Cebu Air, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Schedules
December 31, 2024 and 2023
and Years Ended December 31, 2024, 2023
and 2022

and

Independent Auditor's Report

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	4	6	7	5					

COMPANY NAME

CEBU AIR, INC. AND SUBSIDIARIES

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

Basement 2 - R 01 - 02, Robinsons Galleria Cebu, General Maxilom corner S. Osmeña Boulevard, Barangay Tejero, Cebu City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(632) 8802-7000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
104	5/11	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mark Julius V. Cezar	MarkJulius.Cezar@cebupacificair.com	(632) 8802-7000	N/A

CONTACT PERSON's ADDRESS

Cebu Pacific Building, Domestic Road, Barangay 191, Zone 20, Pasay City 1301, Philippines

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

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

2. SEC Identification No. **154675**

3. BIR Tax Identification No. **000-948-229-00000**

4. **Cebu Air, Inc.**
   Exact name of issuer as specified in its charter

5. **Cebu City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

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

7. **Basement 2 – R 01 – 02, Robinsons Galleria Cebu, General Maxilom corner S. Osmena Boulevard, Barangay Tejero, Cebu City** — **6000**
   Address of issuer's principal office — Postal Code

8. **(632) 8802-7000**
   Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA as of December 31, 2024

Title of Each Class	Number of Outstanding Shares and Amount of Debt Outstanding
Common Stock, ₱1.00 Par Value	624,269,333 shares
Convertible Preferred Stock, ₱1.00 Par Value	309,471,601 shares

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

    Yes [✓] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed herein:

    Philippine Stock Exchange
    Common stock and Preferred stock

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 twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [✓] No [ ]

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

Yes [✓] No [ ]

13. **The aggregate market value of stocks held by non-affiliates is ₱7,290,742,493 (based on closing price of Cebu Air, Inc.'s common shares as of March 26, 2025 and outstanding shares owned by the public as of December 31, 2024).**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Cebu Air, Inc. (the Parent Company) is an airline that operates under the trade names “Cebu Pacific” and “Cebu Pacific Air”. It pioneered the “low fare, great value” strategy in the local aviation industry, and is now the leading airline in the Philippines. Since its inception, it has flown over 250 million passengers.

The Parent Company was incorporated on August 26, 1988 and was granted a 40-year legislative franchise to operate domestic and international air transport services in 1991. It commenced its scheduled passenger operations in March 1996 with its first domestic flight from Manila to Cebu, and began its international operations in 2001 with its first international flight from Manila to Hong Kong. The Parent Company’s common stock was listed with the Philippine Stock Exchange (PSE) on October 26, 2010, the Parent Company’s initial public offering (IPO).

The Parent Company has seventeen (17) special purpose entities (SPEs), namely:

1. CAI Limited (CL)
2. Sampaguita Leasing Co. Ltd (SLCL)
3. Dia Boracay Ltd. (DBL)
4. Mactan Leasing Co., Ltd (MLCL)
5. Cebuano Leasing Co., Ltd. (CLCL)
6. Dia El Nido Ltd. (DENL)
7. Tarsier Leasing Co., Ltd. (TLCL)
8. RAMEN Aircraft Leasing Limited (RALL)
9. Nalu Leasing Co., Ltd. (NLCL)
10. Linden Leasing Co., Ltd. (LLCL)
11. Guimaras Leasing Co., Ltd. (GLCL)
12. Bohol Leasing Co., Ltd. (BLCL)
13. Tubbataha Leasing Co., Ltd.
14. Dia Siargao, Ltd. (DSL)
15. Jin Shan 38 Ireland Company Limited
16. El Nido Leasing1 Co., Ltd.
17. El Nido Leasing2 Co., Ltd.

The Parent Company does not have any equity interest in these entities but have entered into finance lease arrangements for the funding of various aircraft deliveries.

On October 7, 2024, the Parent Company signed a share purchase agreement (SPA) with ALI Capital Corp. for the acquisition of 100% of AirSWIFT Transport, Inc. (AirSWIFT) for consideration of ₱1.75 billion, comprised of payment for outstanding shares and shareholder advances. AirSWIFT, a boutique airline that caters to domestic leisure, 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. Following the purchase, the Parent Company added El Nido to its network, widening its growth opportunities, and leveraging its operational expertise to be able to offer more cost-effective options for its growing customer base.

The Parent Company, its wholly owned subsidiaries namely, CEBGO, Inc., AirSWIFT Transport, Inc. (the “Airline Group”) and A-Plus, and the seventeen (17) SPEs (collectively known as “the Group”) are consolidated for financial reporting purposes.

As of December 31, 2024, the Airline Group operates a route network serving 84 domestic routes and 39 international routes with a total of 3,864 scheduled weekly flights. It operates from five hubs, including the Ninoy Aquino International Airport (NAIA) Terminal 2 and Terminal 3 both located in Pasay City, Metro Manila; Mactan-Cebu International Airport located in Lapu-Lapu City, part of Metropolitan Cebu; Diosdado Macapagal International Airport (DMIA) located in Clark, Pampanga, Davao International Airport located in Mindanao, and Iloilo International Airport located in Iloilo City.

As of December 31, 2024, the Airline Group has fleet of 98 aircraft. The fleet excludes one (1) ATR 72-500 and three (3) A320 CEO aircraft classified as other assets as these are currently not operating and are held for sale. The average aircraft age of the Airline Group's fleet is approximately 5.5 years as of December 31, 2024.

Aside from passenger service, the Airline Group also provides airport-to-airport cargo services on its domestic and international routes. In addition, it offers the following ancillary services:

- CEB fare bundles
- CEB flexi
- CEB prepaid baggage
- CEB seat selector
- CEB superpass
- CEB travelsure powered by CHUBB
- CEB meals
- Funshop and fun cage
- CEB transfers
- CEB biz

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

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

	For the Years Ended December 31		
	2024	2023	2022
Passenger Services	**68.0%**	68.9%	62.0%
Cargo Services	**5.4%**	4.5%	12.5%
Ancillary Services*	**26.6%**	26.6%	25.5%
	100.0%	100.0%	100.0%

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

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

2024 Performance, Business Updates and Outlook

The Group displayed strong growth and resilience in 2024.

Group revenue reached ₱104.9 billion in 2024, marking a 15.8% increase year-on-year. Passenger business generated ₱71.3 billion while ancillary business generated ₱28.0 billion, recording increases of 14.2% and 16.1%, respectively, year-on-year. Revenue from the cargo business likewise grew strong at ₱5.6 billion, which marks a 39.0% increase year on year.

The Airline Group flew ₱24.5 million passengers on 159,208 domestic and international flights in 2024, up 17.6% and 13.1%, respectively, year-on-year. It also transported 168,602 tonnes of cargo, 32.2% higher than previous year. By end of 2024, it had the largest network in the Philippines, flying to 63 destinations through 123 routes and operating 3,864 weekly flights.

It strategically enhanced its network connectivity by expanding its hubs in Cebu, Davao, Clark, and Iloilo. By end of 2024, thereby increasing its domestic market share to 54% in 2024, higher than its 53% share in 2023.

The Group maintained its profitability in 2024 with an operating income of ₱9.2 billion despite industry challenges in the global aviation industry related to chain disruptions, aircraft delivery delays, aircraft on ground (AOG) due to engine reliability issues, and airport transition. To push forward with growth while ensuring operational resiliency, the Group added several aircraft and engines to the fleet. By end of 2024, the Group had 98 aircraft in its fleet, marking a net increase 13 aircraft compared to 2023. Average On-Time-Performance (OTP) was at 73.6%, an improvement from 71.4% in 2023.

The early aircraft investments made by the Airline Group in 2024 will enable it to increase its growth rate in 2025. According to the Airline Group's published Traffic Report, January and February 2025, total passengers grew to 4.7 million, marking a 30% increase year on year, surpassing its capacity expansion and improving its seat load factor across both domestic and international network. This reinforces the Group's confidence that the market has already absorbed the additional capacity it introduced since third quarter of 2024.

To capitalize this momentum, the Group will be taking initiatives in 2025 to secure its expansion plans and growth for the years ahead. The Group will continue enhancing its route network, introducing innovative services, and investing in technology to elevate the customer experience and drive sustainable growth.

The prospects for Philippine airline industry remain promising in the long term. Investments in airport infrastructure, including the NAIA Privatization Project and the New Manila International Airport Project in Bulacan, will be transformative for the industry and the broader Philippine economy, enhancing access, connectivity, and the overall travel experience. The country's strategic location continues to make it an attractive destination for tourists from North and East Asia, as well as major metropolitan centers across the continent. In addition, the Philippines benefits from a demographic advantage - a young, growing workforce and over 12 million Filipinos living and working abroad, significantly contributing to economic activity. These, combined with a stable economic outlook, present a strong opportunity for long-term growth in air travel.

Last October 2 2024, the Group made history by formally signing its purchase agreement with Airbus for up to 152 A321 NEO and A320 NEO family aircraft. Valued at $24 billion at list prices, this agreement represents the largest aircraft order in Philippine aviation history. The agreement includes a firm order for 70 narrowbody aircraft, along with 82 early options and purchase rights. Deliveries are scheduled to commence in 2029 up to mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. This allows CEB the flexibility it needs to tailor its fleet plan to match underlying demand.

This initiative reflects the Group's long-term strategic vision, allowing it to be well-positioned to capitalize on the Philippine's long term travel potential. Moreover, this long-term commitment aligns the Group's vision with the collective goal of the Philippine government and other stakeholders to provide world-class air transport service in the country.

Distribution Methods of Products or Services

The Airline Group has three (3) principal distribution channels: the internet; direct sales through booking sales offices, government/corporate client accounts; and third-party sales outlets.

Internet

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

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

Booking and Regional Branch Offices

As of December 31, 2024, the Airline Group has closed down its booking offices located in the Philippines. The Airline Group also has seven (7) regional branch offices in Australia, Brunei, Hong Kong, Japan, Macau, Singapore, and South Korea.

Government/Corporate Client Accounts

As of December 31, 2024, the Airline Group has government and corporate accounts for passenger sales. It provides these accounts with direct access to its reservation system and seat inventory as well as credit lines and certain incentives.

Third Party Sales Outlets

As of December 31, 2024, the Airline Group has a network of distributors in the Philippines selling its air services within an agreed territory or geographical coverage. Each distributor maintains and grows its own client base and can impose on its clients a service or transaction fee. Typically, a distributor's client base would include agents, travel agents or end customers. The Airline Group also has a network of foreign general sales agents, wholesalers, and preferred sales agents who market, sell and distribute the Airline Group's air services in other countries.

Publicly Announced New Product or Service

In July 2024, the Airline Group launched direct flights from Manila to Bangkok via Don Mueang International Airport. It is scheduled to fly three (3) times weekly. The launch of these direct flights increased the Airline Group's flight frequencies between Manila and Bangkok to 17 times weekly.

In August 2024, the Airline Group launched its Manila-Kaohsiung route. This allows passengers to explore harbor-side parks and urban landscapes of southern Taiwan's largest city. The flight was scheduled to fly three (3) times a week.

In October 2024, the Airline Group expanded its Cebu hub with the launch of flights from Cebu to Masbate, Bangkok via Don Mueang International Airport, San Vicente and Osaka. The Airline Group also expanded its Clark hub with the resumption of flights from Clark to Davao, General Santos, Iloilo, Puerto Princesa and Tagbilaran. An expansion was also made to its Davao hub with the relaunch of its Davao to Bangkok via Don Mueang International Airport and Hong Kong and the launch of Davao to Puerto Princesa, Tacloban and Caticlan. The Iloilo hub was also expanded with the launch of its flights from Iloilo to Singapore, Hong Kong, Tacloban and Zamboanga.

In October 2024, the Airline Group also launched its maiden Manila-Chiang Mai route. Chiang Mai is a popular tourist destination known for its lantern festival every November, natural heritages, and ancient temples. The flight was scheduled to fly six (6) times a week.

In December 2024, the Airline Group further expands its Iloilo hub with the launch of its flights from Iloilo to Tagbilaran, Dumaguete and Daraga (Legazpi).

Known for its affordable promos, the Airline Group also offered seat sales on various dates in 2024 which allowed passengers to book ahead for their domestic or international destinations, and score value-for-money fares, making the low fares even more affordable. It also launched its Manila – Kaohsiung and Manila – Chiang Mai routes with its signature Piso sale, showing the Airline Group's commitment to help boost tourism by offering affordable air travel.

Last but not the least, the Airline Group embarked on several initiatives throughout 2024 to continuously improve its passengers' travel experience, including but not limited to the roll out of additional electric shuttle buses for passengers traveling to and from boarding gate to the aircraft, the introduction of new in-flight meals, and the continuous improvement in Charlie the Chatbot.

Competition

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

In the domestic market, the Airline Group is the leading domestic airline in the Philippines by passengers carried, with a market share of 54% for full year 2024. In the fourth quarter of 2024, this increased further to 58%. Its major competitors in the Philippines are Philippine Airlines ("PAL"), PAL Express; and Philippines Air Asia (PAA).

Internationally, the Airline Group competes with the following LCC's and full-service airlines in its international operations: AirAsia, Jetstar Airways, PAL, Cathay Pacific, Singapore Airlines, Scoot, Jeju Air and Thai Airways, among others. For full year 2024, the Airline Group ranked 2nd to PAL, with a market share of 20.6%. However, in the fourth quarter of 2024, the Airline Group rose to also become the leading international carrier with an international market share of 22.5%, outpacing PAL's market share of 22.2%.

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

Raw Materials

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

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

Dependence on One or a Few Major Customers and Identify any such Major Customers

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

A-Plus' major customer is Cebu Pacific, its Parent Company.

Transactions with and/or Dependence on Related Parties

The Group's significant transactions with related parties are described in detail in Note 29 of the notes to consolidated financial statements.

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

Trademarks

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

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

The Airline Group holds the following valid and subsisting trademark registrations:

JURISDICTION	MARK	DESCRIPTION
Philippines	CEBU PACIFIC	Word mark
Philippines	CEBU PACIFIC AIR	Word mark
Philippines	Cebu Pacific Eagle Head Logo	
Philippines	Cebu Pacific (with Eagle Head)	
Philippines	Cebu Pacific Air.Com	
Philippines	Cebu Pacific Mascot	
Philippines	WHY EVERYONE FLIES.	Word mark
Philippines	WHY EVERYJUAN FLIES.	Word mark
Philippines	CEBU PACIFIC AIR.COM WHY EVERYONE FLIES.	Word mark
Philippines	CEBU PACIFIC AIR.COM WHY EVERYJUAN FLIES.	Word mark
Philippines	CEBGO	
Philippines	Cebu Pacific Logo (Eagle Head)	
Philippines	Cebu Pacific	
Philippines	CEBGO	
Philippines	1AVIATION	Word mark
Philippines	1AV	Word mark
Philippines	1 Aviation Logo	
Philippines	Super Seat Fest	

JURISDICTION	**MARK**	**DESCRIPTION**
Philippines	Travel Sure	
Philippines	CEBU PACIFIC TRAVEL SURE YEAR-ROUND PROTECT	
Philippines	CEBU PACIFIC TRAVEL SURE FLY ME NEXT	
Philippines	CEB TravelSure	
Philippines	CEBU PAC	
Philippines	CEB	
Philippines	CEB PAC	
Philippines	Cebu Pacific	
Philippines	CEB Getaways	
Philippines	CEB Meals	
Philippines	CEB Moments	
Philippines	CEB Prepaid Baggage	
Philippines	CEB Seat Selector	
Philippines	CEB Sports Equipment	
Philippines	CEB Surfboard	
Philippines	CEB Transfers	
Philippines	CEB Wi-Fi Kit	

JURISDICTION	MARK	DESCRIPTION
Philippines	Eco Plane	
Philippines	Every Juan	
Philippines	EveryJuan	
Philippines	Fly Easy	
Philippines	Go Ahead	
Philippines	Go Basic	
Philippines	Go Easy	
Philippines	Go Flexi	
Philippines	Juan for Fun	
Philippines	Juan for Fun Cebu Pacific	
Philippines	P1so Club	
Philippines	The Juan Effect	
Philippines	It’s Time Every Juan Flies	Word mark
Philippines	It’s Time Everyone Flies	Word mark
Philippines	Cebu Pacific and Device	
Philippines	Cebupacificair.com and logo	
Philippines	AVIATION PARTNERSHIP PHILIPPINES & DESIGN	
Philippines	Let's Fly every Juan	
Philippines	AirSwift standard character mark	Word mark

JURISDICTION	MARK	DESCRIPTION
Philippines	AirSWIFT logo	AirSWIFT
Philippines	AirSWIFT logo-stylized	
China	CEBU PACIFIC AIR	Word mark
China	CEBU PACIFIC	Word mark
China	IT'S TIME EVERYONE FLIES	Word mark
China	Cebu Pacific (Eagle Head Logo)	
China	Cebu Pacific Mascot	
China	Cebu Pacific (With Eagle Head)	CEBU PACIFIC
China	Cebu Pacific Air.Com (With Eagle Head)	CEBU PACIFIC AIR.COM
Japan	Ceppie	
Singapore	Cebu Pacific Mascot	
Singapore	Cebu Pacific Eagle Head Logo	
Singapore	Cebu Pacific with Eagle Head Logo	CEBU PACIFIC
WIPO Cambodia	Cebu Pacific Air	Word mark
WIPO	Cebu Pacific	Word mark
WIPO	Cebu Pacific	cebu pacific
WIPO US	Cebu Pacific (Eagle Head Logo)	

On September 25, 2024 and October 8, 2024, Cebu Pacific filed for trademark registrations in Malaysia for *Cebu Pacific* and *Cebgo* trademark logos and word marks. Cebu Pacific also filed a new trademark application in the Philippines for *CEB Baggage*.

