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S.E.C. Registration Number

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(Company's Full Name)

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

Josephine G. de Asis																			
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Contact Person

(632) 7908-3000									
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Company Telephone Number

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Month Day  
Fiscal Year

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FORM TYPE

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Month Day  
Annual Meeting

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings									
₱31.0 billion bonds					-				

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

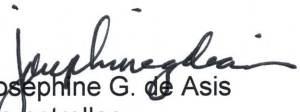
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## Certification

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

- 1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 9, series of 2022, the Company is timely filing its September 2024 SEC Form 17-Q by sending the same (in portable document format) through email to [ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph) and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.
- 2) The information contained in the September 2024 SEC Form 17-Q dated November 14, 2024 is true and correct to the best of my knowledge.
- 3) I am executing this certification this November 14, 2024 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

  
Josephine G. de Asis  
Comptroller  
Passport No. [REDACTED]

**AYALA CORPORATION**

(Company's Full Name)

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

(Company's Address)

**(632) 7908-3000**

(Telephone Number)

**September 30, 2024**

(Fiscal Year Ending)  
(Month & Day)

**SEC Form 17-Q Quarterly Report**

(Form Type)

# SECURITIES AND EXCHANGE COMMISSION (SEC)

## SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2024**
2. SEC Identification No.: **34218**
3. BIR Tax Identification No.: **000-153-610-000**
4. Exact name of the registrant as specified in its charter: **AYALA CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of principal office: **37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City** Postal Code: **1226**
8. Registrant's telephone number: **(632) 7908-3000**
9. Former name, former address, former fiscal year: Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA:

Title of each class	Number of shares issued and outstanding As of September 30, 2024
Preferred A (ACPA)	0*
Preferred A (reissued) (ACPAR)	5,244,515
Preferred B Series 1 (ACPB1)	0**
Preferred B Series 2 (APB2R)	30,000,000
Voting Preferred	200,000,000
Common	623,596,775***

\*net of 6,755,485 treasury shares

\*\*net of 28,000,000 treasury shares

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

Amount of debt outstanding as of September 30, 2024: **₱31.0 billion in bonds\*\*\*\***

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

11. Are any or all of these securities listed in the Philippine Stock Exchange? Yes ☒ No ☐

As of September 30, 2024, a total of 627,412,368 common shares, 12,000,000 preferred A ("ACPA" and "ACPAR") shares, 28,000,000 preferred B Series 1 ("ACPB1") shares, and 30,000,000 preferred B Series 2 ("APB2R") shares are listed in the Philippine Stock Exchange ("PSE"). A total of 12,174,702 common shares, 6,755,485 ACPA shares, and 28,000,000 ACPB1 shares are held in Treasury by the Company.

12. Check whether the registrant:

- a. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports): Yes ☒ No ☐
- b. has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

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The unaudited interim condensed consolidated financial statements and other parts of the entire SEC 17-Q Report as of September 30, 2024 makes reference to certain financial information and disclosures in the December 31, 2023\* annual audited consolidated financial statements. This SEC 17-Q Report should be read in conjunction with that Group's financial statements\*.

This SEC 17-Q Report also includes financial and operating data with respect to Ayala's material subsidiaries – Ayala Land, Inc. (ALI), Integrated Micro-Electronics, Inc. (IMI), and AC Energy and Infrastructure Corporation (ACEIC) with key subsidiary ACEN Corporation (ACEN), associates – Bank of the Philippine Islands (BPI), and joint venture – Globe Telecom, Inc. (Globe). This SEC 17-Q Report should be read in conjunction with the financial information and operating highlights of these investees contained in their respective December 31, 2023 audited financial statements and SEC 17-A reports and September 30, 2024 SEC 17-Q reports, as applicable.\*\*

*\*The audited consolidated financial reports and SEC 17-A Report of Ayala Corporation and Subsidiaries (the Group) as of December 31, 2023 and the SEC 17-Q Report as of September 30, 2024 are available at the Parent Company's website [www.ayala.com](http://www.ayala.com). Also, the Group's Sustainability Report is posted in the Parent Company's official website with the following link: <https://ayala.com/investor-relations/annual-reports-2023/>.*

*\*\*The audited consolidated financial reports and SEC 17-A Reports as of December 31, 2023 as well as SEC 17-Q report as of September 30, 2024, as applicable, of the following companies under the Group are available in the following websites: ALI [www.ayalaland.com.ph](http://www.ayalaland.com.ph), IMI [www.global-iml.com](http://www.global-iml.com), ACEIC/ ACEN [www.acenergy.com.ph](http://www.acenergy.com.ph), BPI [www.bpi.com.ph](http://www.bpi.com.ph), and Globe [www.globe.com.ph](http://www.globe.com.ph).*

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## **PART I - FINANCIAL INFORMATION**

### **Section 1. Financial Statements**

## **Ayala Corporation and Subsidiaries**

**Unaudited Interim Condensed Consolidated Financial Statements  
As at September 30, 2024 (with Comparative Audited Figures as at December 31, 2023)  
and for the Nine Months Ended September 30, 2024 and 2023**

**AYALA CORPORATION AND SUBSIDIARIES**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at September 30, 2024 (with Comparative Audited Figures as at December 31, 2023)**  
**(Amounts in Thousands)**

	September 2024 (Unaudited)	December 2023 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P72,057,965	P74,784,222
Short-term investments (Note 5)	631,715	1,426,579
Accounts and notes receivable (Note 6)	163,948,688	159,553,272
Inventories (Note 7)	237,300,724	231,279,175
Other current assets (Note 8)	99,039,881	108,452,238
	572,978,973	575,495,486
Assets under PFRS 5 (Note 3)	240,204	—
Total Current Assets	573,219,177	575,495,486
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable (Note 6)	143,373,895	119,341,363
Investments in associates and joint ventures (Notes 3 and 10)	394,541,173	353,964,343
Investment properties (Note 12)	257,393,591	242,484,670
Property, plant and equipment (Note 12)	174,728,825	149,054,722
Right-of-use assets (Note 9)	26,460,039	23,498,181
Intangible assets (Note 11)	40,478,400	40,424,326
Deferred tax assets - net (Note 11)	20,627,826	19,460,490
Other noncurrent assets (Note 8)	85,218,365	84,989,709
Total Noncurrent Assets	1,142,822,114	1,033,217,804
Total Assets	P1,716,041,291	P1,608,713,290
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt (Note 15)	P88,202,095	P49,871,493
Accounts payable and accrued expenses (Note 13)	203,143,060	206,759,537
Income tax payable	973,484	1,076,256
Current portion of:		
Long-term debt (Note 15)	33,720,246	49,461,151
Lease liabilities (Note 9)	4,024,135	3,069,992
Other current liabilities (Note 14)	35,671,148	39,124,504
Total Current Liabilities	365,734,168	349,362,933
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 15)	513,725,188	490,511,093
Lease liabilities - net of current portion (Note 9)	36,530,013	27,635,544
Deferred tax liabilities - net	13,461,317	11,458,950
Pension liabilities	5,600,662	5,331,297
Other noncurrent liabilities (Note 14)	56,115,720	49,472,112
Total Noncurrent Liabilities	625,432,900	584,408,996
Total Liabilities	991,167,068	933,771,929
<b>Equity</b>		
Equity attributable to owners of the parent company:		
Paid-in capital (Note 16)	91,085,841	91,233,753
Other comprehensive income (loss):		
Net remeasurement losses on defined benefit plans	(6,211,494)	(6,611,128)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI)	(1,197,887)	(66,256)
Cumulative translation adjustments	6,556,885	3,295,297
Equity reserve (Note 3)	26,793,219	25,350,330
Retained earnings (Note 16)	329,819,864	297,882,907
Treasury stock (Note 16)	(11,970,992)	(14,546,351)
	434,875,436	396,538,552
Non-controlling interests (Note 3)	289,998,787	278,402,809
Total Equity	724,874,223	674,941,361
Total Liabilities and Equity	P1,716,041,291	P1,608,713,290

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**AYALA CORPORATION AND SUBSIDIARIES**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**(Amounts in Thousands, except Earnings per Share Figures)**

	2024		2023	
	July to September	January to September	July to September	January to September
<b>REVENUE</b> (Note 18)				
Rendering of services	<b>₱43,254,263</b>	<b>₱133,599,002</b>	₱44,009,986	₱134,054,342
Sale of goods	<b>32,983,256</b>	<b>99,277,808</b>	25,707,827	74,147,631
Share in net profits of associates and joint ventures	<b>12,272,274</b>	<b>35,576,104</b>	10,518,654	34,049,851
Interest income from real estate (Note 2)	<b>—</b>	<b>—</b>	907,344	3,130,824
	<b>88,509,793</b>	<b>268,452,914</b>	81,143,811	245,382,648
<b>COSTS AND EXPENSES</b>				
Costs of rendering services	<b>30,891,232</b>	<b>100,665,138</b>	33,513,576	104,941,754
Costs of goods sold	<b>23,533,127</b>	<b>68,021,386</b>	18,840,600	52,749,969
General and administrative expenses (Notes 3, 7, 11 and 12)	<b>10,145,486</b>	<b>37,784,270</b>	10,517,646	32,736,591
	<b>64,569,845</b>	<b>206,470,794</b>	62,871,822	190,428,314
<b>OTHER INCOME (CHARGES) - net</b>				
Interest income	<b>3,037,060</b>	<b>9,113,577</b>	3,100,438	7,753,267
Other income (Notes 3 and 10)	<b>1,050,271</b>	<b>10,913,722</b>	8,033,328	10,717,820
Interest and other financing charges (Note 15)	<b>(8,759,167)</b>	<b>(24,976,391)</b>	(7,364,293)	(22,262,241)
	<b>(4,671,836)</b>	<b>(4,949,092)</b>	3,769,473	(3,791,154)
<b>INCOME BEFORE INCOME TAX</b>	<b>19,268,112</b>	<b>57,033,028</b>	22,041,462	51,163,180
<b>PROVISION FOR INCOME TAX</b>				
Current	<b>(29,105)</b>	<b>5,165,181</b>	2,028,811	5,383,354
Deferred	<b>2,200,399</b>	<b>2,259,974</b>	769,740	1,103,045
	<b>2,171,294</b>	<b>7,425,155</b>	2,798,551	6,486,399
<b>NET INCOME</b>	<b>₱17,096,818</b>	<b>₱49,607,873</b>	₱19,242,911	₱44,676,781
Net income attributable to:				
Owners of the Parent Company	<b>₱11,678,264</b>	<b>₱33,964,751</b>	₱13,903,278	₱32,312,919
Non-controlling interests	<b>5,418,554</b>	<b>15,643,122</b>	5,339,633	12,363,862
	<b>₱17,096,818</b>	<b>₱49,607,873</b>	₱19,242,911	₱44,676,781
<b>EARNINGS PER SHARE</b> (Note 17)				
Basic	<b>₱18.18</b>	<b>₱52.77</b>	₱21.36	₱50.01
Diluted	<b>₱18.18</b>	<b>₱52.77</b>	₱21.36	₱50.01

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*



**AYALA CORPORATION AND SUBSIDIARIES**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Amounts in Thousands)**

	2024		2023	
	July to September	January to September	July to September	January to September
<b>NET INCOME</b>	<b>P17,096,818</b>	<b>P49,607,873</b>	<b>P19,242,911</b>	<b>P44,676,781</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Net exchange differences arising from translations of foreign investments	1,454,399	5,287,443	1,951,125	(1,033,960)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Net changes in fair values of financial assets at FVOCI	(3,037,581)	(4,163,336)	147,314	(101,197)
Net remeasurement gains on defined benefit plans	(297,580)	(233,905)	(32,761)	335,596
Tax effect relating to components of other comprehensive income	74,395	58,476	8,190	(83,899)
	<b>(1,806,367)</b>	<b>948,678</b>	<b>2,073,868</b>	<b>(883,460)</b>
<b>SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES</b>				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Net exchange differences arising from translations of foreign investments	(883,893)	319,576	440,637	388,426
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Net changes in fair values of financial assets at FVOCI	4,370,426	3,304,407	(702,434)	52,996
Net remeasurement gains on defined benefit plans	80,279	457,646	5,271	741,755
	<b>3,566,812</b>	<b>4,081,629</b>	<b>(256,526)</b>	<b>1,183,177</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME NET OF TAX</b>	<b>1,760,445</b>	<b>5,030,307</b>	<b>1,817,342</b>	<b>299,717</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P18,857,263</b>	<b>P54,638,180</b>	<b>P21,060,253</b>	<b>P44,976,498</b>
Total comprehensive income attributable to:				
Owners of the Parent Company	P13,054,213	P38,300,004	P15,615,083	P32,732,232
Non-controlling interests	5,803,050	16,338,176	5,445,170	12,244,266
	<b>P18,857,263</b>	<b>P54,638,180</b>	<b>P21,060,253</b>	<b>P44,976,498</b>

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**AYALA CORPORATION AND SUBSIDIARIES**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**For the Periods Ended September 30, 2024 and 2023 (with Comparative Audited Figures for the Year Ended December 31, 2023)**
**(Amounts in Thousands)**

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY												
Other Comprehensive Income											Non-controlling Interests (Notes 2 and 3)	Total Equity
Paid-in Capital (Note 16)	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve (Note 3)	Retained Earnings (Notes 2 and 16)	Treasury Stock (Note 16)	Total				
For the Period Ended September 30, 2024 (Unaudited)												
As of January 1, 2024 (Audited)	₱91,233,753	₱-	(₱6,611,128)	(₱66,256)	₱3,295,297	₱25,350,330	₱297,882,907	(₱14,546,351)	₱396,538,552	₱278,402,809	₱674,941,361	
Effect of adoption of PFRS 15 for real estate (Note 2)	-	-	-	-	-	-	(58,252)	-	(58,252)	236,194	177,942	
As of January 1, 2024 (as Restated)	91,233,753	-	(6,611,128)	(66,256)	3,295,297	25,350,330	297,824,655	(14,546,351)	396,480,300	278,639,003	675,119,303	
Net income	-	-	-	-	-	-	33,964,751	-	33,964,751	15,643,122	49,607,873	
Share in other comprehensive income (loss) of associates and joint ventures	-	-	457,646	3,304,407	319,576	-	-	-	4,081,629	-	4,081,629	
Other comprehensive income (loss)	-	-	(58,012)	(4,222,289)	4,533,925	-	-	-	253,624	695,054	948,678	
Reclassification of fair value gain of investment in equity securities of FVOCI	-	-	-	(213,749)	(1,591,913)	-	1,805,662	-	-	-	-	
Total comprehensive income (loss)	-	-	399,634	(1,131,631)	3,261,588	-	35,770,413	-	38,300,004	16,338,176	54,638,180	
Exercise of ESOP/ESOWN	77,116	-	-	-	-	-	-	-	77,116	-	77,116	
Sale of treasury common shares	(380,242)	-	-	-	-	-	-	2,575,359	2,195,117	-	2,195,117	
Cost of reissuance of preferred shares	(22,214)	-	-	-	-	-	-	-	(22,214)	-	(22,214)	
Property dividends adjustment	-	-	-	-	-	-	-	-	-	847,290	847,290	
Cash dividends	-	-	-	-	-	-	(3,775,204)	-	(3,775,204)	(1,462,779)	(5,237,983)	
Collection of subscription receivable	177,428	-	-	-	-	-	-	-	177,428	-	177,428	
Change in non-controlling interests	-	-	-	-	-	1,442,889	-	-	1,442,889	(4,362,903)	(2,920,014)	
At September 30, 2024 (Unaudited)	₱91,085,841	₱-	(₱6,211,494)	(₱1,197,887)	₱6,556,885	₱26,793,219	₱329,819,864	(₱11,970,992)	₱434,875,436	₱289,998,787	₱724,874,223	

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY												
Other Comprehensive Income											Non-controlling Interests (Note 3)	Total Equity
Paid-in Capital (Note 17)	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve (Note 3)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total				
For the Period Ended September 30, 2023 (Unaudited)												
At January 1, 2023 (Audited)	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044	
Net income	-	-	-	-	-	-	32,312,919	-	32,312,919	12,363,862	44,676,781	
Share in other comprehensive income (loss) of associates and joint ventures	-	-	741,755	52,996	388,426	-	-	-	1,183,177	-	1,183,177	
Other comprehensive income (loss)	-	-	224,507	(168,922)	(819,449)	-	-	-	(763,864)	(119,596)	(883,460)	
Reclassification of fair value gain of investment in equity securities of FVOCI	-	-	-	102,426	-	-	(102,426)	-	-	-	-	
Total comprehensive income (loss)	-	-	966,262	(13,500)	(431,023)	-	32,210,493	-	32,732,232	12,244,266	44,976,498	

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY										
	Other Comprehensive Income										
	Paid-in Capital (Note 17)	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve (Note 3)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total	Non- controlling Interests (Note 3)	Total Equity
	For the Period Ended September 30, 2023 (Unaudited)										
Exercise of ESOP/ESOWN	126,386	(38,950)	—	—	—	—	—	—	87,436	—	87,436
Reissuance of preferred shares	12,476,035	—	—	—	—	—	—	524,452	13,000,487	—	13,000,487
Property dividends distributed	—	—	—	—	—	—	—	—	—	12,472,916	12,472,916
Cash dividends	—	—	—	—	—	—	(3,644,441)	—	(3,644,441)	(1,184,187)	(4,828,628)
Collection of subscription receivable	205,101	—	—	—	—	—	—	—	205,101	—	205,101
Change in non-controlling interests	—	—	—	—	—	(4,091,504)	—	—	(4,091,504)	21,368,518	17,277,014
At September 30, 2023 (Unaudited)	P99,187,779	P—	(P3,549,980)	(P3,055,526)	P3,913,399	P25,000,208	P296,402,310	(P12,546,350)	P405,351,840	P273,138,028	P678,489,868

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
	Paid-in Capital	Share-based Payments	Other Comprehensive Income			Equity Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
			Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments						
For the year ended December 31, 2023 (Audited)											
As of January 1, 2023 (Audited)	₱86,380,257	₱38,950	(₱4,516,242)	(₱3,042,026)	₱4,344,422	₱29,091,712	₱267,836,258	(₱13,070,802)	₱367,062,529	₱228,236,515	₱595,299,044
Net income	—	—	—	—	—	—	38,073,084	—	38,073,084	17,103,274	55,176,358
Share in other comprehensive income (loss) of associates and joint ventures	—	—	(1,588,958)	2,592,684	(279,010)	—	—	—	724,716	—	724,716
Other comprehensive income (loss)	—	—	(434,193)	269,486	(2,362,028)	—	—	—	(2,526,735)	(472,774)	(2,999,509)
Reclassification of fair value loss of investment in equity securities at FVOCI	—	—	(71,735)	113,600	1,591,913	—	(1,633,778)	—	—	—	—
Total comprehensive income (loss)	—	—	(2,094,886)	2,975,770	(1,049,125)	—	36,439,306	—	36,271,065	16,630,500	52,901,565
Exercise of ESOP/ESOWN	169,378	(38,950)	—	—	—	—	—	—	130,428	—	130,428
Reissuance of preferred shares	12,476,036	—	—	—	—	—	—	524,451	13,000,487	—	13,000,487
Redemption of preferred shares	(8,000,000)	—	—	—	—	—	—	(2,000,000)	(10,000,000)	—	(10,000,000)
Property dividends	—	—	—	—	—	—	—	—	—	12,480,844	12,480,844
Cash dividends	—	—	—	—	—	—	(6,392,657)	—	(6,392,657)	(2,818,048)	(9,210,705)
Collection of subscription receivables	208,082	—	—	—	—	—	—	—	208,082	—	208,082
Change in non-controlling interests	—	—	—	—	—	(3,741,382)	—	—	(3,741,382)	23,872,998	20,131,616
At December 31, 2023 (Audited)	₱91,233,753	₱—	(₱6,611,128)	(₱66,256)	₱3,295,297	₱25,350,330	₱297,882,907	(₱14,546,351)	₱396,538,552	₱278,402,809	₱674,941,361

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**AYALA CORPORATION AND SUBSIDIARIES**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Periods Ended September 30, 2024 and 2023**
**(Amounts in Thousands)**

	<b>For the Periods Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱57,033,028</b>	₱51,163,180
Adjustments for:		
Interest and other financing charges - net of amount capitalized	<b>24,976,391</b>	22,262,241
Depreciation and amortization	<b>12,681,287</b>	11,626,022
Cost of share-based payments	<b>77,116</b>	—
Provision for impairment/ losses on:		
Investments in equity (Note 10)	<b>8,399,897</b>	20,000
Receivables (Note 6)	<b>1,261,982</b>	4,268,739
Inventory obsolescence (Note 7)	<b>374,318</b>	956,301
Intangibles, property, plant and equipment and other provisions (Notes 3, 11 and 12)	<b>2,047,040</b>	4,903,235
Mark to market gain on financial assets at fair value through profit or loss (FVTPL) and derivative contracts	<b>(31,969)</b>	(80,468)
Dividend and other investment income	<b>(7,253,885)</b>	(4,727,437)
Remeasurement gain on previously held interest	<b>—</b>	(3,433,328)
Gain on sale of:		
Investments	<b>(646,499)</b>	(19,248)
Other assets	<b>(526,732)</b>	(53,921)
Interest income	<b>(9,113,577)</b>	(10,884,091)
Share in net profit of associates and joint ventures	<b>(35,576,104)</b>	(34,049,851)
Operating income before changes in operating assets and liabilities	<b>53,702,293</b>	41,951,374
Decrease (increase) in:		
Accounts and notes receivable - trade	<b>(20,782,950)</b>	(6,468,238)
Inventories	<b>(4,192,494)</b>	(8,090,842)
Service concession asset	<b>—</b>	(212,334)
Other current assets	<b>(1,376,304)</b>	(9,253,019)
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>(923,244)</b>	2,279,239
Net pension liabilities	<b>43,450</b>	(65,478)
Other current liabilities	<b>(3,073,266)</b>	(3,581,434)
Cash generated from operations	<b>23,397,485</b>	16,559,268
Interest received	<b>6,638,335</b>	8,477,887
Interest paid	<b>(17,209,387)</b>	(17,942,637)
Income tax paid	<b>(5,273,401)</b>	(5,533,080)
Net cash provided by operating activities	<b>7,553,032</b>	1,561,438
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from:		
Sale/maturities of financial assets at FVOCI	<b>1,280,798</b>	2,938
Sale/maturities of financial assets at FVTPL	<b>1,150,542</b>	2,436,586
Sale/maturities of financial assets at amortized cost	<b>3,446,071</b>	828,964
Sale/disposal of investments in subsidiaries, associates and joint ventures	<b>13,120,177</b>	7,815,971
Disposals of property, plant and equipment	<b>1,298,826</b>	977,304
Proceeds from maturities of short-term investments	<b>794,865</b>	1,237,870
Additions to:		
Investments in associates and joint ventures	<b>(30,146,379)</b>	(6,899,919)
Property, plant and equipment	<b>(40,347,300)</b>	(24,682,063)
Investment properties	<b>(9,987,292)</b>	(7,522,229)
Financial assets at FVTPL (Note 8)	<b>(3,807,155)</b>	(2,906,084)
Financial assets at FVOCI (Note 8)	<b>(772,429)</b>	(2,384,580)
Financial assets at amortized cost (Note 8)	<b>(1,554,328)</b>	(1,514,286)
Accounts and notes receivable - non-trade	<b>(6,734,192)</b>	5,133,686
Dividends received from associates, joint ventures and investments in equity securities	<b>14,172,337</b>	9,689,866
Acquisitions through business combinations - net of cash acquired	<b>(569,802)</b>	(278,130)
Change due to loss of control over a subsidiary	<b>(57,779)</b>	(227,890)
Decrease (increase) in other noncurrent assets	<b>11,338,098</b>	(20,472,228)
Net cash used in investing activities	<b>(47,374,942)</b>	(38,764,224)

	For the Periods Ended September 30	
	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Availments of short-term and long-term debt (Note 16)	265,416,433	132,077,907
Sale of treasury common shares/issuance of common shares	2,210,508	87,768
Issuance of preferred shares (Note 17)	—	13,111,288
Payments of short-term and long-term debt (Note 16)	(221,146,871)	(107,737,416)
Dividends paid	(7,610,943)	(7,061,348)
Payment of principal portion of lease liabilities	(2,256,023)	(1,553,097)
Collections of subscriptions receivable	177,428	205,101
Cost of issuance/reissuance of common and preferred shares	(37,605)	(111,132)
Interest paid	(3,730,935)	(3,057,666)
Increase (decrease) in:		
Other noncurrent liabilities	4,928,994	(2,758,686)
Non-controlling interests in consolidated subsidiaries	(1,291,542)	21,384,460
Net cash provided by financing activities	36,659,444	44,587,179
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	436,209	(269,652)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,726,257)	7,114,741
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	74,784,222	73,847,371
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱72,057,965</b>	<b>₱80,962,112</b>

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

## AYALA CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 1. Corporate Information

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

The Parent Company is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines. As of September 30, 2024, the Parent Company is 47.57% owned by Mermac, Inc. (Mermac) and the rest by the public. Mermac, a private holding company incorporated in the Philippines is the dominant shareholder of Ayala. Ayala's new registered office address and principal place of business is at the 37F to 39F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City.

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

Ayala's real estate business is primarily conducted through its subsidiary, Ayala Land, Inc. (Ayala Land or ALI), a diversified real estate company in the Philippines. Its involvement in financial services is through an affiliate, the Bank of the Philippine Islands (BPI), which, together with its subsidiaries (collectively, the BPI Group), form a universal banking group in the Philippines. Ayala's telecommunications business is carried out through joint venture, Globe Telecom, Inc. (Globe), a leading telecommunications company in the Philippines. Ayala's investments in the power sector are held under AC Energy and Infrastructure Corporation (ACEIC or AC Energy), which owns 58.0% of ACEN Corporation (ACEN), one of the fastest growing energy companies in the region and Ayala's main platform for its energy investments.

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

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

Certain members of the Ayala Group, namely ALI, BPI, Globe, ACEN, MWC, iPeople, Integrated Micro-Electronics, Inc. (IMI), AREIT, Inc. (AREIT), AyalaLand Logistics Holdings Corp. [ALLHC or formerly known as Prime Orion Philippines Inc. (POPI)] and ENEX Energy Corp. [ENEX or formerly known as ACE Enexor, Inc. (ACEX)] are likewise publicly listed corporations. Some of Ayala's subsidiaries, associates and joint ventures have holdings in the equity of other subsidiaries, associates and joint ventures.

On November 12, 2024, the Parent Company's Audit Committee of the Board of Directors (BOD) approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of Ayala Corporation and Subsidiaries.

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## 2. Material Accounting Policy Information

### Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the reporting reliefs issued and approved by Securities and Exchange Commission (SEC) and discussed under Statement of Compliance. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2023 annual audited consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2023.

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries and are presented in Philippine Peso (P), and all amounts are rounded to the nearest thousand Pesos (P000) except when otherwise indicated.

The unaudited interim condensed consolidated financial statements provide comparative information in respect of the previous period.

### Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with PAS 34.

PFRSs include Philippine Financial Reporting Standards (PFRS), PAS, and Interpretations issued by the Philippine Interpretations Committee (PIC).

### Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the statements of financial position of the Group as at September 30, 2024 with comparative audited figures as at December 31, 2023 and consolidated statements of income, comprehensive income, and cash flows for the periods ended September 30, 2024 and 2023.

Control is achieved when 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. Specifically, the Group controls an investee if and only if the Group has:

- a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- b. Exposure, or rights, to variable returns from its involvement with the investee; and
- c. The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a. The contractual arrangement with the other vote holders of the investee;
- b. Rights arising from other contractual arrangements; and
- c. The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognizes a gain or loss, if any, in profit or loss (under "Other income").

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated

financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions, and dividends are eliminated in full.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly, to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately from the Parent Company's equity in the unaudited interim condensed consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of financial position. Non-controlling interests are net of any outstanding subscription receivable.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100.0% interest.

If the options do not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements*, and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

For the periods ended September 30, 2024 and 2023, call options are accounted for in accordance with PFRS 9, *Financial Instruments*, as a derivative asset or liability carried at FVTPL.

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the Parent Company, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the Parent Company.

If the put option is exercised, the Group accounts for an increase in its ownership interest. At the same time, the Group derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities of the subsidiary, non-controlling interest and the cumulative translation adjustments recorded in equity, recognizes the fair value of the consideration received and any investment retained, while the resulting gain or loss is recognized in profit or loss. It also reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

#### *Adoption of New and Amended Accounting Standards and Interpretations*

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the



Group's annual audited consolidated financial statements as at and for the year ended December 31, 2023 except for the new PFRS, amended PFRS, improvements to PFRS and interpretations which were adopted beginning January 1, 2024. Unless otherwise indicated, the adoption of these new pronouncements did not have a significant impact on the Group's unaudited interim condensed consolidated financial statements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments must be applied retrospectively. The Group is still assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

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

The amendments must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Earlier adoption is permitted and that fact must be disclosed.

- Adoption of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

The PIC Q&A provisions pertain to 'Assessing if the transaction price includes a significant financing component' as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04).

ALI Group followed the allowed modified retrospective approach allowing it to adjust the beginning balance of retained earnings in 2024. The adjustment to the 2024 beginning balance of retained earnings is a decrease of P58.3 million (AC's share from ALI's P114.2 million retained earnings adjustment).

As of September 30, 2024, the ALI Group assessed that the overall impact of the adoption of the requirement of PIC Q&A No. 2018-12 pertaining to significant financing component is not material.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless

of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

#### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council (FSRSC, formerly the FRSC) deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of adopting these amendments.

