SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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MacroAsia Corporation

April 03, 2025

via electronic mail
SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7909 Makati Avenue
Salcedo Village, Bel-Air, Makati City

ATTENTION : **DIR. OLIVER O. LEONARDO**
Markets and Securities Regulation Department

via PSE EDGE
PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Dear Sir/Madame:

Attached is **SEC Form 17-A (Annual Report 2024)** of MacroAsia Corporation for your records. Please acknowledge receipt of this report.

Thank you.

Sincerely,

MacroAsia Corporation
By:

RHODEL C. ESTEBAN
Chief Compliance Officer

COVER SHEET

40524

SEC Registration Number

MACROASIA CORPORATION
AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Ricogen Building,
112 Aguirre Street, Legazpi
Village, Makati City

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

Amador T. Sendin
(Contact Person)

8840-2001
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

17-A
(Form Type)

0 5 **1 5**
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

849
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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MACROASIA CORPORATION
December 31, 2024

SEC Form 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**

2. Commission Identification Number **40524** 3. BIR tax Identification No. **004-666-098-000**

4. Exact name of issuer as specified in its charter **MACROASIA CORPORATION**

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

6. **(SEC Use Only)**
Industry Classification Code

7. **7th Floor Ricogen Building, 112 Aguirre Street, Legazpi Village, Makati City** **1229**
Address of Issuer's Principal office Postal Code

8. **(632) 8840-2001**
Issuer's telephone number including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₽1 par value	**1,890,958,323 outstanding shares**

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

Yes [✔] No [ ]

Name of Stock Exchange	*Class*
Philippine Stock Exchange	**Common Stock**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17.1 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports);

Yes [✔] No [ ]

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

Yes [✔] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **₽2,907,818,051 (534,525,377 shares @₽5.44 per share as of December 31, 2024**

MacroAsia Corporation

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION

This report contains references to MacroAsia Corporation and its subsidiaries and associates, collectively referred to as the "Group". Any references to "MacroAsia", "MAC" and "Parent Company" mean MacroAsia Corporation, the parent company, not including its subsidiaries.

ITEM 1. BUSINESS

A. MacroAsia Corporation: Parent Company as a Holding Company

MacroAsia Corporation (MAC) traces its origins to Infanta Mineral & Industrial Corporation (IMIC), which was incorporated in the Philippines on February 16, 1970, to engage in geological exploration and development. During the 1970s, IMIC operated the Infanta Nickel Mine in Brooke's Point, Palawan, exporting nickel ore to Japan until commercial mining operations ceased due to declining nickel prices. On January 26, 1994, the company amended its Articles of Incorporation to shift its primary purpose from geological exploration to becoming a holding company, rebranding itself as Cobertson Holdings Corporation. A year later, on November 6, 1995, the Securities and Exchange Commission (SEC) approved another amendment, officially renaming the company **MacroAsia Corporation**.

MacroAsia Corporation commenced commercial operations as a holding company in 1996. It has since focused its investments on aviation services, non-airline food services, and water concessions and utilities through its subsidiaries and affiliates. Today, the company's revenues are primarily driven by food and aviation-related support businesses which includes aircraft maintenance, repair, and overhaul (MRO), in-flight catering, airport ground handling, and an aviation training school and commissary operations. It operates a special economic zone at Ninoy Aquino International Airport (NAIA). Beyond the aviation sector, MacroAsia generates revenue from institutional food catering and water concession and utility services.

For the last three years as of reporting date:

- Neither MAC nor any of its subsidiaries/associates has ever been the subject of any bankruptcy, receivership, or similar proceedings;
- During this period, MAC and its related entities also had no material reclassifications, mergers, consolidation or purchase of significant amount of assets not in the ordinary course of business;
- None of the companies issued debt securities like bonds or offered company securities to the investing public; and
- As a services provider, there were no material or major expenses for research and development.

B. Strategic Business Units

The Company's key business groups representing each of its strategic business units (SBU) are as follows:

1) **Food Services -** this refers to food products and services utilizing MAC-owned facilities or those of clients which MAC subsidiaries are designated to operate.

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Catering Services, Inc. (MACS)**: 67% owned by MAC; 33% owned by SATS, Singapore. This subsidiary was incorporated on October 25, 1996. This JV competes with another inflight company in NAIA.	Provides airline catering to majority of foreign airlines operating in NAIA, Philippines, and also services the catering requirements of institutional clients.	This foreign airlines kitchen remains to be the biggest and preferred caterer for foreign airlines in NAIA, with sales volume totaling 4.0 million meals in 2024, 3.7 million in 2023 and 2.1 million in 2022. As of Dec. 2024, this kitchen had 528 total staff.
b. **MacroAsia SATS Inflight Services Corp. (MSISC)**. This company is a wholly-owned subsidiary of MACS.* Its incorporation date is May 16, 2016.	Operates solely the PAL Inflight Kitchen near NAIA Terminal 2 since March 2019, and as such, depends only on the catering requirements of Philippine Airlines, a related party, in its base in NAIA.	The PAL Kitchen generated sales volume of 6.4 million meals in 2024, 6.9 million in 2023 and 4.5 million in 2022. As of Dec. 2024, this kitchen had 728 total staff.
c. **MacroAsia SATS Food Industries Corporation (MSFI).** This company is a wholly-owned subsidiary of MACS. This JV associate was incorporated on July 14, 2015.	This company operates a commissary/central kitchen in a MacroAsia-owned land in Muntinlupa City. It provides food products mostly to non-airline clients (institutional/business accounts). It also performs food services management in	Focusing on non-airport meal sales, its equivalent sales volumes in 2024 is 12.9 million meals, 11.9 million in 2023 and 8.3 million in 2022. As of Dec. 2024, this central kitchen and its related locations had 543 total staff.

	The market for this business is fragmented and MSFI is one of the bigger service providers, winning various tenders it has been joining.	several facilities (like banks, head office buildings, etc.).	
d.	**Cebu Pacific Catering Services, Inc. (CPCS).** This company is 40% owned by MAC, 40% by Cathay Pacific Catering Services of Hongkong and 20% by MGO Group of Cebu. There is no inflight catering kitchen in Mactan, Cebu Airport competing with CPCS.	The JV operates an inflight kitchen in the Mactan Economic Processing Zone near Mactan, Cebu Intl Airport. It is the sole inflight kitchen in Mactan, Cebu and services domestic and foreign airlines operating out of the airport.	This inflight kitchen generated volumes of 399,439 meals sold in 2024 and 202,661 since it re-started its operations in March 2023. The inflight kitchen was under care and maintenance in 2021 and 2022 due to minimal airline passenger catering in the airport during those years. As of Dec. 2024, this kitchen had 104 total staff.

* *On September 12, 2024, during the Special Stockholders' Meeting of MACS, 67% owned subsidiary of MAC and 33% owned by SATS Ltd., its stockholders approved the declaration of property dividends which consist of shares of stocks at cost of MACS' two subsidiaries MSISC and MSFI. The transfer of ownership shall be subject to the release of the electronic Certificate Authorizing Registration (eCAR) under the Bureau of Internal Revenue (BIR) rules. This transaction is part of the move to make MSFI (the Commissary) as the mother entity for the food group - under it shall be the 2 inflight kitchens (MACS and MSIS) as its subsidiaries.*

Sources and Availability of Raw Materials:

The majority of raw materials are locally sourced; however, certain imported ingredients are used to meet the specialized menu requirements of airline clients. Over the past three years, meal production has remained uninterrupted despite occasional raw material shortages. In cases where specific items are temporarily unavailable, approved substitute products are provided in coordination with clients. Additionally, MACS holds a bonded warehouse license, allowing it to import raw materials duty- and tax-free, provided that the finished products are re-exported to airline customers.

Government Approval/Concessions:

The facilities for the foreign airlines kitchen (MACS) and the PAL Kitchen (MSISC) are government properties in the airport and are subject of lease agreements that are being renewed from time to time. MACS, MSISC and CPCS also are accredited by the respective Airport Authority [Manila International Airport Authority (MIAA) or Mactan Cebu International Airport Authority (MCIAA)] as concessionaires to be able to operate inside the airport.

Risks and Opportunities:

Over the past three years, the primary risk faced by the food business units stemmed from mobility restrictions imposed by governments to contain COVID-19. The limitations on airline travel from 2020 to early 2023 significantly reduced the airline catering market, putting pressure on the revenues of the three in-flight kitchens. To mitigate this concentration risk, the MAC Food Group strategically expanded its revenue base by targeting non-airline clients, particularly large institutional accounts outside the airport. By December 2024, non-airline meal sales accounted for 33% of the food group's total revenue mix.

On September 9, 2024, the Manila International Airport Authority (MIAA) published Revised Administrative Order (AO) No. 1, Series of 2024, which took effect 15 days later. This AO introduced updated fees and charges for the use of facilities, services, and properties within the Project Land under the Airport Operator's management. As a result, the lease rate for airline catering facilities at NAIA, Manila, increased to ₱710 per square meter (11x of Sep 2024 rates). However, lease costs incurred are accounted for as input costs and generally passed on to airline clients in the process of pricing meals. The Group's airline catering units typically employ open-book or activity-based costing models in pricing discussions, ensuring transparency in the pursuit of fair catering margins.

Looking ahead, the airline catering units anticipate growth opportunities with the expected capacity expansion at NAIA through upcoming investments by the airport's private operator. This development is projected to enhance NAIA's role as the Philippines' primary aviation hub, leading to a larger catering market and increased business potential for airline food services.

2) Gateway Services (Groundhandling)

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Airport Services Corporation (MASCORP)**: 80% owned by MAC; 20% owned by Konoike, Japan. This subsidiary was incorporated on September 12, 1997. This JV competes with several groundhandlers in the Philippines, but this JV has the largest presence in the country, as it operates in 23 airports in the Philippines.	Provides ground handling (pax services, ramp services, baggage and cargo handling, GSE maintenance, other terminal services) to local airline base clients (related parties) and foreign airlines operating in NAIA,	The groundhandling business depends on the number of flights handled in the airport. MASCORP handled 192,263 flights in 2024, 182,303 in 2023 and 134,262 in 2022. As of Dec. 2024, the company had 9,003 total staff.
b. **MacroAsia Air Taxi Services, Inc. (MAATS).**	Represents the heavy base maintenance clients of Lufthansa Technik	Its business is dependent on the volume of LTP clients

This is a wholly-owned subsidiary of MAC, that was incorporated on June 4, 1996. Its main business is to service the foreign airline clients of LTP by providing services similar to groundhandling for fixed-based operators.	Philippines with respect to government permits (CAAP, MIAA, BOC, Immigration, etc.).	that require the services of MAATS. As of Dec 2024, this business unit had 7 total staff.
c. **Japan Airport Service Co., Ltd. (JASCO).** This JV is owned 30% by MAC and 70% by Konoike Transport (Japan). It was founded on March 25, 1960. It operates solely in Narita, Japan and competes with other ground handlers in that airport.	Performs ground handling activities (flight operation management, baggage handling, pax assistance services, cabin cleaning, aircraft loading/unloading, cargo/mail handling, etc.) in Narita Airport, Japan. It services local Japanese airlines & foreign airlines.	Its business is dependent on the volume of flights of its clients in Narita Airport. It has handled 18,605 flights in 2024, 12,789 flights in 2023 and 7,280 flights in 2022.

<u>Sources and Availability of Raw Materials:</u>
Ground handling services have no substantial requirements for raw materials, compared to catering.

<u>Government Approval/Concessions:</u>
Ground handling is a regulated airport activity, and leases of spaces from the airport (government-owned), concession licenses and airport passes are required from airport authorities. These are secured by our companies through agreements with airport authorities and payment of concession fees and leases.

<u>Risks and Opportunities:</u>
Over the past three years, the ground handling business faced significant risks due to the suspension of regular airline travel. During this period, airport operations were largely limited to repatriation flights arranged by the government. However, by the end of 2024, flight volumes at major airports had rebounded, reaching or even exceeding pre-pandemic levels particularly in the domestic travel sector.

In the last quarter of 2024, operating costs at NAIA—including airport passes, office leases, and other expenses—increased following the implementation of new rates by the Manila International Airport Authority (MIAA) and its private concessionaire-operator. These additional costs are being incorporated into ground handling rate discussions with airline clients. According to official statements from airport authorities, upcoming infrastructure investments at NAIA are expected to drive further growth in flights and passenger volumes in the coming years. This expansion presents a significant opportunity for ground handling operators like MacroAsia, as increased air traffic will translate into greater demand for aviation support services.

3) Aircraft MRO (Aircraft Maintenance, Repair and Overhaul)

Lufthansa Technik Philippines, Inc.(LTP), an associate, was incorporated in December 1999, to do aircraft maintenance, repair and overhaul (MRO) in NAIA. MAC owns 49% of this JV, while Lufthansa Technik AG of Germany owns 51%.

LTP offers a wide range of aircraft MRO services to customers worldwide. As one of the 30 affiliates and subsidiaries within the Lufthansa Technik network, the company is committed to ensuring that every aircraft that comes out of its hangars reflects the world-renowned Lufthansa Technik standard of quality, safety and reliability. LTP competes with other regional MRO providers like in Singapore or Hongkong, but its advantage is the vast network of Lufthansa plus its Filipino workforce.

LTP specializes in base maintenance checks for the A320 family, A330, A340, A380 and B777 aircraft types, including major modifications, cabin reconfiguration/retrofit programs, and lease return checks. It is equipped with scalable docking systems, which can accommodate different aircraft types. Its facility can fit three A380s comfortably for simultaneous base maintenance checks.

LTP's maintenance base is located within a free-trade zone at the country's main international gateway, NAIA. It also has maintenance stations in Cebu, Clark, Davao, Kalibo, and Puerto Princesa. The Philippines is strategically located in Southeast Asia – main Asian hubs such as Hong Kong and Singapore are within a 4-hour flight radius.

The Civil Aviation Authority of the Philippines (CAAP), United States-FAA, the European Union EASA, CASA Australia, Japan CAB, Korea MOLIT and other aviation authorities worldwide have certified LTP as an approved maintenance organization for aircraft MRO services. Meanwhile, its technical services group is certified to operate as a Design Department under Lufthansa Technik AG's Design Organization Approval (EASA.21J.019).

Acquiring and retaining the right and qualified talents are key to success for LTP. The company's growth is supported by a 3,112-strong headcount – a combination of highly skilled English-speaking mechanics, engineers and support personnel. It partners with Lufthansa Technical Training Philippines, an EASA 147-approved Maintenance Training Organization, to assure that its people are equipped with world-class skills. Personnel transfers within the Lufthansa Technik network and LTP are a regular occurrence, assuring the right skills are effectively and regularly transferred to the local workforce.

Business Development

LTP's main service products are line maintenance and base maintenance. In 2024, it serviced 44 aircraft fleet for line maintenance and booked 1.3 million engineering hours for base maintenance. In 2023, base maintenance hours were at 1.2 million hours, while 1.1 million hours were recorded in 2022.

Sources and Availability of Raw Materials:

As a service provider, the aircraft parts are mostly the responsibility of the airline client. LTP has the ability to assist its clients to source for spare parts.

Government Approval/Concessions:
Maintenance, Repair, and Overhaul (MRO) is a highly regulated industry that requires certifications from aviation authorities and government agencies. Lufthansa Technik Philippines (LTP) operates its facilities on government-owned land within an ecozone managed by MacroAsia Properties Development Corporation (MAPDC).

The MAPDC holds a lease contract for land that provides that the period of lease shall be effective for a period of twenty-five (25) years commencing on September 01, 2000 and renewable for another twenty-five (25) years thereafter at the option of the lessee subject to such terms and conditions as maybe mutually agreed upon by both parties.In alignment with this agreement, MAPDC has a sublease arrangement with LTP that mirrors the terms of its lease with the government.

Risks and Opportunities:
Over the past three years, Lufthansa Technik Philippines (LTP) faced significant challenges due to constraints on the global aviation industry. During the pandemic, mobility restrictions and the temporary halt in aircraft operations forced LTP to reduce its workforce, releasing a number of skilled mechanics as MRO activity declined. However, in 2024, as demand for aircraft maintenance rebounded, LTP ramped up its recruitment efforts to meet the increasing workload in its hangar bays. By the end of 2024, LTP had 3,112 personnel, compared to 3,438 employees in 2019 (pre-pandemic).

The lease renewal for the ecozone where LTP operates is scheduled for 2025, with an anticipated increase in lease rates. While LTP may pass on these costs to its airline MRO clients, excessive lease hikes could impact some of its customers—particularly airlines that do not operate in the Philippines, as they would not directly benefit from capacity improvements at NAIA. In preparation for the lease renewal, MacroAsia and LTP are already in discussions with the authorities to negotiate key terms for the ecozone under the new agreement.

Meanwhile, with the growing demand for MRO services, LTP is exploring expansion opportunities in Clark, Pampanga, as the MacroAsia ecozone in Manila is fully developed and space-constrained. This strategic move would allow LTP to accommodate increasing maintenance requirements beyond NAIA.

4) **Property and Ecozone Development**

MacroAsia Properties Development Corporation (MAPDC) is a wholly-owned subsidiary of MacroAsia Corporation. It started commercial operations as a real estate developer in June 1996. After completion of its warehouse condominium project in Muntinlupa in 1997, the Company suspended its operation. Three years after, the Company re-started its commercial operations, this time as a developer and operator of the MacroAsia Special Economic Zone, the only special economic zone at Ninoy Aquino International Airport (NAIA). It houses Lufthansa Technik Philippines, Inc. for a period of 25 years.

In Mactan, Cebu, MAPDC also developed the MacroAsia Cebu Special Ecozone in 2018. This ecozone which is inside the airport, similar to Manila, is designated as a special ecozone for aviation-related services.

The Company is also operating a wastewater treatment and a water recycling facility for non-domestic water supply within the special economic zone in NAIA since 2011. With experience gained from this project, MAPDC has pursued water resources development projects in areas outside Metro Manila – Boracay Island, Nueva Vizcaya and Cavite.

The company owns a parcel of land in Muntinlupa City, a portion of which has been developed to house the central kitchen or commissary being run by MSFI. Such building and land is being leased by MAPDC to MSFI. MAPDC also owns other properties that it is leasing out to related parties like SNV Resources Devt Corporation (SNVRDC) and to Summa Water Resources, Inc. (SWRI).

The company is generally not dependent on raw materials availability in the pursuit of its business.

The two (2) ecozones it administers (NAIA and Mactan, Cebu) are dependent on government leases for the land. Due to the nature of its business (leasing), MAPDC's business is relatively flat, as growth is dependent on increasing lease rates or making available more properties for lease. MAPDC is not into the business of developing properties and selling these, but simply focuses on supporting the property requirements of related parties.

5) Pilot School

First Aviation Academy Inc. (FAA) was incorporated on December 5, 2017, and officially inaugurated its training facility in March 2019 at Subic Bay International Airport, serving as an aviation career and resource center. Established to address the global shortage of professional pilots, FAA operates as a joint venture flight school between MacroAsia Corporation (51%) and PTC Holdings Corporation (49%).

FAA specializes in ab initio pilot training, certification, and aviation-related career development courses. Graduates earn a Private Pilot License (PPL) and may also obtain additional certifications such as Instrument Rating (IR), Multi-Engine Rating (MER), or a Commercial Pilot License (CPL). Top-performing graduates have the opportunity to become Flight Instructors (FI), allowing them to build flight hours while refining their teaching skills.

The academy operates a fleet of TECNAM and CESSNA aircraft along with multiple flight simulators. In June 2021, FAA acquired nine Cessna 172 aircraft and one Redbird Flight Simulator from the formeformer Philippine Airlines Aviation School (PALAV) to expand its training capacity. Additionally, the introduction of a newly built ATPT Sim trainer enhances the program by preparing students for flying sophisticated Airbus aircraft, providing an essential foundation before undertaking a Type Rating Course to become ai Philippine Airlines Aviation School (PALAV) to expand its training capacity. Additionally, the introduction of a newly built ATPT Sim trainer enhances the program by preparing students for flying sophisticated Airbus aircraft, providing an essential foundation before undertaking a Type Rating Course to become airline pilots.irline pilots.
rline pilots.

With an expanded fleet and enhanced training capabilities, FAA continues to strengthen its role as a key pilot training institution and one resource provider for the aviation industry.

As of December 31, 2024, FAA had 86 pilot trainees and a workforce of 48 employees. FAA's operations is highly-regulated and depends on certifications from the CAAP and related government bodies. There are no existing or probable government regulations that may have an adverse effect on FAA operations. FAA did not incur any research and development expenditures during the last three fiscal years.

6) Water Concessions and Utilities

Name of Company	***Products and Services***	***Business Development (Last 3 years)***
a. **Boracay Tubi System, Inc. (BTSI)** This JV operates as one of two water providers in Boracay Island. MAPDC owns 67% of this JV, which has been operating in the Island for more than 20 years. It holds three (3) water rights and has a Certificate of Public Convenience (CPC) from the National Water Resources Board (NWRB). BTSI is currently serving more than 40% of water demand in the island of Boracay. BTSI also has 80% ownership in Monad Water Sewerage Systems, Inc. (MONAD), a water and waste water service provider exclusively serving Barangay Yapak, Boracay Island, and 100% ownership in New Earth Water System, Inc. (NEWS), a company that has secured water rights and Certificates of Public Convenience in Visayas and Mindanao.	The JV provides potable water to residents and commercial establishments, as well as manages the septage of commercial clients. It also provides raw and treated bulk water supply to some areas in Boracay Island. It extracts water through river sources near Caticlan, Aklan and transfer these through submarine pipelines for treatment in Boracay Island.	The KPI for this business is measured in terms of water sales in million of liters per day (MLD). These were 6.4 MLD in 2024, 6.0 MLD in 2023 and 4.5 in 2022. As of end of 2024, BTSI had 95 staff.
b. **Naic Water Supply Corp. (NWSC)**	The company provides treated potable water	The KPI for this business is measured

This is a wholly-owned subsidiary of MAPDC. It was incorporated on September 4, 2003 and services the town of Naic and nearby areas.	drawn through deep wells to residents and commercial establishments in Naic, Cavite and nearby subdivisions.	in terms of water sales in million of liters per day (MLD)., which stands at 12.1 MLD in 2024; 10.9 MLD in 2023 and 10.1 MLD in 2022. As of Dec 2024, this business unit had 65 total staff.
c. **Summa Water Resources, Inc. (SWRI)**. This JV is owned 60% by Allied Water Services, Inc. (100% owned by MAC). It is an Original Equipment Manufacturer (OEM) supplying a full line of standard and fully customizable water and wastewater treatment systems, and also provides treated bulk water supply to several clients.	Supplied of water treatment equipment and bulk water to private & government entities in the Philippines (Bulacan, Iloilo, Albay, Cavite, Bataan, etc.)	For its bulk water supply business, it has supplied 3.4 MLD in 2024, 3.9 in 2023 and 3.4 in 2022. The more significant topline growth for this JV is in its equipment sales contracts, mostly with government entities. As of Dec. 2024, the company had 51 staff.
d. **SNV Resources Devt Corporation (SNVRDC)** This is owned 100% by MAPDC. It started as a greenfield project to build and operate a complete water works system in Solano, Nueva Vizcaya. From 0 accounts in 2016, it had achieved 5,587 connections by end of 2024.	Supply of potable water to households, commercial and government clients in Solano, using water extracted and treated from the Magat River.	Business development is measured in terms of millions of liters per day of water sold, which stands at 2.9 MLD in 2024; 2.6 MLD in 2023 and 2.4 MLD in 2022. As of Dec 2024, this business unit had 42 total staff.
e. **Aqualink Resources Devt Inc. (ARDI)** This is owned 51% by NWSC. This operates the water system for Lancaster New City in Cavite, which spans the areas	Supply of potable water to households and commercial using water extracted and treated from deep well sources.	Business development is measured in terms of millions of liters per day of water sold, which stands at 27.2 MLD in 2024; 25.7 MLD in 2023 and 24.9 MLD in 2022.

of Gen. Trias, Imus, Carmona, Bacoor, Kawit and Tanza. It had 42,352 accounts or connections by end of 2024.		As of Dec 2024, this business unit had 89 total staff.
f. Cavite Business Resources, Inc. (CBRI) This is owned 100% by Watergy Business Solutions, Inc. (100% MAPDC). It built the Maragondon Bulk Water Treatment Plant.	Supply of bulk water in Maragondon, through water extracted from Maragondon River.	By end of 2024, the Bulk Water Supply Agreement with the Water District agreed upon was started.
g. Cavite AlliedKonsult Services Corp. (CAKSC) This is owned 100% by Allied Konsult Eco-Solutions Corporation (60%-owned by Allied Water Services Corp. (100% MAC). It built in Gen. Trias the largest facility for septage treatment in Cavite.	Treatment of septage discharge from households and commercial establishments in Cavite.	By end of 2024, its treatment agreements with some water providers were started.

Sources and Availability of Raw Materials:
The chemicals and supplies for water treatment are usually locally sourced. There were no supply disruptions noted in the last three years. As for equipment, no supply issues were also reported.

Government Approval/Concessions:
The supply of potable water, as well as treatment of septage is highly regulated and should comply with government regulations. Our water business units have permits with the LGUs, National Water Resources Board (NWRB), Laguna Lake Devt Authority, Dept of Health, DENR, etc. as the case may be. Tarriff setting are set often with NWRB in line with investments made by the business unit.

Risks and Opportunities:
Over the past three years, the Group's water business has demonstrated resilience and consistent growth, despite pandemic-related restrictions across various regions in the country. Opportunities for further expansion remain strong, driven by population growth and increasing commercial activity in areas outside Metro Manila. The shift in workplace dynamics—such as the rise of remote work and a growing preference for provincial living

during the pandemic—has accelerated migration to these regions, further fueling demand for reliable water services.

As of the reporting period, the Group is actively developing new water projects in Cebu, Bacolod, La Union, and Pangasinan. However, the revenue impact of these projects is expected to materialize starting in 2025 and beyond.

7) Mining

Due to its history as a mining company in the 1970's, MAC had mining rights and permits as part of its assets. The Mineral Production Sharing Agreements (MPSAs) of MAC Parent were transferred to MacroAsia Mining Corporation, a wholly-owned subsidiary. This includes the Infanta Nickel Project in Palawan.

MacroAsia Mining Corporation (MMC) was incorporated on September 25, 2000 to serve as an institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained.

MMC temporarily focused on providing consultancy and mining exploration services, particularly on nickel areas and projects, in the 2010s. This started in 2013 wherein MMC served the exploration and drilling requirements for the nickel laterite deposits of some of the major nickel producers in the country.

Bulawan Mining Corporation (BUMICO) and Management Development Corporation (MADECOR), former subsidiaries of Philippine National Bank (PNB), have already been transferred to MMC. The former was officially purchased from PNB on November 15, 2018 and is now known as MMC BUMICO. The latter, meanwhile, was acquired on March 2, 2020 and is now called MMC MADECOR. The move is part of a bigger program in the spinning-off of the mining segment of MacroAsia Corporation.

The acquisition of BUMICO included its right for their Exploration Permit Application (EXPA 103-VII) over a 506-hectare area in Basay, Negros Oriental. The area has a high potential for copper-gold molybdenum–silver mineralization attracting interest from several mining companies. In addition, MMC BUMICO also inherited the Operating Agreement with Philex Mining Corporation (PMC) in relation to the Bulawan Mining Project. Furthermore, MLC MRD 510 and EP 008-2010-VI which are under an agreement with Philex Gold Philippines, Inc. (PGPI) are now likewise part of the MMC portfolio. MLC MRD 510 is currently under the implementation stage of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP). On the other hand, the application for renewal of EP 08-2010-VI is still pending MGB. Philex has partially submitted the required documents and is in the process of completing the remaining requirements. MMC is also reviewing documents related to this tenement.

On the other hand, MMC MADECOR has acquired EXPA 000100-VI from PNB MADECOR. It is covered by an agreement with PGPI. The said application has been granted Clearance for issuance of the permit based on a July 4, 2019 memorandum from MGB Central Office but subject to several conditions. The First Letter Notice regarding the conditions to be met was communicated to PGPI in July 10, 2020 and forwarded to PNB Madecor on August 19, 2020. MMC MADECOR, which has acquired PNB MADECOR, then transmitted the required documents to PGPI in September 29, 2020. PGPI has since submitted the documents to MGB Regional Office No. VI on October 14, 2020. MGB Region VI informed PGPI through a May 6, 2022-dated Second Letter Notice of the deficiencies for compliance. The revised tenement map requested by MGB was already submitted last June 15, 2022. The EXPA was eventually approved and registered on December 4, 2024, covering a total area of 3,709.2835 hectares.

MMC has exploration permit applications (EXPAs) to mineralized areas in Carigara and Baybay City in Northern Leyte denominated as EXPA 000091-VII and 000092-VII. MGB Regional Office No. VIII has endorsed the Environmental Work Program (EWP) for both EXPAs to the Office of the Director (MGB Central Office) on August 10, 2022.

A joint validation by the MGB, the Department of Agriculture (DA), and MMC representatives was conducted from June 14 to 17, 2023, to assess the proposed exploration areas within the Strategic Agriculture and Fishery Development Zone (SAFDZ), a designated no-go zone. In a letter dated January 22, 2024, the DA recommended allowing MMC to proceed with its exploration permit applications, provided that the identified SAFDZ areas are designated for agricultural research and technology demonstrations.

On May 3, 2024, MMC received the final notice from MGB regarding the remaining mandatory requirements. MMC submitted its response on May 17, 2024.

On June 7, 2019, MAC, executed Deeds of Assignment (DOAs) in favor of MMC, wherein MAC assigned to the latter, all its rights and interests under its Mineral Production Sharing Agreements (MPSA) in Palawan. These DOAs were submitted for approval of the DENR as required by law. The Mines and Geosciences Bureau (MGB-DENR) approved the transfer on February 1, 2021.

The MPSAs that were assigned to MMC are Mineral Production Sharing Agreement (MPSA) Nos. 220-2005-IVB and 221-2005-IVB covering the 1,113.98 and 410.00 hectares, respectively, situated in Brooke's Point Palawan. With the DENR approval, these tenements are now recorded under MMC. The said MPSAs grant the company the exclusive right to explore, develop and commercially utilize nickel, chromite, iron and other associated mineral deposits within the contract area. MMC started discussions with other nickel mine operators to start the operations of at least the nickel mine due to the demand for this mineral for batteries, among others. In response to growing demand, particularly for battery-grade nickel, MMC has initiated discussions with other nickel mine operators to begin mining operations.

On July 29, 2021, MMC signed a memorandum of agreement with Calmia Nickel, Inc. (CNI) for the exploration and eventual mining operations of the Infanta Nickel Project (MPSA No. 220-2005-IVB). Confirmatory drilling activities commenced in early November 2021 as part of the due diligence work being conducted by CNI. In response to growing demand, particularly for battery-grade nickel, MMC has initiated discussions with other nickel mine operators to begin mining operations.

The Environmental Compliance Certificate (ECC) was issued on December 1, 2023, following DENR MIMAROPA's certification that the MPSA is outside the Mt.

Mantalingahan Protected Landscape (MMPL). This certification was provided in lieu of the PAMB Clearance, along with the submission of the Negotiated Sustainability and Resilience Agreement (NSRA) to demonstrate MMC’s environmental commitments.

Meanwhile, the Environmental Protection and Enhancement Program (EPEP) and the Final Mine Rehabilitation/Decommissioning Plan (FMR/DP)—key requirements for the Declaration of Mining Project Feasibility (DMPF)—have been endorsed by the MGB MIMAROPA Regional Office to the MGB Central Office. The revised Feasibility Study (FS), a critical component of the DMPF, was initially submitted to the MGB Central Office on December 29, 2023, with an updated submission on May 27, 2024. Environmental program-related documents for the DMPF were deliberated in November 2024, with comments and suggestions provided in the same month. MMC is currently addressing these recommendations.

Regulatory approvals continue to progress. The National Commission on Indigenous Peoples (NCIP) Commission En Banc endorsed and recommended the issuance of the Certification Precondition for MPSA No. 220-2005-IVB on December 27, 2022. Additionally, the Palawan Council for Sustainable Development (PCSD) granted the SEP Clearance on June 24, 2022.

A significant development occurred on February 29, 2024, when MGB MIMAROPA issued a resolution on the boundary dispute between MMC and Celestial Nickel Mining Exploration Corporation (CNMEC). MGB awarded 37.7 hectares of the disputed 44 hectares to MMC. In a letter dated May 20, 2024, MGB MIMAROPA forwarded the amended technical description of the MPSA’s principal corners, requiring both companies to conduct a re-survey to delineate the adjusted boundaries. The re-survey was completed in early September 2024, followed by a joint site validation led by MGB MIMAROPA from October 21 to 24, 2024. The Approved Amended Mineral Survey Plan was officially granted on November 29, 2024.

MMC submitted the requirements for the Third Renewal of the Exploration Period under MPSA No. 221-2005-IVB on July 31, 2023. The company addressed the remaining deficiencies in its application on June 5, 2024. Additionally, on June 11, 2024, MMC filed a request for the Temporary Suspension of Obligations under the MPSA’s Terms and Conditions. A follow-up letter regarding this request was received by the MGB Central Office on September 20, 2024. The request was approved on October 16, 2024.

As of December 31, 2024, MMC has four (4) regular employees.

MMC's present operations do not require the intensive use of raw materials. Therefore, it does not have any major existing supply contracts.

MMC is not aware of any other existing or probable government regulations that may have any adverse effects on its business. MMC does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It did not incur any research and development costs during the last three fiscal years.

8) IT Services, Connectivity and Radio Trunking

This business segment focuses on the integration of information technology and connectivity in the MAC Group and its partners. It also entails the operationalization of the digital trunk radio in the airport, utilizing the frequency allocated by NTC for purposes of the aviation-related activities of the Group.

Tera Information and Connectivity Solutions, Inc. (TERA) is a fully owned subsidiary of MAC and was incorporated on February 11, 2021. TERA was established with the main objective of serving as the Technology and Tier 1 Service Provider (In-house) of the whole MacroAsia Group. The pivot to ICT services is a necessity made evident by COVID19 and presents various opportunities that MAC can take advantage and capitalize on. Among the services that TERA will provide include information management, data connectivity, radio trunking and managed services.

In 2024, the company has completed the construction of a conduit or HDPE, and containerized data center project in Lancaster New City.

There are no existing or probable government regulations that may have an adverse effect on TERA operations. TERA did not incur any research and development expenditures during its first year from incorporation.

Status of any publicly-announced new product or service

Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, there are no other publicly-announced new products or services for the Group.

Competition

The Group's competitive strength lies in its support facilities at airports, skilled workforce, and liquid assets, which provide the financial flexibility needed to meet operational funding requirements. Additionally, the Group has adequate capital to sustain and expand its existing businesses, while also pursuing new ventures.v

In the aviation services sector, the Group's strategic advantage stems from its strong relationships with airline clients, fostering reciprocal arrangements for auxiliary aviation services. Furthermore, the Group benefits from the support of its venture partners in certain subsidiaries and affiliates, including Lufthansa Technik AG (Germany), Singapore Air Terminal Services (SATS, Singapore), Cathay Pacific Catering Services (CPCS, Hong Kong), and Konoike Transport Co., Ltd. These partnerships prprovide globavide globally competitive expertise and a broad market reach for the

Group’s subsidiaries and affiliates.ally competitive expertise and a broad market reach for the Group’s subsidiaries and affiliates.
lly competitive expertise and a broad market reach for the Group’s subsidiaries and affiliates.

The Group’s competitive edge is reflected in several key service areas, including its high service quality, labor and manpower stability, competitive pricing, advanced aircraft MRO technology, and carefully integrated aviation support services.

Suppliers

The Group has a broad base of suppliers, both local and foreign. Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, there are no major existing supply contracts for the Group.

Customers

Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, the Group 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 the Group.

Employees

MacroAsia Corporation, the Parent Company, has a total workforce of 41 employees. The Group has a total manpower complement of 9,164 excluding seasonal workers of 5,388. Part of the manpower are 3,947 regular employees, 360 employees on probation and 4,857 organic project-based staff. The total number of employees increased by 10% in 2024, in line with the recovery of aviation-related business segments.

None of the Parent Company, its subsidiaries and associated companies is subject to any Collective Bargaining Agreement (CBA). There has been no strike, nor any attempt to protest against the Parent Company, its subsidiaries and associated companies during the past three years.

The Group provides health/medical insurance/benefits to its employees through an independent Health Maintenance Organization (HMO).

Compliance with Environmental Laws

MacroAsia Corporation and its subsidiaries and affiliates have not been subject to any material fines or legal or regulatory action involving non-compliance in any material respect with relevant environmental protection regulations.

Major Risks Involved

MAC recognizes some developments that may have potential impact on the Group.

- ***Global Economic Slowdown, Economic Woes Impacting on Airlines, Safety and Health Issues Affecting Airline Travel.***
  In response to the ongoing challenges posed by the global economic slowdown, the Group continues to adopt a comprehensive approach by implementing revenue-generating strategies for both core and non-core businesses, while pursuing sustainable cost leadership

initiatives. To diversify its revenue streams, the Group launched new product offerings targeting clients outside the aviation sector. Additionally, the Group pursued aggressive expansion in water-related businesses, focusing on key areas within its current operations. Despite the downturn in travel, the Group's airline catering and ground handling units successfully secured new foreign airline clients, demonstrating resilience in challenging market conditions.

Efforts to achieve sustainable cost leadership were reinforced, particularly through staff cost benchmarking, as staff expenses represent the largest cost for the Group's service companies. These initiatives were implemented with significant focus and commitment.

The impact of aviation developments was closely monitored, and management and board meetings extensively discussed the evolving priorities and strategies for the Group's key business units to ensure alignment with the changing market landscape.

- ***Industry Regulations***
  MacroAsia Corporation and its subsidiaries and affiliates are subject to the relevant rules and regulations imposed by government and private institutions such as the Civil Aviation Authority, Civil Aeronautics Board, Manila International Airport Authority, Philippine Economic Zone Authority, Department of Labor and Employment, Securities and Exchange Commission as well as the Philippine Stock Exchange. Moreover, being a part of the air travel industry, the Group is subject to various stringent international standards for cleanliness, health, and safety.

- ***Volatility in Foreign Exchange Rates***
  Bulk of the Group's revenues and part of its costs and expenses are transacted in foreign currency, particularly in US dollars. Any drastic fluctuation in the Peso-US dollar exchange rate may affect the Group's financial performance. The Company's Investment Committee has directed Management to limit the Group's foreign currency holdings to not more than 25% in US Dollar portfolio and hold the rest in local currency (at least 75% of the portfolio in Philippine Peso) to minimize exposure to foreign exchange fluctuations.

- ***Competition***
  The business activities of the Parent Company and its subsidiaries are carried out in a competitive environment, as the Group competes not only with local providers of aviation-related services, but with regional and international players as well. Operational track record and high quality of services coupled with competitive prices remain to be the Group's advantages over its competitors.

- ***Natural Occurrences***
  The Group is subject to various other risks which are beyond its control. These include weather conditions, virus outbreak and other natural disasters which may disrupt its operations. There can be no assurance that the above risks will not have an adverse effect on the Group.

Periodic planning sessions with top management, various committees, and members of the Board are regularly held to identify, assess, and formulate contingency plans aimed at managing or minimizing the adverse impacts of potential or identified risks on the Group's operations.

Transactions with and/or Dependence on Related Parties
Please see Note 18 under the Group's Consolidated Notes to Financial Statements.

Significant Agreements and Commitments
Please see Note 29 under the Group's Consolidated Notes to Financial Statements.

Other Information
The Group has not issued any short term or long term commercial papers to date.
There are no other significant patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held by the Group except those discussed in Note 13 under the Group's Consolidated Notes to Financial Statements (pages 43 to 45).

As a mining company in its history, MAC's subsidiary, MMC, holds two Mineral Production Sharing Agreements (MPSAs), MPSA-220-2005-IVB and MPSA-221-2005-IVB, both located in Brooke's Point, Palawan.

As a listed entity, MAC operates in a highly regulated environment. A number of MAC's subsidiaries and affiliates rely on permits and licenses issued by government authorities or agencies. At present, the Group is not aware of any existing or impending government regulations that could have a negative impact on the operations of its businesses.

ITEM 2. DESCRIPTION OF PROPERTIES

MacroAsia Corporation

The following are the leased properties of MAC:

Lessor	Location	Present Use	Monthly Rental	Period
All Seasons Reality Corp	7th floor & 6th floor Ricogen Bldg. 112 Aguirre St Legaspi Village Makati City	Office	₱344,540 ₱97,105	10 years (September 9, 2023-September 9, 2024) 5 years (September 9, 2024-September 8, 2025)
3rd Party	Brooke's Point Palawan	Parcel of land (1)	₱150,000 ₱165,000 ₱181,500	May 16, 2011 – May 16, 2046 1st – 20th year 21st – 30th year 31st – 35th year
		Parcel of land (2)	₱114,000 ₱125,840 ₱144,716	November 15, 2010 – 2045 1st – 22nd year 23rd – 29th year 30st – 35th year
		Parcel of land (3)	₱145,000 ₱159,500 ₱183,500	September 30, 2010 – 2045 1st – 18th year 19th – 28th year 29th – 35th year
		Parcel of land (4)	₱114,000 ₱125,840 ₱144,716	July 16, 2010 - 2045 1st – 18th year 19th – 28th year 29th – 38th year

MAC leases its office space from All Season Reality Corporation. The lease agreement covers the 7th floor for a period of ten years with an annual rental rate review. The lease is renewed prior to the expiration of the lease term.

The current lease agreement for the 7th floor commenced on September 9, 2023, and will terminate on September 8, 2033. The lease is renewable upon approval by the Lessor.

MacroAsia Properties Development Corporation

MAPDC owns the following real estate properties:

Location	Present Use	Area (sqm)
5 Parcels of Land at East Service Road, Sucat, Muntinlupa, Metro Manila	Commissary	1,500
	Commissary	3,280
	Office Space	200
	For future development	2,932
Land in Brgy. Bagahabag, Solano Nueva, Vizcaya	Water Treatment Plant	30,000
Mabini, Pangasinan	For future development	10,000

The following are the leased properties of MAPDC:

Lessor	Location	Present Use	Area (sqm)	Monthly Rental	Period
MIAA	NAIA, Pasay City	PEZA/Aircraft Maintenance (sub-lease to LTP)	216,915	₱14,712,487	September 2000 – 2025 (25 years)
MCIAA	Mactan Cebu International Airport (MCIAA) – Cebu City	PEZA/Aircraft Maintenance (sub-lease to LTP)	26,297	₱703,445	2017–2022 (5 years) Renewal not yet finalized (monthly basis)
		For future development	23,703	₱1,472,135	April 2015 – 2025 (25 years)
		For future development	20,000	₱1,365,000	January 2017 – 2042 (25 years)

MacroAsia Catering Services, Inc.

MACS leases the following:

Lessor	Location	Present Use	Area (sqm)	Monthly Rental	Period	Renewal Terms
MIAA	Balagbag Area, NAIA Complex, Pasay City	Catering Concession Facility	14,279.46 (Land) 6,127.36 (Building)	₱ 47 or 675,561 plus 12% E-VAT ₱ 90 or 552,136 plus E-VAT	June 1, 2021 to May 31, 2024	Renewable yearly up to three years.

The original lease contract between MACS and MIAA expired in July 2008. One of the provisions of the lease agreement is that MACS will transfer to MIAA all permanent improvements which MACS might have constructed in the leased premises upon the expiration of the original lease or upon cancellation of the lease agreement.

In consideration of the concession privilege, the Company pays MIAA a monthly concessionaire's privilege fee equivalent to 7% of the Company's monthly gross income on catering services.

The Company's current contract with MIAA is effective from June 1, 2022, to May 31, 2024. This marks the fifth renewal of the original lease agreement signed in 2013, which had an initial term of three years, renewable every third year. The lease contract was extended on a monthly basis until September 14, 2024.

Effective September 14, 2024, MIAA issued an Assignment of Contract, transferring all its rights, interests, benefits, and obligations under the agreements related to NAIA to New NAIA Infra Corp. (NNIC). NNIC was awarded the concession for the rehabilitation, operation, optimization, and maintenance of Ninoy Aquino International Airport (NAIA). As per the concession agreement, NNIC will assume the role of NAIA's operator starting from the Operations and Maintenance start date.

MacroAsia Airport Services Corporation

Lease of office space and staging area are in the following locations:

Lessor	Location	Monthly Rental	Renewal Terms
MIAA/NNIC	Terminal 1	₱434,661 Starting Oct 2024 (NNIC) ₱3,524,472	month-to-month basis
MIAA/NNIC	Terminal 2	₱124,286 Starting Oct 2024 (NNIC) ₱1,796,000	month-to-month basis
MIAA/NNIC	Terminal 3	₱156,544 Starting Oct 2024 (NNIC) ₱273,952	month-to-month basis

On August 10, 2009, the company paid surety cash deposit to MIAA amounting to ₱2 million as one of the requirements for the renewal of the lease agreement. Currently, management is in discussions with necessary parties on the renewal of the lease. Meanwhile, MIAA continues to bill, and the Company continues to pay the rental fee based on current rates. Total rental expense in 2024 and 2023 related to this lease amounted to 14.7 million and 9.02 million, respectively.

Meanwhile, the Company leases the following office spaces:

Lessor	Location	Period	Renewal Terms
De Guzman Development Corporation (DGDC)	Sky Freight Center located at Ninoy Aquino Avenue, Parañaque City	April 16, 2022 to April 15, 2024	Subsequently renewed for a period of two (2) years (previously renewed for a period of 5 years subject to 5% escalation starting on third year of the lease term.)
DGDC	Sky Freight Center located at Ninoy Aquino Avenue, Parañaque City	October 1, 2021 to September 30, 2024	Subsequently renewed for a period of three (3) years, subject to 5% escalation starting on second year of the lease term

DGDC	Sky Freight Center located at Ninoy Aquino Avenue, Parañaque City	January 16, 2023 to January 15, 2033	For a period of ten (10) years, subject to 5% escalation starting on the second year of the lease term.

MacroAsia Air Taxi Services, Inc.

MAATS leases the following:

Lessor	Location	Present Use	Monthly Rental	Period	Renewal Terms
A. Soriano Aviation Inc.	Andrews Avenue, Domestic Airport, Pasay City – 2/F Anscor Hangar Bldg. 2	Office	₱79,920.48	September 16, 2018 until December 31, 2024	Yearly renewal

First Aviation Academy, Inc.

FAA leases the following:

Lessor	Location	Present Use	Area (sqm)	Monthly Rental	Period	Renewal Terms
Subic Bay Metropolitan Authority (SBMA)	Bldg. 8303 South West Apron, Subic Bay International Airport, Subic Bay Freeport Zone	Hangar and Office	1,000.6 (Office) 1,188.99 (Open Space) 199.41 (Parking Space) Total-2,389 sqm	Office - P223,944 Open Space - 162,024 Parking space - P27,174 CUSA-5,423 Total - 418,565	2018 to 2023 2023 to 2028	5 Years

Other than what was discussed above, MAC or any of its subsidiaries and affiliates does not expect to buy any significant assets (property or equipment) in the next twelve (12) months. For a more detailed discussion of the Group's properties, please refer to the Note 11 and 28 of the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

In the case of National Commission on Indigenous Peoples (NCIP), et al. v. MacroAsia Corporation, the Supreme Court ruled that the case has been closed and terminated, affirming that the parties are free to enter into a Compromise Agreement. As a result, the Certificate of Precondition (CP) was issued by the NCIP on February 1, 2023.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – SECURITIES OF THE REGISTRANT

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

A. Market Information

MAC's common shares are listed and traded at the Philippine Stock Exchange. The following table shows the high and low prices (in ₱) of the Corporation for the years 2024 and 2023:

Quarter	***2024***		***2023***	
	High	*Low*	*High*	*Low*
1st Quarter	4.22	3.87	4.22	3.87
2nd Quarter	5.35	3.93	5.35	3.93
3rd Quarter	6.38	4.12	6.38	4.12
4th Quarter	7.81	4.96	7.81	4.96

The price information of MAC common shares as of the close of the latest practicable trading date, April 3, 2025 is ₱4.21.

B. Holders

There are 849 registered holders of the total 1,890,958,323 common shares of the Corporation as of December 31, 2024. The top 20 stockholders as of December 31, 2024 are as follows:

	Stockholder Name	**No. of Common Shares**	**% to Total**
1	PCD Nominee Corporation (Filipino)	436,154,465	22.56
2	PAL Holdings, Inc. (formerly Baguio Gold Holdings Corporation)	137,280,000	7.10
3	Conway Equities, Inc.	132,771,600	6.87
4	Solar Holdings Corporation	92,040,000	4.76
5	PCD NOMINEE CORPORATION (NON-FILIPINO)	87,929,079	4.55
6	Dragonstar Management Corp.	83,850,000	4.34
7	Excelventures, Inc.	74,121,800	3.83
8	Profound Holdings, Inc.	74,100,000	3.83
9	Bigearth Equities Corporation	72,540,000	3.75
10	Pan Asia Securities Corp.	68,755,042	3.56
11	Palomino Ventures, Inc.	45,084,000	2.33
12	MacroAsia Corporation	42,347,600	2.19
13	Absolute Holdings & Equities, Inc.	39,000,000	2.02
14	Artisan Merchandising Corp.	39,000,000	2.02
15	Caravan Holdings Corporation	39,000,000	2.02
16	Clipper 8 Realty & Development Corp.	39,000,000	2.02
17	Golden Path Realty Corporation	39,000,000	2.02
18	Primeline Realty, Inc.	39,000,000	2.02
19	Quality Holdings, Inc.	39,000,000	2.02
20	Sunway Equities, Inc.	35,053,200	1.81

C. Dividends

The general dividend policy of MacroAsia is governed by the By-Laws of the Parent Company which provides that dividends upon the capital stock of the Parent Company may be declared by the Board of Directors (BOD) in the manner and form provided by law, after deducting from the net profit of the Parent Company any approved bonuses to the BOD in an amount not exceeding five percent (5%) of the Parent Company's net profit before tax and the expenses of administration. In each case, no dividend declaration shall be made by the Parent Company which would impair its capital. Dividends shall not be declared if there are major investments/projects which the Parent Company and its subsidiaries and associated companies anticipate in the near future.

BOD Approval Date	Dividend per share (in ₽)	Record Date	Payment Date
March 27, 2025	₱0.11	April 25, 2025	May 21, 2025
March 21, 2024	₱0.10	April 19, 2024	May 16, 2024
March 23, 2023	₱0.05	April 21, 2023	May 18, 2023

There are no restrictions that limit the payment of dividends on common shares to stockholders of record as of April 25, 2025.

D. Recent Sales of Unregistered Securities

There was no recorded sale of unregistered securities during the past three years.

PART III – FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis (MD&A) or Plan of Operation

December 31, 2024 and December 31, 2023
Results of Operations (amounts in ₱ millions)

	For the year ended		Horizontal Analysis		Vertical Analysis	
	2024	2023	Changes	%	2024	2023
REVENUE						
In-flight and other catering	**4,402.6**	3,981.8	420.8	11%	47%	50%
Ground handling and aviation	**4,172.0**	3,135.5	1,036.4	33%	44%	39%
Water distribution	**748.6**	617.5	131.1	21%	8%	8%
Connectivity and technology services	**62.4**	215.6	-153.2	-71%	1%	3%
Administrative fees	**56.2**	46.6	9.6	21%	0%	0%
	9,441.7	7,997.0	1,444.6	18%	100%	100%
DIRECT COSTS AND EXPENSES						
In-flight and other catering	**3,014.5**	2,688.4	326.1	12%	32%	34%
Ground handling and aviation	**3,563.7**	2,962.1	601.6	20%	38%	37%
Water distribution	**430.5**	379.1	51.5	14%	5%	5%
Connectivity and technology services	**32.4**	175.8	-143.4	-82%	0%	2%
Administrative fees	**67.6**	49.5	18.1	37%	1%	1%
	7,108.7	6,254.8	853.9	14%	75%	78%
GROSS PROFIT (LOSS)	**2,332.9**	1,742.2	590.7	34%	25%	22%
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	**731.5**	576.7	154.8	27%	8%	7%
	3,064.5	2,318.9	745.5	32%	32%	29%
OPERATING EXPENSES	**1,391.0**	1,085.7	305.3	28%	15%	14%
INCOME (LOSS) FROM OPERATIONS	**1,673.5**	1,233.2	440.2	36%	18%	15%
OTHER INCOME (CHARGES)						
Interest income	**26.7**	19.0	7.7	40%	0%	0%
Financing charges	**-122.0**	-163.8	41.8	-26%	-1%	-2%
Foreign exchange gain (loss) - net	**12.3**	-8.3	20.6	248%	0%	0%
Others - net	**65.4**	113.4	-48.0	-42%	1%	1%
	-17.6	-39.7	22.1	-56%	0%	0%
INCOME (LOSS) BEFORE INCOME TAX	**1,655.9**	1,193.6	462.3	39%	18%	15%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	**214.8**	160.1	54.8	34%	2%	2%
Deferred	**69.6**	-37.7	107.3	-285%	1%	0%
	284.5	122.4	162.1	132%	3%	2%
NET INCOME (LOSS)	**1,371.4**	1,071.2	300.2	28%	15%	13%
Net income (loss) attributable to:						
Equity holders of the Company	**1,122.9**	851.1	271.7	32%	12%	11%
Non-controlling interests	**248.5**	220.0	28.5	13%	3%	3%
	1,371.4	1,071.2	300.2	28%	15%	13%

Revenues

Food services and In-flight Catering contributed 47% of the total revenues, with the segment revenue increasing by 11% from ₱3,981.8 million in 2023 to ₱4,402.6 million in the current year. This growth aligns with a 4% increase in meal count, from 22.77 million to 23.70 million, driven by sustained growth in meal volume.

Ground-handling and Aviation Services posted revenues of ₱4,172.0 million, up from ₱3,135.5 million in 2023, reflecting a 33% improvement. This growth was primarily driven by flight volume growth at the airports. Flights handled increased by 9,960 flights (5%), from 182,303 in 2023 to 192,263 in the current year. The ground handling and aviation services contributed 44% of the total revenues.

Revenue from ground-handling and aviation services also includes income from First Aviation Academy (FAA). FAA's revenue grew by 42%, from ₱59.6 million in 2023 to ₱84.8 million in 2024. This increase reflects scaled-up operations, supported by additional training planes following the completion of CAAP license requirements.

Water Operations contributed 8% of the total revenues. Revenue increased by ₱131.1 million (21%), from ₱617.5 million in 2023 to ₱748.6 million in 2024. This growth is attributed to a 6% increase in commercial water sales, with billed water volume rising from 18.07 million cu.m. in 2023 to 19.18 million cu.m. in 2024.

Connectivity and Technology Services generated ₱62.4 million in revenue from the Supply, Delivery, and Commissioning Agreement for HDPE Conduit Fiber Backbone and Containerized Data Center projects. The project commenced in 2023 and concluded in 2024.

Administrative Revenues from the ecozone remained flat as the rates charged remained unchanged. However, there was a ₱9.6 million (21%) increase in revenue, from ₱46.6 million to ₱56.2 million, part of which was due to lease revenue from subleased property in Mactan, Cebu.

Total Direct Costs

Total direct costs for 2024 amounted to ₱7,108.7 million, reflecting an increase of ₱853.9 million (14%) compared to ₱6,254.8 million in 2023. This increase is primarily attributed to the expansion of business operations across all segments of the Group and is partly driven by the lease rate adjustments for properties within the Project Land managed and controlled by the Airport Operator.

Operating Expenses

Consolidated operating expenses increased by ₱305.3 million (28%), from last year's ₱1,085.7 million to ₱1,391.0 million, aligned with the business volume growth and was partly driven by the lease rate adjustment to ₱710 based on updated fees and charges to apply for the use of the facilities, services, and properties within the Project Land under the management and control of the Airport Operator.

Share in Net Earnings (Losses) of Associates

Share in net income of associates amounted to ₱731.5 million, an increase of ₱154.8 million compared to the same period in the previous year. This reflects MAC's share in the net operating results of its associated companies (LTP, JASCO, and CPCS).

One of the main contributors to the year-to-date net income for 2024 is the share in net income from LTP for MRO services, amounting to ₱585.2 million, which is ₱23.1 million higher than the ₱562.1 million share in net income in 2023. This increase is primarily attributed to improvements in LTP's base maintenance business.

CPCS, the catering associate in Cebu, contributed ₱30.2 million in net income, up significantly from last year's share of ₱7.0 million. This increase is attributed to a 97% rise in meal count. MAC has a 40% share in CPCS's net income.

JASCO, the ground handling associate in Japan, contributed ₱106.1 million in net income, a significant turnaround from last year's net loss of ₱3.6 million, representing MAC's 30% share of the net income/loss.

Other Income (Charges)
Interest income of ₱26.7 million pertains to income earned from short-term investments and the accretion of refundable deposits.

Financing charges decreased from ₱163.8 million in 2023 to ₱122.0 million in 2024, reflecting the overall decline in interest costs incurred from outstanding loans, which continued to decrease as settlements were made.

Other income and charges decreased by ₱48.0 million (42%) compared to ₱113.4 million in 2023. This reduction is mainly due to the gain on bargain purchase of CSW - Lapu Lapu amounting to ₱69.7 million in 2023, which was offset by a loss on sale of investment in an associate amounting to ₱43.0 million booked in the same period.

Income Tax
The Group's income tax expense increased by ₱162.1 million (132%), driven by higher taxable income. In the previous year, the Group utilized its Net Operating Loss Carryover (NOLCO), which provided an income tax benefit and resulted in a lower tax expense.

Net Income
The Group recorded a **consolidated net income after tax** of **₱1,371.4 million** for the year 2024, representing a **28% increase** from the consolidated net income after tax of **₱1,071.2 million** in 2023. The increase in net income was primarily driven by business volume growth across all of the Group's business units.

December 31, 2024 and December 31, 2023
Financial Position (amounts in millions)

	For the year ended		Horizontal Analysis		Vertical Analysis	
	2024	2023	Changes	%	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	**1,369.3**	1,062.6	306.7	29%	10%	8%
Receivables and contract assets	**2,202.9**	2,092.3	110.6	5%	16%	16%
Inventories	**155.4**	161.0	-5.6	-3%	1%	1%
Other current assets	**695.6**	871.6	-176.1	-20%	5%	7%
Total Current Assets	**4,423.1**	4,187.4	235.7	6%	33%	33%
Noncurrent Assets					0%	0%
Investments in associates	**2,471.1**	2,299.5	171.6	7%	18%	18%
Property, plant and equipment	**2,496.5**	2,293.2	203.2	9%	19%	18%
Net investment in lease	**1,179.8**	1,175.9	3.9	0%	9%	9%
Right-of-use assets	**781.9**	799.2	-17.3	-2%	6%	6%
Investment property	**143.9**	143.9	-0.0	0%	1%	1%
Service concession rights	**436.9**	408.5	28.4	7%	3%	3%
Intangible assets and goodwill	**365.1**	365.5	-0.4	0%	3%	3%
Deferred income tax assets - net	**95.8**	170.6	-74.8	-44%	1%	1%
Other noncurrent assets	**1,023.6**	851.3	172.3	20%	8%	7%
Total Noncurrent Assets	**8,994.5**	8,507.5	487.0	6%	67%	67%
TOTAL ASSETS	**13,417.7**	12,694.9	722.7	6%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Notes payable	**121.2**	244.5	-123.3	-50%	1%	2%
Accounts payable and accrued liabilities	**2,299.5**	2,646.1	-346.5	-13%	17%	21%
Income tax payable	**75.4**	63.2	12.3	19%	1%	0%
Dividends payable	**96.4**	9.7	86.7	891%	1%	0%
Current portion of long-term debts	**386.9**	314.1	72.8	23%	3%	2%
Current portion of lease liabilities	**43.4**	44.9	-1.4	-3%	0%	0%
Total Current Liabilities	**3,022.9**	3,322.4	-299.5	-9%	23%	26%
Noncurrent Liabilities						
Long-term debts - net of current portion	**395.4**	485.9	-90.5	-19%	3%	4%
Lease liabilities - net of current portion	**2,049.5**	2,042.2	7.3	0%	15%	16%
Accrued retirement and other employee benefits payable	**196.6**	190.0	6.6	3%	1%	1%
Deferred income tax liabilities - net	**95.8**	92.9	2.9	3%	1%	1%
Other noncurrent liabilities	**93.6**	76.1	17.5	23%	1%	1%
Total Noncurrent Liabilities	**2,831.0**	2,887.2	-56.2	-2%	21%	23%
Total Liabilities	**5,853.9**	6,209.6	-355.7	-6%	44%	49%
Equity attributable to equity holders of the Company						
Capital stock - 1 par value	**1,933.3**	1,933.3	0.0	0%	14%	15%
Additional paid-in capital	**281.4**	281.4	0.0	0%	2%	2%
Retained earnings						
Appropriated	**960.0**	960.0	0.0	0%	7%	8%
Unappropriated	**3,356.8**	2,423.1	933.8	39%	25%	19%
Other comprehensive income	**-5.2**	-16.3	11.1	-68%	0%	0%
Other reserves	**1,003.0**	1,003.0	0.0	0%	7%	8%
Treasury shares	**-459.4**	-459.4	0.0	0%	-3%	-4%
	7,070.0	6,125.1	944.9	15%	53%	48%
Non-controlling interests	**493.8**	360.2	133.5	37%	4%	3%
Total Equity	**7,563.7**	6,485.3	1,078.4	17%	56%	51%
TOTAL LIABILITIES AND EQUITY	**13,417.7**	12,694.9	722.7	6%	100%	100%

Assets

As of December 31, 2024, the Group's total assets amounted to ₱13,417.7 million, reflecting an increase of ₱722.7 million (6%) from ₱12,694.9 million on December 31, 2023.