Franchise

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

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

Kindly refer to Note 1 of the notes to consolidated financial statements.

Government Approval of Principal Products or Services

The Group complies with and adheres to existing government regulations of the following regulatory bodies:

- Civil Aeronautics Board (CAB)
- Civil Aviation Authority of the Philippines (CAAP)

The Airline Group's business depends upon the permits and licenses issued by the government authorities or agencies for its operations which include the following:

- Legislative Franchise to Operate Transport Services by Air
- Certificate of Public Convenience and Necessity (CPCN)
- Foreign Air Operator Permit
- Air Operator Certificate
- Certificate of Registration
- Certificate of Airworthiness
- Aviation Insurance Coverage

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

Effects of Existing or Probable Government Regulations on the Business

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

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

The Airline Group is in the process of renewing its IATA Operational Safety Audit (IOSA) certification. It has completed the audit and is addressing the findings before submitting evidence for IATA's review and approval. IOSA is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline.

In pursuit of maintaining and improving its safety procedures, the Airline Group has also invested in various technologies that would improve its capability to manage safety risks, including the following:

- On-board Runway Overrun Prevention System (ROPS) - a cockpit technology for its Airbus fleet for purposes of calculating whether the aircraft can safely stop in the runway length remaining ahead of the aircraft.
- Area Navigation (RNAV) data - used for more accurate navigation and approaches to various airports.
- Fatigue Risk Management System - used to ensure that pilots are at adequate levels of alertness.
- Ground Proximity Warning System (GPWS) -provides automated alert to pilots when an aircraft is in danger of colliding with terrain or obstacles
- Traffic Collision Avoidance System (TCAS) - continuously monitors nearby aircraft and provides real-time traffic advisories and resolution maneuver to pilots, reducing the risk of mid-air collisions by ensuring safe separation between aircraft.
- Flight Data Monitoring (FDM) - a proactive safety management tool that continuously records and analyzes flight data to identify operational trends, deviation from standard procedures and potential risks.

Through the integration of these advances safety systems, strict compliance with regulations and ongoing investment in crew training and operational oversight, the Airline Group reinforces its commitment to maintaining the highest safety standards.

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

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

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

Research and Development

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

Cost and Effects of Compliance with Environmental Laws

The operations of the Group are subject to various laws enacted for the protection of the environment. The Group has complied with the following applicable environmental laws and regulations:

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

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

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

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

- Extended Producer Responsibility Law ("EPR Law") of 2022 is the law that amends Republic Act No. 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, to institutionalize the extended producer responsibility on plastic packaging waste. It requires obliged enterprises (OEs), by themselves or collectively, with or without a Producer Responsibility Organization (PRO) to prepare and register with the National Solid Waste Management Commission their EPR Programs to reduce and/or recover for reuse, recycling, treatment, or proper ecological disposal the plastic packaging waste that they release or released to the domestic market.

Compliance with the foregoing laws does not have a material effect to the Group's capital expenditures, earnings and competitive position. The Group spent over ₱45.2 million in connection with its compliance with applicable environmental laws for the above.

Employees

As of December 31, 2024, the Group has 6,120 permanent full time employees, categorized as follows:

Division:	**Employees**
Operations[1]	4,710
Commercial[2]	327
Support Departments[3]	1,083
	6,120

Notes:
[1] Flight Operations, Customer Service Operations, Ground Operations, Engineering & Fleet Management, Network Control and Crew Scheduling
[2] Marketing, Commercial, Passenger Sales and Distribution
[3] Controllership, Corporate Finance, Corporate Strategy, Human Resources, Information Technology, Security, Treasury, Quality and Assurance, Safety, Fuel, Legal, Corporate Affairs, Internal Audit, Admin Services and Facilities

Cabin crew members belong to a union and account for 32% of the Group's total employees. The Group has not experienced any labor strikes or work stoppages in the past three years.

Risk.

As one of the leading airlines in the Philippines, the Airline Group adopted the LCC business model, the core element of which is to offer affordable air services to passengers which is achieved by having high-load, high-frequency flights, high aircraft utilization, a young and simple fleet composition, low distribution costs and being operationally efficient.

While there are several inherent risks present in the LCC market, the Airline Group continually ensures it has a lean and dynamic network plan, highly flexible operations, efficient processes and a digital first mind set. Doing so allows the Airline Group to remain agile and adaptable to ever evolving demands of passengers and the LCC environment as a whole.

The major business risks facing the Group are as follows:

1) Cost and Availability of Fuel

   Fuel is a significant component of the Group's total expenses, as such, significant increases in fuel cost or any lack of supply of fuel will have an adverse effect on the business.

   Increase in fuel cost may be partially offset by increase in passenger fares, and by adding Passenger Fuel Surcharge. CAB resolution No. 46 provides regulation with respect to changes in Passenger Fuel Surcharges depending on and relative to changes in jet fuel prices. However, the level of competition and overall demand elasticity may limit the Group's ability to increase its fares or fuel surcharges.

The Airline Group has also implemented fuel management strategies including, but not limited to, hedging. The Group's fuel hedging policy allows it to hedge up to 80% of its forecasted fuel requirements within three months, narrowing to up to 30% of its fuel requirements 1-2 calendar years forward. However, depending on the level of volatility of fuel prices, hedging activities may be subject to investment risk of its related financial assets or liabilities at fair value.

2) Competition

See discussion in Competition (page 5). To mitigate this risk from the existing and future competition, the Airline Group focuses on areas of costs, on-time performance, service delivery, and efficient scheduling to remain competitive.

3) Availability of Debt Financing and Lease Financing

The Group has historically used debt and lease financing to fund the acquisition of additional aircraft, other capital expenditures, working capital and other expansion requirements.

The Group plans to continue tapping both debt and lease markets for the financing of its future capital commitments for aircraft and spare engine deliveries.

The Group's ability to pay the fixed and other costs associated with its contractual obligations will depend on its operating performance, cash flow and the overall success of its business strategy.

Under its financing and lease arrangements, the Airline Group's lenders have security interests in such aircraft. If the Airline Group were to default under any of the finance leases or the related financing documents, its lenders have the right to take possession of such aircraft

To mitigate this risk, the Group practices prudent financial management to minimize any adverse effects.

4) Foreign Exchange and Interest Rate Fluctuations

The Group has outstanding U.S. Dollar-denominated long-term debt and lease liabilities. In addition, majority of its operating costs are based on U.S. Dollar purchase prices. Any significant devaluation of the Philippine peso and any significant increases in interest rates will thus result to increased obligations that could adversely impact the Group's result of operations.

To mitigate this risk, the Group may execute derivative contracts to hedge foreign exchange and interest rate exposure. However, depending on the volatility of currency exchange and interest rates, hedging activities may be subject to investment risk of its related financial assets or liabilities at fair value.

The Group also proactively manages its interest cost using a mix of fixed and floating rate debt.

5) Infrastructure Constraints Risk

The Airline Group relies on operational efficiency to reduce unit costs and provide reliable service. High daily aircraft utilization allows the Airline Group to generate more revenue from its aircraft, and this is achieved in part by reducing turnaround times at airports. Any delay due to limited capacity at airports could affect its operational efficiency ability to maximize aircraft utilization.

The Airline Group also relies upon the availability of the airports to which it flies in order to conduct its operations. This includes the availability and cost of terminal space, slots and aircraft parking. However, the Airline Group is unable to guarantee that such airports will not be closed or their services suspended for reasons beyond its control. The Airline Group's inability to lease, acquire or access airport facilities on reasonable terms or at preferred times to support its growth or to maintain its current operations would have a material adverse effect on its business, prospects, financial condition and results of operations.

6) Original Equipment Manufacturers (OEM) Risk

The Airline Group currently operates a mixed Airbus and ATR fleet and use CFM 56-5B, Pratt & Whitney PW1100G-JM, Rolls Royce Trent 772B and Pratt & Whitney Canada PW127M series engines.

Dependence on these aircraft and engines, makes the Airline Group particularly vulnerable to any problems they might be associated with. These would include design defects or mechanical problems which may, cause the aircraft to be grounded while any such defect or problem is corrected, assuming it could be corrected at all. Moreover, the Airline Group could be materially and adversely affected if the public avoids flying the aircraft as a result of an adverse perception of these aircraft and engines, due to real or perceived safety concerns or other problems.

In the event that these aircraft or engines become unavailable in the market and the Airline Group is constrained to acquire additional aircraft or engines of a different type, it could lose the benefits it derives from its current fleet composition and the engines it utilizes. There is no assurance that any replacement aircraft or engine types would have the same operating advantages, reliability and efficiency. Moreover, the Airline Group may also incur substantial transition costs, including higher costs associated with retraining or hiring pilots, cabin crew and engineers to operate and maintain a different type of aircraft or engine.

7) Third-Party Risk

The Airline Group has entered into agreements with third-party providers for certain facilities and services required for its operations such as ground-handling, maintenance, refueling and airport facilities such as aerobridges. Similarly, the Airline Group has entered into agreements with third party sales agents as a distribution channel alternative. The inability to renew these agreements at comparable rates could have a material adverse effect on the Airline Group's business.

To mitigate this risk, the Airline Group makes best effort to maintain favorable relationships with third-party providers and search for other alternative suppliers.

8) Maintenance Cost and Performance of Maintenance Repair Organizations

The Airline Group's maintenance and overhaul expenses will increase on an absolute basis and on a unit cost basis. Any significant increase in maintenance and overhaul expenses despite its efforts to mitigate such expenses by entering into long term contracts, could have a material adverse effect on its business, prospects, financial condition and results of operations.

9) Digitalization Risk

The Group's business processes are widely supported by Information Technology (IT). More importantly, the Group depends on automated systems to operate its business, including, among others, its website, its reservation and its departure control systems. Any disruption to its website or online reservation and telecommunication services could result in losses, increased expenses and could harm its reputation. The use of IT involves risks for the stability of business processes and for the availability, confidentiality and integrity of data and information. Such risks may be in the form of cyberattacks, disruptions to the availability of applications, security breaches and other similar incidents.

To mitigate these risks, the Group implements information security measures and regularly reviews its data protection systems.

10) Human Resources Risks

The Group's business model requires it to have highly skilled and dedicated employees, including but not limited to, pilots, engineers. Any shortage of skilled personnel may result in increased wages and benefits to attract and retain personnel. The inability of the Group to hire, train and retain qualified employees at a reasonable cost could result material adverse effect on its business.

The Group's success also depends to a significant extent upon the continued services of its executive officers and other key management personnel. The unavailability of any of its executive officers and other key management or failure to recruit suitable or comparable replacements could have a material adverse effect on its business, prospects, financial condition and results of operations.

To mitigate the risk, the Group adopts policies to ensure a healthy working environment for its employees along with market-competitive compensation.

If the Airline Group is unable to reach agreement on the terms of any renewal of a collective bargaining agreement, or if the Airline Group was to experience widespread employee dissatisfaction due to various factors like retrenchment or the change in pay structure from fixed to variable, it could be subject to work slowdowns or stoppages.

To mitigate this risk, the Group ensures constant and open communication between management and employees to enable the organization to address issues in a timely manner.

11) Regulatory Risk

The operations of the Group are subject to aviation laws and regulations. Compliance with such laws and regulations may adversely impact its business operations and competitive position. Although the Group does not currently operate flights to the European Union and has no current intention of doing so, this classification could negatively impact its ability to successfully expand its business to other international destinations including to the European Union should it subsequently wishes to do so. In particular, there can be no assurance that other countries to which the Group currently operates flights or to which it may operate flights in the future will not take similar action. The Group's inability to expand its air services in these international destinations could impact its overall expansion plans, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

12) Safety Risk
As the Airline Group scales its operations, maintaining high safety, reliability, and regulatory compliance standards remains a top priority. Increased operational complexity, including fleet expansion, route growth, and evolving regulatory requirements, introduces risks that require proactive management to sustain performance excellence. These risks may include challenges related to service reliability, workforce capacity, and compliance with aviation safety regulations, all of which could impact operational efficiency and financial performance.

To mitigate this risk, the Airline Group has implemented a comprehensive safety management system to ensure compliance with stringent international aviation safety standards and regulatory requirements. The Group has also implemented initiatives that integrate proactive risk management, workforce readiness, and technology-driven efficiencies. By doing so, the Airline Group can sustain high operational and safety standards while supporting the long-term growth strategy and delivering value to investors and stakeholders.

13) Sustainability and Climate Risk
The increasing frequency and severity of extreme weather events, along with evolving regulatory frameworks on carbon emissions and sustainability, pose both physical and transition risks to the operations of the Airline Group.

To mitigate this risk, the Airline Group has implemented several initiatives under its Five F Decarbonization Pillar encompassing Fundamentals, Fleet, Fuel, Footprint, and Finance (e.g., high-density seating, modern and fuel efficient aircraft, adoption of best practices in fuel efficiency, transition to renewable energy, sustainability linked-loan) that underscore the Group's commitment to its sustainability strategy and roadmap.

14) Brand and Reputational Risk
The brand perception and reputation of the Airline Group is crucial to its long-term operational and strategic success. Negative sentiments arising from customer sentiment, public disclosure, and digital engagements may have an impact to the brand equity of the Airline Group. To mitigate this risk, the Airline Group focuses on proactive brand engagement, and continuous investment in improving customer service.

15) Other Events Beyond the Group's Control could have an Adverse Effect on the Group's Business, Financial Condition and Results of Operation

The Group's business consists substantially of carriage of passengers and freight globally. Hence, events such as weather conditions, catastrophes, geopolitical events, political instability, acts of terrorism, territorial disputes and other factors beyond the Group's control can affect the Group's performance. In the event that these uncertain and unfavorable conditions exist, these may adversely affect the Group's business, financial condition and results of operations or prospects.

Economic Downturn

The growth or decline in economic activity directly affects demand for air travel, and the airline industry tends to experience adverse financial performance during an economic downturn.

It is difficult to predict the duration and effects of an economic downturn, which may be aggravated by volatility in the financial sector and the capital markets, which may likewise adversely affect the Group’s financial condition and/or results of operations.

The Group focuses on efficient service delivery, sensible cost reduction, and continuous process improvement in order to remain agile and adaptable in the event of an economic downturn.

Outbreaks

Any present or future outbreak of contagious diseases could have a material adverse effect on the Group’s business, prospects, financial condition and results of operations.

On January 30, 2020, the WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern, and subsequently, a pandemic on March 11, 2020. In, the Philippine government implemented a nationwide alert level classification framework and placed the country under varying levels of quarantine classifications, which, among others, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of the country. Varying requirements, processes, and limitations on the frequency of flights from local government units (LGUs) was a challenge for the Group’s operations from 2020 to 2021.

After the historic disruption in the global economic environment for more than two years due to the COVID-19 pandemic, different sectors across various industries have embraced learned to embrace the new normal and at the same time, be resilient amid the extraordinary circumstances. The Airline Group is confident it is on its way to recovery as long as it remains committed to delivering affordable, safe, and dependable flights.

The State may Take Over the Group’s Business in the Event of War, Insurrection, Domestic Trouble, Public Calamity or National Emergency

The Philippine constitution provides that in times of national emergency when national interest requires, the state may temporarily take over or direct the operation of any privately-owned public utility or business affected with the public interest, including airline companies. In addition, the Group’s franchise specifically reserves the right of the Government, by order of the President of the Philippines, in case of war, insurrection, domestic trouble, public calamity or national emergency, to take over and operate its aircraft and other equipment, subject to payment to the Group by the Government of compensation for the use of its assets or for damage thereto. Although the Government has not taken over Group’s operations during any national emergency in the past, there can be no assurance that its operations may not be disrupted or temporarily taken over in the future or that it would be adequately compensated for the use of its assets in the event of a takeover upon the occurrence of any of the events giving the President of the Philippines the right to exercise such power.

The foregoing risks are not all inclusive. Other risks that may affect the Group’s business and operations may not be included in the above disclosure.

Item 2. Properties

As of December 31, 2024, the Group does not own any land. The Parent Company however owns an office building that serves as its corporate headquarters and training center, and the buildings on either side of the corporate headquarters that serves as additional offices and storage of some departments, office of 1Aviation, and office of A-Plus, all located at the Domestic Road, Barangay 191, Zone 20, Pasay City. The land on which said office buildings stand is leased from the Manila International Airport Authority (MIAA). The Group also leases its hangar, aircraft parking and other operational space from MIAA.

