

The closing conditions were met, and the transaction was approved by the Australian Foreign Investment Review Board and New Zealand Overseas Investment Office on October 29, 2021. As a result of this transaction, the Group has relinquished control and ownership over UHC and its subsidiaries.

The derecognized assets and liabilities of UHC as of the date of deconsolidation follow:

Assets	
Cash and cash equivalents	₱1,638,743,847
Receivables	3,476,025,296
Inventories	2,115,987,811
Property, plant and equipment	10,905,146,480
ROU assets	3,266,978,158
Goodwill	30,867,806,512
Intangibles	11,984,311,273
Deferred tax assets	104,923,273
Other assets	123,738,222
	₱64,483,660,872
Liabilities	
Accounts payable and other accrued liabilities	₱4,415,922,993
Income tax payable	18,419,235
Lease liabilities	3,863,641,971
Deferred tax liabilities	3,134,514,373
Other liabilities	33,278,489,808
	₱44,710,988,380
Net Assets	₱19,772,672,492

Cumulative translation adjustments related to Unisnack amounting to ₱214.8 million were also reclassified to profit and loss.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income.

The results of operations of Unisnack in the 2021 consolidated statements of income are presented below:

	2021
Sale of goods and services	₱18,837,246,465
Cost of sales	12,856,083,612
Gross profit	5,981,162,853
Selling and distribution costs	(2,862,499,842)
General and administrative expenses	(1,077,497,034)
Operating income	2,041,165,977
Finance revenue	17,040,284
Finance costs	(740,256,456)
Foreign exchange gain (loss) - net	11,153,751
Other income (expense) - net	170,200,127
Income before income tax	1,499,303,683
Provision for income tax	319,170,663
Net income	₱1,180,133,020
Gain on sale of 60% equity interest	10,100,438,582
Net income from discontinued operations	₱11,280,571,602

	2021
Attributable to Parent Company	₱10,808,518,394
Attributable to non-controlling interest	472,053,208
	₱11,280,571,602

Other comprehensive income from discontinued operations consists of the following:

	2021
Cumulative translation adjustments	(₱214,775,311)
Unrealized gain (loss) on cash flow hedge	11,044,781
	(₱203,730,530)

The related cash flows arising from Oceania business activities for the ten months ended October 31, 2021 follow:

	2021
Net cash provided by operating activities	₱1,816,495,886
Net cash used in investing activities	21,701,828,072
Net cash used in financing activities	(373,118,903)
Net cash flows from discontinued operations	₱23,145,205,055

The aggregate consideration received consists of:

Cash (net of transaction costs)	₱23,930,903,237
Non-controlling interest	6,244,876,706
Equity items	(302,668,869)
	₱29,873,111,074

Total gain on deconsolidation amounted to ₱10.1 billion, which is the difference between the consideration received and the carrying value of the Group's investment in Unisnack. The net cash outflow arising from the deconsolidation of cash and cash equivalents of Unisnack amounted to ₱1.6 billion.

45. **Share-based Payments**

On March 29, 2021, the BOD of CAI approved its LTIP. The LTIP involves the grant of any one or a combination of Restricted Stock Units and Stock Options to eligible persons.

Upon issuance by the SEC of a Confirmation of Exempt Transaction on November 26, 2021, the Philippine Stock Exchange approved the application of CAI to list additional 11,165,846 common shares, consisting of 5,582,923 common shares for Restricted Stock Units and 5,582,923 common shares for Stock Options and with a par value of ₱1.00 per share, to cover CAI's LTIP last December 2, 2021.

Restricted Stock Units (RSU)
On November 26, 2021, 4,710,000 RSUs were granted to 82 eligible persons with 3 years vesting period. These will vest in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022, 2023, respectively except for three (3) grantees which will vest in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations" within the vesting period. The fair value of each share is ₱48.40 which is the stock price at grant date. CAI does not pay cash as a form of settlement.

Additionally, six (6) eligible persons were granted RSUs with three (3) years vesting period, commencing 2022. These will vest in three (3) tranches: 20%, 30% and 50% at the end of 2022, 2023 and 2024, respectively.

In 2023, 18 eligible persons were granted RSUs with three (3) years vesting period, commencing 2023. These will vest in four (4) tranches: 6%, 23%, 36% and 35% at the end of 2023, 2024, 2025 and 2026, respectively.

On December 31, 2023, 2,222,666 RSUs have vested that were subsequently listed with the Philippine Stock Exchange on January 17, 2024. While for 2022, 1,327,000 RSUs have vested that were subsequently listed with the Philippine Stock Exchange on January 13, 2023.

Stock Options
On November 26, 2021, 5,205,000 stock options were granted to 16 eligible persons with three (3) years vesting period which can be exercised at a strike price of ₱48.575 once vested. These will vest in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022 and 2023, respectively except for two (2) grantees which will vest in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations" within the vesting period. These options will expire on December 31, 2027. The Group does not pay cash as a form of settlement.

In 2023, three (3) eligible persons were granted SOs with three (3) years vesting period, commencing 2023. These will vest in four (4) tranches; 6%, 23%, 37% and 33% at the end of 2023, 2024, 2025 and 2026.

On December 31, 2023 and 2022, 2,312,500 and 1,387,500 stock options have vested. No options were exercised, forfeited or expired during both years. Thus, a total of 4,965,000 and 2,652,500 vested stock options remain to be outstanding and exercisable as of December 31, 2023 and 2022, respectively.

The fair value of each option at grant date is ₱21.79 which was determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The inputs in the valuation of the stock option are as follows:

Stock price at grant date	₱48.40
Exercise price	₱48.575
Expected volatility	47.24%
Option life	6.10 years
Dividend yield	2.93%
Risk-free interest rate	4.53%

The option life is the period between the November 26, 2021 grant date to December 31, 2027 expiry date. The expected volatility was based on the historical daily stock prices for the past five years. Daily stock price data used did not include non-trading days. Standard deviation was used to measure volatility which is a measure of risk associated with the degree of fluctuations in stock price over a period of time.

46. Events after reporting period

On Janaury 1, 2024, the merger of RBC and BPI became effective, with BPI as the surviving entity (Note 44). A total of 314 million BPI common shares were issued to RBC Shareholders as a result of the merger equivalent to 6.0% ownership in BPI (3.58% ownership by JGSCSC and 2.4% ownership by RRHI).

In February 2024, the Group invested additional capital to DAVI totaling ₱60 million. The Group remains to have the same effective shareholding in DAVI after the additional investment.

On March 20, 2024, the BOD of BPI approved the sale of its 752,056,290 common shares representing all of its stakes in GoTyme)to GTFPL (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. As a result, BPI's share in GoTyme equivalent to 12.6% will be transferred to the Group. This represents JGS effective share of only 6.4% as GTFPL is 51% owned by JGS.