### **3. Group Information**

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Nature of Business	% of Economic Ownership Interest held by the Group	
		September 2024 (Unaudited)	December 2023 (Audited)
AC Energy and Infrastructure Corporation (ACEIC)	Power	100.0	100.0
AC Infrastructure Holdings Corporation (AC Infra)	Infrastructure	100.0	100.0
AC International Finance Limited (ACIFL)*	Investment Holding	100.0	100.0
AG Counselors Corporation (AGCC)	Consulting Services	100.0	100.0
AC Industrial Technology Holdings, Inc. (AC Industrials/ ACI)	Industrial Technology and Automotive	100.0	100.0
Ayala Aviation Corporation (AAC)	Air Charter	100.0	100.0
Ayala Land, Inc. (ALI)	Real Estate and Hotels	51.8	51.0

Subsidiaries	Nature of Business	% of Economic Ownership Interest held by the Group	
		September 2024 (Unaudited)	December 2023 (Audited)
AYC Finance Limited (AYCFL)*	Investment Holding	100.0	100.0
Azalea International Venture Partners Limited (AIVPL)**	Business Process Outsourcing	100.0	100.0
Ayala Healthcare Holdings, Inc. (AC Health)	Healthcare	100.0	100.0
Bestfull Holdings Limited (BHL)***	Investment Holding – International	100.0	100.0
Integrated Microelectronics, Inc. (IMI)	Industrial Technologies	52.1	52.1
Michigan Holdings, Inc. (MHI)	Investment Holding	100.0	100.0
Philwater Holdings Company, Inc. (Philwater)	Investment Holding	100.0	100.0
Purefoods International Limited (PFIL)**	Investment Holding	100.0	100.0
Technopark Land, Inc. (TLI)****	Real Estate	78.8	78.8
AC Ventures Holding Corp. (AC Ventures)	Investment Holding	100.0	100.0
AC Logistics Holdings Corporation (AC Logistics)	Logistics	100.0	100.0

\*Incorporated in the Cayman Islands

\*\*Incorporated in the British Virgin Islands

\*\*\*Incorporated in Hong Kong

\*\*\*\*On December 10, 2021, the BOD and stockholders of TLI approved the plan to shorten its corporate term to June 30, 2023. On December 23, 2021, the SEC approved the amendment of the Fourth Article of the Articles of Incorporation to shorten the corporate term to June 30, 2023. It is anticipated that it will not carry out any significant business operation or activity until approval of closure from other regulatory bodies.

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries, associates and joint ventures is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its economic ownership interest.

The following are the highlights of significant transactions of the Parent Company and subsidiaries, part of which affected the Parent Company's investments in its subsidiaries:

#### Parent Company

##### 1. *Capital infusions*

The Parent Company infused the following investments:

- On January 8, 2024 into AC Health amounting to ₱2.46 billion intended for various projects and new investments. The Parent Company was issued 32.67 million common shares and subscribed to 215.46 million common shares and 323.19 million preferred shares. The subscription price for both common and preferred shares is ₱4.00 per share.
- On January 10, 2024 into AC Mobility Holdings, Inc. (AMHI) amounting to ₱333.5 million in exchange for 4,169 redeemable preferred shares at ₱80,000.00 per share to fund operations as holding company and the start-up operations of its BYD distribution and the initial set-up of dealerships.
- On January 25, 2024 into AMHI amounting to ₱288.0 million in exchange for 2,880 redeemable preferred shares at ₱100,000.00 per share to fund its EV charging infrastructure and Bosch capital requirements.
- On February 20, 2024 into AC Ventures amounting to ₱111.2 million in exchange for 185,288 common shares at ₱600.00 per share and is intended for 917 Venture's R&D.
- On March 12, 2024 into AC Health amounting to ₱547.0 million in exchange for 82,050,000 preferred shares and 54,700,000 common shares, both at a subscription price of ₱4.00 per share to fund:
  - Healthway Philippines, Inc. (HPI) and HMC capital expenditures and operating expenses
  - KonsultaMD funding requirements
  - AC Health operating expenditures, capital expenditures, and business development costs

- f. On March 25, 2024 into AC Infra amounting to ₱2,925.0 million in exchange for 701,465 common shares at ₱4,169.84 per share to extend a loan to Entrego to settle its liabilities and fund other wind down costs.
  - g. On May 2, 2024 into AC Health amounting to ₱844.00 million in exchange for 84,400,000 common shares and 126,600,000 preferred shares, both at subscription price of ₱4.00 per share to fund the 2024 CAPEX requirement of Healthway Qualimed Hospitals.
  - h. On April 8, 2024 into AC Logistics amounting to ₱925.00 million in exchange for 438,388,626 common shares at ₱2.11 per share to fund its operating expenses and infusions in Air21 operating companies.
  - i. On May 27, 2024 into AC Logistics amounting to ₱406.00 million in exchange for 192,417,062 common shares at ₱2.11 per share to partially fund GMAC Logitech Refrigeration Corp.'s (GMAC) construction of its Davao facility and the capital call of Air21 Holdings.
  - j. On July 15, 2024 into AC Logistics amounting to ₱100.00 million in exchange for 47,393,365 common shares at ₱2.11 per share to fund its infusions into Cargohaus, Inc. for the latter's CAPEX requirement.
  - k. On August 8, 2024 into AC Infra amounting to ₱40.00 million for 40.00 million redeemable preferred shares at ₱1.00 per share to fund the requirements of AF Payment, Inc.
  - l. On August 20, 2024 into AC Ventures ₱22.39 billion in exchange for 22,386,653 common shares at ₱1,000.00 per share to fund its acquisition of 157,623,446 common shares in its associate, Globe Fintech Innovations, Inc (Mynt), from selling shareholders ASP Phil LP("Bow Wave"), Lion Fintech Investments Pte Ltd. ("Warburg"), and Insight PHP Holdings, LTd.("Insight"). Refer to Note 10.
  - m. On August 29, 2024 into AC Industrials amounting to ₱160.00 million for 160,000 redeemable preferred shares at ₱1,000.00 per share to fund the exit from motorcycle businesses which hold the KTM and Husqvarna brands.
  - n. On September 17, 2024 into AC Logistics amounting to ₱187.50 million for 187.50 million redeemable preferred shares at ₱1.00 per share fund its share in the capital call of Air21 Holdings which will then be used for AF2100's operating expenses, working capital, and settlement of long-outstanding liabilities.
2. *News clarification on Ayala's set core net income goal by 2026*
- a. On March 13, 2024, Ayala reported its net income for the full year of 2023. Ayala's core net income, which excludes one-off items, reached a high water mark in 2023, increasing 48 percent to ₱41 billion. The strong performances of BPI, Ayala Land, and AC Energy anchored the Parent Company's results. Core net income was 32 percent higher than 2019, which was when the previous high water mark was established. Accounting for one-offs, Ayala's net income grew 39 percent to ₱38.1 billion.
  - b. On March 31, 2024, Ayala confirms the news article that appeared in manilastandard.net on March 18, 2024 entitled "Ayala sets core net income goal of ₱65b by 2026 on units' growth". However, Ayala clarified that the 58.5% percent growth from its 2023 core net income to its 2026 core net income target was not mentioned in any of the Parent Company's previous disclosures.
  - c. On April 29, 2024, Ayala filed a disclosure in relation to the PSE's request for a news clarification on the article entitled "Steady course: Ayala maintains ₱65 billion profit goal while planning strategic divestments", which appeared in Bilyonario.com on April 29, 2024. The relevant portion of the article is quoted below:

"Ayala Corp., the oldest Philippine conglomerate, is keeping its medium-term profit goal unchanged, confident that the higher-for-longer interest rate environment will unwind in 2025.

....

Consing gave the ₱65 billion profit forecast earlier this year, when expectations were still high that the US Fed and the local central bank would cut rates within the year.

He vowed to complete this year Ayala's ₱50 billion divestment plan, which started in 2022. According to Consing, Ayala wants to dedicate capital to businesses that, over time, will reach the same scale as its four core assets: Bank of the Philippine Islands, Ayala Land, Globe Telecom, and ACEN.

....

The Ayala Group has earmarked ₱284 billion for capex this year, up 14 percent with Ayala Land and renewable energy unit ACEN driving most of the increase, CFO Albert Larrazabal said.

....

Ayala is set to refinance ₱19 billion in debts due this year and plans to refinance another ₱10 billion later in the year for debts due first quarter of 2025, Larrazabal said. How those debts will be refinanced is yet to be decided, he said."

Ayala clarified that its medium-term target is to reach ₱65 billion in core net income by 2026. Additionally, its target of generating ₱50 billion in aggregate proceeds from divestment activities started in 2021. On refinancing, it plans to refinance ₱29 billion in maturing obligations in 2024 and early 2025.

Ayala confirms the information in the rest of the sections of the article quoted by the PSE.

- d. On May 14, 2024, Ayala reported its net income for the first quarter of 2024. Ayala's core net income, which excludes one-off items, sustained its growth momentum, increasing 26 percent to ₱11.8 billion. Continued strong performances from Ayala's core businesses, BPI, Ayala Land, Globe, and ACEN contributed to the growth. Including one-off items, Ayala's net income was up 28 percent to ₱13 billion.
  - e. On August 14, 2024, Ayala core net income, which excludes significant one-off items, grew 18 percent to ₱24.3 billion from stronger contributions from BPI, Ayala Land, Globe, and ACEN. Improved earnings from ACEIC also supported Ayala's earnings performance. Including one-off items, Ayala's net income increased 21percent to ₱22.3 billion.
3. *Tax credit*  
As a clarification to the news article in Business World titled "CTA: Ayala Corp. eligible for ₱308-M tax credit certificate" published on July 3, 2024. It was reported in part that:

"THE Court of Tax Appeals (CTA) has partially granted Ayala Corp. a tax credit certificate worth more than ₱308 million, covering excess and unused creditable withholding taxes (CWT) for 2018 and 2019.

In a decision publicized on June 19, the CTA Third Division ruled that Ayala Corp. had sufficiently demonstrated its entitlement to the tax credit certificate.

The amount represents the excess and unutilized CWT for the specified years.

"Accordingly, the Commissioner of Internal Revenue is order to issue a tax credit certificate in favor of petitioner Ayala Corp. in the reduced amount of ₱308,235,301.61, representing excess and unutilized creditable withholding taxes for the calendar years 2018 and 2019," a part of the 20-page ruling of Justice Marlan Ivy F. Reyes-Fajardo read."

Ayala Corp. argued for the approval of its CWT claim based on several grounds. Firstly, it filed both administrative and judicial claims within the prescribed two-year period. Additionally, it substantiated its excess and unutilized CWT amounts with Certificates of Creditable Tax Withheld at Source."

Ayala clarified that as of July 17, 2024, it has yet to receive an official copy of the CTA's decision pertaining to its eligibility for a ₱308 million tax credit certificate.

4. *SEC assessment*

On September 26, 2024, the Parent Company paid, with reservation, a penalty of ₱35.48 million pursuant to a notice with an assessment of penalty and a Payment Assessment Form (PAF) issued by the SEC Markets and Securities Regulation Department (MSRD) on July 2, 2024 and September 25, 2024, respectively. The assessment was for alleged violation by the Parent Company of Section 8.1 of the SRC relating to the issuance of 5,597,007 common shares under its 2005 Employee Stock Ownership Plan. The Parent Company's request for reconsideration is still pending and awaiting final decision of the SEC En Banc. Subject to the final resolution of the request, the Parent Company further requested the application of any overpayments to future filings and applications of the Parent Company and/or refund of the excess amount.

ACEIC

1. *Disposition of land by Buendia Christiana Holdings Corp. (BCHC) in exchange for shares of AREIT, Inc. (AREIT) via property-for-share swap*

On March 19, 2024, AREIT and BCHC, among other parties, executed a Deed of Exchange, for the subscription by BCHC, a wholly-owned subsidiary of ACEN, to 199.1 million primary common AREIT shares in exchange for a 276-hectare parcel of land located in Zambales, subject to the approval of the SEC. This transaction was implemented simultaneous to AREIT's transaction with ALI and its subsidiaries which was approved by AREIT's shareholders on February 12, 2024 (refer to the discussion under ALI).

Upon issuance of the AREIT shares in exchange for the Zambales property, Giga Ace 8, Inc., also a wholly-owned subsidiary of ACEN, will lease the land from AREIT for 25 years at a guaranteed fixed rent with annual escalation and with the option to renew for another 25 years.

The property was valued using the initial EBITDA over a capitalization rate of 6.92%. The share price was set at a 3.75% premium over AREIT's 30-day VWAP of ₱32.77 or the market price.

On September 25, 2024, SEC issued the Certificate of Approval of Valuation of the subject property.

As a result of the foregoing, ACEIC acquired beneficial ownership over 6.20% of AREIT, subject to securing the Certificate of Authorizing Registration from the Bureau of Internal Revenue (BIR), compliance with the conditions of the SEC approval, including transfer of titles, and the additional listing of shares with the Philippine Stock Exchange (PSE).

The investment in AREIT are equity shares that are not held for trading by ACEIC. This is classified as an investment at FVOCI. The closing price of AREIT shares was ₱37.50 on September 25, 2024. The cost of the Zambales property amounted to ₱500.76 million resulting to a gain at ACEIC of ₱6,965.84 million.

On September 26, 2024, Giga Ace 8, Inc. (a wholly owned subsidiary of ACEN) and AREIT executed a contract of lease over the Property for the Group's 300MW solar power plant project in Palauig, Zambales. The lease term shall be from the rent commencement date on July 1, 2024 (referred to as "Rent Commencement Date") to June 30, 2049, renewable for another twenty-five years at the option of the lessee, upon the written agreement of the lessor and the lessee under such terms and conditions as may be acceptable to them. The initial rent shall be ₱173.54 per sq.m per annum, exclusive of VAT, with annual escalation of 1.50% commencing on July 1, 2025. Lease payments commencing from July 1, 2025 shall be done in advance on a quarterly basis.

The right-of-use asset and lease liability amounted to ₱6,356.84 million, which is equivalent to 85% of the total fair value of the AREIT shares received from the Transaction.

The above transactions qualified as a sale and leaseback transaction; consequently, 85% of the gain from the transaction will be recognized over the lease term and 15% of the gain from the transaction recognized upon closing of the transaction. For the nine-month period ended September 30, 2024, ACEIC recognized 15% of the gain or ₱1.0 billion (₱599.9 million AC share) as "Gain on Disposal of Assets."

The above transactions were non-event at consolidated level as these were an exchange of assets within the Group and the impact to the consolidated statement of financial position, and consolidated cash flows and AC's share in the mentioned gain have been eliminated.

2. *Investment in Real Wind Energy, Inc. (RWEI)*

On March 22, 2024, ACEN signed a Deed of Absolute Sale of Shares with Modern Energy Management Pte. Ltd. (MEM), as the seller, for the acquisition by ACEN of 4,000 secondary common shares in RWEI and a Loan Assignment Agreement for the assignment of MEM's receivables from RWEI. The total cost of the transaction is P568.72 million (US\$10.00 million) which is comprised of the acquisition cost for the shares amounting to US\$8.76 million and assigned receivables of US\$1.24 million. This was classified as an investment in joint venture (see Note 10).

On August 1, 2024, ACEN signed a Deed of Absolute Sale of Shares with Maraj Energy and Development Corp. ("Maraj"), as the seller, for the acquisition by ACEN of 6,000 secondary common shares representing the remaining 60% ownership in RWEI. The total transaction cost is P741.98 million which is comprised of the acquisition cost for the shares amounting to P31.98 million and P710.00 million earnout. As a result, the Group acquired control over RWEI.

The fair value of the identifiable assets and liabilities, net of eliminations, (amounts in thousands) at August 1, 2024 acquisition date were:

<b>Assets</b>	
Cash and cash equivalents	P901
Input value added tax (VAT)	2,362
Other current assets	1
Property, plant and equipment	10,118
Right-of-use assets	102
Accounts and notes receivable – net of current portion	60
Deferred income tax assets - net	3,830
Other noncurrent assets	10,686
	<u>28,060</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	31,314
Income and withholding taxes payable	5,447
Noncurrent portion of long-term loans	55,428
Other noncurrent liabilities	219
	<u>92,408</u>
Total identifiable net liabilities	(64,348)
Less cost of acquisition	741,984
Fair value of previously held interest	568,719
Goodwill arising on acquisition	<u>P1,375,051</u>

RWEI is a special purpose vehicle for the development and operation of a 500MW wind energy project located in Real, Quezon. The RWEI project is strategically located close to another ACEN wind project spanning Laguna and Quezon. This new acquisition presents opportunities for synergies through the joint use of logistical routes, transmission lines, and substation infrastructure.

The cost of the business combination (amounts in thousands) is made up as follows:

Cash consideration	P31,984
Earnout consideration	710,000
Fair value of equity interest in RWEI before business combination	568,719
Total consideration	<u>P1,310,703</u>

As of September 30, 2024, P30.00 million of acquisition cost remains unpaid and this is payable upon release of Certificate Authorizing Registration which is expected within the next 12 months from September 30, 2024. The earnout remains unpaid and is payable upon achievement of certain milestones which is beyond 12 months from September 30, 2024.

Net cash outflow on acquisition is as follows:

Total cash consideration paid in cash	P570,703
Less cash acquired with the subsidiary <sup>(a)</sup>	(901)
Net cash outflow	P569,802

<sup>(a)</sup>Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2024, revenue reduction for the nine-month period ended September 30, 2024 would have been nil and the additional contribution to the net loss attributable to ACEN would have amounted to P35.15 million.

Initial accounting for the acquisition of RWEI has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

3. *Redemption of GMEC Special Limited Partnership Interests*

On April 19, 2024, GMEC redeemed in full, its Special Limited Partnership Interests (SLIP Interest) issued to ACEIC as Limited Partner, under its GMEC Limited Partnership Agreement, amounting to US\$5.94 million, for full redemption and full payment of the corresponding unpaid Preferred Cumulative Distribution.

ACEIC, as assignee of AMPLC (limited partner of GMEC), is a SLIP interest subscriber.

4. *ACEN secures US\$150M green term loan facility from Sumitomo Mitsui Banking Corporation Singapore Branch (SMBC)*

On April 15, 2024, ACEN, through its subsidiary ACRI, signed a US\$150.00 million green term loan facility with SMBC. This strategic financial move is in line with ACEN's ongoing efforts to finance investments in renewable power projects across the region.

5. *Subscription by ACEN to shares in ENEX*

On April 30, 2024, ACEN signed a subscription contract with its subsidiary, ENEX, for the subscription by ACEN to 30,000,000 non-voting preferred shares at par value of P1.00 per non-voting Preferred Share of ENEX, for a total subscription price of P30.00 million, to be issued out of the increase of ENEX's authorized capital stock and creation of the non-voting preferred shares.

6. *ACEIC's acquisition of ACEN shares*

In April 2024, ACEIC purchased 45,354,000 ACEN shares in the secondary market for a total purchase price of P180.32 million.

7. *Noncurrent assets held for sale*

In 2024, ACEN Australia Pty Ltd classified the project Axedale Solar Farm amounting to P240.20 million to "Assets held for sale" under PFRS 5 as a result of its assessment that the asset's carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale is highly probably to be completed within twelve months from the reporting date.

8. *Dividend declaration*

On September 26, 2024, ACEIC's BOD approved the declaration of cash dividends to Ayala amounting to P2.0 billion, of which, P1.0 billion was paid on October 15, 2024 and the balance payable on or before December 13, 2024.

ALI

1. *Sale of Seda Lio to AREIT*

On January 17, 2024, AREIT, completed the acquisition of the 153-room Seda Lio in Palawan from ALI's wholly owned subsidiary, Econorth Resort Ventures, Inc. for P1,192.00 million.



2. *Changes in ALI Group structure:*

- On January 19, 2024, the SEC approved the merger of Northeastern Commercial Corp. (NECC) and Bay City Commercial Ventures Corp. (Bay City) with Bay City as the surviving entity.
- On January 31, 2024, the SEC approved the merger of BGWest Properties, Inc. (BGW), BGNorth Properties, Inc. (BGN) and BGSouth Properties, Inc. (BGS) with BGW as the surviving entity.
- On March 12, 2024, the BOD of ALI approved the merger of 34 entities that are wholly owned directly by ALI, or through AyalaLand Estates, Inc. (ALEI) and AyalaLand Hotels and Resorts Corp. (AHRC), ALI, as the surviving entity. The plan of merger was approved by ALI stockholders during their annual meeting on April 25, 2024. The merger is an internal restructuring to simplify the ownership structure and is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.
- On March 14, 2024, Alveo Land Corp. acquired 1,370,400 common shares and 6,589,600 preferred shares of Portico Land Corp from the remaining investor. The acquisition is accounted as involving entities under control. As a result, Portico became a wholly owned subsidiary of ALI.
- On April 25, 2024, the stockholders of ALI approved the Plan of Merger of the ALI and at most 34 entities that are wholly owned directly by ALI, or through AyalaLand Estates, Inc. and AyalaLand Hotels and Resorts Corp., with the ALI as the surviving entity, and the execution of all documents and performance of all acts, including the effective waiver/denial of pre-emptive rights of stockholders for the purpose of implementing the proposed merger, as approved by ALI's BOD on March 12, 2024.
- Kingfisher Capital Resources Corp., a subsidiary of Ten Knots Development Corp., a wholly owned subsidiary of ALI, has been dissolved effective June 28, 2024.
- On April 25, 2024, MTDK Corporation was incorporated with Makati Development Corp. (MDC), a wholly owned subsidiary of ALI, owning 67% of the company.
- The following subsidiaries of ALLHC were dissolved in the 3rd quarter of the year:
  - Orion I Holdings Philippines, Inc., a wholly owned subsidiary of ALLHC
  - Luck Hock Venture Holdings, Inc., a wholly owned subsidiary of Orion Land Inc. which is 100% owned by ALLHC
  - TPI Holdings Corporation, a wholly owned subsidiary of Tutuban Properties Inc. which is 100% owned by ALLHC
- Ayalaland Estates, Inc. (ALEI) acquired 100% equity interest in the following companies and these transactions are accounted as acquisition of asset:

Company Name	Acquisition Date	No. of Common Shares	Amount
Cebalrai Development Corp.	September 27, 2024	100,000	1,000,000
Southcreston Holdings Inc.	September 18, 2024	100,000	1,000,000

3. *Block sale of AREIT shares*

On January 26, 2024, ALI, and its wholly owned subsidiaries, AyalaLand Offices, Inc. and Glensworth Development, Inc., sold an aggregate of 181,000,000 common shares of AREIT at a transaction price of ₱31.10 per share, equivalent to ₱5.6 billion, in relation to its property-for-share swap transaction with AREIT.

On May 20, 2024, ALI, and its wholly owned subsidiary, Westview Commercial Ventures Corp., sold an aggregate of 98,000,000 common shares of AREIT at a transaction price of ₱32.45 per share, equivalent to ₱3.2 billion, in relation to its property-for-share swap transaction with AREIT.

On September 20, 2024, ALI sold an aggregate of 75,000,000 common shares of AREIT at a transaction price of ₱36.20 per share, equivalent to ₱2.3 billion.

All these transactions were executed in relation to the property-for-share swap with AREIT.

This resulted in an increase in noncontrolling interests of ₱7.3 billion and equity reserve of ₱4.0 billion in the unaudited interim condensed statements of changes in equity for the period ended September 30, 2024.

4. *Sale of ALI and ACEN properties to AREIT*

On February 12, 2024, the shareholders of AREIT approved the issuance of 841.26 million primary common shares to ALI and its subsidiaries, and to BCHC at an issue price of ₱34.00 per share, in exchange for four prime commercial buildings of ALI and a land of BCHC, with an aggregate value of ₱28.60 billion.

On September 26, 2024, the SEC approved the property-for share swap among ALI, AREIT, ACEN, and certain subsidiaries of ACEN. In line with this, the parties have executed an Amendment to the Deed of Exchange for AREIT to recognize the income from the new assets effective July 1, 2024 (refer to the discussion in ACEIC).

5. *Debt capital financing and 2024 ESOWN*

On February 20, 2024, the BOD of ALI approved the following:

- a. The raising of up to ₱50.00 billion in debt capital to partially finance general corporate requirements and refinance maturing debt through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation, and/or execution of bilateral term loans (see Note 23).
- b. The 2024 stock option program pursuant to ALI's Employee Stock Ownership Plan which authorizes the grant to qualified executives, in accordance with the terms of the Employee Stock Ownership Plan, of stock options covering up to a total of 18.54 million common shares at a subscription price of ₱28.82 per share, which is the average price of ALI's common shares at the PSE over the last 30-day trading as of February 13, 2024, less a prescribed discount.

6. *Listing of additional ALI shares and merger of ALI with Cebu Holdings, Inc. (CHI)*

On February 22, 2024, the PSE approved the listing of additional ALI shares effective February 26, 2024. These shares shall be issued to the stockholders of CHI, a subsidiary of ALI, pursuant to the merger of CHI with ALI, as approved by the SEC on December 16, 2021. This merger has been earlier approved by the stockholders of both CHI and ALI in their respective annual stockholders' meeting held on April 14, 2021 and April 21, 2021, respectively.

7. *Buyback of shares*

For the nine months ended September 30, 2024, ALI purchased a total of 225,747,400 common shares at an average price of ₱29.17 per share for a total consideration of ₱6.6 billion under its share buyback program.

8. *Retirement of treasury shares*

On March 12, 2024, the BOD of ALI, approved the retirement of 1,374,477,380 common treasury shares arising from the internal mergers as follows:

- a. 883,171,005 treasury shares arising from the merger of ALI with wholly owned entities, subject to regulatory approvals on the merger and issuance of shares.
- b. 491,306,375 treasury shares arising from the merger with Cebu Holdings, Inc. and its former subsidiaries, Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developers, Inc.

9. *Sustainability-Linked Financing (SLF) Program*

On July 18, 2024, ALI successfully raised ₱20.5 billion in debt capital through its pioneering SLF Program. The funding package includes a ₱6.0 billion Sustainability-Linked Bond (SL-Bond) and ₱14.5 billion Sustainability-Linked Loan (SL-Loan) from the International Finance Corporation (IFC). This initiative marks a first for the Philippine real estate sector, adhering to international guidelines and independently verified by Det Norske Veritas.

The SLF Program aligns ALI's financial commitments with its environmental targets. The interest rates of the SL-Bond and SL-Loan are linked to ALI's performance on key sustainability metrics, including a 42% reduction in emissions from malls, offices, and hotels by 2030, and achieving EDGE Zero Carbon certification for 1.5 million square meters of office properties by 2025. The ₱6.0-billion SL-bond has a term of 10 years and is the first of its kind to be offered publicly in the Philippines.

Refer to Notes 15 and 23.

10. *Investment in Cebu District Property Enterprise Inc. (CDPEI)*

On June 14, 2024, ALI entered into a share sale and purchase agreement with Aboitiz Land, Inc. and Aboitiz Equity Ventures for the acquisition of their combined 50% equity interest in CDPEI. The acquisition is valued at ₱1.81 billion in exchange for 18.1 million CDPEI shares. Following the transaction, ALI will own 100% stake of the entity. The transaction is subject to regulatory approvals.

11. *Dividend declaration*

On February 20, 2024, the BOD of ALI approved the declaration of a cash dividend of ₱0.2050 per outstanding common share paid on March 21, 2024 to stockholders of common shares as at record date March 5, 2024. This reflects a 37% increase from the cash dividends declared in the first half of 2022 amounting to ₱0.1495.

On May 28, 2024, the BOD of ALI approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of ₱0.0063 per share, equivalent to a dividend rate of 6.33% per annum. The cash dividends were paid on June 25, 2024 to stockholders on record as of June 11, 2024.

12. The fair value of ALI shares held by the Parent Company amounted to ₱279.0 billion and ₱262.6 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The voting rights held by the Parent Company in ALI is 72.8% as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

AC Industrials

1. On July 23, 2024, an equity funding round had been concluded for Merlin Solar (with the participation of Ayala and other investors) resulting in the dilution of Ayala's indirect stake from 99% to 56%. Ayala Group infused US\$10.0 million into Merlin. The partnership provides Merlin with fresh capital, a wider customer network to drive the company's next phase of growth, and enhanced technical expertise. This transaction also supports Ayala's strategic agenda of rationalizing its portfolio.
2. On August 8, 2024, AC through its subsidiary Ayala International Holdings Pte Ltd. (AIHPL), infused EUR2.2 million to AC Industrials (Singapore) Pte Ltd. (AC Industrials SG) for the latter to disburse to MT Technologies and C-con entities as part of an agreed overall restructuring support for the divested subsidiaries. In connection with this, a EUR0.4 million loan was also extended by AIHPL to C-Con Munich.
3. As part of AC Industrials' portfolio management initiatives, one of its subsidiaries (Adventure Cycle Philippines, Inc.) ceased its operations as Philippines distributor of KTM and Husqvarna motorcycles effective on September 30, 2024. On the same date, IDI, a wholly-owned vehicle dealership subsidiary of AC Industrials, has stopped selling and servicing KTM and Husqvarna motorcycles. AC Industrials has executed a binding term sheet with KTM AG for the acquisition by KTM AG of all of AC Industrials' shares in the motorcycle manufacturing entity (KTM Asia Motorcycle Manufacturing, Inc.) based in Laguna, Philippines.
4. As of September 30, 2024, the AC Industrials Group is contingently liable for tax assessments arising in the ordinary course of business. These are presently being contested or are the subject of court proceedings, and are not expected to have a material adverse effect to the Group.