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

As of December 31, 2024, the Group has 98 aircraft (excluding one (1) ATR 72-500 and three (3) A320 CEO aircraft classified as held for sale). Kindly refer to Notes 12, 18 and 32 of the notes to consolidated financial statements for the detailed discussions on properties, leases, purchases and capital expenditure commitments.

Item 3. Legal Proceedings

The Group is subject to lawsuits and legal actions in the ordinary course of business. The Group is not a party to, and its properties are not subject of, any material pending legal proceedings that could be expected to have a material adverse effect on the Group's financial position or result of operations.

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The principal market for the Parent Company's common and preferred equity is the Philippine Stock Exchange (PSE).

Sales prices of the common stock follow:

	High	Low
Year 2024		
October to December 2024	₱38.00	₱35.90
July to September 2024	36.00	34.55
April to June 2024	32.40	31.95
January to March 2024	34.40	33.80

	High	Low
Year 2023		
October to December 2023	₱36.00	₱35.76
July to September 2023	45.80	36.89
April to June 2023	48.30	40.30
January to March 2023	48.88	39.98

Sales prices of the preferred stock follow:

	High	**Low**
Year 2024		
October to December 2024	₱40.00	₱39.35
July to September 2024	39.50	39.70
April to June 2024	35.00	34.75
January to March 2024	35.00	34.10

	High	Low
Year 2023		
October to December 2023	₱34.00	₱34.90
July to September 2023	37.60	37.50
April to June 2023	43.90	43.50
January to March 2023	41.75	41.05

As of March 26, 2025, the latest trading date prior to the completion of this annual report, sales price of the common and preferred stock is at ₱33.50 and ₱37.10, respectively.

Holders

The number of shareholders of record and outstanding shares as of December 31, 2024 is as follows:

	Number of Stockholders	**Number of Shares Outstanding**
Common Stock	104	624,269,333
Preferred Stock	10	309,471,601

List of Top 20 Stockholders of Record
As of December 31, 2024

A. Common Stock

Name of Stockholders	Number of Shares Held	% to Total Outstanding
1. CPAir Holdings, Inc.	400,816,841	64.21%
2. PCD Nominee Corporation (Filipino)*	168,230,498	26.95%
3. PCD Nominee Corporation (Non-Filipino)	47,931,319	7.68%
4. JG Summit Holdings, Inc.	6,595,190	1.05%
5. William T. Enrile or Nelly R. Enrile or Edwin R. Enrile or William R. Enrile II	311,300	0.05%
6. Berck Y. Cheng or Alvin Y. Cheng or Diana Y. Cheng or Cheryl Y. Cheng	150,000	0.03%
7. Pablo M. Pagtalunan and/or Francisca P. Pagtalunan	50,000	0.01%
8. Leyla Agro-Industries Corporation	17,000	0.01%
9. Raul Veloso Del Mar	16,000	0.00%
10. Hitesh M. Tejwani	11,400	0.00%
11. Luis Gantioqui Romero	10,300	0.00%
12. Emeriza G. Borja	8,000	0.00%
13. Lisa Gokongwei Cheng	6,667	0.00%
14. Lance Yu Gokongwei	6,667	0.00%
15. Faith Gokongwei Lim	6,667	0.00%
16. Robina Gokongwei Pe	6,667	0.00%
17. Hope Gokongwei Tang	6,667	0.00%
18.Roseller A. Mendoza	6,500	0.00%
19. Eric Macario Bernabe	5,000	0.00%
20. Estevez Villaruz (Esvill) Inc.	5,000	0.00%
Other stockholders	71,650	0.01%
Total Outstanding	**624,269,333**	**100.00%**

** The number of shares reflected excludes Cebu Air, Inc.'s 5,636,630 treasury shares under PCD Nominee Filipino Corporation and Cebu Air, Inc's buybacks amounting to 166,800 shares.*

B. Preferred Stock

Name of Stockholders	Number of Shares Held	% to Total Outstanding
1. CPAir Holdings, Inc.	219,625,666	70.96%
2. PCD Nominee Corp. (Filipino)	56,525,088	18.27%
3. JG Summit Holdings, Inc.	25,555,398	8.26%
4. PCD Nominee Corp. (Non-Filipino)	7,648,464	2.48%
5. William Tycangco Enrile	100,000	0.03%
6. PGI Retirement Fund Inc.	15,000	0.00%
7. David Go Securities Corp.	1,000	0.00%
8. Myra P. Villanueva	767	0.00%
9. Milagros P. Villanueva	109	0.00%
10. Myrna P. Villanueva	109	0.00%
Total Outstanding	**309,471,601**	**100.00%**

Summary of Trading in Shares of Directors and Key Officers

TRADING IN COMPANY SHARES BY DIRECTORS AND KEY OFFICERS
As of December 31, 2024

Trading In Company Shares by Directors				
Name	**Shareholdings as of 31 December 2023**	**% to Total Outstanding Shares**	**Shareholdings as of 31 December 2024**	**% to Total Outstanding Shares**
Lance Y. Gokongwei	1,006,668	16.00%	1,006,668	16.00%
Jose Fernando B. Buenaventura	1	0.00%	1	0.00%
Robina Gokongwei Pe	6,668	0.00%	6,668	0.00%
Frederick D. Go	1	0.00%	-	-
David Gulliver G. Go			15,000	0.00%
Trading In Company Shares by Directors				
Name	**Shareholdings as of 31 December 2023**	**% to Total Outstanding Shares**	**Shareholdings as of 31 December 2024**	**% to Total Outstanding Shares**
Alexander G. Lao	50,000	0.01%	100,000	0.01%
Brian H. Franke	1	0.00%	436,401	0.06%
Bernadine T. Siy	63,200	0.01%	63,200	0.01%
Brian Mathew P. Cu	100	0.00%	100	0.00%
Richard Raymond B. Tantoco	1	0.00%	1	0.00%
Trading In Company Shares by Key Officers				
Name	**Shareholdings as of 31 December 2023**	**% to Total Outstanding Shares**	**Shareholdings as of 31 December 2024**	**% to Total Outstanding Shares**
Michael B. Szucs	616,780	0.10%	616,780	0.11%
Mark Julius V. Cezar	47,500	0.01%	95,000	0.01%
Anne Romadine P. Tieng	47,500	0.01%	95,000	0.01%
Ma. Elynore J. Villanueva	43,000	0.01%	85,000	0.01%
Aileen M. Isidro	-	-	55,000	0.00%
Josine Ma. V. Protasio-Mendoza	-	-	0	0.00%

***As of 31 December 2024*

Dividends

There were no dividends declared in 2024 and 2023.

Recent Sales of Unregistered Securities

A. Stock Rights Offering

On March 29, 2021, the Parent Company issued Convertible Preferred Shares through a rights offering solely to shareholders of record as of February 26, 2021. The transaction relates to ₱12,499,999,984 rights offer of 328,947,368 Convertible Preferred Shares with a par value of ₱1.00 per share which was offered at the offer Price of ₱38.00 per entitlement right, with ratio of one entitlement right for every 1.8250 Common Shares held as of the said record date (the “Rights Offer”).

The Parent Company also approved the increase in its authorized capital stock from ₱1,340,000,000 to ₱1,740,000,000 divided into the following shares: (i) ₱1,340,000,000 worth of common shares with a par value of ₱1.00 per share; and (ii) the creation of new convertible preferred shares amounting to ₱400,000,000 with a par value of ₱1.00 per share (the “Application to Increase Authorized Capital Stock”). The same was approved by the Securities and Exchange Commission on March 19, 2021.

BPI Capital Corporation is the Sole Global Coordinator, Bookrunner, and Underwriter for this transaction. As required by the PSE rules on Additional Listing of Securities, the entitlement rights that remain unsubscribed after the Rights Offer would have been taken up by the Sole Global Coordinator, Bookrunner, and Underwriter who shall procure purchasers in the Philippines who are qualified institutional buyers as defined under the SRC, or failing which, shall purchase the unsubscribed Rights Shares (“Domestic Institutional Offer”). There were no entitlement rights that remain unsubscribed after the Rights Offer.

The Securities and Exchange Commission confirmed in its Certificate of Exemption dated January 20, 2021, as amended on February 11, 2021, that (i) the first and second round of Rights Offer (ii) the Application to Increase Authorized Capital Stock, and (iii) Domestic Institutional Offer are exempt transactions under Sections 10.1 (e), (i) and (l) of the Code, respectively.

As of December 31, 2024, 309,471,601 shares remain as outstanding Convertible Preferred Shares.

B. Long Term Incentive Plan

Upon issuance by the Securities and Exchange Commission of a Confirmation of Exempt Transaction on November 26, 2021, the Philippine Stock Exchange approved the application of the Parent Company to list additional 11,165,846 common shares, consisting of 5,582,923 common shares for Restricted Stock Units and 5,582,923 common shares for Stock Options and with a par value of ₱1.00 per share, to cover the Parent Company’s LTIP last December 2, 2021.

The LTIP also aims to provide performance-based incentives for certain grantees, which include senior executives and/or directors.

<u>Restricted Stock Units (RSU)</u>

In various dates in 2021, 2022, and 2023, RSUs were granted to eligible persons with one (1) to three (3) years vesting period (see Notes 23 and 36). In 2024, RSUs were also granted to additional grantees. Vesting is conditional on the eligible person’s employment and achievement of a minimum individual performance rating of “Meets Expectations”. The Group does not pay cash as a form of settlement.

As of December 31, 2024 and 2023, 346,500 and 2,222,666 RSUs have vested and were subsequently listed with the Philippine Stock Exchange on January 17, 2025 and January 17, 2024, respectively (see Notes 23 and 36).

Stock Options

On November 26, 2021, stock options were granted to 16 eligible persons with three (3) years vesting period which can be exercised at a strike price of ₱48.575 once vested. These will vest in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022 and 2023, respectively except for two (2) grantees which vested in full at the end of 2021. In May 2023, stock options were granted again to three (3) eligible persons with the same terms and conditions.

All these options will expire on December 31, 2027.

Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations" within the vesting period. The Group does not pay cash as a form of settlement.

For the years ended December 31, 2024 and 2023, 140,000 and 2,352,500 stock options have vested. No options were exercised, forfeited or expired during both years. Thus, as of December 31, 2024, a total of 5,145,000 vested stock options remain to be outstanding and exercisable.

No underwriters were involved for this transaction.

The Securities and Exchange Commission confirmed in its Certificate of Exemption dated November 26, 2021 that the LTIP is an exempt transaction pursuant to Section 10.2 of the Code.

C. Convertible Bonds

The Board of Directors of the Parent Company, at a special meeting held on April 16, 2021, approved the USD250.0 million investment in the form of Convertible Bonds from the International Finance Corporation, the IFC Emerging Asia Fund and Indigo Philippines LLC (an affiliate of Indigo Partners LLC). The Philippine Stock Exchange thereafter approved, on July 8, 2021, the application of the Parent Company to list a total of 318,755,000 underlying common shares with a par value of ₱1.00 per share upon conversion by bondholders of the USD250.0 million 4.5% Convertible Bonds due 2027 at a conversion price of ₱38.00. The principal amount of the Convertible Bonds will be paid in full on maturity date unless earlier converted (see Note 19).

The price at which the Conversion Shares will be issued upon conversion will initially be ₱38.00 per Conversion Share, as translated to U.S. Dollars at the fixed exchange rate of USD1.00 = ₱48.45 and subject to any adjustments from time to time in accordance with the adjustment provisions. Conversion period shall begin forty days after the issue date of the Convertible Bonds and shall end twenty business days before the maturity date.

No underwriters were involved for this transaction.

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

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Results of Operations

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenues

The Group's revenues amounting to ₱104.9 billion for the year ended December 31, 2024, 15.8% higher than the ₱90.6 billion revenues earned in the same period last year. The overall increase in revenues was primarily driven by a significant increase in passengers carried, which grew 17.6% year-on-year. The increase in revenues is accounted for as follows:

Passenger Revenues

Passenger revenues increased by ₱8.845 billion or 14.2% to ₱71.303 billion from ₱62.458 billion generated in 2023. This was brought about by the increase in passengers carried, which improved seat load factor from 84.0% to 84.4%, partially offset by lower average fare compared to the previous year.

Cargo Revenues

Cargo revenues increased by ₱1.584 billion or 39.0% to ₱5.641 billion from ₱4.057 billion generated in 2023 due to 32.2% increase in cargo volume carried coupled with 5.2% increase in yield .

Ancillary Revenues

Ancillary revenues increased by ₱3.877 billion or 16.1% to ₱27.964 billion from ₱24.087 billion generated in 2023, mainly due to increase in passengers carried as compared to last year.

Expenses

The Group incurred operating expenses of ₱95.736 billion, higher by 16.7% compared to ₱82.024 billion incurred in 2023.

The increase was mainly driven by the increase in the Group's operations, since a material portion of its expenses are based on flights and flight hours. The weakening of the Philippine peso against the U.S. Dollar as referenced by the depreciation of the Philippine peso to an average of ₱57.30 per U.S. Dollar for 2024 from an average of ₱55.63 per U.S. Dollar in 2023 based on the Philippine Bloomberg Valuation (PH BVAL) weighted average rates also contributed to the increase in operating expenses.

Flying Operations

Flying operations expenses increased by ₱3.754 billion or 10.6% to ₱39.125 billion from ₱35.371 billion incurred in 2023. This was largely due to increase in flights, which grew 13.1% year on year. This resulted to increase in fuel consumption and higher pilot and crew requirements, partially offset by the decrease in fuel prices. Average jet fuel prices decreased to U.S. $95.19 per barrel from U.S. $104.63 per barrel average in 2023. The weakening of the Philippine Peso against the U.S. Dollar also contributed to higher costs.

Depreciation and Amortization
Depreciation and amortization expenses increased by ₱3.033 billion or 22.9% to ₱16.293 billion from ₱13.260 billion incurred in 2023. The increase is mostly brought about by new aircraft and engine acquisitions and other capital expenditures during the year.

Repairs and Maintenance
Repairs and maintenance expenses increased by ₱2.627 billion or 19.7% to ₱15.961 billion from ₱13.334 billion posted during the same period last year. This was mostly due to increase in maintenance provisions in line with overall increase in fleet and flight operations.

Aircraft and Traffic Servicing
Aircraft and traffic servicing expenses increased by ₱3.727 billion or 45.0% to ₱12.013 billion from ₱8.286 billion in 2023 in line with increased flight activity, coupled with increase in airport charges, and the depreciation of the Philippine Peso against the U.S. Dollar.

General and Administrative
General and administrative expenses increased by ₱555.158 million or 12.8% to ₱4.909 billion from ₱4.354 billion incurred in 2023. The increase was mostly attributable to the increase in staff costs, security, and rental expenses.

Reservation and Sales
Reservation and sales expenses increased by ₱525.189 million or 15.6% to ₱3.889 billion from ₱3.364 billion incurred in 2023. The increase is attributable to higher distribution and advertising costs.
Passenger Service
Passenger service expenses increased by ₱254.439 million or 10.6% to ₱2.645 billion from ₱2.391 billion for the same period last year, driven by an increase in cabin crew costs in line with increased flight activity.

Aircraft and Engine Lease
Aircraft and engine lease expenses decreased by ₱763.805 million or 45.9% to ₱900.071 million from ₱1.664 billion incurred in 2023 due to the lower number of aircraft under short-term leases.

<u>Operating Income</u>
As a result of the foregoing, the Group earned an operating income of ₱9.172 billion for the year ended December 31, 2024, a ₱593.325 million or 6.9% increase compared to the ₱8.579 billion operating income earned in 2023.

<u>Other Income (Expenses)</u>

Interest Income
Interest income decreased by ₱169.252 million or 20.8% to ₱643.692 million from ₱812.944 million earned in 2023 largely due to shorter average period of short-term placements for year ended December 31, 2024 as compared to 2023.

Gain from Insurance Claims
In 2024 and 2023, the Group received ₱137.147 million and ₱17.875 million, respectively, pertaining to insurance proceeds claimed for damages sustained from incidents and loss events in prior periods.

Market Valuation Gains on Derivative Financial Instruments – net
The Group's market valuation gains amounting to ₱880.160 million in 2023 originated from the market valuation gains recognized from its convertible bonds' embedded derivative and fuel derivatives (nil in 2024).

Gain on Disposal of Property and Equipment – net
In 2024 and 2023, the Group entered into outright sale and sale-and-leaseback transactions that resulted to a net gain of ₱2.088 billion and ₱1.192 billion, respectively.

Foreign Exchange Losses – net
Net foreign exchange losses of ₱78.574 million resulted from the increase of the closing Philippine Peso to US Dollar rate from ₱55.37 in 2023 to ₱57.85 in 2024 offset by the appreciation of Philippine Peso to Japanese Yen rate from ₱0.3930 in 2023 to ₱0.3672 in 2024. The foreign exchange rate fluctuations affected mainly the Group's U.S. Dollar-denominated and Japanese Yen-denominated loans.

Equity in Net Income of Joint Ventures and Associates
The Group had equity in net income of joint ventures and associates of ₱106.999 million, compared to the ₱58.564 million earned in the same period last year.