47. Supplemental Disclosures to Cash Flow Statements

Changes in liabilities arising from financing activities in 2023 and 2022 follow:

	January 1, 2023	**Cash Flows**	**Foreign Exchange Movement**	**Currency Translation Adjustment**	**Others***	**December 31, 2023**
Short-term debts	**₱91,917,480,341**	**(₱28,059,638,502)**	**(₱337,503,055)**	**₱4,527,057**	**₱–**	**₱63,524,865,841**
Long-term debts	**224,240,341,407**	**1,702,065,850**	**(148,015,471)**	**(907,606,357)**	**(188,543,784)**	**224,698,241,645**
Bonds payable	**13,423,322,594**	**–**	**(93,207,960)**	**–**	**107,601,065**	**13,437,715,699**
Lease liabilities	**51,187,518,279**	**(9,944,700,279)**	**–**	**–**	**44,205,760,346**	**85,448,578,346**
	₱380,768,662,621	**(₱36,302,272,931)**	**(₱578,726,486)**	**(₱903,079,300)**	**₱44,124,817,627**	**₱387,109,401,531**

Others mainly consist of additional lease liabilities, accretion of interest and amortization of bond issue cost.

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Currency Translation Adjustment	Others*	December 31, 2022
Short-term debts	₱65,995,583,482	₱25,622,648,197	(₱58,980,126)	₱358,228,788	₱–	₱91,917,480,341
Long-term debts	220,332,192,883	(3,292,471,559)	1,449,594,948	5,741,718,504	9,306,631	224,240,341,407
Bonds payable	12,184,836,126	–	1,138,579,757	–	99,906,711	13,423,322,594
Lease liabilities	35,489,464,321	(7,870,511,855)	–	–	23,568,565,813	51,187,518,279
	₱334,002,076,812	₱14,459,664,783	₱2,529,194,579	₱6,099,947,292	₱23,677,779,155	₱380,768,662,621

Others mainly consist of additional lease liabilities, accretion of interest and amortization of bond issue cost.

2023

- Additions to ROU amounted to ₱42.0 billion (Note 42).
- Reclassification of PPE to Intangible Assets amounted to ₱669.8 million.
- Transfers from investment properties to property and equipment amounted to ₱116.5 million.
- Transfers from advances to lot owners to investment properties amounted to ₱570 million.
- CTA of long-term debt amounted to (₱903 million).

2022

- Additions to ROU amounted to ₱23.3 billion (Note 42).
- Transfers from investment properties to property and equipment amounted to ₱3.9 billion.
- Transfers from advances to lot owners to investment properties amounted to ₱1.7 billion and inventories to ₱98.0 million
- CTA of long-term debt amounted to ₱6.0 billion.

2021

- Additions to ROU amounted to ₱20.5 billion (Note 42)
- Transfers from investment properties to subdivision land, condominium, and residential units for sale amounted to ₱844 million.
- Transfers from other current assets to investment properties amounted to ₱3.6 billion and inventories to ₱714.0 million.
- Transfers from advances to lot owners to investment properties amounted to ₱702 million and inventories to ₱339.0 million.
- CTA of long-term debt amounted to ₱1.7 billion.

48. Approval for the Release of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group were approved and authorized for issue by the BOD on April 15, 2024

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
JG Summit Holdings, Inc.
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of JG Summit Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 15, 2024. 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, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier
Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-069-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079984, January 6, 2024, Makati City

April 15, 2024

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
JG Summit Holdings, Inc.
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of JG Summit Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. 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 (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements, 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 SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
Tax Identification No. 900-322-673
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-069-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079984, January 6, 2024, Makati City

April 15, 2024

JG SUMMIT HOLDINGS, INC.
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION (ANNEX 68-D) AS OF DECEMBER 31, 2023

The table below presents the retained earnings available for dividend declaration as of December 31, 2023:

Unappropriated Retained Earnings, beginning		₱46,844,228,295
Adjustment:		
	Fair value adjustment of financial assets at FVPL	(64,481,987)
Unappropriated Retained Earnings, as adjusted, beginning		46,779,746,308
Net income actually earned/realized during the year		12,260,232,020
Add:	Fair value adjustment of financial assets at FVPL	64,481,987
Less:	Dividend declaration during the year	(3,024,393,463)
Total Retained Earnings available for dividend declaration as of December 31, 2023		₱56,080,066,852

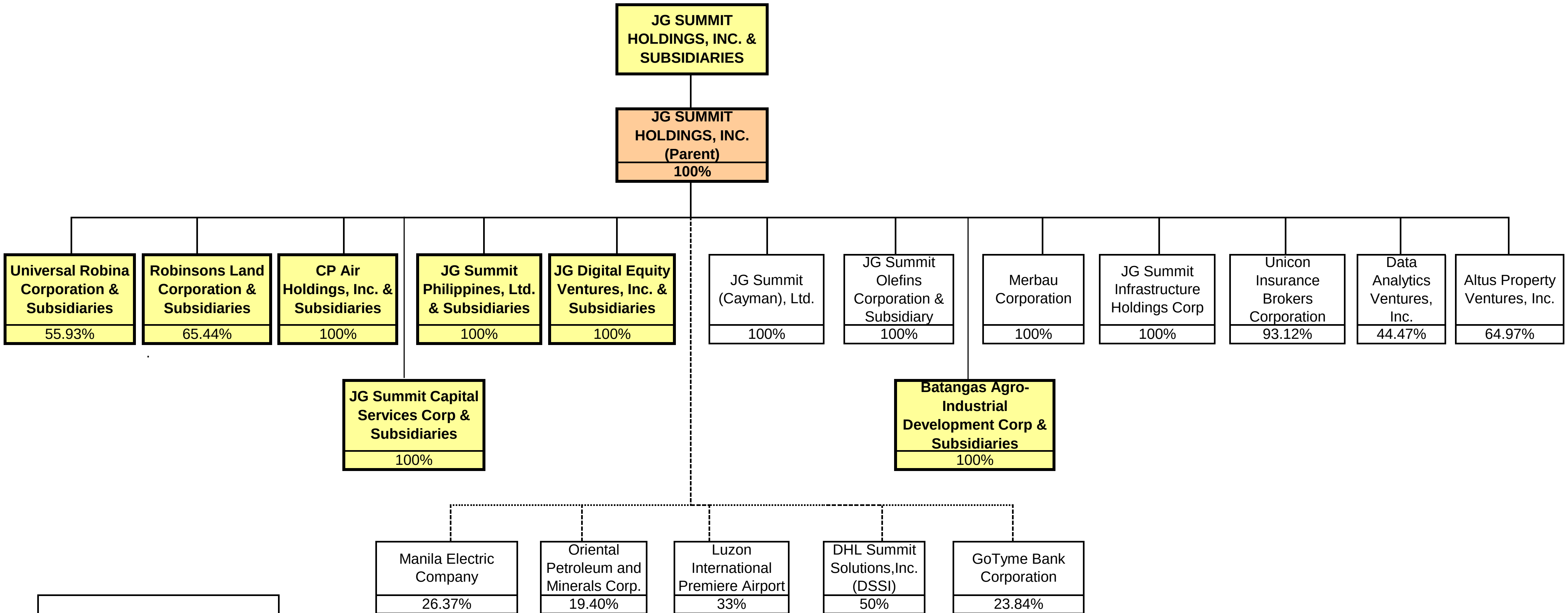
JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR (ANNEX 68-E)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