- Cash and cash equivalents totaled ₱1,369.3 million, showing an increase of ₱306.7 million (29%) from ₱1,062.6 million. The increase in cash balances is primarily maintained by the operating subsidiaries to meet their current maturing obligations.

- Receivables and contract assets rose by ₱110.6 million (5%), from ₱2,092.3 million to ₱2,202.9 million, mainly due to business volume growth. However, the relatively modest increase in receivables was the result of effective collection efforts.

- Inventories amounted to ₱155.4 million, maintained in line with forecasted inventory level requirements as of December 31, 2024.

- Other current assets of ₱695.6 million primarily consist of input taxes, creditable withholding and prepaid taxes, unamortized prepayments for insurance, rent, utilities, and unconsumed supplies as of December 31, 2024.

- Investments in associates, accounted for under the equity method, increased by ₱171.6 million (7%), from ₱2,299.5 million in 2023 to ₱2,471.1 million in 2024. This growth is attributable to the share in dividends declared by LTP (₱547.3 million) and CPCS (₱12.0 million), offset by the share in translation adjustments (₱59.8 million) and the aggregate income contribution from associates.

- Property and equipment increased from ₱2,293.2 million in 2023 to ₱2,496.5 million in 2024. The increase reflects new acquisitions by the Group's catering, ground handling, and water companies, offset by depreciation.

- Net investment in lease increased by ₱3.9 million, from ₱1,175.9 million in 2023 to ₱1,179.8 million.

- Right-of-Use (ROU) assets decreased by ₱17.3 million (2%), bringing the total to ₱781.9 million in 2024, primarily due to the regular amortization of lease liabilities.

- Service concession rights stood at ₱436.9 million, reflecting an increase of ₱28.4 million (7%) due to additions in service concession assets, offset by depreciation.

- Deferred income tax assets amounted to ₱95.8 million as of December 31, 2024, related to taxes deemed recoverable in future periods. The decrease from the prior year is due to the utilization of income tax benefits from the Net Operating Loss Carryover (NOLCO).

- Other noncurrent assets increased by ₱172.3 million, mainly due to changes in the fair value of equity investments designated at Fair Value through Other Comprehensive Income (FVTOCI) and advances to suppliers for the delivery of equipment, offset by the utilization of input VAT.

Liabilities
As of December 31, 2024, the Group's total liabilities amounted to ₱5,853.9 million, reflecting a decrease of ₱355.7 million (6%) from ₱6,209.6 million as of December 31, 2023.

- Accounts payable and accrued liabilities decreased by ₱346.5 million (13%), from ₱2,646.0 million in 2023 to ₱2,299.5 million in 2024. The decrease is due to the settlement of amounts owed to suppliers, service providers, and government agencies.

- Notes payable and current portion of long-term debts decreased by ₱50.5 million (9%), from ₱558.6 million in 2023 to ₱508.1 million in 2024. This reduction is mainly due to the payment of currently matured loans, which were availed from local banks by several companies within the Group for asset acquisition and business expansion.

- Current portion of lease liabilities decreased by (₱1.4) million (3%), from ₱44.9 million in 2023 to ₱43.4 million in 2024.

- Income tax payable increased by ₱12.3 million (19%), from ₱63.2 million in 2023 to ₱75.4 million in 2024, due to higher taxable income.

- Dividends payable increased by ₱86.7 million (891%), from ₱9.7 million in 2023 to ₱96.4 million in 2024. This is attributed to the property dividends declared by MACS to its shareholder SATS, which holds non-controlling interest. These property dividends, amounting to ₱86.3 million, remain outstanding as of year-end. The increase is related to the restructuring of the Food Group. MACS also paid cash dividends of ₱0.10 per share on May 16, 2024.

- Long-term debts (net of current portion) decreased by ₱90.5 million (19%), from ₱485.9 million in 2023 to ₱395.4 million in 2024, reflecting the settlement of loans.

- Lease liabilities (net of current portion) increased by ₱7.3 million, from ₱2,042.2 million in 2023 to ₱2,049.5 million in 2024 due to new long term lease contract entered into during the year.

- Other noncurrent liabilities increased by ₱17.5 million (23%), from ₱76.1 million in 2023 to ₱93.6 million in 2024, due to an increase in customer deposits.

Equity
The movement in non-controlling interests is dependent on the operational results of MACS, MASCORP, AWSI, FAA, BTSI, and subsidiaries of MAPDC with joint venture (JV) partners. As of December 31, 2024, non-controlling interests amounted to ₱493.8 million, reflecting an increase of ₱133.5 million (37%) from ₱360.2 million as of December 31, 2023.

Equity attributable to equity holders of the company increased by ₱944.9 million (15%), from ₱6,125.1 million in 2023 to ₱7,070.0 million in 2024. This increase is mainly due to the net income attributable to the equity holders, which was booked in retained earnings amounting to ₱1,122.9 million, offset by declared dividends of ₱189.1 million and a decrease in other components of equity. The latter decreased by ₱11.1 million (68%), from ₱5.8 million in 2023 to (₱5.2 million) in 2024. The decrease is attributed to the share in the remeasurement of pension assets of LTP, the remeasurement of defined benefit plans, and the offset by the share in foreign currency translation adjustments gain of LTP and JASCO, which amounted to ₱59.8 million in aggregate. These changes were driven by fluctuations in the US Dollar (USD) and Japanese Yen (JPY) exchange rates during the period.

Total equity increased by ₱1,078.4 million (17%), from ₱6,485.3 million in 2023 to ₱7,563.7 million as of December 31, 2024.

Key Performance Indicators

The Group uses the following major performance measures. The analyses are based on comparisons and measurement on financial data of the current period against the same period of the previous year.

	December 31, 2024	December 31, 2023
Return on Net Sales (RNS)	**14.53%**	13.39%
Return on Investment (ROI)	**14.08%**	11.87%
Return on Equity (ROE)	**22.59%**	20.85%
Direct Cost Ratio	**75.29%**	78.21%
Operating Expense Ratio	**14.73%**	13.58%
Current Ratio	**1.46 : 1**	1.26 : 1
Debt-to-Equity Ratio	**11.95%**	16.11%
Interest Coverage Ratio	**14.57: 1**	8.29 : 1
Asset-to-Equity Ratio	**1.77 : 1**	1.96 : 1
Return on Asset (ROA)	**10.22%**	8.44%

- **Return on Net Sales (RNS)** increased from **13.39%** in 2023 to **14.53%** as of December 31, 2024. This improvement is driven by the increase in revenues generated by the Group's operating subsidiaries in the current year compared to the previous year.

- The **Return on Investment (ROI)** ratio moved from **11.87%** to **14.08%**, reflecting the Group's improved financial performance, as detailed above.

- **Return on Equity (ROE)** improved to **22.59%** in 2024, up from **20.85%** in 2023.

- The **direct cost ratio** decreased from **78.21%** to **75.29%** in 2024, primarily due to the cost efficiency amidst improvement in business activities of the Group.

- The **operating expense ratio** increased from **13.58%** to **14.73%** for 2024, aligned with business volume growth and the rise in operational costs.

- The Group maintains a **healthy current ratio**, demonstrating its solid ability to meet current liabilities, with a sufficient portion of current assets held as cash. The current ratio stands at **1.46:1**, up from **1.26:1** in 2023.

- The **debt-to-equity ratio** improved to **11.95%** in 2024, from **16.11%** in 2023. This improvement reflects the net reduction in outstanding loans and the increase in equity due to the net income earned during the year.

- With positive operating results, the Group can comfortably cover interest payments on its debts. The **interest coverage ratio** rose from **8.29:1** to **14.57:1** as of December 31, 2024.

- The ratio of **total assets to total equity** indicates that the Group's assets are primarily supported by shareholders' capital rather than debt. The **asset-to-equity ratio** improved from **1.96:1** in 2023 to **1.77:1** in 2024.

- **Return on Assets (ROA)** improved to **10.22%** in 2024, up from **8.44%** in 2023, showing the Group's enhanced profitability in relation to its assets.

The indicators above are measured as follows:

1. Return on Net Sales = $\dfrac{\text{Total Net Income}}{\text{Total Net Revenues}}$

2. Return on Investment = $\dfrac{\text{NI attributable to Equity holder of Parent}}{\text{Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent}}$

3. Return on Equity = $\dfrac{\text{Total Net Income}}{\text{Total Equity}}$

4. Direct Cost Ratio = $\dfrac{\text{Total Direct Cost}}{\text{Total Net Revenues}}$

5. Operating Expense Ratio = $\dfrac{\text{Total Operating Expenses}}{\text{Total Net Revenues}}$

6. Current Ratio = $\dfrac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$

7. Debt-to-Equity Ratio = $\dfrac{\text{Total Interest-bearing Debts}}{\text{Total Equity}}$

8. Interest Coverage Ratio = $\dfrac{\text{Total Earnings before Interest and Taxes}}{\text{Interest Expense}}$

9. Asset-to-Equity Ratio = $\dfrac{\text{Total Assets}}{\text{Total Equity}}$

10. Return on Asset = $\dfrac{\text{Total Net Income}}{\text{Total Asset}}$

December 31, 2023 and December 31, 2022
Results of Operations (amounts in ₱ millions)

	For the year ended		Horizontal Analysis		Vertical Analysis	
	2023	2022	Changes	%	2023	2022
REVENUE						
In-flight and other catering	**3,981.8**	2,288.5	1,693.3	74%	50%	47%
Ground handling and aviation	**3,135.5**	2,049.5	1,086.0	53%	39%	42%
Water distribution	**617.5**	515.0	102.5	20%	8%	11%
Connectivity and technology services	**215.6**	0.0	215.6	0%	3%	0%
Administrative fees	**46.6**	30.4	16.2	53%	0%	0%
	7,997.0	4,883.5	3,113.5	64%	100%	100%
DIRECT COSTS AND EXPENSES						
In-flight and other catering	**2,688.4**	1,735.5	952.8	55%	34%	36%
Ground handling and aviation	**2,962.1**	1,851.3	1,110.8	60%	37%	38%
Water distribution	**379.1**	330.1	49.0	15%	5%	7%
Connectivity and technology services	**175.8**	0.0	175.8	0%	2%	0%
Administrative fees	**49.5**	52.6	-3.1	-6%	1%	1%
	6,254.8	3,969.5	2,285.3	58%	78%	81%
GROSS PROFIT (LOSS)	**1,742.2**	914.0	828.2	91%	22%	19%
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	**576.7**	470.8	105.9	22%	7%	10%
	2,318.9	1,384.8	934.1	67%	29%	28%
OPERATING EXPENSES	**1,085.7**	793.5	292.2	37%	14%	16%
INCOME (LOSS) FROM OPERATIONS	**1,233.2**	591.3	641.9	109%	15%	12%
OTHER INCOME (CHARGES)						
Interest income	**19.0**	3.9	15.1	387%	0%	0%
Financing charges	**-163.8**	-149.0	-14.8	10%	-2%	-3%
Foreign exchange gain (loss) - net	**-8.3**	1.5	-9.8	-641%	0%	0%
Others - net	**113.4**	106.5	6.9	6%	1%	2%
	-39.7	-37.1	-2.6	7%	0%	-1%
INCOME (LOSS) BEFORE INCOME TAX	**1,193.6**	554.3	639.3	115%	15%	11%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	**160.1**	63.7	96.3	151%	2%	1%
Deferred	**-37.7**	29.1	-66.8	-230%	0%	1%
	122.4	92.8	29.5	32%	2%	2%
NET INCOME (LOSS)	**1,071.2**	461.4	609.8	132%	13%	9%
Net income (loss) attributable to:						
Equity holders of the Company	**851.1**	446.1	405.1	91%	11%	9%
Non-controlling interests	**220.0**	15.3	204.7	1334%	3%	0%
	1,071.2	461.4	609.8	132%	13%	9%

Revenues

Revenues from in-flight catering contributed 50% of the total revenues. Catering segment revenue significantly improved from last year's ₱2,288.5 million to the current year's ₱3,981.8 million a 74% increase compared to 2022. The improvement in revenue is aligned with the increase in meal count by 52% from 14.98 million to 22.78 million due to the sustained growth in meal volume.

The revenues from ground-handling and aviation services posted a revenue of ₱3,135.5 million from ₱2,049.5 million, a 53% improvement compared to 2022 driven largely by flight volume growth in the airports. Flights handled increased by a total of 48,041 flights (36%), from 134,262 in 2022 to 182,303 flights in the current year. The ground handling and aviation revenue contributed 39% of the total revenues.

The revenue ground-handling and aviation services includes the revenue from aviation training school, First Aviation Academy (“FAA”). FAA posted an increase in revenue by 10%, from ₱54.4 million in 2022 to ₱59.6 million in 2023. Operations scaled-up during the current period as more training planes are available following completion of license requirements from CAAP.

Revenues from water operations contributed 8% of the total revenues. Revenues increase by ₱102.5 million (20%), from ₱515.0 million to ₱617.5 million during the same period last year. This increase is attributable to the increase in commercial water sales, billed volume of water in cubic meters (“cu.m.”) has increased by 3% from 17.5 million cu.m. in 2022 to 18.1 million cu.m. in 2023.

Connectivity and technology services revenue contributed ₱215.6 million for the Supply, Delivery, and Commissioning Agreement of HDPE, Conduit Fiber Backbone, and Containerized Data Center on a project which commence in 2023.

Administrative revenues from the ecozone remained flat as rates charge remain unchanged. ₱16.2 million (53%) increase in revenue, from ₱30.4 million to ₱46.6 million, part of which pertains to the lease revenue from subleased property in Mactan Cebu.

Total Direct Costs

Total direct costs in 2023 amounted to ₱6,254.8 million, posting an increase of ₱2,285.3 million (58%) from ₱3,969.5 million in 2022. The increase is attributable to the increase in business operations across all business segments of the Group.

Operating Expenses

Consolidated operating expenses increased by ₱292.2 million (37%), from last year’s ₱793.5 million to ₱1,085.7 million, aligned with the business volume growth.

Share in Net Earnings (Losses) of Associates

Share in net income of associates amounted to ₱576.7 million which increased by ₱105.9 million compared to same period in previous year represents MAC’s share in the net operating result of its associated companies (LTP, JASCO and CPCS). One of the main contributors of the YTD net income for 2023 is the share in net income from LTP for MRO services amounting to ₱562.1 million, which is ₱62.3 million higher than the share in net income of ₱499.8 million in 2022. The reported net income of LTP in 2023 is attributable to significant improvement in its base maintenance business. CPCS, the catering associate in Cebu, has finally reflected a positive result from operation after booking continuous losses since the inception of the pandemic. MAC booked its 40% net income share in CPCS at ₱7 million, compared to last year’s share in net loss of ₱5.2 million. JASCO, the ground handling associate in Japan, contributed a loss of ₱3.6 million compared to last year’s ₱35.9 million representing the 30% share in net loss of MAC. JASCO has started to book monthly profits for the last 2 quarters.

Other Income (Charges)

The interest income of ₱19.0 million pertains to income earned from short-term investments, and accretion of refundable deposits. Financing charges increased from ₱149.0 million in 2022 to ₱163.8 million in 2023, due to the increase in interest rates repricing. Total other income and charges increased by ₱6.9 million (6%) against the ₱106.5 million in 2022 mainly due to the gain on bargain purchase of CSW -Lapu Lapu amounting to ₱69.7 million and is offset by loss on sale of investment in associate amounting to ₱43.0 million.

Income Tax

The Group posted an income tax expense increased by ₱29.5 million (32%) aligned with the increase in taxable income. The Group utilized its NOLCO during the year.

Net Income

The Group recorded a consolidated net income after tax of ₱1,071.2 million for the year 2023, a 132% from the consolidated net income after tax of ₱461.4 million in 2022. Net income increase was driven largely by business volume growth across all the Group's business units.

December 31, 2023 and December 31, 2022
Financial Position (amounts in millions)

	For the year ended		Horizontal Analysis		Vertical Analysis	
	2023	2022	Changes	%	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	**1,062.6**	468.0	594.5	127%	8%	4%
Receivables and contract assets	**2,092.3**	1,862.6	229.7	12%	16%	16%
Inventories	**161.0**	139.3	21.7	16%	1%	1%
Other current assets	**871.6**	556.0	315.6	57%	7%	5%
Total Current Assets	**4,187.4**	3,026.0	1,161.4	38%	33%	26%
Noncurrent Assets					0%	0%
Investments in associates	**2,299.5**	2,450.9	-151.4	-6%	18%	21%
Property, plant and equipment	**2,293.2**	2,222.6	70.7	3%	18%	19%
Net investment in lease	**1,175.9**	1,172.5	3.4	0%	9%	10%
Right-of-use assets	**799.2**	847.7	-48.5	-6%	6%	7%
Investment property	**143.9**	143.9	0.0	0%	1%	1%
Service concession rights	**408.5**	415.6	-7.2	-2%	3%	4%
Intangible assets and goodwill	**365.5**	296.6	68.9	23%	3%	3%
Deferred income tax assets - net	**170.6**	115.7	54.9	47%	1%	1%
Other noncurrent assets	**851.3**	813.3	38.0	5%	7%	7%
Total Noncurrent Assets	**8,507.5**	8,478.7	28.8	0%	67%	74%
TOTAL ASSETS	**12,694.9**	11,504.7	1,190.2	10%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Notes payable	**244.5**	139.0	105.5	76%	2%	1%
Accounts payable and accrued liabilities	**2,646.1**	2,105.4	540.7	26%	21%	18%
Income tax payable	**63.2**	26.3	36.9	140%	0%	0%
Dividends payable	**9.7**	32.0	-22.2	-70%	0%	0%
Current portion of long-term debts	**314.1**	298.1	16.0	5%	2%	3%
Current portion of lease liabilities	**44.9**	40.7	4.2	10%	0%	0%
Total Current Liabilities	**3,322.4**	2,641.5	681.0	26%	26%	23%
Noncurrent Liabilities						
Long-term debts - net of current portion	**485.9**	831.1	-345.2	-42%	4%	7%
Lease liabilities - net of current portion	**2,042.2**	2,070.6	-28.4	-1%	16%	18%
Accrued retirement and other employee benefits payable	**190.0**	125.6	64.4	51%	1%	1%
Deferred income tax liabilities - net	**92.9**	95.2	-2.3	-2%	1%	1%
Other noncurrent liabilities	**76.1**	72.1	4.1	6%	1%	1%
Total Noncurrent Liabilities	**2,887.2**	3,194.6	-307.5	-10%	23%	28%
Total Liabilities	**6,209.6**	5,836.1	373.5	6%	49%	51%
Equity attributable to equity holders of the Company						
Capital stock - 1 par value	**1,933.3**	1,933.3	0.0	0%	15%	17%
Additional paid-in capital	**281.4**	281.4	0.0	0%	2%	2%
Retained earnings						
Appropriated	**960.0**	850.0	110.0	13%	8%	7%
Unappropriated	**2,423.1**	1,776.5	646.6	36%	19%	15%
Other comprehensive income	**-16.3**	169.3	-185.6	-110%	0%	1%
Other reserves	**1,003.0**	1,003.0	0.0	0%	8%	9%
Treasury shares	**-459.4**	-459.4	0.0	0%	-4%	-4%
	6,125.1	5,554.2	570.9	10%	48%	48%
Non-controlling interests	**360.2**	114.5	245.8	215%	3%	1%
Total Equity	**6,485.3**	5,668.6	816.7	14%	51%	49%
TOTAL LIABILITIES AND EQUITY	**12,694.9**	11,504.7	1,190.2	10%	100%	100%

Assets

At the consolidated level as of December 31, 2023, the total assets stood at ₱12,694.9 million, posting an increase of ₱1,190.2 million (10%) from ₱11,504.7 million on December 31, 2022.

Cash and cash equivalents of ₱1,062.6 million increased by ₱594.5 million (127%) from ₱468.0 million. The cash balances of the operating subsidiaries are preserved to meet their currently maturing obligations.

Receivables and contract assets increased by ₱229.7 million (12%), from ₱1,862.6 million to ₱2,092.3 million due to due to business volume growth.

Inventories of ₱161.0 million as of December 31, 2023 were maintained in line with forecasted inventory level requirements.

Other current assets of ₱871.6 million represents input taxes, creditable withholding and prepaid taxes and unamortized prepayments for insurance covers, rent, utilities and unconsumed supplies as of December 31, 2023.

Intangible Assets and Goodwill increased by ₱68.9 million (23%) due to additions to intangible assets from acquisition of CSW Lapu-Lapu and is offset by straight line amortization. The goodwill recognized by the Group amounting to ₱127.84 million resulted from the Company's acquisition of a non-controlling interest (13%) from a previous stockholder of MACS in 2006 and the purchase by MAPDC of 67% of BTSI in 2016, 100% of NAWASCOR in 2017 and ASSC of 60% of SUMMA in 2018.

I*ncrease in* deferred tax asset relates to recognition of DTA from Net Operating Loss Carry Over from prior years, DTA from Lease Liabilities net of DTA from Right of Use Assets of MSFI.

Liabilities

As of December 31, 2023, the total liabilities are at ₱6,209.6 million, posting an increase of ₱373.5 million (6%) from ₱5,836.1 million on December 31, 2022.

Accounts payable and accrued liabilities increased by ₱540.7 million (26%) to ₱2,646.1 million as of December 31, 2023. The net increase in the amount pertains to the amount owed to suppliers and service provider as a result of business volume growth.

Notes payable and current portion of long-term debts in aggregate increased from ₱437.1 million to ₱558.6 million, by ₱121.5 million (28%), refers to the loan availed from local banks by several companies under the Group to finance their asset acquisition as a result of business expansion which remain outstanding as of year-end. Net decrease in loans payable pertains to payment of currently matured loans.

Income Tax payable increased by 140% or ₱36.9 million from ₱26.3 million to ₱63.2 million on December 2023, due to increase in taxable income.

Accrued retirement benefits payable of ₱190.0 million increased by ₱64.4 million (51%) from ₱125.6 million in December 2022 is accounted for based on the latest actuarial valuation of the Group.

Equity

Movement in the "non-controlling interests" depends on the results of operations of MACS, AWSI, BTSI and subsidiaries of MAPDC with JV partners. As of December 31, 2023, non-controlling interests amounted to ₱360.2 million, an increase by ₱245.8 million (215%) from ₱114.5 million for December 31, 2022. Equity attributable to equity holders of the company increased by ₱570.9 million (10%), from last year's ₱5,554.2 million to this year's ₱6,125.1 million. The increase pertains to the net income attributable to equity holder of the company booked in retained earnings amounting to ₱851.1 million, offset by dividend declared amounting to ₱94.5 million and other components of equity which decreased by ₱185.6 million (110%) to (₱16.3) million for 2023, the decrease pertains to the share in remeasurement of pension asset of LTP, remeasurement of defined benefit plans, and share in foreign currency translation adjustments loss of LTP and JASCO for ₱16.0 million in aggregate which changes in accordance with US$ and JPY exchange rate fluctuations during the period covered, respectively.

Total Equity increased by ₱816.7 million (14%), from last year's ₱5,668.6 million to ₱6,485.3 million as of December 31, 2023.

Key Performance Indicators

The Group uses the following major performance measures. The analyses are based on comparisons and measurement on financial data of the current period against the same period of the previous year.

	December 31, 2023	December 31, 2022
Return on Net Sales (RNS)	**13.39%**	9.45%
Return on Investment (ROI)	**11.87%**	6.54%
Return on Equity (ROE)	**20.85%**	10.53%
Direct Cost Ratio	**78.21%**	81.28%
Operating Expense Ratio	**13.58%**	16.25%
Current Ratio	**1.26 : 1**	1.15 : 1
Debt-to-Equity Ratio	**16.11%**	22.37%
Interest Coverage Ratio	**8.29 : 1**	4.72 : 1
Asset-to-Equity Ratio	**1.96 : 1**	2.03: 1
Return on Asset (ROA)	**8.44%**	4.01%

- Return on net sales increase from 9.45% for 2022 to 13.39% as of December 31, 2023. The improvement in the consolidated RNS is caused by improvement in revenues generated by our operating subsidiaries in the current year compared to the same period last year.
- Movement from 6.54% to 11.87% in ROI ratio is parallel to that of the RNS due to the Group's financial performance as discussed above.
- The ROE of 20.85% in 2023 improved compared to 10.53% for the same period of 2022.
- The direct cost ratio decreased from 81.28% to 78.21% for 2023 because of the improvement in business activities of the Group.
- Operating expense ratio also decreased from 16.25% to 13.58% for 2023 because of the improvement in business activities of the Group.

- The Group still has a healthy current ratio indicating the Group's solid ability to meet its current liabilities, with an adequate portion of current assets held as cash. Current ratio stands at 1.26:1 compared to 1.15:1 last year.
- Debt to equity ratio stands at 16.11% for 2023 from 22.37% the same period last year. The improvement in debt-to-equity ratio is due to the net decline of loans which remained outstanding at period end, while the equity increased due to net income earned during the current year.
- As the Group report positive operating results during the current reporting period, it will be able to cover interest payments arising from its debts. Interest coverage ratio increased from 4.72:1 to 8.29:1 for December 31, 2023.
- The ratio between total assets and total equity, indicates that the assets of the Group continue to be supported principally by shareholders' capital than debt. Asset to equity ratio stands from 2.03:1 for 2022 to 1.96:1 for the period December 31, 2023.
- The ROA of 8.44% in 2023 improved from 4.01% for the same period of 2022, which indicates the Group's profitability in relation to the assets.

The indicators above are measured as follows:

1. Return on Net Sales = $\dfrac{\text{Total Net Income}}{\text{Total Net Revenues}}$

2.Return on Investment = $\dfrac{\text{NI attributable to Equity holder of Parent}}{\text{Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent}}$

3. Return on Equity = $\dfrac{\text{Total Net Income}}{\text{Total Equity}}$

4. Direct Cost Ratio = $\dfrac{\text{Total Direct Cost}}{\text{Total Net Revenues}}$

5. Operating Expense Ratio = $\dfrac{\text{Total Operating Expenses}}{\text{Total Net Revenues}}$

6. Current Ratio = $\dfrac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$

7. Debt-to-Equity Ratio = $\dfrac{\text{Total Interest-bearing Debts}}{\text{Total Equity}}$

8. Interest Coverage Ratio = $\dfrac{\text{Total Earnings before Interest and Taxes}}{\text{Interest Expense}}$

9.Asset-to-Equity Ratio = $\dfrac{\text{Total Assets}}{\text{Total Equity}}$

10.Return on Asset = $\dfrac{\text{Total Net Income}}{\text{Total Asset}}$

Plans and Prospects

The aviation industry's recovery is strengthening the profitability of MacroAsia's aviation units, with key drivers of revenue growth being increased flights and passengers. The privatization of NAIA in September 2024 is expected to enhance airport capacity and efficiency, potentially increasing passenger traffic. However, revised operational costs from the Manila International Airport Authority may pose challenges, as substantial cost increases could impact travel demand. Despite these pressures, MacroAsia will focus on growth opportunities in its core aviation segments, including airline catering, MRO, and ground handling, while also exploring growth in non-airport segments like food services, water treatment, and connectivity projects.

Geared to continuing growth in 2025, MacroAsia continues to pursue sustainable cost leadership projects within the Group. Among the key thrusts are as follows:

MRO (Aircraft Maintenance, Repair, Overhaul):

In 2023, Lufthansa Technik Philippines (LTP) converted its newly-built Hangar 1-A, originally intended for narrow-body base maintenance to a versatile facility capable of supporting wide-body aircraft with a particular focus on A380 maintenance. LTP's ecozone lease is up for renewal in 2025, with expected rate increases. While costs may be passed on to clients, significant hikes may have an impact on some of LTP's clients which include airlines that are not operating in the Philippines and thus, will have no direct benefit from capacity changes or improvements in NAIA. Tailored to cater the increasing demand for MRO maintenance, LTP is looking at airports outside of Metro Manila. Currently, it is studying the possibility of building an MRO facility in Clark International Airport.

FOOD SERVICES:

Inflight Food: The Group's inflight catering services through MacroAsia Catering Services (MACS), and MacroAsia SATS Inflight Services (MSIS), showed a substantial increase in meal volumes in 2024 compared to previous years. MSIS will continue to refurbish portions of its production facility at the landside area of the airport near Terminal 2. In the last quarter of 2024, higher lease rates for MACS airline catering facilities at NAIA took effect under MIAA Revised Administrative Order No. 1 (Series of 2024). As the revised rates will increase operational costs, MACS is keen on keeping sufficient margins while managing the impact through open-book or activity-based costing models. The NAIA's privatization is expected to drive capacity growth. With this, the Group anticipates increased demand for catering services. Cebu Pacific Catering Services (CPCS), which reopened in 2023, will continue to experience topline growth as Mactan-Cebu Airport sees rising passenger traffic and flight movements.

Non-Airline Food: MacroAsia SATS Food Industries (MSFI) has seen robust growth in its central kitchen operations in 2024. To support further growth and enable it to accommodate more clients in the facility by end of 2027, the business unit is investing to double the capacity of its central kitchen. Adjacent to its current facility is the property owned by MacroAsia Properties

Development Corporation (MPADC) which is earmarked for its anticipated facility expansion. The Group is also studying to expand its commissary geographically, focusing on other cities beyond Metro Manila.

GATEWAY SERVICES:
The Group's ground handling business, operated through MacroAsia Airport Services Corporation (MASCORP) will continue to increase its workforce to meet the growing demand brought about by the increasing flight and passenger volumes from its existing and prospective airline clients. The Group's revenues from gateway services include ground handling, apron ramp cleaning, maintenance of ground support equipment (GSE) and cargo handling. MASCORP's strategic expansion into ULD repair, maintenance, and assembly, as well as repair of galley inserts, such as trolleys and standard tray containers (STCs) is bound to strengthen its market position while leveraging from its existing affiliations to drive further growth, through a new subsidiary which was yet to be acquired as of the end of the reporting date.

PROPERTY DEVELOPMENT:
Maintaining a status quo in property development, MacroAsia through its wholly owned subsidiary, MacroAsia Properties Development Corporation (MAPDC), collaborates with its subsidiaries and affiliates for contracted servicing and construction.

AVIATION TRAINING:
With the opening of Subic Bay International Airport (SBIA) for flights, First Aviation Academy, Inc. (FAA) has resumed its training operations and expanded its student portfolio. Earlier training batches that were affected by the pandemic constraints in flying successfully graduated in 2023 and 2024. New batches of trainees for pilot schooling were opened. The pilot training academy is evaluating opportunities for cross-border partnerships that will allow foreign enrollees to obtain a commercial pilot license in the Philippines, while also ramping up on the recruitment of local enrollees. FAA has partnered with Philippine National Bank (PNB) to offer financing options to qualified enrollees.

In previous years, the Group has ventured into natural resources development, building on its history as a mining company in the 1970's.

MINING:
In 2022, exploration work was done to re-affirm the presence of nickel in the Brookes' Point tenement. As the mineralization was affirmed and with the moratorium in mining getting lifted, MacroAsia signed an operating agreement with a local mining operator. The Environmental Compliance Certificate (ECC) for operations was renewed in 2023 and a few more permits to support operations are still being awaited. Once mining operations commence, the Group anticipates recurring cash inflow through royalty payments.

WATER BUSINESS:

Proving its flexibility in the pandemic, the Water Segment of the Group has significantly increased its revenues. With the tourism industry returning back to normal, Boracay Tubi Systems Inc. (BTSI) has shown substantial growth in its performance in 2024. As the primary water provider on Boracay Island, BTSI will continue to deliver revenue growth through the expansion of its pipeline network to serve commercial and residential clients in unserved areas of the Island. Its subsidiary is foreseen to start a water project in Iloilo in the latter part of 2025.

The Cavite-based business units, Naic Water Supply Corporation (NWSC) and Aqualink Resources Development Inc. (ARDI), both recorded positive results in 2024. Venturing beyond their current service areas, NWSC and ARDI are expected to grow further in 2025. Adding to the market share in Cavite, Cavite Alliedkonsult Services Corporation (CAKSC), a project company formed through a partnership between MacroAsia and EnviroKonsult, was inaugurated in 2022 and has secured long-term septage contracts with water service providers. CAKSC owns the biggest septage treatment facility in the Cavite, with a capacity of 400 to 600 cubic meters per day, serving the Group's septage management and various private water provider's needs.

Through its original equipment manufacturer subsidiary, Summa Water Resources, Inc. (SWRI), MacroAsia has continued developing portable water treatment plants for various LGUs and government agencies. In 2024, SWRI further diversified its client portfolio by securing multiple contracts through tenders. On September 18, 2024, MacroAsia marked the groundbreaking of its Seawater Desalination Plant Project in Lapu-Lapu City. Spearheaded by Summa Water Resources, Inc. (SWRI) through its subsidiary CSWater Lapu-Lapu, Inc. (CSWLL), the project's first phase will construct a 15 MLD (Million Liters per Day) desalination plant in Punta Engaño and a 500 CMD (Cubic Meters per Day) facility on Olango Island. In addition, SWRI has commenced the construction of a water distribution facility in Poro Point, La Union.

MacroAsia's ICT and Digitalization Initiatives

In line with addressing the Group's evolving **ICT requirements**, **MacroAsia** has leveraged its wholly owned subsidiary, **Tera Information and Connectivity Solutions, Inc. (TERA)**, to drive digitalization and provide essential ICT solutions within the Group. Among the key initiatives are as follows:

1. **Ground Handling Unit:**
    - TERA has partnered with the Group's ground handling unit to implement 800MHz frequency radio trunking at the airport. This initiative aims to enhance communication efficiency and support operational needs in the airport environment.

2. **Water Business Connectivity Solutions:**
    - TERA is also focusing on supporting the development of the Group's water business segments by implementing connectivity solutions.

These efforts are expected to enhance the operational infrastructure for water-related services.

3. **Expanding Projects:**
    - Several other projects are currently in the pipeline, marking the continuous expansion of TERA's role within the Group. These initiatives aim to strengthen **ICT capabilities**, aligning with the broader goal of digital transformation across MacroAsia's business units.

New Prospects
Several other projects are in the pipeline, mainly with the aim of expanding the revenue generating capacity for the food segment of the Group beyond Metro Manila. The Group also continues to expand its geographical presence in the water segment as new areas for concessions are currently being pursued.

Despite potential challenges, MacroAsia remains cautiously optimistic about its growth prospects for 2025, focusing on careful expansion and the exploration of new business opportunities. With stable cash flow from its subsidiaries, the company is poised to continue its trajectory of growth, backed by a diversified and resilient revenue base. MacroAsia aims to expand its existing operations and explore new business opportunities. Positive developments in its non-airline food, mining, and water segments are foreseen to provide a more resilient, sustainable and diversified revenue base.

Item 7. Financial Statements

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to the Consolidated Financial Statements and Supplementary Schedules.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no other changes in or disagreements with accountants during the last three calendar years or any subsequent interim period.

Information on Independent Public Accountant

SyCip Gorres Velayo & Co. (SGV & Co.) has acted as the Group's independent public accountant. Audit Partner-in-Charge, Mr. Kristopher S. Catalan of SGV & Co. handled the financial audit for the year ended December 31, 2024. Among his clients are the largest companies in the consumer products, technology, asset management, air transportation, agricultural businesses, industrial goods, construction and real estate industries. He is a member of the Firm's Capital Markets Center and the Accounting Standards Group (ASG). He is highly knowledgeable in Revenue Recognition, Business Combinations and Leases. He is also a frequent resource person in training on International Financial Reporting Standards (IFRS) and Assurance.

External Audit Fees and Services

	2024	2023
Regular annual audit of financial statements	₱8,907,923	₱ 7,455,500
Non audit fees	400,000	5,800,000
Total	**₱9,307,923**	₱ 13,255,500

Audit Committee's Approval Policies for the Services of External Auditor

All services to be rendered and fees to be charged by the external auditors are presented to and pre-approved by the Audit Committee. An audit planning meeting is conducted at least one month before the actual performance of work. Then, upon recommendation and approval by the Board of Directors, the appointment of the external auditor is being confirmed at the annual stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Issuer

Board of Directors*

Name	Position	Committee Membership
Dr. Lucio C. Tan	Chairman of the Board and Chief Executive Officer	Chairman – Investment Committee
Carmen K. Tan	Director	Member – Investment Committee
Lucio C. Tan III	Director	Member – Corporate Governance, Related Party Transactions, Compensation and Investment Committees
Eduardo Luis T. Luy	President and Chief Operating Officer	Member – Risk Management, Investment and Mining Committees
Vivienne K. Tan	Director	Member – Audit and Investment Committees
Michael G. Tan	Director	Member –Compensation and Mining Committees
Kyle Ellis C. Tan	Treasurer	Member – Mining Committee
Johnip G. Cua	Director	Chairman – Compensation, Mining and Retirement Plan Committees Member – Audit, Corporate Governance, Related Party Transactions, Investment and Risk Management Committees
Ramon Pancratio D. Dizon	Lead Independent Director	Chairman – Audit Committee Member – Corporate Governance, Related Party Transactions and Risk Management Committees
Diwa C. Guinigundo	Independent Director	Chairperson – Corporate Governance and Related Party Transactions Committees Member – Audit, Risk Management, Compensation, Investment, Retirement Plan Committees
Samuel C. Uy	Independent Director	Chairman –Risk Management Committee Member – Corporate Governance, Audit, Related Party Transactions, Compensation and Mining Committees

**The Directors' term of office is one year. Election for the Board of Directors is conducted during the annual stockholders' meeting held every second Thursday of May.*

Dr. Lucio C. Tan. Mr. Tan, 90, Filipino, has served as Chairman of the Board of Directors since July 2015 and as Chief Executive Officer since December 14, 2015. He is also the Chairman of Absolut Distillers, Inc., Alliedbankers Insurance Corporation, Allianz PNB Life Insurance, Air Philippines Corporation, Asia Brewery, Inc., Asian Alcohol Corporation, Basic Holdings

Corporation, Buona Sorte Holdings, Inc., Eton Properties Philippines, Inc., Fortune Tobacco Corporation, Foremost Farms, Inc., Grandspan Development Corporation, Himmel Industries, Inc., LT Group, Inc., Philippine Airlines, Inc., PMFTC Inc., Progressive Farms, Inc., PAL Holdings, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Tangent Holdings Corporation, The Charter House, Inc., Trustmark Holdings Corporation, University of the East, Zuma Holdings and Management Corporation. He is also the Chairman Emeritus of Philippine National Bank.

He holds a Bachelor of Science degree in Chemical Engineering from Far Eastern University. Dr. Lucio Tan holds a Doctor of Philosophy degree, Major in Commerce from the University of Santo Tomas in 2003 and is an awardee of several other honorary Doctorate degrees. He holds a Bachelor of Science degree in Chemical Engineering from Far Eastern University.

Carmen K. Tan. Mrs. Tan, 84, Filipino, has served as a Director of the Corporation since July 2012. Aside from her membership in the Board of Directors of the Corporation, Ms. Tan is also the Vice Chairman of Philippine Airlines, Inc. and LT Group, Inc. She is also a Director of Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Foremost Farms, Inc., Dynamic Holdings, Ltd, Eton City, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., PAL Holdings, Inc., PMFTC Inc., Progressive Farms, Inc., Tanduay Distillers, Inc., Manufacturing Services and Trade Corporation, Sipalay Trading Corporation, Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation and Zuma Holdings and Management Corporation. She is also a Member of the Board of Advisors of Philippine National Bank.

Mrs. Tan is a distinguished alumna of the Paco Chinese School and the University of the East, Manila.

Lucio C. Tan III, Mr. Tan, 32, Filipino, has served as Director of the Corporation since December 2019. He is the President and Chief Operating Officer of LT Group, Inc. and PAL Holdings, Inc. He is also the President of Dunman Holdings Corporation, Tanduay Distillers, Inc. and Tanduay Brands International, Inc. He also holds the position of Vice Chairman and President of Sabre Travel Network Phils. Inc. Mr. Tan is the Vice President of Dunmore Development Corporation. He is a Director of PMFTC, Inc., Philippine Airlines, Inc., Philippine National Bank, Ali-Eton Property Development Corp., Air Philippines Corporation, Allied Club, Inc., Allied Water Services Inc., Asia Brewery, Inc., Asia's Emerging Dragon Corporation, Asian Cancer Center Inc., Belton Communities, Inc., Dominium Realty & Construction Corporation, Eton City, Inc., Eton Properties Philippines Inc., First Homes, Inc., Fortune Landequities and Resources Inc., Fortune Tobacco Corporation, Kaizer Chemical Industries, Inc., Lufthansa Technik Philippines, MacroAsia Airport Services Corp., MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corp., PNB Holdings Corporation, Prior Holdings Corp., Qualisure Holdings Inc., REM Development Corporation, Shareholdings, Inc., Silangan Holdings, Inc., Sipalay Trading Corporation, Trustmark Holdings Corporation, and Zuma Holdings and Management Corporation.

Mr. Tan possesses a strong background in engineering and technology, holding a Bachelor's degree in Electrical Engineering and a Master's degree in Computer Science from Stanford University. He was a software engineer at Lyft in the Bay Area before gradually transitioning into different business units within LTG and PHI. During his university days, he was honored with the Stanford University Frederick E. Terman Award, which is awarded to the top 5% of Stanford University engineering undergraduates.

Eduardo Luis T. Luy. Mr. Luy, 31, Filipino, President and Chief-Operating-Officer of the Corporation since October 8, 2021. He served as Director and Treasurer of the Corporation from December 12, 2019 to October 7, 2021. He is also the Chairman and President of the following corporations: MacroAsia Catering Services, Inc., MacroAsia SATS Food Industries Corporation, MacroAsia SATS Inflight Services Corporation, MacroAsia Airport Services Corporation, MacroAsia Properties Development Corporation, MacroAsia Air Taxi Services, Inc., MacroAsia Mining Corporation, MMC Management and Development Corporation, Bulawan Mining Corporation, Allied Water Services, Inc., Naic Water Supply Corporation, Aqualink Resources Development, Inc., Mabini Pangasinan Resources Development Corporation, Tera Information and Connectivity Solutions, Inc.; Chairman of the following corporations: First Aviation Academy, Inc., Water Business Solutions, Inc., Cavite Business Resources, Inc., SNV Resources Development Corporation, Boracay Tubi System, Inc., New Earth Water System, Inc., Monad Water and Sewerage Systems, Inc., AlliedKonsult Eco-Solutions Corporation, Cavite AlliedKonsult Service Corporation Summa Water Resources, Inc. and CS Water Lapu-Lapu, Inc.; and Director of Lufthansa Technik Philippines, Inc., since October 8, 2021 and Japan Airport Service Co., Ltd. since November 2021. He worked in Reyes Tacandong & Co. from 2015-2018.

Mr. Luy holds a Master's degree in Business Administration from Asian Institute of Management and a Bachelor of Science degree in Business Administration from the University of the Philippines-Diliman.

Vivienne K. Tan. Ms. Tan, 56, Filipino, has served as Director of the Corporation since July 2019. She also serves as a member of the Board of Directors of: Air Philippines Corporation, Eton Properties Philippines, Inc., LT Group, Inc. and Philippine National Bank. She is also a Member of the Board of Trustees of University of the East and University of the East Ramon Magsaysay Memorial Medical Center, Founding Chairperson of Entrepreneurs School of Asia and Founding Trustee of Philippine Center for Entrepreneurship (Go Negosyo).

Ms. Tan has a Bachelor of Science Double Degree in Mathematics and Computer Science from the University of San Francisco, USA. She also has a Post-Graduate Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising in Los Angeles.

Michael G. Tan. Mr. Tan, 58, Filipino, has served as Director since July 17, 2015. He is the President and Chief Operating Officer of Asia Brewery, Inc.; Director of Tangent Holdings Corp., LT Group, Inc., Philippine National Bank, PMFTC Inc., Absolut Distillers, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Trustmark Holdings Corporation, Shareholdings, Inc., Asia's Emerging Dragon Corporation, Paramount Land Equities, Inc., Allied Commercial Bank – Xiamen, Allied Banking Corp (Hongkong) Limited, PNB Global Remittance & Financial Company (Hk) Ltd, Saturn Holdings, Inc., Victorias Milling Company, Inc., Maranaw Hotel (Century Park Hotel), and Pan-Asia Securities Corp., and Director and Treasurer of Zuma Holdings and Management Corporation. He is a member of the ASEAN Business Advisory Council (ASEAN BAC) representing the Philippines, a Director and Vice President of the Federation of Filipino Chinese Chambers of Commerce & Industry, Inc. He is also a Director and Vice President of Philippine Chamber of Commerce and Industry (PCCI) and Trustee of the Help Educate and Rear Orphans (HERO) Foundation, Inc.

Mr. Tan holds a Bachelor of Science degree in Applied Science in Civil Engineering, major in Structural Engineering, from the University of British Columbia in Canada.

Kyle Ellis C. Tan. Mr. Tan, 28 Filipino, has served as Treasurer and Director of the Corporation since October 8, 2021. He is the President and Executive Director of Eton Properties Philippines, Inc. Mr. Tan is also the President at Landcom Realty Corporation, Chief Operating Officer and Executive Vice President of Tanduay Distillers Inc. He currently serves as Director and COO at Himmel Industries, Inc. and Manufacturing Services & Trade Corporation. He also holds the position of Vice Chairman and Director of Pan Asia Securities Corporation and Vice President of Kilter Realty & Development Corporation. Mr. Tan is also a Director of several companies including Tera Information and Connectivity Solutions, Inc., Victorias Milling Company Inc., PNB Global Remittance and Financial Co. (HK) Ltd, Grandspan Development Corporation, Allied Club, Inc., Maranaw Hotels & Resort Corporation and Asia's Emerging Dragon Corporation. He is also a Board Advisor of Philippine Airline. Prior to joining the Lucio Tan Group, he was a full-time software engineer at Microsoft.

He graduated Magna Cum Laude with a Bachelor's degree in Computer Engineering from the University of Southern California, where he also finished his Master's degree in Computer Science.

Johnip G. Cua. Mr. Cua, 68, Filipino, has served as Director of the Corporation since 2006. He was formerly the President of Procter & Gamble Philippines Inc. (1995-2006). He currently serves as the Chairman of the Board of the P&Gers Fund Inc. (since 2009) and Xavier School, Inc. (since 2012), and the Chairman & President of Taibrews Corporation (since 2011). Additionally, he serves as a member of the Board of Trustees of Xavier School Educational & Trust Fund (since 1996) and MGCC Foundation (since 2015).

Mr. Cua is an Independent Director of the following corporations: Philippine Airlines Inc. (since 2014), PAL Holdings Inc. (since 2014), Century Pacific Food Inc. (since 2014), LT Group Inc. (since 2018), Tanduay Distillers Inc. (since 2018), Asia Brewery Inc. (since 2018), MacroAsia Catering Services, Inc. (since 2007), MacroAsia Airport Services Corp. (since 2007), MacroAsia Properties Development Inc. (since 2013), PhilPlans First Inc. (since 2009), and First Aviation Academy Inc. (since 2017).

Mr. Cua is also a member of the Board of Directors of the following corporations: Allied Botanical Corporation (since 2012), Alpha Alleanza Manufacturing Inc. (since 2008), Bakerson Corporation (since 2002), Interbake Marketing Corporation (since 1991), Lartizan Corporation (since 2007), Teambake Marketing Corporation (since 1994), and Zenori Corporation (since 2018).

Mr. Cua holds a Bachelor of Science degree in Chemical Engineering from the University of the Philippines.

Samuel C. Uy. Mr. Uy, 71, Filipino, has served as Independent Director since April 30, 2018. He is the President and CEO of 3S Realty Corporation (since 2007) and Toril Sports Complex (since 2008). He is also the Vice-President since 1986-2019 of Kaunlaran Development Corporation and Davao Farms Incorporated and became the President since 2020. He is also the Vice-President of Asaje Hotels (since 2020), Dimdi Centre Inc. (since 1986) and Daland

Development Corporation. He is the Treasurer for Dimdi Builders Inc. and Asaje Realty Corp. (since 2020).

Mr. Uy is also a director of Honda Cars Gensan, and an Independent Director of Philippine Airlines, Inc. (since March 2017).

Mr. Uy holds a Bachelor of Science degree in Agriculture from Xavier University. He also studied Bachelor of Science in Management at the Ateneo de Manila University.

Diwa C. Guinigundo. Mr. Guinigundo, 70, Filipino, has served as Independent Director since May 9, 2024. He is a former Deputy Governor of the Bangko Sentral ng Pilipinas (BSP) and served the BSP for 41 years, handling monetary policy, treasury operations, loans and credit, asset management, currency management, regional operations and international operations. As BSP deputy governor, he chaired the BSP's Monetary Policy Strategy Committee. He was vice-chairman of the BSP's Investment Management Committee and its Provident Fund. He also represented the central bank in cabinet-level NEDA Board, National Food Authority, Development Budget Coordination Committee, Economic Cluster, and Trade and Related Matters. He served as Alternate Executive Director at the International Monetary Fund in Washington, DC from 2001-2003. Earlier, he was Head of Research at The SEACEN (Southeast Asian Central Banks) Research and Training Centre in Kuala Lumpur from 1992-1994.

He writes weekly columns for the Manila Bulletin and BusinessWorld. He is a member of the Advisory Panel of the Sim Kee Boon Institute for Financial Economics of Singapore Management University. He is also a member of the Board of Advisors of the International Care Ministries. An external advisor to Bain & Company, he is also an independent director of the AIA Philippines Investment Management and Trust Corporation where he chairs the Board's Governance Committee. He chaired the Advisory Panel of the ASEAN + 3 Macroeconomic Research Office based in Singapore for 2023-2024. Since October 2023, he has been the principal advisor of New York-based GlobalSource Partners for the Philippines.

Mr. Guinigundo graduated at the top of his AB class, cum laude, at the University of the Philippines School of Economics. He earned his M.Sc. in Economics at the London School of Economics as a scholar of the then Central Bank of the Philippines. He holds an honorary Doctor of Divinity (DD) degree from the Promise Christian University in Los Angeles, California. He taught economics at the University of the Philippines Manila and St. Scholastica's College.

Ramon Pancratio D. Dizon. Mr. Dizon, 64, Filipino, has served as Lead Independent Director since May 9, 2024. He also serves as Independent Director of PAL Holdings, Inc., DigiPlus Interactive Corp., Filinvest REIT Corp., MegaLink, Inc., Philippine School of Business Administration, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corp., Philippine Depository & Trust Corp., and PCD Nominee Corporation, and Senior Consultant of Monde Nissin Corporation. He was a former senior partner of SGV & Co. and has more than 40 years of professional experience in advisory and assurance services. He is a member of the Management, Leadership, Appointment and Executive Committees of SGV & Co. He held leadership positions in SGV/EY, as Head of Transaction Advisory Services; Risk Advisory Services; Market Group and Head of Training & Methodology. He led the Firm's programs and various initiatives related to service quality and productivity/efficiency. He also spearheaded SGV's first ISO 9001 Certification for the Audit Division. He worked in the

Chicago office of an international accounting firm and with its Center for Professional Education.

Mr. Dizon holds a Bachelor's degree in Commerce major in Accounting (Cum Laude) from Polytechnic University of the Philippines (1980). He holds a Master in Business Management from Asian Institute of Management (Manila, 1988). He also completed the Advanced Management Program, Harvard Business School (Boston, 2011), Strategic Business Leadership Programme of INSEAD (Singapore, 2008), and Journey to the Boardroom Program Harvard Business Publishing Corporate Learning (2019). He is an Asean CPA, Member of the Philippine Institute of Certified Public Accountants (since 1981) and Member of the Management Association of the Philippines, and the Harvard Business School Club of the Philippines.

Executive Officers

Name	Position
Atty. Marivic T. Moya	Senior Vice President for Human Resources, Legal and External Relations/ Chief Compliance Officer/ Corporate Information Officer
Amador T. Sendin	Chief Financial Officer/ Chief Risk Officer/ Senior Vice President for Administration
Belgium S. Tandoc	Vice President for Business Development/ Data Protection Officer
Rhodel C. Esteban	Vice President for Commercial/ Chief Sustainability Officer
Rubi C. Pioquinto	Chief Audit Executive
Atty. Florentino M. Herrera III	Corporate Secretary

Atty. Marivic T. Moya. Ms. Moya, 64, Filipino, has served as an Executive Officer since May 1999. She is the current Senior Vice President for Human Resources, Legal and External Relations, Chief Compliance Officer and the Chief Information Officer of MacroAsia Corporation. Prior to this, Atty. Moya was the Vice President for Human Resources, Legal and External Relations of MacroAsia Corporation and Compliance Officer (1999-2019).

She is involved in MacroAsia Catering Services Inc. (Corporate Secretary since 2004 and Director from June 2019 to March 2021), MacroAsia SATS Food Industries Corporation (Corporate Secretary since 2015), MacroAsia SATS Inflight Services Corporation (Corporate Secretary and Director from June 2019 to March 2021), MacroAsia Airport Services Corp. (Corporate Secretary since 2004), MacroAsia Properties Development Corp. (Corporate Secretary since 2004 and Director since 2019); Asia's Emerging Dragons Corp.(Corporate Secretary since 2017) , MacroAsia Air Taxi Services, Inc. (Corporate Secretary since 2004 and Director since 2018); MacroAsia Mining Corp. (Corporate Secretary and Director since 2000), SNV Resources Development Corp., Boracay Tubi System, Inc. (Corporate Secretary and Director until 2020), First Aviation Academy, Inc. (Corporate Secretary since 2017 and Director since 2019), Summa Water Resources, Inc. (Corporate Secretary since October 2018 and Director until 2020). Naic Water Supply Corporation (Corporate Secretary since 2020 and Director since 2017), Watergy Business Solutions Inc. (Director since 2014 and Treasurer since October 2020), Cavite Business Resources Inc. (Director since 2012 and Treasurer since October 2020), Alliedkonsult Eco-solutions Corporation and Cavite Alliedkonsult Services Corporation (Director from September 2019 to October 2021 and Corporate Secretary since

September 2019); CS Water Lapu-Lapu, Inc. (Corporate Secretary since October 2019), Aqualink Resources Development Corporation (Corporate Secretary since April 2021); Tera Information and Connectivity Solutions, Inc. (Corporate Secretary since February 2021).

She is currently the Assistant Corporate Secretary of LT Group and PAL Holdings, Inc. and served as the Corporate Secretary of MacroAsia Corporation from 2004 to 2014. She is also the Corporate Secretary of Philippine Airlines, Inc. (since 2014). She worked with various Government Institutions from 1987 to 1999, holding key positions such as Legal Officer of the National Bureau of Investigation (NBI) from 1987-1989, Arbitration Specialist of Philippine Overseas Employment Administration (POEA) from 1989 to 1990, Director II (Chief, Legal Service) of Philippine Health Insurance Corporation from 1990 to 1996 and Graft Investigation Officer II at the Office of the Ombudsman from 1997 to 1999. She also held the position of Human Resources Manager of Grand Air from 1996 to 1997. She was a member of the Board of Trustees of the University of Santo Tomas Law Alumni Association (2010-2013).

Atty. Moya holds a Juris Doctor degree from the University of Santo Tomas and a Bachelor of Arts degree, Major in Child Study from Maryknoll College.

Amador T. Sendin. Mr. Sendin, 62, Filipino, a Certified Public Accountant (CPA), has served as an Executive Officer since October 2003. He is the current Chief Financial Officer (since 2012), Chief Risk Officer and Senior Vice President for Administration of MacroAsia Corporation. He is also the Treasurer of MacroAsia Properties Development Corporation (since 2013), Summa Water Resources, Inc. (since 2018), AlliedKonsult Eco-Solutions Corporation, Cavite AlliedKonsult Services Corporation (since 2019), CS Water Lapu-Lapu, Inc. (since 2019) and the Treasurer and Director of MacroAsia Airport Services Corporation (since 2011), MacroAsia Air Taxi Services, Inc. (since 2011), MacroAsia Mining Corporation (since 2004), Boracay Tubi System, Inc. (since 2017), Bulawan Mining Corporation (since 2018), First Aviation Academy Inc. (since July 2019), MacroAsia Catering Services Inc., MacroAsia SATS Food Industries Corporation, MacroAsia SATS Inflight Services Corporation (since 2019), Naic Water Supply Corporation (since 2020) and Aqualink Resources Development, Inc. (since 2021). He is currently the President of SNV Resources Development Corp. (since 2013), Cavite Business Resources Inc. (since 2016), Watergy Business Solutions, Inc. (since 2016), and a Director of Cebu Pacific Catering Services, Inc. (since 2004).

Prior to this, Mr. Sendin was the Vice President for Business Development and Administration of MacroAsia Corporation (2003-2019), President and Director of Naic Water Supply Corporation (2017-2019), Treasurer and Director of Cavite Business Resources, Inc. (2013-2015), Watergy Business Solutions, Inc. (2012-2015), Finance Manager of MacroAsia Catering Services, Inc. (2000-2003), and Finance Controller of MIASCOR Catering (1998-2000). He was the Operations Head of Amikris Enterprises (1993-1998) and a Resource Person of the Central Bank Institute (1992-1997). He was Projects Supervisor for SAS Service Partners/Saudia Catering in KSA (1992-1993). Mr. Sendin started his career with the Central Bank of the Philippines from 1983-1992, rising from a staff position until he became Division Chief/Staff Officer A.

Mr. Sendin is a holder of Masters in Accountancy from Polytechnic University of the Philippines, Bachelor of Science in Psychology from St. Louis University, and a Certificate in Organizational Development in 2000. He has also completed a Management Development Program in Switzerland.

Belgium S. Tandoc, Mr. Tandoc, 54, Filipino, a Certified Financial Consultant and Certified Data Protection Officer, has served as Vice-President for Business Development since July 2019. He joined the Business Development group of MacroAsia Corporation in March 2017. He is currently the Treasurer of Cavite Business Resources, Inc. and Director of Aqualink Resources Development, Inc. and MacroAsia Mining Corporation. Prior to joining the company, Mr. Tandoc served as the Vice-President – Finance and Business Development for SCCI Advisors and SCCI Management and Insurance Agency, Inc. from 2004 to 2016 where he led and implemented various private and government projects including packaging LGU Bond flotations. Mr. Tandoc started his career as a Business Analyst at Credit Information Bureau, Inc. in 1991 and left as a Group Head in 1994. From there he moved up to various positions in several investment houses and management & financial advisory companies where he worked in various fields including investment banking, corporate finance, credit, treasury and project development.

He holds a Bachelor of Science in Business Administration – Management and Bachelor of Science in Social Work degrees from the Pamantasan ng Lungsod ng Maynila. He is a member of the Financial Executives of the Philippines and a member/representative of German-Philippine Chamber of Commerce and Industry.

Rhodel C. Esteban, Mr. Esteban, 61, Filipino, has served as Vice-President for Commercial since August 2023 and Chief Sustainability Officer since December 2023. He is also the Chief Operating Officer of the MAC Food Group (the commissary and the 2 inflight kitchens in Ninoy Aquino International Airport). Mr. Esteban used to be an Air Traffic Controller and has international experience in airline catering, having worked in the Middle East in the early part of his career. He is also experienced in duty-free merchandising, purchasing, marketing and sales. He joined the MAC Group initially as Sales Manager for Lufthansa Technik Philippines, Inc. in 2001. In 2007, he became General Manager (GM) for MacroAsia Catering Services, Inc. (MACS), replacing an expat GM. Under his leadership, MACS built two subsidiaries, MacroAsia SATS Inflight Services Corporation (MSIS) which handles the Philippine Airlines (PAL) Inflight Kitchen and MacroAsia SATS Food Industries Corporation (MSFI) which operates the food commissary in Muntinlupa City.

He holds a Bachelor of Science in Aeronautical Engineering, Major in Air Transport Engineering from PATTS College of Aeronautics.

Rubi C. Pioquinto. Ms. Pioquinto, 49, Filipino, a Certified Public Accountant (CPA) and a Certified Management Accountant (CMA), has served as Chief Audit Executive since May 2024. She is currently the Treasurer, Senior Vice President for Finance, Chief Financial Officer and Chief Administration Officer of Lufthansa Technik Philippines, Inc. (LTP) since 2021. She is also the Division Manager of Controlling, CAPEX, Insurance, and Revenue & Collection of LTP since 2015. She has been with LTP since 2003, advancing through different roles. Prior to this, she held various positions in the finance department of NSG Philippines, Inc. from 2000 to 2002 and Line Seiki Philippines, Inc. from 1998-2000.

She holds a Bachelor of Science in Accountancy from Philippine Christian University.

Atty. Florentino M. Herrera III, Atty. Herrera, 73, Filipino, has served as Corporate Secretary since December 2014. He is the founding partner of Herrera Teehankee & Cabrera Law Offices (established in 1986). He was formerly a Partner of one of the largest law offices in the

Philippines. He has been engaged in the general practice of law for the past forty-eight (48) years specializing in corporate law practice as counsel for various companies.

Atty. Herrera holds a Bachelor of Arts in Political Science degree and a Bachelor of Laws degree (Cum Laude, Salutatorian) both from the University of the Philippines.

Significant Employees

The Company attributes its continued success to the collective efforts of its employees, all of whom contribute significantly to the business in various ways.