### AC Infra

#### *Entrego operations*

On April 5, 2024, the stockholders and BOD of Entrego approved the cessation of business operations of the company effective July 1, 2024, and to terminate, confirm and ratify the termination of its employees effective January 1 and February 1, 2024, respectively.

The three Entrego companies, Entrego Fulfillment Solutions, Inc.(EFSI), Entrego Express Corporation (EEC), and Entrego Logistics Corporation (ELC), have adopted the liquidation basis of accounting, from going concern, following the shortening of their respective corporate terms (up to May 30, 2025) as approved by the SEC.

### AC Logistics

#### *A-Movement operations*

On February 1, 2024, A-Movement, a subsidiary of AIR21, commenced operations.

### AC Ventures

#### *Additional investment in Mynt*

On August 1, 2024, the Parent Company's wholly-owned subsidiary, AC Ventures, executed a Share Purchase Agreement to acquire common shares in Mynt from existing shareholders, equivalent to an additional ~8% ownership stake in Mynt, for approximately USD 392.8 million. The acquisition closed on August 20, 2024 for a Php purchase price of ₱22.4 billion. This resulted in the increase of the Parent Company's indirect ownership in Mynt to ~13%.

On September 25, 2024, MUFG Bank, Ltd. (MUFG) signed an Investment Agreement and Share Purchase Agreement to acquire an ~8% ownership stake in Mynt for USD 392.8 million. Related to this transaction, AC Ventures, MUFG, the other shareholders of Mynt and Mynt executed an Amended and Restated Rights Agreement which provided AC Ventures and MUFG the right to nominate one (1) director in Mynt each, among other rights and obligations (see Note 23).

### IMI

Via Optonics AG (VIA), a subsidiary of IMI, faced certain challenges in recent years. VIA is listed in the New York Stock Exchange (NYSE). For its full year audited consolidated financial statements for 2023, which IMI refiled with the Philippine SEC on May 10, 2024, IMI booked impairment provisions for assets of VIA amounting to USD30.5 million or ₱1.7 billion (of which IMI's share is ₱1.3 billion and AC's share is ₱670.4 million). At the AC consolidated financials, this amount was taken up in Q1 2024 forming part of the consolidated General and Administrative Expenses (GAE) (see Notes 7, 11, and 12 and Section 2.8).

Additional details as regards VIA follow:

1. *VIA files Annual Report 2022 or Form 20-F*

VIA, a leading supplier of interactive display solutions, announced on April 26, 2024 that it has filed its Annual Report on Form 20-F for the year ended December 31, 2022 (the "Annual Report") with the U.S. Securities and Exchange Commission ("US SEC").

The changes in the final audited financial statements of VIA have no material impact on the IMI's audited consolidated financial statements filed with Philippine Stock Exchange and Securities and Exchange Commission for the years 2022, 2021, and 2020.

2. *Conclusion and Findings of Internal Review*

The internal review was conducted by BDO AG Wirtschaftsprüfungsgesellschaft ("BDO") and DLA Piper UK LLP ("DLA Piper" and, together with BDO, the "Advisors"), who were appointed by VIA's Supervisory Board to investigate the potential incidents and to review compliance with company policies and business guidelines during the period from January 1, 2017 to December 31, 2022 (the "Investigation Period").

As previously disclosed, the Advisors' preliminary findings indicated deviations from the VIA's compliance procedures during the Investigation Period primarily involving VIA's former Chief Executive Officer, Jürgen Eichner.

In February 2024, the Advisors furnished a final report to the VIA Supervisory Board which identified failures by Mr. Eichner and one other employee to comply with company policies and business guidelines. In particular, the Advisors identified discrepancies that occurred during the Investigation Period in areas including expense recording and reimbursement, company credit card usage for personal transactions, the receipt of annual bonus payments in contravention of Mr. Eichner's service agreement, unearned compensation for vacation days, inadequate documentation of vehicle usage, and other unapproved payments made to Mr. Eichner.

The Advisors believe that certain of these incidents may constitute fraud and/or embezzlement, and under German law, VIA is required to initiate legal claims for the reimbursement of any such improperly transferred sums. While the total value of the impermissible transactions and any consequential damages relating thereto remains under consideration, currently the Advisors have identified improper payments amounting to a minimum of between €300,000 to €500,000 that they believe could be subject to reimbursement, plus consequential damages.

Based on these findings, the VIA Supervisory Board determined that the actions taken by Mr. Eichner in connection with his service as VIA's former CEO were material violations of his fiduciary duties and led to a loss of trust. Accordingly, on February 23, 2024, the Supervisory Board terminated the service agreement between Mr. Eichner and VIA for "cause" and revoked the appointment of Mr. Eichner as a member of VIA's Management Board, effective immediately.

3. *VIA Voluntary Delisting and Deregistration of its American Depositary Shares*

VIA announced on April 9, 2024 its intention to voluntarily delist its American Depositary Shares (ADSs) from the NYSE, terminate its registration with the US SEC, and terminate its ADS program.

VIA notified the NYSE on April 9, 2024 of its intent to voluntarily delist its ADSs from the NYSE, pursuant to a resolution adopted by its Supervisory Board. VIA has also notified The Bank of New York Mellon (which acts as depositary under the ADS program) of the termination of the ADS program. Given low turnover of VIA's ADSs, and the costs and obligations of maintaining its listing, VIA believes that delisting will be beneficial in that it frees up more time for the company to focus on growing its business.

Subsequently, VIA filed Form 15 or Certification and Notice of Termination of Registration under Section 12(g) of the Securities Change Act of 1934 on April 29, 2024. The deregistration process has also been completed.

The fair value of the IMI shares held by the Group amounted to €2.0 billion and €3.7 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The voting rights held by the Group in IMI is 52.1% as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

MHI

*Dividend declaration*

On July 5, 2024, the BOD of MHI approved the declaration and payment of cash dividends amounting to €395.0 million to be paid on July 26, 2024 to all its stockholders of record as of July 19, 2024.

*Subsidiaries with material non-controlling economic ownership interest*

The summarized financial information of subsidiaries that have material non-controlling economic interest is provided below. This information is based on amounts before intercompany eliminations and consolidation adjustments.

	September 2024 (Unaudited)	December 2023 (Audited)
	(In Millions)	
<b>Ayala Land, Inc. and Subsidiaries</b>		
Current assets	<b>P429,589</b>	P412,957
Non-current assets	<b>464,481</b>	433,674
Current liabilities	<b>243,092</b>	234,177
Non-current liabilities	<b>298,095</b>	292,526
Equity		
Attributable to owners of the parent	<b>294,521</b>	273,860
Attributable to non-controlling interest	<b>58,362</b>	46,068
Revenue	<b>125,212</b>	98,916 *
Net income		
Attributable to owners of the parent	<b>21,159</b>	18,392 *
Attributable to non-controlling interest	<b>4,103</b>	2,552 *
Other comprehensive income	<b>813</b>	(275) *
<b>AC Energy and Infrastructure Corporation and Subsidiaries</b>		
Current assets	<b>P68,096</b>	P74,367
Non-current assets	<b>319,103</b>	268,608
Current liabilities	<b>31,267</b>	40,926
Non-current liabilities	<b>175,152</b>	128,350
Equity		
Attributable to owners of the parent	<b>87,830</b>	81,439
Attributable to non-controlling interest	<b>92,950</b>	92,260
Revenue	<b>43,071</b>	48,093 *
Net income	<b>13,533</b>	13,276
Attributable to owners of the parent	<b>10,089</b>	10,360 *
Attributable to non-controlling interest	<b>3,444</b>	2,916 *
Other comprehensive loss	<b>(1,694)</b>	1,161 *

\*Based on unaudited September 30, 2023

As of September 30, 2024 (unaudited), the proportion of economic ownership held by material non-controlling interest of ALI is 48.2% while the voting rights held is 27.2%. While ACEIC is a wholly owned subsidiary of the Parent Company, the material non-controlling interests within the ACEIC Group is generally attributable to the 42.0% ownership of the non-controlling interest in ACEN.

#### 4. Cash and Cash Equivalents

This account consists of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Cash on hand and in banks	<b>P27,302,704</b>	P26,026,326
Cash equivalents	<b>44,755,261</b>	48,757,896
	<b>P72,057,965</b>	P74,784,222

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates.

The Group maintains cash and cash equivalents with Bank of the Philippine Islands (BPI), an associate of the Parent Company and related party of the Group, amounting to P28.4 billion and P25.7 billion, as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively (see Note 21).

## 5. Short-term Investments

This account consists of the following:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Money market placements	<b>P631,715</b>	<b>P1,426,579</b>

Short-term investments pertain to money market placements made for varying periods of more than three months but less than one year and earn interest at the respective short-term investment rates.

The Group maintains short-term investments with BPI amounting to P0.5 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited) (see Note 21).

## 6. Accounts and Notes Receivable

This account consists of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Trade:		
Real estate and hotels	<b>P159,303,500</b>	P138,484,368
Industrial technologies	<b>13,534,128</b>	15,223,933
Power	<b>10,652,933</b>	9,648,225
Logistics	<b>3,654,253</b>	3,056,615
International and others	<b>2,337,462</b>	2,410,907
Automotive	<b>2,288,766</b>	2,522,659
Receivable from related parties (Note 21)	<b>721,567</b>	828,572
Outsourcing	<b>517,665</b>	513,265
Non-trade:		
Receivable from related parties (Note 21)	<b>35,693,533</b>	29,290,278
Receivable from Power Partners Ltd. Co. (PPLC)	<b>27,563,810</b>	26,555,264
Advances to other companies	<b>43,064,026</b>	40,813,774
Receivable from officers and employees (Note 21)	<b>2,318,228</b>	2,281,708
Dividends receivable (Note 21)	<b>–</b>	1,292,270
Others (Note 21)	<b>14,231,850</b>	13,364,599
	<b>315,881,721</b>	286,286,436
Less allowance for expected credit losses	<b>8,559,138</b>	7,391,802
	<b>307,322,583</b>	278,894,634
Less noncurrent portion	<b>143,373,895</b>	119,341,363
	<b>P163,948,688</b>	<b>P159,553,272</b>

The aging analysis of accounts and notes receivables that are past due but not impaired as of September 30, 2024 (unaudited) and December 31, 2023 (audited) follows:

	Trade Receivable							
	Days Past Due							
	Current	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total	Total
	(in Thousands)							
September 30, 2024 (Unaudited)								
Expected credit loss rate	0.29%	0.02%	0.08%	0.32%	0.03%	9.50%	3.62%	1.03%
Trade:								
Real estate and hotels	₱131,956,405	₱8,066,788	₱1,131,436	₱815,312	₱7,647,100	₱9,686,459	₱27,347,095	₱159,303,500
Industrial technologies	11,128,832	1,450,787	483,553	150,994	67,639	252,323	2,405,296	13,534,128
Power	4,397,685	1,713,880	446,311	499,158	598,624	2,997,275	6,255,248	10,652,933
Logistics	220,041	632,033	353,162	124,603	88,312	2,236,102	3,434,212	3,654,253
International and others	519,012	450,841	308,558	123,508	381,507	554,036	1,818,450	2,337,462
Automotive	1,436,472	105,965	134,308	85,434	147,807	378,780	852,294	2,288,766
Receivable from related parties	84,504	275,582	73,840	82,725	83,548	121,368	637,063	721,567
Outsourcing	323,663	64,147	16,416	6,314	107,125	–	194,002	517,665
Total trade receivables	₱150,066,614	₱12,760,023	₱2,947,584	₱1,888,048	₱9,121,662	₱16,226,343	₱42,943,660	₱193,010,274
Allowance for expected credit loss	₱439,564	₱2,432	₱2,463	₱6,057	₱2,304	₱1,541,683	₱1,554,939	₱1,994,503

	Trade Receivable							Total
	Current	Days Past Due					Total	
		<30 days	31-60 days	61-90 days	91-120 days	>120 days		
December 31, 2023 (Audited)								
Total trade receivables	₱132,025,438	₱12,177,855	₱3,636,560	₱1,862,005	₱7,311,747	₱15,674,941	₱40,663,108	₱172,688,546
Allowance for expected credit loss	₱340,232	₱6,432	₱5,463	₱8,493	₱2,304	₱1,731,619	₱1,754,311	₱2,094,543

The classes of trade receivables of the Group are follows:

*Real estate and hotels*

Real estate receivables consist of:

- Residential, commercial, and office development – pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments.
- Corporate business – pertain to lease receivables from office and factory buildings and receivables from sale of industrial lots
- Shopping centers – pertain to lease receivables from retail spaces
- Construction contracts – pertain to receivables from third party construction projects
- Management fees – pertain to receivables from facilities management services
- Others – pertain to receivables from hotel operations and other support services

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the EIR method with annual interest rates ranging from 5.9% to 11.5%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Receivables from hotel operations and other support services are normally due within 30 to 90 days upon billing.

ALI Group, from time to time, sells its residential receivables on a without recourse basis to partner mortgage banks, which includes the BPI Group, a related party, amounting to ₱4.3 billion and ₱15.1 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. These were sold at a discount with total proceeds of ₱3.8 billion and ₱13.3 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. ALI Group recognized loss on sale, under “Interest and other financing charges” in the unaudited interim consolidated statements of income amounting to ₱0.5 billion for the nine months ended September 30, 2024 (unaudited) and ₱1.8 billion for the full-year ended December 31, 2023 (audited) (see Section 2.8).

*Industrial technologies*

Industrial technologies receivables arose from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

*Power*

Power generation receivables pertain to ACEIC Group’s receivable from Independent Electricity Market Operator of the Philippines, National Grid Corporation of the Philippines (NGCP), National Transmission Corporation (TransCo) for the Feed-in-Tariff (FIT) and from ACEIC Group’s bilateral customers. Significant portion of outstanding balance pertains to receivables from MERALCO Baseload, Mid-Merit PSAs and FIT system adjustments. It consists of both non-interest-bearing and interest-bearing receivables. The term is generally 30 to 60 days.

Noncurrent trade receivables which consist of refundable amount from Philippine Electric Market Corporation (PEMC) and FIT system adjustments that are expected to be realized beyond 12 months after end of the reporting period. FIT system adjustments are discounted using the PHP BVAL reference rates for government securities with an imputed credit spread, derived as the



difference between comparable government-owned and controlled companies' rate less risk-free rate.

#### *Logistics*

Pertain to AC Logistics' Group trade receivables with terms of 30 days to 120 days and are non-interest-bearing.

#### *International and others*

International and other receivables arose from investments in overseas property companies and projects, charter services, agri-business and others; and are generally on 30- to 60-day terms.

#### *Automotive*

Automotive receivables relate to sale of passenger cars, motorcycles and commercial vehicles and are collectible within 30 to 90 days from date of sale.

#### *Outsourcing*

Outsourcing receivables arise from venture capital for technology businesses; provision of value-added content for wireless services, online business-to-business and business-to-consumer services; electronic commerce; technology infrastructure sales and technology services; and onshore- and offshore-outsourcing services and are normally collected within 30 to 60 days from invoice date.

The nature of the Group's non-trade receivables follows:

#### *Advances to other companies*

##### *ACEIC*

ACEIC receivables to other companies are interest-bearing and payable based on the respective terms of the loans.

- On December 22, 2020, ACEIC signed the Affiliated Subordinated Indebtedness (ASI) agreement with GN Power Kauswagan Ltd. Co. (GNPK) for US\$200.0 (P9,607.2 million). The ASI loan is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50% which shall accrue starting January 1, 2021. The maturity date of the loan is the later of the (1) the final maturity date of the GNPK Senior Loans (due 2031); and (2) the full payment on, and redemption of the full interest of a partner in GNPK and in GNPK's parent company, KPHLC under the limited partnership agreements. GNPK's payment of the interest on the ASI loan and the principal shall follow the repayment waterfall stipulation in the ASI loan agreement. Any unpaid interest shall accrue interest.
- Bridge financing (previously referred to as debt replacement) are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions.

Bridge financing bear interest ranging from 7.00% to 15.00% per annum.

- Development loans are provided by ACEIC, through ACEN, to third parties and related parties to fund the development of renewable energy projects in various locations. Development loans bear interest ranging from 4.00% to 11.61% per annum.

##### *ALI*

Advances to other companies includes ALI's advances to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur. The advances are liquidated when proceeds from the sale of the related projects are applied.

Advances to other companies also includes receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances made by North Triangle Depot Commercial Corporation (NTDCC) to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement.

On December 17, 2014, NTDC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay NTDC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from ALI Group.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

#### *AC Industrials*

In 2019, AC Industrials extended a loan to Roadworthy Cars, Inc. (RCI) amounting to ₱1,605.0 million which bears interest at the rate of 7.68% per annum. Nominal interest for the covering period of ten years shall accrue beginning April 1, 2022 and shall be paid by RCI beginning on the second anniversary of the commencement of business of KP Motors Corporation (KPMC). For the succeeding years until the repayment date, interest on the principal amount of the loan shall accrue with respect to the outstanding amount of the loan. As of September 30, 2024 (unaudited) and December 31, 2023 (audited), loans receivable from RCI amounted to ₱2,105.1 million. As of September 30, 2024 (unaudited) and December 31, 2023 (audited), ₱104.0 million allowance was provided.

#### *Receivable from PPLC*

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis. On September 30, 2021, after all conditions precedent have been met, ACEIC executed the divestment. The receivables from PPLC and affiliates arising from the first tranche sale amounted to ₱9,638.6 million. The receivable from PPLC is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50%. The maturity date of the loan is December 31, 2031. The amount and timing of collection is based on the priority payment waterfall provisions of the divestment agreement. Any unpaid interest shall accrue interest.

On June 30, 2023, the sale of 100% interest in ACE (BVI) D, Inc., ACE (BVI) F, Inc. and ACE (BVI) T, Inc. and 88.38% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPK (second tranche sale) was completed. The completion of the second tranche sale resulted in a gain of ₱1,261.91 million for the period ended December 31, 2023, which is presented under “Other income” in the consolidated statement of income. Total proceeds for the second tranche sale amounted to ₱13,898.5 million and was included as part of Receivable from PPLC. As of June 30, 2023, the Parent Company, through ACEIC has fully divested its interest in GNPK.

#### *Receivables from officers and employees*

Receivable from officers and employees pertain to housing, car, salary, and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing (6.0% to 10.0% annum) and have various maturity dates.

#### *Dividends receivable*

Dividends receivable pertain to dividends due from associates and joint ventures. These receivables are non-interest bearing and collectible within the year.

#### *Others*

Other receivables include the following:

- Accrued interest receivable from cash in bank, cash equivalents, and short-term investment; other non-trade receivables from non-related entities which are non-interest bearing and are due and demandable; and receivable for insurance claims for damages to inventories of IMI.

- Receivable from the sale of MWC preferred shares in 2021 and 2024 amounted to ₱5.9 billion and ₱4.8 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively.

#### *Impairment of financial assets*

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECL). 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 the debtors and the economic environment. For other financial assets such as non-trade receivables from related parties, receivables from officers and employees, and advances to other companies and financial assets at amortized cost (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Provisions for ECL amounted to ₱1.3 billion and ₱1.8 billion for the periods ended September 30, 2024 and 2023 (both unaudited), respectively, which form part of the Group's "General and administrative expenses" in the unaudited interim condensed consolidated statements of income. As of September 30, 2024 and 2023 (both unaudited), provisions for related parties are nil.

## 7. Inventories

This account consists of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
At cost:		
Residential and commercial lots	<b>₱120,443,004</b>	102,006,924
Residential and condominium units and offices	<b>97,194,950</b>	₱107,309,587
Materials and supplies	<b>12,686,709</b>	14,564,347
Vehicles	<b>3,522,711</b>	2,593,347
Work-in-process	<b>1,644,768</b>	1,257,960
Finished goods	<b>232,407</b>	970,252
Others	<b>977,459</b>	1,001,120
	<b>236,702,008</b>	229,703,537
At NRV:		
Materials, supplies, and others	<b>136,027</b>	963,917
Work-in-process	<b>259,496</b>	530,287
Finished goods	<b>203,194</b>	81,434
	<b>598,717</b>	1,575,638
	<b>₱237,300,724</b>	₱231,279,175

The Group recognized ₱0.4 billion and ₱0.9 billion net provision for inventory obsolescence for the periods ended September 30, 2024 and 2023 (both unaudited), respectively. The provision is included under "General and administrative expenses" in the unaudited interim condensed consolidated statements of income. The provision for the period includes impact of VIA's impairment amounting to USD9.5 million or ₱0.5 billion (see Note 3 and Section 2.8).

## 8. Other Current Assets and Other Noncurrent Assets

Other current assets consist of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Advances to contractors and suppliers	<b>P24,344,380</b>	P29,122,391
Prepaid expenses	<b>23,853,843</b>	22,169,509
Input VAT	<b>15,536,123</b>	17,019,639
Creditable withholding tax	<b>16,410,852</b>	14,525,602
Financial assets at FVTPL (Note 21)	<b>9,857,990</b>	7,307,324
Contract assets	<b>2,988,266</b>	3,103,954
Deposits in escrow	<b>2,172,538</b>	1,491,489
Derivative assets	<b>20,483</b>	177,951
Restricted cash	<b>—</b>	8,827,833
Others	<b>3,855,406</b>	4,706,546
	<b>P99,039,881</b>	P108,452,238

Other noncurrent assets consist of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Investment in debt and equity securities	<b>P34,232,380</b>	P37,332,906
Deferred charges	<b>19,700,586</b>	17,033,185
Advances to contractors and suppliers	<b>8,087,827</b>	8,508,364
Deposits - others	<b>4,627,703</b>	4,631,317
Deferred input VAT	<b>4,976,015</b>	5,222,858
Creditable withholding taxes	<b>5,329,926</b>	4,266,270
Derivative assets	<b>5,123,379</b>	5,162,810
Pension assets	<b>306,271</b>	140,624
Others	<b>2,834,278</b>	2,691,375
	<b>P85,218,365</b>	P84,989,709

Other current assets include the following:

- a) Advances to contractors and suppliers  
Advances to contractors and suppliers represent prepayments for the construction of real estate inventories. These are recouped from billings which are expected to occur in a short period of time.
- b) Prepaid expenses  
Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. In line with ALI Group's accounting policy, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract specific key performance indicators that could trigger variable consideration, or service credits.
- c) Input VAT  
Input VAT is applied against output VAT. The remaining balance is recoverable in future periods.
- d) Creditable withholding tax  
The Group will be able to apply the creditable withholding taxes against income tax payable.

e) Financial assets at FVTPL

The Group's financial assets at FVTPL pertain to investment securities which includes the Compulsory convertible debenture of Masaya Solar Energy Private Limited; Unit Investment Trust Fund (UITF) investments; ARCH Funds, Alibaba Group's new Retail Strategic Opportunities Fund; Indies Pelago Investments, L.P.; Ikhlas Capital Fund, L.P.; promissory notes issued by CLOUSE S.A-Class C ordinary shares in Ant International Co. Limited; The Rohatyn Group (TRG) Global Opportunity Fund and TRG Special Opportunity Fund; and Tikehau (TKS I, LP), among others.

This account also includes investment in shares of SPNEC acquired by ACEIC Group.

Total net mark-to-market gain for FVTPL accounts amounted to P32.0 million and P80.5 million for the periods ended September 30, 2024 and 2023, respectively (both unaudited). The 2023 gain includes gain from the investment in SPNEC.

f) Contract assets

Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.

g) Deposits in escrow

Deposits in escrow pertain to the proceeds from the sale of ALI Group that have been only granted with a temporary License To Sell (LTS) by the Housing and Land Use Regulatory Board (HLURB). For projects with temporary LTS, all payments, inclusive of down payments, reservation, and monthly amortization, among others, made by the buyer within the selling period shall be deposited in an escrow account.

h) Derivative assets

Derivative assets pertain to the coal and fuel commodity swaps contracts maturing within a 12-month period. The account also includes hedge transactions from ACEN Australia.

i) Restricted cash

Restricted cash pertain to the restricted cash in escrow account of ACEIC Group as part of the proceeds from the issuance of redeemable preferred shares. Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures (the "Escrow Requirement"). As of September 30, 2024, ACEIC has fully disbursed the cash from the escrow account which held the proceeds from the issuance of preferred shares in 2023 (see Section 2.8).

j) Others

Others mainly include deferred charges, accrued liquidated damages, and investment in bonds. Investment in bonds pertain to non-interest-bearing bonds of ALI Group. ALI Group recorded the investment as financial asset at fair value through other comprehensive income. The fair value of the investment in bonds is determined using the binomial lattice approach and categorized under Level 3.

Other noncurrent assets include the following:

a) Investments in debt and equity securities

This account consists of debt and equity investments, which are classified as financial assets at amortized cost, financial assets at FVOCI, and financial assets at FVTPL. These accounts are classified according to underlying conditions or terms of investments.

Financial assets at amortized cost are attributable to the ACEIC Group's investments in redeemable preferred shares, subscription deposits, and convertible loans which are held by ACEIC within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI consist of the Group's unlisted preferred shares in public utility companies which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects, water utilities projects, and to its other operations. This account also includes unquoted equity investments from the ACEIC Group.

Financial assets at FVTPL include ACEIC and Bestfull's convertible loans with terms exceeding twelve months which were designated at initial recognition to be measured at FVTPL.

b) Deferred charges

Deferred charges include ALI's project costs incurred for unlaunched projects of the group, advance rental payments, and noncurrent prepaid management fees. This also includes ALI's noncurrent portion of cost to obtain contracts which includes prepaid commissions and advances to brokers.

Deferred charges also include IMI's tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

c) Advances to contractors and suppliers

Advances to contractors represent prepayments for the construction of investment properties, property and equipment and service concession assets.

d) Deposits – others

This includes deposits and advances for projects which include escrow deposits and security deposits on land leases, electric and water meter deposits.

e) Deferred input VAT

Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods.

f) Creditable withholding tax

The Group will be able to apply the creditable withholding taxes against income tax payable or can be claimed as tax refund from the BIR.

g) Derivative asset

Noncurrent derivative asset pertains to the long-term energy service agreements for ACEN's solar project in Australia.

h) Others

Others pertain to prepayments for expenses that are amortized for more than one year, marketable securities and customers and tenants deposits to affiliates.

## 9. Right-of-Use Assets and Lease Liabilities

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Right-of-use assets	<b>P26,460,039</b>	P23,498,181
Lease liabilities – current and noncurrent	<b>P40,554,148</b>	P30,705,536

## 10. Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for under the equity method of accounting. Major associates and joint ventures and the related percentages of economic ownership as of September 30, 2024 (unaudited) and December 31, 2023 (audited) are as follows:

	% of Economic Ownership		Carrying Amounts	
	September 2024 (Unaudited)	December 2023 (Audited)	September 2024 (Unaudited)	December 2023 (Audited)
			(in Millions)	
Domestic:				
Bank of the Philippine Islands (BPI)	30.7	32.7	₱152,076	₱135,860
Liontide Holdings, Inc. (LHI)*	93.4	93.4	73,130	64,838
Globe Telecom, Inc. (Globe)*	30.7	30.7	46,934	43,988
Globe Fintech Innovations, Inc. (Mynt)	13.7	5.2	24,583	1,621
AA Thermal, Inc. (AA Thermal)	40.0	40.0	16,781	16,010
Ortigas Land Corporation (OLC)	21.0	21.0	10,739	10,144
ALI-ETON Property Development Corporation (ALI-ETON)*	50.0	50.0	9,882	9,636
Light Rail Manila Holdings, Inc. (LRMHI)	50.0	50.0	7,504	7,491
Philippine Wind Holdings Corporation (PhilWind)*	40.5	40.3	5,468	4,971
iPeople, Inc. (IPO)	33.5	33.5	4,886	4,143
Emerging City Holdings, Inc. (ECHI)*	50.0	50.0	4,258	4,190
North Luzon Renewable Energy Corp. (NLR)*	33.3	33.3	2,973	2,492
Berkshires Holdings, Inc. (BHI)*	50.0	50.0	2,082	2,053
Globe STT GDC Inc. (formerly KarmanEdge Inc.)*	10.0	10.0	1,815	1,749
Asiacom Philippines, Inc. (Asiacom)*	60.0	60.0	1,771	1,688
Cebu District Property Enterprise, Inc. (CDPEI)*	50.0	50.0	1,699	1,704
Bonifacio Land Corporation (BLC)	10.0	10.0	1,553	1,528
Ingrid Power Holdings, Inc. (Ingrid)	50.0	50.0	1,105	969
Maibarara Geothermal, Inc.	25.0	25.0	964	910
Alveo-Federal Land Communities, Inc. (Alveo-Federal)*	50.0	50.0	554	556
Manila Water Company, Inc. (MWC)**	—	22.6	—	13,656
Foreign:				
ACEHI Netherlands B.V. (ACEHI Netherlands) (incorporated in Netherlands)	75.8	75.8	12,933	12,668
UPC Power Solutions LLC (UPC Power) (incorporated in the USA)	83.3	83.3	2,847	563
Solar NT Holdings Pte. Ltd. (SUPER) (incorporated in Singapore)	49.0	49.0	2,528	2,558
BIM Renewable Energy Joint Stock Company (BIMRE) (incorporated in Vietnam)*	30.0	30.0	1,999	1,861
Others (net of allowance for impairment)	Various	Various	3,477	6,117
			<b>₱394,541</b>	<b>₱353,964</b>

\*Joint ventures

\*\*In May 2024, Ayala, MHI, and Philwater executed several transactions divesting their legal title over their shares in MWC. Post-completion of these transactions, Ayala will no longer hold common shares of MWC and its voting stake in MWC will be nil (0%) as a result of the block sale and voting proxy to be issued in favor of Trident vis-à-vis the MWC preferred shares but Philwater will continue to receive dividends on its sold MWC preferred shares which will be paid on an installment basis, until it received full payment.