The following are the financial ratios that the Group monitors in measuring and analyzing its financial soundness:

Ratio	Formula *(in millions)*		2023	2022
Current ratio	Total Current Assets*	227,244	1.01	0.98
	Divide by: Total Current Liabilities*	224,002		
	Current ratio	1.01		
	**Excludes Assets held for sale and Liabilities directly associated with assets held for sale*			
Debt-to-equity ratio/ Gearing ratio	Total Debt**	301,662	0.68	0.77
	Divide by: Total Equity	445,079		
	Debt-to-equity ratio	0.68		
	***Short-term loans + Long-term loans+ Bonds Payable +Derivative Liabilities*			
Asset-to-equity ratio	Total Assets	1,112,257	2.50	2.51
	Divide by: Total Equity	445,079		
	Asset-to-equity ratio	2.50		
Operating income margin	Operating Income	49,003	0.14	0.06
	Divide by: Total Revenues	343,969		
	Operating income margin	0.14		
Return on equity	Net income attributable to equity holders of the Parent Company	20,045	0.061	0.002
	Divide by: Average Equity attributable to equity holders of the Parent Company	327,918		
	Return on equity	0.061		

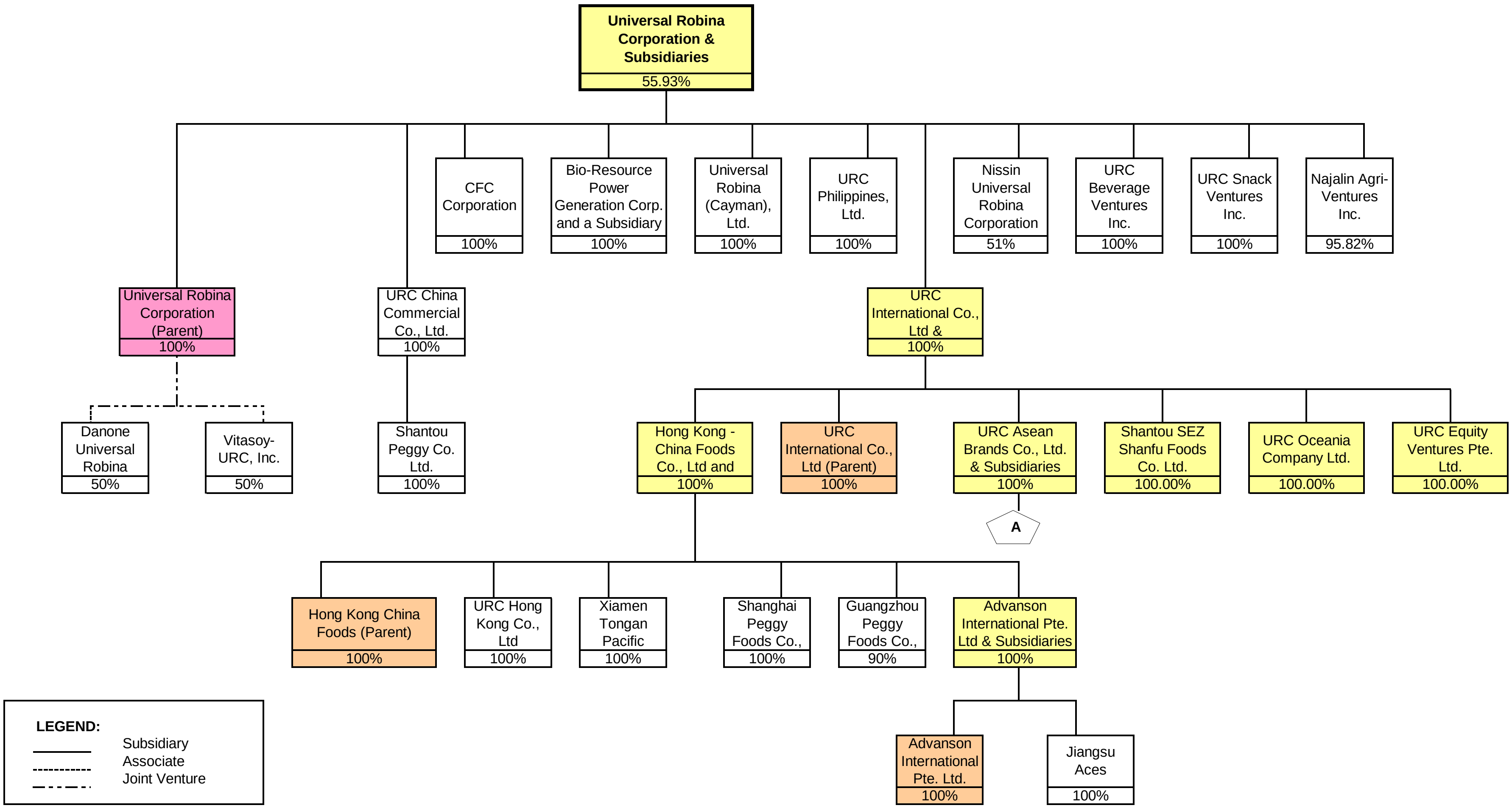
JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City

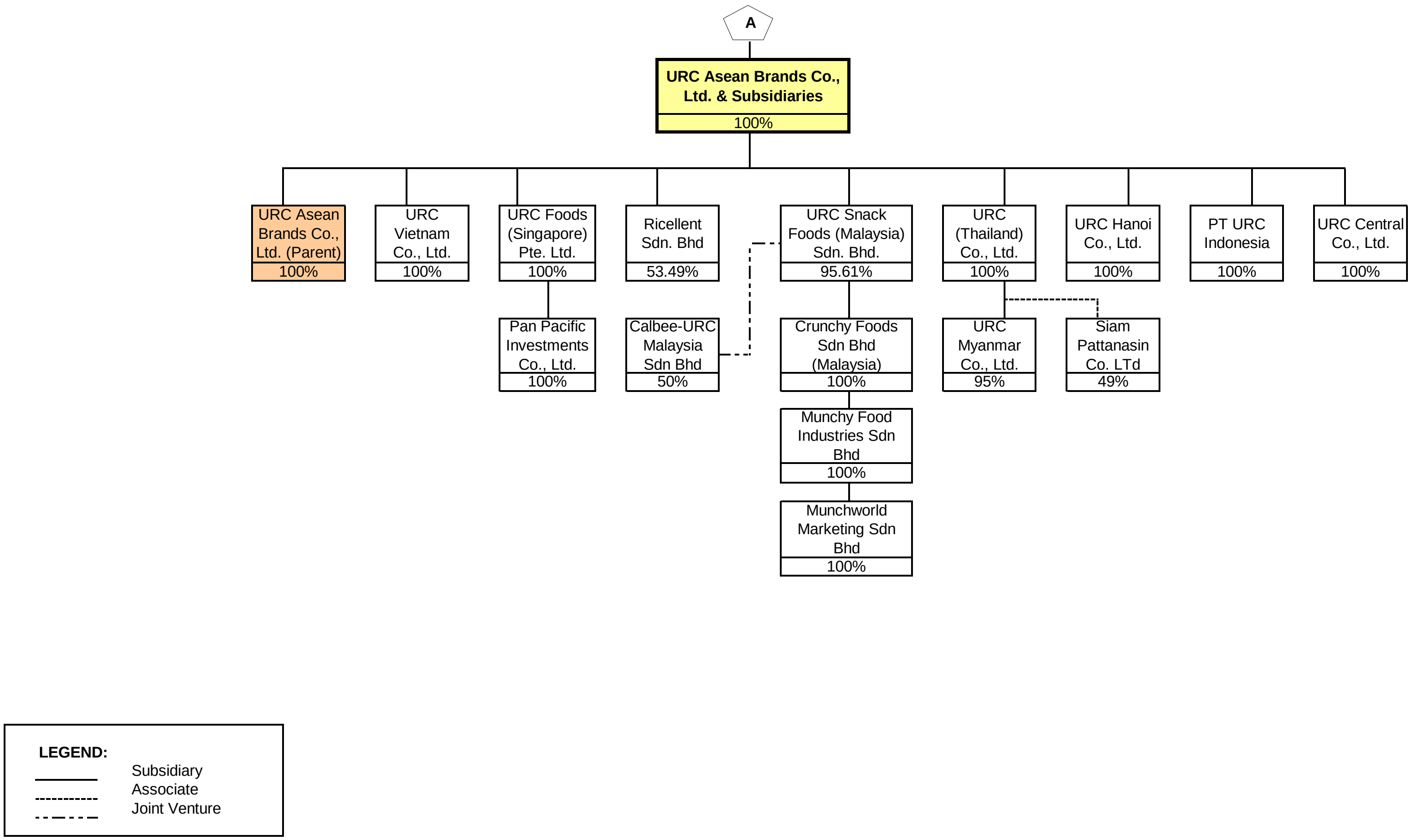
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