Family Relationships

Dr. Lucio C. Tan, Chairman and CEO, is the husband of Ms. Carmen K. Tan, incumbent director; is the father of Ms. Vivienne K. Tan and Mr. Michael G. Tan, incumbent directors. Eduardo Luis T. Luy, President and COO, Kyle Ellis C. Tan, Treasurer and Lucio C. Tan III, incumbent directors, are grandsons of Dr. Lucio C. Tan.

Involvement in Certain Legal Proceedings

The Directors and Executive Officers of MAC are not involved in (a) any bankruptcy petition by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Name and principal position	Year	Salary (₱m)	Bonus (₱m)	Other annual compensation
Dr. Lucio C. Tan Chairman and Chief Executive Officer (CEO) Eduardo Luis T. Luy President and Chief Operating Officer (COO) Atty. Marivic T. Moya SVP for Human Resources, Legal and External Relations, Chief Compliance Officer/Corporate Information Officer Amador T. Sendin Chief Financial Officer, Chief Risk Officer, and SVP for Administration Belgium S. Tandoc VP for Business Development/Data Protection Officer				
CEO and 4 Most Highly Compensated Executive Officers	Actual 2023	32.3	25.9	4.1
	Actual 2024	35.1	38.1	4.8
	Projected 2025	36.9	40.0	5.0
All Other Directors and Officers as a Group Unnamed	Actual 2023	0.4	18.6	7.0
	Actual 2024	0.8	39.8	7.1
	Projected 2025	0.9	41.7	7.5

Compensation of Directors

1. Members of the Board do not receive any regular compensation from the Parent Company, except for every regular, special or committee meeting actually attended, for which members of the Board of Director receive a per diem of ₱30,000 to ₱200,000.
2. There are no other material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.
3. As provided for in the Parent Company’s By-Laws, the Board of Directors is entitled to an annual incentive bonus in an aggregate amount not exceeding five percent (5%) of the Parent Company's net profit before tax.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

1. Executive officers' compensation consists of a monthly negotiated salary, a fixed monthly allowance and 13th month pay.
2. There are no compensatory plan or arrangement with the named executive officers, which results or will result from the resignation, retirement or any other termination of the executive officer's employment with the Parent Company and its subsidiaries or from a change-in-control of the Parent Company or a change in the named executive officer's responsibilities following a change-in-control.

Warrants and Options Outstanding: Repricing

The Parent Company's ₱50 million warrants were not exercised by the shareholders/officers/directors and had already expired last July 21, 2005.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. **Security Ownership of Certain Record and Beneficial Owners of more than 5% of Registrants Securities as of December 31, 2024**

Title of class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% to total outstanding shares
Common	PCD Nominee Corporation *G/F MSE Building 6754 Ayala Ave., Makati City (Shareholder)*	Various Clients[1]	Filipino	465,154,465	23.07%
Common	PAL Holdings (formerly Baguio Gold Holdings Corp.) *8th Floor, PNB Financial Center, Pres. Diosdado Macapagal Ave., CCP Complex, Pasay City (Shareholder)*	TrustMark Holdings Corp. [2] (Shareholder)	Filipino	137,280,000	7.26%
Common	Conway Equities, Inc.	Melito K. Tan President[3] Orville C. Go. Treasurer[3]	Filipino	132,771,600	7.02%

	10 Quezon Avenue, Quezon City (Shareholder)	Dinah T. Paginag, Corporate Secretary[3]			

[1] PCD Nominee Corp. (PCD) is a registered owner of certain shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private corporation organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The securities are voted by the trustee's designated officers who are not known to the Parent Company. None of the PCD Nominee Corporation (Filipino and Non-Filipino) account beneficially owns 5% or more of the Parent Company's common shares.

[2] Buona Sorte Holdings, Inc. owns 37.99% and TrustMark Holdings Corp. owns 33.26% of PAL Holdings.

[3] Designation in Conway Equities, Inc.

2. Security Ownership of Management as of December 31, 2024

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% to Outstanding Shares
Common	Dr. Lucio C. Tan	156,000 (Direct)	Filipino	<1%
Common	Carmen K. tan	156,000 (Direct)	Filipino	<1%
Common	Lucio C. Tan III	156,000 (Direct)	Filipino	<1%
Common	Eduardo Luis T. Luy	120,000 (Direct)	Filipino	<1%
Common	Vivienne K. Tan	1,560,000 (Direct)	Filipino	<1%
Common	Michael G. Tan	156,000 (Direct)	Filipino	<1%
Common	Kyle Ellis C. Tan	124,800 (Direct)	Filipino	<1%
Common	Johnip G. Cua	2,836,000 (Indirect)	Filipino	<1%
Common	Ramon Pancratio D. Dizon	1,000 (Direct)	Filipino	<1%
Common	Diwa C. Guinigundo	1,000 (Direct)	Filipino	<1%
Common	Samuel C. Uy	156,000 (Direct) 918,840 (Indirect)	Filipino	<1%
-	Atty. Marivic T. Moya	-	-	-
-	Amador T. Sendin	-	-	-
-	Belgium S. Tandoc	-	-	-
Common	Rhodel C. Esteban	21,300 (Indirect)	Filipino	<1%
Common	Atty. Florentino M. Herrera III	358,800 (Direct) 8,375,564 (Indirect)	Filipino	<1%
	TOTAL	**15,097,304**		**0.81%**

3. Voting Trust Holders of 5% Or More

There were no persons/shareholders of the Parent Company who have entered into a voting trust agreement during the last three years.

4. Changes in Control

There was no significant change in control of MAC in 2024. We are not aware of any existing or pending transaction which may result in such a change in control.

Item 12. Certain Relationships and Related Transactions

1. For detailed discussion of the material related party transactions, please see Note 18 of the Group's Notes to Consolidated Financial Statements (pages 51 to 53).

   A. Part of the Group's excess cash are deposited in savings and current accounts and placed with Philippine National Bank, an affiliated company under common control, at very competitive rates and based on the outstanding cash balance at the end of the interest earning period. MacroAsia Corporation also leases the office space it currently occupies from the said bank at the bank's current prevailing rental rate. MacroAsia Corporation also leases the office space it currently occupies from the said bank at the bank's current prevailing rental rate. The current lease agreement has been renewed for a period of 3 years commencing on June 1, 2021, and terminating on May 31, 2024. MacroAsia Mining Corporation also entered into a lease contract with the Philippine National Bank (formerly Allied Banking Corporation) for its office space starting January 1, 2021, for three years expiring on December 31, 2023. The Parent Company and its subsidiaries have not been given any preferential treatment in any of its transactions with the bank and continues to lease the office space under the last term and condition.

   B. MAPDC, as an ecozone operator, leases land from MIAA and subsequently leases the same to its Ecozone locators which include LTP, an affiliate. The rental charge, which is at normal market rate, is subject to a fixed price escalation and deposit. Monthly fees due from LTP are equivalent to MAPDC's cost of leasing the land from MIAA, plus administrative fees. In Cebu, LTP has assigned its lease agreement with MCIAA to MAPDC for MAPDC to administer and sublease. The arrangement is similar to the lease setup between MAPDC and LTP in the MacroAsia Ecozone in Pasay City, except that for Cebu, it will be a lease pass-on arrangement. MAPDC has outstanding advances to subsidiaries and affiliates which were eliminated in the consolidation process. Additionally, MAPDC has receivables from affiliates for service rendered.

   C. MASCORP provides ground handling services to various airline companies at NAIA and MCIA, including Air Philippines, an affiliate under common control. In September 2011, MASCORP started providing ground handling services to Philippine Airlines (PAL), an affiliated company under common control. The ground handling service rates being charged to Air Philippines and PAL are competitive and were the results of negotiations between the companies. MASCORP also leases ground-handling equipments from PAL and pays for its shares on the rental and utilities in NAIA.

   D. MSISC provides in-flight catering services to PAL, its sole client. PAL charges the MSISC for the lease of operational areas and equipment and other costs. The rates being charged to PAL are competitive and were the results of negotiations between the companies.

   E. The Parent Company and its subsidiaries have a trust fund for the employees' retirement plan with Philippine National Bank (formerly Allied Bank Corporation) as the fund manager. The Group has not been given any preferential treatment in any of its transactions with the Bank.

F. There are no other on-going contractual or other commitments between the Group and the aforementioned affiliates.

G. There are no other material transactions with and/or dependence on related parties not discussed above and in the Notes to Consolidated Financial Statements.

2. There are no other parties that fall outside the definition of "related parties" under Philippine Accounting Standards (PAS) 24 with whom the Parent Company or its related parties have a relationship that enabled the parties to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis.

PART V – CORPORATE GOVERNANCE

Corporate Governance

This will be filed separately through Integrated Annual Corporate Governance Report (I-ACGR) 2024. I-ACGR can be accessed through the Corporation's website at www.macroasiacorp.com.

PART VI - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

1. Exhibits

Please see accompanying Index to Exhibits in the following pages.

2. Reports on SEC Form 17-C

The Company regularly files various reports on SEC Form 17-C relative to various company disclosures. Among these submission in 2024, the following are the more significant ones:

Date Filed	Description
February 23, 2024	LTP Declaration of Dividends
February 28, 2024	Retirement of Ben C. Tiu
March 21, 2024	Results of Regular Board Meeting including Declaration of Cash Dividends and Amendment of Articles of Incorporation for Change in Principal Address
March 21, 2024	Notice of Analysts' Briefing for 2023 Full Year Report
March 22, 2024	Nomination of Directors (2024-2025)
April 2, 2024	Press Release: FY 2023 Financial Results
May 2, 2024	Notice of Analysts’ Briefing for 2024 First Quarter Report
May 9,2024	Results of Annual Stockholders’ Meeting and Organizational Board Meeting
May 13, 2024	Press Release: 1Q 2024 Financial Results
May 13, 2024	Receipt of Notice to Proceed for Cebu Desalination Project
August 8, 2024	Notice of Analysts’ Briefing for 2024 Second Quarter Report and Participation in PSE STAR Event
August 12, 2024	Amended Notice of Analysts’ Briefing for 2024 Second Quarter Report and Participation in PSE STAR Event
August 13, 2024	Press Release: 2Q 2024 Financial Results
August 21, 2024	Notice to Public
September 12, 2024	MACS Declaration of Property Dividends
September 18, 2024	SWRI Lapu-Lapu City Desalination Plant Groundbreaking Ceremony
November 6, 2024	Notice of Analysts’ Briefing for 2024 Third Quarter Report
November 14, 2024	Press Release: 3Q 2024 Financial Results
December 16, 2024	Amended Corporate Governance Committee Charter

ITEM 14. INDEX TO EXHIBITS

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 27, 2025.

MACROASIA CORPORATION
Registrant

By:

DR. LUCIO C. TAN
Chairman and Chief Executive Officer

EDUARDO LUIS T. LUY
President and Chief Operating Officer

AMADOR T. SENDIN
Chief Financial Officer

ATTY. FLORENTINO M. HERRERA III
Corporate Secretary

RONALD RON D. DIMATATAC
Financial Reporting Manager

Subscribed and sworn to before me this APR 03 2025 day of at MAKATI CITY, affiants exhibiting to me his/her Tax Identification Number, as follows:

NAMES	T. I. N.
LUCIO C. TAN	101-914-722
EDUARDO LUIS T. LUY	435-295-033
AMADOR T. SENDIN	135-963-712
ATTY. FLORENTINO M. HERRERA III	106-098-926
RONALD RON D. DIMATATAC	318-508-992

Julie O. Cua
Notary Public for Makati City
Roll of Attorneys No. 35358
PTR No. 10466050 / 1-2-2025 / Makati City
IBP Lifetime Member No. 00104
6/F 6754 Ayala Avenue, Makati City
MCLE Compliance No. VIII-13506/9-17-2024
Commission No. M-064 until 31 December 2026

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Series of 2025

MacroAsia Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of MacroAsia Corporation and its Subsidiaries (collectively referred to as "the Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company 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.

Dr. Lucio C. Tan
Chairman of the Board and Chief Executive Officer

Eduardo Luis T. Luy
President and Chief Operating Officer

Amador T. Sendin
Chief Financial Officer

Signed this 27th day of March 2025

MacroAsia Corporation

Subscribed and sworn to before me this ______ day of APR 0 3 2025 at MAKATI CITY, affiants exhibiting to me his/her Tax Identification Number, as follows:

NAMES	T. I. N.
DR. LUCIO C. TAN	101-914-722
EDUARDO LUIS T. LUY	435-295-033
AMADOR T. SENDIN	135-963-712

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Commission No. M-064 until 31 December 2026

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

Opinion

We have audited the consolidated financial statements of MacroAsia Corporation (the Company) and its subsidiaries (collectively as the Group), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue Recognition

The Group's revenue from inflight and other catering services, ground handling and aviation, water, and other services amounted to ₱4,402.6 million, ₱4,172.0 million, ₱748.6 million and ₱118.6 million, comprise 47%, 44%, 8% and 1%, respectively, of the Group's total consolidated revenue for the year ended December 31, 2024. We considered revenue recognition from these sources as a key audit matter because of the significant amount and volume of transactions being processed and recorded, transactions with service agreements having multiple elements, and risk of recognizing revenue in the improper period. Further, the Group has a number of revenue streams, which required a Group-wide assessment of contracts.

Refer to Notes 2 and 3 to the consolidated financial statements for the discussion of the relevant accounting policies and discussion of significant judgments and accounting estimates, and Notes 18 and 19 to the consolidated financial statements for the discussions on revenue recognition.

Audit Response

We obtained and updated our understanding of the Group's revenue recognition process, the relevant controls, and the related information system, including the determination of revenue adjustments. On a sampling basis, we compared the recorded revenue during the year to new and existing contracts and reviewed whether it is recognized and measured in accordance with PFRS 15, *Revenue from Contracts with Customers*. We also reviewed sample manual journal entries related to revenue and inspected the underlying documentation. On a sampling basis, we also obtained and compared the details of discounts and allowances to the amounts recorded in the Group's revenue information system and to documents such as contracts with customers, reconciliation of billings and collections with customers, and other memorandum adjustments. Furthermore, we evaluated the correlation of revenue, trade receivables and cash collections.

Impairment of goodwill, intangible assets with indefinite useful lives, service concession rights and other non-financial assets

As at December 31, 2024, the total of the carrying values of the Group's goodwill attributable to the cash generating units (CGUs) that are expected to benefit from the business combination, the intangible assets with indefinite useful life (water rights), the service concession rights and the non-financial assets amounted to ₱6,848.8 million. Under PFRS Accounting Standards, the Group is required to annually perform impairment testing of goodwill and intangible assets with indefinite useful lives. Further, PFRS Accounting Standards require that the Group assess at the end of each reporting period whether there is any indication that non-financial assets, other than goodwill and intangible assets with indefinite life, are impaired, and if any impairment indicators exist, the Group should estimate the recoverable amount of these assets.

We considered the impairment testing of goodwill, intangible assets with indefinite useful life, service concession right and non-financial assets as a key audit matter because their carrying values are material to the consolidated financial statements and the management's impairment assessment process requires significant judgment and assumptions, specifically the anticipated revenue growth and forecasted volume of flights serviced and meals ordered, annual water consumption, tariff rate, growth rates and discount rates.

Refer to Notes 2 and 3 to the consolidated financial statements for the material accounting policies and a discussion of the significant judgments, and Notes 9, 11, 13, 14, 15 and 28 for the detailed discussion on goodwill, intangible assets with indefinite useful lives, service concession rights and non-financial operating assets.

Audit Response

For those non-financial assets and service concession rights other than goodwill and intangible assets with indefinite useful lives, we reviewed management's assessment on whether these assets have impairment indicators. We involved our internal specialist in evaluating the methodologies and the assumptions used to estimate the projected cash flows of the CGUs of goodwill, intangible assets with indefinite useful life, service concession rights and non-financial assets. We compared the key assumptions, such as discount rates, average volume of annual water consumption, average price per cubic meter, long term growth rate and average number of flight hours, used against the historical performance of the CGUs, industry/market outlook and other relevant external data. We also inquired of management about their plans in support of the assumptions used.

We tested the parameters used in the determination of the discount rates against market data. We performed sensitivity analyses and considered past, current and anticipated changes in the business and economic environment. 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, intangible assets with indefinite useful life, service concession rights and non-financial operating assets.

Accounting for Investment in a Significant Associate

The Group's 49% interest in Lufthansa Technik Philippines, Inc. (LTP) is accounted for under the equity method and amounted to ₱1,587.1 million as of December 31, 2024 representing 12% of total consolidated assets. For the year ended December 31, 2024, the Group's share in the net earnings of LTP amounted to ₱585.2 million representing 43% of consolidated net income. LTP's net earnings are significantly affected by the provisions for claims and losses since LTP is also a party to certain claims by third parties in the normal course of its business. The determination of whether or not a provision should be recognized, and the estimation of provision for losses arising from such claims require significant management judgment.

The lease for the ecozone where LTP is located is set for renewal in 2025, with an expected increase in lease rates. As of December 31, 2024, the Group and LTP is still in the process of finalizing negotiations with the government and airport operator regarding the final lease rate applicable after the expiration of the initial term. The uncertainty surrounding the lease renewal and the potential impact on LTP's financial performance requires significant management judgment and estimation in assessing the recoverability of the Group's investment in LTP.

Refer to Notes 2 and 3 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgments, and Note 9 for the detailed discussions on the investment in LTP.

Audit Response

We obtained an understanding of LTP's revenue, cost and expense recognition policies and procedures and tested the relevant controls on the information system and manual processes. We obtained the audited financial performance of LTP as at and for the year ended December 31, 2024 and recomputed the Group's share in LTP's net earnings.

We inquired of LTP's management about the progress and status of significant claims against LTP, its potential exposure to the related losses and LTP management's assessment of the likely outcome. We further reviewed the minutes of meetings of LTP's Board of Directors and other documents supporting LTP management's assessment of loss, contingencies and the significant judgments exercised in the estimation of recognized provisions for losses. We evaluated the position of LTP's management on each of the significant claims by reviewing legal replies and other relevant documents and information.

Given the potential impact of uncertainty surrounding the lease renewal, we obtained management's impairment assessment on investment in LTP. We obtained updates from management on its ongoing negotiation for lease rates with the government and airport operator and reviewed available correspondences related to the negotiation. We involved our internal specialist in evaluating the methodologies and the assumptions used to estimate the projected cash flows of the CGU. We compared the key assumptions, such as the probability-weight of scenarios, revenue growth, forecasted workload and fleet count, operational costs and operating expenses, used against the historical performance of LTP, industry/market outlook and other relevant external data. We also inquired of management about their plans in support of the assumptions used.

We tested the parameters used in the determination of the discount rates against market data. We performed sensitivity analyses and considered past, current and anticipated changes in the business and economic environment. We reviewed the Company'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 determining the recoverable amount of investment in LTP.

Other Information

Management is responsible for the other information. The other information comprises the Philippine Securities and Exchange Commission (SEC) Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of the Auditor's Report, and the SEC Form 20 - IS (Definitive Information Statement) for the year ended December 31, 2024, which is 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 do not and 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 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 and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 the independent auditor's report is Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10465281, January 2, 2025, Makati City

March 27, 2025

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 18, 22 and 23)	**₱1,369,282,600**	₱1,062,560,838
Receivables and contract assets (Notes 6, 15, 18 and 23)	**2,202,872,855**	2,092,256,231
Inventories (Note 7)	**155,395,494**	160,996,293
Other current assets (Note 8)	**695,565,235**	871,627,299
Total Current Assets	**4,423,116,184**	4,187,440,661
Noncurrent Assets		
Investments in associates (Note 9)	**2,471,121,451**	2,299,475,062
Property, plant and equipment (Note 11)	**2,496,453,868**	2,293,221,048
Investment property (Note 12)	**143,852,303**	143,852,303
Net investment in lease (Note 28)	**1,179,796,110**	1,175,894,680
Right-of-use assets (Note 28)	**781,910,809**	799,224,610
Service concession rights (Note 13)	**436,908,235**	408,475,136
Intangible assets and goodwill (Note 13)	**365,088,037**	365,468,946
Deferred income tax assets - net (Note 25)	**95,809,930**	170,611,630
Other noncurrent assets (Notes 6, 14, 15 and 21)	**1,023,594,420**	851,278,039
Total Noncurrent Assets	**8,994,535,163**	8,507,501,454
TOTAL ASSETS	**₱13,417,651,347**	₱12,694,942,115
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Notes 16, 18, 22 and 23)	**₱121,178,000**	₱244,500,000
Accounts payable and accrued liabilities (Notes 17, 18, 23 and 29)	**2,299,534,892**	2,646,051,600
Income tax payable	**75,445,320**	63,181,364
Dividends payable (Note 27)	**96,402,629**	9,725,208
Current portion of long-term debts (Notes 16, 18, 22 and 23)	**386,927,235**	314,114,902
Current portion of lease liabilities (Note 28)	**43,420,640**	44,867,304
Total Current Liabilities	**3,022,908,716**	3,322,440,378
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 16, 18, 22 and 23)	**395,420,113**	485,893,921
Lease liabilities - net of current portion (Note 28)	**2,049,541,788**	2,042,208,073
Accrued retirement and other employee benefits payable (Note 21)	**196,580,540**	190,022,871
Deferred income tax liabilities - net (Notes 15 and 25)	**95,827,842**	92,893,628
Other noncurrent liabilities (Note 18)	**93,627,043**	76,144,495
Total Noncurrent Liabilities	**2,830,997,326**	2,887,162,988
Total Liabilities	**5,853,906,042**	6,209,603,366

(Forward)

	December 31	
	2024	2023
Equity attributable to equity holders of the Company		
Capital stock - ₱1 par value (Note 27)	**₱1,933,305,923**	₱1,933,305,923
Additional paid-in capital	**281,437,118**	281,437,118
Retained earnings (Note 27):		
Appropriated	**960,000,000**	960,000,000
Unappropriated	**3,356,833,052**	2,423,052,276
Other comprehensive loss (Notes 9, 15 and 21)	**(5,212,490)**	(16,327,184)
Other reserves (Note 27)	**1,003,041,257**	1,003,041,257
Treasury shares (Note 27)	**(459,418,212)**	(459,418,212)
	7,069,986,648	6,125,091,178
Non-controlling interests (Notes 4 and 10)	**493,758,657**	360,247,571
Total Equity	**7,563,745,305**	6,485,338,749
TOTAL LIABILITIES AND EQUITY	**₱13,417,651,347**	₱12,694,942,115

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUE (Notes 18 and 19)			
In-flight and other catering	**₱4,402,552,818**	₱3,981,782,302	₱2,288,520,288
Ground handling and aviation	**4,171,950,252**	3,135,524,660	2,049,535,189
Water distribution	**748,553,636**	617,489,588	515,009,510
Connectivity and technology services	**62,389,894**	215,627,301	–
Administrative fees	**56,225,944**	46,621,995	30,443,040
	9,441,672,544	7,997,045,846	4,883,508,027
DIRECT COSTS AND EXPENSES (Notes 20 and 29)			
In-flight and other catering	**3,014,459,014**	2,688,372,788	1,735,536,609
Ground handling and aviation	**3,563,692,601**	2,962,078,341	1,851,277,355
Water distribution	**430,542,415**	379,061,138	330,109,113
Connectivity and technology services	**32,414,153**	175,849,768	–
Administrative fees	**67,623,068**	49,478,219	52,602,359
	7,108,731,251	6,254,840,254	3,969,525,436
GROSS PROFIT	**2,332,941,293**	1,742,205,592	913,982,591
SHARE IN NET EARNINGS OF ASSOCIATES (Note 9)	**731,540,161**	576,729,023	470,847,906
	3,064,481,454	2,318,934,615	1,384,830,497
OPERATING EXPENSES (Note 20)	**1,391,006,394**	1,085,694,715	793,520,536
INCOME FROM OPERATIONS	**1,673,475,060**	1,233,239,900	591,309,961
OTHER INCOME (CHARGES) - Net			
Interest income (Notes 5, 18 and 22)	**26,698,898**	19,005,809	3,902,263
Financing charges (Notes 16, 18, 22 and 28)	**(121,985,127)**	(163,781,528)	(148,954,785)
Foreign exchange gain (loss) - net	**12,274,493**	(8,281,901)	1,531,770
Other income - net (Note 22)	**65,408,241**	113,375,958	106,469,095
	(17,603,495)	(39,681,662)	(37,051,657)
INCOME BEFORE INCOME TAX	**1,655,871,565**	1,193,558,238	554,258,304
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)			
Current	**214,837,144**	160,051,056	63,746,717
Deferred	**69,625,152**	(37,677,429)	29,077,512
	284,462,296	122,373,627	92,824,229
NET INCOME	**₱1,371,409,269**	₱1,071,184,611	₱461,434,075
Net income attributable to:			
Equity holders of the Company	**₱1,122,876,609**	₱851,136,879	₱446,084,259
Non-controlling interests (Notes 4 and 10)	**248,532,660**	220,047,732	15,349,816
	₱1,371,409,269	₱1,071,184,611	₱461,434,075
Basic/Diluted Earnings Per Share* (Note 26)	**₱0.59**	₱0.45	₱0.24

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱1,371,409,269**	₱1,071,184,611	₱461,434,075
OTHER COMPREHENSIVE INCOME (LOSS)			
Items of other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Share in net foreign currency translation adjustments of associates (Note 9)	**59,789,354**	(15,937,991)	132,775,412
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments held at FVTOCI - net of tax effect (Note 15)	**34,000,000**	12,750,000	18,700,000
Remeasurement gains (losses) on defined benefit plans, net of tax effect (Note 21)	**(23,066,323)**	(48,528,290)	6,165,566
Share in remeasurement gains (losses) on defined benefit plans of associates (Note 9)	**(60,333,526)**	(125,339,434)	111,544,780
	10,389,505	(177,055,715)	269,185,758
TOTAL COMPREHENSIVE INCOME	**₱1,381,798,774**	₱894,128,896	₱730,619,833
Other comprehensive income (loss) attributable to:			
Equity holders of the Company	**₱11,114,694**	(₱185,648,255)	₱265,888,636
Non-controlling interests (Notes 4 and 10)	**(725,189)**	8,592,540	3,297,122
	₱10,389,505	(₱177,055,715)	₱269,185,758
Total comprehensive income attributable to:			
Equity holders of the Company	**₱1,133,991,303**	₱665,488,624	₱711,972,895
Non-controlling interests (Notes 4 and 10)	**247,807,471**	228,640,272	18,646,938
	₱1,381,798,774	₱894,128,896	₱730,619,833

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Attributable to Equity Holders of the Company													
				Other Comprehensive Income					Retained Earnings (Note 27)					
	Capital Stock	Additional Paid-in Capital	Other Reserves	Reserve for Fair Value Changes of Financial Assets Investments	Share in Foreign Currency Translation Adjustments of an Associate	Re-measurements on Defined Benefit Plans	Share in Re-measurements on Defined Benefit Plan of Associates	Subtotal	Appropriated	Unappropriated	Treasury Shares	Subtotal	Non-controlling Interests	Total
BALANCES AT JANUARY 1, 2022	**₱1,933,305,923**	**₱281,437,118**	**₱1,003,041,257**	**₱51,019,999**	**(₱39,097,838)**	**₱11,177,001**	**(₱119,666,727)**	**(₱96,567,565)**	**₱850,000,000**	**₱1,330,379,054**	**(₱459,418,212)**	**₱4,842,177,575**	**₱95,810,361**	**₱4,937,987,936**
Net income	–	–	–	–	–	–	–	–	–	446,084,259	–	446,084,259	15,349,816	461,434,075
Other comprehensive income	–	–	–	18,700,000	132,775,412	2,868,444	111,544,780	265,888,636	–	–	–	265,888,636	3,297,122	269,185,758
Total comprehensive income	–	–	–	18,700,000	132,775,412	2,868,444	111,544,780	265,888,636	–	446,084,259	–	711,972,895	18,646,938	730,619,833
BALANCES AT DECEMBER 31, 2022	**1,933,305,923**	**281,437,118**	**1,003,041,257**	**69,719,999**	**93,677,574**	**14,045,445**	**(8,121,947)**	**169,321,071**	**850,000,000**	**1,776,463,313**	**(459,418,212)**	**5,554,150,470**	**114,457,299**	**5,668,607,769**
Net income	–	–	–	–	–	–	–	–	–	851,136,879	–	851,136,879	220,047,732	1,071,184,611
Other comprehensive income (loss)	–	–	–	12,750,000	(15,937,991)	(57,120,830)	(125,339,434)	(185,648,255)	–	–	–	(185,648,255)	8,592,540	(177,055,715)
Total comprehensive income (loss)	–	–	–	12,750,000	(15,937,991)	(57,120,830)	(125,339,434)	(185,648,255)	–	851,136,879	–	665,488,624	228,640,272	894,128,896
Additional appropriation	–	–	–	–	–	–	–	–	110,000,000	(110,000,000)	–	–	–	–
Declaration of cash dividends	–	–	–	–	–	–	–	–	–	(94,547,916)	–	(94,547,916)	–	(94,547,916)
Additional investment of non-controlling interest (Note 10)	–	–	–	–	–	–	–	–	–	–	–	–	17,150,000	17,150,000
BALANCES AT DECEMBER 31, 2023	**1,933,305,923**	**281,437,118**	**1,003,041,257**	**82,469,999**	**77,739,583**	**(43,075,385)**	**(133,461,381)**	**(16,327,184)**	**960,000,000**	**2,423,052,276**	**(459,418,212)**	**6,125,091,178**	**360,247,571**	**6,485,338,749**
Net income	–	–	–	–	–	–	–	–	–	1,122,876,609	–	1,122,876,609	248,532,660	1,371,409,269
Other comprehensive income (loss)	–	–	–	34,000,000	59,789,354	(22,341,134)	(60,333,526)	11,114,694	–	–	–	11,114,694	(725,189)	10,389,505
Total comprehensive income (loss)	–	–	–	34,000,000	59,789,354	(22,341,134)	(60,333,526)	11,114,694	–	1,122,876,609	–	1,133,991,303	247,807,471	1,381,798,774
Declaration of cash dividends	–	–	–	–	–	–	–	–	–	(189,095,833)	–	(189,095,833)	–	(189,095,833)
Dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(121,646,385)	(121,646,385)
Additional investment of non-controlling interest (Note 10)	–	–	–	–	–	–	–	–	–	–	–	–	7,350,000	7,350,000
BALANCES AT DECEMBER 31, 2024	**₱1,933,305,923**	**₱281,437,118**	**₱1,003,041,257**	**₱116,469,999**	**₱137,528,937**	**(₱65,416,519)**	**(₱193,794,907)**	**(₱5,212,490)**	**₱960,000,000**	**₱3,356,833,052**	**(₱459,418,212)**	**₱7,069,986,648**	**₱493,758,657**	**₱7,563,745,305**

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,655,871,565**	₱1,193,558,238	₱554,258,304
Adjustments for:			
Depreciation and amortization (Notes 4, 11, 13, 15, 19, 20 and 28)	**361,930,535**	327,001,195	344,109,580
Financing charges (Notes 16, 18, 22 and 28)	**121,985,127**	163,781,528	148,954,785
Retirement and other employee benefits (Note 21)	**52,146,236**	36,235,986	27,691,859
Unrealized foreign exchange loss (gain) - net	**12,274,498**	8,281,901	(1,531,771)
Loss on disposal of property and equipment (Note 11)	**2,775,991**	–	–
Gain on bargain purchase of a subsidiary (Notes 10 and 22)	–	(69,730,361)	–
Loss on disposal of investment in an associate (Notes 9 and 22)	–	43,022,151	–
Interest income (Notes 5, 6 and 22)	**(26,698,898)**	(19,005,809)	(3,902,263)
Share in net earnings of associates (Note 9)	**(731,540,161)**	(576,729,023)	(470,847,906)
Operating income before working capital changes	**1,448,744,893**	1,106,415,806	598,732,588
Decrease (increase) in:			
Receivables and contract assets	**(117,851,522)**	(265,643,145)	(538,327,202)
Inventories	**5,600,799**	(21,650,650)	(37,046,993)
Other current assets	**101,949,653**	(249,650,920)	(111,666,128)
Increase (decrease) in accounts payable and accrued liabilities	**(146,337,716)**	557,230,232	664,108,122
Cash generated from operations	**1,292,106,107**	1,126,701,323	575,800,387
Interest received	**26,928,679**	19,005,809	3,902,263
Financing charges paid	**(77,549,355)**	(106,549,500)	(117,272,345)
Contributions to the retirement fund and benefits paid (Note 21)	**(66,255,671)**	(23,934,039)	(3,516,586)
Income taxes paid, including creditable withholding taxes	**(267,184,220)**	(200,389,032)	(43,123,702)
Net cash flows from operating activities	**908,045,540**	814,834,561	415,790,017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment and service concession rights (Notes 11 and 13)	**(519,278,292)**	(306,498,309)	(133,550,984)
Subsidiary, net of cash acquired (Notes 9 and 27)	**–**	(174,004)	–
Proceeds from disposal of property and equipment (Note 11)	**3,891,640**	–	–
Dividends received (Note 9)	**559,349,600**	539,098,000	114,686,188
Additional refundable deposits and other noncurrent assets (Note 15)	**(179,078,020)**	(9,501,896)	(21,736,165)
Movements in water rights and other intangible assets	**(7,178,533)**	(2,768,683)	(8,347,270)
Proceeds from sale of investment in associate (Note 9)	**–**	312,505	–
Net cash from (used in) investing activities	**(142,293,605)**	220,467,613	(48,948,231)

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of:			
Notes payable (Notes 16 and 33)	**₱82,000,000**	₱150,000,000	₱40,000,000
Long-term debts (Notes 16 and 33)	**334,815,500**	–	200,000,000
Payments of:			
Notes payable (Notes 16 and 33)	**(205,322,000)**	(44,500,000)	(321,000,000)
Long-term debts (Notes 16 and 33)	**(352,706,839)**	(331,111,216)	(210,996,567)
Lease liabilities (Notes 28 and 33)	**(88,827,549)**	(90,076,224)	(112,006,096)
Dividends paid (Notes 27 and 33)	**(224,064,797)**	(116,790,728)	–
Additional investment of non-controlling interest (Notes 10 and 33)	**7,350,000**	–	–
Net cash used in financing activities	**(446,755,685)**	(432,478,168)	(404,002,663)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(12,274,488)**	(8,281,901)	1,531,772
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**306,721,762**	594,542,105	(35,629,105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,062,560,838**	468,018,733	503,647,838
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱1,369,282,600**	₱1,062,560,838	₱468,018,733

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Business Operations

Corporate Information

MacroAsia Corporation (the Company or MAC), a publicly-listed corporation, was incorporated in the Philippines on February 16, 1970 under the name Infanta Mineral & Industrial Corporation to engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from exploration and development to that of engaging in the business of a holding company, and changed its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the Company's Articles of Incorporation was again amended to change its corporate name to its present name. Under the Revised Corporation Code of the Philippines (RCC), all corporations with certificate of incorporation issued prior to effectivity of RCC, for which MAC falls under, shall have perpetual existence. Its registered office address is at 7th Floor, Ricogen Building, 112 Aguirre Street, Legazpi Village, Makati City.

Business Operations

The principal activities of the Company and its subsidiaries (collectively referred to as the Group) are described in Note 4. The Company, through its subsidiaries and associates (see Note 9), is primarily engaged in aviation-support businesses at the Ninoy Aquino International Airport (NAIA), Manila Domestic Airport (MDA), Mactan-Cebu International Airport (MCIA), Kalibo International Airport (KIA), Davao International Airport and the General Aviation Areas. It provides in-flight catering services, ground handling services for passenger and cargo aircraft, and helicopter charter flight services. It also operates/develops the sole economic zone within the NAIA.

Through MacroAsia Catering Services Corporation (MACS) and its subsidiaries, the Company also provides food requirements of some passenger terminal lounges in NAIA. MACS and its subsidiaries have also ventured into the provision of the food service requirements of non-airline institutional clients outside the airport. Through MacroAsia Properties Development Corporation (MAPDC), the Company started pursuing projects related to reclaimed water supply, bulk water supply using surface water sources, and water distribution in areas outside of Metro Manila.

Through TERA Information and Connectivity Solutions, Inc., the Company provides connectivity and technology services, outsource services through the medium of telephone, email and web-based interactions and other Information Technology enabled services such as construction, building and setting up of call centers, contact centers, back office operations and data center.

Through Lufthansa Technik Philippines, Inc. (LTP), an associate, which has a maintenance, repairs and overhaul facility in the Philippines, the Company provides globally competitive heavy maintenance and engineering services for specific models of Airbus and Boeing aircraft for airline clients all over the world.

The consolidated financial statements of the Group as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were authorized for issuance by the Board of Directors (BOD) on March 27, 2025.

2. **Summary of Material Accounting Policy Information**

Basis of Preparation
The consolidated financial statements have been prepared using the historical cost basis, except for equity investments held at fair value through other comprehensive income (FVTOCI) which are carried at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial reporting framework includes all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) including the SEC pronouncements.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- Amendments to PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

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 significant accounting policies adopted in the preparation of the consolidated financial statements are summarized below.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group, its direct subsidiaries, the subsidiaries of MACS, MAPDC, Boracay Tubi Systems Inc. (BTSI) and the subsidiary of MMC, Watergy Business Solutions, Inc. (WBSI) and Allied Water Services, Inc. (AWSI), which are all incorporated in the Philippines and registered with the Philippine SEC as of December 31 of each year.

Entity	Nature of business	Percentage of Ownership by MAC				Percentage of Direct Ownership by MACS/ MAPDC/ WBSI/BTSI/ MMC/AWSI	
		2024		2023			
		Direct	**Indirect**	Direct	Indirect	**2024**	2023
MacroAsia Airport Services Corporation (MASCORP) (9)	Ground handling aviation services	**80(9)**	**–**	80(9)	–	**–**	–
MacroAsia Catering Services Corporation (MACS)	In-flight and other catering services	**67**	**–**	67	–	**–**	–
MacroAsia SATS Food Industries (MSFI)(8)	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia SATS Inflight Services Corporation (MSISC) (8)	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	**100**	**–**	100	–	**–**	–
MacroAsia Properties Development Corporation (MAPDC)	Economic Zone (Ecozone) developer/operator and water supplier	**100**	**–**	100	–	**–**	–
SNV Resources Development Corporation (SNVRDC)	Water treatment and distribution	**–**	**100**	–	100	**100**	100
Boracay Tubi System, Inc. (BTSI)(3)	Water treatment and distribution, and construction of sewage treatment plant	**–**	**67**	–	67	**67**	67
MONAD Water and Sewerage Systems, Inc. (MONAD)(3)	Water sewerage treatment	**–**	**53.6**	–	53.6	**80**	80
New Earth Water System, Inc. (NEWS)(3)	Water projects	**–**	**67**	–	67	**100**	100
Naic Water Supply Corporation (NAWASCOR)(4)	Water distribution	**–**	**100**	–	100	**100**	100
Aqualink Resources Development, Inc. (11)	Water distribution	**–**	**51**	–	51	**51**	51
Mabini Pangasinan Resources Development Corporation (MPRDC)(2)	Water projects	**–**	**100**	–	100	**100**	100
Panay Water Business Resources, Inc. (PWBRI)(2)	Water projects	**–**	**90**	–	90	**90**	90
Watergy Business Solutions, Inc. (WBSI)	Water projects	**–**	**100**	–	100	**100**	100
Cavite Business Resources Inc. (CBRI)	Water projects	**–**	**100**	–	100	**100**	100
First Aviation Academy, Inc. (FAA).(5)	Aviation school	**51**	**–**	51	–	**–**	–
Allied Water Services, Inc. (AWSI)(1)	Water projects	**100**	**–**	100	–	**–**	–
AlliedKonsult Eco Solutions Corporation (AKESC)(2)	Water treatment	**–**	**51**	–	51	**51**	51
Cavite Alliedkonsult Services Corporation (CAKSC)	Water treatment	**–**	**51**	–	51	**100**	100
Summa Water Resources Inc. (SWRI)(6)	Water treatment and equipment lease	**–**	**60**	–	60	**60**	60
CSW Lapu-Lapu Inc. (CSWLL) (13)	Bulk potable water supply and water treatment	**–**	**60**	–	60	**100**	100
MacroAsia Mining Corporation (MMC)	Mine exploration, development and operation	**100**	**–**	100	–	**–**	–
MMC Management & Development Corporation	Mine exploration, development and operation	**–**	**100**	–	100	**100**	100
Bulawan Mining Corporation (BUMICO) (2),(7)	Mine operation, development and utilization	**–**	**100**	–	100	**100**	100
Tera Information and Connectivity Solutions, Inc. (TICS) (12)	Information management and data connectivity	**100**	**–**	100	–	**–**	–

(1) Resumed operation as holding company of newly acquired water companies
(2) No commercial operations as of December 31, 2021
(3) Ownership interest effective December 2, 2016
(4) Ownership interest effective August 1, 2017
(5) Incorporated on December 5, 2017 and started commercial operations on May 19, 2019
(6) Ownership interest effective October 1, 2018
(7) Ownership interest effective November 15, 2018
(8) Started commercial operations on March 16, 2019
(9) Change in ownership interest starting December 5, 2019 (see Note 11)
(10) Ownership interest effective March 2, 2020
(11) Ownership interest effective March 9, 2021
(12) Ownership interest effective February 11, 2021
(13) Ownership interest effective March 28, 2023
(14) Ownership interest effective February 21, 2024

Investments in Associates
The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of the investee is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of associates is shown in the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests (NCI) in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss in profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Investments in associates pertain to the Company's investments in shares of stock of LTP, 49%-owned, Cebu Pacific Catering Services, Inc. (CPCS), 40%-owned, MacroAsia WLL, 35%-owned, Citicore Summa Water Corporation (CSWC), 24%-owned through SWRI and 30%-owned, Japan Airport Services Co., Ltd., (JASCO).

Foreign Currency-denominated Transactions and Translations
Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the foreign currency rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency rate of exchange at end of reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Various factors are considered in determining the functional currency of each entity within the Group, including prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing deals are primarily undertaken. Additional factors are considered in determining the functional currency of a foreign operation, including whether its activities are carried as an extension of the Group rather than being carried out with significant autonomy.

The financial position and results of operations of associates in United States (US) Dollar ($) and Japanese Yen (JPY) functional currency are translated into the Group's presentation currency using the following procedures:

a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date.
b. Income and expenses for each statement of income and items recognized in other comprehensive income (except for the cumulative translation adjustments) are translated using the monthly average rate.
c. Equity items other than those resulting from income and expense and other comprehensive income are translated at historical rates of exchange.
d. All resulting exchange differences are recognized as part of other comprehensive income (loss) and as a separate component of equity presented as "Other components of equity" under "Share in foreign currency translation adjustments of an associate".

Financial Assets and Financial Liabilities

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of December 31, 2024 and 2023, the Group's financial assets at amortized cost includes cash and cash equivalents, receivables, net investment in lease, refundable deposits and restricted cash investments included under "Other noncurrent assets".

Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at FVTOCI when they meet the definition of equity under PAS 32, *Financial Instruments, Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

The Company elected to classify irrevocably its equity instruments under this category.

As of December 31, 2024 and 2023, the Group's equity instruments at FVTOCI include golf club shares and equity shares.

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Value-Added Tax (VAT)
Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchase of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The unamortized portion is included input taxes account under “Other noncurrent assets” in the consolidated balance sheet. The Group maintains an allowance for any possible disallowance of conversion of input VAT to TCC (Tax Credit Certificate). A review of input VAT is made on a continuing basis to determine the adequacy of allowance for probable losses at each reporting date.

The net amount of VAT recoverable from, or payable to taxation authority is included in “Other current assets” and “Accounts payable and accrued liabilities”, respectively, in the consolidated balance sheet.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes, borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Construction in progress, which is included in property, plant and equipment, is carried at cost. This includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and become available for use.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	No. of years
Building	5 to 25
Kitchen and other operations equipment	3 to 10
Transportation equipment	
Aviation equipment	2 to 10
Plant and technical equipment	10 to 20
Water pumps and machineries	10 to 20
Water pipelines	10
Drilling equipment	5
Office furniture, fixtures and equipment	3 to 7

Building and leasehold and land improvements are amortized over the respective lease term or the lives of the assets (which range from 2 to 25 years), whichever is shorter.

Depreciation and amortization of an item of property, plant and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization ceases at the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* or the date the asset is derecognized, whichever is earlier.

The useful lives and depreciation and amortization methods are reviewed periodically to ensure that the residual values, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When property, plant and equipment are sold or retired, their cost, related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Leases

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

Net investment in the lease
The Group recognizes assets held under a finance lease as net investment in the lease. The net investment in the lease is the gross investment discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Group, and any guaranteed and unguaranteed residual value. Initial direct costs are in the measurement of the net investment in the lease at inception. The lease payments received from the lessee are treated as repayments of principal and finance income.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the leased asset's estimated useful life and the lease term as presented below:

	In Years*
Land	5 to 50
Office space	5 to 35

**Lease term*

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery, equipment, office space and staff house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of 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.

The Group as lessor
Leases where the Group does not transfer substantially all the risks and rewards 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.

Leases where the Group retains legal title to assets but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals are classified as finance leases. The Group recognizes assets held under a finance lease as an amount equal to the net investment in the lease as "Finance lease receivables." The net investment in the lease is the gross investment discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Group, and any guaranteed and unguaranteed residual value. Initial direct costs are included in the measurement of the net investment in the lease at the date of inception. The lease payments received from the lessee are treated as repayments of principal and finance income.

Service Concession Arrangements
The Group accounts for its service concession arrangements in accordance with Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, under the intangible asset model as it receives the right (license) to charge users of public service (see Note 13).

Revenue and cost recognition. The Group recognizes and measures revenue and cost in accordance with PFRS 15, *Revenue Recognition*, for the services it performs. When the Group provides construction or upgrade services, the consideration received or receivable by the Group is recognized at its fair value. The revenue and cost from these services are recognized based on the percentage of completion measured principally on the basis of estimated completion of a physical proportion of the contract works, and by reference to the actual costs incurred to date over the estimated total cost of the project. The construction revenue and construction cost are reported as part of "Other income" in the consolidated statement of income.

Service concession right. The service concession right is recognized initially at the fair value of construction works incurred, which include professional and consultancy fees, structural costs, etc. The Group applies PAS 38, *Intangible Assets,* on measuring the intangible assets. Following initial recognition, the service concession right is carried at cost less accumulated amortization and any impairment losses. Amortization period is based on the concession period.

The service concession right will be derecognized upon turnover to the grantor. There will be no gain or loss upon derecognition as the service concession right, which is expected to be fully amortized by then, will be handed over to the grantor with no or minimal consideration.

Intangible Assets
The Group recognizes an intangible asset acquired in a business combination if it is identifiable and distinguishable from goodwill. The Group considers an intangible asset as identifiable if:

- it is separable, i.e., there is evidence of exchange transactions for the asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the Group is involved in those transactions; or
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations ("contractual-legal" criterion).

Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life 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 lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

The Group's intangible assets recognized from business combination pertain to customer relationship, customer contracts, water service contract and right to use asset (i.e., extraction and distribution of water in certain provinces in the Philippines). The estimated useful life of the intangible assets follows:

	No. of years
Customer relationships	22
Customer contracts	18
Water service contract	25

The water rights is assessed to have an indefinite useful life due to the permanent nature of water permits.

Deferred Mine Exploration Costs

Expenditures for mine exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource) are deferred as incurred, carried at cost less any impairment in value and presented as "Deferred mine exploration costs" in the consolidated balance sheet. When, as a result of the exploration work, recoverable reserves are determined to be present in quantities that can be commercially produced, exploration expenditures and subsequent development costs are capitalized as mine and mining properties and classified as part of property and equipment. A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the technical assessment by the Group of the future prospects of each mining property. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred mine exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Mining expenses, which are not related to establishing the technical feasibility and commercial viability of mineral resource extractions, are expensed outright.

Impairment of Nonfinancial Assets

Nonfinancial assets other than goodwill and intangible assets with indefinite life

The Group assesses at each reporting date whether there is an indication that investments in associates, property, plant and equipment, right-of-use assets, investment property, deferred project costs, service concession right and intangible assets with finite life may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The Group also assesses its deferred mine exploration costs for impairment when facts and circumstances suggest that its carrying amount may exceed its recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is also 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 and recognized in profit or loss 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 or amortization, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill and intangible assets with indefinite life
Goodwill and intangible assets with indefinite life are 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 or the intangible assets with indefinite life. Where the recoverable amount of the cash-generating unit to which goodwill has been allocated or the intangible assets with indefinite life is less than its carrying amount, an impairment loss is recognized immediately in profit or loss. Impairment losses relating to goodwill or intangible assets with indefinite life cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test at each end of the reporting date.

Water service contract not yet available for use
Water service contract not yet available for use are tested for impairment annually. Impairment is determined by comparing the carrying value of the asset with its recoverable value. Where the recoverable value of the water service contract not yet available for use is less than the carrying value, an impairment is recognized.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Sale of goods (beverage and dry store)
Sale of beverage and dry store is recognized at a point in time upon delivery of goods to and acceptance by airline clients and other customers.

Rendering of services
Revenue from inflight and other catering, ground handling, aviation and administrative services, charter flights, water service (including provision of potable water and treatment of sewage water),

connectivity and technology services and exploratory drilling services is recognized over time when the related services are rendered.

The Group, through BTSI, also provides operation and maintenance of sewerage treatment plant (STP) that is either performed separately or together with the construction of STP. The operation and maintenance of STP can be obtained from other providers and do not significantly customize or modify the construction of STP. Contracts for construction and operation and maintenance of STP comprise two separate and distinct performance obligations because each are capable of being distinct and separately identifiable.

In determining the transaction price for the construction and operation and maintenance of sewerage treatment plant, the Group allocates the transaction price based on relative stand-alone selling prices of the performance obligations. Further, the Group considers the effects of variable consideration and the existence of significant financing component.

Revenue from construction of STP is recognized over time as the construction of STP creates an asset that the customer controls as the STP is constructed. Revenue from operation and maintenance of STP is recognized over time as the customers simultaneously receive and consume the benefits provided by the Group.

Significant financing component
Generally, the Group receives the consideration within the normal credit terms from its customers. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of promised good or service to the customer will be one year or less.

The Group receives the consideration for BTSI's construction of STP over three to four years. The transaction price for such contracts is discounted using the rate that would be reflected in a separate financing transaction between BTSI and its customers at contract inception to take into consideration the significant financing component.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in section Financial Assets and Financial Liabilities - initial recognition and subsequent measurement.

Employee Benefits
Retirement benefits costs
Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. Retirement benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset; and
- 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 (excluding amounts included in net interest on the net defined liability) 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. 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).

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.

The amount recognized as accrued retirement benefits payable or plan 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.

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 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. For leave credits expected to be settled at the date of retirement or recognition, the liability is presented at its present value using assumptions consistent with those used to discount retirement benefits. The expense recognized in profit or loss comprise the service cost, net interest of the liability and remeasurements.

Short-term employee benefits
Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within 12 months after the reporting date in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

<u>Income Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax for the current and prior period, shall, to the extent unpaid, be recognized as a liability and is presented as “Income tax payable” in the consolidated balance sheet. If the amount already paid,

including the cumulative creditable withholding taxes, in respect of the current and prior period exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" in the consolidated balance sheet.

Deferred income tax
Deferred income tax assets and liabilities are provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of excess 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 sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax 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 at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income are recognized in the consolidated statement of comprehensive income. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Group's negotiation with the third party.

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

Earnings Per Share
Basic earnings per share is computed by dividing net income for the year attributable to ordinary equity holders of the Company by number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon conversion of all dilutive potential ordinary shares. The effect of stock dividends, if any, is accounted for retrospectively. The Company has no potentially dilutive shares as of December 31, 2024 and 2023.

Events After the Reporting Period
Post-year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Information
The Group's operating businesses are organized and managed separately according to the nature of the aviation-support service provided by its four subsidiaries, maintenance, repairs and overhaul, mining-related activities, water treatment and distribution, ICT services. This is the basis on which the Group reports its primary segment information. The Group also monitors the revenue and operating results of its associates. Information with respect to these subsidiaries, as well as the Group's associates, are disclosed in Notes 4 and 9. The Company, including its subsidiaries, operate and derive all its revenue from domestic operation. All associates except JASCO, which is operating in Japan, derive all its revenue from domestic operation.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires the Group to exercise judgments, make estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. 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
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 amounts recognized in the consolidated financial statements.

Determination of the Group's functional currency
Judgment is exercised in assessing various factors in determining the functional currency of each entity within the Group. These include the prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing is primarily undertaken.

The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency of the primary economic environment in which the Group operates. The functional currencies of LTP and JASCO, the Group's associated companies (see Notes 2 and 9), has been determined to be US$ and JPY, respectively.

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

- *Determination of the timing of satisfaction of performance obligation*

  In- flight and other catering, ground handling and aviation, water services and connectivity and technology services
  The Group assessed that performance obligation for inflight and other catering, except for dry store and beverage, ground handling and aviation, water services and connectivity and technology are rendered to the customers over time. As a result, the Group's revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment.

  Sale of dry store and beverage
  The Group assessed that performance obligation for sale of dry store and beverage are satisfied at a point in time. The Group uses its judgment on when a customer obtains control of the promised goods. The Group has assessed that the actual delivery of the goods to the customer is the point in time when the performance obligation has been satisfied.

- *Allocation of total transaction price between construction and operation and maintenance of STP*
  Management determined that the contractually agreed price for construction of STP does not depict the amount the Group expects to receive for the performance obligation as the costs of STP are also expected to be recovered through the fees from operation and maintenance. Accordingly, the Group determined that the total transaction price of construction and operation and maintenance (i.e., the performance obligations) of STP needs to be allocated. This required the estimation of each of the performance obligation's stand-alone selling prices based on expected value method. The Group estimates consideration from the construction of STP based on expected gross margin. On the other hand, the Group estimates the variable consideration from operation and maintenance of STP based on the historical patterns of water consumption and room capacity of the Group's customers.

  The revenue recognized for the operation and maintenance of STP amounted to ₱8.7 million in 2024, ₱10.8 million in 2023 and ₱12.2 million in 2022. Meanwhile, since the construction of STP has been completed since 2020, no revenue was recognized related to this in 2024, 2023 and 2022.

- *Recognition of contract asset*
  The Group incurs certain costs in relation to the services provided to its major customer. Based on management's assessment, these costs are incremental cost in obtaining a contract. Accordingly, the Group recognizes contract asset which are amortized as expense throughout the contract period, which includes the renewal period as management believes that the contract with the major customer will be renewed considering that the Group is providing one of the required services in the operations of its major customer.

  As of December 31, 2024 and 2023, the Group's contract assets amounted to ₱112.6 million and ₱57.2 million (see Notes 6, 15 and 19). This includes incremental cost incurred to obtain a contract amounting to ₱35.5 million and ₱49.8 million as of December 31, 2024 and 2023, respectively.

Assessment of control or significant influence over the investee
The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of December 31, 2024 and 2023, the Group still determined that it controls its subsidiaries and has significant influence over its associates (see Notes 9 and 10).

Assessment of material noncontrolling interest
In determining whether an NCI is material to the Group, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Group's interests in these entities; and the effects of those interests on the Group's consolidated balance sheet. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Group's consolidated financial statements, the subsidiary's contribution to the Group's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

As of December 31, 2024 and 2023, the Group assessed that MASCORP and MACS are material noncontrolling interest (see Note 10).

Assessment of operators under Philippine Interpretation IFRIC 12
Management has assessed those memoranda of agreement with the Municipality of Solano, Nueva Vizcaya (Solano) to provide water distribution facilities and with the Municipality of Naic Cavite (Naic) to develop and operate water supply and distributions system are covered by the Philippine Interpretation IFRIC 12. The memoranda of agreement qualify under the intangible asset model with respect to the operation of the waterwork facilities as the Group has the right (license) to charge users of public service (see Note 13).

Classification of leases - the Group as a lessor
The Group has entered into short-term leases, which provide no transfer of ownership to the lessee. The Group has determined that, based on an evaluation of the terms and conditions of the arrangements, it retains all the significant risks and rewards of ownership of these equipment and accounts for these as operating leases.

Determining the lease term of contracts with renewal and termination options - the 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 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. The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not 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 either 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 to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases which are renewable at the option of the lessee. The Group typically exercises its option to renew for these leases because of significant permanent improvement introduced in the leased premises. The renewal periods for leases are not included as part of the lease term if option to renew is at lessor's discretion or leases which renewal depends on mutual consent of contracting parties as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 28 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Contingencies
The Group, in its normal course of business, is involved in various legal cases and claims. Based on management's assessment, the Group will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the Group's consolidated financial statements. Accordingly, no provision has been recognized for these contingencies. LTP, a significant associate of the Group, also assesses the need to recognize the provisions based on the status of the claims (see Note 9).

Estimates and Assumptions
The estimates and underlying assumptions are reviewed

on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of the Group's assets and liabilities follow.

Allocation of purchase price for the acquired business
The Group accounts for the acquired businesses using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated balance sheet, or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance. The Group's acquisition of a subsidiary in 2023 has resulted in recognition of gain on bargain purchase amounting to ₱69.7 million (see Note 10). There are no changes in the provisional fair value used in accounting for this acquisition upon finalization of purchase price allocation in 2024.

Leases - estimating the incremental borrowing 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 the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱2,093.0 million and ₱2,087.1 million as of December 31, 2024 and 2023, respectively (see Note 28).

Provision for expected credit losses
The Group uses a provision matrix to calculate ECLs for financial assets at amortized cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group 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 forward-looking estimates are analyzed. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The assessment of the correlation between observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted 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.

The Group has a segmentation of its credit risk exposures based on homogeneity of credit risk characteristics and credit risk management policies to identify defaulting customers using observable inputs such as historical loss rates, recoveries and write-offs. The Group has also applied forward-looking information for its overlay through statistical test and corroboration using publicly available information.

The Group's receivables and contract assets, net of allowance for the expected credit losses of ₱58.9 million and, ₱29.7 million amounted to ₱2,202.9 million and ₱2,092.3 million as of December 31, 2024 and 2023, respectively (see Note 6).

Determination of NRV of inventories
The Group estimates the NRV of inventories based on the most reliable evidence available at the time the estimates are made. These estimates consider the fluctuations of prices or costs directly relating to events occurring after the reporting date to the extent that such events affect the value of inventories. Other factors include the age of the inventories and the Company's experience on write-off and expirations.

The Group did not identify any factors which indicate inventory obsolescence based on the above discussions. Accordingly, no provision was recognized in 2024 and 2023.

The Group's inventories carried at cost as of December 31, 2024 and 2023 amounted to ₱155.4 million and ₱161.0 million, respectively (see Note 7).

Estimating allowances for probable losses on input taxes
The Group estimates the level of provision for probable losses on input taxes based on the experience of the Group and assessment of counsels assisting the Group in processing the claims and negotiating the realization of TCCs. As of December 31, 2024 and 2023, the carrying value of input taxes amounted to ₱390.7 million and ₱656.6 million, respectively. Allowance for probable losses amounted to ₱40.7 million and ₱29.6 million, respectively (see Note 8).

Estimation of useful lives of property, plant and equipment
The Group estimates the useful lives of property, plant and equipment based on the internal technical evaluation and experience with similar assets. In cases where the use of property, plant and equipment is dependent on the grant of certain permits to conduct its business, management considers the

probability of renewal of such permits based on past experience. In this situation, useful lives of property, plant and equipment are based on the economic useful lives rather than the currently effective period of the permits. Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, would increase depreciation and amortization expense and decrease noncurrent assets.

There was no change in the estimated useful lives of the Group's property, plant and equipment in 2024 and 2023.

The carrying value of property, plant and equipment subject to depreciation as of December 31, 2024 and 2023 amounted to ₱1,816.4 million and ₱1,555.4 million, respectively (see Note 11).

Estimation of useful life of intangible assets acquired as part of business combination
The assigned useful lives of intangible assets acquired as part of business combination are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on collective assessment of similar businesses, internal evaluation and experience with similar assets. Further, management considers the probability of renewal of certain permits and the cost and efforts in renewing such permits based on past experience. The useful life of each asset is reviewed at each financial year and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. There were no changes in the estimated useful lives of water service contract and customer contract and relationships, while water rights are assessed to have indefinite useful life considering that the water permits remain valid for as long as water is beneficially used.

The total carrying value of the customer contract and relationships, water service contract and the water rights amounted to ₱237.2 million and ₱237.6 million as of December 31, 2024 and 2023, respectively (see Note 13).

Determination of impairment indicators and impairment testing of nonfinancial assets

A. *Nonfinancial assets other than goodwill and intangible assets with indefinite life*

   The Group assesses at each reporting date whether there is any indication that its nonfinancial assets other than goodwill and intangible assets with indefinite life (i.e., investments in associates, property, plant and equipment, right-of-use assets, investment property, service concession right, intangible assets, deferred project costs, deferred mine exploration costs) may be impaired. The factors that the Group considers important which could trigger an impairment review included the following, among others:

   - significant underperformance relative to expected historical or projected future operating results;
   - significant changes in the manner of use of the acquired assets or the overall business strategy; and,
   - significant negative industry or economic trends.

   If such indication exists, the Group performs impairment testing to estimate the recoverable amount of the related asset.