Financing Costs and Other Charges
Interest expense from debt, lease liabilities and maintenance provisions increased by ₱1.545 billion or 29.4% to ₱6.805 billion for the year ended December 31, 2024 from ₱5.260 billion last year due to the financing of additional aircraft and engine deliveries during the year. The increase is coupled by the effect of depreciation of the Philippine Peso against the U.S. Dollar.

Impairment Loss
The Group did not incur any impairment losses for the years ended December 31, 2024 and 2023.

<u>Income before Income Tax</u>
As a result of the foregoing, the Group recorded income before income tax of ₱5.265 billion for the year ended December 31, 2024, as compared to ₱5.574 billion income before income tax earned for the year ended December 31, 2023.

<u>Benefit from Income Tax</u>
Benefit from income tax for the year ended December 31, 2024 amounted to ₱135.834 million as compared to a benefit of ₱2.349 billion for the year ended 2023, mainly resulting from higher recognition of deferred tax assets in the previous year.

<u>Net Income</u>
Net income for the year ended December 31, 2024 amounted to ₱5.401 billion, as compared to the ₱7.923 billion net income earned for the year ended December 31, 2023.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenues

The Group's revenues amounting to ₱90.603 billion for the year ended December 31, 2023, 59.6% higher than the ₱56.751 billion revenues earned in the same period last year. The overall increase in revenues was primarily driven by a significant increase in passenger volume, especially for international destinations as the Group continues its ramp-up its international network. International flights increased by 165.2% compared to the same period last year. The increase in revenues is accounted for as follows:

Passenger Revenues

Passenger revenues increased by ₱27.319 billion or 77.7% to ₱62.458 billion from ₱35.139 billion generated in 2022. This was brought about by the increase in seat load factor from 75.3% to 84.0%, together with 259.5% increase in international passengers to 4.8 million from 1.3 million same period last year. With an overall increase in travel demand, and as more passengers fly longer international routes, average fares increased by 26.4% to ₱2,993 from ₱2,367 for 2022.

Cargo Revenues

Cargo revenues decreased by ₱3.063 billion or 43.0% to ₱4.057 billion from ₱7.120 billion generated in 2022 due to 42.2% decrease in yield coupled with 1.5% decrease in cargo volume carried.

Ancillary Revenues

Ancillary revenues increased by ₱9.594 billion or 66.2% to ₱24.087 billion from ₱14.493 billion generated in 2022, mainly due to higher passenger volume and higher take up of ancillary products and services as more passengers flew international flights.

Expenses

The Group incurred operating expenses of ₱82.024 billion, higher by 20.3% compared to ₱68.180 billion incurred in 2022.

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

Flying Operations

Flying operations expenses increased by ₱7.351 billion or 26.2% to ₱35.371 billion from ₱28.020 billion incurred in 2022. This was largely due to higher fuel consumption and higher pilot headcount in line with the increased flight activity, partially offset by the decrease in average published fuel MOPS price to U.S. $104.63 per barrel from U.S. $126.65 per barrel average in 2022. The weakening of the Philippine Peso against the U.S. Dollar also contributed to higher costs.

Repairs and Maintenance

Repairs and maintenance expenses decreased by ₱1.352 billion or 9.2% to ₱13.334 billion from ₱14.686 billion posted during the same period last year. This was mostly due to the decrease in provisions for asset retirement obligation and heavy maintenance visits.

Depreciation and Amortization
Depreciation and amortization expenses increased by ₱1.168 billion or 9.6% to ₱13.260 billion from ₱12.092 billion incurred in 2022. The increase is mostly brought about by new aircraft acquisitions and other capital expenditures during the year.

Aircraft and Traffic Servicing
Aircraft and traffic servicing expenses increased by ₱3.025 billion or 57.5% to ₱8.286 billion from ₱5.261 billion in 2022 in line with increased flight activity, coupled with the depreciation of the Philippine Peso against the U.S. Dollar.

General and Administrative
General and administrative expenses increased by ₱1.212 billion or 38.6% to ₱4.354 billion from ₱3.142 billion incurred in 2022. The increase was mostly attributable to the increase in IT services and professional fees incurred by the Group.

Reservation and Sales
Reservation and sales expenses increased by ₱972.265 million or 40.7% to ₱3.364 billion from ₱2.392 million for the same period last year. The increase is attributable to higher distribution costs in line with increase in sales, as well as higher advertising costs.

Passenger Service
Passenger service expenses increased by ₱897.332 million or 60.1% to ₱2.391 billion from ₱1.493 billion for the same period last year, driven by increase in cabin crew costs in line with increased flight activity.

Aircraft and Engine Lease
Aircraft and engine lease expenses went up by ₱570.448 million or 52.2% to ₱1.664 billion from ₱1.093 billion incurred in 2022 due to more aircraft and engines being leased.

<u>Operating Income (Loss)</u>
As a result of the foregoing, the Group earned an operating income of ₱8.579 billion for the year ended December 31, 2023, a reversal from the ₱11.429 billion operating loss incurred for the same period last year.

<u>Other Income (Expenses)</u>

Interest Income
Interest income increased by ₱504.661 million or 163.7% to ₱812.944 million from ₱308.283 million earned in 2022 largely due to increased placements in 2023 and higher average interest rates for cash in bank and short-term placements.

Gain from Insurance Claims
In 2023 and 2022, the Group received ₱17.875 million and ₱6.175 million, respectively, pertaining to insurance proceeds claimed for damages sustained from several incidents and loss events in prior periods.

Market Valuation Gains on Derivative Financial Instruments – net
The Group's market valuation gains amounting to ₱880.160 million originated from the market valuation gains recognized from its convertible bonds' embedded derivative and fuel derivatives. In the same period last year, the Group incurred a gain of ₱997.908 million.

Gain on Disposal of Property and Equipment – net
During 2023, the Group entered into sale-and-leaseback transactions that resulted to a gain of P1.192 billion. In 2022, the Group entered into swap transactions to replace its two (2) engines resulting to the recognition of gain on exchange amounting to ₱99.529 million, and a sale and lease back transactions that resulted to a gain of ₱1.524 billion. Additionally, the Group entered into buyback agreement which resulted to a loss of ₱381.566 million. Lastly, the Group has written down various property and equipment and recognized loss amounting to ₱427.618 million.

Foreign Exchange Losses – net
Net foreign exchange losses of ₱707.278 million resulted from the decline of the closing Philippine Peso to US Dollar rate from ₱55.76 in 2022 to ₱55.37 in 2023. The foreign exchange rate fluctuations affected mainly the Group's U.S. Dollar-denominated cash and cash equivalents and receivables.

Equity in Net Income (Loss) of Joint Ventures and Associates
The Group had equity in net income of joint ventures and associates of ₱58.564 million, a reversal from the ₱113.288 million equity in net loss of joint venture and associates incurred in the same period last year, as the Group's joint ventures and associates reported a net profit during the current period.

Financing Costs and Other Charges
Interest expense from debt, lease liabilities and maintenance provisions increased by ₱1.879 billion or 55.5% to ₱5.260 billion for the year ended December 31, 2023 from ₱3.381 billion for the same period last year due to the additional aircraft deliveries during the year. The increase is coupled with the increase in bank interest rates for debts and the effect of depreciation of the Philippine Peso against the U.S. Dollar.

Impairment Loss
In 2022, the Group incurred losses of ₱86.747 million arose from the reclassification of four (4) ATR aircraft as asset held for sale (nil in 2023).

Income (Loss) before Income Tax
As a result of the foregoing, the Group recorded income before income tax of ₱5.574 billion for the year ended December 31, 2023, a reversal from the ₱16.228 billion loss before income tax posted for the year ended December 31, 2022.

Benefit from Income Tax
Benefit from income tax for the year ended December 31, 2023 amounted to ₱2.349 billion mainly resulting from the recognition of deferred tax assets on future deductible amounts such as those from net lease liabilities, provision for asset retirement obligations and heavy maintenance events among others.

Net Income (Loss)
Net income for the year ended December 31, 2023 amounted to ₱7.923 billion, a turnaround from the ₱13.979 billion net loss incurred for the year ended December 31, 2022.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Revenues

The Group recorded revenues amounting to ₱56.751 billion for the year ended December 31, 2022, 260.5% higher than the ₱15.741 billion revenues earned in the same period last year. The overall increase in revenues was primarily driven by significant increase in passenger volume, cargo services and flight activities as the COVID-19 restrictions already eased by March 2022. Starting second quarter of 2022, most parts of the country have remained to be classified under the more relaxed Alert Level classification and this was retained until the end of the year. As a result, the Group has restored almost the same level of its pre-pandemic system-wide capacity following the continuous ramp-up of its domestic and international routes. Currently, the Group is expecting the level of demand to increase further for airline services not just within the Philippines but even abroad. The positive development has not only allowed the Group to carry more passengers, but also boosted the Group's cargo services. The increase in revenues is accounted for as follows:

Passenger Revenues

Passenger revenues increased by ₱28.850 billion or 458.70% to ₱35.139 billion for the year ended December 31, 2022 from ₱6.289 billion generated in 2021.

This was mainly attributable to the 335.1% increase in passenger volume from 3.4 million to 14.8 million brought about by higher number of flights by 214.3% together with a 14.7 ppts increase in seat load factor from 60.6% to 75.3%. An increase in average fares by 28.4% to ₱2,367 in 2022 from ₱ 1,844 from last year also contributed to the increase in passenger revenues.

Cargo Revenues

Cargo revenues grew by ₱0.649 billion or 10.0% to ₱7.120 billion for the year ended December 31, 2022 from ₱6.471 billion for the year ended December 31, 2021 mostly due to increase in kilograms carried by about 7.3% and higher yield by 2.5%.

Ancillary Revenues

Ancillary revenues increased by ₱11.512 billion or 386.3% to ₱14.493 billion for the year ended December 31, 2022 from ₱2.981 billion recorded in the same period last year mainly due to higher passenger volume and flight activity during the period.

Expenses

The Group incurred operating expenses of ₱68.180 billion for the year ended December 31, 2022, higher by 75.3% compared to the ₱38.899 billion operating expenses incurred for year ended December 31, 2021.

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

Flying Operations

Flying operations expenses increased by ₱20.923 billion or 294.9% to ₱28.020 billion for the year ended December 31, 2022 from ₱7.097 billion incurred in the same period last year. This was largely accounted for by higher fuel consumption by 163.9% in line with the increased flight activity during the period, coupled with the increase in average published fuel MOPS price to U.S. $126.65 per barrel for the December 31, 2022 from U.S. $75.09 per barrel for the year ended December 31, 2021. Flight deck expenses also increased due to higher pilot headcount.

Repairs and Maintenance
Repairs and maintenance expenses went up by ₱5.032 billion or 52.1% to ₱14.686 billion for the year ended December 31, 2022 from ₱9.654 billion posted during the same period last year. This was mostly due to the increase in provision for asset restoration obligation and heavy maintenance visits of various aircraft.

Depreciation and Amortization
Depreciation and amortization expenses decreased by ₱2.263 billion or 15.8% to ₱ 12.092 billion for the year ended December 31, 2022 from ₱ 14.355 billion for the year ended December 31, 2021. The decrease is mostly brought about by lower depreciation for capitalized overhaul costs related to the two (2) A320 aircraft and two (2) A330 aircraft returned offset by the delivery of one (1) A321 NEO, two (2) A330 NEO and three (3) A320 NEO aircraft delivered mostly throughout the latter part of 2021 and 2022 plus the sale and leaseback of seven (7) A320 aircraft in December 2021.

Aircraft and Traffic Servicing
Aircraft and traffic servicing expenses increased by ₱2.591 billion or 97.1% to ₱5.261 billion for the year ended December 31, 2022 from ₱2.670 billion posted in the same period last year still relative to the significant increase in number of flights as most parts of the country are under the more relaxed COVID-19 restrictions.

General and Administrative
General and administrative expenses increased by ₱21.986 million or 0.7% to ₱3.142 billion for the year ended December 31, 2022 from ₱3.120 billion incurred for the same period last year. The increase was mostly attributable to the increase in staff expenses, computer, security and other services, taxes and licenses, insurance expenses, representation expenses, and travel and transportation expenses offset by decrease in professional expenses incurred by the Group.

Reservation and Sales
Reservation and sales expenses increased by ₱1.492 billion or 166.0% to ₱2.392 billion for the year ended December 31, 2022 from ₱899.254 million for the year ended December 31, 2021. This is significantly attributable to higher commission costs due to more sales for the year ended December 31, 2022 as compared to the same period last year. The increase was also coupled by higher GDS cost and higher advertising costs.

Passenger Service
Passenger service expenses increased by ₱833.444 million or 126.3% to ₱1.493 billion for the year ended December 31, 2022 from ₱659.762 million recorded for the year ended December 31, 2021 primarily accounted for by increased cabin crew costs and higher passenger food and supplies in line with increased headcount and number of flights.

Aircraft and Engine Lease
Aircraft and engine lease expenses went up by ₱649.947 million or 146.6% to ₱1,093.4 million for the year ended December 31, 2022 from ₱443.481 million charged last year. Increase was due to the higher number of aircraft and engines being leased during the current period as compared to same period in the prior year and the effect of the depreciation of the Philippine peso against the U.S. Dollar.

<u>Operating Loss</u>
As a result of the foregoing, the Group sustained an operating loss of ₱11.429 billion for the year ended December 31, 2022, 50.6% lower than the ₱23.158 billion operating loss incurred for the same period last year.

<u>Other Income (Expenses)</u>

Interest Income
Interest income increased by ₱271.804 million or 745.1% to ₱308.283 million for the year ended December 31, 2022 from ₱36.479 million earned in the same period last year largely due to higher cash balance and significantly higher average interest rates for cash in bank and short term placements.

Market Valuation Gains (Losses) on Derivative Financial Instruments – net
The Group's market valuation gains amounting to ₱977.908 million for the year ended December 31, 2022 originated from the Group's embedded derivative arising from its convertible bonds and interest rate derivatives. As compared to same period last year, the Group incurred a loss of ₱1.318 billion.

Foreign Exchange Losses – net
Net foreign exchange losses of ₱3.324 billion for the year ended December 31, 2022 primarily resulted from the weakening of the Philippine Peso against the US Dollar to ₱55.76 per US Dollar for the year ended December 31, 2022 from ₱51.00 per US Dollar for the year ended December 31, 2021. The Group's major exposure to foreign exchange rate fluctuations is in respect to U.S. Dollar-denominated long-term debt, short-term notes payable and convertible bonds payable.

Equity in Net Loss of Joint Ventures and Associates
The Group had equity in net loss of joint ventures and associates of ₱113.288 million for the year ended December 31, 2022, ₱61.143 million lower than the ₱174.431 million equity in net loss of joint venture and associates incurred in the same period last year. The decrease is due to lower net loss recognized by the Group's joint ventures and associates.

Financing Costs and Other Charges
Interest expense and accretion expense from lease liability increased by ₱870.166 million or 34.6% to ₱3.381 billion for the year ended December 31, 2022 from ₱2.511 billion for the same period last year due to the addition of one (1) A321 NEO, three (3) A330 NEO, three (3) A320 NEO and one (1) ATR 72-600 delivered mostly in the latter part of 2021 and 2022 plus sale and leaseback of seven (7) A320 aircraft in December 2021 offset by the return of two (2) A320 CEO and two (2) A330 CEO aircraft to the lessor in 2021 and sale of one (1) A330 CEO in 2022.

Gain from Insurance Claims
In 2022 and 2021, the Group received ₱6.175 million and ₱138.049 million, respectively, pertaining to insurance proceeds claimed for damages sustained by various aircraft from several incidents and loss events.

Gain (Loss) on Disposal - Net
During 2022, the Group has entered into swap transactions to replace its two (2) engines resulting to the recognition of gain on exchange amounting to ₱99.529 million. In addition, the Group entered into sale and lease back transactions that resulted to a gain of ₱1,523.862 million. Also, during the year, the Group has written down various property and equipment and recognized loss amounting to

₱427.618 million. Lastly, the Group entered into buyback agreement of its one (1) A330 aircraft which resulted to a loss of ₱381.566 million.

In 2021, the Group sold and leased back seven (7) A320 aircraft which resulted to an overall gain of ₱1,142.3 million.

Impairment Loss
As of December 31, 2022, the Group incurred losses of ₱86.747 million arose from the reclassification of RPC 7258 as asset held for sale.

In 2021, the Group assessed that its investment in Value Alliance Travel System Pte. Ltd (VATS) was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. Its target growth turned significantly lower than actual and expectation has also been further tempered due to the impact of ongoing COVID-19 pandemic. Based on the foregoing, the Group has recognized impairment loss amounting to ₱36.916 million.

Loss before Income Tax
As a result of the foregoing, the Group incurred a loss before income tax of ₱16.228 billion for the year ended December 31, 2022, 39.7% or ₱10.699 billion lower than the ₱26.927 billion loss before income tax posted for the year ended December 31, 2021.

Benefit from Income Tax
Benefit from income tax for the year ended December 31, 2022 amounted to ₱2.249 billion mainly resulting from the recognition of deferred tax assets on future deductible amounts such as those from unrealized foreign exchange losses, additional provision for asset retirement obligation and heavy maintenance visits among others.