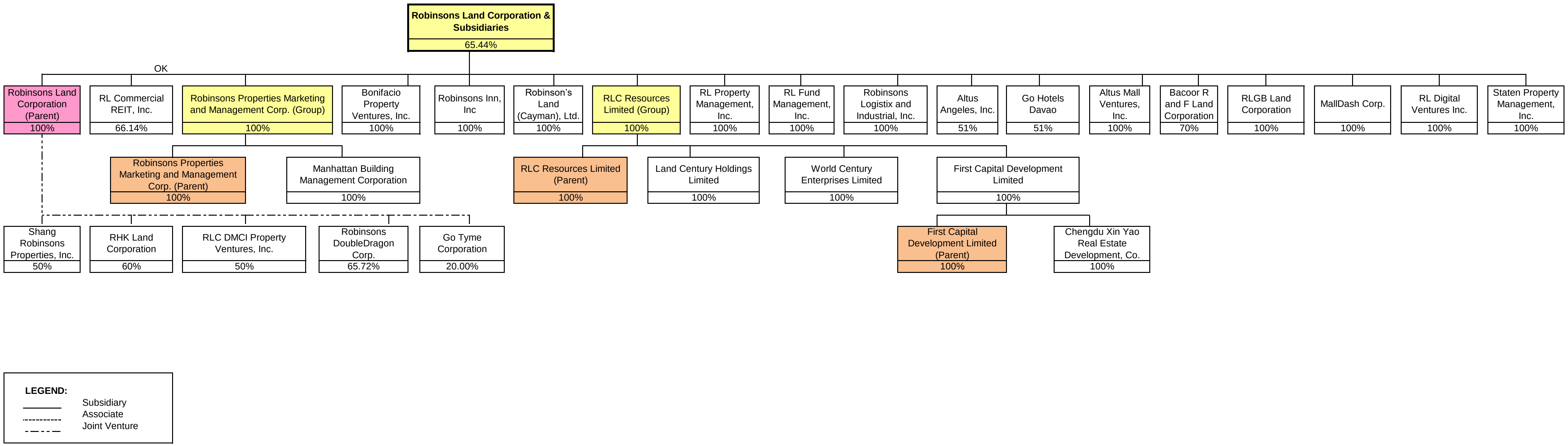


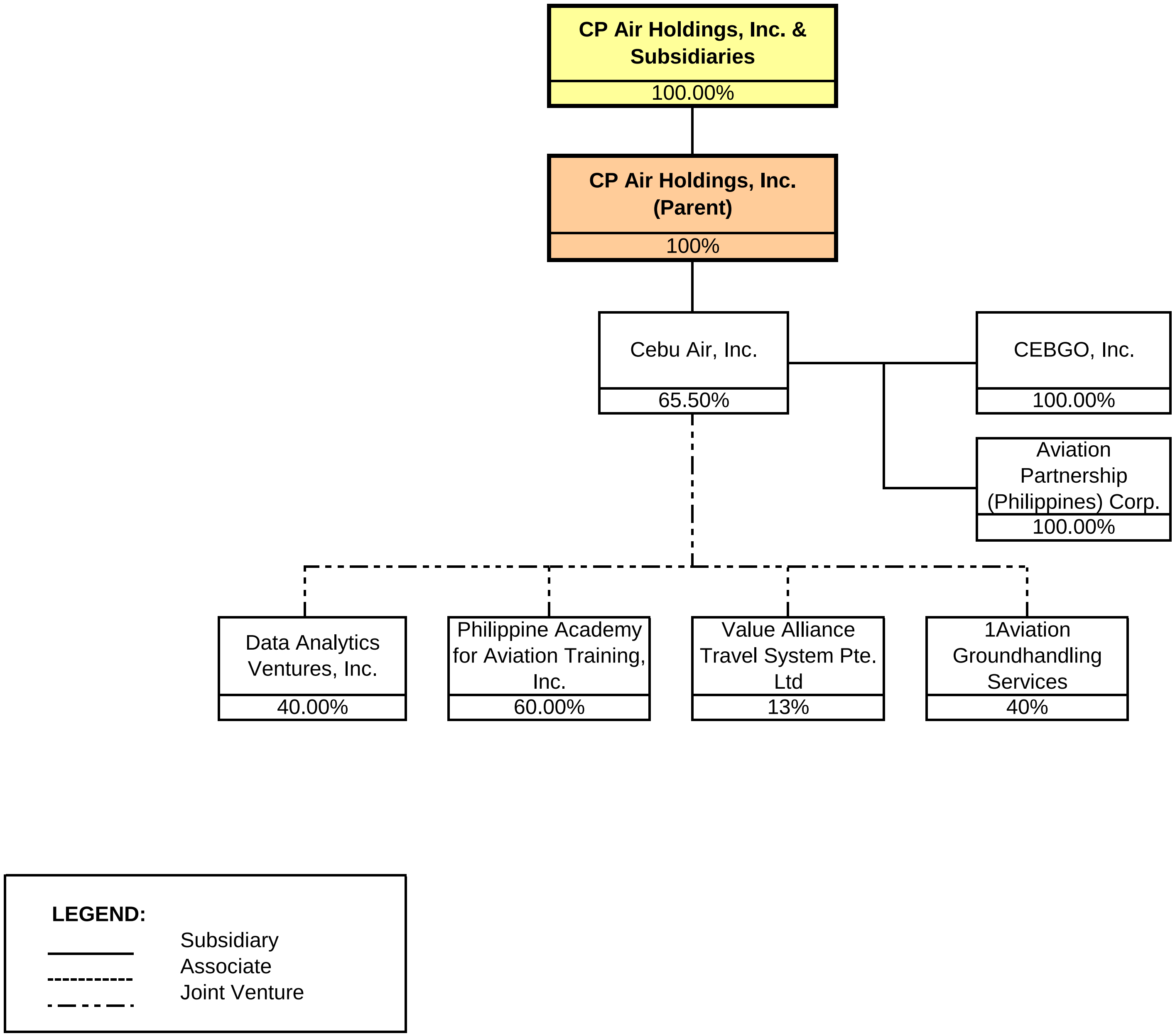
LEGEND:
Subsidiary
Associate
Joint Venture