The carrying values of the nonfinancial assets are as follows:

	2024	2023
Investments in associates (Note 9)	**₱2,471,121,451**	₱2,299,475,062
Property, plant and equipment (Note 11)	**2,496,453,868**	2,293,221,048
Right-of-use assets (Note 28)	**781,910,809**	799,224,610
Service concession right (Note 13)	**436,908,235**	408,475,136
Deferred mine exploration costs (Notes 14 and 15)	**238,513,440**	238,513,440
Investment property (Note 12)	**143,852,303**	143,852,303
Water rights (Note 13)	**120,287,222**	117,277,726
Water service contract (Note 13)	**72,264,350**	72,264,350
Customer contract and relationships (Note 13)	**44,694,234**	48,084,639
Deferred project costs (Note 15)	**42,783,267**	42,783,267

Refer to Notes 9, 11 and 28 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the investment in associates, property, plant and equipment, service concession rights, deferred mine exploration costs and water service contract exceed their carrying values. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying values to exceed their respective recoverable amount.

As at December 31, 2024 and 2023, the Group has not identified any indicators or circumstances that would indicate that the Group's right-of-use assets, investment property, customer contract and relationship and deferred project costs are impaired. Thus, no impairment losses on these non-financial assets were recognized in 2024, 2023 and 2022.

Service concession right

In 2024 and 2023, SNVRDC's operating income and cash flows are lower than the expected level and has been operating at a loss since the start of its commercial operation in 2016. These are indicators that the service concession right may be impaired.

For the purpose of impairment testing of SNVRDC's service concession right, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management covering 17 years of projections, co-terminus to the term of the concession agreement with the Municipality of Solano. The projected cash flows are based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 9.2% and 9.1% in 2024 and 2023, respectively. Refer to Note 13 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the service concession right exceeds its carrying value. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying value to exceed its recoverable amount.

The carrying value of the service concession right subjected to impairment testing amounted to ₱222.9 million and ₱216.8 million as of December 31, 2024 and 2023, respectively (see Note 13).

Impairment of deferred mine exploration costs

The recovery of deferred mine exploration costs depends upon the success of exploration activities and future development of the mining properties, as well as the discovery of recoverable reserves in quantities that can be commercially produced.

As of date, MMC has not started its mining activities, thus, management has performed the impairment analysis on the recoverability of the deferred mine exploration costs. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 11.5% in 2024. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

The carrying value of deferred mine exploration cost amounted to ₱238.5 million as of December 31, 2024 and 2023 (see Notes 14 and 15).

Impairment of water service contract not yet available for use
As of date, CSWLL has not started its bulk water supply and distribution activities, thus, management has performed the impairment analysis on the recoverability of the water service contract not yet available for use. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 9.4% in 2024. Management believes that the amount of water service contract is recoverable based on the estimation of value-in-use.

The carrying value of water service contract amounted to ₱72.3 million as of December 31, 2024 and 2023 (see Note 13).

Investment in LTP
The lease for the ecozone where LTP is located is set for renewal in 2025, with an anticipated increase in lease rates. At the end of each reporting period, the Group assesses potential indicators of asset impairment, considering external factors such as macroeconomic conditions, industry trends, regulatory developments and ongoing negotiations with the government and its airport operator.

For purposes of impairment testing of investment in LTP, the recoverable amount has been determined based on value-in-use calculations using probability-weighted scenario analysis. This analysis incorporates multiple potential future outcomes with corresponding probabilities, reflecting a range of expectations on revenue growth, forecasted workload and fleet count, operational costs, and operating expenses. Past experiences and current market conditions are also considered in this assessment. The discount rate is a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used is 12.5% as of December 31, 2024.

Refer to Note 9 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the investment in LTP, exceeds their carrying values.

B. *Goodwill and intangible assets with indefinite useful life*

For goodwill and intangible assets with indefinite useful life, the Group performs impairment testing at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired. For the purpose of impairment testing, goodwill has been allocated to BTSI group, NAWASCOR, SWRI and MACS in 2024 and 2023 as the cash generating units.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering five years of projections. The projected cash flows are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. The discount rate is a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used ranged from 10.6% to 11.2% in 2024 and 10.4% to 14.8% in 2023.

The carrying value of goodwill subjected to impairment testing amounted to ₱127.8 million as of December 31, 2024 and 2023 (see Note 13).

The carrying value of water rights amounted to ₱120.3 million and ₱117.3 million as of December 31, 2024 and 2023, respectively (see Note 13).

Management believes that no reasonably possible change in any of the assumptions used would cause the carrying values of the goodwill and water rights to exceed their recoverable amounts. Based on management's assessment, the recoverable amounts of these assets are higher than their carrying values, thus no impairment loss was recognized in 2024, 2023 and 2022.

Estimation of retirement benefits costs and obligation, and accumulating leave credits
The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All significant assumptions are reviewed at each reporting date. The calculation of accumulating leave credits follows the same assumptions as the defined benefit costs.

In determining the appropriate discount rate, management considers the interest rates of government bonds, adjusted to zero coupon rates, with term consistent with the obligation of the plan.

Accrued retirement and other employee benefits payable amounted to ₱196.6 million and ₱190.0 million as of December 31, 2024 and 2023, respectively (see Note 21). Pension asset amounted to ₱0.7 million and ₱1.0 million as of December 31, 2024 and 2023, respectively, and is included under "Other noncurrent assets" account (see Note 15). Retirement benefits cost amounted to ₱52.1 million, ₱33.6 million and ₱27.0 million in 2024, 2023 and 2022, respectively (see Note 21).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets (gross of deferred income tax liabilities) at each reporting date and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The determination of future taxable income, which will establish the amount of deferred income tax assets that can be recognized, requires the estimation and

use of assumptions about the Group's future income and timing of reversal of temporary differences, unused NOLCO and excess MCIT over RCIT.

Gross deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱367.3 million and ₱415.4 million as of December 31, 2024 and 2023, respectively. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries' temporary differences, NOLCO and MCIT (see Note 25).

4. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support services provided by the four subsidiaries, mining-related activities, water-related projects, and ICT services which is the basis on which the Group reports its primary segment information. The Group also monitors its share in the results of operations of its associates (LTP, CPCS and JASCO) that are accounted for using the equity method.

The operations of the Group's segments are described as follows:

- In-flight and other catering segment, which is operated by MACS and its subsidiaries, and through the Company's interest in CPCS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines, as well as certain passenger terminal lounges at the NAIA and the MDA, and of certain non-airline institutional accounts.
- Ground handling and aviation segment, which is operated by MASCORP and MAATS, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA, MCIA, KIA, Davao International Airport, Tuguegarao Airport and Clark International Airport. In 2019, the Company acquired 30% ownership in JASCO, a ground handling and aviation service company operating in Japan (see Note 9).
- Maintenance, repairs and overhaul (MRO), which is operated through the Company's interest in LTP, pertains to rendering of MRO services of Airbus and Boeing aircraft for certain airlines.
- Water treatment and distribution segment, which is operated through SNVRDC, BTSI, NAWASCOR and SWRI. The Group has on-going water related projects which pertain to the development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC and its other subsidiaries. The Group, through BTSI, is also engaged in the construction, operation and maintenance of sewage treatment facilities.
- ICT segment or Information, Connectivity and Technology Solutions services, operated through TERA, refers to service offerings which encompasses information management, data connectivity, radio trunking, shared and managed services.
- Administrative segment, which is primarily operated through MAPDC, refers to the sub-lease of the MacroAsia Ecozone at NAIA (see Note 28), which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator (see Note 18).
- Mining segment, which is operated through MMC, refers to mining-related activities of the Group. This segment refers to revenues and expenditures for exploration activities and rendering of exploration-related services.

The Group has only one geographic segment. Of the Group's total revenue, ₱5,317.5 million (or 56%), ₱4,395.0 million (or 57%) and ₱2,754.0 million (or 56%) in 2024, 2023 and 2022, respectively, were derived from two customers which are entities under common control.

Segment assets include the operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, other current assets, and property, plant and equipment, net investment in the lease, and right-of-use assets, net of allowances, depreciation and amortization and any impairment in value. Segment liabilities include all operating liabilities and consist principally of notes payable, accounts payable and accrued liabilities and lease liabilities. Segment assets and liabilities do not include deferred income tax. Segment results pertain to operating income.

Financial information on the Group's business segments as of and for the years ended December 31 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS Accounting Standards.

For the year ended December 31, 2024

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	**₱4,402,552,818**	**₱4,171,950,252**	**₱–**	**₱748,553,636**	**₱62,389,894**	**₱56,225,944**	**₱–**	**₱–**	**₱9,441,672,544**
Direct costs	**(3,014,459,014)**	**(3,563,692,601)**	**–**	**(430,542,415)**	**(32,414,153)**	**(67,623,068)**	**–**	**–**	**(7,108,731,251)**
Gross profit (loss)	**1,388,093,804**	**608,257,651**	**–**	**318,011,221**	**29,975,741**	**(11,397,124)**	**–**	**–**	**2,332,941,293**
Share in net earnings of associates	**30,175,547**	**106,089,503**	**585,158,052**	**–**	**–**	**–**	**–**	**10,117,059**	**731,540,161**
	1,418,269,351	**714,347,154**	**585,158,052**	**318,011,221**	**29,975,741**	**(11,397,124)**	**–**	**10,117,059**	**3,064,481,454**
Operating expenses	**(710,443,674)**	**(337,454,745)**	**–**	**(196,065,091)**	**(9,393,485)**	**(41,368,367)**	**(22,534,895)**	**(73,746,137)**	**(1,391,006,394)**
Interest income	**1,357,212**	**4,412,037**	**–**	**996,138**	**204,902**	**51,374**	**4,842**	**19,672,393**	**26,698,898**
Financing charges	**(28,802,451)**	**(14,010,088)**	**–**	**(53,469,249)**	**–**	**(25,732,097)**	**–**	**28,758**	**(121,985,127)**
Foreign exchange gain (loss) - net	**5,180,428**	**3,065,721**	**–**	**(35,289)**	**5,553**	**21,954**	**1,431**	**4,034,695**	**12,274,493**
Other income - net	**100,950,692**	**15,859,009**	**–**	**30,673,516**	**–**	**1,779,750**	**–**	**(83,854,726)**	**65,408,241**
Income (loss) before income tax	**786,511,558**	**386,219,088**	**585,158,052**	**100,111,246**	**20,792,711**	**(76,644,510)**	**(22,528,622)**	**(123,747,958)`**	**1,655,871,565**
Provision for income tax	**(166,266,452)**	**(79,962,345)**	**–**	**(33,090,794)**	**(1,859,795)**	**(10,275)**	**(967)**	**(3,271,668)**	**(284,462,296)**
Segment profit (loss)	**₱620,245,106**	**₱306,256,743**	**₱585,158,052**	**₱67,020,452**	**₱18,932,916**	**(₱76,654,785)**	**(₱22,529,589)**	**(₱127,019,626)**	**₱1,371,409,269**
Depreciation and amortization expense	**₱85,382,424**	**₱109,914,442**	**₱–**	**₱122,866,669**	**₱227,725**	**₱23,530,471**	**₱52,101**	**₱19,956,703**	**₱361,930,535**
Segment profit (loss) attributable to:									
Equity holders of the Company	**427,130,152**	**280,058,085**	**585,158,052**	**51,390,337**	**18,932,916**	**(59,103,098)**	**(22,529,589)**	**(158,160,246)**	**1,122,876,609**
Non-controlling interests	**195,514,955**	**26,198,657**	**–**	**27,297,341**	**–**	**–**	**–**	**(478,293)**	**248,532,660**

Other financial information of the operating segments as of December 31, 2024 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	**₱1,829,737,690**	**₱1,736,074,058**	**₱–**	**₱807,413,913**	**₱75,492,974**	**₱360,264,800**	**₱14,911,517**	**(₱400,778,768)**	**₱4,423,116,184**
Noncurrent assets	**1,148,930,778**	**828,561,575**	**–**	**2,228,409,381**	**752,052**	**2,577,767,962**	**223,873,648**	**1,986,239,767**	**8,994,535,163**
	₱2,978,668,468	**₱2,564,635,633**	**₱–**	**₱3,035,823,294**	**₱76,245,026**	**₱2,938,032,762**	**₱238,785,165**	**₱1,585,461,001**	**₱13,417,651,347**
Liabilities:									
Current liabilities	**₱1,596,257,413**	**₱2,183,432,858**	**₱–**	**₱1,372,829,608**	**₱29,594,605**	**₱1,327,061,211**	**₱46,041,287**	**(₱3,532,308,266)**	**₱3,022,908,716**
Noncurrent liabilities	**117,412,001**	**103,904,994**	**–**	**906,156,163**	**311,661**	**1,617,550,420**	**24,817,728**	**60,844,359**	**2,830,997,326**
	₱1,713,669,414	**₱2,287,337,852**	**₱–**	**₱ 2,278,985,771**	**₱29,906,266**	**₱2,944,611,631**	**₱70,859,015**	**(₱3,593,152,627)**	**₱5,853,906,042**
Equity attributable to:									
Equity holders of the Company	**₱1,086,273,912**	**₱361,735,303**	**₱–**	**₱553,850,944**	**₱46,338,760**	**(₱6,578,869)**	**₱167,926,149**	**₱4,860,440,449**	**₱7,069,986,648**
Non-controlling interests	**178,725,142**	**(84,437,523)**	**–**	**202,986,579**	**–**	**–**	**–**	**196,484,459**	**493,758,657**
Investments in associates	**34,036,192**	**850,002,434**	**1,587,082,825**	**–**	**–**	**–**	**–**	**–**	**2,471,121,451**
Additions to noncurrent assets -									
Property, plant and equipment	**128,771,103**	**129,145,455**	**–**	**100,234,128**	**292,411**	**1,491,995**	**–**	**107,552,875**	**467,487,967**
Service concession rights	**–**	**–**	**–**	**51,790,326**	**–**	**–**	**–**	**–**	**51,790,326**

For the year ended December 31, 2023:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	₱3,981,782,302	₱3,135,524,660	₱–	₱617,489,588	₱215,627,301	₱46,621,995	₱–	₱–	₱7,997,045,846
Direct costs	(2,688,372,788)	(2,962,078,341)	–	(379,061,138)	(175,849,768)	(49,478,219)	–	–	(6,254,840,254)
Gross profit (loss)	1,293,409,514	173,446,319	–	238,428,450	39,777,533	(2,856,224)	–	–	1,742,205,592
Share in net earnings (losses) of associates	7,007,972	(3,588,802)	562,137,361	–	–	–	–	11,172,492	576,729,023
	1,300,417,486	169,857,517	562,137,361	238,428,450	39,777,533	(2,856,224)	–	11,172,492	2,318,934,615
Operating expenses	(574,836,956)	(197,842,405)	–	(159,538,491)	(9,028,493)	(37,384,266)	(11,971,197)	(95,092,907)	(1,085,694,715)
Interest income	764,857	2,424,333	–	558,627	297,831	174,694	4,181	14,781,286	19,005,809
Financing charges	(34,007,008)	(18,409,921)	–	(70,041,814)	–	(33,597,778)	(25,192)	(7,699,815)	(163,781,528)
Foreign exchange gain (loss) - net	(3,408,299)	(610,156)	–	3,567	–	30,207	(48)	(4,297,172)	(8,281,901)
Other income (charges) - net	7,958,107	14,142,575	–	53,335,912	(2,943)	1,420,404	–	36,521,903	113,375,958
Income (loss) before income tax	696,888,187	(30,438,057)	562,137,361	62,746,251	31,043,928	(72,212,963)	(11,992,256)	(44,614,213)	1,193,558,238
Provision for (benefit from) income tax	(75,446,651)	(18,367,274)	–	(21,178,649)	(9,614,198)	(46,021)	(835)	2,280,001	(122,373,627)
Segment profit (loss)	₱621,441,536	(₱48,805,331)	₱562,137,361	₱41,567,602	₱21,429,730	(₱72,258,984)	(₱11,993,091)	(₱42,334,212)	₱1,071,184,611
Depreciation and amortization expense	₱73,355,718	₱98,639,913	₱–	₱93,065,679	₱–	₱23,405,181	₱1,306,656	₱37,228,048	₱327,001,195
Segment profit (loss) attributable to:									
Equity holders of the Company	416,365,829	(39,044,265)	562,137,350	41,492,164	21,429,730	(65,635,289)	(11,993,091)	(73,615,549)	851,136,879
Non-controlling interests	205,075,707	(9,761,066)	–	11,742,663	–	–	–	12,990,428	220,047,732

Other financial information of the operating segments as of December 31, 2023 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	₱1,783,758,991	₱1,729,225,035	₱–	₱597,207,960	₱110,904,917	₱377,468,078	₱16,151,786	(₱427,276,106)	₱4,187,440,661
Noncurrent assets	1,154,886,188	672,005,805	–	1,852,339,380	407,366	2,594,615,616	223,913,339	2,009,333,760	8,507,501,454
	₱2,938,645,179	₱2,401,230,840	₱–	₱2,449,547,340	₱111,312,283	₱2,972,083,694	₱240,065,125	₱1,582,057,654	₱12,694,942,115
Liabilities:									
Current liabilities	₱1,723,988,770	₱2,182,673,055	₱–	₱1,341,330,951	₱86,767,959	₱1,089,371,499	₱25,107,537	(₱3,126,799,393)	₱3,322,440,378
Noncurrent liabilities	216,792,870	149,158,938	–	847,865,166	194,006	1,628,502,180	24,382,850	20,266,978	2,887,162,988
	₱1,940,781,640	₱2,331,831,993	₱–	₱2,189,196,117	₱86,961,965	₱2,717,873,679	₱49,490,387	(₱3,106,532,415)	₱6,209,603,366
Equity attributable to:									
Equity holders of the Company	₱906,629,874	₱230,876,976	₱–	₱174,435,319	₱24,350,319	₱254,210,016	₱190,574,737	₱4,344,013,937	₱6,125,091,178
Non-controlling interests	91,233,665	(161,478,129)	–	85,915,904	–	–	–	344,576,131	360,247,571
Investments in associates	15,860,645	744,087,294	1,539,527,123	–	–	–	–	–	2,299,475,062
Additions to noncurrent assets -									
Property, plant and equipment	101,307,361	111,820,126	–	62,443,707	407,366	3,113,562	149,554	27,334,667	306,576,343
Service concession rights	–	–	–	14,943,204	–	–	–	–	14,943,204

For the year ended December 31, 2022:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	₱2,288,520,288	₱2,049,535,189	₱–	₱515,009,510	₱30,443,040	₱–	₱–	₱4,883,508,027
Direct costs	(1,735,536,609)	(1,851,277,355)	–	(330,109,113)	(52,602,359)	–	–	(3,969,525,436)
Gross profit (loss)	552,983,679	198,257,834	–	184,900,397	(22,159,319)	–	–	913,982,591
Share in net earnings (losses) of associates	(5,243,171)	(35,854,919)	499,805,903	–	–	–	12,140,093	470,847,906
	547,740,508	162,402,915	499,805,903	184,900,397	(22,159,319)	–	12,140,093	1,384,830,497
Operating expenses	(428,861,010)	(178,932,362)	–	(119,076,067)	(23,752,583)	(9,337,363)	(33,561,151)	(793,520,536)
Interest income	63,709	212,413	–	559,493	2,375,273	11,342	680,033	3,902,263
Financing charges	(35,682,655)	(17,434,687)	–	(47,926,107)	(34,458,173)	(316,513)	(13,136,650)	(148,954,785)
Foreign exchange gain (loss) - net	(3,877,266)	(8,746,025)	–	(6,781)	–	1,567	14,160,275	1,531,770
Other income (charges) - net	1,424,908	55,999,691	–	20,228,369	1,127,203	698,032	26,990,892	106,469,095
Income (loss) before income tax	80,808,194	13,501,945	499,805,903	38,679,304	(76,867,599)	(8,942,935)	7,273,492	554,258,304
Provision for (benefit from) income tax	(40,858,773)	(34,292,867)	–	(18,943,888)	(267,973)	(2,268)	1,541,540	(92,824,229)
Segment profit (loss)	₱39,949,421	(₱20,790,922)	₱499,805,903	₱19,735,416	(₱77,135,572)	(₱8,945,203)	₱8,815,032	₱461,434,075
Depreciation and amortization expense	₱78,433,866	₱107,610,516	₱–	₱94,340,339	₱23,543,075	₱1,855,424	₱38,326,360	₱344,109,580
Segment profit (loss) attributable to:								
Equity holders of the Company	27,725,884	2,789,724	499,805,903	21,163,886	(77,153,939)	(8,945,203)	(19,301,996)	446,084,259
Non-controlling interests	16,238,490	(10,668,267)	–	10,238,754	–	–	(459,161)	15,349,816

Other financial information of the operating segments as of December 31, 2022 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:								
Current assets	₱1,373,911,410	₱1,343,256,292	₱–	₱482,755,806	₱388,263,704	₱19,007,274	(₱581,191,728)	₱3,026,002,758
Noncurrent assets	1,013,315,206	695,688,413	–	1,880,532,981	2,602,669,559	225,115,471	2,061,369,480	8,478,691,110
	₱2,387,226,616	₱2,038,944,705	₱–	₱2,363,288,787	₱2,990,933,263	₱244,122,745	₱1,480,177,752	₱11,504,693,868
Liabilities:								
Current liabilities	₱1,702,760,406	₱1,716,977,889	₱–	₱1,124,600,731	₱1,088,603,680	₱15,707,162	(₱3,007,181,961)	₱2,641,467,907
Noncurrent liabilities	316,972,988	218,336,756	–	947,078,577	1,638,476,847	25,044,919	48,708,105	3,194,618,192
	₱2,019,733,394	₱1,935,314,645	₱–	₱2,071,679,308	₱2,727,080,527	₱40,752,081	(₱2,958,473,856)	₱5,836,086,099
Equity attributable to:								
Equity holders of the Company	₱504,676,516	₱206,485,367	₱–	₱123,871,339	₱263,852,736	₱203,370,665	₱4,251,893,847	₱5,554,150,470
Non-controlling interests	(137,183,294)	(102,855,307)	–	167,738,140	–	–	186,757,760	114,457,299
Investments in associates	8,852,673	744,965,632	1,649,303,188	47,769,217	–	–	–	2,450,890,710
Additions to noncurrent assets -								
Property, plant and equipment	18,751,666	19,274,373	–	84,480,243	(7,139,049)	5,714	20,863,573	136,236,520
Service concession rights	–	–	–	18,752,113	–	–	–	18,752,113

5. Cash and Cash Equivalents

	2024	2023
Cash on hand and cash in banks (Note 18)	**₱1,168,959,746**	₱876,259,507
Short-term deposits (Note 18)	**200,322,854**	186,301,331
	₱1,369,282,600	₱1,062,560,838

Cash in banks earn interest at the respective bank deposits rates. Short-term deposits are made for varying periods of up to three months and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱23.6 million, ₱16.3 million and ₱1.6 million in 2024, 2023 and 2022, respectively (see Note 22).

6. Receivables and Contract Assets

Receivables:	2024	2023
Trade:		
Third parties	**₱1,023,009,317**	₱956,738,874
Related parties (Note 18)	**948,664,995**	1,018,060,569
Advances to officers and employees	**19,364,103**	27,782,225
Interest receivable	**5,812,609**	9,146,075
Contract assets - current portion (Note 15)	**77,656,572**	4,424,817
Other receivables (Note 15)	**187,239,298**	105,829,076
	2,261,746,894	2,121,981,636
Less allowance for ECL	**58,874,039**	29,725,405
	₱2,202,872,855	₱2,092,256,231

Trade receivables arise from the revenue-generating activities of the Group. These are non-interest bearing with normal credit terms ranging from 30 to 90 days.

Long-term receivables
Included under other receivables are monthly installments due from customers from the construction of STPs. Payment terms from the said contracts are beyond one year; thus, contains significant financing component. Interest income earned from installment receivables amounted to nil in 2024, 2023 and 2022.

As of December 31, outstanding receivables pertaining to construction of STPs are as follows:

	2024	2023
Gross installment receivables	**₱15,644,919**	₱17,329,473
Less unearned interest	**–**	–
	15,644,919	17,329,473
Less current portion	**(15,644,919)**	(17,329,473)
Noncurrent portion	**₱–**	₱–

In relation to the construction of STPs, the Group allocates the total transaction price earned between the construction of STPs and the operation and maintenance services for the STPs. The allocated amounts for the operation and maintenance services are recognized as contract assets. These contracts assets are realized as receivables as the Group performs the operations and maintenance of STPs, which is the remaining performance obligation, over the contract period of about 10 years. Contract assets are presented based on the timing of realization. Current and noncurrent portion of contract assets amounted to ₱77.7 million and ₱34.9 million as of December 31, 2024, respectively, and ₱4.4 million and ₱52.8 million as of December 31, 2023, respectively (see Note 15).

Advances to officers and employees pertain to cash advances that are subject to liquidation.

Other receivables include installment contract receivable, amounts due from third party insurance company and certain government agencies (e.g., SSS) and employee loans which are payable through salary deductions.

Allowance for ECL pertains to trade receivables. The rollforward analyses of the allowance for ECL as of December 31, 2024 and 2023 are as follows:

	2024	2023
Beginning balance	**₱29,725,405**	₱9,286,401
Provision for ECL (Note 20)	**29,148,634**	20,439,004
Ending balance	**₱58,874,039**	₱29,725,405

7. Inventories - at cost

	2024	2023
Food and beverage	**₱82,576,425**	₱99,146,031
Materials and supplies	**72,819,069**	61,850,262
	₱155,395,494	₱160,996,293

All inventories are carried at cost. Cost of inventories recognized as expense and included as part of “Food” and “Supplies” accounts under “Direct costs” amounted to ₱2,034.2 million, ₱1,911.1 million and ₱1,163.8 million in 2024, 2023 and 2022, respectively (see Note 20).

8. Other Current Assets

	2024	2023
Input taxes - net	**₱331,164,513**	₱478,354,864
Creditable withholding taxes	**259,238,523**	280,062,042
Prepayments	**34,981,358**	29,920,186
Supplies	**34,268,620**	24,474,256
Advances to suppliers	**8,741,255**	10,602,957
Other current assets	**27,170,966**	48,212,994
	₱695,565,235	₱871,627,299

Input taxes

	2024	2023
Gross input tax	**₱431,416,733**	₱686,111,417
Less allowance for probable losses	**40,669,935**	29,559,726
	390,746,798	656,551,691
Less noncurrent portion (Note 15)	**59,582,285**	178,196,827
Current portion	**₱331,164,513**	₱478,354,864

Input taxes represent VAT paid on purchases of goods and services that can be recovered as tax refund/credit from the Bureau of Internal Revenue (BIR) or the Bureau of Customs. Provision for losses on input taxes amounted to ₱27.4 million, ₱27.6 million and ₱7.7 million in 2024, 2023 and 2022, respectively (see Note 20).

Roll forward of allowance for probable losses is as follows:

	2024	2023
Beginning balance	**₱29,559,726**	₱11,332,583
Provision for probable loss (Note 20)	**27,357,485**	27,596,227
Write-off	**(16,247,276)**	(9,369,084)
Ending balance	**₱40,669,935**	₱29,559,726

Others mainly consist of prepaid insurance, rent and utilities that are individually immaterial.

9. Investments in Associates

Investments in Associates

	Ownership Interest (%)	**2024**	2023
Acquisition costs:			
LTP	49	**₱935,759,560**	₱935,759,560
JASCO	30	**853,799,023**	853,799,023
CPCS	40	**5,000,000**	5,000,000
MacroAsia WLL	35**	**2,310,175**	2,310,175
		1,796,868,758	1,796,868,758
Accumulated equity in net earnings:			
Beginning of year		**558,574,637**	520,943,614
Share in net earnings for the year		**731,540,161**	576,729,023
Dividends received (Note 18)		**(559,349,600)**	(539,098,000)
End of year		**730,765,198**	558,574,637
Share in foreign currency translation adjustments:			
Beginning of year		**77,739,563**	93,677,554
Net foreign currency translation adjustments for the year		**59,789,354**	(15,937,991)
End of year		**137,528,917**	77,739,563

(Forward)

	Ownership Interest (%)	**2024**	2023
Share in re-measurement losses on defined benefit plans of associates:			
Beginning of year		**(₱133,461,381)**	(₱8,121,947)
Remeasurement losses on defined benefit plans for the year		**(60,333,526)**	(125,339,434)
End of year		**(193,794,907)**	(133,461,381)
Impairment allowance on investment in MacroAsia WLL		**(246,515)**	(246,515)
		₱2,471,121,451	₱2,299,475,062

**Effective ownership through SWRI*
***Effective ownership interest through MACS*

As of December 31, 2024 and 2023, the shares of stock of these associates are not traded in public and as such, have no available publicly traded price quotation.

LTP
LTP is a joint venture between Lufthansa Technik AG (LHT), a corporation organized and existing under the laws of the Federal Republic of Germany and MAC, a corporation organized under the laws of the Republic of the Philippines. LTP was incorporated primarily to provide aircraft maintenance, aircraft overhaul, aircraft engine repair and overhaul and aircraft component repair and overhaul services in Manila, Cebu and other locations. LTP is also registered with the Philippine Economic Zone Authority (PEZA). The registered office address of LTP is LTP Technical Center, MacroAsia Ecozone, Villamor Airbase, Pasay City.

CPCS
CPCS is the Company's first in-flight catering venture, which started commercial operations in 1996. It is the only in-flight catering company at Mactan-Cebu International Airport and serves both domestic and international airlines. The registered office address of CPCS is 1st Ave. Extension, Block B6, MEZ I, Lapu-Lapu City.

JASCO
On November 5, 2019, MAC entered into a Share Purchase Agreement with Konoike Transport for the 7,200 ordinary shares or 30% ownership interest in Japan Airport Service Co., Ltd. (JASCO) for an aggregate amount of ₱853,799,023 (JPY 1,825,000,000). JASCO is a wholly-owned subsidiary of NKS Holding Co. Ltd., a Japanese company wholly-owned by Konoike Transport.

MacroAsia WLL
On June 5, 2012, MACS entered into a Shareholders' Agreement with individuals to establish MacroAsia WLL, a national institutional catering and laundry company in Doha, Qatar. As of December 31, 2024, MacroAsia WLL has not yet started its commercial operations and the difficulty withdrawing the Company's initial investment.

The investment is fully provided with allowance for probable loss due to inactive status of the investee-company since incorporation.

CSWC

CSWC is a joint venture between SWRI and another domestic corporation in the Philippines. CSWC has bulk water supply with the water district of Janiuay, Iloilo. The registered office address of CWSC is 9/F, 45 San Miguel, San Miguel Avenue, Ortigas Center, Pasig City.

On March 28, 2023, SWRI entered into a Memorandum of Agreement with another domestic corporation to sell its 40% ownership over CSWC for a total consideration of ₱312,505. Carrying amount of CSWC at the time of disposal amounted to ₱43.3 million. The Group recorded a loss on disposal of investment in associate amounting to ₱43.0 million as presented under 'Other income-net' in its 2023 consolidated statement of income (see Note 22).

Summarized financial information of LTP, CPCS and JASCO based on their financial statements as of and for the years ended December 31 is as follows:

	2024		
	LTP	**CPCS**	**JASCO**
Current assets	**₱7,018,118,591**	**₱110,013,192**	**₱420,613,137**
Noncurrent assets	**5,127,481,863**	**17,159,926**	**154,061,028**
Current liabilities	**4,880,066,285**	**19,564,828**	**291,012,162**
Noncurrent liabilities	**3,729,304,617**	**22,517,810**	**86,104,620**
Equity	**3,536,229,552***	**85,090,480**	**197,557,383**
Proportion of the Group's ownership	**49%**	**40%**	**30%**
Group's share in equity	**1,732,752,480**	**34,036,192**	**59,267,215**
Accounting policy alignment impact**	**(145,669,655)**	**–**	**–**
Goodwill	–	**–**	**790,735,219**
Group's carrying amount of its investments	**₱1,587,082,825**	**₱34,036,192**	**₱850,002,434**

**Inclusive of cumulative foreign currency translation loss amounting to ₱60.0 million.*
***Pertains to the alignment impact on the adoption of PFRS 16.*

	2024		
	LTP	**CPCS**	**JASCO**
Revenue from contracts with customers	**₱16,938,945,040**	**₱208,381,603**	**₱1,808,157,841**
Direct costs	**13,099,477,519**	**114,210,584**	**1,375,287,897**
Gross profit	**3,839,467,521**	**94,171,019**	**432,869,944**
General and administrative expenses	**2,396,386,226**	**15,545,252**	**80,612,197**
Net income	**1,194,200,096**	**75,438,869**	**353,631,677**
Other comprehensive loss	**(123,129,644)**	–	–
Total comprehensive income	**1,071,070,452**	**75,438,869**	**353,631,677**
Group's share in net income *	**585,158,047**	**30,175,547**	**106,089,503**
Group's share in total comprehensive income	**₱524,824,521**	**₱30,175,547**	**₱106,089,503**

**Excluding impact of PFRS 16 adoption policy alignment amounting to ₱10.1 million*

	2023		
	LTP	CPCS	JASCO
Current assets	₱6,047,528,439	₱63,929,069	₱134,122,834
Noncurrent assets	5,238,501,816	12,449,862	203,591,270
Current liabilities	(4,344,611,643)	(16,094,541)	(312,503,887)
Noncurrent liabilities	(3,481,594,456)	(20,632,780)	(180,703,301)
Equity (capital deficiency)	3,459,824,156*	39,651,610	(155,493,084)
Proportion of the Group's ownership	49%	40%	30%
Group's share in equity	1,695,313,807	15,860,644	(46,647,925)
Accounting policy alignment impact**	(155,786,683)	–	–
Goodwill	–	–	790,735,219
Group's carrying amount of its investments	₱1,539,527,124	₱15,860,644	₱744,087,294

**Inclusive of cumulative foreign currency translation loss amounting to ₱19.5 million.*
***Pertains to the alignment impact on the adoption of PFRS 16.*

	2023		
	LTP	CPCS	JASCO
Revenue from contracts with customers	₱13,613,672,570	₱94,275,533	₱1,128,525,288
Direct costs	10,222,760,273	61,941,901	1,060,320,384
Gross profit	3,390,912,297	32,333,632	68,204,904
General and administrative expenses	2,001,345,039	11,872,305	86,924,925
Net income (loss)	1,147,219,103	17,519,930	(11,962,674)
Other comprehensive loss	(255,794,764)	–	–
Total comprehensive income (loss)	891,424,339	17,519,930	(11,962,674)
Group’s share in net income (loss) *	562,137, 361	7,007,972	(3,588,802)
Group’s share in total comprehensive income (loss)	436,797,926	7,007,972	(3,588,802)

**Excluding impact of PFRS 16 adoption policy alignment amounting to ₱11.2 million.*

	2022		
	LTP	CPCS	JASCO
Current assets	₱5,874,807,009	₱29,608,621	₱115,309,981
Noncurrent assets	5,523,702,355	13,904,324	175,050,008
Current liabilities	(4,198,874,793)	(2,514,696)	(230,258,110)
Noncurrent liabilities	(3,492,976,707)	(18,866,567)	(212,667,169)
Equity	3,706,657,864*	22,131,682	(152,565,290)
Proportion of the Group’s ownership	49%	40%	30%
Group's share in equity	1,816,262,353	8,852,673	(45,769,587)
Accounting policy alignment impact**	(166,959,165)	–	–
Goodwill	–	–	790,735,219
Group’s carrying amount of its investments	₱1,649,303,188	₱8,852,673	₱744,965,632

**Inclusive of cumulative foreign currency translation loss amounting to ₱57.6 million.*
***Pertains to the alignment impact on the adoption of PFRS 16.*

	2022		
	LTP	CPCS	JASCO
Revenue from contracts with customers	₱9,998,249,745	₱252,144	₱733,651,123
Direct costs	7,672,683,458	9,874,296	817,054,972
Gross profit (loss)	2,325,566,287	(9,622,152)	(83,403,849)
General and administrative expenses	1,081,883,173	3,944,604	88,486,739
Net income (loss)	1,020,012,048	(13,107,928)	(119,516,397)
Other comprehensive income	227,642,411	–	–
Total comprehensive income (loss)	₱1,247,654,459	(₱13,107,928)	(₱119,516,397)
Group’s share in net income (loss)	₱499,805,903	(₱5,243,171)	(₱35,854,919)
Group’s share in total comprehensive income	₱611,350,685	(₱5,243,171)	(₱35,854,919)

**Excluding impact of PFRS 16 adoption policy alignment amounting to Php12.1 million*

In the normal course of business, LTP is involved in certain claims by third parties mainly related to damages, consignment of inventories, labor and other contingencies. The provisions for claims and losses pertain to management’s best estimate of probable losses in connection with claims from third parties involving damages, consignment of inventories, and other issues. These provisions have been developed in consultation with LTP’s legal counsels, advisors and are based upon an analysis of potential results. LTP recognized provisions amounting to ₱498.6 million and ₱631.7 million as of December 31, 2024 and 2023, respectively, which are included as part of “Current liabilities” in LTP’s summarized financial information. The provision for probable losses and claims recognized in profit or loss amounted to ₱66.1 million, ₱126.8 million and ₱99.3 million in 2024, 2023 and 2022, respectively, which are included as part of “General and administrative expenses” in LTP’s summarized financial information.

Dividend received from LTP and CPCS amounted to ₱559.3 million, ₱539.1 million and ₱114.7 million in 2024, 2023 and 2022, respectively.

Impairment assessment
Management conducts an annual assessment to determine whether there are indicators of impairment for its investments in associates. This evaluation considers external factors such as macroeconomic conditions, industry trends, ongoing negotiations with the government and airport operators, and regulatory developments.

The lease for the ecozone where LTP is located is set for renewal in 2025, with an expected increase in lease rates. As of March 27, 2025, the Group and LTP is still in the process of finalizing negotiations with the government and airport operator regarding the final lease rate applicable after the expiration of the initial term. The Group performed an impairment assessment based on value-in-use calculations, utilizing a probability-weighted scenario analysis. The recoverable amounts were determined using cash flow projections spanning three to four years, discounted at a pre-tax rate of 12.5%. Management concluded that the value-in-use exceeds the carrying amount of the investment in LTP, indicating no impairment.

The key assumptions used in determining the recoverable amounts of investment in LTP are the anticipated revenue growth and annual operating expenses. Further, management used ranges from 0.0% to 4.0% growth rate in the calculation of cash flows beyond the forecast period. Management believes that no reasonably possible change in the assumptions would cause the carrying value of investment in LTP to materially exceed their recoverable amounts.

10. Acquisition of a Subsidiary and Subsidiaries with Material Non-controlling Interests

Acquisition of a Subsidiary
On March 28, 2023, SWRI entered into a Share Purchase Agreement with CSWC to purchase 1,250,005 shares or 100% of CSW Lapu-lapu, Inc. (CSWLI) for an aggregate consideration of ₱0.31 million. CSWLI is engaged in bulk potable water supply and water treatment.

The Group recorded gain on bargain purchase amounting to ₱69.7 million as presented under 'Other income - net' in its 2023 consolidated statement of income (see Note 22). The purchase price allocation for the acquisition of CSWLI was finalized in 2024. There was no change in the 2023 provisional fair value of net assets of the investee.

Subsidiaries with Material Non-controlling Interests
- As of December 31, 2024 and 2023, MASCORP has a material non-controlling interest of 20%.
- As of December 31, 2024 and 2023, MACS has a material non-controlling interest of 33%.

Set out in the below is the summarized financial information of MASCORP and MACS. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Summarized balance sheets:

	MACS		MASCORP	
	2024	2023	**2024**	2023
As at December 31:				
Current assets	**₱958,374,037**	₱819,978,844	**₱1,627,505,905**	₱1,627,596,995
Noncurrent assets	**447,250,867**	459,528,827	**682,385,622**	510,836,825
Current liabilities	**639,491,182**	460,585,614	**1,787,444,579**	1,838,937,778
Noncurrent liabilities	**26,363,983**	41,577,132	**76,989,779**	101,422,167
Equity	**739,769,739**	777,344,925	**445,457,170**	198,073,875

Summarized statements of income:

	MACS		MASCORP	
	2024	2023	**2024**	2023
Revenue from contracts with customers	**₱4,087,174,899**	₱1,353,216,940	**₱1,543,631,447**	₱3,075,884,775
Direct costs	**3,458,271,186**	867,332,651	**938,576,800**	2,860,564,442
Operating expenses	**312,746,3450**	300,535,979	**370,565,779**	177,447,276
Net income (loss)	**236,511,664**	201,750,329	**285,453,307**	15,793,369
Net income (loss) attributable to non-controlling interest	**47,302,333**	66,577,609	**94,199,591**	3,158,674

Summarized statements of comprehensive income:

	MACS		MASCORP	
	2024	2023	**2024**	2023
Net income (loss)	**₱285,453,307**	₱201,750,329	**₱236,511,664**	₱15,793,369
Other comprehensive income (loss)	**(3,755,612)**	(3,736,516)	**10,871,631**	(25,970,348)
Total comprehensive income (loss)	**281,697,695**	198,013,813	**247,383,295**	(10,176,979)
Total comprehensive income (loss) attributable to non-controlling interest	**92,960,239**	65,344,558	**49,476,659**	(2,035,396)

Summarized statements of cash flows:

	MACS		MASCORP	
	2024	2023	**2024**	2023
Cash flows from operations	**₱209,095,011**	₱186,749,623	**₱347,020,679**	₱350,613,997
Cash flows from (used in) investing activities	**2,944,934**	(78,158,604)	**(225,805,830)**	(143,047,569)
Cash flows from (used in) financing activities	**(76,040,000)**	(11,040,000)	**34,646,398**	(79,356,512)

11. Property, Plant and Equipment

2024

	Land and land improvements	Building and leasehold improvements	Kitchen and other operations equipment	Transportation equipment	Aviation equipment	Plant and technical equipment	Water pumps and machineries	Water pipelines	Office furniture, fixtures and equipment	Drilling equipment	Construction in progress (Note 16)	Total
Cost												
January 1	₱441,572,936	₱1,072,334,036	₱828,603,017	₱519,105,704	₱967,731,621	₱128,037,180	₱290,843,702	₱2,968,542	₱257,624,373	₱27,425,491	₱284,294,006	₱4,820,540,608
Additions	10,000,000	86,971,658	68,527,357	90,925,436	105,420,969	1,840,902	8,324,350	–	29,470,172	–	66,007,123	467,487,967
Adjustments, Reclassifications and Disposal	–	81,625,253	(1,067,557)	(2,596,170)	(19,749,382)	–	–	46,001,026	(1,010,823)	–	(133,814,354)	(30,612,007)
December 31	451,572,936	1,240,930,947	896,062,817	607,434,970	1,053,403,208	129,878,082	299,168,052	48,969,568	286,083,722	27,425,491	216,486,775	5,257,416,568
Accumulated Depreciation and Amortization												
January 1	(41,189)	(553,942,414)	(593,198,550)	(373,243,991)	(533,412,090)	(65,789,773)	(176,866,020)	(2,778,257)	(200,623,081)	(27,424,195)	–	(2,527,319,560)
Additions	–	(48,894,326)	(37,770,713)	(38,951,580)	(67,974,387)	(25,446,027)	(17,619,822)	–	(20,930,661)	–	–	(257,587,516)
Adjustments, Reclassifications and Disposal	–	6,176,415	(22,377,192)	1,718,192	15,318,164	–	–	–	23,108,797	–	–	23,944,376
December 31	(41,189)	(596,660,325)	(653,346,455)	(410,477,379)	(586,068,313)	(91,235,800)	(194,485,842)	(2,778,257)	(198,444,945)	(27,424,195)	–	(2,760,962,700)
Net Book Value	₱451,531,747	₱644,270,622	₱242,716,362	₱196,957,591	₱467,334,895	₱38,642,282	₱104,682,210	₱46,191,311	₱87,638,777	₱1,296	₱216,486,775	₱2,496,453,868

2023

	Land and land improvements	Building and leasehold improvements	Kitchen and other operations equipment	Transportation equipment	Aviation equipment	Plant and technical equipment	Water pumps and machineries	Water pipelines	Office furniture, fixtures and equipment	Drilling equipment	Construction in progress (Notes 16 and 18)	Total
Cost												
January 1	₱440,806,100	₱1,041,390,589	₱786,971,354	₱432,689,714	₱881,407,418	₱124,001,407	₱290,843,702	₱2,968,542	₱232,642,356	₱27,425,491	₱277,598,434	₱4,538,745,107
Additions	1,652,170	32,541,894	41,937,946	103,393,884	88,055,779	4,035,773	–	–	28,261,726	–	6,697,171	306,576,343
Adjustments, Reclassifications and Disposal	(885,334)	(1,598,447)	(306,283)	(16,977,894)	(1,731,576)	–	–	–	(3,279,709)	–	(1,599)	(24,780,842)
December 31	441,572,936	1,072,334,036	828,603,017	519,105,704	967,731,621	128,037,180	290,843,702	2,968,542	257,624,373	27,425,491	284,294,006	4,820,540,608
Accumulated Depreciation and Amortization												
January 1	(41,189)	(512,085,954)	(552,001,978)	(348,181,639)	(478,430,441)	(44,805,560)	(168,100,261)	(2,778,257)	(182,366,731)	(27,390,154)	–	(2,316,182,164)
Additions	–	(42,151,571)	(41,452,822)	(31,888,435)	(56,713,221)	(20,984,213)	(8,765,759)	–	(18,906,937)	(34,041)	–	(220,896,999)
Adjustments, Reclassifications and Disposal	–	295,111	256,250	6,826,083	1,731,572	–	–	–	650,587	–	–	9,759,603
December 31	(41,189)	(553,942,414)	(593,198,550)	(373,243,991)	(533,412,090)	(65,789,773)	(176,866,020)	(2,778,257)	(200,623,081)	(27,424,195)	–	(2,527,319,560)
Net Book Value	₱441,531,747	₱518,391,622	₱235,404,467	₱145,861,713	₱434,319,531	₱62,247,407	₱113,977,682	₱190,285	₱57,001,292	₱1,296	₱284,294,006	₱2,293,221,048

Adjustments, reclassification and disposal' includes retirement of fully depreciated property, plant and equipment, reclassification of certain amounts previously classified as Construction in Progress to appropriate accounts when the asset became ready for intended use, disposals and other adjustments.

Management performed impairment tests for CGUs that are operating below the expected level. The recoverable amounts are computed based on value in use calculations using cash flow projections of three to five years as approved by management.

The calculation of value-in-use is most sensitive to the following assumptions:

FAA

- *Discount rate (14.6% in 2024 and 15.3% in 2023)* - Discount rate represents the current market assessment of the risk specific to the Company, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the WACC. The Group used WACC rate as affected by beta of companies with similar activities and capital structure. WACC is also affected by costs of debt and capital based on average lending rates for long-term loans.

- *Average number of flight hours (1,420 flying hours)* - Flight activity hours are estimated by management based on various factors, including the average number of students enrolled in the academy. These estimates are derived from historical data and projections. Additionally, flight activities are influenced by weather conditions and the progress of students. As such, fluctuations in student numbers and weather patterns may impact the actual number of flight hours recorded.

Management determined that the value in use exceeds the carrying amount of the CGUs with sufficient headroom as of December 31, 2024 and 2023. Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

SWRI
The key assumptions used in determining the recoverable amounts as of December 31, 2024 and 2023 of property plant and equipment are the same as with those used in the impairment testing of service concession rights. Further, management used 4% growth rate in the calculation of cash flows beyond the forecast period.

Management determined that the value in use exceeds the carrying amount of the CGUs with sufficient headroom as of December 31, 2024 and 2023. Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Noncash additions as of December 31, 2024 and December 31, 2023 amounted to ₱1.3 million and ₱1.6 million, respectively.

Depreciation and amortization are distributed as follows:

	2024	2023	2022
Direct costs (Note 20)	**₱207,258,703**	₱169,004,857	₱175,741,173
Operating expenses (Note 20)	**50,328,813**	51,892,142	53,492,505
	₱257,587,516	₱220,896,999	₱229,233,678

12. **Investment Property**

The Group's investment property pertains to a parcel of land held for future development which amounted to ₱143.9 million as of December 31, 2024 and 2023. The fair value of the investment property amounted to ₱490.6 million which is based on the latest available appraisal report rendered by a Philippine SEC-accredited professional firm of independent appraisers as of September 4, 2024 (see Note 32). Management believes that there have been no significant activities in the areas where the investment properties are located which can indicate significant changes in the fair values of investment properties per appraiser reports.

The independent appraiser used the "Market Approach" in valuing the property in 2024. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered.

Operating expense incurred in relation to investment property pertains to real property taxes (included as part of "Taxes and licenses") amounted to ₱1.0 million in 2024, 2023 and 2022 (see Note 20).

There are neither restrictions on the realizability of investment property nor contractual obligations to develop or maintain such property.

13. **Service Concession Rights, Intangible Assets and Goodwill**

Service Concession Rights

	2024	2023
Cost		
Beginning balance	**₱562,409,115**	₱547,465,911
Additions	**38,386,710**	14,943,204
Construction in progress	**13,403,616**	–
Ending balance	**614,199,441**	562,409,115
Accumulated Amortization		
Beginning balance	**153,933,979**	131,838,425
Amortization (Note 20)	**23,357,227**	22,095,554
Ending balance	**177,291,206**	153,933,979
Net Book Value	**₱436,908,235**	₱408,475,136

The cost of service concession right pertains to incurred construction costs by SNVRDC in relation to the construction of water treatment plant and pipe laying activities in Solano, Nueva Vizcaya and the fair value of NAWASCOR's water system and pipelines in Naic, Cavite (see Note 29). Pursuant to Philippine Interpretation IFRIC 12, the Group recognizes intangible assets in accordance with the accounting policies stated in Note 2.

The additions to service concession right in 2024 and 2023 pertain to costs of ongoing construction of water facilities and pipe laying activities. These are recognized as contract assets and are presented as part of service concession right in the 2024 consolidated balance sheet. Construction revenue and costs amounted to ₱13.4 million, nil and ₱0.4 million in 2024, 2023 and 2022, respectively (see Note 22).

In 2024 and 2023, management performed impairment test of SNVRDC's service concession right due to its operating income and cash flows being lower than the expected level and has been operating at a loss since the start of its commercial operation in 2016. SNVRDC is part of water treatment and distribution segment. SNVRDC's service concession right, which pertains to incurred construction costs, amounted to ₱222.9 million and ₱217.2 million as at December 31, 2024 and 2023, respectively. Management has determined based on the impairment test that the value-in-use exceeds the carrying value of the service concession right.

The calculation of value in use is most sensitive to the following assumptions:

- *Discount rate (9.2% in 2024 and 9.1% in 2023)* - Discount rate represents the current market assessment of the risk specific to the Company, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the WACC. The Group used WACC rate as affected by beta of companies with similar activities and capital structure. WACC is also affected by costs of debt and capital based on average lending rates for long-term loans.

- *Average per cubic meter consumption (Php19.0)* - The average per cubic meter consumption is based on the management's best estimate of water consumption per customer and increases in number of connections considering factors such as historical trend, market analysis, government regulations and other economic factors.

- *Average price per cubic meter (average annual increase of 3% until 2028)* - Price per cubic meter represents the management's forecast that the Company would charge its customers considering the estimated increase to be granted by the Municipality of Solano, the approved tariff rate of National Water Regulations Board, and the estimated yearly increase that is acceptable to the customers.

Sensitivity to Changes in Assumptions
Other than as disclosed above, management believes that any reasonable possible change in any of the above assumptions would not cause the carrying value to exceed its recoverable amount.

Intangible Assets and Goodwill

	2024	2023
Goodwill	**₱127,842,231**	₱127,842,231
Intangible assets		
Water rights	**120,287,222**	117,277,726
Water service contract (Note 10)	**72,264,350**	72,264,350
Customer contract and relationships	**44,694,234**	48,084,639
	237,245,806	237,626,715
	₱365,088,037	₱365,468,946

Goodwill
The goodwill recognized by the Group amounting to ₱127.8 million as of December 31, 2024 and 2023 resulted from the Group's acquisition of: (a) 13% non-controlling interest from a previous stockholder of MACS in 2006, (b) 67% of BTSI in 2016, (c) 100% of NAWASCOR in 2017 and (d) 60% of SWRI in 2018.

The carrying amount of goodwill is allocated to each of the CGUs (determined to be at the subsidiary level) as of December 31, 2024 and 2023 as follows:

MACS	BTSI	NAWASCOR	SWRI	Total
₱17,531,232	₱46,056,595	₱36,885,706	₱27,368,698	₱127,842,231

Management performs its annual impairment test of goodwill of CGUs. BTSI and NAWASCOR are part of the water treatment and distribution segment, while MACS is part of inflight and other catering services segment. The recoverable amounts are computed based on value in use calculations using cash flow projections as approved by management and discounted using a pre-tax discount rate of ranged from 10.6% to 11.2% in 2024 and 10.4% to 14.8% in 2023. Management determined that the value in use exceeds the carrying amount of the cash generating units with sufficient headroom as of December 31, 2024 and 2023.

The key assumptions used in determining the recoverable amounts as of December 31, 2024 of goodwill allocated to BTSI and NAWASCOR and water rights are the same as with those used in the impairment testing of service concession rights. Further, management used 4.0% growth rate in the calculation of cash flows beyond the forecasted period. In addition, for impairment testing of goodwill allocated to MACS, management used sales growth rate based on MACS' five-year forecast and long-term growth rate of 3.7% and 7.9% in 2024 and 2023, respectively, based on forecasted growth in food industry.

Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Water rights
The water rights allow BTSI and NEWS to extract and distribute water in certain provinces of the Philippines and for NAWASCOR to operate, manage, maintain water systems of certain subdivisions. Management believes that the water rights have an indefinite useful life due to the permanent nature of water permits.

Customer contract and relationships
Customer contract and relationships pertain to Group's long-term water supply contract with a third party and established relationships with the existing customers through service contracts. These are identified intangible assets as part of the acquisition of BTSI group in 2016. The customer contract is amortized over the remaining contract term, while customer relationships are amortized over the estimated years where all the existing customers would have switched to other water distributors. The amortization of customer contract and relationships amounted to ₱3.4 million in 2024 and 2023.

Water service contract
Water service contract pertains to Group's long-term bulk water supply contract with the local government. This was identified as intangible asset as part of the acquisition of CSWLI in 2023.

14. Deferred Mine Exploration Costs and Mining-Related Activities

Deferred mine exploration costs amounts to ₱238.5 million as of December 31, 2024 and 2023 (see Note 15).

Infanta Nickel Project
Deferred mine exploration costs pertain to costs incurred by the Company in the exploration of its mining property located in Brooke's Point, Palawan, the Infanta Nickel Project (the Project).

The Project is the Company's tenement under Mineral Production Sharing Agreements (MPSAs) with the government, MPSA 220IV-B. It holds another mining property within the same Municipality denominated as MPSA No. 221-2005-IVB. The former MPSA is a consolidation of the Company's eight mining lease contracts with the Government that were granted under Commonwealth Act No. 137 and P.D. 463. In the 1970's, the Company operated the mine as an export producer of beneficiated nickel laterite. As such, it had sales and purchase agreements with Sumitomo Metal Mining Co., Ltd. of Japan, and thus, had made shipments of nickel ore to Japan in the 1970's until very low nickel prices forced the operations to be suspended. The previous quarry and road network within the tenement still exists and is currently being maintained for future use.

The MPSAs run for a term not exceeding 25 years from the dates of the grant, and are renewable for another term not exceeding 25 years under the same terms and conditions, without prejudice to changes that will be mutually agreed upon by the DENR and the Company.

On July 23, 2021, the BOD approved the signing of a Memorandum of Agreement (MOA) between its 100% wholly owned subsidiary, MMC and Calmia Nickel, Inc. (Calmia) for the nickel mine in Brooke's Point Palawan. This operating agreement allows Calmia to explore and operate the mining tenement of MMC in Brooke's Point, Palawan, in exchange for payment of royalties to the Group. Currently, the mine operator is working on the permits needed to re-open and operate the mine.

In 2022, the Certification Precondition (CP) from NCIP was approved and recommended for issuance. MMC subsequently received the certificate in February 2023. In December 2023, Environmental Compliance Certificate (ECC) was issued by Mines and Geosciences Bureau (MGB) to MMC. As of December 31, 2024, MMC is in the process of securing the notice to proceed to start the mining operation.

Administrative expenses related to the mining exploration activities are expensed as incurred and presented under "Mining expenses" under "Operating expenses" account. These amounted to nil in 2024, 2023 and 2022 (see Note 20).

Deeds of Assignment with Bulawan Mining Corporation (BUMICO)
In 2012, the Company entered into two deeds of assignment with BUMICO. The first deed of assignment covered BUMICO's rights, title to, interests and obligations under the former's application for exploration permit with the MGB of the DENR over certain properties in Basay, Negros Oriental under Exploration Permit Application No. 000103 VII. In consideration, the Company paid BUMICO ₱16.0 million, which is recorded as "Deferred mine exploration costs" under "Other noncurrent assets" account in the consolidated balance sheets. The said assignment was approved by the Regional Director of the MGB on January 28, 2013.

The second deed of assignment covered BUMICO's rights, interests and obligations under an Operating Agreement with Philex Mining Corporation (PHILEX). The Operating Agreement granted PHILEX the exclusive right and privilege to take over, as an independent contractor, the working and operation of Mineral Claims as defined in the Operating Agreement for a period of 25 years. In consideration, the Company offered its technical services for BUMICO to tie up with PHILEX. The said deed of assignment was consented by PHILEX. Currently, PHILEX has no operations over the Mineral Claims. Once PHILEX resumes the operations of and generates income from the Mineral Claims, the Company shall be entitled to royalty payments and that BUMICO shall be entitled to a certain percentage of such royalties.

On September 28, 2018, PNB's BOD approved the sale of 100% shareholdings of BUMICO to MMC. Consequently, PNB and MMC signed a deed of absolute sale on November 15, 2018 for the transfer of all the rights, title and interest of BUMICO in favor of MMC. As of March 27, 2025, PHILEX has not yet produced/sold any gold from its operation. Exploration activity remained suspended pending approval of the request for the conversion of the mining lease contract into a mineral production sharing agreement.

Impairment assessment
As of date, MMC has not started its mining activities, thus, management has performed the impairment analysis on the recoverability of the deferred mine exploration costs. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 11.5% in 2024. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

15. **Other Noncurrent Assets**

	2024	2023
Deferred mine exploration costs (Note 14)	**₱238,513,440**	₱238,513,440
Advances to contractors and suppliers	**241,195,911**	98,311,656
Equity investments designated at FVTOCI	**160,155,800**	120,155,800
Creditable withholding tax - net of current portion	**85,434,545**	–
Deposits	**66,970,989**	62,070,843
Input taxes - net of current portion (Note 8)	**59,582,285**	178,196,827
Deferred project costs	**42,783,267**	42,783,267
Contract assets - net of current portion (Note 6)	**34,916,548**	52,784,387
Deferred rent expense	**25,130,527**	25,348,978
Finance lease receivable - net of current portion	**10,363,867**	11,488,670
Retirement asset (Note 21)	**678,319**	979,056
Others	**57,868,922**	20,645,115
	₱1,023,594,420	₱851,278,039

Equity investments designated at FVTOCI
The Company's investments in golf club share and other proprietary and equity shares are carried at fair value based on published club share quotes that are publicly available from local dailies and from the website of club share brokers. As of December 31, 2024 and 2023, equity investments designated at FVTOCI amounted to ₱160.2 million and ₱120.2 million, respectively.

Below is the movement of reserve for fair value changes of financial assets investments at FVTOCI, which is presented as part of "Reserve for fair value changes of financial assets investments" in the consolidated statements of changes in equity.

	2024	2023
Beginning balance	**₱82,469,999**	₱69,719,999
Changes in fair value of equity investments held at FVTOCI, net of tax effect	**34,000,000**	12,750,000
Ending balance	**₱116,469,999**	₱82,469,999

Deferred income tax liabilities on the fair value changes of the equity investments designated as FVTOCI amounted to ₱20.1 million and ₱14.1 million as of December 31, 2024 and 2023, respectively (see Note 25).

Creditable withholding tax - net of current portion
As of December 31, 2024, the Group assessed that the portion of its creditable withholding tax amounting to ₱85.4 million will not be utilized within the next twelve months and was presented as part of "Other noncurrent assets".

Deferred project costs
Deferred project cost as of December 31, 2024 and 2023 pertain to the following:

Maragondon Bulk Water project costs	₱34,067,350
Engineering designs, consultancy, development and geodetic surveys costs	8,715,917
	₱42,783,267

a. Maragondon Bulk Water project costs pertain to the cost of feasibility study acquired as part of WBSI acquisition in 2011. Prior to acquisition, WBSI had contractual joint venture agreement with Maragondon Water District (MWD) when WBSI submitted an unsolicited proposal to develop a bulk water supply project to be sourced from the Maragondon River, to install and operate the water treatment plant and deliver treated water at the off-takers tapping point. As part of the agreement, MWD assigned its water permits for the use of the raw water from Maragondon River to WBSI. As of December 31, 2024 and 2023, the Group is working with the local government to execute the Bulk Water Supply Agreement which will contain the terms and conditions to operate the water treatment facility, as well as the corresponding tariffs and royalty fees.

   In January 2019, the Group entered into a Supplemental Agreement to clarify the terms of the contractual joint venture agreement and agree on the implementation timeline of the project.

b. In relation to the Group's water-related projects, the Group incurs expenditures related to the technical feasibility studies which include engineering designs, consultancy fees, development and geodetic surveys and other project costs.

Finance lease receivable
The Group has a long-term lease agreement with a third party which stipulates for a minimum volume of cubic meter to be delivered daily. This is accounted for under finance lease with the related receivables classified as part of "Other receivables" of the Group.