Net Loss
Net loss for the year ended December 31, 2022 amounted to ₱13.979 billion, 43.9% lower than the ₱24.899 billion net loss incurred for the year ended December 31, 2021.

Financial Position
December 31, 2024 versus December 31, 2023

As of December 31, 2024, consolidated assets increased to ₱238.167 billion from ₱187.185 billion as of December 31, 2023 mainly due to increase in right of use assets, property and equipment, cash and cash equivalents, other current and noncurrent assets. The Group is currently in a net equity position of ₱10.025 billion from ₱4.778 billion due to the net income recognized during the period. Book value per common share amounted to ₱7.18 as of December 31, 2024 from a deficit of ₱14.32 per share as of December 31, 2023.

On August 2, 2024, the SEC approved the Parent Company's equity restructuring through a quasi-reorganization. The quasi-reorganization aimed to eliminate the ₱16.3 billion deficit from the Parent Company's audited financial statements as of December 31, 2023 through a corresponding reduction in 'Capital paid in excess of par value'. This had no impact on the par value, shares issued, or paid-in capital of the Parent Company's shares. The deficit was allocated to the capital paid in excess of par value of common and preferred shares based on their paid in capital.

The Group's cash requirements have been mainly sourced through cash flow from operations. For the year ended December 31, 2024, net cash provided by operating activities amounted to

₱25.069 billion. Net cash used in investing activities amounted to ₱15.613 billion which mostly pertain to acquisition of property and equipment offset by proceeds from sale and lease-back transactions and refund of pre-delivery payments. Net cash used in financing activities amounted to ₱5.854 billion which is attributable to repayments of debt and lease liabilities offset by proceeds from new borrowings.

As of December 31, 2024, except as otherwise disclosed in the financial statements and to the best of the Group's knowledge and belief, there are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Material Changes in the 2024 Financial Statements
(Increase/Decrease of 5% or more versus 2023)

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

Consolidated Statements of Financial Position – December 31, 2024 versus December 31, 2023

27.7% increase in Cash and Cash Equivalents
Due to higher cash generated from operations and receipt of proceeds from long-term and short-term debt, offset by the disbursements related to debt and lease payments and capital expenditures.

100.0% decrease in Restricted Cash
Due to release of all holdouts from cash in banks and money market placements

100% increase (or 100% decrease) in Derivative Financial Assets (Liabilities) at Fair Value through Other Comprehensive Income
Due to changes in fair valuation of the Group's fuel hedge transactions which ended with a net asset position at year-end.

24.0% increase in Receivables
Due to the increased sales of the Group arising from increased flights and travel demand.

15.4% increase in Expendable Parts, Fuel, Materials and Supplies
Due to increased expendable parts, materials and supplies kept in stock for operations

496.8% increase in Assets Held for Sale
Due to the reclassification of three (3) A320CEOs to assets held for sale.

38.1% increase in Other Current Assets
Due to increase in advances made to suppliers for future engine shop visits and other maintenance services.

17.2% increase in Property and Equipment
Due to aircraft and engine acquisitions during the period, partly offset by deprecation during the period

36.1% increase in Right of Use Asset
Due to new aircraft and engine deliveries during the period, offset by depreciation during the period

48.9% increase in Investment in Joint Ventures and Associates
Due to the recognized share in net income of joint venture during the period

43.2% increase in Goodwill
Due to additional goodwill recognized from the acquisition of AirSWIFT in 2024.

53.0% increase in Other Noncurrent Assets
Due to additional deposits made to various counterparties and additional intangible assets recognized arising from acquisition of AirSWIFT

7.5% increase in Due to Related Parties
Due to additional advances from affiliates

100.0% increase in Short-Term Debt
Due to availment of short-term loans from local banks for purchase of aircraft and engines.

36.7% increase in Unearned Transportation Revenue
Due to higher forward bookings as of December 31, 2024 compared to December 31, 2023, in line with the increased demand and introduction of new routes during the period.

80.6% increase in Income Tax Payable
Due to the increase in the Group's taxable income

10.6% increase in Long-Term Debt (including Current Portion)
Due to additional loans for various aircraft and engine deliveries, offset by the repayment of outstanding long-term debt in accordance with the repayment schedule, along with other prepayments.

37.5% increase in Lease Liability (including Current Portion)
Due to additional lease liability set up for various aircraft and engines delivered in 2024 offset by payments made during the period

100% decrease in Travel Fund Payable – net of current portion
Due to reclassification of remaining travel fund payable to current liabilities

11.8% increase in Retirement Liability
Due to the accrual of retirement costs and remeasurement losses recognized net of contributions during the period

7.3% decrease in Other Noncurrent Liabilities
Due to applications of asset retirement obligation and heavy maintenance visits during the period, offset by additional provisions.

78.2% decrease in Capital paid in excess of par value
Due to the quasi-reorganization undertaken to eliminate the deficit from accumulated losses in prior years.

39.8% decrease in Share-Based Payments
Due to the listing of 2.2 million vested restricted stock units (RSU) to the Philippine Stock Exchange last January 17, 2024.

99.6% decrease in Other Comprehensive Income
Due to remeasurement loss recognized from pension liabilities and recycling of the effective portion of the Group’s cash flow hedge reserves.

133.2% increase in Retained Earnings
Due to the quasi-reorganization, where the deficit of ₱16.269 billion was eliminated against capital paid in excess of par value and net income recognized during the period amounting to ₱5.169 billion.

For 2024, there are no significant elements of income that did not arise from the Group’s continuing operations.

The Group has capital expenditure commitments which principally relate to the acquisition of aircraft. Kindly refer to Note 32 of the Notes to Consolidated Financial Statements for the detailed discussion on Purchase and Capital Expenditure Commitments.

December 31, 2023 versus December 31, 2022

As of December 31, 2023, consolidated assets increased to ₱187.185 billion from ₱147.156 billion as of December 31, 2022 mainly due to increase right of use assets, property and equipment, deferred tax assets and expendable parts, fuel, and materials. The Group is currently in a net equity position of ₱4.778 billion from a capital deficiency of ₱2.885 billion due to the net income recognized during the period. Book value per common share amounted to (₱14.32) as of December 31, 2023 from (₱26.04) as of December 31, 2022.

The Group’s cash requirements have been mainly sourced through cash flow from operations. As of December 31, 2023, net cash provided by operating activities amounted to ₱17.454 billion. Net cash used in investing activities amounted to ₱9.385 billion which mostly pertain to acquisition of property and equipment offset net of proceeds from sale and lease-back transactions and refund of pre-delivery payments during the period. Net cash used in financing activities amounted to ₱11.333 billion which is comprised of repayments of debt and lease liability, offset by the proceeds from borrowings from new loans.

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

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

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

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

18.7% decrease in Cash and Cash Equivalents
Due to higher disbursements related to debt and lease payments, as well as other capital expenditures over the cash generated from operations

51.3% increase in Restricted Cash
Due to additional deposits with certain banks to secure standby letters of credit issues in favor of lessors

100% decrease (or 100% increase) in Derivative Financial Assets (Liabilities) at Fair Value through Other Comprehensive Income
Due to lower fair valuation of the Group's fuel hedge transactions which ended with a net liability position at year-end

58.6% increase in Expendable Parts, Fuel, Materials and Supplies
Due to increased expendable parts, materials and supplies kept in stock for operations

27.6% decrease in Assets Held for Sale
Due to sale of one (1) ATR 72-500 resulting to a gain of ₱0.6 million

11.7% increase in Other Current Assets
Due to increase in prepayments for IT services

8.3% increase in Property and Equipment
Due to aircraft acquisitions during the period

75.4% increase in Right of Use Asset
Due to delivery of new aircraft deliveries during the period, offset by depreciation during the period

35.4% increase in Investment in Joint Ventures and Associates
Due to the recognized share in net income of joint venture during the period

46.8% increase in Deferred Tax Assets - net
Due mainly to the increase in future deductible amounts such as those from unrealized foreign exchange losses and net lease liabilities posted during the period

29.6% increase in Other Noncurrent Assets
Due to additional security deposits with lessors

21.7% increase in Accounts Payable and Other Accrued Liabilities
Due to additional trade payables and accruals for the period

50.2% increase in Due to Related Parties
Due to additional advances from affiliates

19.1% increase in Unearned Transportation Revenue
Due to significantly higher forward bookings as of December 31, 2023 compared to December 31, 2022, in line with the increased airline services demand during the period

100% increase in Income Tax Payable
Due to the increase of the Group's taxable income

4.2% decrease in Long-Term Debt (including Current Portion)
Due to repayment of outstanding long-term debt in accordance with the repayment schedule, along with other prepayments, offset by the additional loan

70.6% increase in Lease Liability (including Current Portion)
Due to additional lease liability set up for various aircraft delivered in 2023 offset by payments made during the period

100% decrease in Derivative Financial Liabilities at Fair Value through Profit or Loss
Due to lower fair valuation of the embedded derivative liabilities from the Group's convertible bonds

58.9% increase in Travel Fund Payable - net of current portion
Due to more travel fund creation during the period

17.6% increase in Retirement Liability
Due to accrual of retirement costs and remeasurement losses offset by actual contributions to the retirement plan during the year

52.4% decrease in Other Noncurrent Liabilities
Due to decrease in provision for asset retirement obligation and heavy maintenance visits coupled with the increase in applications during the year.

66.8% decrease in Other Comprehensive Income
Due to the remeasurement losses recognized for retirement liability and net mark-to-market loss for fuel derivative contracts designated as cash flow hedges

32.8% decrease in Deficit
Due to net income recognized during the period

For 2023, there are no significant elements of income that did not arise from the Group's continuing operations.

December 31, 2022 versus December 31, 2021

As of December 31, 2022, consolidated assets increased to ₱147.156 billion from ₱138.254 billion as of December 31, 2021 mainly due to increase in cash and cash equivalents, receivables, other current assets, right of use asset and deferred tax asset. Equity decreased to a deficit balance of ₱2.885 billion from ₱10.610 billion due to the net loss recognized during the period. Book value per common share amounted to (₱26.04) as of December 31, 2022 from (₱3.21) as of December 31, 2021.

The Group's cash requirements have been mainly sourced through cash flow from operations. As of December 31, 2022, net cash provided by operating activities amounted to ₱11.860 billion. Net cash provided by investing activities amounted to ₱6.501 billion which mostly pertain to proceeds from sale and lease-back transactions and refund of pre-delivery payments offset by acquisitions of property and equipment during the period. Net cash used in financing activities amounted to ₱19.521 billion which is comprised of repayments of debt and lease liability amounting to ₱12.208 billion and ₱7.313 billion, respectively.

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

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

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

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

30.9% increase in Receivables
Due to the increased sales of the Group arising from increased operations

42.6% increase in Expendable Parts, Fuel, Materials and Supplies
Due to increased expendable parts, fuel and materials and supplies kept in stock

100% increase in Assets Held for Sale
Due to reclassification of four (4) ATR aircraft to assets held for sale

26.6% increase in Other Current Assets
Due to increase in current portion of advances to suppliers and prepaid expenses

13.0% decrease in Property and Equipment
Due to reclassification of ATR aircraft to assets held for sale and write down of various property and equipment
43.1% increase in Right of Use Asset
Due to delivery of one (1) A321 NEO, two (2) A320 NEO and (1) A330 NEO in 2022 offset by the return of one (1) A320 CEO and depreciation during the period

33.8% decrease in Investment in Joint Ventures and Associates
Due to share in net loss of joint ventures and associates during the period

61.9% increase in Deferred Tax Assets - net
Due mainly to the increase in future deductible amounts such as those from unrealized foreign exchange losses, net lease liability and additional provision for asset retirement obligations and heavy maintenance visits posted during the period

38.9% increase in Accounts Payable and Other Accrued Liabilities
Due to additional trade payables and accruals for the period

35.4% increase in Due to Related Parties
Due to additional of advances from affiliates

100.0% decrease in Short-Term Debt
Due to payment of unsecured promissory notes (PN) with JG Summit Philippines, Limited, a subsidiary of JG Summit Holdings, Inc., the Parent Company's ultimate parent

153.0% increase in Unearned Transportation Revenue
Due to significantly higher forward bookings as of December 31, 2022 compared to December 31, 2021 in line with the increased airline services demand during the period

100.0% decrease in Income Tax Payable
Due to the Group's available creditable withholding taxes, no tax payment is due

12.1% decrease in Long-Term Debt (including Current Portion)
Due to repayment of outstanding long-term debt in accordance with the repayment schedule

49.2% increase in Lease Liability (including Current Portion)
Due to additional lease liability set up for one (1) A321 NEO, two (2) A320 NEO and (1) A330 NEO delivered in 2022 offset by payments made during the period

10.2% increase in Bonds Payable
Due to amortization of bond issue costs coupled with the depreciation of Philippine Peso against U.S. Dollar.

51.1% decrease in Derivative Financial Liabilities at Fair Value through Profit or Loss
Due to lower fair valuation of the embedded derivative liabilities from the Group's convertible bonds

85.9% decrease in Travel Fund Payable - net of current portion
Due to customers utilizing the travel fund in line with the increase in flight activity during the period and actual and estimated expiry of travel fund

78.7% increase in Retirement Liability
Due to increase in number of employees covered by the retirement plan and remeasurement arising from the changes in actuarial assumptions for the current year
51.6% increase in Other Noncurrent Liabilities
Due to additional provision for asset retirement obligation and heavy maintenance visits, net of applications.

20.9% increase in Share-based payments
Due to the recognition of the share-based payments during the period net of the exercise of 1,094,000 vested restricted stock units last January 2022.

362.9% increase in Other Comprehensive Income (Losses)
Due to the higher net mark-to-market gain for interest rate derivative contracts designated as cash flow hedges offset by actuarial losses from retirement liability

136.9% decrease in Retained Earnings
Due to net loss incurred during the period

For 2022, there are no significant element of income that did not arise from the Group's continuing operations.

Key Performance Indicators

The Group sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are major performance measures, which the Group has identified as reliable performance indicators. Analyses are employed by comparisons and measurements based on the financial data for the years ended December 31, 2024 and 2023:

Key Financial Indicators	**2024**	2023
Total Revenue	**₱104.909 billion**	₱90.603 billion
Pre-tax Core Net Income	**₱3.118 billion**	₱4.191 billion
EBITDA	**₱25.466 billion**	₱21.839 billion
EBITDA Margin	**24.27%**	24.10%
Cost per Available Seat Kilometer (ASK) (PHP)	**3.09**	2.97
Cost per ASK (U.S. cents)	**5.39**	5.34
Seat Load Factor	**84.4%**	84.0%

The manner by which the Group calculates the above key performance indicators for both year-end 2024 and 2023 is as follows:

Total Revenue	The sum of revenue obtained from the sale of air transportation services for passengers and cargo and ancillary revenue.
Pre-tax Core Net Income (Loss)	Operating income (loss) after deducting net interest expense and adding equity in net income (loss) of joint venture.
EBITDA	Operating income (loss) after adding depreciation and amortization.
EBITDA Margin	Operating income (loss) after adding depreciation and amortization divided by total revenue.
Cost per ASK	Total operating expenses divided by Available Seat Kilometres (ASK) where the ASK is computed by multiplying the number of seats available per flight to the total distance (in kilometres) those seats are flown over a specified period.
Seat Load Factor	Total number of passengers divided by the total number of actual seats on actual flights flown.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 63) are filed as part of this Form 17-A.

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

None.

Independent Public Accountants and Audit Related Fees

SyCip Gorres Velayo & Co. (SGV & Co.) has acted as the Group's independent public accountant. The same accounting firm is tabled for reappointment for the current year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged. The current handling partner of SGV & Co. has been engaged by the Group in 2024 and is expected to be rotated every seven (7) years.

Audit Fees

The following table sets out the aggregate fees billed for each of the last three years for professional services rendered by the Group's external auditors.

	2024	2023	2022
Total audit fees	**₱8,826,912**	₱7,378,781	₱7,000,000
Non-audit service fees			
Other assurance services	**–**	–	–
Tax services	**98,508**	112,467	112,679
All other services	**3,320,000**	–	–
	3,418,508	112,467	112,679
Total audit and non-audit fees	**₱12,245,420**	₱7,491,248	₱7,112,679

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Board of Directors and Executive Officers of the Registrant

The tables below set forth certain information regarding the members of the Board of Directors, member of the advisory board and executive officers of the Group.

A. Board of Directors

The Board consists of nine (9) members, of which three (3) are independent directors.

Name	Age	Position	Citizenship
Lance Y. Gokongwei	58	Director, Chairman	Filipino
Alexander G. Lao	49	Director	Filipino
Jose F. Buenaventura	90	Director	Filipino
Robina Gokongwei Pe	64	Director	Filipino
David Gulliver G. Go	53	Director	Filipino
Brian H. Franke	61	Director	American
Bernadine T. Siy	66	Independent Director	Filipino
Brian Mathew P. Cu	42	Independent Director	Filipino
Richard Raymond B. Tantoco	58	Independent Director	Filipino

Bernadine T. Siy, Brian Mathew P. Cu and Richard Raymond B. Tantoco are the independent directors of the Parent Company.