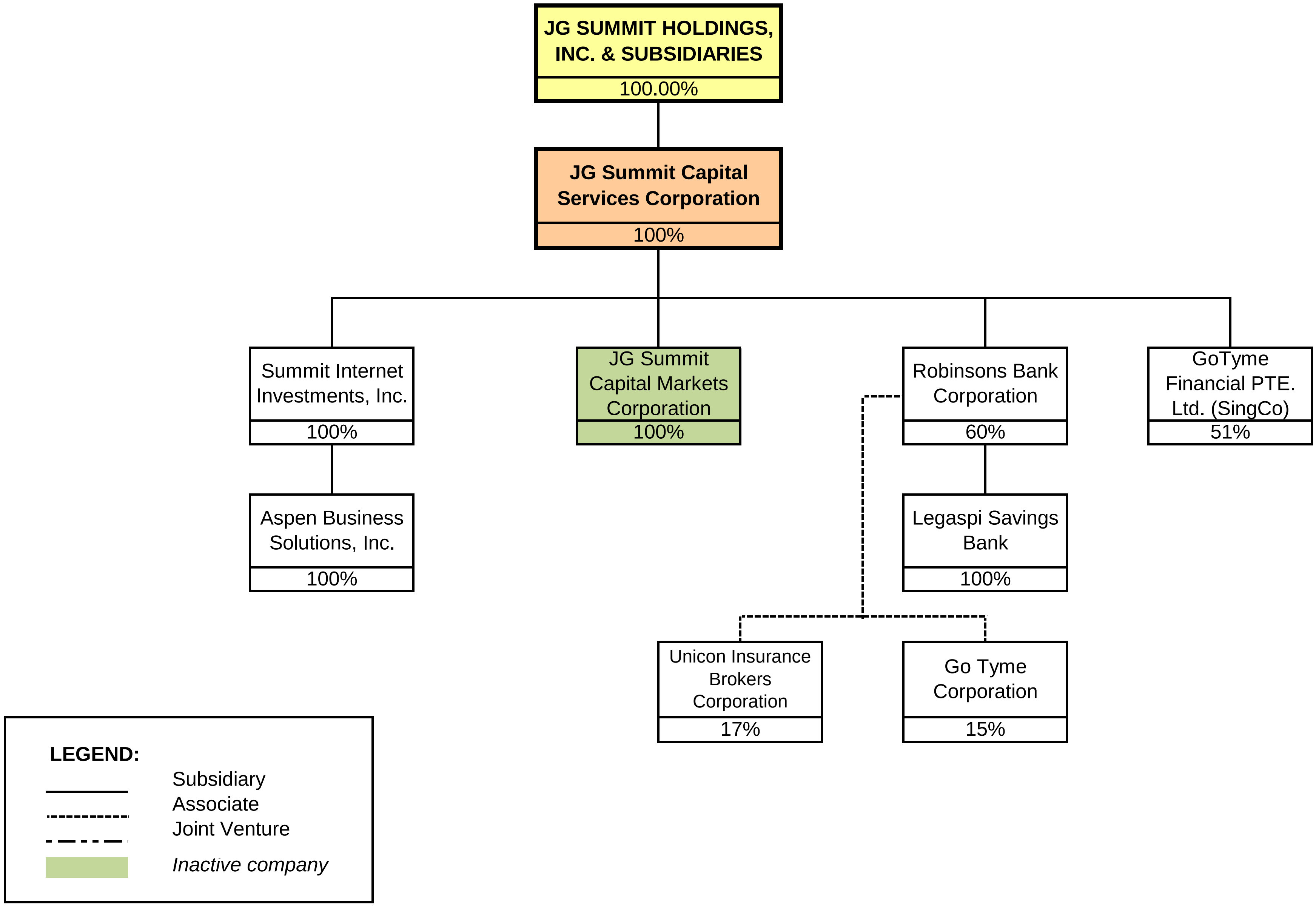
NOTE: Please see separate sheets for the organizational structures of the various consolidation groups.