The gross investment in the lease and the present value of minimum lease payments as of December 31 are shown as follows:

	2024	2023
Not later than one year	**₱1,030,346**	₱1,030,346
Later than one year and not later than five years	**4,121,385**	4,121,385
Later than five years	**9,388,706**	10,990,361
Gross finance lease receivable	**14,540,437**	16,142,092
Less unearned interest	**(3,605,262)**	(4,064,300)
Present value of minimum lease payments	**10,935,175**	12,077,792
Current portion	**(571,308)**	(589,122)
Finance lease receivable - noncurrent portion	**₱10,363,867**	₱11,488,670

Others include escrow fund relating to the acquisition of land and STP by AWSI, software and restricted time deposits placed by the Group to guaranty an institutional catering contract. The Group recognized amortization related to software amounting to ₱1.1 million, ₱0.8 million, and ₱1.6 million in 2024, 2023 and 2022, respectively (see Note 20).

16. Notes Payable and Long-Term Debts

Notes payable

			Outstanding Balance	
Entity	Facility	Terms	**2024**	2023
Parent Company	One-year loan agreement	Principal payable at maturity; interest payable quarterly, interest rate of 7.15%	**₱50,000,000**	₱100,000,000
BTSI	6 months short-term loan agreement	Principal and interest payable at maturity; interest rate of 7.5%	**21,178,000**	32,000,000
MSFI	180 days short-term loan agreement	Principal and interest payable at maturity; interest rate of 8.0% (Note 18)	**50,000,000**	50,000,000
NAWASCOR	6 months short-term loan agreement	Principal payable at maturity; interest payable quarterly, interest rate of 8.5% (Note 18)	**–**	12,500,000
SWRI	6 months short-term loan agreement	Principal payable at maturity; interest payable monthly, interest rate of 8.5% (Note 18)	**–**	50,000,000
			₱121,178,000	₱244,500,000

Long-term debts

			Outstanding Balance	
Entity	Facility	Terms	**2024**	2023
MSFI	Eight-year term loan agreement	Principal and interest payable quarterly; interest rate equivalent to the benchmark rate plus 100 basis points per annum or 7.02%, whichever is higher (Note 18)	**₱55,555,556**	₱129,629,630
	Eight-year term loan agreement	Principal and interest payable quarterly; interest rate equivalent to 7.08% per annum (Note 18)	**96,428,571**	135,000,000
MASCORP	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 2.49% per annum subject to quarterly re-pricing (Note 18)	**–**	45,795,918
	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 3.84% per annum subject to quarterly re-pricing (Note 18)	**–**	53,788,009
	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 3.01% per annum subject to quarterly re-pricing (Notes 18 and 23)	**–**	784,400
	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 6.5% per annum subject to quarterly re-pricing (Notes 18 and 23)	**150,000,000**	**–**
BTSI	Fifteen-year term loan agreement	Principal and interest payable monthly; interest rate of 7.5% per annum	**18,603,000**	19,843,200
	Fifteen-year term loan agreement	Principal and interest payable monthly; interest rate of 7.5% per annum	**6,315,750**	6,736,800
	Ten-year term loan agreement	Monthly principal repayment to commence one year after the drawdown date, and bears interest rate of 7.5% per annum	**179,173,567**	210,792,431
	Fourteen-year term loan agreement	Monthly principal repayment to commence at the two years after the drawdown date, and bears interest rate of 7.5% per annum	**9,375,000**	10,000,000
	Eleven-year term loan agreement	Monthly principal repayment and bears interest rate of 7.5% per annum	**9,854,015**	–
SWRI	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 5.0% per annum	**207,458**	375,917
	Five-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.32% per annum subject to quarterly re-pricing	**14,750,000**	–
	Five-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.05% per annum subject to quarterly re-pricing	**24,583,333**	–
	Three-year term loan agreement	Principal and interest payable monthly; interest rate of 11.7% per annum	**757,879**	–
	Ten-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.42% per annum subject to quarterly re-pricing after 3 years	**84,000,000**	–
NAWASCOR	Three-year term loan agreement	Principal and interest payable quarterly, interest rate of 8.5% per annum	**66,666,667**	133,333,333
NAWASCOR	Five-year term loan agreement	Principal and interest payable semi-annually, interest rate of 8.5% per annum	**629,894**	852,741
FAA	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.5% per annum	**21,818,983**	55,152,317

(Forward)

Entity	Facility	Terms	Outstanding Balance 2024	2023
SNVRDC	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 8.0% per annum; guaranteed by MAPDC	**₱18,000,000**	₱–
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.8% per annum; guaranteed by MAPDC	**9,000,000**	–
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.6% per annum; guaranteed by MAPDC	**9,000,000**	–
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.5% per annum; guaranteed by MAPDC	**9,473,681**	–
			784,193,354	802,084,696
	Unamortized transaction costs		**(1,846,006)**	(2,075,873)
			782,347,348	800,008,823
	Less current portion		**386,927,235**	314,114,902
	Noncurrent portion		**₱395,420,113**	₱485,893,921

The aforementioned notes payable and long-term debts are obtained from local banks.

The MSFI loan was specifically availed to finance the construction of its kitchen facility (see Note 11). In accordance with the loan agreement, MSFI is required to maintain debt-to-equity ratio of not more than 70:30 and debt service coverage ratio (DSCR) of at least 1.2 times. In September 2023, the lender- bank waived MSFI's compliance with the debt-to-equity ratio until December 31, 2024, at which time thereafter such covenants shall continue in full force and effect with testing to commence using the June 30, 2025 unaudited financial statements of MSFI.

In accordance with the loan agreements, MASCORP is required to maintain a debt-to-equity ratio of not greater than 2.33 times and debt-service-coverage ratio of not lower than 1.0x. MASCORP did not meet the required financial debt covenants and was unable to secure a waiver for this loan, resulting in the loans payable being reclassified as current liability.

BTSI is required to maintain certain financial ratios, such as current ratio, debt service cost coverage and debt equity ratio, and comply with non-financial covenants for bank loan applicable a year after the grant of the loan. As of the reporting date, BTSI remains within the required financial ratios and is in compliance with all applicable debt covenants.

NWSC is required to maintain certain financial ratios, such as debt service cost coverage and debt equity ratio in accordance with the loan agreement. As of the reporting date, NWSC obtained initial approval from the bank indicating the deferral of compliance with DSCR until December 31, 2025.

FAA is required to maintain certain financial ratios, such as debt service cost coverage and debt equity ratio in accordance with the loan agreement. FAA did not meet the required debt service cost coverage ratio. The lender-bank approved the waiver of compliance with DSCR ratio until December 31, 2024. The outstanding balance as of December 31, 2024 is due on July 29, 2025.

Total interest expense incurred amounted to ₱59.8 million, ₱96.1 million and ₱81.5 million in 2024, 2023 and 2022, respectively (see Note 22). The capitalization of interest expense in 2024 amounted to ₱0.1 million pertaining to capitalized expense on construction in progress of SNVRDC and nil in 2023 and 2022. Except for the loan of SNV which is guaranteed by MAPDC, all other loans are unsecured.

17. **Accounts Payable and Accrued Liabilities**

	2024	2023
Trade accounts payable:		
Related parties (Note 18)	**₱564,120,203**	₱598,388,395
Third parties	**536,453,982**	565,200,908
Nontrade accounts payable (Note 29)	**329,003,001**	473,985,211
Accrued:		
Utilities and others (Note 20)	**379,959,874**	204,174,648
Rental	**95,887,415**	111,237,256
Service fees (Note 29)	**44,311,771**	52,713,237
Outside services	**26,050,347**	15,221,611
Interest (Notes 16 and 18)	**1,035,191**	11,508,861
Personnel cost	**–**	8,724,839
Output VAT	**112,394,989**	286,025,183
Payable to government agencies	**85,479,541**	193,370,167
Unearned revenue (Note 19)	**112,114,004**	115,434,244
Retention payable	**12,724,574**	10,067,040
	₱2,299,534,892	₱2,646,051,600

Trade payables are incurred in the conduct of the Group's business with normal credit terms ranging from 30 to 45 days. Nontrade payables include concession privilege fee payable and payable to mine surveyor and subcontractor.

Retention payable pertains to the portion of the contractors' billings on the various construction projects retained by the Group and will be released upon acceptance of the completed projects and submission by the contractors of the certificate of completion and guarantee bond.

Deferred output VAT, which is included as part of "Output VAT", pertains to output VAT of uncollected receivables from the rendering of the Group's services.

Payable to government agencies include other tax-related payable such as withholding tax and payable to Social Security System, Philippine Health Insurance Corporation and Pag-IBIG Fund Contributions.

Unearned revenue pertains to the advance payment from cadet trainees.

18. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or shareholder of the Company either has a beneficial controlling interest or are in a position to exercise significant influence therein (i.e., affiliates).

Transactions between the Company and its subsidiaries and the related balances are eliminated at consolidation and are no longer included in the disclosures.

Transactions disclosed below pertain to the following related parties:

Relationship	Name
Affiliates	Philippine National Bank Philippine Airlines, Inc. (PAL) Air Philippines Corporation (APC)
Associates	LTP CPCS

The following tables summarize the transactions with the Group's related parties and their account balances:

	Outstanding balance		
Nature of Transaction	**2024**	2023	Terms and conditions
Affiliates	*(In millions)*		
Deposits and cash equivalents	**₱965.5**	₱1,003.8	On demand; prevailing interest rate
Rental deposit	**–**	0.6	To be refunded at the end of lease term; non-interest bearing
Trust fund retirement plan (Note 21)	**185.8**	115.8	Based on trustee agreement

	Amount of Transactions			Outstanding Balance Receivable (Payable)		
Nature of Transaction	**2024**	2023	2022	**2024**	2023	Terms and Conditions
			(In millions)			
Affiliates						
Interest income on deposits and cash equivalents (Note 22)	**₱9.6**	₱10.4	₱0.4	**₱–**	₱–	On demand; prevailing interest rate
Ground handling and other services	**3,568.0**	2,828.1	1,901.4	**775.8**	796.0	30 day, unsecured, non-interest bearing, unimpaired
Catering services	**1,578.3**	1,570.8	852.6	**144.9**	192.1	30 day, unsecured, non-interest bearing, unimpaired
Short-term debt (Note 16)	**62.5**	50.0	–	**(50.0)**	(112.5)	180 - 360 days loan agreement, interest bearing based on benchmark rate
Long-term debt (Note 16)	**240.0**	–	200.2	**(259.6)**	(499.6)	5-8 year term loan, interest bearing based on benchmark rate, payable quarterly; no collateral
Interest expense	**26.4**	55.9	46.7	**(2.7)**	(4.7)	
Office rent	**3.0**	8.7	10.5	**–**	–	30 day, unsecured, non-interest bearing
Lease of ground support equipment and share in utilities/space rental	**259.5**	348.2	166.4	**(504.4)**	(581.1)	30-day, non-interest bearing
Lease of operational areas and equipment and allocated operating costs	**10.7**	27.8	51.7	**(29.4)**	(17.3)	On-demand, unsecured, non-interest bearing
Associates						
Administrative and lease income from sublease of land	**31.7**	29.2	29.2	**–**	2.7	25 years, non-interest bearing, includes impact of straight-line recognition of lease income, unimpaired
Service fee from preventive maintenance and wastewater treatment services	**1.5**	1.4	1.1	**0.2**	1.2	30 day, unsecured, non-interest bearing, unimpaired
Ground handling	**57.6**	4.0	3.6	**17.5**	15.9	30 day, unsecured, non-interest bearing, unimpaired
Catering services	**30.0**	13.7	12.7	**10.2**	10.3	30 day, unsecured, non-interest bearing, unimpaired
Management services	**28.8**	27.9	25.6	**–**	–	30 day, unsecured, non-interest bearing, unimpaired
Dividend received (Note 9)	**559.3**	539.1	114.7	**–**	–	On-demand, unsecured, non-interest bearing

Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Ground handling and catering arrangements
Transactions with PAL and APC include ramp, passenger, cargo and other ground handling services and catering services. The Group also provides catering services to an airport lounge of PAL.

As of December 31, 2024 and 2023, the Group's trade receivables from related parties amounted to ₱948.7 million and ₱1,018.1 million.

Loans
In 2017, MSFI availed an eight-year term loan facility amounting to ₱400.0 million with the local affiliated bank (see Note 16). The loan was availed to finance the MSFI's construction of kitchen facility. In 2019, the Group availed an eight-year term loan facility amounting to ₱250.0 million with the local affiliated bank. These loans were availed to finance the Group's construction of kitchen facility. The carrying value of the loan as of December 31, 2024 and 2023 amounted to ₱152.0 million and ₱264.6 million, respectively. Interest expense incurred amounted to ₱15.0 million in 2024, ₱21.7 million in 2023 and ₱22.5 million in 2022 (see Notes 11 and 16).

In 2017, the MASCORP availed of two five-year term loans totaling ₱94.2 million with PNB for working capital and to finance the acquisition of ground handling service equipment. The carrying value of the loan as of December 31, 2024 and 2023 amounted to nil and ₱0.8 million, respectively. MASCORP has fully paid the loans in February 2024.

In 2019, MASCORP obtained five-year term loans from PNB amounting to US$3.5 million equivalent to ₱183.6 million and ₱165.0 million payable in 60 equal and successive monthly amortizations commencing at the end of the first month from initial draw down date of the loans. Interest rate is subject to quarterly repricing. These loans were availed to refinance the short-term loans drawn against the omnibus credit line with PNB and for the purchase of various equipment which are mostly ground support equipment for the MASCORP's operations in various stations. The carrying value of the loan as of December 31, 2024 and 2023 amounted to nil and ₱99.6 million, respectively. Interest expense for MASCORP's loans amounted to nil in 2024 and ₱11.7 million in 2023 (see Notes 11 and 16).

On October 30, 2021 and December 15, 2021, NAWASCOR entered into loan agreement with Philippine National Bank (PNB) to finance the acquisition of transport equipment and payment for advances from MAPDC and MAC, respectively. The carrying value of the loan as of December 31, 2024 and 2023 amounted to ₱66.7 million and ₱133.3 million, respectively. Interest expense for NAWASCOR's loans amounted to ₱8.6 million in 2024 and ₱18.2 million in 2023.

In 2024, SWRI obtained a ten (10)-year term loan with a bank with quarterly installment after 18 months grace period and bears interest of 7.73% per annum. SWRI also obtained a five (5)-year term loan on May 13, 2024, amounting to ₱15.0 million at 7.3236% and ₱25.0 million at 7.235% per annum on September 20, 2024. The carrying value of the loans as of December 31, 2024 and 2023 amounted to ₱40.1 million and nil, respectively. SWRI recognized interest expense amounting to ₱2.5 million and nil in 2024 and 2023, respectively, in relation to these loans.

The Group also has outstanding short-term loans to a related party which amounted to ₱50.0 million and ₱112.5 million as of December 31, 2024 and 2023, respectively (see Note 16).

Leases
MASCORP leases ground support equipment from PAL and the MASCORP pays to PAL its share on rental and utilities in the airport space occupied.

PAL charges MSISC for the lease of operational areas and equipment and allocated operating costs.

MAPDC has a contract with LTP covering the sub-lease of a parcel of land located within NAIA (see Note 28). The sub-lease, which commenced on September 1, 2000, is for a period of 25 years and is renewable for another 25 years thereafter. The rental charge is subjected to fixed price escalation and guaranty. fee due from LTP is equivalent to the MAPDC's cost of leasing the land from Manila International Airport Authority (MIAA) and administrative fees. Administrative income amounted to ₱31.7 million and ₱29.2 million in 2024 and 2023, respectively. As of December 31, 2024 and 2023, the accreted value of rental deposit are presented as part of "Other noncurrent liabilities" in the consolidated balance sheets amounting to ₱25.1 million and ₱18.3 million, respectively. Accretion of interest (included as part of "Financing charges" account) amounted to ₱2.9 million in 2024, ₱2.5 million in 2023 and ₱2.2 million in 2022 (see Note 22). As of December 31, 2024 and 2023, unearned rent income from nonrefundable deposits amounted to ₱21.9 million and ₱22.9 million, respectively.

Service fee from preventive maintenance and wastewater treatment services
In 2024 and 2023 the MAPDC billed and collected from LTP service fee from preventive maintenance and wastewater treatment services amounting to ₱1.5 million and ₱1.4 million, respectively.

Service fees
In 2024 and 2023 the MAC billed and collected from LTP service fees amounting to ₱28.8 million and ₱27.9 million, respectively.

Compensation of Key Management Personnel
The short-term benefits of the Company's key management personnel amounted to ₱68.3 million in 2024, ₱55.7 million in 2023, and ₱41.8 million in 2022. There are no termination benefits or share-based payments granted to key management personnel.

Related Party Transactions Review
In accordance with the guidelines and regulations on corporate governance issued by the Philippine SEC and other regulatory bodies, the Group adopted a policy on related party transactions. The material related party transactions policy shall cover transactions meeting the materiality threshold of 10% of the Group's total consolidated assets. All individual material related party transactions 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 material related party transaction.

19. **Revenue**

	2024	2023	2022
Gross service revenue	**₱9,529,604,236**	₱8,078,981,522	₱4,927,514,231
Less discounts	**87,931,692**	81,935,676	44,006,204
	₱9,441,672,544	₱7,997,045,846	₱4,883,508,027

Disaggregated Revenue Information
The Group derives its revenue from transfer of goods and services over time and at a point in time, in different product types and within the Philippines.

Set out below are the disaggregation of the Group’s revenue and the reconciliation of the revenue from contracts with customers with the amounts disclosed in segment information (see Note 4).

2024

	In-flight and Other Catering*	Ground Handling and Aviation	Administrative*	Water Treatment and Distribution*	Mining	ICT Services	Total
Services							
Inflight and other catering	**₱2,872,956,633**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,872,956,633**
Passenger and ramp services	**–**	**3,700,188,262**					**3,700,188,262**
Cargo handling	**–**	**386,986,637**	**–**	**–**	**–**	**–**	**386,986,637**
Water distribution	**–**	**–**	**–**	**739,856,678**	**–**	**–**	**739,856,678**
Operation and maintenance of STP	**–**	**–**	**–**	**8,696,958**	**–**	**–**	**8,696,958**
Administrative fee	**–**	**–**	**56,225,944**	**–**	**–**	**–**	**56,225,944**
Others	**1,425,607,382**	**84,775,353**	**–**	**–**	**–**	**62,389,894**	**1,572,772,629**
	4,298,564,015	**4,171,950,252**	**56,225,944**	**748,553,636**	**–**	**62,389,894**	**9,337,683,741**
Goods							
Beverages and dry goods	**103,988,803**	**–**	**–**	**–**	**–**		**103,988,803**
Total	**₱4,402,552,818**	**₱4,171,950,252**	**₱56,225,944**	**₱748,553,636**	**₱–**	**₱62,389,894**	**₱9,441,672,544**

**In 2024, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to ₱12.0 million, ₱17.8 million and ₱15.7 million, respectively.*

2023

	In-flight and Other Catering*	Ground Handling and Aviation	Administrative*	Water Treatment and Distribution*	Mining	ICT Services	Total
Services							
Inflight and other catering	₱2,682,257,625	₱–	₱–	₱–	₱–	₱–	₱2,682,257,625
Passenger and ramp services	–	2,873,826,485					2,873,826,485
Cargo handling	–	202,058,290	–	–	–	–	202,058,290
Water distribution	–	–	–	606,667,552	–	–	606,667,552
Operation and maintenance of STP	–	–	–	10,822,036	–	–	10,822,036
Administrative fee	–	–	46,621,995	–	–		46,621,995
Others	1,201,374,170	59,639,885	–	–	–	215,627,301	1,476,641,356
	3,883,631,795	3,135,524,660	46,621,995	617,489,588	–	215,627,301	7,898,895,339
Goods							
Beverages and dry goods	98,150,507	–	–	–	–		98,150,507
Total	₱3,981,782,302	₱3,135,524,660	₱46,621,995	₱617,489,588	₱–	₱215,627,301	₱7,997,045,846

**In 2023, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to ₱12.0 million, ₱6.6 million and ₱14.9 million, respectively.*

2022

	In-flight and Other Catering*	Ground Handling and Aviation	Administrative*	Water Treatment and Distribution*	Mining	Total
Services						
Inflight and other catering	₱1,454,505,234	₱–	₱–	₱–	₱–	₱1,454,505,234
Passenger and ramp services	–	1,803,979,312	–	–	–	1,803,979,312
Cargo handling	–	191,176,633	–	–	–	191,176,633
Water distribution	–	–	–	502,794,182	–	502,794,182
Operation and maintenance of STP	–	–	–	12,215,328	–	12,215,328
Administrative fee	–	–	30,443,040	–	–	30,443,040
Others	776,276,013	54,379,244	–	–	–	830,655,257
	2,230,781,247	2,049,535,189	30,443,040	515,009,510	–	4,825,768,986
Goods						
Beverages and dry goods	57,739,041	–	–	–	–	57,739,041
Total	₱2,288,520,288	₱2,049,535,189	₱30,443,040	₱515,009,510	₱–	₱4,883,508,027

**In 2022, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to ₱11.2 million, ₱20.9 million and ₱6.7 million, respectively.*

Others include laundry, warehousing and other ancillary services rendered by MACS and MASCORP.

Timing of revenue recognition	**2024**	2023	2022
Goods or services transferred over time	**₱9,337,683,741**	₱7,898,895,339	₱4,825,768,986
Goods transferred at a point in time	**103,988,803**	98,150,507	57,739,041
	₱9,441,672,544	₱7,997,045,846	₱4,883,508,027

<u>Contract Balances</u>

The Group’s gross trade receivables amounted to ₱1,971.7 million and ₱1,974.8 million as at December 31, 2024 and 2023, respectively (see Note 6).

As of December 31, 2024 and 2023, the Group’s contract assets amounted to ₱112.6 million and ₱57.2

million (see Notes 6 and 15). This includes incremental cost incurred to obtain a contract amounting to ₱35.5 million and ₱49.8 million as of December 31, 2024 and 2023, respectively. Amortization of cost to obtain of contract asset balance amounted to ₱14.2 million in 2024 and 2023 (see Note 20).

The Group's contract liabilities amounted to ₱112.1 million and ₱115.4 million as of December 31, 2024 and 2023, respectively (see Note 17).

20. **Direct Costs and Operating Expenses**

Direct costs

	2024	2023	2022
Salaries and wages	**₱2,024,640,523**	₱1,705,910,197	₱1,113,321,101
Food (Note 7)	**1,889,214,415**	1,729,440,079	1,046,466,645
Contractual services	**1,137,993,324**	958,486,620	481,827,300
Concession privilege fee (Note 29)	**487,088,063**	392,717,672	244,123,145
Depreciation and amortization (Notes 11, 13 and 28)	**294,272,828**	258,976,664	278,884,665
Rent (Notes 18 and 28)	**212,918,433**	136,276,777	131,623,081
Utilities	**180,819,472**	104,290,926	88,736,325
Repairs and maintenance	**180,014,084**	160,844,023	116,290,316
Overhead	**145,050,744**	145,524,325	122,576,320
Supplies (Note 7)	**144,991,959**	181,666,273	117,365,162
Employee benefits (Note 21)	**140,908,402**	83,612,774	52,184,184
Insurance	**49,386,494**	45,817,779	40,541,079
Connectivity and technology services	**32,414,153**	175,849,768	–
Laundry	**14,450,349**	10,427,816	5,853,773
Others	**174,568,008**	164,998,561	129,732,340
	₱7,108,731,251	₱6,254,840,254	₱3,969,525,436

Operating expenses

	2024	2023	2022
Selling:			
Advertising and promotions	**₱5,000,229**	₱3,711,233	₱1,816,505
General and administrative:			
Salaries and wages	**350,948,016**	293,369,563	221,068,907
Employee benefits (Note 21)	**121,637,966**	68,668,474	23,543,011
Repairs and maintenance	**103,461,700**	93,932,742	51,597,145
Taxes and licenses (Note 12)	**83,974,409**	67,906,467	41,880,977
Service fee (Note 29)	**79,702,276**	59,009,688	31,058,623
Depreciation and amortization (Notes 11, 13 and 28)	**67,657,707**	68,024,531	65,224,915
Rent (Notes 18 and 28)	**65,599,920**	27,421,138	57,712,054
Security and janitorial	**65,415,754**	44,642,814	31,379,761
Professional and legal fees	**59,119,880**	51,083,734	37,975,146
Provisions for probable losses and ECL (Notes 6 and 8)	**56,506,119**	48,035,231	39,106,131
Supplies	**47,965,350**	46,229,986	29,173,622
Utilities	**38,853,080**	32,832,444	26,181,795
Entertainment, amusement and recreation	**36,803,428**	23,935,796	12,707,062

(Forward)

	2024	2023	2022
Transportation and travel	**₱29,937,519**	₱21,663,561	₱11,189,758
Insurance	**16,193,360**	11,860,126	10,770,848
Directors' fees	**15,220,866**	12,069,998	10,083,821
Communications	**13,199,329**	9,840,709	7,713,373
Gas and oil	**9,862,609**	8,602,827	7,943,055
Project expenses	**1,748,106**	3,385,254	2,782,948
Others	**122,198,771**	89,468,399	72,611,079
	1,386,006,165	1,081,983,482	791,704,031
	₱1,391,006,394	₱1,085,694,715	₱793,520,536

Others include quality control related expenses (e.g., hygiene and sanitation), company activities and projects, and personnel training costs.

21. Employee Benefits Costs

Accrued retirement and other employee benefits payable consists of the following:

	2024	2023
Accrued retirement benefits payable	**₱171,372,704**	₱164,622,597
Other employee benefits	**25,207,836**	25,400,274
	₱196,580,540	₱190,022,871

Retirement Benefits Cost
The Group has funded, non-contributory defined benefit group retirement plans, covering all of their permanent employees. The retirement benefit is equal to a certain percentage of the monthly final salary for every year of service. The fund is administered by a trustee bank which is responsible for investment strategy of the plan, in consultation with the Group's Management.

Under the existing regulatory framework, Republic Act No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement benefits cost recognized in profit or loss follow:

	2024	2023	2022
Current service cost	**₱44,679,659**	₱28,336,042	₱23,627,939
Net interest cost	**7,468,725**	5,280,571	3,360,664
Actuarial gain due to settlement	**(2,148)**	–	–
	₱52,146,236	₱33,616,613	₱26,988,603
Portions recognized in:			
Direct costs (Note 20)	**₱33,040,554**	₱17,897,516	₱14,462,930
Operating expenses (Note 20)	**19,105,682**	15,719,097	12,525,673
	₱52,146,236	₱33,616,613	₱26,988,603

The details of the remeasurement in other comprehensive income are as follows:

	2024	2023	2022
Actuarial gain (loss) on defined benefit obligation arising from changes in:			
Experience adjustments	**(₱35,223,969)**	(₱18,363,911)	(₱11,355,674)
Demographic assumptions	**618,734**	1,484,526	(19,191,358)
Financial assumptions	**14,038,218**	(41,873,287)	41,734,652
	(20,567,017)	(58,752,672)	11,187,620
Remeasurement loss on plan assets	**(₱511,114)**	(₱1,497,429)	(₱5,502,860)
Effect of asset ceiling	**122,570**	1,374,637	1,173,975
	(20,955,561)	(58,875,464)	6,858,735
Tax effect	**(2,110,762)**	10,347,174	(693,169)
	(₱23,066,323)	(₱48,528,290)	₱6,165,566

The details of the accrued retirement benefits payable, net of pension assets, are as follows:

	2024	2023
Present value of defined benefit obligation	**₱356,397,347**	₱278,073,347
Fair value of plan assets	**(185,825,532)**	(115,804,443)
	170,571,815	162,268,904
Effect of asset ceiling	**122,570**	1,374,637
	₱170,694,385	₱163,643,541

Movements in accrued retirement benefits payable and pension asset follow:

	2024		2023	
	Accrued retirement benefits payable	**Pension asset (Note 15)**	Accrued retirement benefits payable	Pension asset (Note 15)
Beginning balance	**₱164,622,597**	**(₱979,056)**	₱102,546,220	(₱7,741,764)
Retirement benefits cost recognized in profit or loss	**52,043,358**	**102,878**	33,591,266	25,347
Remeasurements in other comprehensive income	**20,757,702**	**197,859**	58,828,413	47,051
Contributions	**(66,255,671)**	–	(23,500,000)	–
Benefits directly paid by the Group	–	–	(152,992)	–
Reclassification and other adjustment	**204,718**	–	(6,690,310)	6,690,310
Ending balance	**₱171,372, 704**	**(₱678,319)**	₱164,622,597	(₱979,056)

Changes in present value of defined benefit obligation are as follows:

	2024	2023
Beginning balance	**₱278,073,347**	₱182,400,634
Current service cost	**44,679,659**	28,336,042
Interest cost	**16,460,752**	12,598,500
Actuarial loss on retirement obligation	**20,567,017**	58,752,672
Benefits directly paid from the Company's fund	**–**	(152,992)
Benefits paid out of the Group's plan assets	**(4,715,495)**	(3,861,509)
Other adjustments	**1,332,067**	–
Ending balance	**₱356,397,347**	₱278,073,347

Changes in fair value of plan assets are as follows:

	2024	2023
Beginning balance	**₱115,804,443**	₱90,345,452
Interest income on plan assets	**8,992,027**	7,317,929
Contributions to the plan	**66,255,671**	23,500,000
Benefits paid	**(4,715,495)**	(3,861,509)
Remeasurement loss on plan assets	**(511,114)**	(1,497,429)
Ending balance	**₱185,825,532**	₱115,804,443
Actual return on plan assets	**₱8,480,913**	₱5,820,500

The major categories of plan assets are as follows:

	2024	2023
Cash and cash equivalents	**₱74,981,675**	₱21,554,917
Debt instruments - government securities	**110,381,923**	93,850,566
Receivables and others	**461,934**	398,960
	₱185,825,532	₱115,804,443

The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining retirement benefits cost and obligations as of January 1 are shown below.

	2024	2023
Average discount rates	**6.12%**	7.09%
Average future salary increases	**4%**	3.0%

The average discount rate and future salary increase as of December 31, 2024 and 2023 are 5.98% and 4% and, 6.12 % and 4%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation as of December 31, assuming all other assumptions were held constant:

Assumptions:	**2024**	2023
Discount rate:		
+100 basis points	**(₱24,628,872)**	(₱20,318,953)
-100 basis points	**28,647,573**	24,497,767
Salary increase rate:		
+100 basis points	**29,120,375**	24,777,950
-100% basis points	**(25,165,249)**	(21,637,837)

There were no changes in the methods and assumptions from the previous periods used in preparing the sensitivity analysis.

Shown below is the maturity analysis of the undiscounted benefit payments:

Date of retirement:	**2024**	2023
1 year and less	**₱59,627,098**	₱23,430,223
More than 1 year to 5 years	**168,438,953**	168,351,227
More than 5 years	**292,733,297**	255,039,909
More than 10 years to 15 years	**94,798,779**	–

The Group expects to contribute ₱22.0 million to the retirement fund in 2025. The Group does not currently employ any asset-liability matching strategies.

Other employee benefits
Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits are presented as "Other employee benefits" which amounted to ₱25.2 million and ₱25.4 million as of December 31, 2024 and 2023, respectively. Provision for accumulating leave credits amounted to nil, ₱2.6 million and ₱0.7 million in 2024, 2023 and 2022 respectively.

22. **Other Income**

a. Interest income was derived from:

	2024	2023	2022
Cash and cash equivalents			
(Notes 5 and 18)	**₱23,595,213**	₱16,298,405	₱1,551,961
Accretion of refundable deposits	**3,103,685**	2,707,404	2,350,302
	₱26,698,898	₱19,005,809	₱3,902,263

b. Financing charges pertain to:

	2024	2023	2022
Notes payable and long-term debts (Notes 16 and 18)	**₱59,826,437**	₱96,053,858	₱81,536,874
Lease liabilities (Note 28)	**51,749,127**	50,719,765	52,678,133
Accretion of refundable deposits (Note 18)	**2,930,450**	2,499,691	2,213,846
Others	**7,479,113**	14,508,214	12,525,932
	₱121,985,127	₱163,781,528	₱148,954,785

Other financing charges pertain to the interest charged for the late payment of rental charges, repairs and maintenance and settlement of tax assessment.

c. Other income consists of:

	2024	2023	2022
Construction revenue (Note 13)	**₱13,403,616**	₱–	₱442,145
Construction costs (Note 13)	**(13,403,616)**	–	(442,145)
Connection and reconnection fees	**6,611,928**	5,890,519	1,626,869
Gain on sale of asset	**65,024**	–	–
Gain on bargain purchase (Note 10)	–	69,730,361	–
Loss on disposal of investment in an associate (Note 9)	–	(43,022,151)	–
Others - net	**58,731,289**	80,777,229	104,842,226
	₱65,408,241	₱113,375,958	₱106,469,095

Others include management fee charged to an associate amounting to ₱28.8 million, ₱27.9 million, and ₱25.6 million in 2024, 2023 and 2022, respectively (see Note 18), and items that are individually immaterial.

23. Foreign Currency-denominated Monetary Assets and Liabilities

The Group's foreign currency-denominated monetary assets and liabilities as of December 31 are as follows:

	2024		2023	
	US Dollar	**Total Peso Equivalent**	US Dollar	Total Peso Equivalent
Assets				
Cash and cash equivalents	**$2,786,374**	**₱161,191,736**	$4,857,580	₱268,964,205
Receivables	**14,047,594**	**812,653,313**	6,104,880	338,027,205
	16,833,968	**973,845,049**	10,962,460	606,991,410
Liabilities				
Accounts payable and accrued liabilities (Note 17)	**1,218,450**	**70,487,333**	1,311,079	72,594,444
Notes payable and long-term debts (Note 16)	**1,112,500**	**64,358,125**	985,595	54,572,395
	2,330,950	**134,845,458**	2,296,674	127,166,839
Net foreign currency-denominated assets	**$14,503,018**	**₱838,999,591**	$8,665,786	₱479,824,571

As of December 31, 2024 and 2023, the exchange rates of the Peso to US$ dollar were ₱57.85 and ₱55.37 to US$1, respectively.

24. Registration with the Philippine Economic Zone Authority (PEZA), Mactan Cebu International Airport Authority (MCIAA) and Subic Bay Metropolitan Authority (SBMA)

The Group, through MASCORP and MAPDC, is registered with the PEZA and has commercial operations as the Ecozone Developer/Operator of the MacroAsia Special Ecozone at the Ninoy Aquino International Airport (NAIA) and at Mactan Cebu International Airport (MCIA). MacroAsia Special Ecozone is the only existing ecozone within NAIA.

In 2018, the Group, through FAA, was issued Certificate of Registration and Tax Exemption and was granted rights, privileges and benefits as a Subic Bay Freeport Enterprise in accordance with Republic Act No. 7227, Bases Conversion and Development Act of 1992, the rules of authority bestowed on the SBMA.

Under the terms of their registrations, the Group is entitled to certain tax benefits provided for under relevant rules and regulations which include, among others, exemption from payment of all national internal revenue taxes and all local government imposed fees, licenses or taxes. In lieu thereof, MAPDC and FAA shall pay a 5% final tax on gross income earned from their operations within the special tax zones.

25. Income Taxes

a. The current provision for income tax is as follows:

	2024	2023	2022
RCIT	**₱199,156,451**	₱92,024,648	₱58,083,209
MCIT	**4,046,854**	61,032,713	5,356,892
Final tax on interest	**11,633,839**	6,947,674	38,643
5% final tax on gross income	–	46,021	267,973
	₱214,837,144	₱160,051,056	₱63,746,717

The Parent Company's and subsidiaries' net deferred income tax assets (liabilities) as of December 31 are as follows:

	2024		2023	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Recognized directly in the consolidated statements of income:				
Deferred income tax assets on:				
NOLCO	**₱8,116,186**	**₱–**	₱96,824,225	₱1,425,697
Allowances for ECL	**13,067,309**	**1,977,699**	7,950,578	1,977,699
Accrued retirement benefits payable and other employee benefits	**52,202,402**	**581,656**	38,404,607	393,073
Accrued expenses	**239,105**	–	6,169,997	–
Lease liabilities	**251,130,223**	**37,660,861**	250,940,660	9,669,578
Unamortized past service cost	**2,331,255**	–	1,690,660	–
	327,086,480	**40,220,216**	401,980,727	13,466,047

(Forward)

	2024		2023	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred income tax liabilities on:				
Contract assets	**(₱2,365,505)**	**₱–**	(₱2,137,293)	₱–
Unrealized foreign exchange gain - net	**(44,297,596)**	**–**	(39,033,570)	–
Right-of-use assets	**(184,613,449)**	**(34,922,141)**	(188,205,495)	(15,337,259)
Fair value adjustment on property, plant and equipment as a result of business combination	**–**	**(122,062,443)**	–	(122,062,443)
	(231,276,550)	**(156,984,584)**	(229,376,358)	(137,399,702)
Recognized directly in equity:				
Net deferred income tax assets (liabilities) on:				
Fair value changes of equity investments designated as FVTOCI	**–**	**(20,130,000)**	–	(14,130,000)
Remeasurement loss (gain)	**–**	**41,066,526**	(1,992,739)	45,170,027
	–	**20,936,526**	(1,992,739)	31,040,027
	₱95,809,930	**(₱95,827,842)**	₱170,611,630	(₱92,893,628)

b. As of December 31, the deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized in the consolidated balance sheets are as follows:

	2024	2023	2022
Deductible temporary differences on:			
NOLCO	**₱624,356,860**	₱606,110,618	₱1,113,043,232
Accrued retirement benefits payable	**33,252,761**	78,417,661	77,539,990
Allowance for probable loss	**29,771,803**	–	–
MCIT	**17,149, 286**	20,505,731	15,584,860
Unrealized foreign exchange losses	–	–	(824,004)
Allowance for expected credit losses	–	(303,981)	(1,267,109)
Accrued rental expense	–	–	1,433,157

The Group did not recognize deferred income tax assets on these temporary differences, NOLCO and MCIT as management believes that certain companies in the Group may not have sufficient taxable income against which these temporary differences and NOLCO can be used or RCIT payable against which the MCIT can be applied.

c. On September 11, 2020, the President signs into law the “Bayanihan to Recover as One Act” or “Bayanihan 2”, an Act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

d. Details of NOLCO is as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2024	2027	₱65,260,526	₱16,315,132
2023	2026	123,379,462	30,844,866
2022	2025	32,957,691	8,239,423
2021	2026	435,223,925	108,805,981
		₱656,821,604	₱164,205,402

The Group has incurred NOLCO in 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

e. Details of excess of MCIT over RCIT as of December 31, 2024 are as follows:

Period/Year Incurred	Balance at Beginning of the Year	Additions	Expired	Balance at End of the Year	Available Until
2024	₱–	₱4,046,854	₱–	₱4,046,854	2027
2023	6,409,697	–	–	6,409,697	2026
2022	6,692,735	–	–	6,692,735	2025
2021	7,403,299	–	(7,403,299)	–	2024
	₱20,505,731	₱4,046,854	(₱7,403,299)	₱17,149, 286	

f. The reconciliation of the provision for (benefit from) income tax at the statutory tax rates to the provision for income tax as shown in the consolidated statements of income is as follows:

	2024	2023	2022
Provision for income tax computed at the statutory tax rate	**₱413,967,891**	₱298,389,560	₱138,564,576
Adjustments resulting from:			
Nontaxable dividend income	**(139,837,400)**	(151,144,692)	–
Share in net earnings of associates	**(182,885,040)**	(144,182,256)	(117,711,977)
Movements in deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	**189,150,621**	121,504,371	133,078,141
Interest income already subjected to final tax lower rates or not subject to income tax	**(7,844,080)**	(1,097,290)	(98,763)
Others	**11,910,304**	(1,096,066)	(61,007,748)
Provision for income tax	**₱284,462,296**	122,373,627	₱92,824,229

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

Consequently, certain subsidiaries recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

26. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share are computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Company	**₱1,122,876,609**	₱851,136,879	₱446,084,259
Divided by weighted number of common shares outstanding	**1,890,958,323**	1,890,958,323	1,890,958,323
	₱0.59	₱0.45	₱0.24

There are no potential common shares with dilutive effect on the basic earnings per share in 2024, 2023 and 2022.

27. Equity

Capital stock

a. Track record of registration of securities

On August 30, 1974, the Philippine SEC authorized the registration and licensing of the Company's securities with total par value of ₱20.0 million divided into 2,000,000,000 shares with a par value of ₱0.01 per share.

On December 10, 1993, the Company amended its articles of incorporation, increasing the par value of its shares from ₱0.01 per share to ₱1.00 per share.

On March 22, 2000, the Philippine Stock Exchange (PSE) authorized to list the Company's 750,000,000 shares, with a par value of ₱1.00 per share and 500,000,000 warrants divided into the following:

i. 250,000,000 shares to cover the 1:4 stock rights offering to stockholders of record as of April 12, 2000 at an offer price of ₱2.00 per share;
ii. 500,000,000 warrants to cover the 2:1 warrants offering attached to and detachable from the rights shares at a subscription price of ₱0.10 per warrant; and
iii. 500,000,000 shares to cover the underlying shares of warrants at an exercise price of ₱6.00 per share. Actual listing of the underlying common shares of the warrants shall take effect upon the exercise of the warrants.
iv. All warrants expired in 2005.

MAC's shares are listed and traded at the PSE. As of December 31, 2024 and 2023, the Parent Company has 1,890,958,323 shares held by 849 common equity holders.

b. The Company's authorized capital stock is 2,000,000,000 shares with ₱1 per share. Movements in the Company's issued, treasury and outstanding shares are as follows:

	Issued	Treasury	Outstanding
As of December 31, 2010	1,250,000,000	(2,985,000)	1,247,015,000
Acquisition of treasury shares in 2011	–	(7,486,000)	(7,486,000)
As of December 31, 2011	1,250,000,000	(10,471,000)	1,239,529,000
Acquisition of treasury shares in 2012	–	(6,125,000)	(6,125,000)
As of December 31, 2012	1,250,000,000	(16,596,000)	1,233,404,000
Acquisition of treasury shares in 2013	–	(6,249,600)	(6,249,600)
As of December 31, 2013, 2014, 2015, 2016 and 2017	1,250,000,000	(22,845,600)	1,227,154,400
Stock dividend declaration	368,146,293	–	368,146,293
Acquisition of treasury shares in 2018	–	(3,949,100)	(3,949,100)
As of December 31, 2018	1,618,146,293	(26,794,700)	1,591,351,593
Acquisition of treasury shares in 2019	–	(12,845,600)	(12,845,600)
As of December 31, 2019	1,618,146,293	(39,640,300)	1,578,505,993
Acquisition of treasury shares in 2020		(2,707,300)	(2,707,300)
Stock dividend declaration	315,159,630	–	315,159,630
As of December 31, 2024, 2023, 2022, 2021 and 2020	1,933,305,923	(42,347,600)	1,890,958,323

Retained earnings

c. Restriction on retained earnings

The retained earnings as of December 31 is restricted for dividend declaration for the portion equivalent to the following:

- Undistributed earnings of subsidiaries and equity in net earnings of associates and joint ventures amounting to ₱1,687.2 million and ₱1,180.7 million as of December 31, 2024 and 2023, respectively.

- Cost of treasury shares amounting to ₱459.4 million as of December 31, 2024 and 2023.

- Deferred income tax assets amounting to ₱367.3 million and ₱415.4 million as of December 31, 2024 and 2023, respectively.

d. Appropriation and reversal of appropriation of retained earnings

Appropriated retained earnings as of December 31, 2024 and 2023 amounted to ₱960.0 million.

As of December 31, 2024 and 2023, the Parent Company's retained earnings include appropriated amounts of ₱850.0 million for various projects. These were originally approved for appropriation in 2019. The appropriation for various projects is retained for the next few years as aligned with the Group-wide water related projects ranging from two to three years from 2022.

On November 16, 2023, MSISC's BOD approved the appropriation from unrestricted retained earnings the amount of ₱110.0 million for the purpose of funding various capital expenditures.

e. Dividends declared by the Parent Company from the unappropriated retained earnings are as follows:

Type	Date Approved	Per share	Stockholder of Record Date	Date of Payment	Amount
Cash	March 21, 2024	₱0.10	April 19, 2024	May 16, 2024	₱189,095,833
Cash	March 23, 2023	₱0.05	April 21, 2023	May 18, 2023	94,547,916
Stock	July 17, 2020	20%	August 14, 2020	September 11, 2020	315,159,630
Cash	March 14, 2019	₱0.20	April 12, 2019	May 10, 2019	318,270,319

f. Cash dividends received by non-controlling interests are as follows:

Entity	Date Declared	Amount	Per share	Dividends attributable to non-controlling interest (SATS)
MACS	March 13, 2024	₱70,000,000	₱56.0	₱23,100,000
MACS	December 27, 2019	80,000,000	64.0	26,400,000
MACS	December 6, 2018	75,000,000	60.0	24,750,000
MACS	November 28, 2017	70,000,000	56.0	23,100,000
MACS	December 8, 2016	50,000,000	40.0	16,500,000

g. For the year ended December 31, 2024, the MACS BOD approved two dividend declarations amounting to ₱331.5 million. On March 13, 2024, the MACS BOD approved the distribution of cash dividends totaling ₱70.0 million to MAC and SATS. These dividends were paid in installments on April 2, May 31, and August 9 of the same year. Additionally, during the regular MACS BOD meeting held on September 12, 2024, it was approved that MACS investments in subsidiaries, MSIS and MSFI, would be declared and distributed as property dividends. This declaration of property dividends is part of the restructuring of MAC's food business segment (the Food Group) wherein MSFI is planned to be the Parent Company of the Food Group replacing the Company. MACS and MSISC will be fully owned subsidiaries of MSFI.

   The carrying value of noncash dividends distributable to non-controlling interest amounted to ₱86.3 million. As of March 27, 2025, MACS is currently processing the documentary requirements needed in securing the necessary certificates from SEC and BIR.

   As of December 31, 2024 and 2023, ₱96.4 million and ₱9.7 million, respectively, remained outstanding and presented as "Dividends payable" in the consolidated balance sheets.

Treasury shares

h. Treasury stock

   On March 14, 2019, the Parent Company's BOD approved the additional funding of ₱200.0 million for the 2017 Share Buyback Program of the Corporation.

   On June 15, 2017, the Parent Company's BOD approved to allot ₱210.0 million to repurchase shares of the Parent Company at market price. The mechanics of the 2017 Buyback Program is similar to the ₱50.0 million buyback program implemented in 2010. The Program commenced on June 20, 2017 and will run until the ₱210.0 million pesos authorized cash outlay is fully utilized, or until such time that the Parent Company's BOD may direct, subject to appropriate disclosures to the PSE and the Philippine SEC.

On July 16, 2010, the Parent Company's BOD approved the Share Buyback Program (the Program) involving a total cash outlay of ₱50.0 million for the repurchase of the outstanding common shares of the Parent Company from the market, using the trading facilities of the PSE. The Program will not involve any active or widespread solicitation for stockholders to sell. Repurchase of shares of stock will be done during the period of the Program at such prices perceived by the Company to be lower than the inherent value of the share. The Program will run until the ₱50.0 million authorized cash outlay is fully utilized or until such time that the Company's BOD may direct, subject to appropriate disclosures to the PSE and the Philippine SEC.

As of December 31, 2024 and 2023, the Parent Company's cost and number of shares held in treasury are as follows:

Cost	₱459,418,212
Number of shares held in treasury	42,347,600

Other reserves

i. The sale of 250,001 shares representing 20% of the total issued and outstanding capital stock of MASCORP to Konoike amounting to ₱1.1 billion (JPY 2.3 billion) in 2019 was accounted for as a sale of share in subsidiary without loss of control, thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱886.8 million, which is presented as part of "Other reserves" in the equity section of the consolidated balance sheets.

j. In December 2015, the Group, through MAPDC, entered into a share purchase agreement with a third party wherein WBSI shall be owned by MAPDC and the third party at 51% and 49%, respectively. The transaction was accounted for as a sale of share in subsidiary without loss of control; thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱24.3 million, which is presented as part of "Other reserves" in the equity section of the consolidated balance sheets.

   In August 2020, a third party has entered into a deed of absolute sale of shares wherein WBSI shall now be fully owned by MAPDC. The transaction between parent and non-controlling interest is accounted for as an equity transaction. The excess of consideration paid over the Company amount of the non-controlling interests amounted to ₱27.0 million, which is presented as reduction to "Other reserves" in the equity section of the consolidated balance sheets.

k. July 2015, the Company signed a Sale and Purchase Agreement with SATS to sell 162,500 shares representing 13% of the total issued and outstanding capital stock of MACS. After the sale, MACS is 33% owned by SATS. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱119.0 million, which is presented as part of "Other reserves" in the equity section of the consolidated balance sheets.

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28. Leases

The Group has various operating lease agreements with airport authorities for its catering and ground handling operations and with a third party lessor for the Group's office spaces and land. The Group also has land subleased to an associate and accounted for as net investment in the lease. Leases of office space have lease terms between 5 and 35 years, while land generally have lease terms between 5 and 50 years.

The Group holds a lease contract for land that is subleased to LTP. The lease contract provides that the period of lease shall be effective for a period of twenty-five (25) years commencing on September 01,2000 and renewable for another twenty-five (25) years thereafter at the option of the lessee subject to such terms and conditions as maybe mutually agreed upon by both parties.

As of March 27, 2025, the Group and LTP is actively negotiating with the government and airport operator to determine the final lease rate applicable after the initial term expires. The Group and LTP anticipates reaching mutually acceptable terms and conditions before August 2025. The Group has certain lease of land with lease term of 12 months or less that the Group applies the 'short-term lease' exemptions for these leases.

Set out below is the carrying amount of the net investment in the lease recognized and the movements during the years ended December 31:

	2024	2023
At January 1	**₱1,175,894,680**	₱1,172,543,506
Accretion of interest	**3,901,430**	3,351,174
At December 31	**₱1,179,796,110**	₱1,175,894,680

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the years ended December 31:

	2024				
	Land	**Office space**	**Land and office space**	**Water facility**	**Total**
Cost					
At January 1	**₱496,795,403**	**₱93,414,744**	**₱37,032,831**	**₱473,943,912**	**₱1,101,186,890**
Additions	**–**	**42,965,474**	**–**	**–**	**42,965,474**
At December 31	**496,795,403**	**136,380,218**	**37,032,831**	**473,943,912**	**1,144,152,364**
Accumulated Depreciation and Amortization					
At January 1	**(₱154,458,341)**	**(₱62,410,038)**	**(₱23,876,146)**	**(₱61,217,755)**	**(₱301,962,280)**
Depreciation	**(21,770,155)**	**(10,747,038)**	**(4,064,886)**	**(23,697,196)**	**(60,279,275)**
At December 31	**(176,228,496)**	**(73,157,076)**	**(27,941,032)**	**(84,914,951)**	**(362,241,555)**
Net Book Value	**₱320,566,907**	**₱63,223,142**	**₱9,091,799**	**₱389,028,961**	**₱781,910,809**

	2023				
	Land	Office space	Land and office space	Water facility	Total
Cost					
At January 1	₱496,795,403	₱78,294,791	₱37,032,831	₱473,943,912	₱1,086,066,937
Additions	–	15,119,953	–	–	15,119,953
At December 31	496,795,403	93,414,744	37,032,831	473,943,912	1,101,186,890
Accumulated Depreciation and Amortization					
At January 1	(₱131,389,339)	(₱49,658,958)	(₱19,811,260)	(₱37,520,560)	(₱238,380,117)
Depreciation	(23,069,002)	(12,751,080)	(4,064,886)	(23,697,195)	(63,582,163)
At December 31	(154,458,341)	(62,410,038)	(23,876,146)	(61,217,755)	(301,962,280)
Net Book Value	₱342,337,062	₱31,004,706	₱13,156,685	₱412,726,157	₱799,224,610

The following are the amounts recognized in the consolidated statements of income:

	2024	2023	2022
Depreciation expense of right-of-use assets (Note 20)	**₱60,279,275**	₱63,582,163	₱61,093,466
Interest expense on lease liabilities (Note 22)	**51,749,127**	50,719,765	52,678,133
Expenses relating to short-term leases (Note 20)	**278,518,353**	163,697,915	189,335,135
Total amount	**₱390,546,755**	₱277,999,843	₱303,106,734

The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	**₱2,087,075,377**	₱2,111,247,470
Additions	**42,965,474**	15,184,366
Interest expense (Note 22)	**51,749,126**	50,719,765
Payments	**(88,827,549)**	(90,076,224)
As at December 31	**2,092,962,428**	2,087,075,377
Less: Current portion	**43,420,640**	44,867,304
Noncurrent portion	**₱2,049,541,788**	₱2,042,208,073

29. **Significant Agreements and Commitments**

Concession Agreements
The Group has concession agreements with MIAA, CAAP, LIPAD and GMR-Megawide Cebu Airport Corporation ("GMCAC") (the airport authorities) to exclusively operate within the airport authorities' premises at NAIA Terminal 1, 2 and 3, Davao, Clark and Cebu, respectively. The Group pays the airport authorities a monthly concession privilege fee equivalent to 7% of monthly gross revenue on catering services and groundhandling services, except Clark which is 4.9% of the gross revenue. For GMCAC, CPF is 7% and 10% effective July 1, 2018 for ground handling services rendered for the domestic and international flights, respectively.

Concession privilege fee amounted to ₱487.1 million, ₱392.7 million and ₱244.1 million in 2024, 2023 and 2022, respectively, which is presented under "Direct Costs" (see Note 20).

Leases
In 1997, MAC assigned all of its rights and obligations to MACS under the lease agreement it entered in the same year with MIAA for the use of a parcel of land where the catering concession facilities are located. The lease contract was for a period of 10 years from the start of the construction of the facilities, renewable every five years under such terms and conditions as may be agreed upon by both parties. Upon expiration of the lease agreement, both parties mutually agreed to continue the lease on a renewable, short-term basis using the terms in effect during the last year that the original lease agreement was in force.

The original lease contract between MACS and MIAA expired in July 2008. One of the provisions of the lease agreement is that MACS will transfer to MIAA all permanent improvements which MACS might have constructed in the leased premises upon the expiration of the original lease or upon cancellation of the lease agreement.

In 2004, the Supreme Court (SC) issued a decision declaring the current rental charges of MIAA at ₱35.55 per square meter (the current rate) as null and void, resulting into the applicability of the lower rental rates issued by MIAA in prior years, to be adjusted prospectively only until new lease rates are published by MIAA. MACS was paying the nullified rates from 1997 until August 2013, notwithstanding the SC's ruling on the validity of such rate in 2004.

In 2010, MIAA published their new rates for areas within the airport premises. In June 2010, notwithstanding the excess rental payments made by MACS in previous years, MIAA claimed from MACS an amount totaling ₱29.3 million, computed based on the new lease rates and retroactively computed with interest from February 7, 2007 (the expiration of the original lease agreement). In February 2023, the Group issued a letter to MIAA to resolve the issue and subsequently settled in March 2023. There are no additional provisions for the years ended December 31, 2024 and 2023.

MACS' current lease agreement with MIAA covers the period from June 1, 2021, to May 31, 2024. This marks the fifth renewal of the original lease agreement, which was initially executed in 2013 with a three-year term, subject to renewal every three years.

The future minimum lease payments under this agreement, all maturing in 2024, amounted to ₱7.1 million. While the new lease contract is still being finalized, MACS continues to be billed on a monthly basis for its lease obligations.

In 2024 and 2023, lease expense relating to this lease agreement is included in "Other overhead" under "Costs of catering revenue" amounting to ₱15.4 million and ₱7.0 million "Operating expenses" amounting to ₱45.2 million and ₱11.7 million in profit or loss.

Service Fee Agreement
The Group has a service fee agreement with SATS, the 33% owner of MACS. Service fee amounted to ₱35.6 million, ₱31.2 million and ₱14.9 million in 2024, 2023 and 2022, respectively (see Note 20).

Outstanding payable to SATS amounted to ₱41.4 million and ₱71.9 million as of December 31, 2024 and 2023, respectively (see Note 17).

Waterworks System Agreements
The Group has Memorandum of Agreements (Agreements) with various government municipalities to design, construct, commission and maintain a new and complete waterworks system, particularly in Mabini Pangasinan, Solano, Nueva Vizcaya and Naic, Cavite. The Agreements commenced in 2013, 2015 and 2017, and are for a period of 25 years to 40 years, as applicable, subject to renewal based on the provisions of the Agreements.

Certificate of Public Convenience (CPC)
BTSI is a holder of CPC, which allows BTSI to install, operate and maintain waterworks systems in certain barangays in Malay, Aklan. The CPC was granted by National Water Resources Board (NWRB) in 2014 and is valid until July 2017. In 2017, BTSI's CPC was renewed with validity until July 18, 2022 and in November 2022, the CPC was further renewed and extended until June 30, 2024. On August 30, 2024, the CPC was further renewed and extended until July 19, 2032.

Exploratory Service Agreements
MMC has various service agreements with third parties, wherein MMC will undertake exploratory drilling and sampling of nickel laterite services on the third parties' mining tenements.

Revenue recognized amounted to nil in 2024, 2023 and 2022 since the mining activities have not commenced in 2024 (see Note 19).

30. **Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of December 31, 2024 and 2023. Further, no changes were made in the objectives, policies or processes for each of the three years in the period ended December 31, 2024.

The Group monitors capital vis-à-vis after tax profit. The Group also monitors the return on equity ratio. Equity considered by the Group is total equity in the consolidated balance sheets, excluding items arising from other comprehensive income. The return on equity ratio is computed by dividing the after tax profit by total capital.

The following summarizes the total capital considered by the Group and the computation of the return on equity:

	2024	2023
Capital stock	**₱1,933,305,923**	₱1,933,305,923
Additional paid-in-capital	**281,437,118**	281,437,118
Retained earnings	**4,316,833,052**	3,383,052,276
Treasury shares	**(459,418,212)**	(459,418,212)
	₱6,072,157,881	₱5,138,377,105
Net income	**₱1,371,409,269**	₱1,071,184,611
Return on equity	**22.59%**	20.85%

31. **Financial Risk Management Objectives and Policies**

Risk Management Structure

Audit Committee
The Committee performs oversight role on financial management functions especially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Group.

Risk Management Committee
The Committee assists the BOD in identifying and assessing the various risks to which the Group is exposed to. The Committee also ensures that the Group's management has implemented a process to identify, manage and report on the risks that might prevent the Group from achieving its strategic objectives.
BOD
The BOD is responsible for the overall risk management approach and for approval of risk strategies and principles of the Group.

Financial Risk Management
The Group's principal financial instruments comprise cash and cash equivalents and some external liabilities which were availed of primarily to fund operations. The Group has other financial assets and financial liabilities such as trade receivables and payables which arise directly from operations.

The main risks, arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Foreign currency risk
The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately an average of 17.4% and 16.7% of Group's revenue are denominated in US$ in 2024 and 2023, respectively. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations. Foreign currency monetary assets and liabilities are disclosed in Note 23.

The table below demonstrates the impact on the Group's income before income tax and equity of reasonably possible changes in the US$, with all other variables held constant.

	Movement in US$	Increase (decrease) in income before income tax
		(In millions)
2024	**Increase of 5%**	**₱78.8**
	Decrease of 5%	**(78.8)**
2023	Increase of 5%	69.5
	Decrease of 5%	(69.5)
2022	Increase of 5.0%	40.0
	Decrease of 5.0%	(40.0)

The Group reported net foreign exchange gain (loss) of ₱12.3 million in 2024, (₱8.3 million) in 2023, and ₱1.5 million in 2022.

Credit and concentration risk
Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group trades only with related parties and duly evaluated and approved creditworthy third parties. It is the Group's policy that all customers and counterparties that wish to trade with the Group, particularly on credit terms, are subjected to credit verification procedures. In addition, receivable balances are monitored on a continuous basis. The Group has major concentration of credit risk given that the majority of the Group's cash and cash equivalents are deposited in the local affiliated bank and major customers of MASCORP and MSISC include PAL and APC. Management assessed and believes that the carrying amount of the trade receivable from related parties are collectible and that the Group is not exposed to any significant risk since these companies are related parties. Further, the local affiliated bank is one of the country's reputable banks.