B. Executive Officers

Name	Age	Position	Citizenship
Michael B. Szucs	59	Chief Executive Officer	British
Alexander G. Lao	49	President and Chief Commercial Officer	Filipino
Mark Julius V. Cezar	45	Chief Financial Officer*	Filipino
Anne Romadine P. Tieng	48	General Counsel and Compliance Officer*	Filipino
Ma. Elynore J. Villanueva.	62	Treasurer	Filipino
Aileen M. Isidro	40	Risk Officer*	Filipino
Josine Ma. V. Protasio-Mendoza	34	Corporate Secretary*	Filipino

** Effective 06 August 2024, Atty. Anne Romadine Tieng, General Counsel, assumed additional responsibilities as Compliance Officer, a role previously held by the Chief Financial Officer, Mark Julius V. Cezar. Ms. Aileen Isidro, Vice President of Corporate Strategy, expanded her duties to include the position of Risk Officer. Meanwhile, Atty. Josine Protasio-Mendoza, one of the Parent Company's Associate Legal Counsels, also took on the role of Corporate Secretary.*

Unless otherwise stated herein, the above directors and executive officers have served their respective offices since May 11, 2024.

A brief description of the business experience, academic qualification and other directorships held in other reporting companies of our directors, executive officers and senior consultants are provided as follows:

Name/Position	Age	Citizenship	Current Affiliations, Business Experience in the last 5 years and Academic Qualification	Term of Office/ Period Served
Lance Y. Gokongwei Chairman of the Board of Directors	58	Filipino	Chairman of the Board of Directors; President and Chief Executive Officer of the Parent Company He is also the President and Chief Executive Officer and Executive Director of JGSHI since May 14, 2018. He is also the Chairman of Universal Robina Corporation. Effective February 1, 2025, he assumed the role of Chairman of Robinsons Land Corporation and, as of January 1, 2025, serves as a Board Adviser of Robinsons Retail Holdings, Inc. He is also a Director and Vice Chairman of the Executive Committee of Manila Electric Company, as well as a Director of RL Commercial REIT, Inc., Altus Property Ventures, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, Endeavor Acquisition Corporation and SP New Energy Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He holds a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.	2023 to present; 1997 to 2022
Alexander G. Lao President and Chief Commercial Officer	49	Filipino	President and Chief Commercial Officer; Chief Commercial Officer; Chief Strategy Officer of the Parent Company He became Chief Commercial Officer last May 10, 2021. Prior that, he was previously the Chief Strategy Officer since August 16, 2019. Prior to this, he served as Vice President for Commercial Planning since February 2012 and Director of Revenue Management from October 8, 2007 to February 2012. Before joining the Group, he worked as Assistant Vice President of Philamlife from August 2001 to September 2007 and as Business Development Assistant of Ayala Life from 1998 to 1999. He graduated from Ateneo De Manila University with a Bachelor of Science degree in Legal Management. He also received his Master's degree in Business Administration from the Asian Institute of Management.	2023 to present; 2021 to 2022; 2019 to 2020
Jose F. Buenaventura Director	90	Filipino	Director of the Parent Company He is also Chairman and Director of Consolidated Coconut Corporation, Gladtobehome, Inc. and	1999 to present

			GROW, Inc. He is a member of the Board of Grow Holdings, Inc., Hicap Properties Corportion, Himap Properties Corporation, La Concha Land Investment Corp., Philplans First, Inc., Techzone Philippines, Inc., Total Consolidated Asset Management, Inc., and Turner Entertainment Manila, Inc. He is also a member of the Board of Advisors of BDO Unibank, Inc. He has a Bachelor of Laws degree from the Ateneo de Manila University and his Master of Laws degree from Georgetown University Law Center, Washington D.C.	
Robina Gokongwei Pe Director	64	Filipino	Director of the Parent Company She is also a Non-Executive and Non-Independent Director of JGSHI since April 15, 2009. She is the Chairman of Robinsons Retail Holdings, Inc. (RRHI). Operating a diverse portfolio of brands, RRHI is one of the largest multi-format retailers in the country. She is also a Director of Robinsons Land Corporation and Cebu Air, Inc. She is a Trustee and the Secretary of the Gokongwei Brothers Foundation, Inc. and a Trustee and Vice Chairman of the Immaculate Concepcion Academy Scholarship Fund. She is also a member of the Xavier School Board of Trustees. She was formerly a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984. She has two children, Justin, 29 and Joan, 18. She is married to Perry Pe, a lawyer.	2007 to present
David Gulliver G. Go Director	53	Filipino	Director of the Parent Company He is also the Chief Human Resources Officer of JG Summit Holdings, Inc., the publicly-listed parent holding company of Cebu Air, Inc. He serves as Board Committee advisor for Marketing and Service Fulfilment at Maxicare Healthcare Corporation. Previously, he was the Head of Executive Education at the Asian Institute of Management, serving both local and international corporate organizations for their executive training programs. Prior to this, he was engaged in other roles in the education sector, with Enderun Colleges as Business Administration Head and with Binus University Indonesia as Visiting Faculty. He also held executive director positions at endowed research centers for banking (Jose B. Fernandez Jr. Center for Banking and Finance) and tourism (Andrew L. Tan Center for Tourism). He received his Masters in Business Administration from the Asian Institute of Management and a Doctorate Degree from Ritsumeikan University.	2024 to present

Brian H. Franke Director	61	American	Director of the Parent Company He has been a principal of Indigo Partners LLC since April 2004. He has also served as a member of the Frontier Airlines Board of Directors since December 2013. He has also served on the boards of directors of Concesionaria Vuela Compañía de Aviación, S.A.B. de C.V., since July 2010, including as board chair since April 2020; several entities within the JetSMART SpA group, since March 2017; and APiJET, LLC, since November 2020. He holds a B.S. from the University of Arizona and a Masters of International Management from the Thunderbird School of Global Management.	2021 to present
Bernadine T. Siy Independent Director	66	Filipino	Independent director of the Parent Company She has been a Non-Executive and Independent Director of JGSHI since June 3, 2024. She serves as an Independent Director of PLDT, Inc. and Anvaya Cove Golf and Country Club, Inc. She is currently the Chairperson of the Board of Trustees of Ateneo de Manila University, and a fellow and trustee of the Foundation for Economic Freedom, an economic policy advocacy organization. She is also a current member of the Board of Directors of Epicurean Partners Exchange Inc., the operators of the Kenny Rogers restaurant chain which she founded in 1994, and Seattle's Best Coffee which she introduced to the Philippine market in 2000. She also holds the position of President and Director of Interworld Properties Corporation and B289 Properties Inc. She previously served as a director of Security Diners International Corporation, which was then a wholly-owned subsidiary of Security Bank operating the Diners Card business, from 1986 to 1992. She was the President and Chief Executive Officer of Fil-Pacific Apparel Corporation (one of the country's leading garment corporations) from 1987 to 1995, and again from 2004 to 2013, EPEI from 1994 to 2011, and Consultant to the Board of Directors of Development Bank of the Philippines from November 2012 to June 2014. She obtained her Bachelor of Arts Degree in Economics, Magna Cum Laude in 1980 from Ateneo de Manila University and Master's Degree in Management with Majors in Finance and Accounting in 1984 from the J.L. Kellogg Graduate School of Management of Northwestern University in Chicago, Illinois, USA.	2021 to present
Brian Mathew P. Cu Independent Director	42	Filipino	Independent director of the Parent Company He started his career as a management consultant with the Boston Consulting Group. He co-founded GoJe in Indonesia and jumped full time into the world of entrepreneurship in 2012 when he co-founded Zalora Philippines. He left in mid-2013 to	2021 to present

			co-found Grab Philippines and served as its President until August 2020. He received his Bachelor of Business Administration with Major in Finance from the National University of Singapore.	
Richard Raymond B. Tantoco Independent Director	58	Filipino	Independent Director of the Parent Company He is the President and Chief Operating Officer (COO) of Energy Development Corporation (EDC). He is also a member of the Board of Directors of First Philippine Holdings Corporation, First Gen Corporation, Energy Development Corporation, and several of these companies' subsidiaries. Mr. Tantoco serves as a Trustee in the board of several non-profit organizations – Business for Sustainable Development, Oscar M. Lopez Center For Climate Change Adaptation and Disaster Risk Management Foundation, Inc., and The Eugeno Lopez Foundation, Inc. He obtained his B.S. Business Management degree from the Ateneo de Manila University where he graduated with honors, and his MBA in Finance from the Wharton School of Business of the University of Pennsylvania.	2021 to present
Michael B. Szucs Chief Executive Officer	59	British	Chief Executive Officer; Chief Executive Adviser of the Parent Company He has extensive airline experience in senior management and executive positions spanning over thirty years. He started his airline career as a pilot with British Airways in 1990 flying Boeing 737, 757, 767 and Airbus A320 aircraft. He moved into management within British Airwaysin 1996. Having served in senior roles in both Operations and Commercial, he joined EasyJet as Operations Director and then Chief Operating Officer. In 2006, Mr. Szucs successfully established his first airline, as the CEO of then start-up LCC VivaAerobus in Mexico. He subsequently took on a breadth of CEO challenges: trying to rescue a massively distressed airline in Europe (Spanair), successfully starting another Latin American LCC (VivaColombia) and leading the efforts to establish a new LCC for Qatar Airways in Saudi Arabia (Al Maha). He holds a first class honors degree in Aeronautical Engineering from Manchester University, UK.	2023 to present; 2019-2022
Mark Julius V. Cezar Chief Financial Officer	45	Filipino	Chief Financial Officer and Compliance Officer; Deputy Chief Financial Officer; Director – Fleet Planning of the Parent Company He started his career as a Junior Management Trainee with JG Summit Holdings Inc. and was transferred to the Parent Company where he held various positions including leadership roles in the	2023-present; 2020-2022; 2019

			Network Planning Group under its Commercial Department. He then expanded his career when he was appointed to lead as Director for the Fleet Planning team under the Finance Department. He is a licensed Certified Public Accountant and he graduated Cum Laude from the University of the Philippines – Diliman where he completed his Bachelor of Science Degree in Business Administration and Accountancy.	
Anne Romadine P. Tieng General Counsel and Compliance Officer	48	Filipino	General Counsel and Compliance Officer; Vice President – Legal Affairs of the Parent Company She was appointed as Vice President for Legal Affairs last December 1, 2018 and was appointed Corporate Secretary on October 1, 2020. She has worked with organizations such as Villaraza & Angangco Law Offices and Shell Philippines Exploration B.V. prior to joining Cebu Pacific in August 2011. She is a graduate of De La Salle University majoring in BS Legal Management for her undergraduate course and Ateneo De Manila School of Law for her post graduate course where she obtained her Juris Doctor degree.	2023-present; 2019-2022
Ma. Elynore J. Villanueva Treasurer	62	Filipino	Treasurer of the Parent Company She started her career in the JG Summit Group in 1996 as Senior Treasury Manager for Manila Galleria Suites. In 2003, she transferred to Big R Stores as Assistant Treasurer and was later on moved to Universal Robina Corporation and handled Cebu Pacific. In 2010, her group was formally transferred from URC to the Parent Company with her being appointed as Director - Treasury for Cebu Pacific. Since March 2014, she also assumed a concurrent role as Director - Treasury for Cebgo, Inc. She graduated as Cum Laude from St. La Salle University in Bacolod with a Bachelor of Science Degree in Commerce Major in Accounting.	2015-present
Aileen M. Isidro Risk Officer	40	Filipino	Vice-President for Corporate Strategy and Risk Officer She was appointed as Vice President for Corporate Strategy on June 18, 2024, bringing a wealth of experience and strategic insight to the role. Since joining Cebu Pacific in 2020, she has been instrumental in leading the Corporate Governance and Business Process Management team, as well as the Enterprise Risk Management and Finance Systems team. Before joining the airline, she held leadership roles in Strategy, Finance, and Marketing at major corporations such as Universal Robina Corporation, British American Tobacco Philippines Inc., Coca-Cola Bottlers Philippines Inc., and	2024-present

			Monde Nissin Corporation, giving her a comprehensive understanding of market dynamics and strategic planning across industries. She holds a Bachelor of Arts degree in Management Economics from the Ateneo De Manila University and a Master of Business Administration with a major in Marketing from the Asian Institute of Management, with participation in an exchange program at Schulich School of Business, York University in Canada.	
Josine Ma. V. Protasio-Mendoza Corporate Secretary	34	Filipino	Associate Legal Counsel and Corporate Secretary She joined Cebu Pacific last March 2024 as an Associate Legal Counsel and has expanded her role to include the position of Corporate Secretary as of August 2024. Her primary responsibilities encompassed overseeing the administration of the Board and other required Committees, as well as ensuring the integrity of governance processes. These duties involved managing Board affairs, ensuring compliance with statutory requirements, and maintaining accurate corporate records. She has worked with organizations such as Salvador Llanillo & Bernardo and Gruba Law. She graduated from the University of Asia and the Pacific with a degree in Management for her undergraduate studies and later earned her Juris Doctor degree from the same institution.	2024-present

The Airline Group's executive officers can be reached at its business office at the Cebu Pacific Building, Domestic Road, Barangay 191, Zone 20, Pasay City.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Group's knowledge and belief and after due inquiry, none of the Group's directors, nominees for election as director, or executive officer have in the past five years: (i) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two year period of that time; (ii) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self- regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Family Relationship

- Mr. David Gulliver G. Go is the cousin of Mr. Lance Y. Gokongwei
- Ms. Robina Gokongwei Pe is the sister of Mr. Lance Y. Gokongwei

Attendance to the 2024 Board Directors Meetings

Director	Board of Directors Meeting (March 25, 2024)	Board of Directors Meeting (May 9, 2024)	Board of Directors Meeting (May 27, 2024)	Board of Directors Meeting (August 5, 2024)	Board of Directors Meeting (August 6, 2024)	Board of Directors Meeting (December 4, 2024)
1.Lance Y. Gokongwei	✓	✓	✓	✓	✓	✓
2.Jose Fernando B. Buenaventura	✓	✓	✓	–	✓	✓
3.Robina Gokongwei Pe	✓	✓	✓	✓	✓	✓
4.Frederick D. Go	✓	✓	✓	✓	✓	✓
5.Brian H. Franke	✓	✓	✓	✓	✓	✓
6.Alexander G. Lao	✓	✓	✓	✓	✓	✓
7.Bernadine T. Siy	✓	✓	✓	✓	✓	✓
8.Brian Mathew P. Cu	✓	✓	✓	✓	✓	✓
9.Richard Raymond B. Tantoco	✓	✓	✓	✓	✓	✓

Item 10. Executive Compensation

The following are the Group's Chief Executive Officer ("CEO") and four most highly compensated executives* for the year ended 2024:

Name	Position
Michael B. Szucs	Chief Executive Officer
Alexander G. Lao	President and Chief Commercial Officer
Michael Ivan S. Shau	Chief Corporate Affairs Officer
Mark Julius V. Cezar	Chief Financial Officer
Candice A. Iyog	Chief Marketing and Customer Experience Officer

** As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2024. However, included in the above-list would also be those not "named executive officers" but who rank as the four (4) most highly compensated executives, apart from the Chief Executive Officer, as of December 31, 2024.*

The following table identifies and summarizes the aggregate compensation of the Group's CEO and the four most highly compensated executive officers for the years ended 2023, 2024 and 2025 estimates:

	Actual - Fiscal Year 2023			
	Salaries	**Bonuses**	**Other Income****	**Total**
CEO and four (4) most highly compensated executive officers* 1. Michael B. Szucs – Chief Executive Officer 2. Alexander G. Lao – President and Chief Commercial Officer 3. Michael Ivan S. Shau - Chief Corporate Affairs Officer 4. Mark V. Cezar - Chief Financial Officer 5. Candice A. Iyog - Chief Marketing and Customer Experience Officer	84,352,342	7,721,017	300,000	92,373,359
Aggregate compensation paid to all officers and directors as a group unnamed	167,850,598	19,658,665	2,730,000	190,239,263

	Actual - Fiscal Year 2024			
	Salaries	**Bonuses**	**Other Income****	**Total**
CEO and four (4) most highly compensated executive officers* 1. Michael B. Szucs – Chief Executive Officer 2. Alexander G. Lao – President and Chief Commercial Officer 3. Michael Ivan S. Shau - Chief Corporate Affairs Officer 4. Mark V. Cezar – Chief Financial Officer 5. Candice A. Iyog – Chief Marketing and Customer Experience Officer	89,035,863	8,097,420	600,000	97,733,283
Aggregate compensation paid to all officers and directors as a group unnamed	178,621,767	21,306,487	3,410,000	203,338,254

	Fiscal Year 2025 Estimates			
	Salaries	**Bonuses**	**Other Income****	**Total**
CEO and four (4) most highly compensated executive officers* 1. Michael B. Szucs - Chief Executive Officer 2. Alexander G. Lao – President and Chief Commercial Officer 3. Michael Ivan S. Shau - Chief Corporate Affairs Officer 4. Mark V. Cezar – Chief Financial Officer 5. Candice A. Iyog – Chief Marketing and Customer Experience Officer	93,980,057	8,509,778	600,000	103,089,835
Aggregate compensation paid to all officers and directors as a group unnamed	188,445,965	22,396,542	3,500,000	214,342,507

** As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2024. However, included in the above-list would also be those not "named executive officers" but who rank as the four (4) most highly compensated executives, apart from the Chief Executive Officer, as of December 31, 2024.*

***Includes per diem of directors*

Standard Arrangements

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

Other Arrangements

There are no other arrangements pursuant to which directors of the Group are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed year and the ensuing year.