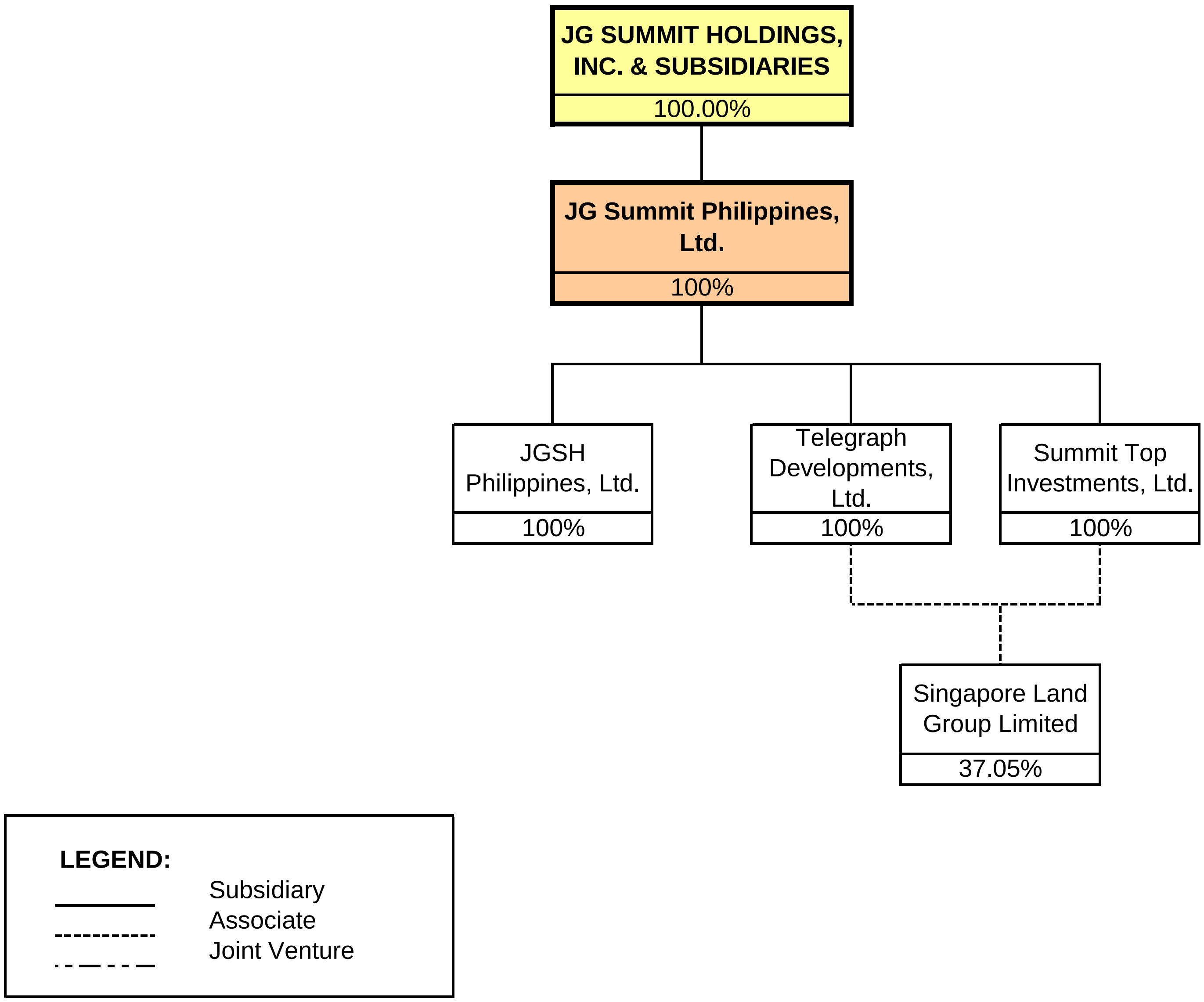

Universal Robina Corporation & Subsidiaries
55.93%
Universal Robina Corporation (Parent)
100%
URC China Commercial Co., Ltd.
100%
CFC Corporation
100%
Bio-Resource Power Generation Corp. and a Subsidiary
100%
Universal Robina (Cayman), Ltd.
100%
URC Philippines, Ltd.
100%
URC International Co., Ltd &
100%
Nissin Universal Robina Corporation
51%
URC Beverage Ventures Inc.
100%
URC Snack Ventures Inc.
100%
Najalin Agri-Ventures Inc.
95.82%
Danone Universal Robina
50%
Vitasoy-URC, Inc.
50%
Shantou Peggy Co. Ltd.
100%
Hong Kong - China Foods Co., Ltd and
100%
URC International Co., Ltd (Parent)
100%
URC Asean Brands Co., Ltd. & Subsidiaries
100%
A
Shantou SEZ Shanfu Foods Co. Ltd.
100.00%
URC Oceania Company Ltd.
100.00%
URC Equity Ventures Pte. Ltd.
100.00%
Hong Kong China Foods (Parent)
100%
URC Hong Kong Co., Ltd
100%
Xiamen Tongan Pacific
100%
Shanghai Peggy Foods Co.,
100%
Guangzhou Peggy Foods Co.,
90%
Advanson International Pte. Ltd & Subsidiaries
100%
Advanson International Pte. Ltd.
100%
Jiangsu Aces
100%
LEGEND:
Subsidiary
Associate
Joint Venture

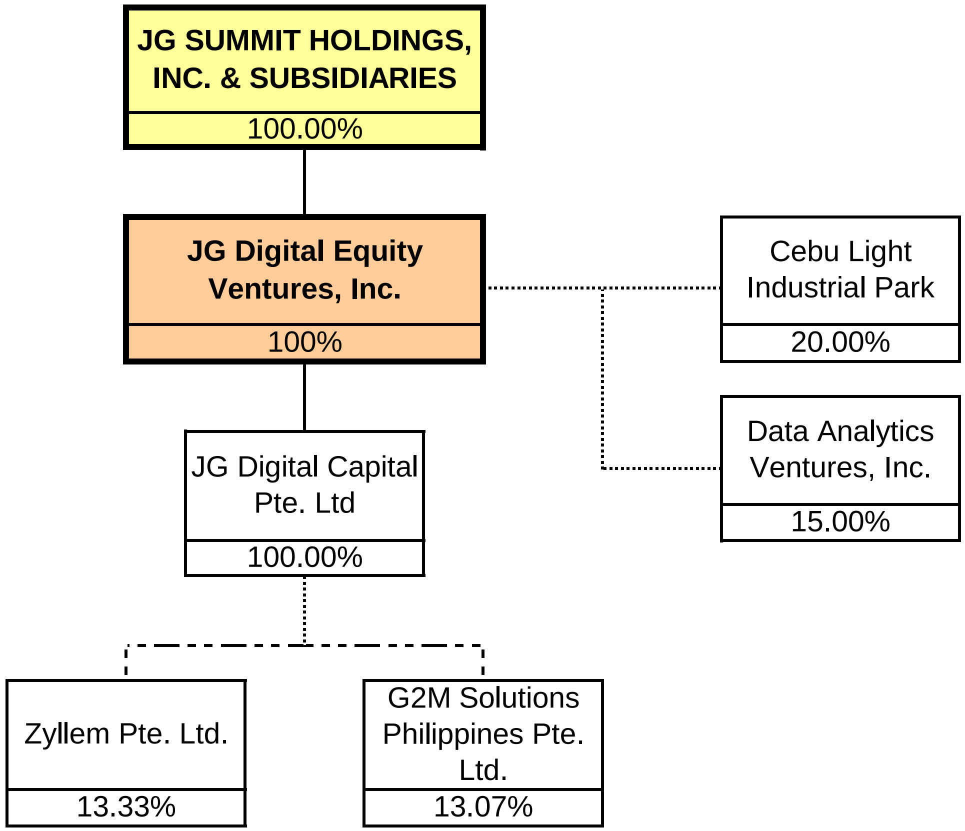

A
URC Asean Brands Co., Ltd. & Subsidiaries
100%
URC Asean Brands Co., Ltd. (Parent)
100%
URC Vietnam Co., Ltd.
100%
URC Foods (Singapore) Pte. Ltd.
100%
Ricellent Sdn. Bhd
53.49%
URC Snack Foods (Malaysia) Sdn. Bhd.
95.61%
URC (Thailand) Co., Ltd.
100%
URC Hanoi Co., Ltd.
100%
PT URC Indonesia
100%
URC Central Co., Ltd.
100%
Pan Pacific Investments Co., Ltd.
100%
Calbee-URC Malaysia Sdn Bhd
50%
Crunchy Foods Sdn Bhd (Malaysia)
100%
URC Myanmar Co., Ltd.
95%
Siam Pattanasin Co. LTd
49%
Munchy Food Industries Sdn Bhd
100%
Munchworld Marketing Sdn Bhd
100%
LEGEND:
Subsidiary
Associate
Joint Venture