With respect to credit risk arising from financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments. The Group only deals with financial institutions that have been approved by the BOD of the Company and those of its subsidiaries. The Group does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash in bank, the Group applies the low credit risk simplification where the Group measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix, however for customers with significant increase in risks of default general approach is used to measure ECLs. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. On the other hand, for general approach, the Group determines the cash shortfall for the difference between the average monthly collection and the average current monthly service billing. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
- Gross Domestic Product (GDP) growth rates
- Unemployment rates
- Inflation rates
- Interest rates
- Foreign currency exchange rates

The inputs and models used for calculating ECLs 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. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.
The aging per class of financial assets and contract assets, and the expected credit loss follows:

December 31, 2024

		Past Due but not Impaired					
	Current	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	ECL	Total, net of ECL
Financial assets							
Cash and cash equivalents*	**₱1,363,901,869**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,363,901,869**
Trade receivables	**915,460,353**	**366,404,130**	**168,360,653**	**94,692,788**	**426,756,387**	**(58,874,039)**	**1,912,800,272**
Advances to officers and employees	**19,364,103**	–	–	–	–	–	**19,364,103**
Interest receivable	**5,812,609**	–	–	–	–	–	**5,812,609**
Nontrade	**67,515,729**	–	–	–	–	–	**67,515,729**
Deposits	**66,970,989**	–	–	–	–	–	**66,970,989**
Contract assets	**112,573,120**	–	–	–	–	–	**112,573,120**
Installment receivables	**15,644,919**	–	–	–	–	–	**15,644,919**
Finance lease receivable	**14,517,847**	–	–	–	–	–	**14,517,847**
Other receivables	**119,723,538**	–	–	–	–	–	**119,723,538**
Total	**₱2,701,485,076**	**₱366,404,130**	**₱168,360,653**	**₱94,692,788**	**₱426,756,387**	**(₱58,874,039)**	**₱3,698,824,995**

**Exclusive of cash on hand amounting to ₱5,380,731*

December 31, 2023

		Past Due but not Impaired					
	Current	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	ECL	Total, net of ECL
Financial assets							
Cash and cash equivalents*	₱1,057,715,994	₱–	₱–	₱–	₱–	₱–	₱1,057,715,994
Trade receivables	835,153,089	312,509,913	163,116,577	129,712,870	516,977,522	(29,725,405)	1,927,744,566
Advances to officers and employees	27,782,225	–	–	–	–	–	27,782,225
Other receivables	85,289,776	–	–	–	–	–	85,289,776
Interest receivable	9,146,075	–	–	–	–	–	9,146,075
Nontrade	19,950,177	–	–	–	–	–	19,950,177
Deposits	62,070,843	–	–	–	–	–	62,070,843
Restricted cash investment	7,181,182	–	–	–	–	–	7,181,182
Contract assets	57,209,204	–	–	–	–	–	57,209,204
Installment receivables	17,329,473	–	–	–	–	–	17,329,473
Finance lease receivable	12,077,792	–	–	–	–	–	12,077,792
Total	₱2,190,905,830	₱312,509,913	₱163,116,577	₱129,712,870	₱516,977,522	(₱29,725,405)	₱3,283,497,307

**Exclusive of cash on hand amounting to ₱4,844,844*

Impairment assessment
The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment on an individual account basis for all stage 3 assets, regardless of the class of financial assets. Stage 1 and stage 2 assets are assessed on a collective basis.

Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention even at interim.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group using internal credit ratings. The Group considers its cash and cash equivalents (including restricted cash investment) as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to cash and cash equivalents rounds to zero. The Group considers its advances to officers and employees as standard grade as collectability is assured through salary deduction. Accordingly, the LGD is considered low; thus, no ECLs are recognized on the advances to employees.

Interest rate risk
The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows.

Management closely monitors the behaviour of interest rates to ensure that cash flow interest rate risk is kept within management's tolerable level. Finally, interest-bearing liabilities are ordinarily incurred on a short-term basis only.

The table below sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel changes in the interest rate curve in terms of basis points (bp) as of December 31, 2024 and 2023, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) in income before income tax	
	2024	2023
	(In millions)	
100 bp rise	**(₱8.58)**	(₱10.06)
100 bp fall	**8.58**	10.06
50 bp rise	**(4.29)**	(5.03)
50 bp fall	**4.29**	5.03

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows which could be used to secure additional funding if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows and short-term bank loans.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual and undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. The table also analyses the maturity profile of the Group's financial assets held for managing liquidity in order to provide complete view of the Group's contractual commitments and liquidity.

December 31, 2024

	≤1 year	>1-2 years	>2-3 years	>3 years	Total
Loans and receivables:					
Cash and cash equivalents	**₱1,369,282,600**	**₱–**	**₱–**	**₱–**	**₱1,369,282,600**
Receivables:					
Trade	**1,912,800,273**	–	–	–	**1,912,800,273**
Interest receivable	**5,812,609**	–	–	–	**5,812,609**
Installment receivable*	**14,898,121**	**3,420**	**5,146**	**738,231**	**15,644,918**
Finance lease receivable**	**272,657**	**1,026,774**	**1,686,597**	**11,531,818**	**14,517,846**
Other receivables	**119,152,261**	–	–	–	**119,152,261**
Deposits	–	–	–	**66,970,989**	**66,970,989**
	₱3,422,218,521	**₱1,030,194**	**₱1,691,743**	**₱79,241,038**	**₱3,504,181,496**
Other financial liabilities:					
Accounts payable and accrued liabilities***	**₱2,101,660,332**	**₱–**	**₱–**	**₱–**	**₱2,101,660,332**
Notes payable****	**130,326,939**	**–**	**–**	**–**	**130,326,939**
Long-term debts****	**445,386,623**	**100,405,494**	**40,207,851**	**265,967,205**	**851,967,173**
Dividends payable	**96,402,629**	**–**	**–**	**–**	**96,402,629**
Deposit	**–**	**–**	**–**	**68,651,786**	**68,651,786**
	2,773,776,523	**100,405,494**	**40,207,851**	**334,618,991**	**3,249,008,859**
Liquidity position	**₱648,441,998**	**(₱99,375,300)**	**(₱38,516,108)**	**(₱255,377,953)**	**₱255,172,637**

**Gross of unearned interest income of nil. The current portion amounting to ₱15,644,919 is presented under trade.*
*** Gross of unearned interest income of ₱3,605,262 exclusive of ₱571,308 included under trade.*
****Exclusive of nonfinancial liabilities of ₱197,874,530*
*****Inclusive of future interest.*

December 31, 2023

	≤1 year	>1-2 years	>2-3 years	>3 years	Total
Loans and receivables:					
Cash and cash equivalents	₱1,062,560,838	₱–	₱–	₱–	₱1,062,560,838
Receivables:		–	–	–	
Trade	1,927,744,566	–	–	–	1,927,744,566
Interest receivable	9,146,075	–	–	–	9,146,075
Installment receivable*	14,898,121	79,362	119,415	2,232,575	17,329,473
Finance lease receivable**	292,432	1,101,243	1,808,921	12,350,374	15,552,970
Other receivables	85,289,777	–	–	–	85,289,777
Deposits	–	–	–	62,070,843	62,070,843
	3,099,931,809	1,180,605	1,928,336	76,653,792	3,179,694,542
Other financial liabilities:					
Accounts payable and accrued liabilities***	2,166,656,250	–	–	–	2,166,656,250
Notes payable****	260,732,500	–	–	–	260,732,500
Long-term debts****	364,115,602	250,885,808	73,515,241	156,870,920	845,387,571
Dividends payable	9,725,208	–	–	–	9,725,208
Deposit	–	–	–	52,218,722	52,218,722
	2,801,229,560	250,885,808	73,515,241	209,089,642	3,334,720,251
Liquidity position	₱298,702,249	(₱249,705,203)	(₱71,586,905)	(₱132,435,850)	(₱155,025,709)

Gross of unearned interest income of ₱69,902. The current portion amounting to ₱19,827,049 is presented under trade.
*** Gross of unearned interest income of ₱4,545,069 exclusive of ₱549,577 included under trade.*
****Exclusive of nonfinancial liabilities of ₱243,191,564.*
*****Include future interest.*

32. Fair Values

The table below provides the comparison of carrying amounts and fair values of the Group's assets and liabilities as at:

			Fair value measurements using	
	Carrying value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024				
Assets measured at fair value:				
Equity instruments designated at FVTOCI	**₱160,155,800**	**₱–**	**₱160,155,800**	**₱–**
Assets for which fair value is disclosed:				
Installment receivables	**15,644,919**	–	–	**15,644,919**
Finance lease receivable	**14,517,847**	–	–	**14,517,847**
Investment property	**143,852,303**	–	–	**490,544,000**
Deposits	**66,970,989**	–	–	**66,970,989**
Liabilities for which fair value is disclosed				
Deposits	**68,651,786**	–	–	**68,651,786**
Long term debts	**782,347,350**	–	**782,347,350**	–
December 31, 2023				
Assets measured at fair value:				
Equity instruments designated at FVTOCI	**₱120,155,800**	**₱–**	**₱120,155,800**	**₱–**
Assets for which fair value is disclosed:				
Installment receivables	**17,329,473**	–	–	**17,329,473**
Finance lease receivable	**12,077,792**	–	–	**12,077,792**
Investment property	**143,852,303**	–	–	**432,952,000**
Deposits	**62,070,843**	–	–	**62,070,843**
Liabilities for which fair value is disclosed				
Deposits	**52,218,722**	–	–	**52,218,722**
Long term debts	**800,008,823**	–	**800,008,823**	–

The Group determined that its investments in government bonds and golf club shares are categorized at Level 2 in the fair value hierarchy. The Group assessed that, while there is a market for these securities, transactions are infrequent.

There have been no transfers between Levels 1, 2 and 3 in 2024 and 2023.

Cash and cash equivalents, receivables, accounts payables and accrued liabilities, and notes payable
The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities dividends payable and notes payable approximate their fair values due to their short-term nature.

Installment receivables and deposits
The carrying values of installment receivables and deposits are determined based on the present value of expected cash flows discounted at the Group's borrowing rate.

Dividends payable
The carrying value of dividends payable approximates its fair value since they are expected to be settled within a short period of time after its declaration.

Long-term debts
The carrying value of long-term debts approximate its fair value due to the re-pricing feature of the interest it carries.

Equity instruments designated at FVTOCI
The Group's investments in golf club share and other proprietary shares are carried at fair value based on published club share quotes that are publicly available from the local dailies and from the website of club share brokers.

Investment property
The Philippine SEC-accredited and independent appraiser used the Sales Comparison Approach in valuing the property. The Group has determined that the highest and best use of the property is its current use (i.e., industrial purpose).

33. Changes in Liabilities Arising from Financing Activities

The table below presents the changes in Group's liabilities arising from financing activities.

2024

	Beginning	Availments	Payments	Noncash activities*	Dividend declaration (Note 27)	Ending
Note payable (Note 16)	**₱244,500,000**	**₱82,000,000**	**(₱205,322,000)**	**₱–**	**₱–**	**₱121,178,000**
Long-term debt (Note 16)	**800,008,823**	**334,815,500**	**(352,706,839)**	**229,864**	–	**782,347,348**
Lease liabilities (Note 28)	**2,087,075,377**	–	**(88,827,549)**	**94,714,600**	–	**2,092,962,428**
Treasury shares (Note 27)	**(459,418,212)**	–	–	–	–	**(459,418,212)**
Dividend payable (Note 27)	**9,725,208**	–	**(188,714,797)**	–	**₱189,095,832**	**10,106,243**
Dividends payable to non-controlling interest (Note 27)	–	–	**(35,350,000)**	–	**121,646,386**	**86,296,386**
Investment of non-controlling interest (Note 10)	–	**7,350,000**	–	–	–	**7,350,000**
Total liabilities from financing activities	**₱2,681,891,196**	**₱424,165,500**	**(₱870,921,185)**	**(₱94,944,464)**	**₱310,742,218**	**₱2,640,822,193**

**Noncash activities pertain to discounting of lease payments*

2023

	Beginning	Availments	Payments	Noncash activities*	Dividend declaration (Note 27)	Ending
Note payable (Note 16)	₱139,000,000	₱150,000,000	(₱44,500,000)	₱–	₱–	₱244,500,000
Long-term debt (Note 16)	1,129,255,070	–	(331,111,216)	1,864,969	–	800,008,823
Lease liabilities (Note 28)	2,111,247,470	–	(90,076,224)	65,904,131	–	2,087,075,377
Treasury shares (Note 27)	(459,418,212)	–	–	–	–	(459,418,212)
Dividend payable (Note 27)	9,528,020	–	(94,350,728)	–	94,547,916	9,725,208
Dividends payable to non-controlling interest (Note 27)	22,440,000	–	(22,440,000)	–	–	–
Total liabilities from financing activities	₱2,952,052,348	₱150,000,000	(₱582,478,168)	₱67,769,100	₱94,547,916	₱2,681,891,196

**Noncash activities pertain to discounting of lease payments*

34. Events After the Reporting Period

- On March 27, 2025, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.11 per share or ₱208 million from the unrestricted retained earnings of the Parent Company as of December 31, 2024. The dividends are payable on or before 21 May 2025 to stockholders of record as of 25 April 2025.

- On March 27, 2025, the Parent Company's BOD approved the reversal of outstanding appropriation amounting to ₱850.0 million. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱2,830.0 million for ecozone development, commissary expansion and other acquisition-related projects ranging from two to three years from 2024.

- On March 7, 2025, LTP's BOD approved the declaration of cash dividend amounting to \$10.0 million (₱572.1 million) payable on or before March 31, 2025 to MAC (49%) and Lufthansa Technik AG (51%). MAC's share in this dividend declaration is \$4.9 million (₱280.3 million).

MACROASIA CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MacroAsia Corporation and its subsidiaries (collectively as the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, included in this Form 17-A and have issued our report thereon dated March 27, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10465281, January 2, 2025, Makati City

March 27, 2025

SCHEDULE I.A

MACROASIA CORPORATION AND SUBSIDIARIES

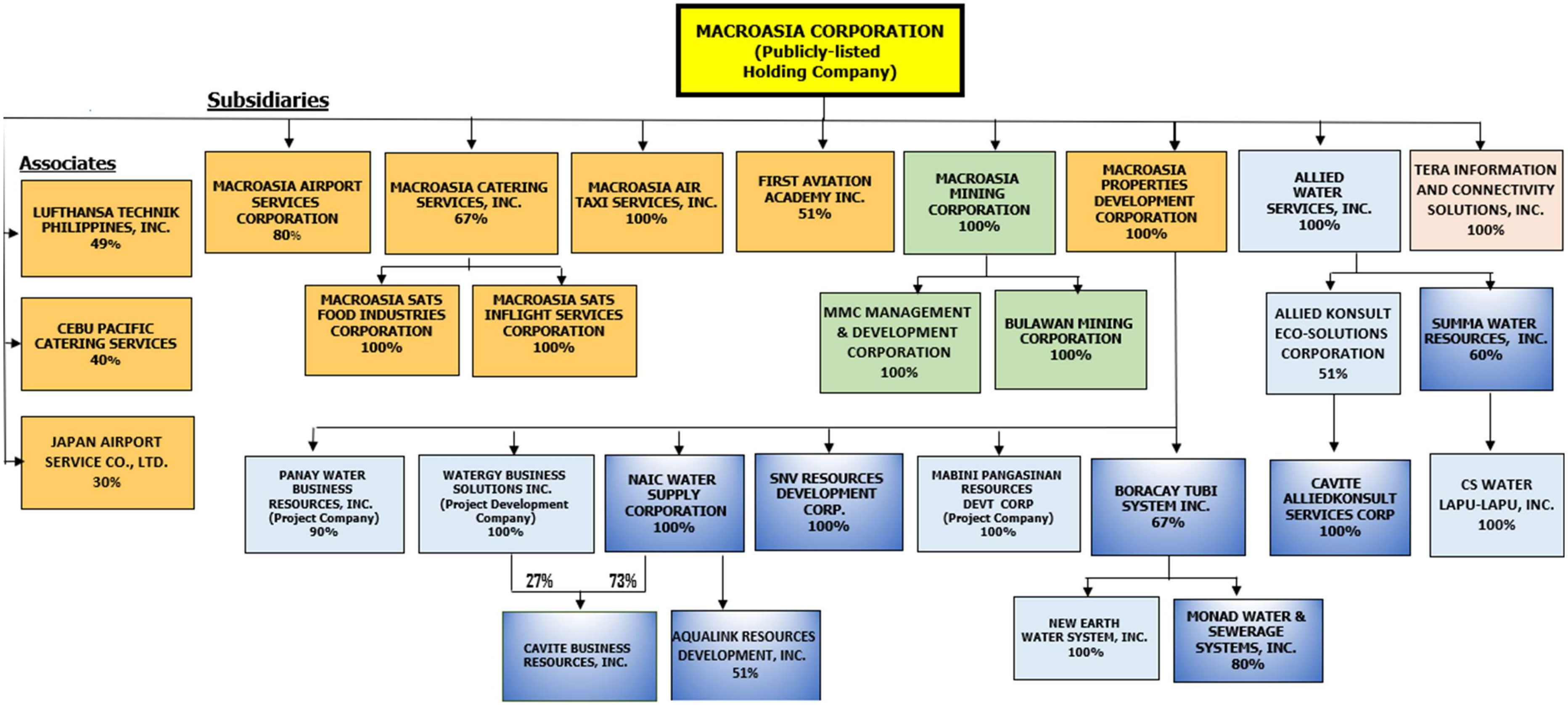
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2024

Unappropriated Retained Earnings, December 31, 2023		₱2,873,853,033
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	
Sub-total		2,873,853,033
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(189,095,833)	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	
Sub-total		(189,095,833)
Unappropriated Retained Earnings, as adjusted		2,684,757,200
Add: Net income for the current year		736,608,953
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of investment property	–	
Fair value adjustment arising from repossessed inventories	–	
Sub-total		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income		736,608,953
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief		
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(452,083)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		(452,083)
Total Retained Earnings available for dividend declaration, December 31, 2024		₱3,420,914,070

GROUP STRUCTURE



MacroAsia Corporation and Subsidiaries
Schedule A - Financial Assets
As of December 31, 2024

Financial Assets	Name of Issuing entity and association of each issue	Amount shown in the balance sheet and related notes	Income received and accrued
Loan and Receivables			
Cash in bank and cash equivalents		1,369,282,600	23,595,213
Receivables		2,202,872,855	-
Deposits		66,970,989	3,103,685
Equity investments designated at FVTOCI/AFS investments:			
Investment in stock	PLDT	55,800	-
Investment in stock	Tower Club	100,000	-
Investment in stock	Manila Golf and Country Club	160,000,000	-
Total		3,799,282,244	26,698,898

MacroAsia Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
As of December 31, 2024

	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Adjustment	Current	Not current	Balance at end of period
Advances to officers & employees								
of MAC	585,952	8,393,035	- 7,833,419			1,145,568		1,145,569
of MACS	649,461	9,018,905	(8,828,657)				839,709	839,709
of ASSC	29,125	498,725	(474,257)			53,593		53,593
of MASCORP	9,298,552	67,464,641	(69,673,615)			6,132,394	957,184	7,089,578
of MAPDC	3,533,909	11,640,070	(14,756,721)		1,386,669	1,803,928		1,803,927
of WBSI	5,605	8,000	-			13,605		13,605
of CAKSC	66,431	138,003	(138,003)			66,431		66,431
of SNVRDC	-	4,991,947	(4,791,947)			200,000		200,000
of PWBRI	5,266	20,000				20,000	5,266	25,266
of CBRI	169,415	64,279	(44,260)			189,434		189,434
of MAATS	301,328	2,310,085	(2,150,905)			460,508		460,508
of MADECOR	-	-	-	-	-	-	-	-
of MMC	1,839,804	1,006,162	(2,691,252)			154,714		154,714
of MPRDC	4,481	10,000	(10,595)			3,886		3,886
of NAWASCOR	50,619	1,436,807	(1,408,292)			79,135		79,134
of BTSI	616,149	1,186,836	(952,168)			850,817		850,817
of MONAD	3,098,047	-	-			3,098,047		3,098,047
of NEWS	75,660	170,000	-			245,660		245,660
of SUMMA	4,831,522	5,380,769	(8,016,211)			2,196,080		2,196,080
of BUMICO	-	-	-	-	-	-	-	-
of FAA	906,447	3,370,067	(3,663,835)			612,679		612,679
of MSIS	375,005	1,884,006	(2,329,592)			(70,581)		(70,581)
of MSFI	1,306,587	4,103,747	(5,283,626)			126,708		126,708
of TERA	32,861	305,302	(189,723)			129,717	18,723	148,440
of CSW LAPU-LAPU	-	888,254	(857,354)			30,900		30,900
								-
Receivables from Related Parties and Principal Stockholders								-
of MACS from LTP	10,250,600	30,033,676	(30,082,282)				10,201,994	10,201,994
of MACS from PAL	137,356	68,590	(14,063)				191,883	191,883
of MACS from PAL - Mabuhay Lounge	2,107						2,107	2,107
of MACS from PAL - PALEX	4,376,510	28,153,383	(19,998,217)				12,531,676	12,531,676
of MASCORP from PAL	786,754,794	3,816,070,775	(3,833,420,069)			482,582,336	286,823,164	769,405,500
of MASCORP from PALEX (former Airphil)	9,222,605	(1,069,667)	(1,710,842)				6,442,096	6,442,096
of MASCORP from LTP	13,360,274	17,180,681	(24,046,125)			2,926,525	3,568,305	6,494,830
of MAATS from LTP	2,493,432	40,449,054	(31,906,076)			11,036,410		11,036,410
of MAPDC from LTP	3,891,088	249,302,265	(252,986,920)			206,433		206,433
of MSIS from PAL	187,571,804	1,550,125,104	(1,605,544,841)			132,152,067		132,152,067
Total	1,045,842,794	5,854,603,502	(5,933,803,867)	-	1,386,669	646,446,992	321,582,106	968,029,098

MacroAsia Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
As of December 31, 2024

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amounts written off	Current	Not Current	Balance at end of period	Amount Eliminated
AWSI from								
MMC	3,000,000	-	-	-	3,000,000	-	3,000,000	3,000,000
MAPDC	2,500,000	673,859	(2,500,000)	-	673,859	-	673,859	673,859
Alliedkonsult	14,654	5,822	-	-	20,476	-	20,476	20,476
SWRI	402,418	-	-	-	402,418	-	402,418	402,418
MMC from								
BUMICO	413,621	15,519	-	-	429,140	-	429,140	429,140
MADECOR	238,089	74,032	-	-	312,121	-	312,121	312,121
Alliedkonsult from								
MMC	1,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000
Cavite Alliedkonsult	1,120,915	-	-	-	1,120,915	-	1,120,915	1,120,915
MAC from								
MAATS	1,446,000	1,054,000			2,500,000	-	2,500,000	2,500,000
MAPDC	1,038,185,801	216,851,892	(1,493,021)	-	1,253,544,672	-	1,253,544,672	1,253,544,672
MACS	148,808,265	-	(148,808,265)	-	-	-	-	-
MMC	13,400,114	15,442,429	-	-	28,842,543	-	28,842,543	28,842,543
AWSI	101,869,301	19,300,000	-		121,169,301	-	121,169,301	121,169,301
Cavite Allied Konsult	16,121,754	27,228,850	-	-	43,350,604	-	43,350,604	43,350,604
NAWASCOR	166,851,982	121,432,820	(40,695,444)	-	247,589,358	-	247,589,358	247,589,358
CBRI	155,825,279	14,910,000	(150,000,000)	-	20,735,279	-	20,735,279	20,735,279
SUMMA	37,079,241	42,318,599	(35,000,000)	-	44,397,840	-	44,397,840	44,397,840
FAA	89,893,100	35,700,000	-	-	125,593,100	-	125,593,100	125,593,100
BTSI	60,523,527	-	(22,422,424)	-	38,101,103	-	38,101,103	38,101,103
SUMMA from								
MAPDC	177,650	1,075,200	(1,252,850)	-	-	-	-	-
MACS	1,900,000	909,800	(2,809,800)		-	-	-	-
MSFI	454,875	3,990,912	(4,168,737)	-	277,050	-	277,050	277,050
MSIS	581,078	212,300	(793,378)	-	-	-	-	-
CSW LL	-	8,520,008	-	-	8,520,008	-	8,520,008	8,520,008
MAATS from								
MASCORP	222,008	8,506,898	(3,720,700)	-	3,426,580	1,581,626	5,008,206	5,008,206
MAPDC from								
AQUALINK	-	4,668,394	(3,201,273)	-	1,467,121	-	1,467,121	1,467,121
BTSI	47,001,573	56,258	(101,573)	-	46,956,258	-	46,956,258	46,956,258
CAKSC	20,976,083	25,693	-	-	21,001,776	-	21,001,776	21,001,776
CBRI	12,678,921	3,364,413	(12,678,922)		3,364,412	-	3,364,412	3,364,412
FAA	88,533	-	(88,533)	-	-	-	-	-
MAATS	71,635	-	-	-	71,635	-	71,635	71,635
MRDC	-	21,838		-	21,838	-	21,838	21,838
MPRDC	1,795,189	-	(89,189)	-	1,706,000	-	1,706,000	1,706,000
MASCORP	-	16,718,658	-	-	16,718,658	-	16,718,658	16,718,658
MACS	-	9,600	-	-	9,600	-	9,600	9,600
MMC	-	333,222	(5,700)		327,522	-	327,522	327,522
MSIS	-	9,600	-	-	9,600	-	9,600	9,600
MSFI	25,124,903	14,326,044	(28,706,414)	-	10,744,533	-	10,744,533	10,744,533
NAWASCOR	1,635,574	1,243,200	(842,831)	-	2,035,943	-	2,035,943	2,035,943
SNVRDC	280,538,849	2,612,496	(7,730,372)	-	275,420,973	-	275,420,973	275,420,973
SUMMA	104,498	817,414	(626,502)	-	295,410	-	295,410	295,410
WBSI	13,400,000	-	-	-	13,400,000	-	13,400,000	13,400,000
MACS from								
MAC	372,270	869,318	(1,096,125)	-	145,463	-	145,463	145,463
MASCORP	-	1,530,510	(868,507)	-	662,003	-	662,003	662,003
MSFI	28,866,187	11,456,705	(36,864,522)	-	3,458,370	-	3,458,370	3,458,370
MSIS	2,240,000	15,680,000	(14,560,000)	-	3,360,000	-	3,360,000	3,360,000
MSFI from								
MACS	17,223,966	20,373,181	(32,586,367)	-	5,010,780	-	5,010,780	5,010,780
MSIS	3,170,520	14,708,036	(15,773,044)	-	2,105,512	-	2,105,512	2,105,512
MAC	89,726	503,660	(384,198)	-	209,188	-	209,188	209,188
MAPDC	48,150	20,120	(35,720)	-	32,550	-	32,550	32,550
MMC	2,200	13,058	(13,058)	-	2,200	-	2,200	2,200
MAATS	3,850	147,600	(3,850)	-	147,600	-	147,600	147,600
MASCORP	-	4,023,368	(2,196,865)	-	1,826,503	-	1,826,503	1,826,503
SUMMA	22,311	473,097	(287,762)	-	207,646	-	207,646	207,646
TERA from								
NAWASCOR	151,500	198,000	(151,500)	-	-	198,000	198,000	198,000
MASCORP	-	6,392,889	(1,138,500)	-	594,000	4,660,389	5,254,389	5,254,389
MSIS	1,485,000	148,500	(1,485,000)	-	-	148,500	148,500	148,500
MMC	2,000,000	-	-	-	-	2,000,000	2,000,000	2,000,000
MAPDC	11,120,000	-	(2,500,000)	-	-	8,620,000	8,620,000	8,620,000
BUMICO from								
MMC	4,000,000	-	-	-	4,000,000	-	4,000,000	4,000,000
Total	**2,316,241,110**	**638,967,812**	**(577,680,945)**	**-**	**2,360,319,461**	**17,208,515**	**2,377,527,976**	**2,377,527,976**

MacroAsia Corporation and Subsidiaries
Schedule D - Long Term Debt
As of December 31, 2024

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*		Balance at end of period	Interest Rate
	(In original currency)	(In PhP)	(In original currency)	(In PhP)	(In original currency)	(In PhP)		
Local Bank	PHP 150,000,000	150,000,000	150,000,000	150,000,000	-	-	150,000,000	6.50%
Local Bank	PHP 400,000,000	400,000,000	55,555,556	55,555,556	-	-	55,555,556	7.02%
Local Bank	PHP 250,000,000	250,000,000	38,571,429	38,571,429	57,857,143	57,857,143	96,428,571	7.08%
Local Bank	PHP 252,950,917	252,950,917	31,618,865	31,618,865	147,554,702	147,554,702	179,173,567	7.50%
Local Bank	PHP 26,580,000	26,580,000	2,215,000	2,215,000	22,703,750	22,703,750	24,918,750	7.50%
Local Bank	PHP 10,000,000	10,000,000	833,333	833,333	8,541,666	8,541,666	9,374,999	7.50%
Local Bank	PHP 10,000,000	10,000,000	875,912	875,912	8,978,102	8,978,102	9,854,015	7.50%
Local Bank	PHP 100,000,000	100,000,000	21,818,983	21,818,983	-	-	21,818,983	7.50%
Local Bank	PHP 200,000,000	200,000,000	66,666,667	66,666,667	-	-	66,666,667	8.50%
Local Bank	PHP 1,150,000	1,150,000	234,248	234,248	395,645	395,645	629,893	8.50%
Local Bank	PHP 810,000	810,000	161,981	161,981	45,477.59	45,478	207,458	5.00%
Local Bank	PHP 15,000,000	15,000,000	3,000,000	3,000,000	11,750,000	11,750,000	14,750,000	7.32%
Local Bank	PHP 25,000,000	25,000,000	5,000,000	5,000,000	19,583,333	19,583,333	24,583,333	7.05%
Local Bank	PHP 815,500	815,500	269,999	269,999	487,880	487,880	757,879	11.70%
Local Bank	PHP 84,000,000	84,000,000	-	-	84,000,000	84,000,000	84,000,000	7.42%
Local Bank	PHP 20,000,000	20,000,000	4,000,000	4,000,000	14,000,000	14,000,000	18,000,000	8.00%
Local Bank	PHP 10,000,000	10,000,000	2,000,000	2,000,000	7,000,000	7,000,000	9,000,000	7.82%
Local Bank	PHP 10,000,000	10,000,000	2,000,000	2,000,000	7,000,000	7,000,000	9,000,000	7.57%
Local Bank	PHP 10,000,000	10,000,000	2,105,263	2,105,263	7,368,421	7,368,421	9,473,684	7.51%
TOTAL		1,576,306,417		386,927,235		397,266,119	784,193,354	

**exclusive of the unamortized transaction costs of 1,846,006*

MacroAsia Corporation and Subsidiaries
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
As of December 31, 2024

Name of related party	Balance at beginning of period	Balance at end of period
Philippine National Bank	499,559,951	259,579,358
TOTAL	499,559,951	259,579,358

MacroAsia Corporation and Subsidiaries
Schedule F - Guarantees of Securities and Other Issuers
As of December 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

Not Applicable

MacroAsia Corporation and Subsidiaries
Schedule G - Capital Stock
As of December 31, 2024

Title of Issue	Number of Shares authorized	Number of shares issued as shown under related balance sheet caption	Number of treasury shares	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors and officers
Common Stock	2,000,000,000	1,933,305,923	(42,347,600)	1,890,958,323	-	1,341,335,642	15,097,304
						70.93%	0.80%

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MacroAsia Corporation and its subsidiaries (collectively as the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 27, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of 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 PFRS Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10465281, January 2, 2025, Makati City

March 27, 2025

MACROASIA CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

Ratio	Formula		2024	2023
Current ratio	Total current assets divided by total current liabilities			
	Total current assets	₱ 4,423,116,184	**1.5:1**	1.3:1
	Divided by:			
	Total current liabilities	3,022,908,716		
	Current ratio	1.5		
Debt-to-equity ratio	Total interest-bearing debts divided by total stockholders' equity			
	Total Interest-bearing Debts	₱ 903,525,348	**12.0%**	16.1%
	Divided by:			
	Total stockholders' equity	7,563,745,305		
	Debt-to-equity ratio	12.0%		
Asset-to-equity ratio	Total assets divided by total stockholders' equity			
	Total assets	₱13,417,651,347	**1.8:1**	2.0:1
	Divided by:			
	Total stockholders' equity	7,563,745,304		
	Asset-to-equity ratio	1.8		
Direct cost ratio	Total direct costs divided by net revenues			
	Total direct costs	₱7,108,731,251	**75.3%**	78.2%
	Divided by:			
	Net revenues	9,441,672,544		
	Direct cost ratio	75.3%		
Expense ratio	Total operating expenses divided by net revenues			
	Total operating expenses	₱1,391,006,394	**14.7%**	13.6%
	Divided by:			
	Net revenues	9,441,672,544		
		14.7%		
Interest coverage ratio	Total earnings before interest and Taxes divided by Total Interest expense			
	Total earnings/(loss) before interest and taxes	₱1,777,856,692	**14.6:1**	8.3:1
	Divided by:			
	Interest expense	121,985,127		
	Interest coverage ratio	14.6		

Return on net sales	Net income/(loss) divided by net revenues Net income/(loss) ₱1,371,409,269 Divided by: Net revenues 9,441,672,544 **Return on net sales** 14.5%	**14.5%**	13.4%
Return on assets	Net income/(loss) from continuing operations divided by Total Assets Net income/(loss) ₱1,371,409,269 Divided by: Total assets 13,417,651,347 **Return on assets** 10.2%	**10.2%**	8.4%
Return on investment	Net income/(loss) attributable to equity holders of parent divided by the sum of total interest-bearing debts and equity attributable to equity holder of parent Net income/(loss) attributable to equity holders of parent ₱1,122,876,609 Divided by: Total interest-bearing debts + equity attributable to equity holder of parent 7,973,511,996 **Return on investment** 14.1%	**14.1%**	11.9%
Return on equity	Net income/(loss) divided by total capital Net income/(loss) ₱1,371,409,269 Divided by: Total capital 6,072,157,881 **Return on equity** 22.6%	**22.6%**	20.8%

MACROASIA CORPORATION
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
For the year-ended December 31, 2024

	2024	2023
Total Audit Fees	**8,285,000**	7,455,500
Non-audit services fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**400,000**	5,800,000
Total Non-audit Fees	**400,000**	5,800,000
Total Audit and Non-audit Fees*	**8,685,000**	13,255,500

**amount excluding non-SGV audit fees*

Audit and Non-audit fees of other related entities

	2024	2023
Audit fees	**-**	-
Non-audit services fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Audit and Non-audit Fees of other related entities	**-**	-

2024 MacroAsia Corporation Sustainability and ESG Performance Report

In 2024, MacroAsia Corporation took significant steps to enhance its sustainability efforts. We developed and implemented a comprehensive sustainability policy and framework and established a dedicated governance structure to oversee these initiatives. The Corporate Governance Committee charter was amended to explicitly include the Board's role in sustainability oversight, ensuring that sustainability is integrated into our corporate governance practices.

To further support these efforts, we created the MAC Sustainability Council. This council serves as a platform for the parent company and its subsidiaries to align on key sustainability and Environmental, Social, and Governance (ESG) matters. It facilitates collaboration and ensures that all parts of the organization are working towards common sustainability goals.

Additionally, we formed a Sustainability Team tasked with assisting management in executing the Group's sustainability strategy. This team plays a crucial role in driving our sustainability initiatives and ensuring that they are effectively implemented across the organization.

We also embraced the challenge of preparing our own sustainability narrative. This process allowed us to gain a deeper understanding of our current practices, identify areas where we can integrate ESG principles more effectively, and chart our own sustainability journey. By doing so, we aim to continuously improve our sustainability performance and make meaningful contributions to environmental and social well-being.

2024 Sustainability Highlights at a Glance

Economic Performance
- PhP 10,456,977,419.67 Direct Economic Value Generated
- PhP 9,174,197,586.21 Direct Economic Value Distributed

Environmental Performance
- 35,328,273.11 KWH of Electricity Consumed
- 2,369,682.65 Liters of Fuel Consumed
- 25,421.89 Megaliters of Water Withdrawn from Various Sources
- 1,577.57 Metric Tons of Non-Hazardous Solid Wastes Generated
- 29,775.86 tCO_2e GHG Emissions Generated

Social Performance
- 6,005 Total Manpower Complement
- 43.91 % Women Employees
- 1.40 % Women in Management Positions
- 21.46% Group Turnover Rate
- 100 % of Employees Covered by OSH Policy
- 3,106,225 Total Safe Man Hours
- 0.56% Group Incident Rate
- 32,362.86 Employee Training Hours
- 6.49 Average Training Per Employee
- 1,384 Employee Volunteer Hours Rendered
- Zero reported cases of discrimination among employees
- Zero fatalities caused by work-related injury or illness

Governance
- 11 Members of the Board of Directors
- 6 Independent Directors
- 18% of Women in the Board
- 100 % of Employees, Partners and Directors Received Information on the Company's Anti-Bribery and Anti-Corruption Policy
- Zero reported cases of corruption and bribery
- 12 monetary and non-monetary sanctions received related to non-compliance or violation of ESG-related laws, regulations, and policies
- 1,036 Suppliers, Vendors, and Third-Party Service Providers Engaged

Sustainability Reporting Scope, Boundaries, and Standards
GRI 2-2, 2-3

Our sustainability and ESG performance report covers January to December 2024 and includes the parent company and its majority-owned subsidiaries. As a result, certain entities included in the 2024 audited financial statements are not part of this sustainability report. This report highlights our achievements, challenges, and ongoing efforts in the realm of sustainability, demonstrating our commitment to transparency and accountability.

ENTITIES		PERCENTAGE OF OWNERSHIP BY MAC		PERCENTAGE OF OWNERSHIP BY PARTNER
		Direct	Indirect	
PARENT COMPANY	MacroAsia Corporation (MAC)	100%		
AVIATION GROUP	First Aviation Academy, Inc. (FAA)	51%	_____	PTC Holdings Corporation 49%
	MacroAsia Air Services Corporation (MASCORP)	80%	_____	Konoike Transport Co. Ltd (Konoike) 20%
FOOD GROUP	MacroAsia Catering Services (MACS)	67%	_____	Singapore Airport Terminal Services, Inc. (SATS) 33%
	MacroAsia SATS Food Industries Corporation (MSFI)	_____	67%	Singapore Airport Terminal Services, Inc. (SATS) 33%
	MacroAsia SATS Inflight Services Corporation (MSIS)	_____	67%	Singapore Airport Terminal Services, Inc. (SATS) 33%
IT SERVICES	Tera Information and Connectivity Solutions, Inc. (TERA)	100%	_____	_____
MINING	MacroAsia Mining Corporation (MMC)	100%	_____	_____
PROPERTY MANAGEMENT	MacroAsia Properties Development Corporation (MAPDC)	100%	_____	_____
WATER GROUP	Aqualink Resources Development, Inc. (ARDI)	_____	51%	Maplecrest Group, Inc. 49%
	Allied Water Services, Inc. (AWSI)	100%	_____	_____
	Boracay Tubi Systems, Inc. (BTSI)	_____	67%	Phil-Water Exploration and Development Corporation 33%
	Cavite Allied Konsult Services Corporation (CAKSC)	_____	51%	Envirokonsult Equipment Services, Inc. 49%
	Cavite Business Resources, Inc. (CBRI)	_____	100%	_____
	Naic Water Supply Corporation (Naic Water/NWSC)	_____	100%	_____
	SNV Resources Development Corporation (Solano Water/SNVDRC)	_____	100%	_____
	Summa Water Resources, Inc. (SWRI)	_____	60%	Mr. Jose Antonio A. Soler and Others 40%

The report is prepared with reference to the Global Reporting Initiative (GRI) 2021 Standards and aligns with the sustainability reporting guidelines set by the Philippine Securities and Exchange Commission (SEC) under Memorandum Circular No. 4, Series of 2019. It also adheres to the standards and metrics of the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations (UN) Sustainable Development Goals (SDGs).

Sustainability Reporting Process

We adopted a straightforward process for preparing our sustainability report. This includes conducting numerous orientation sessions to engage our subsidiaries through high-level and deep-dive discussions, assessing our material sustainability topics and issues, collecting and consolidating our ESG data and information, drafting the report, and subjecting it to review and confirmation by the business units, the MAC Management Committee, and the MAC Corporate Governance Committee. Below is an illustration of our process in preparing the report.

Internal Stakeholder Engagement → **Materiality Assessment of Sustainability Topics / Issues** → **Data Collection, Consolidation, and Report Writing** → **Management and Board Committe Review and Affirmation**

Internal Stakeholder Engagement

- ✓ Conducted an orientation on the 2024 MAC Sustainability Report preparations for MAC Management Committee and Business Unit Heads during the September 5, 2024 business planning conference
- ✓ Officially Kicked -off the preparation of the report by meeting the ESG Point Persons and all Business Units
- ✓ Conducted a series of online deep dive sessions for the different subsidiaries per segment on the ESG report templates and specific data requirements

Materiality Assessment of Sustainability Topics / Issues

- ✓ Desk review of relevant reports and documents conducted
- ✓ Materiality assessment survey conducted

Data Collection, Consolidation, and Report Writing

- ✓ ESG data from business units collected and consolidated during the following months:
  - (a) November 8, 2024- for the submission of qualitative data/information
  - (b) January 16, 2025- for the submission of statistics or quantitative data.
- ✓ Report writing and editing from November 2024 to February 2025

Management and Board Committe Review and Affirmation

- ✓ The report went through the review and affirmation of disclosures of the following:
  - (a) Contributing subsidiaries/business units
  - (b) MAC Management Committee
  - (c) MAC Corporate Governance Committee

Sustainability Policy Statement
GRI 2-22

MacroAsia Corporation is a holding company with a diverse business portfolio centered on aviation support, logistics services, and natural resource development in the Philippines. We offer a full range of products and services, for which we shall be acknowledged by our clients and other stakeholders for excellent customer service, pioneering technology, integrity, value-for-money, environmental stewardship, and social responsibility, all made possible by our committed team of world-class professionals.

At MacroAsia Corporation, sustainability is at the core of every business activity that we pursue. This is our commitment to our employees, customers, investors, shareholders, partners, regulators, communities, and the environment.

We believe that we have the responsibility to contribute to the country's growth and development through our businesses. We aim to be good stewards of the environment where we source our materials, use and manage our resources efficiently, develop and empower our people, forge and strengthen relationships, create synergies, and enrich the lives of the people in the communities where we operate. We will achieve this by operating our businesses responsibly, in accordance with the highest levels of corporate governance and ethical standards. We will ensure that our businesses comply with relevant laws and regulations and align our operations with industry best practices and global standards.

We commit to integrating sustainability elements into various aspects of our businesses, including the use of technology/technological innovations, making it our standard practice. We also commit to educating and aligning our internal and external stakeholders with our sustainability agenda, making sustainability everyone's shared responsibility.

Sustainability Framework
GRI 2-23

We have defined our key sustainability goals and aligned them with the Sustainable Development Goals (SDGs) to which our efforts will contribute. These sustainability goals are categorized under our four sustainability pillars as follows:

1. Contributing to National Growth and Development (Economic Sustainability Pillar) o Ensure long-term profitability, growth, and viability of our businesses. o Contribute to the growth and development of the local economies and communities where our businesses operate.	

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2. Managing Our Environmental Impact (Environmental Sustainability Pillar)

Use and manage our resources (energy, water, and materials) efficiently.
Properly manage the impact of our business operations on the environment and biodiversity.
Manage our climate risks and leverage climate opportunities for our businesses.

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3. Nurturing People and Relationships (Social Sustainability Pillar)

Provide a healthy, safe, inclusive, collaborative, empowering, and innovative work environment for our employees.
Develop professional employees with world-class competencies.
Meet customer and client expectations and needs through the delivery of safe and reliable world-class products and services, and excellent customer service.
Develop and strengthen relationships with our stakeholders and help enrich the lives of the people in the communities where we operate.
Ensure alignment of suppliers, vendors, and third-party service providers with our quality standards and sustainability agenda.

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4. Operating Our Businesses Responsibly (Governance Sustainability Pillar)

Conduct our businesses in accordance with the highest levels of corporate governance and ethical standards.
Comply with all applicable laws, rules, and regulations that govern our businesses, and align ourselves with local and international best practices and standards.
Develop a robust and efficient enterprise risk management system to manage and mitigate the risks associated with our business operations, ensuring the continuity of our businesses.
Create new products, services, processes, and business models with the aim to increase revenue, expand operations, and improve efficiency.

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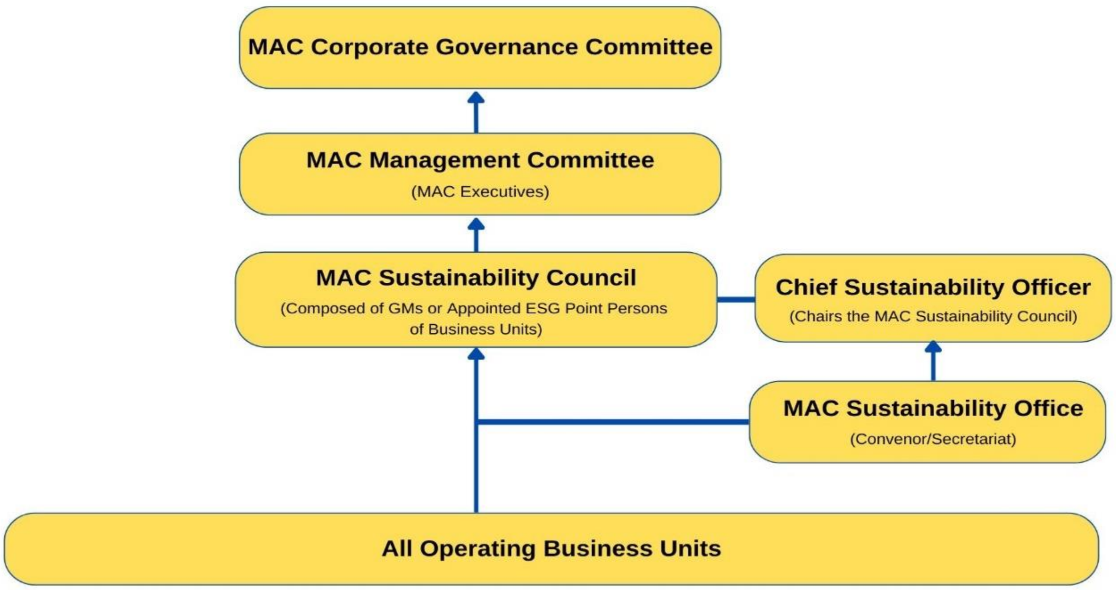
We aim to refine our sustainability framework to include specific metrics and targets by the next reporting period, while simultaneously embedding ESG elements in various operational areas of our businesses.

Sustainability Governance Framework
GRI 2-14, 2-24, 2-26

We established a governance structure to inform and guide the monitoring, reporting, and escalation of sustainability and ESG-related matters and concerns with the MAC Group. This structure aims to create synergy among the subsidiaries regarding sustainability and ESG-related activities and initiatives.



We created the MAC Sustainability Council to provide a venue for our subsidiaries to discuss sustainability and ESG-related matters and issues pertinent to their respective operations and the parent company. It is chaired by the Chief Sustainability Officer (CSO) and is composed of the General Managers or Business Unit Heads, and/or their assigned representatives/alternates who meets every quarter or as needed.

The council allows its member subsidiaries to align with the parent company's sustainability policy, framework, goals, and targets; seek guidance, direction, and support for their respective sustainability and ESG-related goals, targets, and initiatives; learn from each other's best practices and challenges; get updates on the latest sustainability-related regulations, trends, and developments applicable to their respective operations; and support each other and the parent company in complying with regulatory requirements. It also serves as the first level of approval and escalation point for the subsidiaries on all sustainability and ESG matters and issues.

At the MAC Management Committee level, the Sustainability Council, represented by the CSO, executes the sustainability strategy of the group. It reports on all matters related to sustainability and ESG that concern the parent company and its subsidiaries to the Corporate Governance

Committee. It also serves as the second level of approval for any policies and initiatives prior to groupwide adoption and implementation, and as the second escalation point for the council for relevant issues and concerns not addressed at the council level.

At the board level, the Corporate Governance Committee provides guidance and direction on the company's sustainability trajectory. Any sustainability and ESG-related issues and concerns not addressed or settled at the MAC Management Committee are escalated to the Corporate Governance Committee for discussion, resolution, and action. It also serves as the third level of approval for anything related to sustainability and ESG, including budget requests, activities and initiatives to implement, and partnerships/engagements for the company to enter. Additionally, it is responsible for reviewing, providing inputs, and approving the group's annual sustainability report.

The CSO, supported by the MAC Sustainability Office, plays a crucial role in aligning the parent company and its subsidiaries on relevant sustainability and ESG-related matters, and in integrating sustainable practices into all aspects of the group's operations, ensuring long-term environmental and social responsibility while maintaining profitability.

Stakeholder Management
GRI 2-29

We value the opinions of our stakeholders as they help inform our business strategy and operations. We communicate and engage with them using various channels and methods to better understand and address their concerns and issues effectively. Below is the list of our internal and external stakeholders, along with our approach to building and maintaining our relationships with them.

STAKEHOLDER	CHANNELS OF ENAGAGEMENT	CONCERNS AND ISSUES	OUR RESPONSE
Shareholders and Investors	• E-mails, letters • Annual Stockholders' Meeting • Investor meetings/briefings	• Business growth and resiliency • Strong financial performance • Shareholder returns • Strong corporate governance • Robust risk management system • Transparency and disclosure	• Strong corporate governance framework • Strong board and management oversight • Accurate and transparent reporting of the company's financial performance • Regular updates/bulletins on the company's financial performance • Development of the company's sustainability policy and framework, and sustainability governance framework

			• Integration of ESG elements in various aspects of operations of the company and its subsidiaries
Employees	• E-mails • Mobile SMS and calls • Messaging applications (e.g., Viber, FB Messenger) • Memoranda, notices (electronic copy) • Online and face-to-face meetings • Annual performance appraisal • Employee engagement surveys	• Work-life balance • Competitive compensation and benefits • Safe and secure workplace • Positive and healthy work culture • Employee health and wellness • Employee engagement • Training and development • Career progression • Recognition and incentives	• Employee health and wellness programs and initiatives (e.g., medical and mental teleconsultations, regular Zumba classes, etc.) • Trainings/ webinars and opportunities for further study (e.g., MA degree, etc.) for employees • Employee recognition and incentives • Construction of new/rehabilitation of existing offices/facilities, including IT infrastructure (i.e., hardware, software, and systems) • Volunteerism or community outreach opportunities for employees • Integration of diversity, inclusion, gender equality, and equal opportunity principes in HR-related policies • Creation of employee grievance mechanisms and investigation committees • Provision of competitive salary and benefits package • Company branding
Customers/Clients	• E-mails, letters • Online and face-to-face meetings • Mobile SMS and calls • Messaging applications (e.g., Viber, FB Messenger) • Feedback/Customer satisfaction surveys • Customer hotlines • Sending out hard print notices/flyers	• Fast and efficient delivery of quality products and services • Fast and reliable customer service • Customer health and safety • Data privacy and security	• Reasonable price/cost of goods and services offered or provided • Proactive dialogues and alignment/consultation meetings • Reliable customer service hotline/email address • Clear and timely customer updates or advisories (i.e., schedule of water interruptions/rehabilitation works, delays in delivery of products, etc.)

Partners	• E-mails, letters • Mobile SMS and calls • Messaging applications (e.g., Viber, FB Messenger) • Dialogues, alignment/consultation meetings • Partnership agreement/contract	• Efficient and reliable operation/administration of business • Fast and efficient problem resolution • Regular coordination, alignment, and consultation • Compliance of the business to applicable regulatory requirements • Transparency and accountability	• Efficient stakeholder relations management • Proactive dialogues and alignment/consultation meetings • Compliance to relevant laws, regulations, and policies that govern the businesses • Transparency and accountability
Suppliers/Vendors/ Third Party Service Providers	• E-mails, letters • Mobile SMS and calls • Messaging applications (e.g., Viber, FB Messenger) • Online and face-to-face meetings • Vendor selection/ accreditation process • Letter of award/purchase order/ engagement contract	• Efficient and transparent vendor selection process • Timely and accurate payment of products and services provided	• Creation of the Bidding and Awards Committee (BAC) to ensure a fair, transparent, and efficient procurement process for the company's businesses. • Orientation/briefings for vendors/suppliers on the company's procurement/sourcing policies and business requirements, etc. • Organized biddings, thorough review of proposals and documentations, and proper awarding and onboarding of winning supplier/vendor • Annual/periodic review of vendor/supplier performance
Communities	• E-mail, Letter • Mobile SMS and calls • Messaging applications (e.g., Viber, FB Messenger) • Community engagement dialogues • Face-to-face meetings	• Work opportunities for the community residents • Health and safety of the communities • Protection and conservation of the environment	• Proactive town hall-type community dialogues and consultation meetings • Employee Volunteerism and Corporate Social Responsibility (CSR) initiatives • Partnerships with credible social development organizations, LGUs, academic institutions, civil society organizations, and sister companies within the Lucio Tan Group of Companies with CSR and sustainability thrusts that

			are aligned with the company's
Government Agencies/Regulators and Local Government Units	• E-mails, letters • Notices, memoranda • Face-to-face meetings/briefings/ dialogues	• Compliance to applicable regulatory requirements (e.g., business permits, etc.) for the parent company and subsidiaries • Transparency and accountability • Timely and accurate submission of reports	• Compliance to relevant laws, regulations, and policies that govern our businesses • Timely and accurate submission of requirements (e.g., permits and reports) • Proactive dialogues and consultation meetings • Transparency and accountability

Material Sustainability Topics and Issues
GRI 3

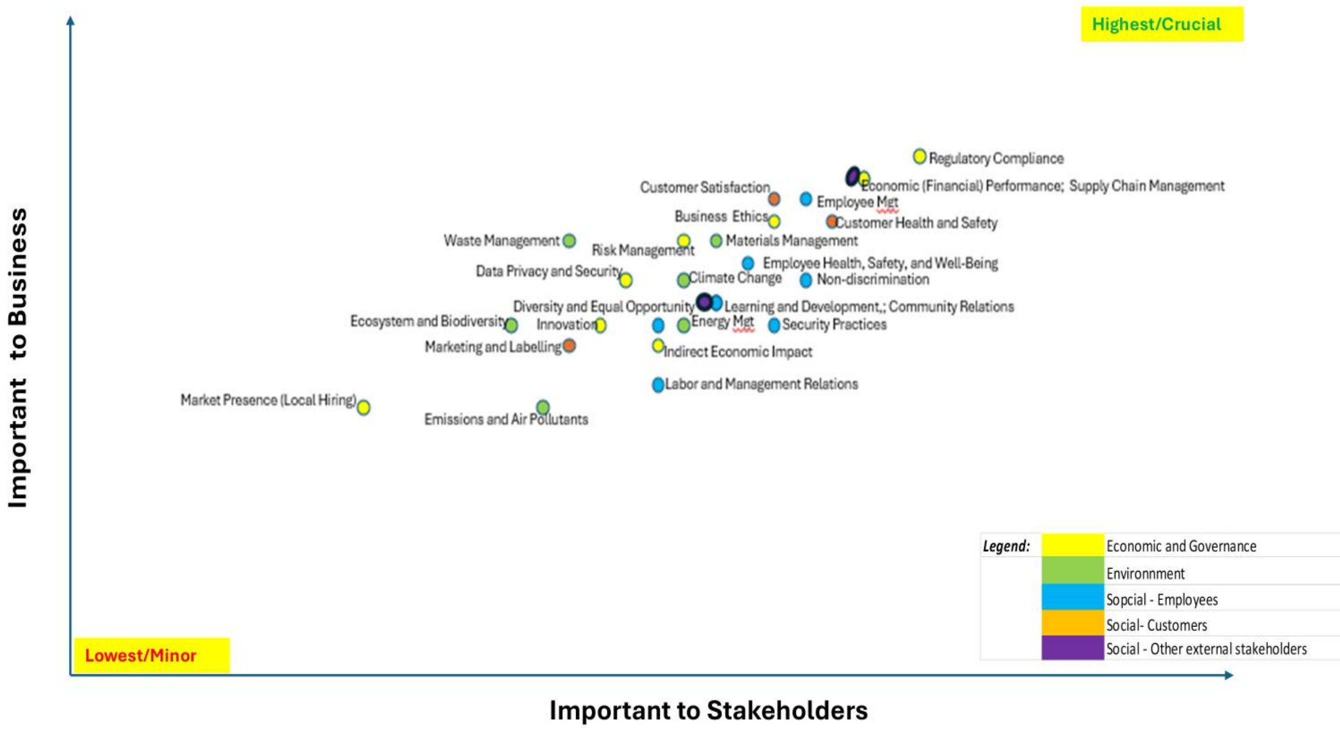
Last September 2024, we assessed material sustainability topics and issues that are important to our group in terms of their impact on our businesses and stakeholders.

As part of our process for determining material topics, we pre-identified sustainability topics and issues for the parent company and its business units by reviewing past sustainability reports and internal documents, and by examining the sustainability reports of other companies with similar businesses for comparison and reference. We also included topics and themes discussed during the two-day business planning session held on September 4-5, 2024, at Century Park Hotel in Manila. Our desk review of relevant documents helped us identify twenty-seven (27) sustainability topics and issues that are material to our businesses.

Economic and Governance-related Topics/Issues	Environmental-related Topics/Issues	Social-related Topics/Issues
• Direct Economic (Financial) performance • Indirect Economic Impact • Market Presence (Local Hiring) • Business Ethics • Corporate Governance • Regulatory Compliance • Data Privacy and Cybersecurity • Risk Management • Innovation	• Energy Management • Materials Management • Water and Effluents • Emissions and Air Pollutants • Waste Management • Ecosystem and Biodiversity • Climate Change	• Employee Management • Learning and Development for Employees • Labor and Management Relations • Security Practices • Diversity and Inclusion • Non-Discrimination • Supply Chain Management • Marketing and Labelling • Customer Satisfaction • Customer Health and Safety

		• Community Engagement / Relations

Following the desk review and mapping of our sustainability topics and issues, we conducted a two-part online survey within the MAC Group. We asked General Managers or Business Unit Heads to rate each material sustainability issue based on its importance to their operations and stakeholders. We then consolidated, assessed, and mapped the survey results.



Sustainability topics and issues located in the upper rightmost quadrant of the matrix were identified as the most critical to both the businesses and stakeholders of the MAC Group. These topics and issues fall under the economic, governance, and social categories, including regulatory compliance, financial performance, employee management, supply chain management, customer health and safety, customer satisfaction, business ethics, and non-discrimination. Only one environmental topic—materials management—was considered most important to the group and its stakeholders.

On the other hand, sustainability topics and issues identified as least important for the businesses and stakeholders of the group include market presence or local hiring, emissions, biodiversity, labor and management relations, innovation, and indirect economic performance.

We aim to revisit these sustainability topics and issues every year to assess their relevance and importance to our businesses and stakeholders, informing the group's business strategy and decisions.

Economic Performance

Direct Economic Performance by Business Segment[1]

DISCLOSURE	AVIATION GROUP	FOOD GROUP	WATER GROUP	OTHERS*	TOTAL
Direct economic value generated	**₱ 4,175,896,916.65**	**₱4,414,552,616.93**	**₱726,931,614.09**	**₱1,139,596,272.00**	**₱10,456,977,419.67**
Direct economic value distributed	**₱ 3,981,098,605.10**	**₱3,933,803,690.06**	**₱617,454,490.05**	**₱641,840,801.00**	**₱9,174,197,586.21**
- Operating costs	₱ 341,113,108.64	₱891,202,110.31	₱312,279,057.20	₱174,615,591.52	₱1,719,209,867.67
- Employee wages & benefits	₱ 1,570,853,611.39	₱631,495,087.68	₱116,442,257.61	₱202,585,577.00	₱2,521,376,533.68
- Dividends to stockholders	₱ -	₱170,000,000.00	₱ -	₱189,095,832.00	₱359,095,832.00
- Taxes to government	₱ 79,231,216.92	₱161,399,235.29	₱30,731,794.23	₱18,608,394.48	₱289,970,640.92
- Payments to suppliers (included in the operatin	₱ 1,989,900,668.15	₱2,079,707,256.78	₱157,891,323.97	₱56,915,406.00	₱4,284,414,654.90
- Community investments	₱ -	₱ -	₱110,057.03	₱20,000.00	₱130,057.03
Direct economic value retained	**₱ 194,775,928.55**	**₱480,748,926.87**	**₱109,477,124.04**	**₱497,755,471.00**	**₱1,282,779,833.46**

**Others include MAC HO, MAPDC, TERA, and MMC*

We generate and distribute economic value to various stakeholders, fostering sustainable growth and community development. This includes providing competitive salaries and benefits to employees, fulfilling tax obligations to support public services and infrastructure, and making timely payments to vendors, suppliers, and third-party service providers to support their economic stability.

We also distribute dividends to shareholders, offering a return on their investment and encouraging continued support. Additionally, we support CSR initiatives and employee volunteerism activities, addressing social and environmental issues and enhancing the quality of life in the communities we serve. This holistic approach ensures that our economic contributions benefit a diverse range of stakeholders, promoting balanced and sustainable development.

Environmental Performance

We aim to be good stewards of the environment by efficiently using and managing our resources and minimizing waste and pollution. We also commit to educating our stakeholders to promote sustainable practices and align them with the company's sustainability agenda, as we believe that sustainability is everyone's responsibility.

To help us manage our environmental impact, we have 22 Pollution Control Officers (PCOs) who ensure that our parent company and subsidiaries comply with environmental regulations, such as the Clean Air Act and Clean Water Act. Our PCOs ensure efficient operations, submit regular

[1] The MAC Group's direct economic value generated, distributed, and retained for the reporting period includes the parent company and its 16 subsidiaries, where the parent company holds the largest shareholding.

environmental performance reports to regulators, and raise employee awareness about environmental policies and practices. BTSI, which manages both water treatment and wastewater treatment operations in Boracay, has separate PCOs for these functions.

For our 2024 report, we are limited in presenting comparative data on our environmental performance as we are still establishing our data monitoring, reporting, and consolidation processes across the MAC Group. We aim to provide more comprehensive and comparable data in future reports to demonstrate progress in our environmental performance.