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

There are no agreements between the Group and its directors and executive officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

Long Term Incentive Plan (see page 24)

Warrants Outstanding

There are no outstanding warrants held by the Group's CEO, the named executive officers, and all officers and directors as a group.

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

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2024, the Group knows no one who beneficially owns in excess of 5% of the Group's voting stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding Voting Stock
Common	CPAir Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	400,816,841	64.21%
Common	PCD Nominee Corporation - Filipino 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Filipino	168,397,298 (See note 3)	26.98%

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding Voting Stock
Common	PCD Nominee Corporation - Non-Filipino 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Non-Filipino	47,931,319 (See note 3)	7.68%

Notes:

1. CPAir Holdings, Inc. is a wholly-owned subsidiary of JG Summit Holdings, Inc. Under the By-Laws of CPAir Holdings, Inc., the President is authorized to represent the corporation at all functions and proceedings. The incumbent President of CPAir Holdings, Inc. is Mr. Lance Y. Gokongwei.

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

3. The number of shares reflected excludes Cebu Air, Inc.'s 5,636,630 treasury shares under PCD Nominee Corporation - Filipino. Out of the PCD Nominee Corporation account for voting stock, "Citibank N.A.," holds for various trust accounts the following shares of the Corporation as of December 31, 2024:

	No. of shares	% to Outstanding Voting Stock
Citibank N.A.	62,726,791	10.05%

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

(2) Security Ownership of Management as of December 31, 2024

Title of Class	Name of beneficial Owner	Position	Amount & nature of beneficial ownership (Direct and Indirect)	Citizenship	% to Total Outstanding Voting Stock
Named Executive Officers and Executives[1]					
Common	1. Michael B. Szucs	Chief Executive Officer	691,780	Filipino	0.11%
Common	2. Alexander G. Lao	Director, President and Chief Commercial Officer	100,000	Filipino	0.01%
Common	3. Michael Ivan S. Shau	Chief Corporate Affairs Officer	110,000	Filipino	0.01%
Common	4. Mark Julius V. Cezar	Chief Financial Officer	95,000	Filipino	0.01%
Common	5. Candice A. Iyog	Chief Marketing and Customer Officer	95,000	Filipino	0.01%
	Subtotal		1,091,780		*0.15%*
Other Directors and Key Officers[2]					
Common	6. Jose F. Buenaventura	Director	1	Filipino	**
Common	7. Robina Y. Gokongwei-Pe	Director	6,668	Filipino	**
Common	8. David Gulliver G. Go	Director	15,000	Filipino	**
Common	9. Brian H. Franke	Director	436,401	American	0.06%
Common	10. Bernadine T. Siy	Director (Independent)	63,200	Filipino	0.01%
Common	11. Brian Mathew P. Cu	Director (Independent)	100	Filipino	**
Common	12. Richard Raymond B. Tantoco	Director (Independent)	1	Filipino	**
Common	13. Anne Romadine P. Tieng	Compliance Officer	95,000	Filipino	0.01%
Common	14. Ma. Elynore J. Villanueva	Treasurer	85,000	Filipino	0.01%
Common	15. Aileen M. Isidro	Risk Officer	55,000	Filipino	**
Common	16. Josine Ma. P. Mendoza	Corporate Secretary	0	Filipino	**
	Subtotal		*756,371*		*0.09%*
All directors and executive officers as a group unnamed			**1,848,151**		**0.29%**

Notes:

1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2024. However, included in the above-list would also be those not "named executive officers" but who rank as the four (4) most highly compensated officers, apart from the Chief Executive Officer, as of December 31, 2024.

2. Under the Long-Term Incentive Plan of the Parent Company, Restricted Stock Units ("RSU") were vested in favor of certain Executive Officers as of December 31, 2023 and December 31, 2024, and have been listed with the Philippine Stock Exchange on January 17, 2024 and January 17, 2025, respectively.

** less than 0.01%

(3) Voting Trust Holders of 5% or More

As of December 31, 2024, there are no persons holding more than 5% of a class under a voting trust or similar agreement.

(4) Change in Control

As of December 31, 2024, there are no persons holding more than 5% of a class under a voting trust or similar agreement.

Item 12. Certain Relationships and Related Transactions

The Group, in its regular conduct of business, had engaged in transactions with its ultimate parent company, its joint venture and affiliates. See Note 29 (Related Party Transactions) of the Notes to the Consolidated Financial Statements in the accompanying Audited Financial Statements filed as part of this Form 17-A.

PART IV - CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT

Item 13. Corporate Governance

The Group adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Ethics and related SEC Circulars. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Group observes good governance and management practices. This is to assure the shareholders that the Group conducts its business with the highest level of integrity, transparency, and accountability. Furthermore, the Group likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards (PFRSs).

To underscore its promise to principled corporate stewardship, the Parent Company has instituted a Corporate Governance Manual. This document serves as the guide for the Board of Directors, its committees, and management, engraining core values like service, integrity, trust, courage, and the embodiment of the best Filipino spirit. The governance framework reinforces equitable treatment of all shareholders, exacts accountability from the Board and management, and fosters internal cooperation.

For the enhancement of performance and compliance with governance standards, the Parent Company's board of directors has convened several committees:

1. Audit Committee: The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to the integrity of the parent company's financial reporting, internal controls, audit processes, and compliance with applicable laws and regulations. It ensures the reliability and accuracy of financial statements and the effectiveness of internal control systems. Specifically, the Committee oversees the work of the internal and external auditors, reviews the scope and results of audits, and monitors the implementation of audit recommendations. It also evaluates the adequacy of financial reporting policies and practices, ensuring they align with applicable accounting standards. In addition, the Committee monitors the effectiveness of the compliance framework and ensures that any significant findings or irregularities are addressed in a timely manner.

2. Corporate Governance Committee: The Corporate Governance Committee is responsible for overseeing the establishment and implementation of the company's Corporate Governance principles and policies. In terms of sustainability, the Committee plays a key role in supervising the execution and periodic review of the company's ESG framework and strategy. It also reviews and approves sustainability-related disclosures, including the Sustainability Report, to ensure compliance with both local and international standards. The Committee receives regular reports from the management-level ESG Committee (ESGC) and provides oversight of ESG-related goals, metrics, and progress. It ensures that all ESG initiatives align with the company's core values, purpose, and stakeholder expectations, while also promoting the ongoing enhancement of governance practices in relation to ESG matters. The Committee meets at least twice a year and ensures that significant ESG-related issues are elevated to the Board when appropriate.

3. Board Risk Oversight Committee: The Board Risk Oversight Committee (BROC) is tasked with supervising the Parent Company's Enterprise Risk Management (ERM) framework to ensure a strong and proactive system for identifying, assessing, and managing risks that could impact the organization's operations and long-term financial health. Its key responsibilities include reviewing the company's risk policies, appetite, and controls; monitoring top and emerging risks, including climate-related and operational risks; receiving regular updates from relevant management committees; and ensuring that risk oversight is aligned with the company's strategic business objectives.

4. Related Party Transactions Committee: The Related Party Transactions (RPT) Committee is responsible for reviewing and overseeing transactions between the parent company and related parties to ensure that these are conducted fairly, transparently, and in the best interests of the company and its shareholders. The Committee safeguards against potential conflicts of interest by ensuring that all RPTs are at arm's length, properly disclosed, and compliant with relevant laws, regulations, and internal policies. Key responsibilities of the RPT Committee include evaluating the materiality and terms of proposed related party transactions, endorsing them for Board approval when necessary, and regularly reviewing existing RPTs to ensure continued compliance and fairness. The Committee also monitors adherence to the company's RPT policy and ensures that appropriate disclosures are made in the company's financial reports and public filings.

Attached below are the detailed reports of each committee: The Audit Committee Report (Annex “A”), Corporate Governance Committee Report (Annex “B”), Board Risk Oversight Committee Report (Annex “C”), Related Party Transactions Committee Report (Annex “D”) and the Statement of Internal Controls and Compliance System Attestation for 2024 (Annex “E”).

Item 14. Sustainability Report

Please refer to the attached Sustainability Report.

PART V – EXHIBITS AND SCHEDULES

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

Exhibits

See accompanying Index to Exhibits (page 59)

Reports on SEC Form 17-C

List of Corporate Disclosures/Replies to SEC Letters
Under SEC Form 17-C
January 1, 2024 to December 31, 2024

Date of Disclosure	Description
January 08, 2024	Change in Directors and/or Officers (Resignation/Removal or Appointment/Election)
February 20, 2024	Press Release - Cebu Pacific, Pratt & Whitney Sign Memorandum of Understanding to Power More Aircraft
March 15, 2024	Notice of Annual or Special Stockholders' Meeting
March 20, 2024	Notice of Analysts’ and Investors’ Briefing for the financial and operating results for the full year 2023
March 26, 2024	Press Release - Cebu Pacific Back to Full Year Profit After Pandemic Losses
May 02, 2024	Notice of Analysts' and Investors' Briefing on the Company’s financial and operating results for the first quarter of 2024.
May 08, 2024	Press Release - Cebu Pacific Profit to More Than Double in Q1
May 09, 2024	Results of Organizational Meeting of the Board of Directors of Cebu Air, Inc. held on May 09, 2024
May 09, 2024	Results of the Annual Meeting of the Stockholders of Cebu Air, Inc. held on May 09, 2024
May 15, 2024	Clarification of News Reports to the PSE Query on May 15, 2024
July 17, 2024	Material Information/Transactions on the Equity Restructuring
July 22, 2024	Clarification of News Reports to the PSE Query on July 22, 2024
July 23, 2024	Press Release - Cebu Pacific Celebrates Agreement for up to 152 A321neo Aircraft Order with Airbus, RTX’s Pratt & Whitney
July 31, 2024	Notice of Analysts' and Investors' Briefing on the Company’s financial and operating results for the second quarter and first half of 2024
August 06, 2024	Change in Directors and/or Officers (Resignation/Removal or Appointment/Election)
August 07, 2024	Press Release - Cebu Pacific Records Highest Number of Passengers in Q2 Driven by Strong Travel Demand
October 03, 2024	Press Release - Cebu Pacific Signs Purchase Agreement for up to 152 Aircraft Order
October 07, 2024	Clarification of News Reports to the PSE Query on October 7, 2024
October 08, 2024	Substantial Acquisitions - Acquisition by Cebu Air, Inc. (“CEB” or the “Company”) of AirSwift Transport, Inc. ("AirSwift")
November 06, 2024	Notice of Analysts' and Investors' Briefing on the Company’s financial and operating results for its third quarter and nine months 2024 results and latest business updates
November 13, 2024	Material Information on the Buy-back of Common and Convertible Preferred Shares
November 13, 2024	Press Release - Cebu Pacific 9-Month Revenues Reach Php74.5 Billion
December 03, 2024	Clarification of News Reports to the PSE Query on December 3, 2024

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of PASAY CITY on MAR 2 6 2025, 2025.

CEBU AIR, INC.
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capabilities and on the dates indicated.

By:

LANCE Y. GOKONGWEI
Chairman
Date March 26, 2025

MICHAEL B. SZUCS
Chief Executive Officer
Date March 26, 2025

MARK JULIUS V. CEZAR
Chief Finance Officer
Date March 26, 2025

ANNE ROMADINE P. TIENG
Compliance Officer
Date March 26, 2025

SUBSCRIBED AND SWORN to before me this MAR 2 6 2025 day of ________, 2025 affiants exhibiting to me his/their Government issued IDs/Philippine passports, as follows:

NAMES	**ID NO.**	**DATE OF ISSUE**	**PLACE OF ISSUE**
Lance Y. Gokongwei	P6235422B (Philippine Passport)	February 05, 2021 until February 04, 2031	DFA NCR Central
Michael B. Szucs	529070626 (British Passport)	January 28, 2016 until January 28, 2026	HMPO
Mark Julius V. Cezar	P4965589B (Philippine Passport)	February 27, 2020 until February 26, 2030	DFA Manila
Anne Romadine P. Tieng	P7730149B (Philippine Passport)	September 30, 2021 until September 29, 2031	DFA Manila

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Page No. 103;
Book No. I;
Series of 2025

ATTY. JOSINE MA. V. PROTASIO
Commission No. 24-25
Notary for Pasay City until 31 December 2025
Cebu Pacific Building, Domestic Road, Brgy. 191 Zone 20, Pasay City
Roll No. 74700
PTR No. 8860952/ 01-17-2025/ Pasay City
IBP No. 496603/ 01-03-2025/ Makati Chapter

CEBU AIR, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

Cebu Air, Inc.
Cebu Pacific Building
Domestic Road, Pasay City
1301 Philippines
cebupacificair.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Securities and Exchange Commission
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

The management of Cebu Air, Inc. and its Subsidiaries (collectively referred to as the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Lance Y. Gokongwei	**Michael B. Szucs**	**Mark Julius V. Cezar**	**Anne Romadine P. Tieng**
Chairman of the Board	***Chief Executive Officer***	***Chief Financial Officer***	***Compliance Officer***

Signed this MAR 2 6 2025 day of ________, 2025.

Subscribed and Sworn to before me this MAR 2 6 2025, 2025 in the City of PASAY CITY, affiants exhibiting to me their Passport, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Lance Y. Gokongwei	P6235422B	02/05/2021 until 02/04/2031	DFA NCR Central
Michael B. Szucs	529070626	01/28/2016 until 01/28/2026	HMPO
Mark Julius V. Cezar	P4965589B	02/27/2020 until 02/26/2030	DFA Manila
Anne Romadine P. Tieng	P7730149B	09/30/2021 until 09/29/2031	DFA Manila

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Series of 2025

NOTARY PUBLIC

ATTY. JOSINE MA. V. PROTASIO
Commission No. 24-25
Notary for Pasay City until 31 December 2025
Cebu Pacific Building, Domestic Road, Brgy. 191 Zone 20, Pasay City
Roll No. 74700
PTR No. 8860952/ 01-17-2025/ Pasay City
IBP No. 496603/ 01-03-2025/ Makati Chapter

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Cebu Air, Inc.
Basement 2, Room 01 – 02, Robinsons Galleria Cebu
General Maxilom corner S. Osmeña Boulevard
Barangay Tejeros, Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Air, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

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

Estimation of Asset Retirement Obligation

As of December 31, 2024, the Group operates sixty-eight (68) aircraft and thirty (30) engines under lease where the Group is contractually required to either restore them to their original conditions at its own cost or to bear a proportionate cost of restoration at the end of the contract period. The Group recognized asset retirement obligation amounting to ₱3,166.2 million as of December 31, 2024.

Management estimates the overhaul, restoration and redelivery costs and accrues such costs over the lease term. The calculation of such costs involves management assumptions and estimates in respect of the anticipated rate of aircraft utilization, end of lease cost, and maintenance check cost rate. Aircraft utilization affect the extent of the restoration work that will be required and the expected costs of such overhaul, restoration and redelivery at the end of the lease term. We considered this area as a key audit matter given the significant amounts involved and the extent of management judgment and estimates required.

Refer to Notes 5, 20 and 32 to the consolidated financial statements for the other relevant disclosures.

Audit response

We obtained an understanding of management's process over estimating the Group's asset retirement obligation for the abovementioned aircraft and engines. We recalculated the asset retirement obligation and evaluated the key assumptions, such as maintenance rates and end of lease cost, adopted by management in estimating the asset retirement obligation for each aircraft and engine by discussing the aircraft utilization statistics with the Group's relevant fleet maintenance engineers. In addition, we obtained an understanding of the redelivery terms of the related lease arrangements by reading the related lease agreements and comparing the estimated costs against the comparable actual costs incurred by the Group from previous similar restorations. On a sampling basis, we also tested applications for asset retirement obligation through examination of supporting invoices.

Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

As required under PFRS Accounting Standards, the Group annually tests for impairment the carrying values of goodwill attributable to CEBGO, Inc., Aviation Partnership (Philippines) Corporation, and AirSWIFT Transport, Inc., and intangible assets with indefinite lives. As of December 31, 2024, the Group has goodwill and intangible assets with indefinite lives amounting to ₱1,033.6 million and ₱1,837.0 million, respectively.

Management's impairment assessment process on goodwill and intangible assets with indefinite lives require significant judgment and is based on assumptions, specifically discount rate and cashflow forecast, that are subject to higher level of estimation uncertainty.

We consider the impairment testing as a key audit matter given that the amounts of goodwill and intangible assets with indefinite lives involved are significant to the consolidated financial statements of the Group, the heightened level of estimation uncertainty on the future economic outlook and the significant judgment involved.