Robinsons Land Corporation & Subsidiaries
65.44%
OK
Robinsons Land Corporation (Parent)
100%
RL Commercial REIT, Inc.
66.14%
Robinsons Properties Marketing and Management Corp. (Group)
100%
Bonifacio Property Ventures, Inc.
100%
Robinsons Inn, Inc
100%
Robinson's Land (Cayman), Ltd.
100%
RLC Resources Limited (Group)
100%
RL Property Management, Inc.
100%
RL Fund Management, Inc.
100%
Robinsons Logistix and Industrial, Inc.
100%
Altus Angeles, Inc.
51%
Go Hotels Davao
51%
Altus Mall Ventures, Inc.
100%
Bacoor R and F Land Corporation
70%
RLGB Land Corporation
100%
MallDash Corp.
100%
RL Digital Ventures Inc.
100%
Staten Property Management, Inc.
100%
Robinsons Properties Marketing and Management Corp. (Parent)
100%
Manhattan Building Management Corporation
100%
RLC Resources Limited (Parent)
100%
Land Century Holdings Limited
100%
World Century Enterprises Limited
100%
First Capital Development Limited
100%
Shang Robinsons Properties, Inc.
50%
RHK Land Corporation
60%
RLC DMCI Property Ventures, Inc.
50%
Robinsons DoubleDragon Corp.
65.72%
Go Tyme Corporation
20.00%
First Capital Development Limited (Parent)
100%
Chengdu Xin Yao Real Estate Development, Co.
100%
LEGEND:
Subsidiary
Associate
Joint Venture


CP Air Holdings, Inc. & Subsidiaries
100.00%
CP Air Holdings, Inc. (Parent)
100%
Cebu Air, Inc.
65.50%
CEBGO, Inc.
100.00%
Aviation Partnership (Philippines) Corp.
100.00%
Data Analytics Ventures, Inc.
40.00%
Philippine Academy for Aviation Training, Inc.
60.00%
Value Alliance Travel System Pte. Ltd
13%
1Aviation Groundhandling Services
40%
LEGEND:
Subsidiary
Associate
Joint Venture

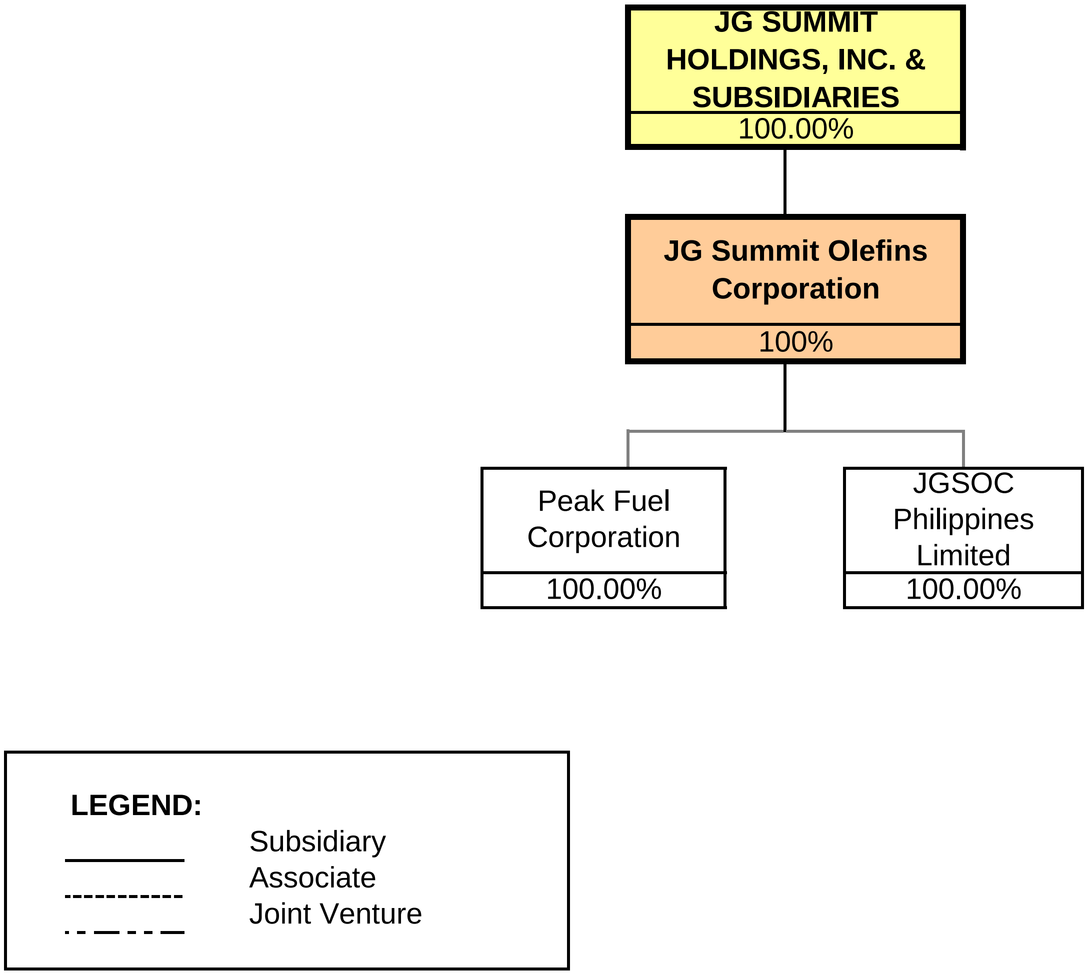

JG SUMMIT HOLDINGS, INC. & SUBSIDIARIES
100.00%
JG Summit Capital Services Corporation
100%
Summit Internet Investments, Inc.
100%
JG Summit Capital Markets Corporation
100%
Robinsons Bank Corporation
60%
GoTyme Financial PTE. Ltd. (SingCo)
51%
Aspen Business Solutions, Inc.
100%
Legaspi Savings Bank
100%
Unicon Insurance Brokers Corporation
17%
Go Tyme Corporation
15%
LEGEND:
Subsidiary
Associate
Joint Venture
Inactive company