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's investments in associates and joint ventures is in the Philippines.

Except as discussed in subsequent notes, the voting rights held by the Group in its investments in associates and joint ventures are in proportion to its economic ownership interest.

The following are financial highlights and significant transactions of associates and joint ventures, part of which affected the Parent Company's investments in its associate and joint venture:

## BPI Group

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Millions)	
Total resources	₱3,177,374	₱2,888,372
Total liabilities	2,741,753	2,529,002
Equity		
Attributable to owners of the parent	433,341	357,204
Attributable to non-controlling interest	2,279	2,166
Revenue	48,541	37,634
Net income		
Attributable to owners of the parent	17,421	13,466
Attributable to non-controlling interest	79	47
Other comprehensive income (loss)	9,342	(294)

\*Based on unaudited September 30, 2023

### 1. BPI-Robinsons Bank Corporation (RBC) merger

On January 1, 2024, BPI and RBC closed their merger, with BPI as the surviving bank, which became effective after securing the requisite corporate and regulatory approvals. On the same date, BPI issued 314.00 million common shares to the shareholders of RBC pursuant to the Plan of Merger agreement. This resulted to calculated dilution gain amounting to ₱4.2 billion in the unaudited interim consolidated statements of income for the period ended September 30, 2024.

### 2. US\$400 million 5-year Reg S senior unsecured notes

On March 19, 2024, BPI successfully tapped the international capital markets with a public USD bond issuance for the first time since 2019, with its offering of US\$400 million 5-year Reg S senior unsecured notes ("Notes"). The Notes were issued under BPI's US\$3 billion Medium Term Notes Programme, and the net proceeds will be used for refinancing and general corporate purposes. The 5-year Notes were priced at U.S. Treasury spread of T+105 basis points (bps) with a coupon of 5.25%, representing the tightest ever spread on a 5-year bond from a non-sovereign Philippine issuer. The Notes are rated Baa2 by Moody's.

### 3. Sale of GoTyme Bank shares

On March 20, 2024, BPI's BOD approved the sale of its 752,056,290 common shares in GoTyme Bank Corporation (GoTyme Bank) to GoTyme Financial Pte Ltd. (744,099,587 common shares) and Giga Investment Holdings Pte. Ltd., (7,956,703 common shares) at ₱1.20 per share, subject to BSP approval. The GoTyme Bank shares were acquired by BPI pursuant to the merger between BPI and RBC with BPI as the surviving bank.

On April 1, 2024, Deeds of Absolute Sale of Shares covering the abovementioned sale of GoTyme Bank shares were signed by the authorized representatives of BPI.

### 4. Change of stock transfer agency

On March 20, 2024, the BPI's BOD approved the change in stock transfer agency from BPI Stock Transfer Agency (BPI STA) to Stock Transfer Service, Inc. effective May 1, 2024. The engagement with BPI STA will be terminated effective end of day of April 30, 2024.

### 5. 2024 Employee Stock Purchase Plan

On April 17, 2024, BPI's BOD approved the 2024 employee stock purchase program pursuant to the Employee Stock Purchase Plan under Article Seventh of BPI's Articles of Incorporation. The 2024 program authorizes the grant to qualified participants at a subscription price to be determined on or prior to grant date based on 15% discount to Volume Weighted Average Price (VWAP). The program is subject to the approval of the SEC and to listing of the shares with the PSE.

On June 20, 2024, BPI issued and outstanding shares increased by 12,893,860 additional shares representing issuance of its common shares pursuant to its 2024 Executive Stock Purchase Plan.



6. *BPI Sustainable, Environmental, and Equitable Development Bonds (“BPI SEED Bonds”)*

On July 4, 2024, BPI announced its intention to offer and issue ₱5.0 billion Peso-denominated fixed-rate ASEAN Sustainable Bonds due 2026 (the “Sustainable Bonds”), with an option to upsize, as the third tranche of its ₱100.0 billion Bond Program, approved by its BOD on May 18, 2022 (the “Offer”). The 1.5-year Peso-denominated Fixed-Rate Bonds due 2026 called BPI SEED Bonds will be issued at par value, bearing an interest rate of 6.2% per annum, paid quarterly.

On July 31, 2024, BPI announced its decision to shorten the public offer period for its 1.5-year Peso-denominated fixed-rate BPI SEED Bonds. The Offer, which was originally set to run from July 19 to August 2, 2024, closed early on August 1, 2024.

On August 9, 2024, BPI issued and listed its BPI SEED Bonds in the aggregate principal amount of ₱33.70 billion, comprising the third tranche of its ₱100.00 billion Bond Program.

7. *Dividends declaration*

On May 15, 2024, BPI’s BOD approved the declaration of a cash dividend of ₱1.98 per common share for the first semester of 2025.

The dividends received by the Parent Company from BPI amounted to ₱3.0 billion and ₱2.3 billion for the periods ended September 30, 2024 and 2023 (both unaudited), respectively.

The fair value of BPI shares held by the Parent Company amounted to ₱218.3 billion and ₱167.8 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The effective voting rights held by the Parent Company in BPI is 30.7% and 32.7% as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively.

LHI

On January 13, 2023, Arran Investment Pte. Ltd. (Arran) completed the redemption of 31,154,709 redeemable preferred shares in LHI, a joint venture company between the Parent Company and Arran, and the sale of its remaining 10,384,903 redeemable preferred shares in LHI to Robinsons Retail Holdings, Inc. (RRHI). Effective on the same date, Arran, LHI, and the Parent Company terminated their existing Shareholders’ Agreement while RRHI, LHI and the Parent Company entered into a new Shareholder’s Agreement to govern their relationship as well as the conduct of the business and management of LHI, resulting in LHI becoming a joint venture company between the Parent Company and RRHI. This resulted to an increase in economic ownership interest in LHI to 93.4%. This transaction did not affect the Parent Company’s 15.6% effective economic interest in BPI held indirectly through LHI as of December 31, 2023.

This transaction resulted in an increase in the share in the income in LHI amounting to ₱4.0 billion and a ₱3.6 billion dilution loss on the change in interest of the Parent Company resulting to a net gain of ₱462.0 million in the Group’s consolidated statement of income for the year ended December 31, 2023 (audited).

As of September 30, 2024 (unaudited) and December 31, 2023 (audited), LHI owns 755.5 million of BPI representing a direct ownership interest in BPI of 16.6%. The Parent Company and GIC Special Investments Pte. Ltd., the entity controlling Arran Investment Pte. Ltd., as joint venture partners, agreed to vote its BPI shares based on the common position reached jointly by them as shareholders.

On June 28, 2024, the BOD of LHI approved the declaration of cash dividends to stockholders of record date as of June 28, 2024 amounting to ₱815.0 million and paid on July 12, 2024.

The dividends received by the Parent Company from LHI amounted to ₱0.8 billion and ₱1.1 billion for the periods ended September 30, 2024 and 2023 (both unaudited), respectively.

The fair value of BPI shares held by LHI amounted to ₱111.2 billion and ₱85.5 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The effective voting rights held by the Group in LHI is equal to 95.5% as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

## Globe Group

	September 2024 (Unaudited)	December 2023 (Audited)	
	(in Millions)		
Current assets	<b>P77,540</b>	P86,924	
Non-current assets	<b>551,379</b>	524,704	
Current liabilities	<b>125,238</b>	142,560	
Non-current liabilities	<b>334,601</b>	309,142	
Equity			
Attributable to owners of the parent	<b>169,046</b>	159,869	
Attributable to non-controlling interest	<b>32</b>	58	
Revenue	<b>134,744</b>	133,792	*
Net income			
Attributable to owners of the parent	<b>20,575</b>	19,293	*
Attributable to non-controlling interest	<b>(19)</b>	71	*
Other comprehensive income (loss)	<b>(342)</b>	123	*

\*Based on unaudited September 30, 2023

### 1. *Appointment of new Corporate Secretary*

On April 5, 2024, Globe disclosed the appointment of Atty. Maria Franchette M. Acosta as their Corporate Secretary, effective April 4, 2024, to replace Atty. Solomon M. Hermosura, who has resigned and transitioned to government service as disclosed on February 26, 2024.

### 2. *Sale and leaseback of tower assets*

In 2022, Globe signed three sale and leaseback agreements with three tower companies consisting of 7,059 telecom towers and related passive telecom infrastructure. On May 7, 2023, Globe signed another sale and leaseback agreement with a fourth tower company consisting of 447 telecom towers and related passive telecom infrastructure.

The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred.

The leaseback arrangements for those telecom towers sold took effect at the date of sale.

During the period until the date of this report, Globe completed the sale of tower assets as follows:

- a. To Phil-Tower Consortium, Inc. (PhilTower):
  - on February 7, 2024 of 100 towers for approximately P1.5 billion,
  - on April 16, 2024 of 90 towers for approximately P1.3 billion,
  - on May 10, 2024 of 100 towers for approximately P1.5 billion, and
  - on June 21, 2024 of 48 towers for approximately P0.7 billion.
- b. To MIESCOR Infrastructure Development Corporation (MIDC):
  - on March 14, 2024 of 154 towers for approximately P 1.9 billion,
  - on April 26, 2024 of 181 towers for approximately P2.2 billion, and
  - on June 28, 2024 of 140 towers for approximately P1.7 billion.
- c. To Frontier Tower Associates Philippines, Inc. (FTAP):
  - on March 25, 2024 of 91 towers for approximately P1.2 billion,
  - on June 28, 2024 of 187 towers for approximately P2.4 billion, and
  - on July 23, 2024 of 1,037 towers for approximately P13.2 billion.

As of September 30, 2024, Globe has completed the sale of 6,628 telecom towers representing 88% of the total towers portfolio subject to sale.

### 3. *Network-related updates*

- a. Globe has activated a segment of the Philippine Domestic Submarine Cable Network (PDSCN) from Luzon to Mindanao, signaling the start of on-ground connections to serve more customers.
- b. Through a partnership sealed in February 2022, Globe and Converge embarked on its first joint project in 2022: a co-build spanning 137 kilometers from Pili, Camarines Sur, to Legazpi City, Albay. A second co-build project in Leyte Province began in the third quarter

of 2023, spanning 209 kilometers to connect Tacloban and Maasin via Baybay, it is currently 80% complete and is expected to conclude by the third quarter of 2024.

4. *Dividends declaration and dividend policy*

On February 6, 2024, the BOD of Globe approved the following:

- a. The declaration of first quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of February 21, 2024. Total dividends amounting to ₱3.6 billion were paid on March 7, 2024.
- b. The proposed change in the dividend policy to 60% to 90% (from 60% to 75%) of prior year's core net income, to be applied starting the 2024 dividend declaration.

On May 14, 2024, Globe's BOD approved the declaration of the second quarter cash dividend of ₱25.00 per common share, to common stockholders of record as of May 28, 2024 were paid on June 13, 2024.

On August 6, 2024, Globe's BOD approved the declaration of the third quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of August 20, 2024. Total dividends amounting to ₱3.6 billion were paid on September 5, 2024.

The dividends received by the Parent Company from Globe amounted to ₱3.3 billion for the periods ended September 30, 2024 and 2023 (both unaudited).

The fair value of Globe shares held by the Parent Company amounted to ₱100.7 billion and ₱76.1 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The effective voting rights held by the Group in Globe is 46.0% as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

MWC Group

1. *MWPVI-Cebu Water water supply contract*

On January 17, 2024, MWPVI submitted all requirements on the bidding conducted by MCWD for the new bulk water supply contract. MWPVI will deliver water to MCWD by leasing the facilities of Cebu Water.

On January 25, 2024, a Notice of Award was issued by MCWD to MWPVI on the supply and delivery of potable bulk water.

2. *Sale of investment in Cu Chi Water Supply Sewerage Company Ltd. (Cu Chi Water)*

On January 9, 2024, Manila Water South Asia Holdings Pte. Ltd.'s (MWSAH) BOD approved the disposal of its investment in Cu Chi Water. On January 16, 2024, the divestment to the buyer was completed. Accordingly, on the same date, MWSAH reclassified its investment in Cu Chi as an "asset held for sale" since it expected that the divestment will be completed within the year.

3. *Manila Water Asia Pacific Pte. Ltd. (MWAP) term loan*

On March 1, 2024, MWAP signed a USD110.0 million 3-year term loan facility with Mizuho Bank – Singapore Branch and ING N.V. Singapore. The proceeds of the loan will be used to refinance existing debt.

4. *Manila Water Infratech Solutions Corp. (MWIS) equity restructuring*

On January 31, 2024, the SEC approved MWIS' application for decrease in authorized capital stock from ₱1,000,000,000 divided into 600,000,000 common share of the par value of ₱1.00 each and 400,000,000 redeemable preferred shares of the par value of ₱1.00 each, to ₱350,875,309 divided into 210,525,185 common shares of the par value of ₱1.00 each and 140,350,124 redeemable preferred shares of the par value of ₱1.00 each.

5. *Tariff adjustments*

On various dates during the period ended June 30, 2024, MWC and its subsidiaries (Laguna Water, Boracay Water, Clark Water, Estate Water, Aqua Centro, and Bulacan Aqua Estate) implemented tariff adjustments ranging from ₱6.40 to ₱14.50 per cubic meter.

6. *MWPVI acquisition of 70% of the outstanding capital stock of Equipacific HoldCo Inc. (EHI)*  
On April 17, 2024, MWPVI entered into a share purchase agreement with Equi-Parco Holdings Corporation, Metropac Water Investments Corporation, and TwinPeak Hydro Resources Corporation for the sale and purchase of their 30%, 30%, and 10% interest, respectively, in EHI, equivalent to a total of 315.02 million shares. The purchase price is ₱3.65 per share resulting in a total purchase price of ₱1,150 million.

EHI is an investment company which holds ninety percent (90%) of the outstanding shares of Laguna Water District Aquatech Resources Corporation (LARC), a joint-venture company formed for the rehabilitation, improvement, expansion, operation, and maintenance of the water supply system of the Laguna Water District in the towns of Los Baños, Bay, Calauan, Victoria and Nagcarlan in the Province of Laguna. Accordingly, MWPVI's effective interest in LARC as of the acquisition date is 63%.

7. *Vesting of shares under Stock Incentive Plan (SIP)*  
On April 15 and 26, 2024, MWC transferred 1,236,043 and 1,060,978 shares from its treasury shares to its SIP grantees/participants after having vested pursuant to the SIP.
8. *Dividends declaration*  
On February 29, 2024, MWCI's BOD approved the declaration of cash dividends amounting to ₱1.129 per outstanding common share, ₱0.113 per outstanding unlisted participating preferred share, and accumulated fixed cash dividends of ₱0.01 outstanding unlisted participating preferred share. For common and participating preferred shares, the record date was March 18, 2024 and was paid on April 12, 2024.

The dividends received by the Parent Company from MWC amounted to ₱0.7 billion and ₱0.5 billion for the periods ended September 30, 2024 and 2023 (both unaudited), respectively.

9. *Sale of MWC*  
On May 16, 2024, Ayala's Executive Committee, in the exercise of its authority under Ayala's By-Laws, approved the following transactions, for its own and as stockholder: (a) the sale by Ayala of its 576,997,467 common shares in MWC to Trident Water Company Holdings, Inc. (Trident) at a purchase price of not less than ₱21.00 per share; (b) the sale by its wholly-owned subsidiary, Michigan Holdings, Inc. (MHI) of its 1,000,000 MWC common shares to Trident at a purchase price of not less than ₱21.00 per share; (c) the sale by its wholly-owned subsidiary, Philwater Holdings Company, Inc. (Philwater) of its 872,487,863 MWC preferred shares to Trident at a purchase price of not less than ₱1.70 per share with annual payments from 2024 to 2029; and (d) the execution by Philwater of a proxy over its MWC preferred shares in favor of Trident. The transactions were executed on May 17, 2024. Post-completion of these transactions, Ayala will no longer hold common shares of MWC and its voting stake in MWC will be nil (0%) as a result of the block sale and voting proxy to be issued in favor of Trident vis-à-vis the MWC preferred shares, but Philwater will continue to receive dividends on its sold MWC preferred shares which will be paid on an installment basis, until it receives full payment.

This transaction resulted to a gain of ₱0.6 billion (excluding related expenses and taxes on the sale) in the unaudited interim condensed consolidated statements of income for the period ended September 30, 2024.

The fair value of the MWC shares held by the Group amounted to ₱10.8 billion as of December 31, 2023 (audited). The voting rights held by the Group in MWC is nil and 21.99% as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively.

#### IPO

The dividends received from IPO amounted to ₱66.5 million for the periods ended September 30, 2024 and 2023 (both unaudited).

The fair value of IPO shares held by the Parent Company amounted to ₱1.9 billion and ₱2.5 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively. The effective voting rights held by the Group in IPO is 33.5% as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

### CDPEI

On June 14, 2024, ALI entered into a share sale and purchase agreement with Aboitiz Land, Inc. and Aboitiz Equity Ventures for the acquisition of their combined 50% equity interest in CDPEI resulting in ALI's 100% ownership stake in the entity (see Note 3). The transaction is subject to regulatory approvals.

### Mynt

On August 1, 2024, Mynt secured fresh strategic investments from AC, through its wholly-owned subsidiary, AC Ventures, and Mitsubishi UFJ Financial Group (MUFG), through its consolidated subsidiary, MUFG Bank Ltd. (see Note 3). The deal pushed Mynt's valuation to \$5 billion from the \$2 billion valuation in the 2021 funding round. The deal is subject to the execution of definitive transaction documents and satisfaction of customary closing conditions.

### Others

#### *Barito Renewable*

On December 15, 2023, ACEN (through ACEN Investments HK Limited or ACEN HK), a subsidiary of ACRI, and Barito Renewables (through PT Barito Wind Energy or "Barito Wind") signed a Sale and Purchase Agreement with UPC Renewables Asia Pacific Holdings for the acquisition of late-stage wind development assets in Indonesia.

On January 3, 2024, with all conditions having been satisfied under the Sale and Purchase Agreements, transaction Closing was achieved by the parties and ACEN HK completed the acquisition of shares in the three late-stage wind development assets, with a combined potential capacity of 320 MW, that are located in South Sulawesi (Sidrap 2), Sukabumi and Lombok provinces in Indonesia, at an acquisition price that is less than 10% of the book value of ACEN.

Following the signing of the respective Share Transfer Deeds, Barito Wind will own 51% of the three development assets, while ACEN HK will own the remaining 49%. Total investment cost amounted to US\$5.82 million (P341.27 million) and accounted for as investment in associates and joint venture and development loans amounting to US\$11.27 million (P660.29 million).

#### *BrightNight APAC B.V (BrightNight APAC)*

On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar Energy Corporation (Paivatar), signed a Shareholders' and Investment agreement with BrightNight APAC B.V for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines.

BrightNight APAC subscribed to 0.42 million common shares with P1.00 par value and 0.56 million redeemable preferred shares with P100.00 par value. Total subscription amounted to P56.39 million for 40% and 50% voting and economic interest, respectively. Further to the transaction, BrightNight Philippines B.V. (BrightNight PH), an affiliate of BrightNight APAC, assigned ownership investment in Jord Energy Corp and Renovable Earth Corp. in favor of Paivatar. ACEIC's 50% retained interest in Paivatar was accounted for as a joint venture starting March 8, 2024.

#### *Gogoro Philippines, Inc. (Gogoro)*

On June 5, 2023, 917Ventures, Inc., Gogoro Network Pte. Ltd, and the Parent Company formed Gogoro, a joint venture company established to engage in, operate, conduct, and maintain the business of importing, selling, distributing, operating, managing, and maintaining two-wheeled and three-wheeled electric vehicles, for retail, and battery-swapping stations, and to provide after-sales services. Globe owns 49% of Gogoro.

#### *Joleco Resources, Inc. (St Joseph Drugstore)*

On July 18, 2024, AHCHI Pharma Ventures, Inc. (APV), a subsidiary of AC Health, formally closed its purchase of the 49% investment in St Joseph Drugstore composed of 20,170 common shares with total purchase price of P1,225.00 million. St Joseph Drugstore is a North-Luzon based pharmaceutical company with 112 stores mainly concentrated in the Ilocos Region.

### LPMC

On January 26, 2024, LPMC submitted the invoices for its 34th Balancing Payment amounting to P204.00 million. This includes claims for fare deficit, EPC escalation costs, delay in common station

and other payments in the Concession Agreement, net of the Concession Fee payments and KPI charges.

*North Luzon Renewable Energy Corp. (NLR)*

On March 25, 2024, ACEN signed a subscription contract with NLR for the additional subscription by ACEN to 49,540 Redeemable Preferred Shares C at par value of ₱10,000.00 per Preferred C of NLR, for a total subscription price of ₱495.40 million, to be issued out of the increase of NLR's authorized capital stock. As of September 30, 2024, total subscription paid amounted to ₱495.40 million.

*Philippine Wind Holdings Corp. (PhilWind)*

On March 25, 2024, ACEN signed a subscription contract with PhilWind for the additional subscription by ACEN to 50,446 Redeemable Preferred Shares A-3 ("RPS A-3") at par value of ₱10,000.00 per RPS A-3 of PhilWind, for a total subscription price of ₱504.46 million, to be issued out of the increase of PhilWind's ACS. As of September 30, 2024, total subscription paid amounted to ₱504.46 million.

The additional subscription in NLR and PhilWind will be used by NLR as additional funding for the construction and completion of the 70MW wind farm in Pagudpud, Ilocos Norte (wind project referred to as Capa Wind 2).

*PT UPC Sidrap Bayu Energi (SBE)*

On March 29, 2024, ACRI, together with its joint venture partners, signed a Share Purchase Agreement with PT Barito Wind Energy (BWE), for the sale of SBE, through sale of ownership of UPC Renewables Asia III Limited (Asia III), UPC Sidrap (HK) Limited (Sidrap (HK)), and Sunedison Sidrap B.V. (external party) in SBE.

On April 2, 2024, the sale transaction was completed upon receipt of total consideration of US\$101.90 million, of which US\$58.68 million (₱3,439.50 million) is allocated to ACRI.

On April 8, 2024, Asia III and Sidrap (HK) upstreamed the proceeds of sales allocated to ACRI through shareholder loan amounting to \$56.14 million and \$2.55 million, respectively.

Asia III and Sidrap (HK) recognized a gain on sale of SBE shares amounting to US\$62.50 million and US\$18.33 million, respectively.

On June 29, 2024, the BOD of Asia III approved the redemption of Redeemable Class A Preferred Shares (RPS Class A), accounted as investment in redeemable preferred shares, through distributable profits and capital reduction. The redemption was offset against the existing shareholder loan of Asia III to ACRI, together with outstanding interest receivable from investment in redeemable preferred shares. Any interest in RPS Class A ceased as of date of the resolution.

Management determined that the sale of the SBE shares resulted in a write-down of the investment in joint venture (Asia III) and investment in Sidrap (HK), accounted at financial assets at fair value through other comprehensive income, due to the absence of the underlying asset.

The series of transaction resulted in net gain of US\$22.65 million (₱1,329.95 million), through various forms as follows:

Transactions	In US\$	In PHP
	In Thousands	
<i>Asia III's gain on sale of Sidrap shares</i>		
ACRI's share in divestment gain, accounted as part of equity in net income of joint venture	\$6,250	₱366,950
<i>Gain (loss) related to redemption of Asia III's shares</i>		
Gain on redemption of investment in redeemable preferred shares	\$22,263	₱1,306,937
Loss on write-down from disposal of investment in joint venture	(8,324)	(488,677)
Gain on offsetting intercompany balances	2,464	144,642
Gain on disposal of investment - net	\$16,403	₱962,902
	\$22,653	₱1,329,852

As of September 30, 2024, ACRI's outstanding investments amounted to US\$2.19 million (P128.18 million) in Redeemable preferred shares (Asia III), while nil for both interest in joint venture (Asia III) and financial asset at FVOCI (Sidrap HK). The remaining shareholder loan amounted to US\$5.84 million (P327.46 million) from Asia III and US\$3.02 million (P169.29 million) from Sidrap HK.

*Real Wind Energy Inc. (RWEI)*

On March 22, 2024, ACEIC and Modern Energy Management Pte. Ltd. (MEM) signed an Asset and Share Sale and Purchase Agreement and Deed of Absolute Sale wherein ACEIC purchased from MEM the 40% of issued and outstanding shares in RWEI. RWEI is currently developing its proposed wind energy projects in Real, Quezon.

On August 1, 2024, ACEIC, through ACEN, acquired additional shares representing 60% ownership, thereby acquiring control over RWEI (see Note 3).

*RETC LLC*

On May 1, 2024, Bestfull sold its 30% stake in RETC, a US investment in solar and battery testing and certification, at a price of US\$1.0 million to VDE. US Holdings Inc. (VDE). Prior to the sale, VDE held 70% ownership in RETC.

*The Blue Circle Pte. Ltd (TBC)*

On September 27, 2023, ACEIC entered into a Framework Agreement with TBC to effectively reduce ACEIC's capital deployed in Dai Phong and Hong Phong 1 Wind projects in Vietnam. This is to effectively make the projects effectively a true 50-50 joint venture in terms of funding. Salient points of the agreement are as follows:

- 50% of outstanding principal and accrued interest of bridge loan facility will be repaid at carrying value.
- 50% of outstanding principal and accrued interest long-term convertible facility will be repaid at a premium of US\$7.00 million (P398.18 million).
- Premium will be paid via redemption of common shares of ACEN Vietnam Investments 2 Pte. Ltd. (ACEV2), which is subject to regulatory approval coming from Vietnam Competition Commission. ACEV2 is the subsidiary of ACEIC that entered into a joint venture agreement with TBC to construct the Vietnam wind projects.

Principal and accrued interest of bridge loan and long-term convertible loan facility was repaid September 2023. The cost of common shares redeemed amounted to US\$0.002 million.

On March 6, 2024, the Vietnam Competition Commission issued its approval of shares redemption and transfer of common share ownership, consequently, gain on early extinguishment of convertible loan was recognized amounting to US\$6.97 million (P389.18 million). The transfer of common share ownership occurred on March 22, 2024.

<i>In Thousands</i>	In US\$	In PHP
Total consideration	\$38,921	P2,173,391
Carrying value of convertible loan and accrued interest	31,952	1,784,209
Gain on sale	\$6,969	P389,182

*Unlimited Renewables Holdings, B.V. (URH)*

On January 2, 2024, ACEIC, through its subsidiary, ACEN Renewables International Pte. Ltd. (ACRI) completed its investment in URH by infusing US\$50.00 for acquisition of 50 shares of URH from UPC India Pte. Ltd. (UPCI) and US\$2.69 million (P151.02 million) for subscription for 2,674 ordinary shares of URH.

## 11. Intangible Assets and Deferred Tax Assets

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Intangible assets	<b>P40,478,400</b>	P40,424,326
Deferred tax assets - net	<b>P20,627,826</b>	P19,460,490

Intangible assets include goodwill, customer relationships, unpatented technology, intellectual properties, developed software, licenses, trademarks, project development cost, and leasehold and other rights. As of September 30, 2024, this amount is net of impact of VIA's impairment amounting to USD15.6 million or P0.9 billion (see Note 3 and Section 2.8).

Deferred tax assets (DTA) include DTA on difference between tax and book basis of accounting for real estate transactions, lease liability, accrued expense, among others.

## 12. Investment Properties and Property, Plant and Equipment

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Investment properties <sup>1</sup>	<b>P257,393,591</b>	P242,484,670
Property, plant and equipment - net <sup>1</sup>	<b>P174,728,825</b>	P149,054,722

### Investment properties

The account consists of investments in land, building, and construction-in-progress, net of accumulated depreciation and amortization and impairment loss:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Land	<b>P66,880,091</b>	P60,648,808
Building	<b>127,840,120</b>	117,685,830
Construction-in-progress	<b>62,673,380</b>	64,150,032
	<b>P257,393,591</b>	P242,484,670

- a) Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its own use and benefit.
- b) Construction in progress pertains to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally ranges from three years to five years and depends heavily on the size of the assets.

### Property, plant and equipment

This account consists of:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Land, buildings and improvements	<b>P16,430,671</b>	P20,977,744
Plant, machinery and equipment	<b>45,238,869</b>	22,660,985
Hotel property and equipment	<b>8,758,638</b>	10,033,953

<sup>1</sup> The Group performs regular valuation of Investment Properties and Property, Plant and Equipment by professional independent appraiser namely: Cuervo Appraisers, Inc., Santos Knight Frank, Asian Appraisal, Colliers International and Aviso Valuation & Advisory Corp.



	<b>September 2024 (Unaudited)</b>	December 2023 (Audited)
	(in Thousands)	
Furniture, fixtures and equipment	<b>13,158,574</b>	8,968,775
Transportation equipment	<b>3,155,005</b>	3,475,335
Construction-in-progress	<b>87,987,068</b>	82,937,930
	<b>P174,728,825</b>	P149,054,722

Total additions to property, plant and equipment and investment properties amounted to P50,344.7 million for the period ended September 30, 2024. Meanwhile proceeds from disposal of property, plant and equipment and investment properties amounted to P1,298.8 million for the same period.

The Group's additions to property, plant and equipment include capitalization of eligible borrowing costs at various capitalization rates.