POLLUTION CONTROL OFFICERS	
Aviation Group	3
Food Group	3
Water Group	15
Other Companies (MAC HO/MAPDC/TERA/MMC)	1
Total	**22**

Resource and Environmental Impact Management

Energy Consumption
GRI 3, 302-1,302-2, 302-3
SDG 7

We source our electricity from external utility providers and purchase fuel directly from main suppliers. Our Food Group consumes the most electricity and fuel for their daily operations.

To reduce energy consumption and save costs, we converted our lighting fixtures to LED in offices, kitchens, plants, and other facilities. We replaced old and damaged appliances or equipment parts with energy-efficient ones and conduct regular preventive maintenance on company vehicles, delivery and refrigerator trucks, industrial kitchen equipment, boilers, commercial refrigerators, and water treatment pumps and motors.

Our Water Group, especially the business units distributing potable water to residential and commercial customers, reduces electricity consumption by installing energy-saving devices like Variable Frequency Drives (VFD) and Soft Starters. These devices adjust pump frequency and eliminate power consumption spikes during start-up. We also ensure the purchase of efficient pumps that meet service area demands, consuming less energy to deliver the same amount of water. This leads to lower electricity bills and reduced carbon emissions.

Across the group, we implement a trip maximization policy to reduce fuel consumption, optimizing the use of company vehicles and ensuring cost-effective and efficient travel and delivery planning.

Additionally, we continue to raise awareness and remind employees to observe energy conservation practices, such as turning off lights, equipment, and devices when not in use and during lunch breaks, through emails, memos, and notices on walls or bulletin boards.

We are currently exploring the use of solar panels for selected food and water business units as part of our strategy for cost-efficiency and long-term reduction of our environmental footprint.

Business Segment	Electricity Consumption in 2024 (in kwh)	
Aviation Group		
FAA	22,661.00	**806,015.90**
MASCORP	783,354.90	
Food Group		
MSFI	6,931,200.64	**22,073,783.25**
MSIS	9,223,080.00	
MACS	5,919,502.61	
Water Group		
AWSI, ARDI*	4,310,367.00	**12,220,618.56**
BTSI	3,782,089.16	
CAKSC	7,258.00	
CBRI	23,040.00	
NSWC	3,085,044.40	
SNVRDC	520,937.00	
SWRI	491.883.00	
Others		
MAC HO, TERA**	80,815.00	**137,855.40**
MAPDC	55,801.40	
MMC	1,239.00	
TOTAL		**35,238,273.11**

**AWSI shares the same office with ARDI*

*** MAC HO transferred to their new office in Legaspi Village, Makati City in July 2024 and TERA shares the same office with MAC HO*

Fuel Consumption in 2024 (in liters)				
Business Segment	Diesel	Gasoline	LPG	LFSO*
Aviation Group				
FAA	9,748.30	157,324.00	0.00	0.00
MASCORP	11,881.10	0.00	0.00	0.00
Subtotal:	**21,629.40**	**157,324.00**	**0.00**	**0.00**
Food Group				
MSFI	146,827.00	0.00	49,980.00	0
MSIS	344,884.79	0.00	50,786.27	**0**
MACS	452,547.53	0.00	50,326.12	184,611.68
Subtotal:	**944,259.32**	**0.00**	**151,092.39**	**184,611.68**
Water Group				
AWSI*	0.00	0.00	0	0
ARDI	41,903.28	29,252.00	0	0
BTSI	26,614.29	19,860.35	0	0
CAKSC	5,846.00	0.00	0	0
CBRI	9,921.00	0.00	0	0
NWSC	7,899.00	16,510.00	0	0
SNVRDC	11,206.56	1,269.45	0	0
SWRI	734,896.66	0.00	0	0
Subtotal	**838,286.79**	**66,891.80**	**0**	**0**
Others				
MAC HO**	4,418.70	0.00	0.00	0.00
MAPDC	912.9	255.67	0.00	0.00
MMC	0.00	0.00	0.00	0.00
TERA***	**0.00**	**0.00**	**0.00**	**0.00**
Subtotal:	**5,331.60**	**255.67**	**0.00**	**0.00**
TOTAL	**1,809,507.11**	**224,471.47**	**151,092.39**	**184,611.68**
GRAND TOTAL	**2,369,682.65**			

**AWSI shares the same office with ARDI*
*** MAC HO transferred to their new office in Legaspi Village, Makati City in July 2024.*
**** TERA shares the same office with MAC HO in Legaspi Village, Makati City*

Water and Effluents
GRI 303-1, 303-2, 303-3, 303-4, 303-5
SDG 6

We source water for our operations from primary sources such as rivers and deep wells, as well as from external utility providers.

At MAC Head Office and other non-water subsidiaries, we primarily use water from external utility providers for flushing toilets, washing dishes, cleaning offices, and watering indoor plants. Our Food Business Units use water mainly for washing food ingredients and cleaning kitchen tools and equipment.

Our Water Business Units draw and treat water from the Maragondon River, Magat River, and rivers in Aklan for distribution to communities in Maragondon (Cavite), Solano (Nueva Vizcaya), and Boracay (Aklan). We also provide treated bulk water to private clients and government entities in Bulacan, Iloilo, Bacolod, Albay, and Bataan. Additionally, we extract and treat water from deep wells for households and commercial establishments in the greater Cavite area.

2024 TOTAL WATER WITHDRAWAL, DISCHARGE, AND CONSUMPTION										
	WATER WITHDRAWAL (in megaliters)				WATER DISCHARGE (in megaliters)					
BUSINESS UNITS	Surface Water	Ground Water	Third Party Provider	Other Water Source	Surface Water	Ground Water	Third Party Provider	Other Water Source	WATER CONSUMED / DELIVERED (in megaliters)	WATER RECYCLED (in megaliters)
Aviation Group										
FAA	0	0	0.46	0	Not Measured	0	0	0	Not Measured	0
MASCORP	0	0	74.6	0	Not Measured	0	0	0	Not Measured	0
Subtotal:	**0**	**0**	**75.06**	**0**		**0**	**0**	**0**		**0**
Food Group										
MSFI	0	48.69	18.63	0	40.56	0	0	0	26.27	0
MSIS	0	0	100.3	0	34.44	0	0	0	65.64	40.42
MACS	0	0	275.5	0	54.15	0	0	0	221.35	0
Subtotal:	**0**	**48.69**	**394.43**	**0**	**129.15**	**0**	**0**	**0**	**313.26**	**40.42**
Water Group										
AWSI, ARDI*	0	11,480.89	0	0	0	0	Not Measured	0	9,935.00	0
BTSI	4,370.52	5.56	0	0	551.60	0	0	0	3,247.27	145.72
CAKSC	0	0	0.77	0	0.00	0	3.75	0	0	0
CBRI	33.58	0	0	0	Not Measured	0	0	0	33.58	0
NWSC	0	6,202.12	0	0	0	0	Not Measured	0	4,375.00	0
SNVRDC	1,587.77	0	0	0	0	0	Not Measured	0	1,051.37	0
SWRI	1,032	0	0	0	412.40	0	Not Measured	0	619.60	0
Subtotal	**7,023.87**	**17,688.57**	**0.77**	**0**	**964.00**	**0**	**3.75**	**0**	**19,261.82**	**145.72**
Others										
MAC HO**	0	0	Not Measured	0	**0**	**0**	**0**	**0**	Not Measured	**0**
MAPDC	0	0	190.5	0	38.19	0	0	0	152.31	0
MMC	Not Measured	0	0	0	Not Measured	**0**	**0**	**0**	Not Measured	**0**
TERA***	0	0	Not Measured	0	**0**	**0**	**0**	**0**	Not Measured	**0**
Subtotal:	**0**	**0**	**190.5**	**0**	**38.19**	**0**	**0**	**0**	**152.31**	**0**
TOTAL	**7,023.87**	**17,737.26**	**660.76**	**0**	**1,131.34**	**0**	**3.75**	**0**	**19,727.39**	**186.14**

***AWSI shares the same office with ARDI.*
*** MAC HO transferred to their new office in Legaspi Village, Makati City in July 2024.*
**** TERA shares the same office with MAC HO in Legaspi Village, Makati City*

We implement initiatives to conserve water and reduce wastage from spillage and leaks. Throughout the year, we conduct regular preventive maintenance to ensure a sufficient water supply, inspect pipes, fittings, and equipment for wear and tear, repair or replace broken parts as needed, and install water-efficient appurtenances.

To reduce water consumption and ensure uninterrupted service at our MSFI commissary in Parañaque, we source water from both SWRI, one of our water business units, and Maynilad. Currently, our MSFI commissary sources 60% of its water from Maynilad and 40% from SWRI, with SWRI charging less per cubic meter.

Our Water Business Units have initiatives to reduce water loss, optimize distribution networks, and ensure the safety and quality of the water provided to our communities. These initiatives include regular monitoring and inspection of house service connections and distribution lines, conducting zero pressure tests, detecting and repairing leaks, and testing, recalibrating, and replacing water meters and equipment. We also assess water valves, measure night flow, and manage water pressure.

By using high-quality materials, conducting regular zoning and surveillance to prevent illegal connections, installing District Metering Areas (DMAs), and performing regular water quality monitoring and testing, we strive to maintain a sustainable and efficient water distribution system. Our commitment to continuous improvement ensures that we meet the growing demand for clean water, minimize waste, reduce operational costs, and enhance the overall reliability and resilience of the water supply network. By incorporating advanced technologies and data-driven insights, we aim to provide our communities with safe, reliable, and environmentally responsible water services for generations to come.

To manage the impact of water in our operations and communities, we ensure that our treated wastewater meets the standards set by the Department of Environmental and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA) before discharge.

Our Food Business Units operate Septage Treatment Plants (STPs) that treat wastewater before discharging it into the Sucat River in Parañaque and the Tripa de Gallina River in Pasay City, eventually reaching Laguna de Bay.

Our Water Business Units, BTSI in Boracay, Aklan, and CAKSC in General Trias, Cavite, ensure that wastewater from households and commercial clients meets environmental standards before being discharged into local rivers and streams. FAA, on the other hand, directs its effluents to the Ecology Center of the Subic Bay Metropolitan Authority (SBMA) for treatment before discharge into designated water bodies within the Subic Bay Freeport Zone, following strict environmental regulations to ensure minimal impact on the environment.

Additionally, we recycle wastewater to reduce costs and wastage while minimizing discharges into bodies of water. MAPDC, our property management subsidiary in Villamor Airbase, Pasay City, manages the Sewage Treatment Plant (STP) and the Reclaimed Water Facility within the ecozone, reusing the treated and reclaimed water for gardening. MSIS, one of our food business units, reprocesses rejected wastewater from Reverse Osmosis (RO) for various non-potable purposes. BTSI recycles treated wastewater to irrigate a golf course in Boracay. In 2024, MSIS reprocessed 40.42 megaliters of rejected treated wastewater from RO, while BTSI recycled 145.72 megaliters of treated wastewater.

We remind our employees to use water responsibly through memos, emails, and posted reminders. Our Water Business Units communicate the same message to customers, along with significant water service updates, through social media, printed materials, and roadshows if needed. We also encourage clients to report any water pipe leaks, water quality issues, or customer service concerns. Lastly, we promote the reuse of treated water among our clients for flushing toilets, gardening, and washing vehicles or equipment.

Materials Used and Managed
GRI 301-1
SDG 12

We use both renewable and non-renewable materials in our operations. The specific materials we consume vary based on our business activities. We strive to manage our materials efficiently to reduce waste, generate savings, and minimize our environmental footprint.

Most of our raw materials for the Food Group are sourced locally, but we use some imported items for specialized airline menus. During temporary shortages, we provide substitute products with client approval. MACS holds a bonded warehouse license, allowing us to import raw materials without customs duties/taxes, provided the final product is re-exported to airline clients.

To demonstrate our commitment to sustainability and align with our partners' and clients' goals, we source key ingredients like poultry, eggs, beef, pork, and fresh produce from certified sustainable and responsible sources for both our inflight and commercial food catering businesses. We are also transitioning to reusable food keepers and environmentally friendly, food-grade packaging materials, such as paper meal boxes, paper cups and straws, kraft sandwich boxes, and compostable or renewable sauce cups with lids.

The Water Group locally sources the chemicals for water and wastewater treatment, including chlorine, disinfectants, coagulants, flocculants, pH adjusters, odor and foam control agents, and sludge conditioners. Meanwhile, our Aviation Group uses more fuel to run ground service equipment (GSE) and aircrafts for pilot students' test flights. Paper is extensively used across the MAC Group.

MATERIALS USED / CONSUMED IN 2024				
BUSINESS SEGMENT	RENEWABLE MATERIALS		NON-RENEWABLE MATERIALS	
	Type of Material	Quantity	Type of Material	Quantity
Aviation Group	Paper	303.5 MT	Fuel (aircraft, GSEs)	109 ML
Food Group	Meat (Beef, Pork Chicken, etc.)	1,438 MT	-	0
	Fruit (Apple, Lemon, Banana, Kiwi, etc.)	584.1 MT	-	0
	Vegetables	580 MT	-	0
	Seafood (Shrimp, Fish, Prawn etc.)	1,86.9 MT	-	0
	Grains and Grain Product (Rice, Flour, etc.)	201.3 MT	-	0
	Paper	17.8 MT	-	0

Water Group	Paper	4.90 MT	Chemicals (Chlorine, Polymer, Aluminum Sulfate, etc.)	9,919 ML
Others*	Paper	0.2429 MT	Paint	0.3936 ML

**Others include MAC HO, MAPDC, TERA, and MMC.*

Wastes Generated

GRI 306-1, 306-2, 306-3, 306-4, 306-5

We generate both hazardous and non-hazardous waste from our operations. In 2024, we recorded 1,577.57 metric tons of waste from our 7 business units. Moving forward, we commit to improving our waste data monitoring and recording to implement initiatives that reduce environmental impact. We also commit to regularly reminding employees about proper waste segregation and disposal practices at work and home through emails, group chats, and bulletin postings.

Across the MAC Group, the most common wastes are paper and plastics, primarily from food packaging and office operations. At MAC Head Office, we strictly segregate food debris, paper, plastic, and general waste by providing designated bins for each category. Plastic bags used for food takeout are further segregated and rinsed before being placed in a separate bin for collection by an external waste hauler.

Our Food Group generates significant amounts of food waste, packaging waste, grease, and used cooking oils. Food waste includes fruit and vegetable trimmings, meat and poultry trimmings, scraps from ingredient preparation, and general plate scrapings and leftovers. Packaging waste mainly consists of plastic containers, vinyl gloves, plastic arm sleeves and aprons, plastic curtains, and cardboard boxes from raw ingredient deliveries. Used cooking oil and grease are produced during kitchen activities.

To reduce food waste, we initiated a Zero Food Waste and Food Loss policy in all our food business units. Food trimmings are repurposed to prepare other dishes for canteen consumption. Excess food that did not meet client quality standards is sold to employees or other subsidiaries at a reduced price. We also maximize the use of raw food materials by practicing proper stock rotation, implementing efficient processing procedures, and monitoring food safety and quality to reduce rejects. At MACS, we save the cut ends of lemons and make them available in the canteen for employees to add to their hot or cold water. We also share trimmings of desserts and other fruits in the cafeteria, available for all employees.

Our Water Group produces sludge from treated wastewater, which is processed into non-hazardous biosolids. These biosolids are then given to the community as soil conditioner. In 2024, BTSI generated 6,698 cubic meters (m^3) of septage sludge and 17.02 m3 of biosolids while CAKSC generated 3,747 m3 of sludge and 112.0 m3 of biosolids.

FAA uses an external waste hauler accredited by both the DENR and the Subic Bay Metropolitan Authority (SBMA). Meanwhile, MAPDC's yard, solid, and hazardous wastes are first brought to LTP's Hazard Material Facility before being hauled out by their Philippine Economic Zone Authority (PEZA)-registered haulers.

COMMON TYPE OF WASTES GENERATED		**Business Segments' Waste Contribution (in metric tons)**			
		Aviation Group	**Food Group**	**Water Group**	**Others***
NON- HAZARDOUS WASTE (1,472.48 metric tons)					
Diverted from Disposal (via composting and recycling by the company)	Various Office Wastes (e.g., paper, etc.)	0	0	0.04 mt	0
	Food Wastes	0	0	0	0
	Other Biodegradables	0	0	17.73 mt	0
	Recyclables, Metal Scraps, Plastics, Cardboard Boxes, Tin Cans, etc.)	0	0	0	0
Directed to Disposal (via external service provider for landfilling and other disposal method)	Various Office Wastes (e.g., paper, etc.)	119.27 mt	0	0	0
	Food Wastes	0	1218.22 mt	0	0
	Other Biodegradables	0	0	0.14 mt	0
	Recyclables, Metal Scraps, Plastics, Cardboard Boxes, Tin Cans, bottles, etc.)	0	77.33 mt	0.13 mt	0
	Others: Residuals	0	56.64 mt	0	0
HAZARDOUS WASTE (105.09 metric tons)					
Diverted to Disposal (via an external service provider by preparation for reuse and other disposal method)	Chemicals and chemical compounds	0.01 mt	0	0	0
	Used Industrial / Cooking Oil, Sludge, Grease	1.8 mt	86.55 mt	0.1224 mt	0
	Oil Contaminated Materials	0.06 mt	2.25 mt	0.0015 mt	0
	Empty Chemical Containers/Empty Used Oil Drums	10.20 mt	0	0.80 mt	0
	Waste Electrical and Electronic Equipment (WEE), Batteries	2.27 mt	0.53 mt	0.002 mt	0
	Busted, broken lights	0	0.47 mt	0	0
	Household and commercial hazardous such as paints, thinners, spray canisters, etc.	0	0	0.02 mt	0

**Others include MAC HO, MAPDC, TERA, and MMC.*

Wastes that cannot be diverted from landfills are collected by DENR-accredited external waste haulers. These haulers purchase the Food Group's food wastes and convert them into organic fertilizers and biofuel, while other solid wastes are recycled. Proceeds from the sale of these wastes are deducted from the billing statements of the food business units or used to augment their waste management activities.

In 2024, we generated an income of PhP2,07,617.60 from the sale of metal scraps, used parts, packaging materials, recyclables, and other solid waste materials from MASCORP, MSFI, and selected water business units such as ARDI and SWRI. Proceeds from the sale of these solid non-hazardous wastes are recorded as other source of income by the business units.

MSIS, on the other hand, deducts the proceeds from the sale of their residual and non-recyclable wastes to the DENR-accredited waste hauler from their monthly billing statement. In 2024, MSIS saved PhP241,440.00 on payments to their waste collector.

Emissions and Air Pollution Contribution

GRI 3, 305-1, 305-2, 305-4, 305-6

In reporting our greenhouse gas (GHG) emissions for 2024, we primarily cover Direct Scope 1 and Indirect Scope 2 emissions. We have limited data for Indirect Scope 3 emissions, particularly those related to the upstream and downstream channels of our supply chain. We aim to improve our processes for collecting, consolidating, monitoring, and reporting emissions as we work towards reducing our environmental footprint.

Our total Direct Scope 1 and Indirect Scope 2 emissions amount to 29,775.86 tCO_2e. We calculated our Direct Scope 1 emissions using emission factors from various sources, including the U.S. Environmental Protection Agency (EPA). For Indirect Scope 2 emissions, we used the emission factors recommended by the Philippine Department of Energy's 2019-2021 National Grid Emission Factor (NGEF)[2].

[2] *According to the Philippine Department of Energy's 2019-2021 National Grid Emission Factor (NGEF), the emission factor for the Luzon-Visayas Grid is 0.7058 tCO_2/MWH while for the Mindanao Grid is 0.7181 tCO_2/MWh. Source: https://doe.gov.ph/announcements/national-grid-emission-factor-2019-202.*

Business Units	2024 Emissions Generated			
	Direct Scope 1 Emissions		Indirect Scope 2 Emissions	
	(in kg CO2e)	(in t CO2e)	(in kg CO2e)	(in t CO2e)
Aviation Group				
FAA	482.28	0.48	19,311.70	19.31
MASCORP	34.57	0.03	667,575.05	667.58
Subtotal:	**516.85**	**0.52**	**686,886.75**	**686.89**
Food Group				
MSFI	626.43	0.63	5,906,769.19	5,906.77
MSIS	1,640.94	1.64	7,859,908.78	7,859.91
MACS	1,395.58	1.40	5,044,600.12	5,044.60
Subtotal:	**3,662.95**	**3.66**	**18,811,278.09**	**18,811.28**
Water Group				
AWSI, ARDI	191.40	0.19	3,673,294.76	3,673.29
BTSI	124.60	0.12	2,959,106.56	2,959.11
CAKSC	14.67	0.01	6,185.27	6.19
CBRI	24.90	0.02	23,040.00	23.04
NWSC	67.87	0.07	2,629,074.84	2,629.07
SNVRDC	31.82	0.03	443,942.51	443.94
SWRI	1844.59	1.84	419,182.69	419.18
Subtotal	**2,299.85**	**2.30**	**10,153,826.63**	**10,153.83**
Others				
MAC HO, TERA	11.09	0.01	68,870.54	68.87
MAPDC	3.04	0.00	47,450.97	47.45
MMC	0.00	0.00	1,055.88	1.06
Subtotal:	**14.13**	**0.01**	**117,377.39**	**117.38**
TOTAL	**6,493.78**	**6.49**	**29,769,368.86**	**29,769.37**
Total GHG Emissions in kg C02e	**29,775,862.64**			
Total GHG Emissions in t Co2e	**29,775.86**			

AWSI shares the same office with ARDI

****** *TERA shares the same office with MAC HO in Legaspi Village, Makati City*

Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions				
Business Segment	**Type of Air Pollutant**	**Quantity**	**Unit of Measure**	**Source/s**
Food Group	NOx (Nitrogen Oxide)	4,784.80	mg/Ncm*	Boilers and Generator Sets of MSFI, MSIS, and MACs
	SOx (Sulfur Oxide)	1,133.00	mg/Ncm*	Boilers of MACs and MSFI
	COx (Carbon Monoxide)	328.9	mg/Ncm*	Boilers and Generator Sets of MSFI and MACs
	M2.5 (Particulate Matter 2.5 micrometers or less)	51.9	mg/Ncm*	Boilers of MSIS
	Particulate Emissions by M5	3.7	mg/Ncm*	Boilers of MSFI
	PM10 (Particulate Matter 10 micrometers or less)	64.0	mg/Ncm*	Boilers of MACS
Water Group	NOx (Nitrogen Oxides)	1.81883	Tons/year	Generator units of the water and wastewater treatment plants of BTSI
	SOx (Sulfur Oxides)	0.0000006	Tons/year	
	COx (Carbon Monoxide)	0.14682	Tons/year	
	Volatile organic compounds (VOCs)	0.39253	Tons/year	
	PM (Particular Matter)	1.28846	Tons/year	

**mg/Ncm is Milligrams per Normal Cubic Meter*

To manage the impact of emissions and air pollution generated by our businesses, we conduct preventive maintenance checks and subject our company fleet, GSEs, industrial boilers, chillers, and generator sets to regular emissions testing to ensure compliance with air quality standards. We minimize the use of generator sets to essential situations, decommission old ones, and rehabilitate freezers and chillers to ensure environmental safety and regulatory compliance. Additionally, we replace the R22 refrigerant[3] in our food business units' air conditioning, freezers, and chillers with more environmentally friendly alternatives.

We do not conduct specific annual emission testing for FAA aircraft engines used in test flights by our pilot students and flight instructors. However, our aircraft engines are subject to regulatory standards that indirectly address emissions, focusing on overall airworthiness and compliance with environmental regulations.

<u>Biodiversity and Ecosystem</u>
GRI 101-1, 101-2

At MacroAsia, we recognize the critical importance of biodiversity and healthy ecosystems to our business and the communities we serve. Our commitment to sustainability includes

[3] *R22 refrigerant, also known as HCFC-22 (Hydrochlorofluorocarbon-22), is a chemical compound used primarily in air conditioning and refrigeration systems. It has been widely used in both residential and commercial HVAC systems for cooling purposes.*

proactive measures to protect and enhance biodiversity, mitigate our operational impact, and strictly comply with environmental laws and regulations. We implement conservation and restoration initiatives and ensure we do not exceed approved resource extraction limits.

In Boracay Island, our water and wastewater treatment operations impact both land and water. We mitigate our impact on terrestrial biodiversity by working with government agencies to establish Boracay island as a Water Quality Management and Conservation Area (WQMACA) and diligently complying with local environmental regulations and standards.

Additionally, we adopted Wetland No. 6, the largest in Boracay island, for its conservation and sustainable management. Since 2018, we have conducted annual clean-ups and mangrove planting activities in Wetland 6 as part of our efforts. We also constructed a boardwalk along the wetland to enhance its value as an ecotourism attraction.

In Palawan, there were no environmental disturbances in 2024, as development and commercial operations have yet to commence. We are still in the process of securing the necessary permits and approvals.

As part of our compliance, we have developed and submitted the Environmental Protection and Enhancement Program (EPEP) to establish clear environmental management objectives, criteria, and commitments. This includes measures for the protection and rehabilitation of the areas that will be affected by future mining operations. Our mine and site development plans are fully aligned with the Strategic Environmental Plan (SEP) for Palawan Act of 1992 (Republic Act No. 7611), the Philippine Mining Act of 1995 (RA 7942), and all other relevant environmental laws and regulations.

Additionally, we maintain a nursery for plant propagation to support future tree-planting activities. Together with our operator, Calmia Nickel, Inc. (CNI), we conduct a periodic biodiversity assessment in the tenement area through a third-party environmental auditor as part of our conservation efforts.

Climate Risks and Opportunities
GRI 201-2
SDG 13

We recognize the significant threats that extreme weather events and climate-related risks pose to the safety and security of our operations, personnel, and communities. To enhance our resilience, we are formulating a robust business continuity plan as a key component of our risk management framework. We align with the Task Force for Climate-related Financial Disclosures (TCFD) framework's core elements of governance, strategy, risk management, and metrics and targets to address climate-related issues in our operations.

Our Chief Sustainability Officer together with our Chief Risk Officer (CRO), as the champion of Enterprise Risk Management (ERM), are responsible for identifying and assessing material climate-related risks and opportunities with the help of our business units. These findings are discussed with the business units, the MAC Management Committee, and communicated to the Board of Directors through the appropriate board committees. Climate-related risks and opportunities are also discussed at the MAC Sustainability Council, alongside sustainability and ESG-related matters.

The Board of Directors, through its Corporate Governance and Risk Management Committees, oversees the group's climate-related risks and opportunities. These committees meet periodically to discuss material risk exposures, actions taken, and recommend corrective measures as necessary.

Using the HazardHunterPH[4] application, we identified the high and medium environmental risks and hazards to which our various operations are exposed. We qualitatively assessed their actual and potential impact on our businesses, employees, customers, and communities.

Our Water and Food Groups, including our flying school (FAA), are significantly impacted by changes in climate and weather patterns. Extreme heat or rainfall can affect water quality and supply. It can also affect the availability, quality, and price of fresh produce and meat products. FAA operations, particularly the test flights of our pilot students, are highly dependent on weather conditions and are impacted by even the slightest changes.

We also attempted to identify our specific transition risk exposures by examining our carbon-intensive business operations. We found Aviation Services, Wastewater Treatment, Food Catering, and Mining as particularly vulnerable to transition risks due to their high energy consumption (e.g., oil, fuel, purchased energy). Additionally, we identified potential climate-related opportunities for the group.

Over the next few years, we will work towards identifying the significant sources of emissions in our businesses and establishing the Group's baseline GHG inventory. We will also develop our GHG reduction targets, develop and improve our business continuity plans, and report on the progress of quantifying and managing our climate risks.

[4] *HazardHunterPH is a one-stop shop web application for hazard assessment, helping individuals, businesses, and government agencies make informed decisions about safety and risk management designed to provide hazard assessments for various locations in the Philippines. It allows users to quickly and easily generate reports on potential hazards such as seismic, volcanic, and hydrometeorological risk. It was developed by GeoRisk Philippines, a multi-agency initiative led by the Philippine Institute of Volcanology and Seismology (DOST-PHIVOLCS). This initiative involves collaboration with several other government agencies, including the Department of Science and Technology (DOST), the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), the Mines and Geosciences Bureau (MGB), the Department of Health (DOH), the Department of Education (DepEd), and the Department of Public Works and Highways (DPWH).*
Source: https://hazardhunter. georisk.gov.ph/about-hazardhunterph

Type of Climate Risk	Specific Risks	Potential Financial Impacts to Our Businesses	Potential Impact to People (Our Employees, Customers, Communities)
Physical Risks- refer to risks associated with the physical impacts of climate change. These can be event-driven and include extreme weather events (acute physical risk) or longer-term shifts in climate patterns (also, chronic physical risk), such as rising sea levels, increasing average temperatures, and prolonged droughts.	• Extreme weather events (e.g., flooding/inundation, severe wind, extreme heat, tropical cyclones, severe winds) • Ground shaking/seismic activity • Earthquake-induced landslides • Tsunami • Liquefaction • Proximity to nearest volcano (for businesses in Paranaque and Zambales that are near Taal Volcano in and Mt. Pinatubo) • Ashfall • Coastal erosion • Drought	• Loss of income/revenue due to: - disruption in operations - low production - poor quality of service/product (e.g., contaminated water source due to saltwater intrusion or high turbidity of water from the source) - possible increase in the cost of materials - poor quality of material/service • Disruption of operations due to water/power outage and lack/absence of available manpower • Damage to company assets/properties (e.g., vehicles washed by flood waters, damaged vehicle engines or warehouse, damaged water pipes and pumps, etc.) • Disruption of supply chain (e.g., unavailability of critical materials, unexpected price increase of materials for those affected by extreme weather events, difficulty in finding alternative materials/options, etc.). • Increased capital and operating expenses due to the following: - More outsourced/overtime labor needed to clear/clean the office/facility and return it to its original state (e.g., washing off mud brought by the flood, repainting, etc.)	• Health risks (e.g., heat stroke, respiratory issue, trauma/mental health issue, etc.) • Injury/loss of life • Disrupted/delayed delivery of basic services (e.g., water shortages /interruptions) • Spread of diseases and illnesses (e.g., water-borne diseases) • Destruction/loss of property • Disruption of economic activities • Loss of income for people • Social unrest/ increased social conflict • Political instability • Displacement and migration of people, particularly for those living in coastal areas

<table>
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<td>- Insurance premiums for assets located in “high-risk” areas
- Repair/replacement of damaged critical business assets (e.g., equipment, water trucks, refrigerator trucks, etc.)
- Expensive alternative options or sources for critical materials (e.g., food ingredients that are seasonal or only grows in specific areas and climates)
- Sudden increase in prices of materials prices due to weather conditions (e.g., fresh produce)
• Lost business opportunities</td>
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<tr>
<td rowspan="4">Transition Risks- refer to the risks associated with the shift towards a lower-carbon, more sustainable operations.

These risks arise from changes in policies, regulations, technologies, and market dynamics aimed at reducing greenhouse gas emissions and promoting renewable energy. They can impact businesses in various ways, including financial, operational, and reputational aspect.</td>
<td rowspan="2">Policy and legal risk: Exposure to sustainability-related litigation</td>
<td colspan="2">Potential Financial Impacts to Our Businesses</td>
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<td colspan="2">• Increased operating costs/expenses due to:
- payment of fines/penalties for non-compliance of business units
- higher compliance costs (e.g., purchasing electronic GSEs in the ground handling services, shift to gasoline to Sustainable Aviation Fuel or SAF for aircrafts, etc.)
• Suspension or cessation of business due to non-compliance of regulatory requirements
• Lengthier approval processes for new projects and expansions can delay operations and increase compliance cost</td>
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<td>Market risks:
• Increased cost of raw materials
• Shift in consumer preference</td>
<td colspan="2">• Reduced revenue due to low demand for existing products and services
• Loss of customers/clients due to price increase/ reduced quality and shift of consumer preference
• Production will be slowed or delayed due to expensive cost or unavailability of new materials, particularly eco-friendly/sustainably sourced materials (e.g., cage-free chicken eggs, sustainably grown poultry, forest-grade paper food packaging, etc.).</td>
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<td>Technology risk: Costs to transition to lower emissions technology</td>
<td colspan="2">• Existing equipment/technology are rendered obsolete if the businesses decide to transition to lower emissions emitting equipment, stranding the company’s non-energy efficient business assets
• Increased capital and operating costs due to:</td>
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		- Tighter regulations may require expensive equipment upgrades - Investment in R&D and new / alternative technologies and energy sources (e.g., purchase / substitution of new energy-efficient equipment for operations to replace old carbon intensive equipment) - Upskilling requirement for employees handling new equipment/technology - Adoption/ implementation of new practices and processes
	Reputational risks: • Increased stakeholder concern or negative stakeholder feedback • Stigmatization of company/corporation	• Loss of customers/clients leading to loss of revenue • Lack of investors'/shareholders' confidence on the business units and the parent company (e.g., greenwashing, non-compliance, no position on decarbonization issue, not adopting circular economy approach in the operations, etc.)

Climate Opportunities	Identified Strategies	Potential Impact to Our Businesses
Resource Efficiency	• Reduction in power and water usage and consumption (e.g., solar panels for water pumps, use of smart water meters, use of biofuel for kitchen operations) • Use of recycling, particularly for packaging materials • Use of more efficient production and distribution processes	• Reduced operating costs resulting to cost savings for the parent company and business units • Increased production capacity resulting in increased revenues
Energy Source	• Use of lower-emission sources of energy (e.g., solar panels for water pumps, use of smart water meters, use of biofuel for kitchen operations) • Use of new technologies (e.g., electronic GSEs for ground handling services, smart water meters for sustainable water management)	• Savings on annual energy cost • Reduced exposure of the businesses to the following: - future fuel price increases - changes in cost of carbon pricing (e.g., carbon tax) • Increased capital availability as more investors in the future will tend to favor lower-emission producers (e.g., foreign investors)
Products and Services	• Development and/or expansion of low emission goods and services (e.g., emphasis on the lower carbon footprint in the marketing / labeling of a food product or service). • Development of new products or services through R&D and innovation (e.g., solar panels and other renewable energy systems to help the business units to become more	• Increased revenue through demand for lower emissions products and services • Better competitive position to reflect shifting consumer preferences • Access to new funding sources for projects or initiatives in renewable energy, energy efficiency, and

	resilient to energy supply disruptions)	other environmentally beneficial
Markets	• Access new markets or financial assets (e.g., green bonds and sustainable investments)	• Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks, other companies, etc.) • Increased diversification of financial assets (e.g., green bonds, or investment in green projects that have positive environmental impacts, such as renewable energy, energy efficiency, etc.)
Resilience	• Participation in renewable energy programs and adoption of energy efficiency measures (private and government-led) • Resource substitution and diversification	• Increased reliability of supply chain and ability to operate under various conditions • Diversified business activities and revenue sources • Improved efficiency

Social Performance

<u>Employee Welfare and Development</u>

At MacroAsia, we believe our employees are our greatest asset. Their dedication and passion drive our success and sustainability efforts. We are committed to fostering an environment where every team member feels valued, motivated, and engaged. Our future goals include expanding wellness programs, enhancing professional development opportunities, and promoting a culture of inclusivity and recognition.

In August 2024, we commissioned an employee engagement survey for our Makati Head Office and Aviation and Food Groups to identify our value proposition as an employer. The survey aimed to help us attract talent, retain employees, increase satisfaction, boost productivity, and reduce turnover.

The results showed notable differences in Net Promoter Scores (NPS) across key employee segments, with MACS and the Makati Head Office achieving the highest scores. Additionally, male and older employees, including those with longer tenure and in leadership positions, are more likely to recommend MacroAsia to peers and relatives, demonstrating strong advocacy for the company.

With insights from the survey, we plan to launch an Employee Branding Campaign next year to attract top talent and strengthen our workforce.

Group Employee Profile
GRI 3, 401-1

We maintain a strong policy of equal employment opportunity for all employees and applicants and this policy is applied to all aspects of our employment from recruitment and hiring, training and educational assistance, transfers, promotions, job benefits and pay, dismissal, and social and recreational activities.

We hire, train, promote, and compensate based on personal competence and potential for advancement, without regard to race, color, ethnicity, national origin, religion, gender, sexual orientation, marital status, disability, or citizenship.

In 2024, our total workforce is 6,005. Out of this number, 3,368 or 56.09% are male while 2,637 or 43.91% are women. Majority of our employees are from 30 years old and below at 3,674 or 61% of our total manpower complement, and 4,949 or 82.08% are regular employees.

Among the business segments, the Aviation Group, particularly MASCORP, has the greatest number of employees, constituting 75.20 % of the total MAC Group employee population.

Employee Breakdown by Gender per Business Segment

Business Unit	Male	% Male	Female	% Female	Total No.	% to Total
Aviation Group						
FAA	43	0.72	18	0.30	61	1.02
MASCORP	2,267	37.75	2,249	37.45	4,516	75.20
Subtotal	**2,310**	**38.47**	**2,267**	**37.75**	**4,577**	**76.22**
MSFI	192	3.20	84	1.40	276	4.60
MSIS	335	5.58	96	1.60	431	7.18
MACS	201	3.35	79	1.32	280	4.66
Subtotal	**728**	**12.12**	**259**	**4.31**	**987**	**16.44**
AWSI	7	0.12	3	0.05	10	0.17
ARDI	81	1.35	19	0.32	100	1.67
BTSI	80	1.33	15	0.25	95	1.58
CAKSC	12	0.20	1	0.02	13	0.22
CBRI	4	0.07	2	0.03	6	0.10
NWSC	54	0.90	8	0.13	62	1.03
SNVRDC	26	0.43	10	0.17	36	0.60
SWRI	31	0.52	19	0.32	50	0.83
Subtotal	**295**	**4.91**	**77**	**1.28**	**372**	**6.19**
MAC HO	17	0.28	24	0.40	41	0.68
MAPDC	10	0.17	8	0.13	18	0.30
TERA	4	0.07	2	0.03	6	0.10
MMC	4	0.07	0	0.00	4	0.07
Subtotal:	**35**	**0.58**	**34**	**0.57**	**69**	**1.15**
TOTAL	**3,368**	**56.09**	**2,637**	**43.91**	**6,005**	**100.00**

Employee Breakdown by Gender and Age per Business Segment

AGE GROUP	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		SUBTOTAL				GRAND TOTAL	%
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Male %	Female	Female %		
<30 years old	1,186	2,009	198	126	91	41	12	11	1,487	24.76	2,187	36.42	**3,674**	**61.18**
30-50 years old	886	238.00	435	112	168	31	14	17	1,503	25.03	398	6.63	**1901**	**31.66**
>50 years old	238	20	95	21	37	4	9	6	379	6.31	51	0.85	**430**	**7.16**
	2,310	**2,267**	**728**	**259**	**296**	**76**	**35**	**34**						
TOTAL	**4,577**		**987**		**372**		**69**		**3,369**	**56.10**	**2,636**	**43.90**	**6,005**	**100.00**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Employee Breakdown by Gender and Employment Type per Business Segment

TYPE OF EMPLOYEE	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		SUBTOTAL				GRAND TOTAL	%
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Male %	Female	Female %		
Regular	1,984	1,837	552	187	251	58	30	29	2,817	46.91	2,111	35.15	**4,928**	**82.06**
Probationary	324	430	176	72	44	18	5	5	549	9.14	525	8.74	**1074**	**17.89**
Contractual/Fixed-ter	2	0	0	0	1	0	0	0	3	0.05	0	0.0	**3**	**0.05**
	2,310	**2,267**	**728**	**259**	**296**	**76**	**35**	**34**						
TOTAL	**4,577**		**987**		**372**		**69**		**3,369**	**56.10**	**2,636**	**43.90**	**6,005**	**100.00**

**Others include MAC HO, MAPDC, TERA, and MMC.*

We implement various recruitment strategies to attract a diverse pool of candidates that meet our requirements. We post job advertisements at schools and on social platforms like LinkedIn and Facebook, and we participate in school job fairs. We also accept job applications from our former interns or on-the-job trainees (OJTs), walk-ins, and employee referrals.

Qualified applicants undergo a series of online and/or face-to-face interviews and background checks. As part of their formal onboarding, new hires are oriented on the businesses and policies of the MAC Group.

Transfers are also done to place employees in roles where their talents can be best utilized. In 2024, we had a total of 95 (77 male and 18 female) employee transfers within the group. This includes transfers within the organization, between subsidiaries, from the parent company to subsidiaries, and vice versa, requiring approximately the same degree of skills, duties, and responsibilities, with no change in status or pay level.

For the reporting period, we had a total of 1,501 new hires: 750 men (49.97%) and 751 women (50.03%). Most of our new hires are under 30 years old and come from the National Capital Region (NCR). MASCORP had the greatest number of new hires in 2024.

Breakdown of Employee New Hires by Age, Gender, and Geographical Location per Business Segment

Employee New Hires in 2024	AVIATION GROUP			FOOD GROUP			WATER GROUP			OTHERS			SUBTOTAL				GRAND TOTAL	% TO TOTAL EMPLOYEE COUNT
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	% Male	Female	% Female		
< 30 y.o.	**440**	**633**	**1,073**	**85**	**41**	**126**	**23**	**24**	**47**	**6**	**5**	**11**	**554**	**36.91**	**703**	**46.84**	**1,257**	**20.93**
NCR	344	453	**797**	61	31	**92**	6	11	**17**	4	5	**9**	415	28	500	33.31	915	15.24
Luzon	13	22	**35**	20	10	**30**	12	9	**21**	2	0	**2**	47	3.13	41	2.73	88	1.47
Visayas	51	115	**166**	1	0	**1**	5	4	**9**	0	0	**0**	57	3.80	119	7.93	176	2.93
Mindanao	32	43	**75**	3	0	**3**	0	0	**0**	0	0	**0**	35	2.33	43	2.86	78	1.30
30-50 y.o.	**93**	**10**	**103**	**67**	**25**	**92**	**22**	**6**	**28**	**0**	**6**	**6**	**182**	**12.13**	**47**	**3.13**	**229**	**3.81**
NCR	60	6	**66**	58	25	**83**	15	3	**18**	0	3	**3**	133	8.86	37	2.47	170	2.83
Luzon	8	2	**10**	9	0	**9**	6	1	**7**	0	3	**3**	23	1.53	6	0.40	29	0.48
Visayas	13	1	**14**	0	0	**0**	1	2	**3**	0	0	**0**	14	0.93	3	0.20	17	0.28
Mindanao	12	1	**13**	0	0	**0**	0	0	**0**	0	0	**0**	12	0.80	1	0.07	13	0.22
> 50 y.o.	**6**	**0**	**6**	**5**	**1**	**6**	**2**	**0**	**2**	**1**	**0**	**1**	**14**	**0.93**	**1**	**0.07**	**15**	**0.25**
NCR	2	0	**2**	5	1	**6**	1	0	**1**	1	0	**1**	9	0.60	1	0.07	10	0.17
Luzon	2	0	**2**	0	0	**0**	1	0	**1**	0	0	**0**	3	0.20	0	0.0	3	0.05
Visayas	1	0	**1**	0	0	**0**	0	0	**0**	0	0	**0**	1	0.07	0	0.0	1	0.02
Mindanao	1	0	**1**	0	0	**0**	0	0	**0**	0	0	**0**	1	0.07	0	0.0	1	0.02
Total	**539**	**643**	**1,182**	**157**	**67**	**224**	**94**	**58**	**154**	**0**	**0**	**0**	**750**	**49.97**	**751**	**50.03**	**1,501**	**25.00**

**Others include MAC HO, MAPDC, TERA, and MMC.*

We also accept students from various colleges and universities for internships or On-the-Job Training (OJT). Based on their educational background and interests, we assign them to business units where they can apply their learnings and gain valuable work experience. In 2024, we had 142 student interns (71 male, 71 female) from 25 colleges and universities nationwide, including the University of the East, University of Santo Tomas, Centro Escolar University Manila and Makati, Pamantasan Ng Lungsod ng Maynila, National University, Asian College of Aeronautics Inc., PATTS College of Aeronautics, and Philippine State College of Aeronautics, among others.

In 2024, a total of 1,242 employees voluntarily or involuntarily separated from the MAC Group, resulting in a turnover rate of 21.46%. The highest turnover was among women, employees under 30 years old, those in rank-and-file positions, and those with less than 3 years of service.

Breakdown of Employe Turnover by Gender per Business Segment

Business Unit	Male	Female	Total	Turnover Rate
Aviation Group				
FAA	18	0	18	38.00%
MASCORP	466	593	1,059	24.00%
Subtotal	**484**	**593**	**1,077**	
MSFI	19	16	35	12.00%
MSIS	7	49	56	15.00%
MACS	21	10	31	10.00%
Subtotal	**47**	**75**	**122**	
AWSI	0	0	0	0.00%
ARDI	9	2	11	13.49%
BTSI	5	4	9	9.00%

CAKSC	0	0	0	0.00%
CBRI	0	0	0	0.00%
NWSC	3	2	5	8.06%
SNVRDC	1	0	1	2.70%
SWRI	4	6	10	
Subtotal	**22**	**14**	**36**	
MAC HO	1	0	1	4.87%
MAPDC	4	1	5	27.77%
TERA	0	1	1	28.57%
MMC	0	0	0	0.00%
Subtotal:	**5**	**2**	**7**	
TOTAL	**558**	**684**	**1,242**	

Employee Turnover by Age Range per Business Segment

Business Segment	By Age Range	Total No. of Turnovers
Aviation Group	< 30 years old	865
	31-50 years old	182
	> 50 years old	30
	Total	**1,077**
Food Group	< 30 years old	52
	31-50 years old	63
	> 50 years old	7
	Total	**122**
Water Group	< 30 years old	16
	31-50 years old	18
	> 50 years old	2
	Total	**36**
Others*	< 30 years old	5
	31-50 years old	2
	> 50 years old	0
	Total	**7**
Total		**1,242**

Others include MAC HO, MAPDC, TERA, and MMC.

Employee Turnover by Rank/Position per Business Segment

Business Segment	By Rank/Position	Total No. of Turnovers
Aviation Group	Officer	3

	Rank and File	1,074
	Total	**1,077**
Food Group	Officer	21
	Rank and File	101
	Total	**122**
Water Group	Officer	9
	Rank and File	27
	Total	**36**
Others*	Officer	5
	Rank and File	2
	Total	**7**
Total		**1,242**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Breakdown of Employee Turnover by Tenure per Business Segment

By Years of Service/Tenure	Aviation Group	Food Group	Water Group	Others*	Total
0-3 years	952	91	24	6	**1,073**
4-10 years	117	28	10	1	**156**
11-15 years	4	2	1	0	**7**
16-20 years	3	1	0	0	**4**
21-25 years	1	0	0	0	**1**
26-30 years	0	0	0	0	**0**
31-25 years	0	0	1	0	**1**
Total	**1,077**	**122**	**36**	**7**	**1,242**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Compensation and Benefits

GRI 3, 401-2, 401-3
SDG 5, 8, 10

Our employees' salary and benefits packages are based on their role, competency level, work performance, previous experience, certifications, and tenure. We regularly review these packages to remain competitive and compliant with labor laws.

We offer competitive salaries and mandated benefits such as 13th-month pay, SSS, Pag-IBIG, and PhilHealth. Regular employees receive various types of leave, including sick, emergency, vacation, parental, solo parental, paternity, maternity, and special leave for female employees.

Additionally, we provide uniforms, group health care, and group life insurance to regular employees. We assist them in securing salary loans for emergencies through salary deductions and a partner bank. We maintain a hybrid work setup based on job function and capability to work from home, and we provide overtime pay, night shift differentials, and holiday pay for eligible employees.

Employees in our food business units enjoy one free meal per duty and an additional meal if they work overtime for more than two hours. Employees at the MAC Head Office and selected subsidiaries are provided with daily shuttle service.

We also ensure that our contractual or outsourced personnel are paid in accordance with labor regulations. Additionally, student interns or on-the-job trainees are provided meals and/or allowances amounting to 75% of the daily wage.

Benefits Availed by Business Segment

Benefits	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		TOTAL			
	No. of Women who availed	No. of Men who Availed	No. of Women who availed	No. of Men who Availed	No. of Women who availed	No. of Men who Availed	No. of Women who availed	No. of Men who Availed	Total No. of Men who Availed	% of Men	Total No. of Women who Availed	% of Women
SSS	2,193	2,231	37	167	53	140	16	5	2,299	68.26	2,543	96.44
Philhealth	2,188	2,192	9	23	40	50	2	0	2,239	66.48	2,265	85.89
Pag-IBIG	2,187	2,227	61	237	50	123	6	4	2,304	68.41	2,591	98.26
Parental leave	74	26	7	7	3	1	0	0	84	2.49	34	1.29
Vacation Leave	1,397	1,641	197	632	64	130	29	22	1,687	50.09	2,425	91.96
Sick Leave	1,241	891	100	286	62	134	29	22	1,432	42.52	1,333	50.55
Medical benefits (aside from Philhealth)	14	12	122	464	20	48	29	22	185	5.49	546	20.71
Housing assistance (aside from Pag-IBIG)	0	0	0	0	5	7	0	0	5	0.15	7	0.27
Retirement fund (aside from SSS)	0	2	0	6	10	24	0	0	10	0.30	32	1.21
Further education support	0	0	0	0	0	0	0	0	0	0.00	0	0.00
Company Stock options	0	0	0	0	0	0	0	0	0	0.00	0	0.00
Telecommuting	0	0	0	0	9	29	29	23	38	1.13	52	1.97
Flexible working hours	0	0	0	0	3	2	1	3	4	0.12	5	0.19
Others, please specify	0	0	0	0	0	0	0	0	0	0.00	0	0.00

**Others include MAC HO, MAPDC, TERA, and MMC.*

Parental and Solo Parental Leaves Availed by Business Segment

Parental Leave	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave	2,267	2249	367	140	82	19	12	11	2,728	2,419
Total number of employees that took parental leave in 2024	26	58	15	9	2	3	0	0	43	70
Total number of employees that returned to work in 2024 after parental leave ended	26	33	15	7	1	3	0	0	42	43
Return to work rate	**100.00**	**56.90**	**100.00**	**77.78**	**50.00**	**100.00**	**0.00**	**0%**	**97.67**	**61.43**
Total number of employees who availed the parental leave in 2023 and returned to work in 2024	0	16	6	5	0	0	0	0	6	21
Total number of employees that took parental leave in 2023	0	16	6	5	0	0	0	0	6	21
Retention rate	**100.00**	**100.00**	**100.00**	**100.00**	**0.00**	**0.00**	**0.00**	**0.00**	**100.00**	**100.00**
Solo Paental Leave	**AVIATION GROUP**		**FOOD GROUP**		**WATER GROUP**		**OTHERS**		**TOTAL**	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Total number of employees that were entitled to parental leave	5	8	162	58	68	8	0	1	235	75
Total number of employees that took parental leave in 2024	5	8	6	4	1	2	0	1	12	15
Total number of employees that returned to work in 2024 after parental leave ended	5	8	6	4	1	2	0	1	12	15
Return to work rate	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Total number of employees who availed the parental leave in 2023 and returned to work in 2024	0	0	2	2	0	0	0	0	2	2
Total number of employees that took parental leave in 2023	0	0	2	2	0	0	0	0	2	2
Retention rate	**0%**	**0%**	**100.00**	**100.00**	**0.00**	**0.00**	**0.00**	**0.00**	**100.00**	**100.00**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Health, Well-being, and Safety

GRI 2-8, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 410-1
SDG 3, 8

We value and are committed to our employees' well-being. Our health and safety policies and programs cover all employees, including regular and contractual workers, and are compliant with DOH-OSH standards, the Anti-Sexual Harassment Act of 2007, and the Safe Spaces Act.

To promote and ensure the health and well-being of our employees, we provide medical and health care services such as Health Maintenance Organization (HMO) cards, annual physical exams, health assessments or consultations, annual flu vaccinations, treatment/lactation areas, Company Physicians/Nurses, and Health Officers. We also provide flexible work arrangements to help employees manage their work-life balance, counseling for personal or work-related support, referrals to mental health specialists, wellness challenges (e.g., The Biggest Loser), onsite fitness classes (e.g., Zumba), sportsfests, team building activities, and mental health-related activities such as burnout prevention and mindfulness sessions, yoga, and pranic healing. Additionally, we disseminate health advisories on Mental Health, HIV/AIDS, Breast and Cervical Cancer, Prostate Cancer, Diabetes, Tuberculosis, Hepatitis, Hypertension, Covid-19, and other health issues.

Depending on the size and complexity of our business units, our Occupational Safety and Health (OSH) Committees, usually composed of 3-5 employees from managerial, supervisory, and rank-and-file levels, meet at least monthly or quarterly. These committees ensure safety by identifying and managing hazards, reviewing and monitoring compliance with safety and health policies, recommending solutions, assessing the impact of policy changes, implementing corrective actions, overseeing safety training and promotion, and implementing OSH activities and initiatives. The OSH Committees' activities include safety and health inspections, work accident investigation and analysis, evaluation of safety performance, and regular fire and earthquake drills. They also enforce workplace policies such as alcohol-free, smoke-free, and drug-free environments.

We send selected employees to a 40-hour Basic Occupational Safety and Health (BOSH 2), First Aid, and Basic Cardiopulmonary Resuscitation (CPR) with Automated External Defibrator (AED) Trainings, ensuring that we have qualified and certified Safety Officers and First Aiders in all our operations. To date, we have a total of 58 Safety Officers who play an important role in maintaining a safe and healthy work environment. They identify potential hazards and implement measures to mitigate risks and ensure compliance with safety regulations. Additionally, they investigate work-related accidents to determine causes and prevent future occurrences and develop and implement emergency response plans to handle potential emergencies.

We undergo annual safety audits by the Bureau of Fire Protection as part of our business permit requirements. We also provide training on disaster preparedness, evacuation procedures, and hazard recognition to our employees, particularly in the Aviation and Food Groups. These business segments have crisis management or disaster preparedness plans and undergo regular external safety audits and inspections. Specifically, FAA and MASCORP are regularly audited by the Civil Aviation Authority of the Philippines (CAAP) for compliance with aviation safety standards, while MSIS, MACS, and MSFI are audited by the Bureau of Quarantine (BOQ), Bureau of Fire Protection (BFP), and the Department of Labor and Employment (DOLE).

We identify health and safety risks by assessing workplace injury records, conducting regular inspections and health evaluations, and evaluating equipment and materials. We manage these risks by developing mitigation plans, implementing control measures (e.g., eliminating, substituting, isolating risks, using administrative or engineering controls, and personal protective equipment), providing employee training, monitoring safety performance, establishing reporting mechanisms, and ensuring regulatory compliance. Moreover, we encourage employees to report any safety and health issues to their Department Managers, Supervisors, Health and Safety Officers, Human Resources (HR), or OSH Committee members, and to participate in safety initiatives.

During the reporting period, there were no fatalities due to work-related injuries or illnesses within the group.

Work-related Injuries by Business Segment

INDICATORS	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS*		TOTAL
	Employees	Contract Workers	Employees	Contract Workers	Employees	Contract Workers	Employees	Contract Workers	
Number of fatalities because of work-related injury	0	0	0	0	0	0	0	0	0
Rate of fatalities because of work-related injury	0	0	0	0	0	0	0	0	0
Number of high-consequence work-related injurie (excluding fatalities)	0	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0	0	0	0
Number of recordable work-related injuries	16	0	20	0	4	0	0	0	40
Rate of recordable work-related injuries	1.37	0	13.7	0	4.39	0	0	0	0.,56
Number of hours worked	11,343.022	0	1,342,829	403,144	994,092	0	158,976	0	14,242,063
Safe man hours	207,584	0	1,342,829	403,144	993,692	0	158,976	0	3,106,225
Number of high-potential work-related incidents identified (optional)	0	0	0	0	0	0		0	0
Number of close calls identified (optional)	0	0	0	0	0	0		0	0
Type of Work-related Injuries	• Cuts • Musculoskeletal Condition (sprains, muscle spasms, etc.) • Dislocations, tears, fractures		• Minor Cuts • Animal Bites • Bruises • Dislocations, sprains		• Bone Dislocations • Cuts • Animal Bites • Muscle Sprains		None Reported		

**Others include MAC HO, MAPDC, TERA, and MMC.*

Safety Statistics by Business Segment

INDICATORS	AVIATION GROUP	FOOD GROUP	WATER GROUP	OTHERS*	TOTAL
Lost time accidents	10,182	0	400	0	10,582
Incidence Rate	1.37	13.7	4.39	0	0.56
Severity Rate	0.00	0.00	0.00	0.00	0.00
Lost days	45	0	0	0	45

**Others include MAC HO, MAPDC, TERA, and MMC.*

Work-related Illnesses by Business Segment

Business Unit	Indicators	Employees	Contract Workers	Identified Work-related hazards	Identified Work-related Illnesses
AVIATION GROUP	**Number** of fatalities as a result of work-related ill-health	0	0	Non-compliance with safety and health procedures, extreme weather conditions (extreme heat/typhoon), noise from machineries/equipment	Respiratory Tract Infections, Flu/Viral Infections ENT-related cases, headache, Body pains/muscle spasms, heatstroke due to extreme hear during dry season
	Number of recordable cases of work-related ill-health	13,774	0		

FOOD GROUP	**Number** of fatalities as a result of work-related ill-health	0	0	Exposure to chemical substances/allergens	Skin Allergies due to use of gloves
	Number of recordable cases of work-related ill-health	2	4		
WATER GROUP	**Number** of fatalities as a result of work-related ill-health	0	0	Non-compliance with safety protocols (e.g., not wearing work shoes/boots, not wearing hard hats, not disinfecting after visiting the waste treatment plant, etc.); noise from machineries/equipment; exposure to chemical and biological substances	Respiratory Tract Infections; skin conditions; body pains/muscle spasm, heatstroke due to extreme hear during dry season
	Number of recordable cases of work-related ill-health	0	0		
OTHERS*	**Number** of fatalities as a result of work-related ill-health	0	0	Non-compliance with safety and health procedures, ergonomic (repetitive movements, poor posture)	Tennis elbow, carpal tunnel syndrome, back pains/muscle pains
	Number of recordable cases of work-related ill-health	1	0		

**Others include MAC HO, MAPDC, TERA, and MMC.*

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SAFETY OFFICERS	
Aviation Group	27
Food Group	7
Water Group	17
Other Companies (MAC HO/MAPDC/TERA/MMC)	7
Total	**58**

Learning and Development

GRI 3, 404-1, 404-2, 404-3

SDG 4, 8

We invest in our employees' career growth and development by providing training and capacity-building activities to equip them with the necessary knowledge and skills. Our HR Department, in coordination with the employee’s Supervisor or Department Head, regularly conducts Training Needs Evaluations to identify required internal and external capacity-building activities.

We offer specialized training tailored to our employees' job functions. For our Food Group employees, this includes food safety, security, and allergen management. For our Ground Handling business unit, we provide training in ramp safety, defensive driving, aircraft marshalling, passenger handling, and cargo handling. Additionally, we offer training in bookkeeping, internal control and fraud prevention, impactful presentations, effective business writing, supervisory leadership skills, and project management.

Employees attending external specialized training are required to sign a training contract, committing to stay with the parent company or their respective business units for a specified period. Those wishing to pursue further studies may apply for a loan from the company or receive assistance in securing a loan from a partner bank.

We also utilize free online webinars and training to reduce transportation costs, address venue and resource person limitations, and ensure more employees can attend. MASCORP leverages these online resources, especially for ground handling employees stationed at airports across the country.

MACS, on the other hand, has developed and implemented the Developmental Assignment Program (DAP) to provide learning experiences that help employees become well-rounded and prepare for leadership roles through exposure to different functions. This program helps fill vacant positions, ensures career growth, boosts morale, strengthens loyalty, and enhances competencies for new roles. It also encourages continual performance improvement among employees.

As part of our succession planning, we aim to develop employees into future leaders by identifying those with leadership potential and sending them to management and leadership training programs. We will also expose them to different business operations to further hone their leadership skills.

In 2024, a total of 5,453 employees across various business units received a total of 32,362.86 training hours.

Trainings Hours per Gender by Business Segment

INDICATORS	AVIATION GROUP			FOOD GROUP			WATER GROUP			OTHERS			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of Employees	2,339	2,184	4,523	664	226	890	16	9	25	5	10	15	3,024	2,429	5,453
No. of Training Hours	16,780.07	13,093.79	29,873.86	2,946.00	1,467.00	**4,413.00**	660	182	842	88	146	234	20,474.07	14,888.79	35,362.86
Average No. of Training Hours Per Employee			**6.60**			**4.96**			**33.68**			**15.60**			**6.49**
Average No. of Training Hours Per Gender	7.17	6.00		**4.44**	**6.49**		**41.25**	**20.22**		**17.6**	**14.60**		**6.77**	**6.13**	

**Others include MAC HO, MAPDC, TERA, and MMC.*

Training Hours per Rank/Position by Business Segment

Business Segment	Indicators	Officers	Managers	Supervisors	Rank & File	Total
AVIATION GROUP	No. of Employees Trained	101	45	358	4019	**4,523.00**
	No. of Training Hours	651.99	384.81	2180.85	26656.22	**29,873.86**
	Average No. of Training Hours	6.46	8.55	6.09	6.63	**6.60**
FOOD GROUP	No. of Employees Trained	30	32.00	100.00	728.00	**890.00**
	No. of Training Hours	493.70	382.80	742.50	2794.00	**4,413.00**
	Average No. of Training Hours	16.46	11.96	7.43	3.84	**4.96**
WATER GROUP	No. of Employees Trained	2	8	9	6	**25**
	No. of Training Hours	80.00	168.00	286.00	316.00	**850.00**
	Average No. of Training Hours	40.00	21.00	31.78	52.67	**34.00**
OTHERS*	No. of Employees Trained	3	6	0	6	**15**
	No. of Training Hours	127.00	69.50	0.00	37.50	**234.00**
	Average No. of Training Hours	42.33	11.58	0.00	6.25	**15.60**

***Others include MAC HO, MAPDC, TERA, and MMC.*

We conduct performance appraisals to evaluate employees' efficiency based on predetermined criteria and standards. These appraisals inform decisions on promotions, merit increases, demotions, transfers, layoffs, discharges, training needs, management development programs, organizational diagnosis, and performance management.