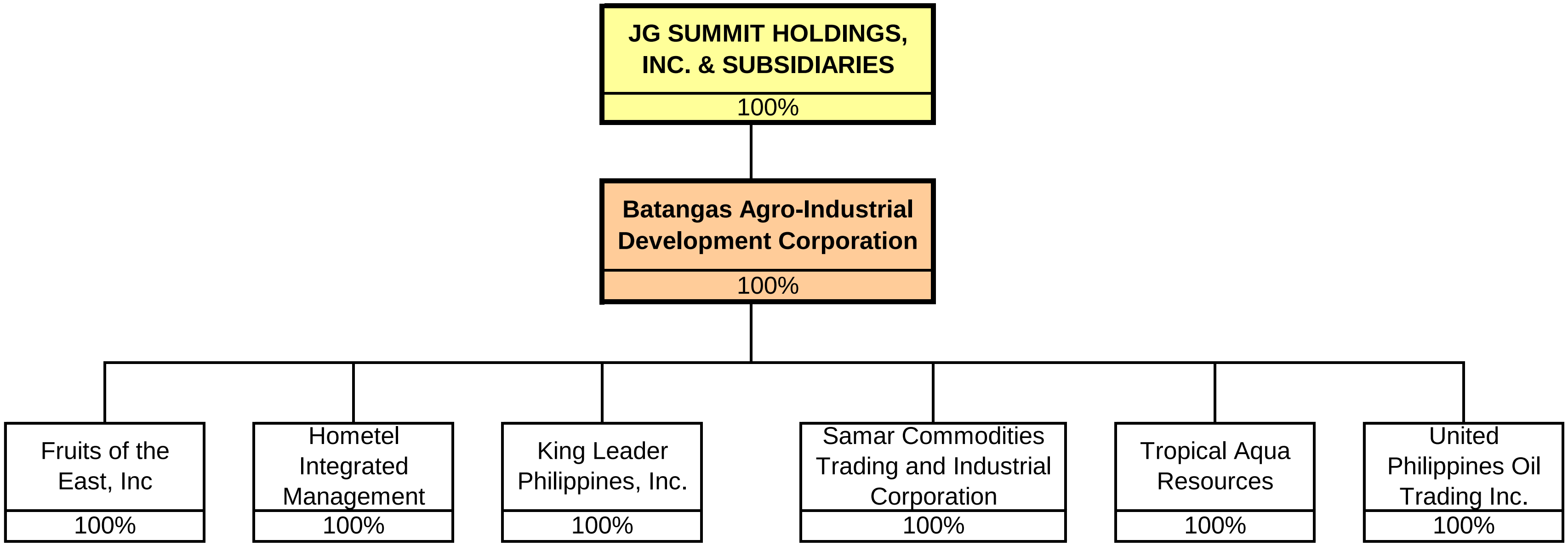

JG SUMMIT HOLDINGS, INC. & SUBSIDIARIES
100.00%
JG Summit Philippines, Ltd.
100%
JGSH Philippines, Ltd.
100%
Telegraph Developments, Ltd.
100%
Summit Top Investments, Ltd.
100%
Singapore Land Group Limited
37.05%
LEGEND:
Subsidiary
Associate
Joint Venture



LEGEND:

Subsidiary
Associate
Joint Venture


JG SUMMIT HOLDINGS, INC. & SUBSIDIARIES
100.00%
JG Summit Olefins Corporation
100%
Peak Fuel Corporation
100.00%
JGSOC Philippines Limited
100.00%
LEGEND:
Subsidiary
Associate
Joint Venture



LEGEND:

Subsidiary
Associate
Joint Venture

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023

Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Assets at Fair Value Through Profit or Loss			
Various Equity Unquoted Securities	₱310,361,162	₱310,361,162	₱–
Investment in Convertible Note	4,140,104,148	4,140,104,148	–
Various Equity Quoted Securities	2,808,082,391	2,808,082,391	187,172,780
	7,258,547,701	7,258,547,701	187,172,780
Financial Assets at Fair Value Through Other Comprehensive Income			
Various / Private Bonds	7,803,342,992	7,803,342,992	510,777,216
Various / Government Bonds	600,089,207	600,089,207	37,752,686
Philippine Long Distance Telephone Corp.	31,134,001,224	31,134,001,224	2,628,985,140
Various Equity Quoted Securities	541,969,010	541,969,010	24,074,498
Various Equity Unquoted Securities	2,537,498,790	2,537,498,790	35,944,998
	42,616,901,223	42,616,901,223	3,237,534,538
	₱49,875,448,925	₱49,875,448,925	₱3,424,707,318

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total

- NONE TO REPORT -

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-Off	Balance at End of Period		
					Current	Non-current	Total
Batangas Agro-Industrial Development Corporation *(Subsidiary)*	₱288,946,495	₱5,228,514	₱–	₱–	₱ 294,175,009	₱–	₱ 294,175,009
Cebu Air, Inc. *(Subsidiary)*	–	71,915,030	(56,891,556)	–	15,023,474	–	15,023,474
Data Analytics Ventures, Inc. *(Subsidiary)*	6,642,214	12,705,070	(12,748,072)		6,599,212	–	6,599,212
JG Digital Equity Ventures, Inc. (formerly Express Holdings, Inc.)	8,563	118,163,820	–	–	118,172,383	–	118,172,383
JG Summit Holdings, Inc. *(Parent)*	789,913,370	174,047,645	(295,222,034)	–	668,738,981	–	668,738,981
JG Summit Olefins Corporation *(Subsidiary)*	7,990,280	62,268,204	–		70,258,484	–	70,258,484
Unicon Insurance Brokers Corporation *(Subsidiary)*	10,662,182	–	(10,662,182)	–	–	–	–
JG Summit Infrastructure Holdings Corporation *(Subsidiary)*	2,561,672	87,518	–	–	2,649,190	–	2,649,190
Robinsons Bank Corporation *(Subsidiary)*	113,146,419	171,331,950	(197,216,405)	–	87,261,964	–	87,261,964
Robinsons Land Corporation and Subsidiaries *(Subsidiary)*	96,926,739	107,630,296	(76,547,154)	–	128,009,881	–	128,009,881
Summit Internet Investments, Inc. and Subsidiaries *(Subsidiary)*	63,462,515	12,319,895	(10,140,084)	–	65,642,326	–	65,642,326
Universal Robina Corporation and Subsidiaries *(Subsidiary)*	–	234,487,688	(234,487,688)	–	–	–	–
	₱1,380,260,449	₱970,185,630	(₱893,915,175)	₱–	₱1,456,530,904	₱–	₱1,456,530,904

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-Term Debt" in Related Balance Sheet	Amount Shown under Caption "Long-Term Debt" in Related Balance Sheet	Remarks
Fixed Rate Term Loans Due 2024, 2025, 2027 and 2028	₱–	₱11,015,145,599	₱ 24,399,638,440	
Floating Rate Term Loans Due 2024 and 2028	–	6,985,792,373	4,972,734,480	
Guaranteed Notes Due 2030	–	(15,095,855)	32,478,621,870	
CAI - Commercial Loans	–	5,093,179,455	33,606,572,132	See
RLC - Fixed Rate Retail Bonds Due 2025, 2026, 2027 and 2028	–	(88,294,862)	31,585,955,261	Notes
RLC - Fixed Rate Term Loans	–	(6,651,353)	4,911,726,209	Below
Petrochem - Floating Rate Term Loans	–	14,508,000,000	38,758,917,896	
Petrochem - Fixed Rate Term Loans	–	7,492,000,000	9,000,000,000	
	₱–	₱44,984,075,357	₱179,714,166,288	

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Bonds Payable" in Related Balance Sheet
Convertible bonds	₱–	**₱13,437,715,699**

NOTES:

1) The terms, interest rate, collaterals and other relevant information are shown in the Notes to Consolidated Financial Statements.

2) The negative amounts represent debt issuance costs to be amortized the following year.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023

Name of Related Party	Balance at Beginning of the Period	Balance at End of the Period

- NONE TO REPORT -

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

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 this statement is filed	Nature of guarantee

- NONE TO REPORT -

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common Shares at ₱1 par value	12,850,800,000	7,520,983,658	–	284,267,025	1,073,400,411	6,163,316,222
Preferred Voting Shares at ₱0.01 par value	204,000,000,000	42,000,000	–	–	–	42,000,000