The Group recognized gains from disposal and retirement of certain machinery and facilities equipment, furniture and fixtures, and tools and instruments and booked under the "Other income" account. Also, the Group recognized impairment provisions for certain plant, machineries and equipment under "General and administrative expenses (GAE)" in the unaudited interim consolidated statements of income including the impact of VIA's impairment amounting to USD5.4 million or P0.3 billion (see Note 3 and Section 2.8).

Certain property, plant, and equipment of the Group have been pledged as security for its obligations.

As of September 30, 2024 (unaudited) and December 31, 2023 (audited), ACEIC's property, plant, and equipment with carrying value of P5.9 billion and P6.0 billion, respectively, were mortgaged as security for the long-term loan of the ACEIC Group (see Note 15).

### 13. Accounts Payable and Accrued Expenses

This account consists of the following:

	<b>September 2024 (Unaudited)</b>	December 2023 (Audited)
	(in Thousands)	
Accounts payable	<b>P136,168,575</b>	P132,709,612
Taxes payable	<b>24,284,569</b>	25,157,368
Accrued expenses		
Personnel costs	<b>6,879,284</b>	6,824,748
Professional and management fees	<b>2,654,221</b>	2,628,534
Rental and utilities	<b>1,887,597</b>	2,215,890
Repairs and maintenance	<b>1,221,396</b>	1,062,308
Advertising and promotions	<b>377,606</b>	554,007
Various operating expenses	<b>6,228,140</b>	7,859,172
Interest payable	<b>7,332,557</b>	6,967,886
Liability for purchased land	<b>6,480,780</b>	7,508,478
Retentions payable	<b>5,445,624</b>	5,077,135
Related parties (Note 21)	<b>4,023,183</b>	4,814,623
Dividends payable (Note 16)	<b>26,297</b>	2,388,389
Property dividends payable	<b>133,230</b>	991,387
	<b>P203,143,060</b>	P206,759,537

Accounts payable and accrued expenses are non-interest bearing and are normally settled on 15- to 60-day terms. Other payables are non-interest bearing and are normally settled within one year.

Accrued project costs are billings not yet received from suppliers for direct materials and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead and provision for repairs and maintenance.

Accrued various operating expenses include accruals for supplies, commissions, transportation and travel, insurance, representation, dues and fees and others.

Taxes payable consists of output VAT, withholding taxes, business taxes, capital gains tax and other statutory payables,

Interest payable pertains to interest incurred on bank loans and fixed bonds but not yet paid.

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

Dividends payable pertains to cash and property dividends declared but not yet paid and distributed, respectively.

Retention payable pertains to the amount withheld by ALI Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Property dividends pertain to the declaration of property dividends in 2022 consisting of the ACEN shares acquired from ACEIC by the Parent Company to be distributed to its common shareholders (see Note 16).

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#### 14. Other Current and Noncurrent Liabilities

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Other current liabilities	<b>P35,671,148</b>	P39,124,504
Other noncurrent liabilities	<b>P56,115,720</b>	P49,472,112

Other current liabilities include the following:

- Deposits pertain to security and customers' deposits. Security deposits are normally equivalent to three (3) to six (6) months' tenant's rent with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.
- Nontrade payables pertain mainly to non-interest-bearing real estate-related payables to contractors and various non-trade suppliers which are due within one year.
- Contract liabilities include short-term advances received to render manufacturing services. Contract liabilities are recognized as revenue when the Group performs under the contract.

Other noncurrent liabilities include the following:

- Deposits and deferred credits  
Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties. Security deposits are equivalent to three (3) to six (6) months' rent of long-term tenants with non-cancellable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. This also includes customers' deposits which consist of excess of collections over the recognized receivables based on percentage of completion. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and

transfer taxes. Payments made by ALI Group for the processing of title are charged to this account.

- b. Liability for purchased land  
Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired during the year. These are normally payable in quarterly or annual installment payments within three (3) or five (5) years.
- c. Contractors payable  
Contractors payable represents accrued costs incurred for property development that are not yet billed.
- d. Retentions payable  
Retentions payable pertains to amount withheld by the Group from the contractors' billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in projects requiring rework.
- e. Deferred output VAT  
Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.
- f. Subscriptions payable  
Subscription payable mainly pertains to ALLHC's investment in Cyber Bay.
- g. Others  
Others include nontrade payables.

## 15. Short-term and Long-term Debt

These accounts consist of the following:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Short-term debt:		
Philippine Peso debt with various interest rates	<b>P75,129,105</b>	P35,852,099
Foreign currency debt with various interest rates	<b>13,072,990</b>	14,019,395
	<b>P88,202,095</b>	P49,871,494
Long-term debt:		
The Parent Company:		
Philippine Peso debt with various interest rates	<b>P50,125,871</b>	P51,883,694
Philippine Peso bonds	<b>30,864,038</b>	34,805,561
	<b>80,989,909</b>	86,689,255
Subsidiaries:		
Loans from banks & other institutions:		
Philippine Peso with various interest rates	<b>172,186,201</b>	156,784,394
Foreign currency with various interest rates	<b>79,906,787</b>	45,185,110
Foreign currency bonds	<b>108,269,009</b>	126,840,866
Philippine Peso bonds	<b>106,093,528</b>	124,472,619
	<b>466,455,525</b>	453,282,989
	<b>547,445,434</b>	539,972,244
Less current portion	<b>33,720,246</b>	49,461,151
Noncurrent portion	<b>P513,725,188</b>	P490,511,093

For the period ended September 30, 2024 (unaudited), total proceeds from availments of short-term and long-term debt amounted to P265.4 billion which consists mainly of proceeds from loans of AC (P52.0 billion), ALI (P139.2 billion), ACEIC (P58.0 billion), AYCFL (P5.8 billion), AC Health (P0.9 billion), AC Industrials (P8.9 billion), and AC Logistics (P0.6 billion); while payments of short-term and long-term debt amounted to P221.1 billion which mainly pertains to loan payment of AC

(P38.3 billion), ALI (P127.7 billion), ACEIC (P34.5 billion), IMI (P3.2 billion), AYCFI (P2.8 billion), AC Infra (P2.8 billion), AC Industrials (P10.9 billion), and AC Health (P0.7 billion).

The Group has short-term and long-term debt payable to BPI amounting to P65.3 billion and P52.9 billion as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively (see Note 21). Interest expense incurred from these debts amounted to P1.9 billion and P1.5 billion for the periods ended September 30, 2024 and 2023 (both unaudited), respectively (see Note 21).

Loans availed during the period ended September 30, 2024 have varying interest rates and maturity dates. Proceeds of loans were used for operating requirements, capital expenditures and certain investment acquisitions (see Note 3).

#### Parent Company

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

Generally, the Parent Company's long-term loans are unsecured. Due to certain regulatory constraints in the local banking system regarding loans to directors, officers, stockholders and related interest, some of the Parent Company's credit facilities with a local bank are secured by shares of stock of a subsidiary in accordance with BSP regulations. All credit facilities of the Parent Company outside of this local bank are unsecured, and their respective credit agreements provide for this exception.

#### *Short-term and long-term debt availment and payment*

On January 5, 2024, the Parent Company upon full payment of its short-term loan with a local bank amounting to P5.0 billion, availed of another short-term loan with the same bank for the same amount at a fixed rate of 6.0% p.a. with maturity on June 26, 2024.

On various dates in February 2024, the Parent Company made partial payment of one of its long-term loans amounting to P0.2 billion.

On March 19, 2024, the Parent Company availed of P6.0 billion and P2.0 billion short-term loans from two local banks, both maturing in 92 days at a fixed rate of 5.94% p. a. In March 2024, the Parent Company fully paid one of its short-term loans amounting to P4.0 billion.

On various dates in June 2024, the Parent Company availed of short-term loans with two local banks amounting to P6.0 billion and P4.5 billion, all maturing in 90 days at a fixed rate of 6% p.a.

On April 30, 2024, the Parent Company made partial payment amounting P0.9 billion of one of its long-term loans.

In May 2024, the Parent Company partially paid a long-term loan amounting to P0.1 billion.

On various dates in June 2024, the Parent Company fully paid two of its short-term loans amounting to P6.0 billion and P7.0 billion.

On July 26, 2024, the Parent Company availed of a short -term loan amounting to P3.0 billion maturing in 90 days at a fixed rate of 6.0% p.a.

On various dates in August 2024, the Parent Company availed of short-term loans with three local banks amounting to P6.5 billion, P1.0 billion, and P7.5 billion, all maturing in 90 to 91 days at fixed rates ranging from 5.75% to 7.25% p.a. During the same month, the Parent Company made partial principal payments on its long-term loans for a total amount of P623.8 million.

On various dates in September 2024, the Parent Company availed short-term loans with two local banks amounting to P4.5 billion and P6.0 billion, maturing in 52 to 90 days at fixed rates of 5.75% and 5.87%, respectively. During the same month, the Parent Company made partial payments of its short-term loans with the same local banks amounting to P6.0 billion and P4.5 billion.

For the period ended September 30, 2024, the Parent Company rolled over, at their respective maturity dates, foreign currency swaps with various local and foreign financial institutions which

were designated to hedge USD foreign currency exchange exposures on its USD-denominated debts that was borrowed on a fixed interest rate. The swap rates, USD to PhP, ranges from ₱55.54 to ₱58.82, based on the rollover transactions on January 3, 2024 to the latest rollover on June 28, 2024. As of September 30, 2024, the Parent Company maintains total of USD100.00 million outstanding foreign currency swap hedges.

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term	Interest Rate	Principal Amount	Carrying Value		Features
				September 2024 (Unaudited)	December 2023 (Audited)	
(in Thousands)						
2017	8 years	4.8200%	P10,000,000	P9,987,304	P9,979,719	Callable from the 6.5 <sup>th</sup> anniversary issue until every year thereafter.
2021	3 years	3.0260%	–	–	3,987,478	3-year fixed coupon Series A bond with no call option.
2021	5 years	3.7874%	6,000,000	5,969,389	5,959,222	5-year fixed coupon Series B bond callable on the 12 <sup>th</sup> to 19 <sup>th</sup> interest payment date with a call option price of 101.0% on the 12 <sup>th</sup> to 15 <sup>th</sup> interest payment date and 100.5% on the 16 <sup>th</sup> to 19 <sup>th</sup> interest payment date.
2022	3 years	4.4542%	5,000,000	4,983,936	4,970,078	3-year fixed coupon Series C bond with no call option.
2022	5 years	5.6239%	7,500,000	7,446,101	7,434,524	5-year fixed coupon Series D bond callable on the 12 <sup>th</sup> to 19 <sup>th</sup> interest payment date with a call option price of 101.0% on the 12 <sup>th</sup> to 15 <sup>th</sup> interest payment date and 100.5% on the 16 <sup>th</sup> to 19 <sup>th</sup> interest payment date.
2022	7 years	6.1351%	2,500,000	2,477,308	2,474,540	7-year fixed coupon Series E bond callable on the 16 <sup>th</sup> to 27 <sup>th</sup> interest payment date with a call option price of 102.0% on the 16 <sup>th</sup> to 19 <sup>th</sup> interest payment date, a call option price of 101.0% on the 20 <sup>th</sup> to 23 <sup>rd</sup> interest payment date and 100.5% on the 24 <sup>th</sup> to 27 <sup>th</sup> interest payment date.
			P31,000,000	P30,864,038	P34,805,561	

The outstanding Peso bonds of the Parent Company have been rated “PRS Aaa” by PhilRatings.

The long-term debt of the Parent Company provides for certain restrictions and requirements with respect to maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Parent Company as of September 30, 2024 and December 31, 2023 (see Compliance with debt covenants portion). The Parent Company aims to maintain a debt-to-equity ratio not exceeding 3:1 in compliance with loan covenants of AYCFL.

#### *Bond redemption*

In May 2024, the Parent Company's ₱4.0 billion, 3.0260% Series A Bonds Due 2024 were fully redeemed on its maturity date on May 28, 2024 in accordance with the Prospectus and the Terms and Conditions of the Bonds annexed to the Trust Indenture dated May 11, 2021. The Bonds were redeemed by payment in cash of the redemption price set at 100% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 3.0260% per annum.

#### ALI

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱2,098.0 million and ₱2,225.3 million as of September 30, 2024 (unaudited) and December 31, 2023 (audited) are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱3,164.4 million and ₱3,154.5 million as of September 30, 2024 (unaudited) and December 31, 2023 (audited), respectively, which is accounted as part of the Investment properties account.

#### *Philippine Peso 20-year Bonds due 2033*

In October 2013, ALI issued a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. The Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" rating

on the bonds indicating that it has a minimal credit risk owing to ALI's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

*Philippine Peso 7-year and 10-year Bonds due 2026*

In March 2016, ALI issued and listed on the PDEX a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. This is the first tranche of debt securities issued under the ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. In May 2019, ALI issued and listed on the PDEX ₱8,000.0 million fixed rate bonds due 2026 at a rate equivalent to 6.37% p.a. The Bonds, the first tranche of ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 9-year and 6-month Bonds due 2025*

In April 2016, ALI issued and listed on the PDEX a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds represent the second tranche of debt securities issued under ALI's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

*Philippine Peso 7-year and 3-month and 10-year Bonds due 2027*

In May 2017, ALI issued its ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.26% p.a. The Bonds, the fourth tranche of ALI's 2016 Program, were listed on the PDEX and were rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, ALI issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.99% p.a. The Bonds, the third tranche of bonds issued under ALI's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 10-year Bonds due 2028*

In April 2018, ALI issued a ₱10,000.0 million fixed rate bond due 2028 at a rate equivalent to 5.920% per annum and subject to repricing on April 27, 2023, the fifth anniversary of the Issue Date, at the higher of 5.920% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under the ALI's 2016 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 5-year Bonds due 2024*

In September 2019, ALI issued and listed on the PDEX its ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.76% p.a. The Bonds represent the second tranche of debt securities issued under ALI's 2019 Program and were rated PRS Aaa with a Stable Outlook by PhilRatings. The bonds were fully paid on its maturity date.

*Philippine Peso 5-year Bonds due 2025*

In September 2020, ALI issued and listed on the PDEX its ₱6,250.0 million fixed rate bonds due 2025 at a rate equivalent to 3.86% p.a. The Bonds represent the fifth tranche of debt securities issued under ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 4-year Bonds due 2025*

In May 2021, ALI issued and listed on the PDEX its ₱10,000.0 million fixed rate bonds due 2025 at a rate equivalent to 3.63% p.a. The Bonds represent the sixth tranche of debt securities issued under ALI's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 10-year Bonds due 2031*

In October 2021, ALI issued a total of ₱3,000.0 million bonds due 2031 at a fixed rate equivalent to 4.08% p.a. and subject to repricing on October 26, 2026, the fifth anniversary of the Issue Date, at the higher of 4.08% p.a. or the prevailing 5-year benchmark plus 70 bps. The offering which was listed on the PDEX is composed of ₱2,750.0 million issued as the first tranche of ALI's 2021 Program while ₱250.0 million representing the seventh tranche of debt securities were issued under its 2019 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. ALI exercised the call option and the bonds were fully redeemed in April 2023.

*Philippine Peso 6-year Bonds due 2028*

In May 2022, ALI issued a total of ₱12,000.0 million bonds due 2028 at a fixed rate equivalent to 5.81% p.a. The offering is composed of ₱9,500.0 million as the second tranche of debt securities

issued under ALI's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on October 11, 2021 (the "2021 Program") while ₱2,500.0 million represent the eighth and final tranche of debt securities that were issued under the 2019 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

*Philippine Peso 2-Year, 5-Year and 7-year Bonds due 2024, 2027 and 2029*

In July 2022, ALI issued a total of ₱33,000 million fixed rate bonds, broken down into ₱12,000.0 million bonds due 2024 at a rate equivalent to 4.40% p.a., ₱7,000.0 million bonds due 2027 at a rate equivalent to 6.21% p.a. and a ₱14,000.0 million bond due 2029 at a rate equivalent to 6.80% p.a. The offering is the third tranche of debt securities issued under ALI's 2021 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

*Philippine Peso 5-Year and 10-year Bonds due 2028 and 2033*

In June 2023, ALI issued a total of ₱15,000 million fixed rate bonds, broken down into ₱10,075.0 million bonds due 2028 at a rate equivalent to 6.03% p.a. and ₱4,925.0 million bond due 2033 at a rate equivalent to 6.29% p.a. The offering is composed of ₱4,750.0 million issued as the fourth and final tranche of ALI's 2021 Program while ₱10,250.0 million representing the first tranche of debt securities issued under its 2023 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

*Philippine Peso 10-year ASEAN Sustainability-Linked Bonds due 2034*

In July 2024, ALI issued a total of ₱6,000 million fixed rate Sustainability-Linked Bonds at a rate equivalent to 6.99% p.a. (see Note 3). The offering is the second tranche of debt securities issued under the ALI's 2023 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

The ALI Group is required to maintain a debt-to-equity ratio not exceeding 3:1. The ALI Group has complied with the debt covenant as of September 30, 2024 and December 31, 2023.

AYCFL

*2019 AYCFL US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)*

On October 23, 2019, the Parent Company announced that AYCFL had successfully priced a similar US dollar denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₱20,118.9 million) with an annual coupon of 4.85% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on October 30, 2024 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason, AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$35 million of this 4.85% Undated Notes was tendered and the aggregate amount of US\$365 million remained outstanding as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

*2021 AYCFL US\$400 Million Senior Fixed-for-Life Perpetual Notes (the Notes)*

On September 16, 2021, the Parent Company announced that it had successfully set the terms for a US dollar-denominated fixed-for-life (non-deferrable) senior perpetual issuance. The Notes have an aggregate principal amount of US\$400 million with a fixed coupon of 3.90% for life, with no step-up and no reset, payable semi-annually. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 23, 2026 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The transaction was settled on September 23, 2021, and the Notes are unconditionally and irrevocably guaranteed by the Parent Company.

*AYCFL Social Bond*

On November 11, 2021, AYCFL signed a 10-year Social Bond through private placement by the International Finance Corporation ("IFC") amounting to \$100 million (the "Social Bond"), which will be used for the sustainable and resilient growth and capacity building of the Group's healthcare

arm, AC Health. The Social Bond will be unconditionally and irrevocably guaranteed by the Parent Company.

The transaction was settled on January 14, 2022 at a rate of 2.99%. Sustainalytics was engaged to provide a second party opinion on the Ayala Health Social Bond Framework which aligns with the Social Bond Principles and Social Loans Principles published by the International Capital Market Association.

The Parent Company aims to maintain a debt-to-equity ratio not exceeding 3:1 in compliance with loan covenants of AYCFL.

#### ACEIC

##### *Philippine Peso ₱10.0 Billion Fixed Rate Bonds due 2027*

On September 22, 2022, ACEN issued an unsecured fixed-rate bonds with an aggregate principal of ₱10,000.00 million. The proceeds will be used to finance investments in various solar farms. There are no securities pledged as collateral for these bonds. The issue cost amounted to ₱126.28 million.

The offer is comprised of 5-year bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This issuance is ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years. Interest on the bonds is payable quarterly in arrears starting on December 22, 2022, for the first interest payment date and on March 22, June 22, September 22, and December 22 each year for each subsequent payment date.

#### *FFL Bonds / Green Bonds*

##### *Green bonds*

##### *ACEFIL – Medium Term Note (MTN) Programme*

On January 16, 2019, ACEFIL established its MTN Programme with an aggregate amount of US\$1,000.00 million (₱48,470.0 million). The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including eligible green projects and other use of proceeds under ACEFIL's green bond framework.

On November 17, 2020, ACEFIL amended the MTN Programme to increase the aggregate amount to US\$2,000.0 million (₱94,960.0 million) and allow the issuance of senior undated guaranteed notes under the MTN Programme.

##### *ACEFIL – Senior guaranteed notes due 2024 and 2029 and Senior undated guaranteed notes under the MTN Programme*

On January 29, 2019, ACEFIL issued US\$225.0 million (₱11,417.4 million) senior guaranteed notes due 2024 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 99.45.

On July 9, 2020, ACEFIL issued US\$60.00 million (₱2,908.2 million) senior guaranteed notes due 2029 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 104.75.

On November 25, 2020, ACEFIL issued US\$300.0 million (₱14,541.0 million) senior undated guaranteed notes with a fixed coupon of 5.10% for life. The notes were priced at par. The new issue was used to finance the successful tender of US\$186.9 million (₱9,058.5 million) of the US\$400.0 million (₱19,388.0 million) 5.65% senior undated guaranteed notes at a tender price of US\$104.6.

On January 12, 2024, ACEFIL, a wholly owned subsidiary of ACEIC, entered to a loan agreement with a lender for US\$10.00 million with ACEIC acting as a guarantor of ACEFIL. This loan obtained by ACEFIL shall be used to redeem its maturing green bonds in January 2024. On January 25, 2024, ACEFIL redeemed US\$360.0 million of the Senior guaranteed notes under the MTN Programme. Remaining outstanding guaranteed notes amounted to US\$410.0 million.

At any time, ACEFIL may on any one or more occasions redeem all or part of the "notes under the MTN Programme", by giving notice, at redemption price equal to 100% of the principal amount of the "notes under the MTN Programme" redeemed, plus the applicable premium (as defined in the



respective pricing supplements) as of date, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the “notes under the MTN Programme” is registered on the relevant record date to receive interest due on the relevant interest payment date.

The unsecured US dollar-denominated senior Green Bonds requires ACEIC Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEIC Group by certain of ACEIC Group’s subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEIC Group’s properties and assets with other entities if ACEIC is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a net debt to total equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEIC Group as of September 30, 2024 and December 31, 2023.

*ACEN Finance – Medium Term Note (MTN) Programme*

On August 31, 2021, ACEN Finance Limited (ACEN Finance) established its MTN Programme with an aggregate amount of US\$1,500.0 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the ACEN Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN’s Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note program; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

*ACEN Finance – Senior guaranteed undated FFL notes (Notes) under the MTN Programme*

On September 8, 2021, ACEN Finance issued US\$400.0 million senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN’s Green Bond Framework. On September 9, 2021, the Notes were listed with the SGX-ST.

For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5:1.0 based on ACEN consolidated financials. These were complied as of September 30, 2024 and December 31, 2023.

The unsecured US dollar-denominated senior Green Bonds requires ACEIC Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEIC Group by certain of ACEIC Group’s subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEIC Group’s properties and assets with other entities if ACEIC is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a net debt to total equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEIC Group as of September 30, 2024 and December 31, 2023.

As of September 30, 2024 (unaudited) and December 31, 2023 (audited), certain ACEIC property, plant, and equipment were mortgaged as security for the long-term debt of the ACEIC Group (see Note 12).

*ACEN Corporate Guarantee for Australia Projects*

On February 26, 2024, ACEN, as Guarantor to its subsidiary ACEN Australia Pty Ltd. (“ACEN Australia”), executed Facility Agreements with ACEN Australia, and each of Australia and New Zealand Banking Group Limited (ANZ), and Westpac Banking Corporation (WBC). Each bank is providing a green term loan facility with a limit of AUD75.0 million. ANZ and WBC also entered into

an Accession Letters to include ANZ and WBC as Lenders under the Common Provisions Agreement dated August 18, 2022, as amended through an Amending Deed on January 6, 2023 (with ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch, Clean Energy Finance Corporation, Bank of China (Hong Kong) Limited, Bank of China (Hong Kong) Limited – Manila Branch, CTBC Bank Co., Ltd, Singapore Branch, CTBC Bank (Philippines) Corporation, Standard Chartered Bank, Australia Branch, and ACEN as Guarantor to ACEN Australia).

#### Guarantees

The Parent Company or its subsidiaries may act as guarantor on debt taken out by other subsidiaries within the Group. Both domestic and foreign loans of the Group may be subject to guarantees. Any guarantees as of September 30, 2024 (unaudited) and December 31, 2023 (audited) are discussed in those entities' SEC 17-Q or SEC 17-A reports and/or audited financial statements.

#### Compliance with debt covenants

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, declaration and/or payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of September 30, 2024 and December 31, 2023. For the Parent Company, these covenants include, among others, certain ratios like:

- Debt to equity ratio of not to exceed 3:1
- Net debt to tangible net worth ratio of not to exceed 3:1
- Current ratio of not lower than 0.5:1

## 16. Equity

Details of the Parent Company's paid-in capital follow:

	Preferred Shares – A	Preferred Shares – B	Voting Preferred Shares	Common Shares	Subscribed Shares	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
					(in Thousands)				
<b>At January 1, 2024 (Audited)</b>	<b>P1,200,000</b>	<b>P5,800,000</b>	<b>P200,000</b>	<b>P31,475,111</b>	<b>P277,503</b>	<b>P54,980,070</b>	<b>(P2,698,931)</b>	<b>P91,233,753</b>	<b>(P14,546,351)</b>
Exercise/ cancellation/ subscription of ESOP/ESOWN	–	–	–	3,116	32,844	464,255	(423,099)	77,116	–
Collection of subscription receivables	–	–	–	–	–	–	177,428	177,428	–
Sale of treasury common shares	–	–	–	–	–	(380,242)	–	(380,242)	2,575,359
Cost of reissuance of preferred shares	–	–	–	–	–	(22,214)	–	(22,214)	–
<b>At September 30, 2024 (Unaudited)</b>	<b>P1,200,000</b>	<b>P5,800,000</b>	<b>P200,000</b>	<b>P31,478,227</b>	<b>P310,347</b>	<b>P55,041,869</b>	<b>(P2,944,602)</b>	<b>P91,085,841</b>	<b>(P11,970,992)</b>
					(in Thousands)				
<b>At January 1, 2023 (Audited)</b>	<b>P1,200,000</b>	<b>P5,800,000</b>	<b>P200,000</b>	<b>P31,460,875</b>	<b>P258,521</b>	<b>P49,981,886</b>	<b>(P2,521,025)</b>	<b>P86,380,257</b>	<b>(P13,070,802)</b>
Exercise/ cancellation/ subscription of ESOP/ESOWN	–	–	–	14,236	18,982	522,148	(385,988)	169,378	–
Collection of subscription receivables	–	–	–	–	–	–	208,082	208,082	–
Redemption of preferred shares	–	–	–	–	–	(8,000,000)	–	(8,000,000)	(2,000,000)
Reissuance of preferred shares	–	–	–	–	–	12,476,036	–	12,476,036	524,451
<b>At December 31, 2023 (Audited)</b>	<b>P1,200,000</b>	<b>P5,800,000</b>	<b>P200,000</b>	<b>P31,475,111</b>	<b>P277,503</b>	<b>P54,980,070</b>	<b>(P2,698,931)</b>	<b>P91,233,753</b>	<b>(P14,546,351)</b>

### Preferred shares

#### *Reissuance of Preferred "B" Shares*

On June 27, 2024, the Parent Company's BOD, at its regular meeting, approved the issuance of Philippine Peso Preferred Shares with a base amount of ₱10.00 billion with an oversubscription option for up to an additional ₱5.00 billion, subject to regulatory requirements. Appropriate disclosures shall be made once the terms have been finalized (see Note 16).

On September 25, 2024, with PSE Notice of Approval and SEC Pre-effective Approval, the Parent Company successfully priced its Preferred "B" Shares with a base offer of ₱10.0 billion and an oversubscription option of up to ₱5.0 billion.

### Treasury shares

#### *Sale of treasury common shares*

On September 25, 2024, the Parent Company's Executive Committee, in the exercise of its authority under its By-Laws, approved (i) the sale by AC of 3,070,150 treasury common shares at a price not less than ₱720.00 per share, and (ii) the delegation of authority to any two of its designated attorneys-in-fact, acting jointly, to negotiate and finalize the terms and conditions of the sale, including the final transaction price, and to sign, execute, and deliver any and all necessary implementing documents.

#### *Redemption of Preferred "B" Series 2 Shares*

On September 30, 2024, the Parent Company's Executive Committee, in the exercise of its authority under the By-Laws, and upon endorsement of our Finance Committee, approved the optional redemption of the ₱15.0 billion 4.8214% Preferred "B" Series 2 shares (APB2R). The redemption will be effective November 29, 2024 (the 5th year anniversary from the listing of the shares) by payment in cash of the redemption price equal to 100% of the issue price of ₱500.00 per share plus accrued and unpaid dividends up until November 29, 2024 based on the dividend rate of 4.8214% per annum.

### Employee Stock Option Plan (ESOP)/ Employee Stock Ownership Plan (ESOWN)

On April 26, 2024, the BOD, during its organization board meeting approved the 2024 stock option program pursuant to the Employee Stock Ownership Plan (the Plan), authorizing the grant to 111 executives, in accordance with the terms of the Plan, stock options covering up to a total of 790,000 common shares at a subscription price of ₱588.29 per share, which is the rounded off volume-weighted average prices of our common shares at the PSE over the last 5-day trading days from April 19 to April 25, 2024. ESOWN 2024 grants totaling 719,200 were subscribed to by 105 grantees. Subscribed shares remain in trust for the account of ESOWN Administrator until fully paid.

### Retained earnings

In accordance with the Revised SRC Rule 68 and SEC Memorandum Circular No. 16-2023, the Parent Company's retained earnings available for dividend declaration as of September 30, 2024 and December 31, 2023 amounted to ₱73.0 billion and ₱61.6 billion, respectively.

For further details, refer to Section 3 – Reconciliation of Retained Earnings Available for Dividend Declaration.

### *Cash dividends*

The details on the cash dividends declared by the Parent Company for the periods ended September 30, 2024 and 2023 (both unaudited) are shown below.