Moreover, we promote qualified and deserving employees from within the ranks whenever vacancies occur, or new positions are created. Promotions are based on merit, performance, ability, efficiency, leadership, quality, attitude, and attendance. When all factors are equal, seniority is the determining factor.

Employee Performance Appraisals by Business Segment

Business Segment	Rank	2024		
		Male	Female	Total
AVIATION GROUP	Officers	62	34	**96**
	Managers	0	0	**0**
	Supervisors	220	102	**322**
	Rank and File	1,854	2,010	**3,864**
	Total	**2,136**	**2,146**	**4,282**
FOOD GROUP	Officers	33	22	**55**
	Managers	12	11	**23**

	Supervisors	55	14	**69**
	Rank and File	447	131	**578**
	Total	**547**	**178**	**725**
WATER GROUP	Officers	1	3	**4**
	Managers	6	4	**10**
	Supervisors	5	4	**9**
	Rank and File	93	18	**111**
	Total	**105**	**29**	**134**
OTHERS*	Officers	6	2	**8**
	Managers	6	11	**17**
	Supervisors	12	1	**13**
	Rank and File	23	20	**43**
	Total	**47**	**34**	**81**
GRAND TOTAL		**2,835**	**2,387**	**5,222**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Employees Promoted in 2024 by Business Segment

Business Segment	Rank	2024		
		Male	Female	Total
AVIATION GROUP	Officers	28	9	**37**
	Managers	4	2	**6**
	Supervisors	91	57	**148**
	Rank and File	167	133	**300**
	Total	**290**	**201**	**491**
FOOD GROUP	Officers	0	1	**1**
	Managers	0	3	**3**
	Supervisors	12	1	**13**
	Rank and File	23	1	**24**
	Total	**35**	**6**	**41**
WATER GROUP	Officers	**0**	**0**	**0**
	Managers	**0**	**0**	**0**
	Supervisors	**0**	**0**	**0**
	Rank and File	**2**	**1**	**3**
	Total	**2**	**1**	**3**
OTHERS*	Officers	0	0	**0**
	Managers	0	0	**0**
	Supervisors	0	0	**0**
	Rank and File	0	0	**0**
	Total	**0**	**0**	**0**
GRAND TOTAL		**327**	**208**	**535**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Equal Opportunity, Diversity, and Inclusion

GRI 3, GRI 405-1, 406-1

SDG 5, 8, 10

Our principles of diversity, equal opportunity, and inclusion apply to all aspects of our employment cycle. These principles are also integrated into our company branding guidelines to ensure our marketing and communication efforts are ethical, inclusive, transparent, and positively impact our stakeholders.

We do not consider gender, ethnicity, or disability in our hiring processes. However, due to the nature of our operations, hiring applicants with disabilities is limited. Additionally, we prioritize hiring employees from the communities where we operate, especially in provincial business units, to generate job creation and contribute to the local economy.

During the reporting period, 78.88% of our workforce, totaling 4,737 employees, were based in the Luzon region, where most of our business units are located. We employed 18 individuals from vulnerable groups (5 males and 13 females), including senior citizens and persons with disabilities, across MSIS, MACS, MAPDC, and the parent company. Despite operating in a male-dominated industry, we had 84 women managers and officers, representing 1.40% of our leadership team.

Employee Breakdown by Gender and Geographical Distribution per Business Segment

GEOGRAPHICAL LOCATION	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		SUBTOTAL				GRAND TOTAL	%
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Male %	Female	Female %		
Luzon	1,739	1,672	723	259	215	61	34	34	2,711	45.15	2,026	33.74	**4,737**	**78.88**
Visayas	366	436	1	0	80	15	1	0	448	7.46	451	7.51	**899**	**14.97**
Mindano	205	159	4	0	1	0	0	0	210	3.50	159	2.65	**369**	**6.14**
	2,310	**2,267**	**728**	**259**	**296**	**76**	**35**	**34**						
TOTAL	**4,577**		**987**		**372**		**69**		**3,369**	**56.10**	**2,636**	**43.90**	**6,005**	**100.00**

**Includes MAC HO, MAPDC, TERA, and MMC.*

Employee Breakdown by Gender and Rank/Position per Business Segment

RANK/POSITION	AVIATION GROUP		FOOD GROUP		WATER GROUP		OTHERS		SUBTOTAL				GRAND TOTAL	%
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Male %	Female	Female %		
Officers	2	3	32	22	23	11	5	2	62	1.03	38	0.63	**100**	**1.67**
Managers	26	11	17	18	19	9	7	8	69	1.15	46	0.77	**115**	**1.92**
Supevisors	53	33	85	24	7	5	0	5	145	2.41	67	1.12	**212**	**3.53**
Rank and File	2,229	2,220	594	195	246	51	23	19	3,092	51.49	2,486	41.40	**5,578**	**92.89**
	2,310	**2,267**	**728**	**259**	**296**	**76**	**35**	**34**						
TOTAL	**4,577**		**987**		**372**		**69**		**3,368**	**56.09**	**2,637**	**43.91**	**6,005**	**100**

**Others include MAC HO, MAPDC, TERA, and MMC.*

Employees in Vulnerable Groups				
Business Segment	**Age Range**	**Male**	**Female**	**Total**
Aviation Group	>30 y.o	0	0	0
	30-50 y.o.	0	0	0
	> 50 y.o.	0	0	0
Food Group	>30 y.o	1	0	1
	30-50 y.o.	1	0	1
	> 50 y.o.	1	1	2
Water Group	>30 y.o	0	0	0
	30-50 y.o.	0	0	0
	> 50 y.o.	0	0	0
Others*	>30 y.o	0	1	1
	30-50 y.o.	1	3	4
	> 50 y.o.	1	3	4
Total		**5**	**8**	**13**

**Others include MAC HO, MAPDC, TERA, and MMC.*

We are committed to fostering a culture of respect, dignity, and equality, where everyone feels safe, valued, and empowered. We do not tolerate any form of abuse, maltreatment, harassment, bullying, or discrimination in the workplace.

Employees who feel subjected to sexual harassment can seek help from their Department Head/Supervisor or report directly to HRD. If necessary, HRD will escalate the matter to the Committee in Decorum and Investigation (CODI), which includes members from management, supervisory, and rank-and-file levels to receive, investigate, hear, and settle cases. We also take disciplinary action, up to and including dismissal, against any retaliatory or intimidating actions toward complainants or whistleblowers.

There were no reported cases of discrimination among our employees within the MAC Group for the reporting period.

Employee Engagement
SDG 3, 5, 8, 10

We believe clear communication is key to a collaborative and engaged workforce where everyone feels valued and empowered. We ensure employees have the information they need to perform their roles and feel connected to our company's mission and values.

We use various communication channels, including email, letters, and internal group chats like Viber, to quickly share updates and resources. We also prioritize face-to-face interactions through regular weekly and monthly meetings to keep teams aligned and informed. These meetings allow employees to ask questions, share insights, and collaborate.

Town hall meetings are another important part of our strategy. These gatherings help us discuss significant updates, celebrate achievements, and address employee concerns, fostering community and transparency. We also conduct debriefing sessions after activities or shifts to review performance, identify improvements, and recognize best practices, helping us maintain high standards. Additionally, we encourage feedback through surveys and suggestion boxes to make informed decisions and improve the work environment.

To foster teamwork, strengthen social and organizational commitment, and promote work-life harmony, we organize activities that appeal to our employees' interests while aligning with our core values. Every year, we organize team-building activities, company Christmas parties, and Valentine's Day celebrations with programs, games, and prizes. We also organize sports tournaments on basketball and volleyball for our employees, as well as hold special activities for Mother's Day and Father's Day, among others.

At the MAC Head Office, we celebrate "*Linggo Ng Wika*" by wearing Filipiniana clothes at work and invite employees' children and spouses for Trick or Treat every November. We also hold thanksgiving masses during special company occasions.

Our Food Group celebrates World Chef's Day every October in all its facilities and kitchens with programs and games for employees. Last October 2024, the Food Group held a cooking contest as the main activity.

Employee Incentives and Recognition
SDG 8

We provide various in-kind and cash incentives to motivate our employees. Rewards for perfect attendance, such as gift vouchers or cash prizes, encourage punctuality and consistent attendance.

We also reward excellent performance and loyalty with commendations, including certificates of achievement, public recognition during company meetings, and thank-you notes from management.

At MASCORP, we recognize ground handling teams with no recorded accidents or errors over a period with cash incentives. This initiative has reduced ground handling accidents and errors while promoting teamwork and excellent performance.

We also provide cash bonuses and merit increases to employees who consistently exceed performance expectations. These financial rewards acknowledge their hard work and dedication, providing motivation for continued excellence. By aligning these rewards with our company's goals, we ensure our employees feel valued and appreciated, fostering a positive and productive work environment.

Customer Management

At MacroAsia, we are committed to building strong, lasting relationships with our customers by understanding their needs and meeting their expectations. Our customer management approach includes continuous engagement, personalized service, timely support, and cost-efficient problem-solving. By communicating transparently and fulfilling our commitments, we foster trust, retain loyalty, create value, and drive mutual success.

Customer Satisfaction

We highly value our customers' opinions and feedback, as they are instrumental in shaping our business strategy and operations. To ensure we address all customer needs effectively, we provide multiple channels for communication, including the MAC official email address for formal inquiries and detailed requests, our subsidiaries' websites for specific information and feedback submission, customer care hotlines for immediate assistance and support, emails and messaging applications for convenient and direct communication, and social media platforms such as Facebook, where our business units actively engage with customers, respond to concerns in real time, and provide important advisories. By leveraging these diverse channels, we aim to create a seamless and responsive customer service experience. Our commitment to listening to our customers enables us to continuously improve and adapt our services to better meet their needs.

At MSIS and MACS, regular weekly client meetings are held to obtain direct feedback on our inflight catering performance and address any incident reports. They also receive results from passenger satisfaction surveys conducted by local and foreign airline clients, providing insights into passenger feedback on the food served during flights. Common issues include the taste of the food and the presence of small foreign objects.

MSFI acknowledges all customer feedback and complaints within 24 hours. They conduct an initial investigation to validate the complaint and gather necessary information. For foreign matter complaints, they assess the specimen to determine if it is traceable to the facility. A Corrective and Preventive Actions (CAPA) report is submitted to the client within three days of the complaint notification. Additionally, a yearly Customer Satisfaction Survey is conducted to monitor the effectiveness of after-sales service and product quality.

MASCORP holds monthly Client Performance Evaluations to get direct feedback on their performance. Common complaints include poor customer service from some Passenger Service Agents (PSA), flight delays or cancellations, manpower shortages, and equipment serviceability.

Our water business units, such as ARDI, BTSI, NWSC, and SNVRDC, gather feedback through printed survey forms distributed by the billing departments. After-sales and ocular visits by our field technicians, as well as customer visits to our offices, also help us gather feedback on our services. Common concerns include water quality (e.g., taste, smell, and discoloration), supply reliability due to leaks and maintenance activities, delayed or inaccurate water billing, availability of other payment options (e.g., GCash or bank transfers), reconnections and temporary disconnections, meter relocations, pullouts, and cleaning, and poor customer service.

Customer Health and Safety
GRI 3, 416-1, 416-2

Ensuring the health and safety of our customers is a paramount priority. By adhering to industry standards and implementing best practices, we strive to create a secure and trustworthy environment for all our customers. Our commitment to health and safety not only protects our customers but also reinforces their confidence in our services, fostering long-term loyalty and satisfaction.

In 2024, MSFI received its Food Safety System Certification (FSSC). This internationally recognized certification scheme for food safety management systems, based on ISO 22000 and additional requirements, ensures that food safety practices are effectively implemented and maintained throughout our food supply chain. FSSC 22000 helps organizations meet customer demands for safe food products, comply with regulatory requirements, and enhance their reputation as reliable suppliers. With this certification, MSFI is now well-positioned to attract more commercial clients for its commissary operations, thereby increasing revenue and expanding market reach. This achievement underscores our unwavering dedication to excellence in food safety and our commitment to delivering the highest quality products and services to our customer.

Moreover, the Food Group is preparing for the renewal of their HALAL certification early next year, to be conducted by Malaysia Halal Certification and Training (MHCT). This certification renewal ensures that our products and services continue to comply with Islamic dietary laws, demonstrating our commitment to inclusivity among our customers.

Our Water Group, on the other hand, ensures that the water we distribute to our residential and commercial customers is treated to be potable and safe. Potable water must comply with several regulations to ensure it is free from harmful contaminants. The primary regulation is the Philippine National Standards for Drinking Water (PNSDW), enforced by the Department of Health (DOH). The PNSDW sets acceptable values for various parameters, including microbiological, physical, chemical, and radiological compositions of the water.

In addition, the Code on Sanitation of the Philippines (Presidential Decree 856) outlines the prescribed standards and procedures for drinking water quality, ensuring that water supply systems meet the necessary health and safety requirements. The Department of Environment and Natural Resources (DENR) also plays a role in regulating water quality through various administrative orders and guidelines. Meanwhile, the National Water Resources Board (NWRB) oversees all water resources management and development activities, including policies on water utilization and appropriation, control and supervision of water utilities and franchises, and the regulation and rationalization of water rates.

Customer health and safety-related complaints received by the Food Group for the reporting period includes presence of foreign matter on the food and alleged food poisoning cases. Water quality and turbidity, on the other hand, are the health and safety-related complaints received by the Water Group.

CUSTOMER HEALTH AND SAFETY INCIDENTS	2024			
	AVIATION GROUP	FOOD GROUP	WATER GROUP	*OTHERS
Total no. of incidents of non-compliance with regulations resulting in a fine or penalty	0	15	1	0
Total no. of incidents of non-compliance with regulations resulting in a warning	0	343	2	0
Total no. of incidents of non-compliance with voluntary codes	0	0	0	0
Total no. of substantiated complaints	0	343	10,871	0
Total no. of complaints addressed	0	343	10,855[5]	0

**Others include MAC HO, MAPDC, TERA, and MMC.*

To mitigate risks and enhance safety for our Food and Water Groups, we conduct regular safety audits, employee training programs, and implement business contingency and emergency response plans in our operations.

Our Food Group implements Hazard Analysis Critical Control Points (HACCP) and good hygiene practices. We conduct facility inspections and audits, provide employee training and coaching, inspect vendor/supplier facilities, and perform environmental monitoring through microbiological testing to mitigate or prevent food health and safety-related risks to customers. Additionally, food safety audits are performed annually by our commercial clients and quarterly by regulatory agencies such as the Bureau of Quarantine (BOQ). The National Meat Inspection

[5] As of December 31, 2024, sixteen (16) substantiated complaints from NWSC retail customers are still pending resolution.

Service (NMIS) and the Philippine Food and Drug Administration (PH FDA) also conduct audits every two years. Lastly, the FSSC audit is carried out annually by SGS Philippines, with certification valid for three years.

Water audits, on the other hand, are regularly conducted by the National Water Resource Board (NWRB) from source development to water distribution, as well as by the Department of Health (DOH) and the Department of Public Works and Highways (DPWH). The treatment of wastewater is also audited regularly by the DENR to ensure that it is within the effluent standards under DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016.

We continue to monitor and evaluate our practices to ensure that we remain responsive to the evolving needs of our customers and the dynamic landscape of health and safety standards.

Marketing and Labelling
GRI 3, 417-1, 417-2, 417-3
SDG 12

We ensure our product labels and service descriptions are clear, accurate, and tailored to our target customer segments.

Production and best-before dates are prominently displayed on our food packaging, along with instructions for immediate consumption or reheating, if needed. Our food product information and labeling also include main ingredients, allergen declarations, net weight, and calorie count. Meanwhile, our water business units distribute flyers, make radio announcements, and conduct face-to-face meetings with clients to build trust and familiarity within the community.

CAKSC enhances its credibility by posting its Environmental Compliance Certificate (ECC) and Department of Environment and Natural Resources (DENR) certifications on all water desludging tanks. SWRI increases awareness of our mission, services, and environmental commitments by producing brochures for potential clients and distributing them at events.

FAA uses social media platforms like Facebook, TikTok, LinkedIn, and YouTube to market our training programs, showcase graduate success stories, and provide insights into our training process and safety standards.

In late 2024, we developed the MAC Responsible Branding Guidelines to ensure all marketing and communication efforts are clear, truthful, accurate, accessible, and aligned with our parent company's vision, mission, and strategy. These guidelines also reflect our commitment to using eco-friendly materials and sustainable practices to minimize waste. We aim to implement and align our subsidiaries with these guidelines in 2025.

For the reporting period, there were no reported incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling. There were also no reported incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Corporate Social Responsibility and Community Engagement
GRI 3, 418-1
SDG 2, 4, 6,15

As a responsible corporate citizen, we recognize our duty to support the communities where we operate. However, from 2019 to 2023, the severe impact of the COVID-19 pandemic, particularly on our aviation and inflight catering businesses, forced us to reduce operations and manpower. This hindered our ability to conduct significant CSR or employee volunteerism activities.

MacroAsia is gradually recovering from the pandemic's effects, with both global and local aviation slowly returning to normal. As we experience steady recovery and growth, we have resumed our Corporate Social Responsibility (CSR) and employee volunteerism activities through our business units. These initiatives not only benefit the communities in which we operate but also foster a sense of community and responsibility among our employees.

Every weekend, our dedicated MSFI employees participate in clean-up activities around our commissary. This initiative, a cornerstone of MSFI's Health and Safety program, keeps our commissary's surroundings clean and safe, and promotes a healthier environment.

Our Food Group also partnered with Fresno Farm in Tanay, Rizal, and Ascano Farm in San Ildefonso, Bulacan, to source high-quality lettuce for all three of our kitchens. These collaborations ensure a steady supply of fresh produce, essential for maintaining the quality of our food offerings. Additionally, these partnerships support the local agricultural community, particularly by sustaining the livelihoods of their deaf-mute farmers and workers.

In December 2024, the Office of the General Manager and Human Resource of MASCORP organized a Christmas Party and Gift-Giving Activity for 300 children from 3 barangays surrounding the Ninoy Aquino International Airport (NAIA) in Pasay City. Employees distributed toys, school and art supplies, played games with the children, provided food, and invited a local magician to bring joy to the event.

Our MASCORP Human Resource and Administration personnel also celebrated DOLE's 91st Anniversary by participating in a tree-planting activity at the Abacan Watershed in Sitio Target, Sapang Bato, Angeles Pampanga. Our employees planted 30 seedlings of Narra, Molave, Appitong, Guyabano, and Atis.

As part of SNVRDC's annual thanksgiving in December, they distributed food and gifts to approximately 55 preschool children in Barangay Concepcion, Solano, Nueva Vizcaya, a small community with limited access to clean water. They also provided 1,000 liters of potable drinking water for 2,000 individuals for two days during Holy Week as part of their CSR activity and marketing strategy.

Meanwhile, the mobile water treatment plant provided by SWRI to DOST, with a capacity of 500 liters per hour, was used to distribute free potable water to residents of Aurora province affected by Super Typhoon Man-yi (Pepito) on November 26, 2024.

On its anniversary, in partnership with the local DENR in Boracay, Aklan, BTSI planted 300 mangrove saplings in the wetlands and 300 bamboo saplings in Brgy. Napaan, Malay, Aklan. They also conducted coastal and wetland clean-ups and supported local barangay fiesta activities with token donations during the reporting period.

ARDI, BTSI, NWSC, and SNVRDC, on the other hand, conducted orientation sessions and distributed IEC materials through various channels to educate their customers and communities on the health benefits of clean drinking water and the importance of water conservation.

Although still in the exploration phase and prior to commercial mining operations, our mining business unit, MMC, through its operator Calmia Nickel, Inc., implemented numerous programs as part of our Community Development Program (CDP) and CSR initiatives. These activities included donating alcohol and facemasks, improving daycare centers/classrooms, distributing school supplies, and donating books. We renovated a Barangay Hall, provided a CCTV, printer, and photocopier machine, and supported local fiestas and the Indigenous People (IP) Month Celebration. We also distributed IEC materials on our activities to various communities.

In summary, one hundred thirty (130) employees rendered one thousand three hundred eighty-four (1,384) volunteer hours of outreach and community work in ten (10) cities and municipalities where we have operations.

Breakdown	**No.**
Total number of operations* with implemented local community engagement, impacts assessment and/or development programs (IEC campaigns in communities, tree-planting, coastal clean-ups, etc.)	10
Total number of operations*	35
Percentage of operations* with implemented local community engagement, impact assessments and/or development programs	29%

**Operations in this context refers to the cities and municipalities where MAC and its subsidiaries have presence.*

Governance Excellence

We adhere to the highest level of sound corporate governance as a demonstration of our commitment to serving and protecting the interests of our internal and external stakeholders. We are committed to conducting our business lawfully and ethically by adopting the principles of integrity, objectivity, accountability, and transparency.

Board and Leadership Practices
GRI 2-12, 2-16

Our Board of Directors is dedicated to fostering the long-term success of the company, ensuring its competitiveness and profitability in alignment with corporate objectives and the best interests of stockholders and other stakeholders.

The Board plays a vital role in overseeing management, ensuring adherence to strategic goals, and maintaining accountability to shareholders. It regularly reviews the company's mission, vision, and business objectives as part of its business planning and annual reporting to stakeholders, ensuring they remain relevant to current challenges and the environment. Management ensures that the organization operates consistently with its vision, mission, and core values. Any potential improvements or deviations are discussed by the Board during regular meetings.

Board Composition and Diversity
GRI 2-9, 2-11, 2-17, 405-1

We observe diversity among the members of our Board to promote open and fruitful discussions, ensure optimal decision-making, and substantiate proper checks and balances. The current make–up of the Board reflects diversity in gender, age, knowledge, and skills.

The Chairman of the Board is responsible for providing leadership, ensuring effective governance, and guiding the company's strategic direction. Non-Executive and Independent Directors, on the other hand, have the duty to exercise leadership, prudence, and integrity in helping direct the company towards sustained progress while offering objective, independent judgment on corporate affairs and ensuring proper checks and balances.

In addition to the Chairman, the MAC Board of Directors includes several other key officers, each with specific roles and responsibilities:

- **President and Chief Operating Officer (COO)**: Manages the day-to-day operations of the company, ensuring that operational processes are efficient and effective.

- **Lead Independent Director**: Acts as an intermediary between the Chairman and other directors, when necessary, convenes and chairs meetings of the non-executive directors, and contributes to the performance evaluation of the Chairman, as required.

- **Corporate Secretary**: Assists the Board and its committees in conducting their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar. Helps the chairpersons of the Board and its committees in setting agendas for said meetings. Responsible for the safekeeping and preservation of the minutes of the meetings of the Board and its committees, as well as other official records of the company. Keeps abreast of relevant laws, regulations, governance issuances, industry developments, and operations of the company, and advises the Board and the Chairman on relevant issues as they arise.

- **Chief Risk Officer**: Oversees the entire Enterprise Risk Management (ERM) process and leads the development, implementation, maintenance, and continuous improvement of ERM processes and documentation. Communicates top risks and the status of risk management strategies and action plans to the Risk Management Committee. Collaborates with the President and COO in updating and making recommendations to the Risk Management Committee and suggests ERM policies and related guidance as needed.

- **Compliance Officer**: Monitors, reviews, evaluates, and ensures compliance of the company, its directors, and officers with relevant laws, rules, and regulations, and all governance issuances of the concerned regulatory agencies. Ensures the integrity and accuracy of all documentary submissions to regulators.

- **Investor Relations Officer**: Receives feedback, complaints, and queries from stockholders regarding the activities and policies of the company. Attends every Stockholders' Meeting to assist stockholders with their needs.

Currently, the MAC Board of Directors consists of 11 members: composed of 5 non-executive, 3 independent, and 3 executive directors. Of these, only 2 or 18% are women. The directors' ages also range from 27 to 89 years old.

Age Range	No. of Male	%	No. of Female	%
< 30 Years Old	1	9%	0	0
30-50 Years Old	2	18%	0	0
> 50 Years Old	6	55%	2	18%
Total	**9**	**82%**	**2**	**18%**

The roles of Chairman of the Board and President and COO are held by separate individuals to ensure a balance of power and effective leadership. This separation promotes increased transparency, accountability, and enhances the Board's capacity for independent decision-making. Dr. Lucio C. Tan continues to serve as the Chairman of the Board since 2015, while Mr. Eduardo Luis T. Luy remains as the President and Chief Operating Officer (COO) for the last 3 years.

In 2024, 2 new directors joined the Board: Mr. Ramon Pancration D. Dizon and Mr. Diwa C. Guinigundo. They replaced the outgoing directors, Ms. Marixi R. Prieto and Mr. Ben C. Tiu. Additionally, Mr. Dizon was appointed as the new Lead Independent Director.

As of December 2024, the following are the Members and Officers of the MacroAsia Corporation Board of Directors:

MAC Board of Directors	Position
Dr. Lucio C. Tan	Chairman of the Board and Chief Executive Officers
Carmen K. Tan	Director
Lucio C. Tan III	Director
Vivienne K. Tan	Director
Michael G. Tan	Director
Johnip G. Cua	Director
Kyle Ellis C. Tan	Treasurer
Ramon Pancratio D. Dizon	Lead Independent Director
Diwa C. Guinigundo	Independent Director
Samuel C. Uy	Independent Director
Eduardo Luis T. Luy	President, Chief Operating Officer (COO)
MAC Executive Officers	**Position**
Atty. Marivic T. Moya	Senior Vice President for Human Resources, Legal and External Relations/Chief Compliance Officer/Corporate Information Officer
Amador T. Sendin	Chief Financial Officer/ Chief Risk Officer/Senior Vice President for Administration
Belgium S. Tandoc	Vice President for Business Development/ Data Protection Officer
Rhodel C. Esteban	Vice President for Commercial/Chief Sustainability Officer
Atty. Florentino M. Herrera III	Corporate Secretary

Board Committees
GRI 2-9

To ensure a more focused approach to the company's specific concerns, the Board established seven (7) Board Committees. Each committee has its own charter, which clearly outlines its purpose, membership, structure, operations, rules of conduct, reporting processes, resources, and other relevant information.

Audit Committee
The Audit Committee is composed of five (5) members, including three (3) independent directors. Its main function is to assist the Board of Directors in fulfilling its oversight responsibilities for the integrity of the company's financial statements, the independent auditor's qualifications and independence, the performance of the company's internal audit functions and independent auditor, and compliance with applicable laws and regulations. This Committee meets at least once every quarter.

Compensation Committee

GRI 2-20

The Compensation Committee is composed of 6 members, 2 of which are Independent Directors, and 1 non-voting member. It has established a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. It also provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the company's culture, strategy, and control environment. This Committee meets at least twice a year.

Retirement Committee

The Retirement Committee is composed of 4 members, including 1 Independent Director and 1 non-voting member. It oversees the funding, investment management, and performance of MacroAsia Corporation's Retirement Plan, ensuring its prudent operation and administration. The Committee meets as necessary to review and approve funding and investment policies, evaluate asset allocation and strategy, and assess the performance of third-party advisors and portfolio managers responsible for managing the retirement fund.

Investment Committee

The Investment Committee is composed of 7 members of the Board, including 1 Independent Director. This Committee meets as necessary and primarily assists the Board in overseeing the company's investment assets. Specifically, the Committee helps determine the company's investment goals and objectives, and reviews investment plans and risks, ensuring their alignment with the company's business plan.

Related-Party Transactions Committee

GRI 2-15

The Related-Party Transactions (RPTs) Committee is composed of 5 members, 3 of whom are Independent Directors. Its main purpose is to ensure that the terms and conditions of all RPTs are equivalent to those in arm's length transactions and are subject to appropriate corporate approvals and actions, with the best interests of the investing public and the company in mind. Any related-party transactions entered into by the company or its affiliates must comply with applicable laws, rules, regulations, and this Committee's charter. The Committee meets as necessary and collaborates closely with the Audit Committee.

Corporate Governance Committee

The Corporate Governance Committee is comprised of 6 members of the Board, 3 of whom are Independent Directors, and 1 non-voting member. Chaired by an Independent Director, this Committee meets at least twice a year and is tasked with ensuring the company's compliance with and proper observance of corporate governance and sustainability principles and practices. This Committee is also authorized by the Board to help process nominations and appointments of new directors.

Risk Management Committee
The Risk Management Committee is comprised of 5 members of the Board, 3 of which are Independent Directors. This Committee oversees the MAC Group's risk exposures by approving and managing the processes used to identify, evaluate, and handle identified risks. It advises the Board on risk appetite and tolerance thresholds, ensures an effective and integrated risk management process, and oversees the implementation of the enterprise risk management plan. The Committee meets as necessary and collaborates closely with the Audit Committee.

Mining Committee
The Mining Committee is a special board committee, consisting of 5 members, including 1 Independent Director. It was created to assist the Board and Management in overseeing the company's mining activities that require top-level monitoring and guidance, ensuring that these activities are conducted in a responsible and sustainable manner. This Committee meets at least once a year.

The table below shows the memberships in each of the different Board Committees:

Board of Directors and Officers	Corporate Governance Committee	Compensation Committee	Audit Committee	Related Party Transactions Committee	Retirement Plan Committee	Risk Management Committee	Investment Committee	Mining Committee
Dr. Lucio C. Tan	-	-	-	-	-	-	Chairman	
Carmen K. Tan	-	-	-	-	-	-	Member	
Lucio C. Tan III	Member	Member	-	Member	-	-	Member	
Eduardo Luis T. Luy	-	-	-	-	-	Member	Member	Member
Vivienne K. Tan	-	-	Member	-	-	-	Member	-
Michael G. Tan	-	Member	-	-	-	-	-	Member
Johnip G. Cua	Member	Chairman	Member	Member	Chairman	Member	Member	Chairman
Kyle Ellis C. Tan	-	-	-	-	-	-	-	Member
Ramon Pancratio D. Dizon	Member	-	Chairman	Member	-	Member	-	-
Diwa C. Guinigundo	Chairman	-	Member	Chairman	Member	Member	Member	-
Samuel C. Uy	Member	Member	Member	Member	-	Chairman	-	Member
Atty. Marivic T. Moya	Non-Voting Member	Non-Voting Member	-	-	Non-Voting Member	-	-	-
Amador T. Sendin	-	-	-	-	Member	-	-	-
Belgium S. Tandoc	-	-	-	-	-	-	-	-
Rhodel C. Esteban	-	-	-	-	-	-	-	-
Atty. Florentino M. Herrera II	-	-	-	-	-	-	-	-

Board Meetings and Attendance
GRI 2-16

Critical concerns and matters relevant to the Parent Company and its subsidiaries are reported by the MAC Management Team to the Board of Directors during regular and special meetings. Topics discussed at the Board level include financial and operational performance, business strategy, legal and regulatory compliance, potential risks, updates on key projects and activities, board committee reports, and approvals of important plans and policies.

Director attendance at Board and Committee Meetings is monitored to ensure quorum and provide adequate, fair, and balanced representation. In 2024, the Board of Directors of MacroAsia Corporation convened seven times. The table below shows the attendance of the Directors at Board and Committee Meetings for 2024.

BOARD OF DIRECTORS	MEETINGS ATTENDED	% ATTENDED
Chairman		
Dr. Lucio C. Tan	7/7	100%
Directors		
Carmen K. Tan	7/7	100%
Lucio C. Tan III	7/7	100%
Eduardo Luis T. Luy	7/7	100%
Vivienne K. Tan	7/7	100%
Michael G. Tan	7/7	100%
Johnip G. Cua	7/7	100%
Kyle Ellis C. Tan	7/7	100%
Independent Directors		
Ramon Pancratio D. Dizon*	5/5	100%
Diwa C. Guinigundo**	5/5	100%
Samuel C. Uy	7/7	100%
Ben C. Tiu***	0/1	0%

* Elected during the Annual Stockholders' Meeting held on 9 May 2024
** Elected during the Annual Stockholders' Meeting held on 9 May 2024
*** Served as Director until 28 February 2024

CORPORATE GOVERNANCE COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Diwa C. Guinigundo*	2/2	100%
Members		
Lucio C. Tan III	1/3	33%
Johnip G. Cua	3/3	100%
Ramon Pancratio D. Dizon**	2/2	100%
Samuel C. Uy	3/3	100%
Atty. Marivic T. Moya (Non-Voting)	2/3	66%
Marixi R. Prieto***	1/1	100%

** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
*** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
**** Served as Director until 8 May 2024*

COMPENSATION COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Johnip G. Cua	1/1	100%
Members		
Lucio C. Tan III	1/1	100%
Michael G. Tan	1/1	100%
Samuel C. Uy	1/1	100%
Atty. Marivic T. Moya (Non-Voting)	1/1	100%

AUDIT COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Ramon Pancratio D. Dizon*	4/4	100%
Members		
Vivienne K. Tan	4/5	80%
Johnip G. Cua	5/5	100%
Diwa C. Guinigundo**	4/4	100%
Samuel C. Uy	5/5	100%
Marixi R. Prieto***	1/1	100%

** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
*** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
**** Served as Director until 8 May 2024*

RISK MANAGEMENT COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Samuel C. Uy	2/2	100%
Members		
Eduardo Luis T. Luy	2/2	100%
Johnip G. Cua	2/2	100%
Diwa C. Guinigundo*	2/2	100%
Ramon Pancratio D. Dizon**	2/2	100%

** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
*** Elected during the Annual Stockholders' Meeting held on 9 May 2024*

RELATED PARTY TRANSACTIONS COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Diwa C. Guinigundo*	1/1	100%
Members		
Lucio C. Tan III	0/1	0%
Johnip G. Cua	1/1	100%
Ramon Pancratio D. Dizon**	1/1	100%
Samuel C. Uy	0/1	0%

** Elected during the Annual Stockholders' Meeting held on 9 May 2024*
*** Elected during the Annual Stockholders' Meeting held on 9 May 2024*

INVESTMENT COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Dr. Lucio C. Tan	2/2	100%
Members		
Carmen K. Tan	2/2	100%
Eduardo Luis T. Luy	2/2	100%
Lucio C. Tan III	1/2	50%
Vivienne K. Tan	2/2	100%
Johnip G. Cua	2/2	100%
Diwa C. Guinigundo*	2/2	100%

***** Elected during the Annual Stockholders' Meeting held on 9 May 2024

MINING COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Johnip G. Cua	1/1	100%

Members		
Eduardo Luis T. Luy	1/1	100%
Michael G. Tan	1/1	100%
Kyle Ellis C. Tan	1/1	100%
Samuel C. Uy	1/1	100%

RETIREMENT PLAN COMMITTEE	MEETINGS ATTENDED	% ATTENDED
Chairman		
Johnip G. Cua	1/1	100%
Members		
Diwa C. Guinigundo*	1/1	100%
Amador T. Sendin	1/1	100%
Atty. Marivic T. Moya (Non-Voting)	1/1	100%

* *Elected during the Annual Stockholders' Meeting held on 9 May 202*

Qualifications, Nomination, and Election
GRI 2-10

Any stockholder with at least 100,000 shares in the company can be nominated and elected as a director. However, no one can be nominated or elected as a director if they are involved in any business or activity, or hold positions or interests, that conflict with the company's interests.

Additionally, the nomination and election of a director are based on their knowledge, skills, experience, and, for non-executive directors, independence of mind. Other criteria include a record of integrity and good reputation, the ability to foster smooth interaction among board members, diligence, and sufficient time to fulfill their responsibilities.

The Corporate Governance Committee pre-screens and shortlists all candidates nominated in accordance with the qualifications and disqualifications set forth in the company's Amended By-laws and the Manual on Corporate Governance. Qualified nominees who pass the Board's selection process are formally elected and appointed as directors during MacroAsia Corporation's Annual Stockholders' Meeting.

Independent Directors, however, are allowed to serve for a maximum cumulative term of nine (9) years. After this period, they are permanently barred from re-election as an independent director but may still be nominated and elected as a non-independent director. If the company wishes to retain an independent director after they have served nine (9) years, the Board must provide meritorious justification and seek the approval of the stockholders at the Annual Stockholders' Meeting.

In the event of a vacancy in the Board of Directors or any officer's position due to death, resignation, disqualification, or any other cause, the Board of Directors may, by majority vote, elect a successor to hold office for the unexpired term, subject to any shareholder's right to nominate candidates for the vacant position.

Continuing Learning and Education
GRI 2-17

The company allocates funds for the relevant orientation, training, and workshops of the directors to help them perform their roles and responsibilities. In addition, the Board ensures that proper orientation for first-time directors of the company is conducted, and training opportunities for all directors are made available.

Annually, the directors are required to attend a four-hour continuing training program on corporate governance conducted by a recognized private or government institution. Last October 1, 2024, members of the MAC Board of Directors, along with key officers of the parent company and its subsidiaries, attended the online Annual Corporate Governance Seminar organized by the Lucio Tan Group, Inc.

Board Performance Evaluation
GRI 2-18

The Board endeavors to continue assessing its performance, both as individual directors and as a collective body, identifying strengths and areas for improvement, and establishing mechanisms to address the results.

In December 2024, the Board of Directors conducted an annual self-assessment to evaluate their individual and collective performance. This exercise aimed to measure the company's adherence to corporate governance practices and provided a platform to discuss and address areas for improvement for both the Board and each director.

Board and Executive Remuneration
GRI 2-19, 2-20

The compensation of our Board and Executives follows a plan approved by the Board through its Compensation Committee.

Directors do not receive regular compensation from the parent company but are paid per diems for each regular or special meeting they attend, as determined by the Board. Any additional compensation follows a Board-approved plan within the limits set by the Corporation’s By-laws. This performance-based variable pay plan, implemented in 2005, depends entirely on the company’s financial results. Additionally, the members of the Board of Directors may receive up to 5% of the Corporation's net profit before income tax each year, to be divided in such manner and proportion as they deem fit and equitable.

The Executive Officers' compensation, on the other hand, consists of a monthly negotiated salary, a fixed monthly allowance, and 13th month pay. A performance-based incentive plan has also been authorized for officers and staff, resulting in additional variable pay, which may or may not occur in a reporting year, depending on the company's audited results from its operations.

Policy on Multiple Board Seats

Board members can hold positions in other companies as long as they effectively perform their duties to MacroAsia Corporation. Executive Directors may also hold multiple directorships outside the company, provided these roles do not interfere with their responsibilities to the Corporation. Directors must inform the Board before accepting a directorship in another company.

When evaluating nominees for the Board, the Corporate Governance Committee considers factors such as the nature of other businesses, the nominee's age, the number of other positions held, and any potential conflicts of interest. Directors must inform the Board before accepting a directorship in another company.

Shareholdings

We require our directors to advise the Corporate Secretary of their shareholdings in the company within 3 business days after their appointment or any acquisition, disposal, or change in shareholdings. This is to allow the Corporation to make the necessary disclosures to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC).

In addition, the directors, management, and employees are prohibited from selling or buying the Corporation's securities while in possession of material information about the issuer or the security that is not yet generally available to the public.

Insider Trading

The Corporation complies with the Philippine Stock Exchange (PSE) "blackout rule," which prohibits directors or officers from dealing in the issuer's securities during the period when material non-public information is obtained and up to 2 full trading days after the information is disclosed. Directors and officers are notified via email or SMS about impending disclosures, specifying the nature of the disclosure in detail.

Rights of Investors / Stockholders

Our stockholders / investors have several important rights that protect their interests and allow them to participate in the company's governance. They have the right to elect, remove, and replace directors and vote on certain corporate acts in accordance with the Corporation Code; receive dividends; inspect corporate records; and transfer ownership of their shares. They can also sue for wrongful acts and are entitled to timely and accurate information about the company's performance.

Annual Stockholders' Meeting

Our Annual Stockholders' Meeting is typically held in May. We distribute the information statement, proxy form, and management report to shareholders at least 15 business days before the meeting. Additionally, we send the notice of the meeting to shareholders at least 21 calendar days prior and publish it in the business section of at least 2 newspapers of general circulation, both in print and online, for 2 consecutive days.

Disclosure and Transparency

All essential information about the Corporation that could affect its stability or the interests of its stockholders and stakeholders must be publicly and promptly disclosed. This includes earnings results, asset transactions, off-balance-sheet transactions, related party transactions, and compensation of Board and Management members.

The Board must ensure full, fair, accurate, and timely disclosure of all significant facts or events, especially regarding major asset transactions. All directors and officers must report any dealings in the Corporation's shares within 3 business days. The Corporation will file all required information through the appropriate Exchange mechanisms for listed companies and submit to the Securities and Exchange Commission (SEC) for the benefit of its stockholders and stakeholders.

MAC Management Committee

GRI 2-9, 2-13

The MAC Management Committee plays a significant role in executing the Board's directives and driving the Corporation's business performance. It comprises the President and COO, along with other senior executives of the parent company, including the heads of various segments or subsidiaries. This Committee holds weekly and monthly online and/or face-to-face meetings to discuss important matters and concerns relevant to the parent company and its subsidiaries.

MAC senior executives who are part of the Management Committee communicate updates or critical concerns regarding the parent company and subsidiaries to the Board and relevant Board Committees. If needed, other members of the Management Committee or business unit/segment heads are invited to relevant Board committee meetings to present updates and seek approvals.

MAC Operating Management

Our General Managers or Business Unit Heads play a crucial role in overseeing the day-to-day operations and ensuring the overall success of each subsidiary. They report significant issues or concerns to the parent company, providing regular updates on their respective business units. Subsidiaries within the same industry or sector are grouped into segments, each headed by a Business Segment/Group Head.

Lawful and Ethical Business Practices

We aim to build trust and strong relationships with our stakeholders by conducting our businesses responsibly. This will be achieved through structures, policies, and practices that ensure ethical management of the Corporation.

At the parent company level, we develop ethical and responsible work policies and cascade them to our subsidiaries for adoption or alignment. Depending on their size and complexity, some business units develop their own policies with guidance from the parent company.

All employees, especially new hires, are oriented on these policies and provided with an Employee Handbook. Selected policies are available on the Corporation's official website and reiterated via email through memoranda. Employees who violate these policies are sanctioned according to the Corporation's Code of Conduct.

Sourcing and Procurement Practices
GRI 2-6
SDG 12

We operate across diverse industries, and the procurement of materials and services, along with effective supply chain management, is important for the continuity of our business operations.

Our procurement initiatives focus on cost-effective sourcing, operational efficiency, customer satisfaction, strong supplier relationships, and sustainability. We follow a straightforward procurement process: (1) preparing purchase requests, (2) requesting quotations from suppliers, (3) reviewing quotations and recommending a supplier or vendor for approval, (4) preparing purchase orders, (5) inspecting and acknowledging delivered goods or completed services, and (6) making payments for procured goods or services.

As a rule, we adhere to a three-supplier/vendor policy, requiring quotations from at least 3 vendors, suppliers or service providers for each required material or service. As part of our screening and selection process, we conduct due diligence to our suppliers and vendors to ensure they have the necessary permits, clearances, and relevant certifications to operate their business. We also subject them to regular Supplier Quality Assurance Assessments, particularly for high-risk raw materials and services.

To ensure a fair, transparent, and efficient procurement process within the MAC Group, especially for capital expenditures, we established the Bidding and Awards Committee (BAC). This committee is composed of selected MAC senior executives, the General Manager, and the Purchasing/Requisition Department Head or Representative of the requesting or purchasing business unit. The BAC is responsible for authorizing and approving the procurement of goods and services, determining the eligibility of prospective suppliers or vendors, conducting bidding, evaluating bid proposals, and awarding contracts.

Before awarding a contract, the winning vendor or supplier must sign an Oath of Integrity to prevent any corruption or bribery-related actions. Vendors or suppliers are also encouraged to report any solicitation from MAC employees or collusion between their employees and MAC representatives to the parent company.

In addition to the Oath of Integrity, our Food Group requires vendors or suppliers to sign a Supplier Guaranty Agreement. This agreement ensures that the products they manufacture, supply, and sell comply with agreed specifications, are not adulterated or misbranded according to Philippine FDA regulations, and meet the quality and food safety regulations of any other governmental authority.

Furthermore, vendors or suppliers must sign the Suppliers Social Responsibility and Sustainability Commitment Policy. This policy requires them to disclose and vouch that they do not employ minors or involuntary/forced laborers, treat their employees fairly and pay government-standard wages, ensure reasonable working hours and provide at least accident insurance, protect workers from severe health or safety hazards, are not involved in any illegal activities, and commit to reducing their environmental footprint and adopting ethical sourcing practices.

To support the local economy and enhance cost-efficiency, we prioritize sourcing materials and services from local suppliers, vendors, and third-party providers. However, we also source from overseas, when necessary, especially if local options are unavailable or to meet specific client requirements and regulatory standards.

Moreover, we ensure that we have contingency plans, conduct regular risk assessments, and establish protocols for rapid response to supply chain disruptions caused by extreme weather events, changes in regulations, economic fluctuations, geopolitical events, supplier reliability, and quality control challenges, among others. We also implement bulk purchasing and seek alternative materials and sources for cost-efficiency without sacrificing product and service quality and standards.

In 2024, we engaged a total of 1,036 suppliers, vendors, and third-party service providers.

Business Segment	No. of Engaged Suppliers/Vendors/ Service Providers
AVIATION GROUP	125
FOOD GROUP	734
WATER GROUP	143
OTHERS*	34
TOTAL	**1,036**

**Others include MAC HO, MAPDC, TERA, and MMC.*

As part of our clients' supply chain, we welcome their supplier quality assessments. Our Food Group, for instance, undergoes their clients' supplier quality audits and ensures they secure the necessary permits and certifications to meet and maintain the required standards and quality of service.

Code of Conduct and Discipline

Our Code of Conduct outlines how employees should behave at work, ensuring they understand the company's values and expectations. It promotes ethical behavior and supports a positive work environment. The Code guides employees to act responsibly and professionally towards their colleagues, external stakeholders, and company property and resources, regardless of their rank or position.

In case of a code violation, we conduct swift investigations without strict adherence to judicial procedures to ensure fair play and speedy resolution. The MAC Human Resource Department evaluates reported cases, determines if further investigation is necessary, and renders the final decision. If needed, an Administrative Committee, composed of MAC Management Committee members, assists in the investigation and resolution.

Decisions are based on relevant evidence that a reasonable person would consider adequate. Disciplinary actions or penalties, if warranted, are imposed promptly. Anyone charged with an offense is given ample opportunity to be heard but cannot unduly delay the proceedings and final resolution.

Anti-Bribery and Anti-Corruption
GRI 205-1, 205-2

The presence of corruption poses significant risks to the Group's primary business operations, potentially impacting the Corporation's financial performance. If not addressed, corruption can lead to lower revenue, higher costs, loss of assets, and negative publicity for the Corporation. Sourcing and procurement of materials and services, billing and collection, requesting and handling cash advances, and engagement with external stakeholders are just some of the areas of our business operations that are highly exposed to bribery and corruption.

To protect and preserve the company's good name and reputation, we exercise zero tolerance towards offenses related to bribery, corruption, and other unethical behavior by implementing a strict policy. We request our employees to conduct their official business in a straightforward manner. We also prohibit our directors, officers, and employees from engaging in unauthorized solicitation or accepting, directly or indirectly, money or anything of value from suppliers, creditors, or other parties doing business with the Corporation in exchange for a favor, decision, or service that may or may not be detrimental to the Corporation. Moreover, we encourage our partners, vendors, and clients to report any corrupt practices to the General Manager/Business Unit Head and/or any member of the MAC Management Committee.

Suppliers for our significant purchases, expenses, and projects who pass the BAC evaluation must sign an "Oath of Integrity" before the engagement contracts are awarded. This oath includes provisions against bribery and corruption. Any violation will result in the revocation, cancellation, or termination of the engagement contract. The supplier will also be permanently barred from doing business with the Corporation and its subsidiaries.

We orient new hires on our Anti-Bribery and Anti-Corruption Policy and make available the policy to all employees and the subsidiaries by including it in the Employee Handbook. We also make it available to the public by putting it on the Corporation's official website. In 2024, we communicated and provided training on our Anti-Bribery and Anti-Corruption Policy to the following:

Disclosure		2024	
		Number	Percentage
Employees to whom the organization's anti-corruption policies and procedures have been communicated to	Officers	100	100%
	Managers	115	100%
	Supervisors	212	100%
	Rank and File	5,578	100%
Employees that have received anti-corruption training	Officers	0	0%
	Managers	0	0%
	Supervisors	0	0%
	Rank and File	0	0%
Business partners to whom the organization's anti-corruption policies and procedures have been communicated to		7	100%
Governance body that has received anti-corruption training		0	0%
Governance body to whom the organization's anti-corruption policies and procedures have been communicated to		11	100%

During the reporting period, there were no confirmed cases of bribery or corruption within the MAC Group.

Whistleblowing

GRI 2-26

We have an "open door policy" where Department Heads and other senior officers welcome positive suggestions, particularly those aimed at improving work quality, increasing productivity, or enhancing employment conditions. Employees who feel hesitant to present their suggestions or report behaviors that violate the Corporation's Code of Conduct to their officers may submit them directly to the Human Resource Department. Any report received is managed with the highest level of confidentiality, ensuring the reporting employee is protected from retaliation, reprisal, threats, bullying, or intimidation.

This "open door policy" is also extended to partners, suppliers, and other entities in the Corporation's supply chain and subsidiaries. They may report any unethical behaviors or transactions directly to the General Manager of the concerned subsidiary, any members of the MAC Management Committee, or the President and COO through face-to-face or online meetings, emails, or social media applications (e.g., Viber, Facebook Messenger).

Conflict of Interest

GRI 2-15

Employees must declare any conflicts of interest with the company in writing. While having a conflict of interest is not punishable, failing to disclose it, whether intentionally or by neglect, is.

Once a conflict is declared, the company will assess the risk and take steps to mitigate any negative effects.

Related Party Transactions

GRI 2-15

We adopted a policy on Related Party Transactions (RPTs) to ensure that transactions between the Corporation and related parties (e.g., subsidiaries or key personnel) are fair, transparent, and comply with regulations. This policy also helps manage conflicts of interest, maintain integrity, and protect the Corporation's and stakeholders' interests.

All related party concerns and transactions of the Corporation are communicated with and discussed at the Related Party Transaction (RPT) Committee meetings.

Data Privacy

GRI 3, 418-1

SDG 9, 16

Our Data Privacy Policy explains how we collect, store, and use information about visitors to our website. We use personal data to provide services, answer questions, or communicate for other clear reasons stated when we collect the data. We do not share personal data with third parties, but we may share it with our subsidiaries and affiliates who follow our Data Privacy Policy.

We protect personal data with secure networks, firewalls, and password protection to prevent loss, misuse, unauthorized access, disclosure, alteration, or destruction. Employees in customer-facing roles who handle personal data sign Non-Disclosure Agreements (NDAs) and Privacy Notices and are trained on data privacy and security.

We are currently working on our MAC Group Data Privacy and Information Security Policy to further enhance our data privacy and information security policies and processes, protecting the information assets of the company and its stakeholders, including employees, shareholders, clients, and suppliers.

For 2024, there were no complaints or incidents of data breaches, leaks, thefts, or losses of company or customer data.

Retirement Policy
GRI 201-3
Our Retirement Policy mandates that employees who reach the age of sixty-five (65) and have served the Company for at least five (5) years of continuous service are entitled to Retirement Benefits. Compulsory retirement occurs when an employee reaches sixty-five (65) years of age or has twenty (20) years of service. Both the age and length of service requirements must be met before an employee can avail of any retirement benefits.

All benefits due to the employee will be paid on their last working day and/or upon completion of their clearance. The computation of retirement benefits will be based on labor laws.

Socio-Economic and Environmental Compliance
GRI 2-27

As part of our commitment to responsible business practices, we ensure compliance with all relevant laws, regulations, and policies. Any violations or non-compliance incidents related to environmental, economic, and social laws are managed by the respective business units, with support from the parent company if needed.

The supply of potable water and septage treatment are highly regulated. Our water business units hold permits from the local government units, National Water Resources Board (NWRB), LLDA, DOH, DENR, and other relevant agencies. Tariff settings are often aligned with NWRB based on business unit investments.

Ground handling is a regulated airport activity requiring leases, concession licenses, and airport passes from airport authorities. These are secured through agreements and payment of fees. FAA operations are also highly regulated, depending on certifications from CAAP and related regulatory bodies.

Food catering services are regulated by the DOH, FDA, and DA to ensure food safety and quality. These agencies require our food business units to secure necessary certifications and conduct regular inspections and audits to ensure adherence to standards.

MAPDC operates under the regulation of the Philippine Economic Zone Authority (PEZA), which ensures compliance with relevant regulations and offers incentives like tax exemptions and simplified import-export procedures for businesses within designated economic zones.

Lastly, MMC is highly regulated by the Mines and Geosciences Bureau (MGB), which oversees mineral resource management; the National Commission on Indigenous Peoples (NCIP), which ensures compliance with indigenous peoples' rights, including the Free, Prior, and Informed Consent (FPIC) process; and the DENR, which regulates environmental compliance and sustainable practices.

During the reporting period, we received 8 monetary and 4 non-monetary sanctions for non-compliance with environmental laws. These included late submission of reports to the MGB, failure to submit a compliance monitoring report to the DENR, discharge of pollutive wastewater not meeting LLDA standards, discharge permit-related violations, over-extraction from groundwater, operating without Certificate of Public Convenience (CPC) and ECC, and improper disposal of hazardous waste. All violations have been resolved except for one case awaiting resolution from the DENR. No sanctions were received for non-compliance with socio-economic laws and regulations.

Non-compliance with Environmental Laws and Regulations	
Disclosure	**TOTAL**
Total amount of monetary fines for non-compliance with environmental laws and/or regulations in PhP • Aviation Group: PhP0.00 • Food Group: PhP538,000.00 • Water Group: PhP186,990.00 • Others*: P1,000.00	PhP725,990.00
No. of monetary sanctions for non-compliance with environmental laws and/or regulations • Aviation Group:0 • Food Group:3 • Water Group: 4 • Others*: 1	8
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations • Aviation Group: 0 • Food Group: 0 • Water Group-: 4 • Others*: 0	4

**Others include MAC HO, MAPDC, TERA, and MMC.*

All reported non-compliance and violation incidents related to ESG were promptly addressed by the relevant business units and closely monitored by the parent company. These incidents were investigated to identify root causes and contributing factors. Mitigating actions were implemented to prevent recurrence, and monitoring systems were enhanced to ensure adherence to ESG-related regulations and policies.

Membership in Associations and Networks
GRI 2-28

MacroAsia Corporation and its subsidiaries have memberships in the following associations and networks through its members, officers, and executives:

- Airline Operators Council
- Association of Purchasing Managers of the Hotels and Restaurants of the Philippines (APMHRP)
- Philippine Chamber of Commerce
- Philippine Flying School Association
- Philippine Water Works Association Inc.
- Pollution Control Association of the Philippines
- Water Environment Association of the Philippines, Inc

Contact Information
GRI 2-3

Your opinion, feedback, and recommendations are much appreciated. You may contact the following for any Investor Relations and Sustainability-related inquiries:

MAC Investor Relations and/or Shareholders Assistance
7/F Ricogen Building, 112 Aguirre Street, Legaspi Village, Makati City
Telephone Number: (+632) 8840 2001 • Fax No. (+632) 8840 1892
Contact Persons:

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MAC Sustainability Department
7/F Ricogen Building, 112 Aguirre Street, Legaspi Village, Makati City
Telephone Number: (+632) 8840 2001 • Fax No. (+632) 8840 1892
Contact Person:

Ms. Mariamel V. Cordova
E-mail: mvcordova@macroasiacorp.com

List of Acronyms

AED	Automatic External Defibrillator
ARDI	Aqualink Resources Development, Inc.
ASSC	Airport Specialists' Services Corporation (ASSC),
AWSI	Allied Water Services, Inc.
BAC	Bidding and Awards Committee
BOC	Bureau of Customs
BOQ	Bureau of Quarantine
BFP	Bureau of Fire Protection
BOSH 1	Basic Occupational Health and Safety 1
BOSH 2	Basic Occupational Health and Safety 2
BLS	Basic Life Support
BTSI	Boracay Tubi System, Inc.
BUMICO	Bulawan Mining Corporation
CAAP	Civil Aviation Authority of the Philippines
CAKSC	Cavite Alliedkonsult Services Corporation
CAPA	Corrective and Preventive Actions
CASA Australia	Civil Aviation Safety Authority Australia
CBRI	Cavite Business Resources, Inc.
CDP	Community Development Program
CEO	Chief Executive Officer
CNI	Calmia Nickel, Inc.
CPC	Certificate of Public Convenience
CPCS	Cebu Pacific Catering Services, Inc.
CPR	Cardiopulmonary Resuscitation
CODI	Committee in Decorum and Investigation
COO	Chief Operating Officer
COx	Carbon Monoxide
CRO	Chief Risk Officer
CSO	Chief Sustainability Officer
CSR	Corporate Social Responsibility
DAP	Developmental Assignment Program
DENR	Department of Environment and Natural Resources
DMAs	District Metering Areas
DMPF	Declaration of Mining Project Feasibility
DAO	Department Administrative Orders
DOA	Deeds of Assignment
DOH	Department of Health
DOLE	Department of Labor and Employment

DPWH	Department of Public Works and Highways
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECC	Environmental Compliance Certificate
EP	Exploration Permit
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
European Union EASA	European Union Aviation Safety Agency
EWP	Environmental Work Program
EXPA	Exploration Permit Applications
FAA	First Aviation Academy
FB	Facebook
FDA	Food and Drug Administration
FI	Flight Instructors
FMRDP	Final Mine Rehabilitation and Decommissioning Plan
FPIC	Free, Prior, and Informed Consent
FSSC	Food Safety System Certification
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSE	Ground Support Equipment
HACCP	Ha
HRD	Human Resource Department
HMO	Health Maintenance Organization
IMIC	Infanta Mineral and Industrial Corporation
IEC	Information, Education, and Communication
IP	Indigenous People
IR	Instrument Rating
Japan CAB	Japan Civil Aviation Bureau
JASCO	Japan Airport Service Co., Ltd.
JV	Joint Venture
Konoike	Konike Transport Co., Ltd.
Korean MOLIT	Ministry of Land, Infrastructure and Transport
LLDA	Laguna Lake Development Authority
LTP	Lufthansa Technik Philippines
MAATS	MacroAsia Air Taxi Services
MAC	MacroAsia Corporation
MACS	MacroAsia Catering Services, Inc.
MADECOR	Management Development Corporation
MANCOMM	Management Committee
MAPDC	MacroAsia Properties Development Corporation
MASCORP	MacroAsia Airport Services Corporation

MER	Multi-Engine Rating
MGB	Mines and Geosciences Bureau
MHCT	Malaysia Halal Certification and Training
MIAA	Manila International Airport Authority
MLC	Mining Lease Contract
MLD	Million Liters Per Day
MMC	MacroAsia Mining Corporation
MONAD	Monad Water Sewerage Systems, Inc.
MPSA	Mineral Production Sharing Agreements
MRD	Mineral Resources Development
MRO	Maintenance, Repair, and Overhaul
MSFI	MacroAsia SATS Food Industries
MSISC	MacroAsia SATS Inflight Services Corporation
NAIA	Ninoy Aquino International Airport
NCIP	National Commission on Indigenous People
NDA	Non-Disclosure Agreement
NEWS	New Earth Water System, Inc.
NGEF	National Grid Emission Factor
NMIS	National Meat Inspection Service
NOx	Nitrogen Oxides
NPS	Net Promoter Score
NTC	National Transport Commission
NTP	Notice to Proceed
NWRB	National Water Resource Board
NWSC	Naic Water Supply Corporation
OEM	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OJT	On-the-Job Training
PAL	Philippine Airlines
PALAV	Philippine Airlines Aviation School
PCO	Pollution Control Officers
PEZA	Philippine Economic Zone Authority
PGPI	Philex Gold Philippines, Inc.
PM	Particular Matter
PMC	Philex Mining Corporation
PNB	Philippine National Bank
PNSDW	Philippine National Standards for Drinking Water
PPL	Private Pilot License
PSA	Passenger
PSE	Philippine Stocks Exchange
R&D	Research and Development

RO	Reverse Osmosis
RPT	Related Party Transaction
SAF	Sustainable Aviation Fuel
SASB	Sustainable Accounting Standards Board
SATS Ltd	Singapore Airport Terminal Services Limited
SBMA	Subic Bay Metropolitan Authority
SDGs	Sustainability Development Goals
SEC	Securities and Exchange Commission
SGV & Co.	SyCip Gorres Velayo & Co.
SNVRDC	SNV Resources Development Corporation
SOx	Sulfur Oxides
SSS	Social Security System
STPs	Sewage Treatment Plants
SWRI	Summa Water Resources, Inc.
TERA	Tera Information and Connectivity Solution, Inc.
TCFD	Task Force for Climate-related Financial Disclosures
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
United States FAA	United States Federal Aviation Administration
VFD	Variable Frequency Drives
VIPs	Very Important Persons
VOCs	Volatile Organic Compounds