	<b>Per Share</b>		<b>Amount</b>	
	<b>September 2024 (Unaudited)</b>	September 2023 (Unaudited)	<b>September 2024 (Unaudited)</b>	September 2023 (Unaudited)
<b>Cash dividends</b>			<b>(In Thousands)</b>	
Dividends to common shares declared during the period:	<b>₱4.19</b>	₱3.81	<b>₱2,597,897</b>	₱2,358,987
Dividends to equity preferred shares declared during the period:				
Preferred A	<b>₱119.2256</b>	₱39.7419	<b>₱625,281</b>	₱208,427
Preferred B – Series 1	<b>–</b>	26.2500	<b>–</b>	525,000

	Per Share		Amount	
	September 2024 (Unaudited)	September 2023 (Unaudited)	September 2024 (Unaudited)	September 2023 (Unaudited)
<b>Cash dividends</b>			(In Thousands)	
Preferred B – Series 2	<b>18.0803</b>	18.0803	<b>542,408</b>	542,408
Voting Preferred shares	<b>0.0481</b>	0.0481	<b>9,619</b>	9,619

#### *Property dividends*

The dividend distribution commenced in December 2022 and will continue as and when electronic Certificates Authorizing Registration (eCARs) are issued by BIR. The eCAR issuance is a prerequisite for the transfer of the properties of the Parent Company, i.e. the ACEN shares, to each entitled stockholder as of the record date and it is a process that entails the participation of both the Parent Company, as transferor, and the stockholders, as transferees.

As of the date of this Report, the Parent Company's total net dividends distributed is at 99.2% and the BIR's issuance of eCARs and subsequent distribution of ACEN shares are ongoing.

#### Transactions with non-controlling interests

As of September 30, 2024, the Group had various transactions with its non-controlling interests related to the Parent Company's actual distribution of ACEN shares representing property dividends in 2023, and ALI's block sale of AREIT shares (see Note 3).

#### Capital management

The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended September 30, 2024 and December 31, 2023.

The Parent Company monitors capital using a gearing ratio of debt to equity and net debt to equity. Debt consists of short-term and long-term debt of the Group. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments, and restricted cash of the Group. The Parent Company considers as capital the total equity.

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Short-term debt	<b>₱88,202,095</b>	₱49,871,493
Long-term debt	<b>547,445,434</b>	539,972,244
Total debt	<b>635,647,529</b>	589,843,737
Less:		
Cash and cash equivalents	<b>72,057,965</b>	74,784,222
Short-term investments	<b>631,715</b>	1,426,579
Restricted cash	<b>—</b>	8,827,833
Net debt	<b>562,957,849</b>	504,805,103
Total equity	<b>₱724,874,223</b>	₱674,941,361
Debt to equity	<b>87.7%</b>	87.4%
Net debt to equity	<b>77.7%</b>	74.8%

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of September 30, 2024 and December 31, 2023.

The Parent Company also monitors capital through return-to-common equity ratio. For this ratio, the Parent Company considers as capital the average amount of equity with the exclusion of accounts pertaining to preferred shares and the non-controlling interests.

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Net income attributable to owners of the parent	<b>P33,964,751</b>	P32,312,919
Less: Dividends to equity preferred shares	<b>1,177,307</b>	1,285,454
Net income attributable to common shares owners of the parent	<b>32,787,444</b>	31,027,465
Average common equity attributable to owners of the parent	<b>P388,869,795</b>	P355,859,122
Return to common equity	<b>8.4%</b>	8.7%

## 17. Earnings Per Share

The following table presents information necessary to calculate earnings per share (EPS) on net income attributable to owners of the Parent Company:

	2024 (Unaudited)		2023 (Unaudited)	
	July to September	January to September	July to September	January to September
	(in Thousands, except EPS figures)			
Net income attributable to the owners of the Parent Company	<b>P11,678,264</b>	<b>P33,964,751</b>	P13,903,278	P32,312,919
Less: Dividends on preferred stocks	<b>(389,229)</b>	<b>(1,177,307)</b>	(651,729)	(1,285,454)
	<b>11,289,035</b>	<b>32,787,444</b>	13,251,549	31,027,465
Less: Profit impact of assumed conversions of potential ordinary shares of investees	<b>(11,820)</b>	<b>(43,380)</b>	(20,556)	(46,707)
	<b>P11,277,214</b>	<b>P32,744,064</b>	P13,230,993	P30,980,759
Weighted average number of common shares	<b>620,474</b>	<b>620,474</b>	619,476	619,476
Dilutive shares arising from stock options	<b>—</b>	<b>—</b>	—	—
	<b>620,474</b>	<b>620,474</b>	619,476	619,476
EPS				
Basic	<b>P18.18</b>	<b>P52.77</b>	P21.36	P50.01
Diluted	<b>P18.18</b>	<b>P52.77</b>	P21.36	P50.01

The effect of the stock option in the earnings per share for the period ended September 30, 2024 is anti-dilutive.

## 18. Revenue

This account consists of:

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Real estate	<b>P90,520,761</b>	P64,126,177
Manufacturing services	<b>47,979,065</b>	57,172,909
Power generation	<b>27,911,794</b>	27,427,990
Automotive	<b>20,821,801</b>	18,732,593
Others	<b>14,517,293</b>	12,178,599
	<b>201,750,714</b>	179,638,268

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Rental income	31,126,097	28,563,705
Sale of goods and rendering of services	232,876,811	208,201,973
Share in net profits of associates and joint ventures	35,576,104	34,049,851
Interest income from real estate	—	3,130,824
	<b>P268,452,915</b>	<b>P245,382,648</b>

#### Disaggregated revenue information

Set out below is the disaggregation of revenue from contracts with customers of the material subsidiaries of the Group:

#### ALI Group

Revenue from contracts with customers of ALI Group consists of:

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Revenue from contracts with customers:		
Residential development	P74,603,350	P53,059,022
Construction	8,491,724	4,333,220
Hotels and resorts	7,425,687	6,733,935
	<b>P90,520,761</b>	<b>P64,126,177</b>

ALI Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. ALI Group's disaggregation of revenue from contracts with customers from residential development, the biggest revenue segment, are presented below:

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Type of product		
Middle income housing	P23,525,884	P18,331,460
Condominium	21,562,444	13,082,609
Lot only	15,445,588	9,871,699
Coremid	14,069,434	11,773,254
	<b>P74,603,350</b>	<b>P53,059,022</b>

All of ALI Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

As of September 30, 2024, ALI's interest income from real estate is nil as an effect of its adoption of PFRS 15 Implementation Issues Affecting the Real Estate Industry in relation to the PIC Q&A 2018-12-D.

#### IMI Group

The following table presents revenue of IMI Group per market segment:

	September 2024 (Unaudited)	September 2023 (Unaudited)
	(in Thousands)	
Automotive	P32,464,760	P33,774,574
Industrial	12,467,374	16,946,767
Consumer	1,208,526	1,598,523
Medical	951,520	977,766
Multiple market/others	515,154	624,735
Telecommunication	371,731	1,246,634
Aerospace/defense	—	2,003,910
	<b>P47,979,065</b>	<b>P57,172,909</b>

Translated using the weighted average exchange rate for the period (US\$1: P57.05 and P55.37 as of September 30, 2024 and 2023, respectively).

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## 19. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the primary segment reporting format is by business segment.

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

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



include industrial manufacturing activity for long-term synergy and integration with automotive business.

- Healthcare – catering to accessible, affordable, and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care.
- Infrastructure – development arm for various types of infrastructure
- Logistics – business unit provides end-to-end logistics solutions to cater to all customers across the value chain.
- Water – water delivery, sewerage, sanitation, distribution services, pipeworks, used water management and management services; also exclusively provides water services, facilities to all property development projects of major real estate companies.
- Education – delivering accessible, quality education that enables significantly improved employability for our high school and college graduates; with mission to transform lives and society by innovating Philippine education and research.
- Venture capital – platform for peeking into new technologies and business models that are relevant to the group; aims to be an enabler by investing in adjacent businesses that are complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses. International unit – strategic investments in overseas property companies and projects
- Others – includes outsourcing services unit (onshore and offshore outsourcing services in the research, analytics, legal, electronic discovery, document management, finance and accounting); aviation (air-chartered services); consultancy, and other operating companies

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

For the periods ended September 30, 2024 and 2023 and December 31, 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

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

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

The following tables regarding operating segments present revenue and income information for the periods ended September 30, 2024 and 2023 (both unaudited), and assets and liabilities as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

**September 2024 (Unaudited)**  
**(in Millions)**

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
<b>Revenue</b>									
Sales to external customers	₱27	₱123,208	₱–	₱–	₱47,758	₱28,054	₱33,830	₱–	₱232,877
Intersegment	107	(1,561)	–	–	71	–	262	1,121	–
Share of profit of associates and joint ventures	–	1,432	21,611	6,413	–	4,125	1,995	–	35,576
	134	123,079	21,611	6,413	47,829	32,179	36,087	1,121	268,453
<b>Costs and expenses</b>									
Costs of sales and services	11	73,683	–	–	43,809	20,094	29,867	1,223	168,687
General and administrative expenses**	7,134	7,131	–	–	6,057	4,938	12,139	385	37,784
	7,145	80,814	–	–	49,866	25,032	42,006	1,608	206,471
<b>Other income (charges) - net</b>									
Interest income	500	558	–	–	83	7,518	581	(126)	9,114
Other income**	4,038	620	–	–	791	3,633	1,363	469	10,914
Interest and other financing charges	(7,293)	(12,225)	–	–	(881)	(3,703)	(1,002)	127	(24,977)
	(2,755)	(11,047)	–	–	(7)	7,448	942	470	(4,949)
<b>Net income (loss) before income tax</b>	(9,766)	31,218	21,611	6,413	(2,044)	14,595	(4,977)	(17)	57,033
Provision for (benefit from) income tax	52	5,960	–	–	139	805	424	45	7,425
<b>Net income (loss)*</b>	<b>(₱9,818)</b>	<b>₱25,258</b>	<b>₱21,611</b>	<b>₱6,413</b>	<b>(₱2,183)</b>	<b>₱13,790</b>	<b>(₱5,401)</b>	<b>(₱62)</b>	<b>₱49,608</b>
*NIAT slightly different vs. the reported NIAT of certain business units due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1%.									
** Refer to Section 2-Management's Discussion and Analysis and 2.8-Cause of any material variances.									
<b>Other information</b>									
Segment assets	₱59,325	₱846,603	₱–	₱–	₱49,944	₱333,145	₱74,835	(₱63,220)	₱1,300,632
Investments in associates and joint ventures	273,420	32,007	–	–	–	51,386	37,728	–	394,541
Deferred tax assets	133	15,244	–	–	175	3,461	954	661	20,628
Assets under PFRS 5	–	–	–	–	–	–	–	240	240
<b>Total Assets</b>	<b>₱332,878</b>	<b>₱893,854</b>	<b>₱–</b>	<b>₱–</b>	<b>₱50,119</b>	<b>₱387,992</b>	<b>₱113,517</b>	<b>(₱62,319)</b>	<b>₱1,716,041</b>
Segment liabilities	₱225,562	₱531,421	₱–	₱–	₱33,724	₱204,389	₱37,256	(₱54,646)	₱977,706
Deferred tax liabilities	73	9,423	–	–	56	2,029	1,880	–	13,461
<b>Total Liabilities</b>	<b>₱225,635</b>	<b>₱540,844</b>	<b>₱–</b>	<b>₱–</b>	<b>₱33,780</b>	<b>₱206,418</b>	<b>₱39,136</b>	<b>(₱54,646)</b>	<b>₱991,167</b>
Depreciation and amortization	₱193	₱7,751	₱–	₱–	₱1,418	₱1,791	₱1,655	(₱127)	₱12,681
Non-cash expenses other than depreciation and amortization	₱4,024	₱475	₱–	₱–	₱1,522	₱822	₱4,602	₱638	₱12,083
Segment additions to property, plant and equipment and investment properties	₱188	₱15,748	₱–	₱–	₱369	₱26,627	₱2,541	₱4,862	₱50,335
Cash flows provided by (used in):									
Operating activities	(₱8,660)	₱3,505	₱–	₱–	₱3,559	₱10,446	(₱6,503)	₱5,206	₱7,553
Investing activities	(₱11,156)	(₱18,852)	₱–	₱–	(₱45)	(₱33,581)	(₱17,377)	₱33,636	(₱47,375)
Financing activities	₱14,806	₱18,653	₱–	₱–	(₱3,484)	₱12,732	₱23,972	(₱30,020)	₱36,659

September 2023 (Unaudited)  
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
<b>Revenue</b>									
Sales to external customers	P51	P92,789	P–	P–	P57,400	P27,566	P30,396	P–	P208,202
Intersegment	70	261	–	–	107	–	203	(641)	–
Share of profit of associates and joint ventures	–	1,405	18,879	6,005	–	5,752	2,009	–	34,050
Interest income from real estate	–	3,131	–	–	–	–	–	–	3,131
	121	97,586	18,879	6,005	57,507	33,318	32,608	(641)	245,383
<b>Costs and expenses</b>									
Costs of sales and services	13	55,351	–	–	52,348	24,066	26,336	(423)	157,691
General and administrative expenses	2,398	6,450	–	–	9,233	5,837	9,546	(727)	32,737
	2,411	61,801	–	–	61,581	29,903	35,882	(1,150)	190,428
<b>Other income (charges) - net</b>									
Interest income	503	255	–	–	80	6,690	483	(258)	7,753
Other income	1,400	859	–	–	255	6,671	2,616	(1,083)	10,718
Interest and other financing charges	(6,308)	(10,766)	–	–	(852)	(3,367)	(1,231)	261	(22,263)
	(4,405)	(9,652)	–	–	(517)	9,994	1,868	(1,080)	(3,792)
<b>Net income (loss) before income tax</b>	(6,695)	26,133	18,879	6,005	(4,591)	13,409	(1,406)	(571)	51,163
Provision for (benefit from) income tax	32	5,162	–	–	167	246	864	15	6,486
<b>Net income (loss)*</b>	(P6,727)	P20,971	P18,879	P6,005	(P4,758)	P13,163	(P2,270)	(P586)	P44,677
<i>*NIAT slightly different vs. the reported NIAT of certain business units due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1%.</i>									
<b>Other information</b>									
Depreciation and amortization	P164	P7,420	P–	P–	P1,384	P1,286	P1,490	(P118)	P11,626
Non-cash expenses other than depreciation and amortization	P20	P266	P–	P–	P4,861	P2,688	P2,796	(P483)	P10,148
Segment additions to property, plant and equipment and investment properties	P391	P11,549	P–	P–	P1,020	P17,405	P85	P1,754	P32,204
Cash flows provided by (used in):									
Operating activities	(P5,901)	P8,229	P–	P–	(P289)	(P726)	(P3,713)	P3,961	P1,561
Investing activities	P2,468	(P16,602)	P–	P–	P236	(P23,472)	(P4,397)	P3,003	(P38,764)
Financing activities	P4,419	P8,179	P–	P–	P797	P31,782	P5,975	(P6,565)	P44,587

December 2023 (Audited)  
(in Millions)

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Assets and liabilities									
Segment assets	P63,177	P796,438	P–	P–	P56,216	P294,645	P76,423	(P51,610)	P1,235,289
Investments in associates and joint ventures	262,757	31,174	–	–	–	45,102	14,931	–	353,964
Deferred tax assets	133	15,146			142	2,224	912	903	19,460
<b>Total assets</b>	<b>P326,067</b>	<b>P842,758</b>	<b>P–</b>	<b>P–</b>	<b>P56,358</b>	<b>P341,971</b>	<b>P92,266</b>	<b>(P50,707)</b>	<b>P1,608,713</b>
Segment liabilities	P211,266	P519,146	–	–	P37,813	P166,635	P41,727	(P54,274)	P922,313
Deferred tax liabilities	73	7,324	–	–	56	1,288	2,718	–	11,459
<b>Total liabilities</b>	<b>P211,339</b>	<b>P526,470</b>	<b>P–</b>	<b>P–</b>	<b>P37,869</b>	<b>P167,923</b>	<b>44,445</b>	<b>(P54,274)</b>	<b>P933,772</b>
Depreciation and amortization	P228	P9,506	P–	P–	P1,966	P1,648	P2,043	(P910)	P14,481
Non-cash expenses other than depreciation and amortization	(P416)	P589	P–	P–	P3,557	P3,001	P5,406	(P870)	P11,267
Segment additions to property, plant and equipment and investment properties	P340	P21,455	P–	P–	P1,527	P29,379	P1,886	P2,485	P57,072
Cash flows provided by (used in):									
Operating activities	(P8,388)	P21,360	P–	P–	P301	P1,581	(P3,563)	P3,185	P14,476
Investing activities	P13,660	(P30,186)	P–	P–	(P1,903)	(P26,115)	(P4,040)	(P6,726)	(P55,310)
Financing activities	(P4,667)	P13,886	P–	P–	P219	P29,929	P5,905	(P3,581)	P41,691

## 20. Fair Value Measurement and Derivative Instruments and Financial Instruments

### A. Fair Value Measurement and Derivative Instruments

#### Fair Value of Financial and Nonfinancial Instruments

The carrying amounts approximate fair values for the Group's financial assets and financial liabilities due to their short-term maturities except for the following financial instruments as of September 30, 2024 (unaudited) and December 31, 2023 (audited):

	September 2024 (Unaudited)		December 2023 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in Thousands)			
<b>FINANCIAL ASSETS AT FVTPL</b>				
Held for trading – current	₱9,857,990	₱9,857,990	₱7,307,324	₱7,307,324
Convertible loans – noncurrent	3,334,423	3,334,423	3,812,204	3,812,204
Derivative assets – freestanding	5,143,862	5,143,861	6,447,640	6,447,640
Total financial assets at FVTPL	18,336,275	18,336,274	17,567,168	17,567,168
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>				
Accounts and notes receivables	307,322,583	299,063,401	278,894,635	277,493,736
Financial assets at amortized cost	18,972,265	15,475,741	21,633,799	18,137,275
Total financial assets at amortized cost	326,294,848	314,539,142	300,528,434	295,631,011
<b>FINANCIAL ASSETS AT FVOCI</b>				
Quoted equity investments	1,717,185	1,717,185	1,481,557	1,481,557
Unquoted equity investments	10,208,507	10,208,507	10,405,345	10,405,345
Total financial assets at FVOCI	11,925,692	11,925,692	11,886,902	11,886,902
<b>OTHER FINANCIAL ASSETS</b>				
Deposits	9,376,548	9,376,548	14,950,639	14,950,639
Total other financial assets	9,376,548	9,376,548	14,950,639	14,950,639
Total financial assets	365,933,363	354,177,656	344,933,143	340,035,720
<b>FINANCIAL LIABILITIES AT FVTPL</b>				
Derivative liabilities	242,569	242,569	305,149	305,149
Total financial liabilities at FVTPL	242,569	242,569	305,149	305,149
<b>OTHER FINANCIAL LIABILITIES</b>				
Long-term debt	547,445,435	536,145,465	539,972,244	520,203,684
Deposits and other noncurrent liabilities	66,917,785	70,074,593	65,494,928	66,296,635
Total other financial liabilities	614,363,220	606,220,058	605,467,172	586,500,319
Total financial liabilities	₱614,605,789	₱606,462,627	₱605,772,321	₱586,805,468

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets at FVTPL – Fair values of investment securities are based on quoted prices as of the reporting date. For other investment securities such as FVTPL with no reliable measure of fair value, these are carried at their last transaction price. For convertible loans, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

The fair value of other unquoted financial assets at FVTPL is determined using Weighted Average Cost of Capital using market comparables.

Derivative instrument – The fair value of the freestanding currency forwards is based on counterparty valuation.

Noncurrent trade and nontrade receivables – The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments taking into consideration the industry where the business units or subsidiaries belong.

Financial assets at amortized cost includes investments in redeemable preferred shares and convertible loans. For investment in redeemable preferred shares and convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

Financial assets at FVOCI investment in bonds – fair value of the bonds is based on binomial lattice approach.

Financial assets at FVOCI quoted equity securities – fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties.

Derivative liability – the fair value of the derivative liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

Other financial liabilities – noncurrent – The fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings, with maturities consistent with those remaining for the liability being valued and taking into consideration the industry where the business units or subsidiaries belong.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

The following table shows the fair value hierarchy of the Group's assets and liabilities as at September 30, 2024 (unaudited) and December 31, 2023 (audited):

	September 2024 (Unaudited)			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(in Thousands)			
Recurring financial assets measured at fair value:				
Financial assets at FVTPL – current	P–	P1,095,185	P8,762,804	P9,857,989
Convertible loans – noncurrent	–		3,334,423	3,334,423
Derivative assets – Freestanding		5,143,861	–	5,143,861
Total financial assets at FVTPL	–	6,239,046	12,097,227	18,336,273
Financial assets at FVOCI				
Quoted equity investments	502,007	1,215,178	–	1,717,185
Unquoted equity investments	–	–	10,208,507	10,208,507
Total financial assets at FVOCI	502,007	1,215,178	10,208,507	11,925,692
	P502,007	P7,454,224	P22,305,734	P30,261,965
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P–	P–	75,369,172	75,369,172
Financial assets at amortized cost	–	–	15,475,741	15,475,741

September 2024 (Unaudited)				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Deposits	–	–	9,376,548	9,376,548
	P–	P–	P100,221,461	P100,221,461
<b>Recurring financial liabilities measured at fair value</b>				
Derivative liabilities	P–	P242,569	P–	P242,569
	P–	P242,569	P–	P242,569
<b>Recurring financial liabilities for which fair values are disclosed:</b>				
Long-term debt	P–	P–	P536,145,465	P536,145,465
Deposits and other noncurrent liabilities	–	–	70,074,593	70,074,593
	P–	P–	P606,220,058	P606,220,058
<b>Nonfinancial assets for which fair values are disclosed:</b>				
Investment properties	P–	P3,496,869	485,725,278	489,222,148
Investments in associates and joint ventures*	523,707,635	–	–	523,707,635
	P523,707,635	P3,496,869	P485,725,278	P1,012,929,783

\*Fair value of investments in listed associates and joint ventures for which there are published price quotations

December 2023 (Audited)				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(in Thousands)				
<b>Recurring financial assets measured at fair value:</b>				
Financial assets at FVTPL – current	P–	P228,674	P7,078,649	P7,307,323
Convertible loans – noncurrent	–	–	3,812,204	3,812,204
Derivative assets – Freestanding	–	6,447,640	–	6,447,640
Total financial assets at FVTPL	–	6,676,314	10,890,853	17,567,167
Financial assets at FVOCI				
Quoted equity investments	461,237	1,020,320	–	1,481,557
Unquoted equity investments	–	–	10,405,345	10,405,345
Total financial assets at FVOCI	461,237	1,020,320	10,405,345	11,886,902
	P461,237	P7,696,634	P21,296,198	P29,454,069
<b>Recurring financial assets for which fair values are disclosed:</b>				
Noncurrent trade and nontrade receivables	P–	P–	P59,313,501	P59,313,501
Financial assets at amortized cost	–	–	18,137,275	18,137,275
Deposits	–	–	14,950,639	14,950,639
	P–	P–	P92,401,415	P92,401,415
<b>Recurring financial liabilities measured at fair value</b>				
Derivative liabilities	P–	P305,149	P–	P305,149
	P–	P305,149	P–	P305,149
<b>Recurring financial liabilities for which fair values are disclosed:</b>				
Long-term debt	P–	P–	P520,203,684	P520,203,684
Deposits and other noncurrent liabilities	–	–	66,296,635	66,296,635
	P–	P–	P586,500,319	P586,500,319
<b>Nonfinancial assets for which fair values are disclosed:</b>				
Investment properties	P–	P–	P658,425,255	P658,425,255
Investments in associates and joint ventures*	411,923,435	–	–	411,923,435
	P411,923,435	P–	P658,425,255	P1,070,348,690

\*Fair value of material investments in listed associates and joint ventures for which there are published price quotations, including the BPI shares held by Liontide Holdings, Inc.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

ACEIC Group categorizes equity instruments at FVOCI, loans payable and notes payable under Level 3 valuation techniques:

*Equity instruments at FVOCI*

Estimated fair value is based on the discounted value of future cash flows using the applicable discount rates relevant to the industry of investee companies. This is a Level 3 valuation technique.

*Loans and notes payable*

Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans and liabilities. This is a Level 3 valuation technique.

ALI Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

A reconciliation of the beginning and closing balances of Level 3 financial assets and liabilities at FVTPL are summarized below:

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
<b>Financial assets at FVTPL</b>		
Balance at beginning of period	<b>P10,890,853</b>	P14,864,588
Additions (disposals)	<b>1,066,712</b>	(3,912,487)
Recognized in consolidated statement of income	<b>—</b>	21,764
Exchange difference and others	<b>139,662</b>	(83,012)
Balance at end of period	<b>P12,097,227</b>	P10,890,853

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
<b>Financial liabilities at FVTPL</b>		
Balance at beginning of period	<b>P—</b>	P124,456
Exchange difference and others	<b>—</b>	(124,456)
Balance at end of period	<b>P—</b>	P—

**B. Derivatives**

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Derivative assets		
Forward contract of the Parent Company, ACEIC, AIVPL, and IMI	<b>P5,143,862</b>	P6,447,640
Derivative liabilities		
Forward contract of ACEIC and IMI	<b>P242,569</b>	P305,149

Fair value changes on derivatives

The net movements in fair values of the Group's derivative instruments for the periods ended September 30, 2024 (unaudited) and December 31, 2023 (audited) follow:



## Derivative assets

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Balance at beginning of period	<b>₱6,447,640</b>	₱679,434
Additions (disposals) during the period	<b>(1,303,778)</b>	5,768,206
Balance at end of period	<b>₱5,143,862</b>	₱6,447,640

## Derivative liabilities

	September 2024 (Unaudited)	December 2023 (Audited)
	(in Thousands)	
Balance at beginning of period	<b>₱305,149</b>	₱366,921
Net changes in fair value of derivatives	<b>(62,580)</b>	(61,772)
Balance at end of period	<b>₱242,569</b>	₱305,149

No other financial assets or liabilities are carried at fair value as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

Net changes in fair value of derivative assets and liabilities were recognized in the unaudited interim condensed consolidated statement of income under “Other income”. While the net changes in fair value of IMI Group’s freestanding currency forward are recognized in the consolidated income under “Foreign exchange gains (losses)”.

## C. Financial Instruments

### Financial Risk Management

#### General

Like any other risks, financial risks are inherent in the business activities and are typical of any large holding company. The financial risk management of the Parent Company seeks to effectively contribute to better decision making, enhance performance, and satisfy compliance demands.

The Parent Company defines financial risks as risk that relates to the Parent Company’s ability to meet financial obligations and mitigate funding risk, credit risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates. Funding risk refers to the potential inability to meet contractual or contingent financial obligations as they arise and could potentially impact the Parent Company’s financial condition or overall financial position. Credit risk is the risk of financial loss arising from a counterparty’s failure to meet its contractual obligations or non-payment of an investment. These exposures may result in unexpected losses and volatilities in the Parent Company’s profit and loss accounts.

The Parent Company maintains a strong focus on its funding strategy to help provide access to sufficient funding to meet its business needs and financial obligations throughout business cycles. The Parent Company’s plans are established within the context of our annual strategic and financial planning processes. The Parent Company also take into account capital allocations and growth objectives, including dividend pay-out. As a holding company, the Parent Company generates cash primarily on dividend payments of its subsidiaries, associates and joint ventures and other sources of funding.

The Parent Company also establishes credit policies in setting up limits for counterparties that are reviewed quarterly and monitoring of any changes in credit standing of counterparties.

The Parent Company has a formal foreign exchange and interest rate risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Ayala Group continues to monitor and manage its financial risk exposures in accordance with Board approved policies. The succeeding discussion focuses on Ayala Group's financial risk management.

#### Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise financial assets at amortized cost, FVTPL and FVOCI, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as cash and cash equivalents, short-term investments, accounts and notes receivables, and accounts payable and accrued expenses which arise directly from its operations.

The Group's main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, price risk, liquidity risk, and credit risk.

The Group also uses hedging instruments, the purpose of which is to manage the currency and interest rate risks arising from its financial instruments.

The Group's risk management policies relevant to financial risks are summarized below:

#### *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' obligations. The policy is to keep a certain level of the total obligations as fixed to minimize earnings volatility due to fluctuation in interest rates.

#### *Foreign exchange risk*

The Group's foreign exchange risk results primarily from movements of the PHP against other currencies. The Group's consolidated statements of income can be affected significantly by movements in the USD and other currencies versus the PHP. The Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The second and third columns of the table below summarize the Group's exposure to foreign exchange risk as of September 30, 2024 (unaudited) and December 31, 2023 (audited). The fourth and fifth columns of the table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

<b>September 2024 (Unaudited)</b>				
<b>Foreign Currency</b>	<b>Net Assets (Liabilities)</b>	<b>Peso Equivalent</b>	<b>Increase (Decrease) in Peso per Foreign Currency</b>	<b>Increase (Decrease) in Profit before Tax</b>
	(in Thousands)			(in Thousands)
United States Dollar (USD)	USD143,134	P7,995,020	P1.00 (1.00)	P143,134 (143,134)
Japanese Yen (JPY)	(JPY721,784)	(P283,960)	1.00 (1.00)	(721,784) 721,784
Euro (EUR)	EUR76,634	P5,609,550	1.00 (1.00)	76,634 (76,634)
Chinese RMB (RMB)	(RMB36,667)	(P293,017)	1.00 (1.00)	(36,667) 36,667
Vietnam Dong (VND)	(VND6,290,944)	(P15,184)	1.00 (1.00)	(6,290,944) 6,290,944

December 2023 (Audited)

Foreign Currency	Net Assets (Liabilities) (in Thousands)	Peso Equivalent	Increase (Decrease) in Peso per Foreign Currency	Increase (Decrease) in Profit before Tax (in Thousands)
United States Dollar (USD)	USD2,770	P316,676	P1.00 (1.00)	P2,770 (2,770)
Japanese Yen (JPY)	(JPY205,286)	(77,585)	1.00 (1.00)	(205,286) 205,286
Euro (EUR)	EUR55,884	3,421,459	1.00 (1.00)	55,884 (55,884)
Chinese RMB (RMB)	RMB115,828	905,502	1.00 (1.00)	115,828 (115,828)
Vietnam Dong (VND)	(VND6,290,944)	(15,008)	1.00 (1.00)	(6,290,944) 6,290,944

There is no other impact on the Group's equity other than those already affecting the profit before tax.

*Equity price risk*

Financial assets at FVTPL and FVOCI are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, the country's economic performance, political stability, and domestic inflation rates, these prices change, reflecting how market participants view the developments. The Group's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each sector and market.

*Liquidity risk*

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues, both on-shore and off-shore.

*Credit risk*

Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's holding of cash and cash equivalents and short-term investments and receivables from customers and other third parties exposes the Group to credit risk of the counterparty. Credit risk management involves dealing with institutions for which credit limits have been established. The Treasury and Financial Policies of the individual subsidiaries set credit limits for their counterparty. The Group trades only with recognized, creditworthy third parties and has a well-defined credit policy and established credit procedures.

The Group considers the probability default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers “low risk” to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

Given the Group’s diverse base of counterparties, the Group is not exposed to large concentrations of credit risk.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is equal to the carrying values.

Part of the policies is the performance of impairment analysis for the credit accounts.

The credit quality of the financial assets was determined as follows:

*Cash and cash equivalents, short-term investments, financial assets at FVTPL, quoted financial assets at FVOCI, financial assets at amortized cost, advances to other companies, and related party receivables*

High grade pertains to cash and cash equivalents and short-term investments, quoted financial assets, financial assets at amortized cost, related party transactions and receivables with high probability of collection.

Medium grade pertains to unquoted financial assets other than cash and cash equivalents, FVTPL financial assets, and short-term investments with nonrelated counterparties and receivables from counterparties with average capacity to meet their obligation.

Low grade pertains to financial assets with the probability to be impaired based on the nature of the counterparty.

*Trade receivables*

Real estate, power, outsourcing and international and others –high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment in the past; and low grade pertains to receivables with more than 3 defaults in payment.

Industrial technologies – high grade pertains to receivable with favorable credit terms and can be offered with a credit term of 15 to 45 days; medium grade pertains to receivable with normal credit terms and can be offered with a credit term of 15 to 30 days; and low grade pertains to receivables under advance payment or confirmed irrevocable Stand-by Letter of Credit and subjected to semi-annual or quarterly review for possible upgrade or transaction should be under advance payment or confirmed and irrevocable Stand-By Letters of credit; subject to quarterly review for possible upgrade after one year.

Automotive – high grade pertains to receivables from corporate accounts and medium grade for receivables from noncorporate accounts.

Unquoted financial assets at FVOCI – the unquoted investments are unrated.

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## **21. Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related

party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management and Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the Committee approved threshold value – of P50.0 million or five (5) percent of the total assets, whichever is lower. The Parent Company's Risk Management Unit, acting as the secretariat of the Committee, reviewed the RPTs before these were presented to the Committee for approval.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

Highlights of related party transactions follow:

a. Transactions with BPI, an associate

As of September 30, 2024 (unaudited) and December 31, 2023 (audited), the Group maintains current and savings account, money market placements, other short-term investments and other current assets as well as short-term and long-term debt with BPI broken down as follows:

	<b>September 2024 (Unaudited)</b>	<b>December 2023 (Audited)</b>
	(in Thousands)	
Cash on hand and in banks (Note 4)	<b>P9,007,365</b>	P8,728,749
Cash equivalents (Note 4)	<b>19,387,525</b>	16,943,304
Short-term investments (Note 5)	<b>508,416</b>	453,910
Financial assets at FVTPL (Note 8)	<b>4,891,106</b>	206,772
Short-term and long-term debt (Note 15)	<b>65,250,358</b>	52,906,942

Cash in banks earn interest at prevailing bank deposit rates while cash equivalents and short-term investment earn interest at the respective short-term placement rate. Investment in FVTPL pertain to MMF which earns interest depending on the duration of time invested in the fund.

The Group's short-term and long-term debts are interest bearing with varying rates, have various maturities starting 2024 and varying schedules of payments for interest (see Note 15).

Transactions with BPI will be settled in cash.

b. Outstanding balances of related party transactions follow:

	<b>September 2024 (Unaudited)</b>	<b>December 2023 (Audited)</b>
	(in Thousands)	
Receivable from related parties (Note 6)	<b>P36,415,099</b>	P30,118,849
Dividend receivable (Note 6)	<b>–</b>	1,292,270
Payable to related parties (Note 13)	<b>4,023,183</b>	4,814,623

The September 2024 (unaudited) amounts represent 11.5% and 2.0% of the Group's total accounts and notes receivables and total accounts payable and accrued expenses, respectively.

Provisions for ECL on related parties amounted to nil for the periods ended September 30, 2024 and 2023 (both unaudited).

*Receivable from related parties*

Receivable from related parties pertains mostly to interest and non-interest-bearing advances with various maturities. Advances include certain residential development projects which become due

as soon as the projects are completed. The receivables also include ACEIC's receivables from associates and joint venture partners and AC Industrials' certain trade receivables arising from automotive and other sales (see Note 6). This account also includes other receivables relating to reimbursement of operating expenses like management fees, among others. The trade and other receivables are unsecured, will be settled in cash and are due and demandable.

Impairment assessment is undertaken at end of year or anytime during the year when there is a condition that would require such, through examining the financial position of the related parties and the markets in which the related parties operate.

#### *Dividends receivable*

Dividends receivable from related parties pertains to accrued dividend declarations from associates and joint ventures. These are non-interest-bearing and usually collectible within one year.

#### *Payables to related parties*

These payables include: (a) cost of lots for joint development projects; (b) purchased parts and accessories and vehicles and purchase of services; and (c) advances and reimbursements for operating costs. These are all unsecured, interest free, will be settled in cash and are due and demandable.

#### c. Revenue and expenses from related parties follow:

	<b>September 2024 (Unaudited)</b>	<b>September 2023 (Unaudited)</b>
	(in Thousands)	
Revenue from related parties	<b>₱7,309,089</b>	₱7,383,359
Expenses from related parties	<b>8,056,015</b>	7,689,619

The September 30, 2024 (unaudited) amounts represent 2.5% and 3.5% of the Group's total revenues and expenses, respectively. These consist of, among others, income from real estate, power generation, automotive sales, professional services and interest/financing as well as expenses on interest (see Note 15), water utilities, communications and professional fees.

## 22. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	<b>December 2023 (Audited)</b>	<b>Cash Flows</b>	<b>Non-cash Changes *</b>	<b>Change Due to Loss of Control</b>	<b>Foreign Exchange Movement</b>	<b>September 2024 (Unaudited)</b>
	(in Thousands)					
Short-term and long-term debt	₱589,843,737	₱44,269,562	₱484,063	(₱1,379,137)	₱2,373,877	₱635,647,529
Dividend payable	3,379,777	(7,610,943)	4,390,693	–	–	159,527
Other noncurrent liabilities	49,472,112	4,928,994	1,284,856	429,758	–	56,115,720
Lease liabilities	30,705,536	(2,256,023)	12,033,294	–	71,341	40,554,148
<b>Total liabilities from financing activities</b>	<b>₱673,401,162</b>	<b>₱39,331,590</b>	<b>₱18,192,906</b>	<b>(₱949,379)</b>	<b>₱2,445,218</b>	<b>₱732,476,924</b>

\*Non-cash changes on:

- Dividends payable pertains to cash dividends declared during the period (see Note 16).
- Lease liabilities pertains to additions and accretion of interest expense during the period.

The Group's non-cash investing and financing activities among others are as follows:

- Transfer from inventory to investment property ₱2,193.6 million;
- Transfer from property and equipment to investment properties amounting to ₱2,842.3 million;
- Recognition of right-of-use asset and lease liabilities (see Note 9); and
- Distribution of property dividend amounting to ₱847.3 million.

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## 23. Events After the Reporting Period

### Parent Company

#### 1. *Dividend declaration*

On October 30, 2024, the Parent Company's BOD approved the declaration of third quarter cash dividends on the outstanding Preferred "B" Series 2 Shares (APB2R) and Preferred "A" Shares (ACPAR). The APB2R cash dividend amounts to  $\frac{1}{4}$  of 4.8214% per annum or ₱6.02675 per share and the ACPAR cash dividend amounts to  $\frac{1}{4}$  of 6.3587% per annum or ₱39.741875 per share. The record date is November 15, 2024 and payment is on November 29, 2024.

#### 2. *Reissuance of Preferred "B" Shares*

On October 15, 2024, the Parent Company received in full the proceeds from the successful re-issuance of ₱15.00 billion Preferred B shares (ACPB3). Total Preferred "B" shares subscribed were 7.50 million shares at ₱2,000.00 per share.

#### 3. *Strategic partnership with Mitsubishi Corporation (MC)*

On October 18, 2024, the Parent Company, MC and AC Ventures signed a binding term sheet whereby MC commits to subscribe to such number of shares in AC Ventures amounting to at least ₱18.4 billion, the proceeds of which shall be used to redeem AC Ventures shares held by the Parent Company. These transactions will result in the Parent Company and MC each owning a 50% stake in AC Ventures. The execution of the said transactions are subject to the execution of definitive agreements and the satisfaction of conditions precedent to closing, including regulatory approvals.

AC Ventures will serve as a joint venture vehicle between the Parent Company and MC for co-investments that will explore consumer-related and digital opportunities in the Philippines. These initiatives are aligned with the Parent Company's strategic priority to support the growth of clear business winners within its portfolio (see Notes 3 and 10).

### ALI

#### 1. *Sale of Investment in AirSWIFT*

On October 7, 2024, ALI Capital Corp., a wholly owned subsidiary of ALI, signed a Deed of Assignment (DOA) of shares with Cebu Air Inc. (Cebu Pacific) to acquire 100% of AirSWIFT Transport Inc. for ₱120.0 million.

Following the DOA, there will be no change in AirSWIFT's flight schedules and service. A boutique airline that caters to the domestic leisure travel market, AirSWIFT operates flights from Manila and Clark to El Nido in northern Palawan, and from El Nido to other major tourist destinations in the country, including Cebu, Boracay, Coron and Bohol.

To settle AirSWIFT Transport, Inc.'s debt obligation to ALI Capital Corp., Cebu Pacific, as third-party settled the ₱1.63 billion debt to ALI Capital Corp., and succeeded as AirSWIFT Transport, Inc.'s creditor.

The transaction allows both organizations to focus on their respective core businesses, enhancing operational focus and efficiency.

#### 2. *Sustainability-Linked Financing (SLF) Program*

On October 11, 2024, ALI drew in full its ₱14.5 billion Sustainability-Linked Loan (SLL) from the IFC at 5.9922% fixed for eight years. This funding will enable ALI to implement energy and water-saving measures across its commercial real estate portfolio, including energy-efficient lighting and cooling systems, passive building design, low-flow water fixtures, and water harvesting and recycling systems.

#### 3. *Dividend declaration*

On October 24, 2024, ALI's BOD approved the declaration of cash dividends of ₱0.2913 per common share for the second half of 2024. The record date is November 8, 2024 and the payment date is November 22, 2024.

#### AC Industrials

##### *Investment in EVRO Mobility Solutions, Inc. (EVRO)*

In October 2024, AMHI invested ₱100.00 million in EVRO for 1.00 million common shares with par value of ₱10.00 per share. EVRO is a newly incorporated company engaged in the business of creating and providing online applications, software and information technology services and solutions, software and information technology facilities for businesses related to or directly engaged in the electric vehicle charging stations business; operate as an e-Mobility Service Provider (EMSP) and as a payment gateway for the electric vehicle ecosystem; offer loyalty programs, mobile and fleet charging services, advertising realty on software platforms, and other related services.

#### Globe

##### *1. Sale and leaseback of telecom towers*

Globe completed the sale of 25 telecom towers on October 28, 2024 for cash consideration of ₱300.00 million. The corresponding leaseback arrangements for those telecom towers sold took effect at the date of sale. To date, Globe completed the sale of 6,653 telecom towers representing 89% of the total towers portfolio subject to sale.

##### *2. Dividend declaration*

On November 7, 2024, Globe's BOD approved the declaration of the fourth quarter cash dividend of ₱25.00 per common share, payable to common stockholders of record as of November 21, 2024. Total dividends amounting to ₱3.6 billion will be payable on December 6, 2024.

On the same date, Globe's BOD approved the declaration of cash dividend for holders of voting preferred shares on record as of November 21, 2024. The amount of cash dividend will be based on the 2024 Benchmark rate of 3-day average of the 5-year BVAL rates plus 2%. The aggregate dividend payment of the voting preferred shares is about ₱61.3 million payable on December 6, 2024.

#### IMI

##### *Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC*

On October 11, 2024, IMI entered into a Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC., which are California-based firms engaged in prototyping and low volume EMS service. Under the agreement, IMI will channel or refer prototyping and low volume EMS services needs of selected customers to XLR8 and Concisys, while XLR8 and Concisys will refer IMI to their customers for volume production services. Consequently, IMI USA will discontinue its prototyping and manufacturing operations by the end of 2024, with production functions to be transitioned to IMI facilities across North America, Europe, and Asia.



## Section 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations

*This section includes financial and operating data with respect to Ayala's subsidiaries (Ayala Land, Inc., Integrated Micro-Electronics, Inc., and AC Energy and Infrastructure Corporation with listed subsidiary ACEN Corporation (ACEN)), associates (Bank of the Philippine Islands and Manila Water Company, Inc.), and joint venture (Globe Telecom, Inc.). This section should be read in conjunction with the financial highlights of these investees. The financial highlights as contained in their respective December 31, 2023 audited financial statements and SEC 17-A reports of these investees are available for viewing at the office of the Philippine Securities and Exchange Commission located at the 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City, 1209, or at these companies' official websites, as applicable.*

*This section also includes discussion of financial ratios. These financial ratios are unaudited and are not measurements of profitability in accordance with PFRS and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.*

### 9M24 vs 9M23 Highlights

- Ayala Corporation (Ayala) posted a core net income of ₱36.7 billion, a growth of 19 percent in the first nine months of 2024. The performance was anchored by the company's core units, BPI, Ayala Land, Globe, and AC Energy & Infrastructure (ACEIC). Including one-off items, Ayala's reported net income increased five percent to ₱34 billion.
  - BPI posted a record-high ₱48 billion in reported net income, up 24 percent due to sustained growth in loans, fee income, and net interest margin (NIM) expansion.
  - Ayala Land's reported net income grew 15 percent to ₱21.2 billion on resilient residential demand and consumer activity.
  - Globe's core net income improved 19 percent to ₱17.6 billion as the company posted record service revenues complemented by lower expenses that led to EBITDA margin expansion. This was boosted by stronger contributions from Mynt, the operator of GCash. Net income including non-recurring gains, was up six percent to ₱20.6 billion.
  - ACEN's reported net income accelerated 24 percent to ₱8.1 billion, driven by higher attributable renewable energy generation, a strong net selling merchant position in the Philippine Wholesale Electricity Spot Market (WESM), and net value realization gains of ~₱2.5 billion.
    - ACEIC, the parent company of ACEN, registered a core net income of ₱8.7 billion, up 21 percent as the strong performance of ACEN, growth in net financing income, and forex gains offset lower contributions from its thermal assets. Including one-off items, ACEIC's net income was flat at ₱10.2 billion.

### Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased 12 percent to ₱232.9 billion due to higher bookings from residential business, incremental construction project activities, and improved mall and hotel operations in ALI, higher electric vehicle sales in AC Industrials', and growth in import/export services, warehouse, and trucking revenues in AC Logistics. These were partially offset by lower sales in IMI. As a percentage of total revenue, this account was at 87 percent and 85 percent for periods ending September 30, 2024 and 2023, respectively.

### Real Estate

- Ayala Land posted a net income of ₱21.2 billion in the first nine months of 2024, 15 percent higher from the same period last year. This was on the back of resilient property demand and robust consumer activity, which boosted revenues 27 percent to ₱125.2 billion.
- Property development revenues surged 34 percent to ₱76.6 billion on higher bookings across all residential segments. Commercial and industrial lot sales at Laguindingan Technopark, Broadfield, and Nuvali also contributed to the performance.

- Residential reservation sales increased 17 percent to ₱100.5 billion due to strong demand in the premium segment, which includes AyalaLand Premier and Alveo.
  - Ayala Land introduced ₱11.9 billion-worth of fresh residential projects in the third quarter. Some of the notable launches were AyalaLand Premier's Orchard Vistas and Ayala Greenfield Estates Brookside Park, Avida's Sentries Storeys Veramosa, and the second tower of Amaia Skies. Total launches as of September reached ₱45.6 billion, with Ayala Land's premium brands comprising 79 percent.
- Leasing and hospitality revenues were up eight percent to ₱33.2 billion on larger contributions across all leasing segments.
  - Shopping center revenues increased seven percent to ₱16.7 billion due to higher rent, supported by new tenant revenues from One Ayala Mall.
  - Office revenues grew seven percent to ₱9.4 billion from improved occupancy, rent, and contributions from One Ayala Offices and Ayala Triangle Gardens Tower Two.
  - Hotels and resorts revenues grew 13 percent to ₱7.1 billion from higher room rates and contributions from Seda developments in Manila Bay, Vertis North, and Nuvali.
- Revenues from service businesses, comprised of construction and property management among others, soared 54 percent to ₱12.8 billion.
  - Makati Development Corporation's net construction revenues almost doubled to ₱8.5 billion as bookings from external projects grew.
- Capital expenditures totaled ₱51.9 billion, 49 percent of which was spent on residential projects, 27 percent on estate development, 13 percent on leasing and hospitality assets, and 11 percent on land acquisition.

## Power

- ACEN's net income rose 24 percent to ₱8.1 billion in the first nine months of 2024, driven by newly operational plants that boosted attributable renewable energy coupled with the company's strong net seller position in the local spot market. Net value realization gains amounting to ~₱2.5 billion reflecting the partial loan repayment made at a premium for the Mui Ne Wind project in Vietnam, the completion of the full sale of ACEN's shares in the Sidrap windfarm in Indonesia, and ACEN's acquisition of AREIT shares in exchange for its 276-hectare property in Zambales supported the company's performance.
- Core attributable EBITDA, which includes ACEN's share of EBITDA from non-consolidated operating projects, expanded 30 percent to ₱14.3 billion.
- Total attributable renewables output jumped 31 percent to 4,127 gigawatt-hours (GWh) despite the softness due to seasonality of wind and solar sources typically seen in the third quarter.
- Output from Philippine renewable plants surged 78 percent to 1,370 GWh as several solar and wind farms were operationalized over the past nine months. These include SanMar Solar (Zambales), Pagudpud Wind and Capa Wind (Ilocos Norte), Cagayan North Solar (Cagayan), phase 2 of Arayat-Mexico Solar 2 (Pampanga). Capacity from these plants, which account for 56 percent of Philippine generation in the year, likewise strengthened ACEN's net seller position in the WESM by 34 percent to 663 GWh.
- Output from international plants increased 15 percent to 2,741 GWh due to the operationalization of large-scale projects such as New England Solar (Australia) and Masaya Solar (India). Together with Lac Hoa & Hoa Dong Wind in Vietnam and the Chestnut Flats wind farm in the USA, new plants in the year collectively accounted for 42 percent of total international output.
- ACEN's global portfolio has approximately 6.8 gigawatts (GW) of attributable renewables capacity of which over 3 GW are fully operational. Of the balance, 2.3 GW are from projects that are under construction while over 1.4 GW are from committed projects that are expected to begin construction in the next 12 months.

## Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures increased four percent to ₱35.6 billion due to higher net interest and non-interest income in BPI, better results from AJVs of ALI, and higher revenues and gains from the partial sale of the tower assets in Globe. These were partially offset by lower equity in net earnings from AJVs in ACEIC and the impact of the last tranche of the MWC divestment in May 2024. As a percentage of total revenues, this account was 13 percent and 14 percent for periods ending September 30, 2024 and 2023, respectively.

## Banking

- BPI reported a record nine-month net income of ₱48 billion, up 24 percent largely driven by revenue growth. This was supported by sustained loan growth, higher NIM, a wider deposit base, and healthy asset quality.
  - Return on equity was up 32 basis points to 15.9 percent while return on assets improved 12 basis points to 2.1 percent.
- Total revenues jumped 25 percent to ₱125.8 billion due to sustained momentum of the bank's net interest and non-interest incomes.
- Net interest income increased 22 percent to ₱93.9 billion as total loans and NIM continued to expand.
  - Total loans rose 19 percent to ₱2.1 trillion on at least double-digit growth in all loan segments. High yielding, non-institutional loans collectively increased 39 percent, with their share of the loan book expanding 394 basis points to 27.4 percent. This was complemented by a 13 percent growth in institutional loans.
  - NIM expanded 20 basis points to 4.3 percent as asset yields outpaced cost of funds. Bigger contributions from high yielding segments and an improved loan-to-deposit ratio supported NIM expansion despite a monetary easing environment.
- Non-interest income was up 32 percent to ₱31.9 billion due to strong fee income, boosted by security trading gains.
  - Fee income was up 28 percent to ₱26.4 billion.
  - Forex income grew six percent to ₱2.6 billion.
  - Trading income soared 175.3 percent to ₱3 billion.
- Total deposits increased 15 percent to ₱2.5 trillion, tracking ahead of industry performance, on the back of healthy expansion in both institutional and mass market customer segments. Consistent with the industry, CASA ratio decreased from 69.3 percent to 63.0 percent due to tight system liquidity.
- Asset quality remained healthy and better than industry average.
  - NPL ratio was up 33 basis points to 2.30 percent due to increases in personal, microfinance, and business banking segments, in line with the bank's strategy to grow its higher yielding consumer loan book.
  - NPL cover remained sufficient at 111.2 percent, down 47.8 percentage points.
  - Total provisions were up 60 percent to ₱4.8 billion.
- Operating expenses grew 22 percent to ₱59.4 billion due to higher manpower, technology, marketing, and volume-related costs. Revenue growth outpaced OPEX growth, leading to a 100-basis point improvement in the bank's cost-to-income ratio of 47.2 percent.

## Telco

- Globe's core net income, which excludes non-recurring charges, foreign exchange, and mark-to-market charges, accelerated 19 percent to ₱17.6 billion in the first nine months of 2024. The performance was underpinned by record gross service revenues (GSR) and EBITDA, boosted by strong contributions from Mynt's GCash.
  - Net income was up six percent to ₱20.6 billion due to strong EBITDA growth and higher one-time gains from Globe's tower sale program in the first nine months of 2024.

- Consolidated EBITDA rose seven percent to ₱64.9 billion because of higher GSR and lower costs. This led to a 220-basis point expansion in EBITDA margin that ended at 52.3 percent, tracking above Globe's 50 percent full-year guidance.
- GSR grew two percent to ₱124 billion on sustained growth in mobile data and corporate data that offset softness in home broadband revenues.
  - Mobile data revenues reached a record ₱72.9 billion, up nine percent, due to higher data consumption. Mobile data users and mobile data traffic grew five percent and 11 percent, respectively.
  - Corporate data revenues likewise reached an all-time high, increasing 14 percent to ₱15.5 billion owing to demand for core accounts and ICT-related services.
  - Home broadband revenues decreased six percent to ₱17.9 billion due to the reduction of fixed wireless contribution. This was partly offset by the steady two percent growth in fiber revenues.
- Equity earnings from Mynt increased 114 percent to ₱3.5 billion, anchored on GCash's strong growth momentum. This represented 14 percent of Globe's pre-tax net income, up eight percentage points.
- Non-telco revenues decreased 56 percent to ₱4.1 billion due to the deconsolidation of ECPay from Globe's books following the sale of its 77 percent stake to Mynt in September 2023.
- Capital expenditures dropped 24 percent to ₱41 billion, aligned with Globe's strategy to optimize capital deployment and achieve positive free cash flows by 2025.

## Portfolio Updates

- AC Health's revenues grew 11 percent to ₱6.9 billion. The provider group, which is comprised of clinics and hospitals, saw a revenue growth of 25 percent, above industry growth of 12 percent. The pharma group, made up of retail and principal operations, registered a one percent revenue growth against an industry decline of four percent. Meanwhile, net loss widened to ₱417 million mainly due to costs related to the ramp up of the cancer hospital.
- AC Industrials narrowed its net loss to ₱5.1 billion from ₱6.1 billion due to lower impairments. Core net loss, which excludes all one-off items, widened to ₱921 million from ₱808 million because of softer demand in IMI, higher costs from tax assessments, unfavorable forex, and start-up costs in ACMobility, as well as closure costs in the 2-wheel segment.
  - IMI continued to focus on navigating headwinds in the electronics market through various initiatives including rightsizing, which is estimated to reduce annual core fixed overhead and operating expenses by US\$25 million. IMI's revenues were down nine percent to US\$841 million while net losses reached US\$9.2 million.
  - ACMobility further bolstered its portfolio of passenger vehicles with the introduction of three battery electric vehicles at price points that complement those within its current lineup. The company launched in the past 2 months the mini hatchback BYD Seagull at ₱898,000, the performance sedan BYD Seal at ₱2.5 million, and the SUV Kia EV9 at ₱5.9 million. On the charging infrastructure side, over 80 additional charging points were rolled out in the last 12 months, bringing the company's total to 111 charging points in 50 locations nationwide.
- In October, Ayala, through its wholly owned subsidiary AC Ventures Holding Corp. (ACV), brought in Mitsubishi Corporation (Mitsubishi) as a strategic partner to accelerate the growth of Globe Fintech Innovation, Inc. (Mynt), the operator of the ubiquitous GCash. Aligned with Ayala's strategy of supporting the growth of clear winners within its portfolio, the partnership aims to expand GCash's product offerings and customer reach by leveraging Mitsubishi's extensive global network and expertise in the fintech space. Subject to conditions precedent and regulatory approvals, Mitsubishi will subscribe to shares equivalent to a 50 percent stake in ACV.

## Cost and Expenses

Cost of sales and services increased seven percent to ₱168.7 billion resulting from improvements in sales as discussed above and higher prices for direct costs and overhead across various BUs. As a percentage of total costs and expenses, this account was 82 percent and 83 percent for the periods ending September 30, 2024 and 2023, respectively.

## General and Administrative Expenses

General and administrative expenses increased 15 percent to ₱37.8 billion due to higher personnel costs, professional fees, taxes and licenses, insurance, as well as depreciation and amortization. The Group also recognized provisions for expected credit losses (ECL) of various BUs, impairment risks on certain investments and receivables such as risks associated with VIA, IMI, UPC Renewables Asia III in ACEIC, and AC Infra/ Logistics based on impairment tests done by the Company. As a percentage of total costs and expenses, this account was at 18 percent and 17 percent for the periods ending September 30, 2024 and 2023, respectively.

## Balance Sheet Highlights

- Total assets increased seven percent to ₱1.7 trillion from end-2023 mainly due to increases in property, plant and equipment, accounts and notes receivables, and investment properties.
  - Property, plant, and equipment rose 17 percent to ₱174.7 billion due to continued investments in solar and wind farm projects including higher capitalized borrowing costs in ACEIC. This were partially offset by IMI and AAC's net disposals and the Group's depreciation and amortization in the period. This account was 10 percent and 9 percent of total assets as of September 30, 2024 and December 31, 2023, respectively.
  - Current and noncurrent notes receivable collectively grew 10 percent to ₱307.3 billion due to increases in property development and residential revenues as well as the impact of adoption of PIC Q&A 2018-12 in ALI, higher development loans in ACEIC, and additional receivables from the last tranche of the divestment of MWC in Philwater. These accounts were 18 percent and 17 percent of total assets as of September 30, 2024 and December 31, 2023, respectively.
  - Investment properties grew six percent to ₱257.4 billion primarily due to land acquisitions, construction progress in leasing assets in ALI and transfers from property, plant, and equipment. These were partially offset by an impairment of an investment property in AC Logistics. This account was 15 percent of total assets as of September 30, 2024 and December 31, 2023, respectively.
- Ayala continues to maintain a strong balance sheet through active debt management and value realization initiatives.
- Consolidated cash amounted to ₱72.7 billion.
- Consolidated net debt increased 12 percent to ₱562.9 billion.
- Consolidated net debt-to-equity ratio was slightly up three basis point to 0.78x, well within the Ayala's covenant of 3.0x.
- Parent level cash amounted to ₱6.9 billion.
- Parent net debt totaled ₱168.4 billion.
- Parent net debt-to-equity ratio was at 1.03 and is estimated to adjust below 1.0 upon the completion of Mitsubishi's forthcoming investment in Mynt, subject to PCC approval.
- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuals which have no maturity) to the total value of its assets, ended at 12 percent.
- Parent average cost of debt ended at 5.47 percent.
- Ayala reissued ₱15 billion-worth of Preferred "B" Shares at 6.0538 percent. The issuance was well received by institutional and retail investors being 3 times oversubscribed. The proceeds will be used to refinance Ayala's ₱15 billion Preferred Shares callable on November 9, 2024.

*Key performance indicators:*

The Group maintains healthy financial ratios driven by strong operating performance of major subsidiaries and investees.

Refer to Section 3 – Financial Soundness Indicators for the key performance indicators (consolidated figures) monitored by the Group.

2.1 Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The Group does not expect any liquidity problems and is not in default of any financial obligations. The Group complied with the existing loan covenants and restrictions as of September 30, 2024.

2.2 Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

- None

2.3 Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

- None

2.4 Any material commitments for capital expenditures (capex), the general purpose of such commitments, and the expected sources of funds for such expenditures.

Parent Company

For 2024, Ayala has budgeted a total of ₱284 billion in capex this year across the Group. Parent-only capex amounted to ₱30.4 billion as of the nine-month period ended September 30, 2024 with bulk of the funds used for the additional investment in Mynt/GCash and requirements of AC Infra, AC Logistics, and AC Heath.

ACEIC

For the nine months ended September 30, 2024, ACEIC's paid capital expenditure amounted to ₱29.4 billion.

As of September 30, 2024 (unaudited) and December 31, 2023 (audited), the completion status of ACEIC's significant capital expenditures follow:

Project	Technology	Capacity (MW)	Location	% of Completion	
				September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
San Marcelino Solar (Phase 1 and 2)	Solar	385	Zambales, Philippines	100%*	98%
San Marcelino Solar (Phase 3)	Solar	200	Zambales, Philippines	5%	<1%
Cagayan North Solar (Phase 1)*	Solar	133	Lal-lo Cagayan, Philippines	100%*	98%
Pangasinan Solar	Solar	60	Pangasinan, Philippines	95%	60%
Palauig 2 Solar	Solar	300	Zambales, Philippines	72%	31%
Pagudpud Wind*	Solar	160	Ilocos Norte, Philippines	100%*	98%
New England Solar Farm 1	Solar	521	Uralla, New South Wales, Australia	100%*	98%
New England BESS	Battery	200	Uralla, New South Wales, Australia	5%	—

Project	Technology	Capacity (MW)	Location	% of Completion	
				September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Stubbo Solar	Solar	520	Central Western Tablelands, New South Wales, Australia	85%	23%

*\*Projects that are currently under testing and commissioning as of September 30, 2024*

#### ALI

For the year 2024, ALI is budgeting ₱85 billion in capital expenditures. Of the total amount, ₱51.9 billion has been disbursed as of September 30, 2024. ALI will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.

#### IMI

Capital expenditures amounted to US\$6.9 million in the nine months of 2024 versus US\$18.6 million in the same period last year. For the full year of 2024, IMI expects to spend ~\$10 million on capital expenditures for existing operations and new expansion projects.

#### Globe

For the period ended September 30, 2024, Globe invested ₱41.0 billion in capital expenditure (capex), a 24% decrease compared to the same period in 2023. Bulk of this amount or 91% was allocated for the data requirements to guarantee its customers with uninterrupted access to digital solutions and connectivity services, ensuring a seamless and consistent user experience.

(Refer to Section – 2 MD&A portion for details).

- 2.5 Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

The Parent Company's and its subsidiaries' performance will continue to hinge on the overall economic performance of the Philippines and other countries where its subsidiaries operate. Key economic indicators, interest rate and foreign exchange rate movements will continue to impact the performance of the real estate, banking, telecom, water infrastructure, power generation, electronics manufacturing and automotive groups, including the Parent Company.

AC Group shall continue to align our key strategies and adjust our business models to be able to adapt to changing consumption patterns, consumer behaviors, business and regulatory environment as quickly as possible in order to remain relevant, manage execution and expansion risks and to preserve value in the midst of this pandemic.

- 2.6 Any significant elements of income or loss that did not arise from the registrant's continuing operations

- None

- 2.7 There were no material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

- None

## 2.8 Causes for any material variances

(Increase or decrease of 5% or more in the financial statements)

### Balance Sheet Items

#### **As at September 30, 2024 (Unaudited) and December 31, 2023 (Audited)**

##### **Cash and cash equivalents and Short-term investments – 5% decrease from ₱76,211 million to ₱72,690 million**

Decrease came from AC's capital infusions to investees including ₱22.4 billion utilized by AC Ventures for its additional 8.45% stake in GCash, the Group's outflows for other capital infusions, loan principal, interest, CAPEX, and cash dividends; offset by AC's ₱15.0 billion proceeds from sale of shares, ALI's ₱11.5 billion proceeds from block sale of AREIT shares (see Note 3) and from Tranche 1 of its IFC Sustainability- Linked loans (see Note 15), the Group's other short-term and long-term borrowings, collections of various receivables, dividends from associates, joint ventures, and investments in equity securities. This account is 4% and 5% of total assets as of September 30, 2024 and December 31, 2023, respectively.

##### **Accounts and notes receivable:**

(In Millions)	September 2024	December 2023	% Inc. (Dec.)	% of Total Assets	
				September 2024	December 2023
Current	<b>₱163,949</b>	₱159,553	3%	10%	10%
Noncurrent	<b>143,374</b>	119,341	20%	8%	7%
Total	<b>₱307,323</b>	₱278,894	10%	18%	17%

Combined movements came from ALI's increase in property development revenues and slightly from the impact of its adoption of PIC Q&A 2018-12 on PFRS 15's significant financing component requirement, ACEIC's higher development loans, and Philwater's additional receivable from Trident Water arising from the sale of its investment in MWCI this period. These accounts are 18% and 17% of total assets as of September 30, 2024 and December 31, 2023, respectively.

##### **Other current assets – 9% decrease from ₱108,452 million to ₱99,040 million**

Decrease came from ALI's lower advances to contractors and suppliers, and ACEIC's full disbursement of the proceeds from the issuance of redeemable preferred shares which was held in an escrow account last year (see Note 8). This account is 6% and 7% of total assets as of September 30, 2024 and December 31, 2023, respectively.

##### **Assets under PFRS 5 – 100% increase from ₱nil to ₱240 million**

This pertains to ACEIC's reclassification as held for sale of its project cost in one of its solar farms. This account is less than 1% of total assets as of September 30, 2024.

##### **Investments in associates and joint ventures – 11% increase from ₱353,964 million to ₱394,541 million**

Increase attributable to equity earnings less dividends from BPI and Globe; ACEIC's additional investments in UPC Power Solutions, BrightNight India, PhilWind, and North Luzon Renewable; and AC Ventures' additional investment in GCash; offset by provisions during the period such as for Yoma. This account is 23% and 22% of total assets as of September 30, 2024 and December 31, 2023, respectively.

##### **Investment properties – 6% increase from ₱242,485 million to ₱257,394 million**

Increase primarily due to ALI's land acquisitions, additional construction-in-progress of buildings to be leased as retail and office spaces upon completion, and transfers from property, plant and equipment; offset by AC Logistics' impairment of an investment property. This account is 15% of total assets as of September 30, 2024 and December 31, 2023.

##### **Property, plant and equipment – 17% increase from ₱149,055 million to ₱174,729 million**

Increase attributable to ACEIC's continued investments in solar and wind farm projects including higher capitalized borrowing costs and management fees; offset by ALI's and AC Infra's transfers to investment properties, IMI and AAC's net disposals, and the Group's period depreciation and



amortization. This account is 10% and 9% of total assets as of September 30, 2024 and December 31, 2023, respectively.

**Right-of-use assets – 13% increase from ₱23,498 million to ₱26,460 million**

Increase mainly came from ACEIC's new lease contracts for its solar farm projects and AC Logistics' new warehouse lease. This account is 2% of total assets as of September 30, 2024 and December 31, 2023.

**Deferred tax assets (DTA) – 6% increase from ₱19,460 million to ₱20,628 million**

Increase mainly from ACEIC's deferred taxes on accrued expenses, NOLCO, MCIT and lease liabilities. This account is 1% of total assets as of September 30, 2024 and December 31, 2023.

**Short-term debt – 77% increase from ₱49,871 million to ₱88,202 million**

Increase due to net borrowings of AC, ACEIC, ALI, and AYCFL partly offset by net loan settlements of IMI, AC Industrials, and AC Infra. This account is 9% and 5% of total liabilities as of September 30, 2024 and December 31, 2023, respectively.

**Income tax payable – 10% decrease from ₱1,076 million to ₱973 million**

Decrease attributable to income tax payments of ACEIC and ALI. This account is less than 1% of total liabilities as of September 30, 2024 and December 31, 2023.

**Other current liabilities – 9% decrease from ₱39,125 million to ₱35,671 million**

Decrease mainly due to ALI's settlement of customer deposits to sales bookings offset by increase in ACEIC's refundable customer deposits. This account is 4% of total liabilities as of September 30, 2024 and December 31, 2023.

**Lease liabilities:**

(in Millions)	September 2024	December 2023	% Inc. (Dec.)	% of Total Liabilities	
				September 2023	December 2022
Current	<b>₱4,024</b>	₱3,070	31%	0%	0%
Noncurrent	<b>36,530</b>	27,636	32%	4%	3%
<b>Total</b>	<b>₱40,554</b>	₱30,706	32%	4%	3%

Combined increase driven by ACEIC's new leases for the construction of its solar farms and AC Logistics' new warehouse lease. Refer to corresponding increase in right of use assets. Higher increase in lease liabilities is expected in the early years of contracts due to present value factor of lease obligations.

**Deferred tax liabilities – 17% increase from ₱11,459 million to ₱13,461 million**

Increase mainly from ALI's real estate transactions. This account is 1% of total liabilities as of September 30, 2024 and December 31, 2023.

**Pension liabilities – 5% increase from ₱5,331 million to ₱5,601 million**

Increase attributable to the Group's retirement expense, interest, and net rereasurement gain on defined benefit plans during the period countered by benefit payments and AC's retirement fund contribution<sup>1</sup>. This account is below 1% of total liabilities as of September 30, 2024 and December 31, 2023.

**Other noncurrent liabilities – 13% increase from ₱49,472 million to ₱56,116 million**

Increase due to ALI's higher customer deposits this period. This account is 5% of total liabilities as of September 30, 2024 and December 31, 2023.

<sup>1</sup> The Parent Company's pension fund is known as the AC Employees Retirement Fund (ACERF). ACERF is a legal entity separate and distinct from the Parent Company, governed by a board of trustees appointed pursuant to a Trust Agreement between the Parent Company and the initial trustees. It holds common and preferred shares of the Parent Company in its portfolio. All such shares have voting rights under certain conditions, pursuant to law. ACERF's portfolio is managed by an Executive Committee appointed by the fund's trustees for that purpose. The members of the committee include the Parent Company's Treasurer, Comptroller, and Total Rewards Head. ACERF has not exercised voting rights over any shares of the Parent Company that it owns.

Remeasurement losses on defined benefit plans – 6% decrease from negative (-)P6,611 million to negative (-)P6,211 million

Decrease due to net actuarial gains on pension liabilities as result of changes in actuarial assumptions during the period. This account is 1% of total equity as of September 30, 2024 and December 31, 2023.

Fair value reserve of financial assets at FVOCI – 1,708% increase from negative (-)P66 million to negative (-)P1,198 million

Increase mainly due to ACEIC's net losses on mark-to-market valuation of its financial assets at FVOCI offset by BPI's sale of its investments at FVOCI. This account is below 1% of total equity as of September 30, 2024 and December 31, 2023.

Cumulative translation adjustments (CTA) – 99% increase from P3,295 million to P6,557 million

Increase due to forex translation (movement in forex) of the Ayala Group's business units with US Dollar functional currencies. Closing rate of PHP per USD1.00 was P56.03 vs. P55.37 as of September 30, 2024 and December 31, 2023, respectively. This account is below 1% of total equity as of September 30, 2024 and December 31, 2023.

Equity reserve – 6% increase from P25,350 million to P26,793 million

Increase from ALI's gain on the sale of block sale of AREIT shares; offset by ALI's dilution loss from its share buyback program and AC Health's loss from bloc share purchase of Mercado General Hospitals. This account is 4% of total equity as of September 30, 2024 and December 31, 2023.

Retained earnings – 11% increase from P297,883 million to P329,820 million

Increase arose mainly from the overall net income growth of the Group net of AC dividends declared. This account is 46% and 44% of total equity as of September 30, 2024 and December 31, 2023, respectively.

Treasury stock – 18% decrease from negative (-)P14,546 million to negative (-)P11,971 million

Decrease due to AC's sale of 3.0 million common shares from treasury. This account is 2% of total equity as of September 30, 2024 and December 31, 2023.

**Income Statement Items**

**For the Periods Ended September 30, 2024 and 2023 (Both Unaudited)**

Sale of goods and rendering of services – 12% increase from P208,202 million to P232,877 million

Increase due to ALI's higher bookings from residential business, incremental construction project activities, improved mall and hotel operations, AC Industrials' higher automotive sales driven by electric vehicles, and AC Logistics' higher import/export services, warehouse, and trucking revenues. These were partially offset by IMI's lower sales locally and in China. As a percentage of total revenue, this account is at 87% and 85% for the periods ended September 30, 2024 and 2023, respectively.

Cost of goods sold and rendering services – 7% increase from P157,692 million to P168,686 million

Increase resulting from improvements in sales as explained above; impact of generally higher prices for direct costs and overhead of various BUs. As a percentage of total costs and expenses, this account is at 82% and 83% for the periods ended September 30, 2024 and 2023, respectively.

General and administrative expenses (GAE) – 15% increase from P32,737 million to P37,784 million

GAE increased by 15% due to higher personnel costs, professional fees, taxes and licenses, insurance, as well as depreciation and amortization. In addition, for the nine months of the year. The Group also recognized provisions for expected credit losses (ECL) on various BUs' receivables, provisions for impairment on AC Logistics' investment property, as well as provisions on the impairment risk of certain investments including risk associated with IMI, VIA, and AC Infra/AC Logistics, among others, based on impairment test done by the Group. As a percentage of total costs and expenses, this account is at 18% and 17% for the periods ended September 30, 2024 and 2023, respectively.

Interest income:

(In Millions)	September 2024	September 2023	% Inc. (Dec.)
Interest income from real estate	P–	P3,131	(100%)
Interest income from non-real estate	9,114	7,753	18%
Total	P9,114	P10,884	(16%)

Absence of interest income from real estate is due mainly to ALI's adoption of PFRS 15's significant financing component requirement per PIC Q&A 2018-12 offset by the increase in non-real estate interest income from ACEIC's investments and from various receivables.

Interest and other financing charges – 12% increase from P22,262 million to P24,976 million

Increase came from the Group's new borrowings during the period partly offset by ACEIC's capitalization of financing costs related to its projects.

Provision for income tax (current and deferred) – 14% increase from P6,486 million to P7,425 million

Increase mainly from ACEIC and ALI's higher taxable income this period reduced by last year's AC Industrials reversal of non-realizable deferred tax asset.

Income attributable to owners of the parent – 5% increase from P32,313 million to P33,965 million

Increase came from better operating results of ALI and BPI, plus impact of tempered provisions of IMI and AC Infra. As a percentage of total net income, this account is at 68% and 72% for the periods ended September 30, 2024 and 2023, respectively.

Income attributable to non-controlling interests – 27% increase from P12,364 million to P15,643 million

Increase came from the improvement in the current period performance of ALI and IMI. As a percentage of total net income, this account is at 32% and 28% for the periods ended September 30, 2024 and 2023, respectively.

2.9 Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

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

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

3.0 Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

- Refer to Note 23 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

3.1 Other material events or transactions during the interim period.

- Refer to Notes 3 and 10 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

### Section 3. Supplementary Schedules

#### Reconciliation of Retained Earnings Available for Dividend Declaration

September 30, 2024

(In Thousands)

In accordance with the Revised SRC Rule 68 and SEC Memorandum Circular No. 16-2023, the reconciliation of the Parent Company's retained earnings available for dividend declaration as of September 30, 2024 and December 31, 2023 follows:

	September 2024 (Unaudited)	December 2023 (Audited)
	In Thousands	
<b>Unappropriated retained earnings, beginning of reporting period*</b>	<b>₱61,589,700</b>	<b>₱57,122,962</b>
Add: <u>Category A</u> : Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	-	-
Effect of restatements or prior-period adjustments	-	-
Others (describe nature)	-	-
Subtotal	-	-
Less: <u>Category B</u> : Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	(3,775,204)	(6,392,657)
Retained earnings appropriated during the reporting period	-	-
Effect of restatements or prior-period adjustments	-	-
Others: Sale/retirement of investment in FVOCI	-	(8,702)
Subtotal	(3,775,204)	(6,401,359)
<b>Unappropriated retained earnings, beginning as adjusted*</b>	<b>57,814,496</b>	<b>50,721,603</b>
Add (less): Net Income (loss) for the current year	<b>12,648,239</b>	<b>12,363,461</b>
Less: <u>Category C.1</u> : 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 (describe nature)	-	-
Subtotal	-	-
Add: <u>Category C.2</u> : 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	-	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Subtotal	-	-

	September 2024 (Unaudited)	December 2023 (Audited)
	In Thousands	
Add: <u>Category C.3</u> : 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	-	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Subtotal	-	-
<b>Adjusted net income (loss)</b>	<b>70,462,735</b>	<b>63,085,064</b>
Add: <u>Category D</u> : Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	-
Others (describe nature)	-	-
Subtotal	-	-
Add (less): <u>Category E</u> : 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 (describe nature)	-	-
Subtotal	-	-
Less: <u>Category F</u> : 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)	2,575,359	(1,475,549)
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, i.e., 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.	(1)	(19,815)
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-	-
Others (describe nature)	-	-
Subtotal	2,575,358	(1,495,364)
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>P73,038,093</b>	<b>P61,589,700</b>

*\*Reconciliation of unappropriated retained earnings, beginning of reporting period:*

	September 2024 (Unaudited)	December 2023 (Audited)
	In Thousands	
Unappropriated retained earnings, beginning (per audited FS)	P76,194,886	P70,232,785
Add (less):		
Treasury shares, beginning	(14,546,351)	(13,070,802)
Deferred tax asset, beginning	(58,835)	(39,021)
Unappropriated retained earnings, beginning of reporting period	P61,589,700	P57,122,962

## Financial Soundness Indicators

Ratio	Formula	September 2024 (Unaudited)	December 2023 (Audited)/ September 2023 (Unaudited)
<b>Liquidity Analysis Ratios</b>			
Liquidity Ratio*	$\frac{\text{Cash \& Cash equivalents + Short-term investments}}{\text{Current Liabilities}}$	0.20	0.22
Current Ratio*	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.57	1.65
Quick Ratio*	$\frac{\text{Quick assets}}{\text{Current Liabilities}}$	0.85	0.92
Solvency Ratio*	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$	1.73	1.72
<b>Financial Leverage Ratios</b>			
Assets- to-Equity Ratio*	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$	2.37	2.38
Interest Rate Coverage Ratio**	$\frac{\text{Earnings Before Interest and Taxes (EBIT)}}{\text{Interest and other financing charges}}$	3.28	3.30
Debt Ratio*	$\frac{\text{Short-term debt + Long-term debt}}{\text{Total Assets}}$	0.37	0.37
Debt-to-Equity Ratio*	$\frac{\text{Short-term debt + Long-term debt}}{\text{Total Stockholders' Equity}}$	87.7%	87.4%
Net Debt-to-Equity Ratio*	$\frac{\text{Net debt}}{\text{Total Stockholders' Equity}}$	77.7%	74.8%
<b>Profitability Ratios</b>			
Gross Profit Margin**	$\frac{\text{Sale of goods \& rendering of services - Cost of sales \& services}}{\text{Sale of goods \& rendering of services}}$	0.28	0.24
Net Profit Margin**	$\frac{\text{Net Profit}}{\text{Sale of goods \& rendering of services}}$	0.11	0.09
Return on Equity**	$\frac{\text{Net Income to Owners of the Parent}}{\text{Total Stockholders' Equity}}$	4.7%	4.8%
Return on Common Equity***	$\frac{\text{Net Income to Owners of the Parent (Common)}}{\text{Common Equity Attributable to Owners of the Parent (Average)}}$	8.4%	8.7%
Return on Assets**	$\frac{\text{Net Income}}{\text{Total Assets}}$	2.9%	2.8%
Price/Earnings Ratio**	$\frac{\text{Price Per Share}}{\text{Earnings Per Common Share (Basic)}}$	12.72	12.48
<b>Other Ratio</b>			
Book Value per Share*	$\frac{\text{Common Equity Attributable to Owners of the Parent}}{\text{Outstanding Common Shares}}$	652.67	598.15

\*Based on "As at" September 30, 2024 and December 31, 2023 balances.

\*\*Includes both "As at" and "Period ended" September 30, 2024 and 2023 balances.

\*\*\*Includes both "As at" and "Period ended" September 30, 2024, December 31, 2023, September 30, 2023 and December 31, 2022 balances.

## PART II - OTHER INFORMATION

Other major information about the Group are disclosed in the appropriate notes in the previously filed Audited Consolidated Financial Statements for December 31, 2023 or in the SEC 17-A/ SEC 17-Q and SEC 17-C reports for 2023.

In addition, the Group has the following other major information:

1. On March 12, 2024, the Parent Company's BOD, at its regular meeting, approved the following:
  - a. The election of Ms. Maria Franchette M. Acosta as our Corporate Secretary, OIC-Compliance Officer, Data Protection Officer, and her appointment as Chairman of the Committee of Inspectors of Proxies and Ballots, to replace Mr. Solomon M. Hermosura, who has resigned and transitioned to government service as disclosed on February 26, 2024.
  - b. The following amendments as endorsed by our Risk Management and Related Party Transactions Committee:
    - i. Amendments to the Risk Management and Related Party Transactions Committee Charter to expand the scope of the Committee's oversight responsibility to include sustainability-related risks and opportunities by aligning with the evolving best practice of incorporating material sustainability-related topics in the enterprise-wide risk assessment process and addressing the increasing call for transparency on ESG risk management from various stakeholders.
    - ii. Amendments to the Related Party Transactions Policy which relates to the transfer of responsibilities for the identification, evaluation and monitoring of material related party transactions from AC Risk Management Team to AC Office of Legal Services.
2. On March 12, 2024, the BOD of ALI, approved the election of the following officers:
  - a. Ms. Maria Franchette M. Acosta as Corporate Secretary, ALI Group General Counsel, and Chairman of the Inspectors of Proxies and Ballots Committee, to serve the unexpired term of Mr. Solomon M. Hermosura, who has resigned and transitioned to government service as disclosed on February 26, 2024.
  - b. Mr. Robert Michael N. Baffrey as Vice President.
3. On April 26, 2024, at the Parent Company's annual stockholders meeting, the stockholders approved the following:
  - a. Minutes of previous meeting  
Resolution No. S-01-2024: "RESOLVED, to approve the minutes of the annual stockholders' meeting held on April 28, 2023."
  - b. Ratification of the acts of the Board of Directors and Officers  
Resolution No. S-02-2024: "RESOLVED, to ratify each and every act and resolution, from April 28, 2023 to April 26, 2024 (the "Period"), of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act of the officers of the Corporation, during the Period, performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation."
  - c. Election of directors  
Resolution No. S-03-2024: "RESOLVED, to elect the following as directors of the Corporation to serve as such beginning April 26, 2024 until their successors are elected and qualified:  
  
Jaime Augusto Zobel de Ayala  
Cezar P. Consing  
Delfin L. Lazaro

Fernando Zobel de Ayala  
 Rizalina G. Mantaring (Independent Director)  
 Chua Sock Koong (Independent Director)  
 Cesar V. Purisima (Independent Director)”

- d. Election of SyCip Gorres Velayo & Co. as the external auditor of our Company for the year 2024 and fixing of its remuneration

Resolution No. S-04-24: “RESOLVED, as endorsed by the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2024 for an audit fee of ₱12,579,840.00, inclusive of value-added tax.”

- e. Consolidated Audited Financial Statements for the CY December 31, 2023 and Noting of Annual Report

Resolution No. S-05-2024: “RESOLVED, to approve the consolidated audited financial statements of the Corporation and its subsidiaries as of December 31, 2023, as audited by the Corporation’s external auditor, SyCip Gorres Velayo & Co.”

At its organizational meeting held immediately after the stockholders’ meeting, the Board of Directors considered and approved the following:

- a. Election of Mr. Jaime Augusto Zobel de Ayala as Chairman of the Board;
- b. Election of Chairpersons and Members of the Board and Board-appointed Committees:

Executive Committee

Jaime Augusto Zobel de Ayala	Chairman
Delfin L. Lazaro	Vice Chairman
Cezar P. Consing	Member

Audit Committee

Rizalina G. Mantaring	(independent director)	Chairman
Cesar V. Purisima	(independent director)	Member
Chua Sock Koong	(independent director)	Member

Risk Management and Related Party Transactions Committee

Cesar V. Purisima	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Fernando Zobel de Ayala		Member

Corporate Governance and Nomination Committee

Chua Sock Koong	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Cesar V. Purisima	(independent director)	Member

Personnel and Compensation Committee

Chua Sock Koong	(independent director)	Chairman
Fernando Zobel de Ayala		Member
Rizalina G. Mantaring	(independent director)	Member

Finance Committee

Delfin L. Lazaro		Chairman
Jaime Augusto Zobel de Ayala		Member
Cezar P. Consing		Member
Fernando Zobel de Ayala		Member

Sustainability Committee

Fernando Zobel de Ayala		Chairman
Cesar V. Purisima	(independent director)	Member
Chua Sock Koong	(independent director)	Member

Committee of Inspectors of Proxies and Ballots

Maria Franchette M. Acosta		Chairman
Catherine H. Ang		Member
Josephine G. De Asis		Member



c. Election of Ms. Rizalina G. Mantaring as lead independent director;

d. Election of key officers<sup>2</sup>:

Cezar P. Consing	President and Chief Executive Officer
Jose Rene Gregory D. Almendras	Senior Managing Director, Public Affairs Group Head
Alberto M. de Larrazabal	Senior Managing Director, Chief Finance Officer and Finance Group Head
Maria Franchette M. Acosta	Managing Director, Chief Legal Officer, Corporate Secretary, Compliance Officer, Data Protection Officer and Corporate Governance Group Head
Francisco Romero Milan	Managing Director, Chief Human Resource Officer and Corporate Resources Group Head
Karl Kendrick T. Chua	Managing Director, Data Analytics and Artificial Group Head
Catherine H. Ang	Managing Director and Chief Audit Executive
Estelito C. Biacora	Executive Director and Treasurer
Josephine G. De Asis	Executive Director and Controller
Mark Robert H. Uy	Executive Director and Corporate Strategy Group Head
Jaime Z. Urquijo	Associate Director and Chief Sustainability and Risk Officer
Rosario Carmela G. Austria	Assistant Corporate Secretary

e. The 2024 stock option program pursuant to our Employee Stock Ownership Plan (the "Plan"). The program authorizes the grant to 111 executives, in accordance with the terms of the Plan, stock options covering up to a total of 790,000 common shares at a subscription price of ₱588.29 per share, which is the rounded off volume-weighted average prices of our common shares at the Philippine Stock Exchange over the last 5-day trading days from April 19 to April 25, 2024.

4. Effective July 1, 2024, Erry Hardianto will assume the role of Chief Executive Officer of AC Logistics while his predecessor, Jose Rene D. Almendras, will continue to guide Ayala's public affairs group.

Erry worked for Maersk for 23 years and held senior positions in the company's operations in Singapore, Thailand, Indonesia, and the Philippines. He was Asia Pacific Regional Logistics Operations Head prior to joining AC Logistics. He has successfully managed, grown, acquired and transformed complex multi-country logistics operations across Asia.

5. On August 20, 2024, ALI's BOD approved the following as endorsed by the Corporate Governance and Nomination Committee:

- Hiring of Hansgeorg G. Lopez-Vito as our Vice President.
- The appointment of Atty. Millette A. Arnedo, our Chief Legal Officer and Assistant Corporate Secretary, as our Chief Compliance Officer vice Mr. Augusto D. Bengzon.
- The appointment of Mr. Augusto D. Bengzon, our Chief Finance Officer, as our Treasurer vice Jose Eduardo A. Quimpo, II.
- The promotion of Mr. Paolo O. Viray to Vice President.

6. The Parent Company has received the following recognitions during the period:

- TIME's World's Best Companies  
- Highest Ranked Philippines-based Company
- Forbes' World's Top Companies for Women 2024  
- Highest Ranked Philippines-based Company
- Forbes' World's Best Employers 2024  
- Among the Top Philippine-based Companies
- Fortune Southeast Asia 500  
- Among the Top Philippine-based Companies

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<sup>2</sup> Excluding seconded officers


- e. Golden Arrow Awards
  - Four Golden Arrows for Exemplary Corporate Governance
- f. Financial Times' Asia-Pacific Climate Leaders 2024
  - Among the Top Philippine-based Companies
- g. People Management Association of the Philippines
  - Regional Exemplar for Employer of the Year
  - Regional Exemplar for People Manager of the Year
- h. Asia Pacific Stevie Awards
  - Gold Award for Innovation in House Organizations and Publications – A LIFE Digital Magazine
  - Silver Award for Innovation in the Use of Events – WAAwesome Musikachill
  - Bronze Award for Innovation in Internal Communications Video & Ayala's 189th Anniversary video: Enduring Legacies
- i. Anvil Awards
  - Platinum Award for PR Tool – A LIFE Digital Magazine
  - Gold Award for PR Tool – A LIFE Digital Magazine
  - Silver Award for PR Program – Atletang Ayala
  - Silver Award for PR Program – WeAreAyala
  - Silver Award for PR Program – Ayala for the Greater Good

## SIGNATURES

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

Registrant: **AYALA CORPORATION**

By:

  
JOSEPHINE G. DE ASIS  
Authorized Signatory  
Comptroller  
Ayala Corporation

Date: November 14, 2024