Refer to Note 5 to the consolidated financial statements for the discussion of significant judgment and estimates, and to Notes 14 and 15 to the consolidated financial statements for detailed disclosures about the carrying amounts of goodwill and intangible assets with indefinite lives.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Narciso T. Torres, Jr.

SYCIP GORRES VELAYO & CO.

Narciso T. Torres, Jr.
Partner
CPA Certificate No. 84208
Tax Identification No. 102-099-147
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-111-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465393, January 2, 2025, Makati City

March 26, 2025

CEBU AIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱19,915,625,953**	₱15,595,763,441
Restricted cash (Note 7)	–	1,259,263,375
Derivative financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	**1,297,193**	–
Receivables (Note 9)	**3,154,185,267**	2,542,854,884
Expendable parts, fuel, materials and supplies (Note 10)	**4,634,031,658**	4,016,293,096
Assets held for sale (Note 12)	**3,541,263,581**	593,392,422
Other current assets (Note 11)	**5,835,788,482**	4,226,450,557
Total Current Assets	**37,082,192,134**	28,234,017,775
Noncurrent Assets		
Property and equipment (Notes 12 and 32)	**81,996,636,006**	69,979,277,091
Right-of-use assets (ROU) (Note 32)	**103,583,223,268**	76,100,642,430
Investment in joint ventures and associates (Note 13)	**447,444,054**	300,444,963
Goodwill (Note 14)	**1,033,614,648**	721,648,970
Deferred tax assets - net (Note 27)	**8,403,523,919**	8,174,363,550
Other noncurrent assets (Note 15)	**5,620,790,758**	3,674,164,579
Total Noncurrent Assets	**201,085,232,653**	158,950,541,583
TOTAL ASSETS	**₱238,167,424,787**	₱187,184,559,358
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Note 16)	**₱26,597,380,028**	₱26,545,309,954
Unearned transportation revenue (Note 17)	**18,807,854,119**	13,761,288,846
Short-term debt (Note 18)	**5,568,447,189**	–
Current portion of long-term debt (Note 18)	**4,023,656,701**	5,093,179,461
Current portion of lease liability (Note 32)	**13,470,382,193**	9,228,540,715
Derivative financial liabilities at fair value through other comprehensive income (FVOCI) (Note 8)	–	1,291,971
Due to related parties (Note 29)	**60,905,443**	56,655,756
Income tax payable	**5,164,131**	2,859,432
Total Current Liabilities	**68,533,789,804**	54,689,126,135
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	**38,774,694,733**	33,606,572,124
Lease liability - net of current portion (Note 32)	**100,159,696,483**	73,410,838,256
Bonds payable (Note 19)	**14,156,440,222**	13,437,715,699
Travel fund payable - net of current portion (Note 21)	–	413,619,080
Retirement liability (Note 26)	**998,260,621**	893,239,146
Other noncurrent liabilities (Note 20)	**5,519,949,564**	5,955,389,072
Total Noncurrent Liabilities	**159,609,041,623**	127,717,373,377
Total Liabilities	**228,142,831,427**	182,406,499,512
Equity		
Capital stock (Note 22)	**946,827,584**	944,604,918
Capital paid in excess of par value (Note 22)	**4,493,858,516**	20,658,552,243
Share-based payments (Note 23)	**135,230,602**	224,627,690
Treasury stock (Note 22)	**(955,706,126)**	(950,881,502)
Other comprehensive income (Note 30)	**618,584**	167,236,789
Retained earnings (Deficit)	**5,403,764,200**	(16,266,080,292)
Total Equity	**10,024,593,360**	4,778,059,846
TOTAL LIABILITIES AND EQUITY	**₱238,167,424,787**	₱187,184,559,358

See accompanying Notes to Consolidated Financial Statements

CEBU AIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Sale of air transportation services			
Passenger	**₱71,303,315,196**	₱62,458,245,988	₱35,138,497,462
Cargo	**5,641,462,612**	4,057,410,639	7,119,561,258
Ancillary revenues	**27,963,854,544**	24,086,902,129	14,493,307,139
	104,908,632,352	90,602,558,756	56,751,365,859
EXPENSES			
Flying operations (Notes 10 and 24)	**39,125,555,754**	35,371,176,877	28,019,925,825
Depreciation and amortization (Notes 6, 12 and 32)	**16,293,433,388**	13,259,622,656	12,092,864,031
Repairs and maintenance (Notes 10, 20 and 24)	**15,961,176,846**	13,333,989,671	14,685,821,909
Aircraft and traffic servicing (Note 24)	**12,012,822,210**	8,286,431,623	5,261,211,374
General and administrative (Note 25)	**4,909,170,531**	4,354,012,574	3,142,074,591
Reservation and sales (Note 24)	**3,889,137,872**	3,363,948,674	2,391,683,559
Passenger service	**2,644,977,427**	2,390,538,303	1,493,206,278
Aircraft and engine lease (Note 32)	**900,070,584**	1,663,875,974	1,093,428,049
	95,736,344,612	82,023,596,352	68,180,215,616
OPERATING INCOME (LOSS)	**9,172,287,740**	8,578,962,404	(11,428,849,757)
OTHER INCOME (EXPENSE)			
Interest income (Notes 6 and 7)	**643,692,733**	812,944,468	308,283,217
Gain from insurance claims (Note 12)	**137,146,607**	17,875,253	6,174,764
Market valuation gains on derivative financial instruments – net (Note 8)	**–**	880,160,230	977,907,505
Gain on disposal of property and equipment – net (Notes 12 and 32)	**2,088,489,164**	1,192,144,596	814,206,941
Equity in net income (loss) of joint ventures and associates (Notes 6 and 13)	**106,999,091**	58,564,194	(113,288,471)
Impairment loss (Note 12)	**–**	–	(86,746,894)
Foreign exchange losses – net	**(78,574,353)**	(707,277,753)	(3,324,123,371)
Financing costs and other charges:			
Financing costs on debt and maintenance provisions (Notes 8, 18, 19 and 20)	**(3,024,934,667)**	(3,011,689,982)	(2,230,271,097)
Leases (Note 32)	**(3,780,284,679)**	(2,247,857,293)	(1,151,655,726)
	(3,907,466,104)	(3,005,136,287)	(4,799,513,132)
INCOME (LOSS) BEFORE INCOME TAX	**5,264,821,636**	5,573,826,117	(16,228,362,889)
BENEFIT FROM INCOME TAX (Note 27)	**(135,833,586)**	(2,348,838,390)	(2,248,975,771)
NET INCOME (LOSS)	**5,400,655,222**	7,922,664,507	(13,979,387,118)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (losses) that may be reclassified to profit or loss in subsequent periods:			
Net fair value changes in cash flow hedge reserve (Note 30)	**(85,202,116)**	(247,666,543)	744,822,569
Tax effect (Note 27)	**21,300,529**	61,916,636	(186,205,642)
Other comprehensive losses not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on retirement liability (Notes 26 and 30)	**(136,955,491)**	(201,023,866)	(218,245,939)
Tax effect (Note 27)	**34,238,873**	50,255,966	54,561,485
	(166,618,205)	(336,517,807)	394,932,473
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱5,234,037,017**	₱7,586,146,700	(₱13,584,454,645)
Earnings (Loss) Per Share (Note 28)			
Basic	**₱7.52**	₱11.64	(₱23.89)
Diluted	**₱4.77**	₱6.79	(₱23.89)

See accompanying Notes to Consolidated Financial Statements

CEBU AIR, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY) FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

					Other Comprehensive Income			Retained Earnings (Deficit)			
	Capital Stock (Note 22)	Capital Paid in Excess of Par Value (Note 22)	Share-based Payments (Note 23)	Treasury Stock (Note 22)	Remeasurement Gain (Loss) on Retirement Liability (Note 26)	Cash Flow Hedge Reserve (Note 8)	Total	Appropriated (Note 22)	Unappropriated (Note 22)	Total	Total Equity (Capital Deficiency)
Balance at January 1, 2024	**₱944,604,918**	**₱20,658,552,243**	**₱224,627,690**	**(₱950,881,502)**	**(₱205,630,231)**	**₱372,867,020**	**₱167,236,789**	**₱–**	**(₱16,266,080,292)**	**(₱16,266,080,292)**	**₱4,778,059,846**
Net income	–	–	–	–	–	–	–	–	**5,400,655,222**	**5,400,655,222**	**5,400,655,222**
Other comprehensive loss	–	–	–	–	**(102,716,618)**	**(63,901,587)**	**(166,618,205)**	–	–	–	**(166,618,205)**
Total comprehensive income (loss)	–	–	–	–	**(102,716,618)**	**(63,901,587)**	**(166,618,205)**	–	**5,400,655,222**	**5,400,655,222**	**5,234,037,017**
Cost of restricted stock units (RSU)	–	–	**13,108,395**	–	–	–	–	–	–	–	**13,108,395**
Cost of stock options	–	–	**4,212,726**	–	–	–	–	–	–	–	**4,212,726**
Issuance of vested RSUs	**2,222,666**	**104,495,543**	**(106,718,209)**	–	–	–	–	–	–	–	–
Quasi-reorganization	–	**(16,269,189,270)**	–	–	–	–	–	–	**16,269,189,270**	**16,269,189,270**	–
Treasury stocks	–	–	–	**(4,824,624)**	–	–	–	–	–	–	**(4,824,624)**
Balance at December 31, 2024	**₱946,827,584**	**₱4,493,858,516**	**₱135,230,602**	**(₱955,706,126)**	**(₱308,346,849)**	**₱308,965,433**	**₱618,584**	**₱–**	**₱5,403,764,200**	**₱5,403,764,200**	**₱10,024,593,360**
Balance at January 1, 2023	₱943,277,918	₱20,596,009,593	₱211,441,630	(₱950,881,502)	(₱54,862,331)	₱558,616,927	₱503,754,596	₱–	(₱24,188,744,799)	(₱24,188,744,799)	(₱2,885,142,564)
Net income	–	–	–	–	–	–	–	–	7,922,664,507	7,922,664,507	7,922,664,507
Other comprehensive loss	–	–	–	–	(150,767,900)	(185,749,907)	(336,517,807)	–	–	–	(336,517,807)
Total comprehensive income (loss)	–	–	–	–	(150,767,900)	(185,749,907)	(336,517,807)	–	7,922,664,507	7,922,664,507	7,586,146,700
Cost of restricted stock units (RSU)	–	–	53,434,211	–	–	–	–	–	–	–	53,434,211
Cost of stock options	–	–	23,621,499	–	–	–	–	–	–	–	23,621,499
Issuance of vested RSUs	1,327,000	62,542,650	(63,869,650)	–	–	–	–	–	–	–	–
Balance at December 31, 2023	₱944,604,918	₱20,658,552,243	₱224,627,690	(₱950,881,502)	(₱205,630,231)	₱372,867,020	₱167,236,789	₱–	(₱16,266,080,292)	(₱16,266,080,292)	₱4,778,059,846
Balance at January 1, 2022	₱942,183,918	₱20,544,153,993	₱174,824,362	(₱950,881,502)	₱108,822,123	₱–	₱108,822,123	₱–	(₱10,209,357,681)	(₱10,209,357,681)	₱10,609,745,213
Net loss	–	–	–	–	–	–	–	–	(13,979,387,118)	(13,979,387,118)	(13,979,387,118)
Other comprehensive income (loss)	–	–	–	–	(163,684,454)	558,616,927	394,932,473	–	–	–	394,932,473
Total comprehensive income (loss)	–	–	–	–	(163,684,454)	558,616,927	394,932,473	–	(13,979,387,118)	(13,979,387,118)	(13,584,454,645)
Cost of restricted stock units (RSU)	–	–	61,690,810	–	–	–	–	–	–	–	61,690,810
Cost of stock options	–	–	27,876,058	–	–	–	–	–	–	–	27,876,058
Issuance of vested RSUs	1,094,000	51,855,600	(52,949,600)	–	–	–	–	–	–	–	–
Balance at December 31, 2022	₱943,277,918	₱20,596,009,593	₱211,441,630	(₱950,881,502)	(₱54,862,331)	₱558,616,927	₱503,754,596	₱–	(₱24,188,744,799)	(₱24,188,744,799)	(₱2,885,142,564)

See accompanying Notes to Consolidated Financial Statements

CEBU AIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱5,264,821,636**	₱5,573,826,117	(₱16,228,362,889)
Adjustments for:			
Depreciation and amortization (Notes 6, 12 and 32)	**16,293,433,388**	13,259,622,656	12,092,864,031
Financing costs and other charges (Notes 6, 8, 18, 19, 20 and 32)	**6,805,219,346**	5,259,547,275	3,381,926,823
Provision for asset retirement obligation (Notes 20 and 24)	**2,815,350,470**	1,114,586,977	5,285,474,877
Provision for heavy maintenance (Notes 20 and 24)	**2,380,815,884**	235,395,100	1,481,580,686
Provision for expected credit losses (Note 9)	**168,162,853**	28,103,934	3,181,233
Unrealized foreign exchange losses – net	**65,429,708**	417,256,092	2,840,856,561
Equity in net loss (income) of joint ventures and associates (Note 13)	**(106,999,091)**	(58,564,194)	113,288,471
Interest income (Note 7)	**(643,692,733)**	(812,944,468)	(308,283,217)
Gain on disposal of property and equipment – net (Notes 12 and 32)	**(2,088,489,164)**	(1,194,228,055)	(828,877,531)
Net changes in fair value of derivatives (Note 8)	–	(880,160,230)	(977,907,505)
Earned and expired portion of travel fund/deferred revenue on rewards program (Note 21)	**(70,579,674)**	(509,447,373)	(1,121,830,228)
Share-based payments (Note 23)	**17,321,121**	77,055,710	89,566,869
Impairment loss on assets held for sale (Note 12)	–	–	86,746,894
Operating income before working capital changes	**30,900,793,744**	22,510,049,541	5,910,225,075
Decrease (increase) in:			
Restricted cash	**1,259,263,375**	(427,207,881)	(54,017,091)
Derivative financial assets	–	–	802,491,663
Receivables	**(737,740,490)**	(316,407,346)	(566,898,351)
Expendable parts, fuel, materials and supplies	**(402,334,200)**	(1,483,759,542)	(755,958,485)
Other current assets	**(1,812,559,248)**	(552,991,720)	(806,764,176)
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**(287,015,657)**	5,606,983,890	5,512,107,776
Unearned transportation revenue	**4,470,554,266**	2,202,182,600	6,990,465,671
Derivative financial liabilities	**–**	28,617,927	–
Amounts due to related parties	**(20,074,714)**	(4,826,144)	49,834,160
Retirement liability	**(76,338,368)**	(67,128,437)	116,277,342
Other noncurrent liabilities	**(6,168,716,112)**	(8,149,290,363)	(3,355,751,482)
Cash generated from operations	**27,125,832,596**	19,346,222,525	13,842,012,102
Interest paid	**(2,681,960,748)**	(2,700,873,116)	(2,269,121,872)
Interest received	**642,647,462**	820,655,955	286,747,469
Income tax paid	**(17,383,528)**	(11,571,990)	–
Net cash provided by operating activities	**25,069,135,782**	17,454,433,374	11,859,637,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment (Note 12)	**21,678,185,563**	10,378,657,499	10,493,214,671
Acquisitions of property and equipment (Note 12)	**(49,537,170,790)**	(30,499,712,253)	(9,782,769,849)
Refund of pre-delivery payments (Note 12)	**13,071,468,061**	11,593,934,637	5,807,816,618
Additional investment in an associate (Note 13)	**(40,000,000)**	(20,000,000)	–
Investment in subsidiary net of cash received (Note 14)	**(57,901,248)**	–	–
Increase in other noncurrent assets (Note 14)	**(728,050,585)**	(838,316,844)	(16,957,642)
Net cash provided by (used in) investing activities	**(15,613,468,999)**	(9,385,436,961)	6,501,303,798
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Long-term debt (Notes 18 and 33)	**20,070,579,522**	10,296,833,376	–
Short-term debt (Note 18 and 33)	**5,597,123,323**	–	–
Payments of:			
Long-term debt (Notes 18 and 33)	**(15,682,927,765)**	(11,828,548,729)	(7,046,553,461)
Short-term debt (Notes 14, 18 and 33)	**(1,465,086,886)**	–	(5,161,625,000)
Lease liability (Note 32)	**(14,368,898,361)**	(9,801,565,676)	(7,313,010,731)
Purchase of treasury stocks (Note 22)	**(4,824,624)**	–	–
Net cash used in financing activities	**(5,854,034,791)**	(11,333,281,029)	(19,521,189,192)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**718,230,520**	(315,423,128)	1,531,153,073
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,319,862,512**	(3,579,707,744)	370,905,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,595,763,441**	19,175,471,185	18,804,565,807
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱19,915,625,953**	₱15,595,763,441	₱19,175,471,185

See accompanying Notes to Consolidated Financial Statements

1. Corporate Information

Cebu Air, Inc. (the Parent Company) was incorporated and organized in the Philippines on August 26, 1988 to carry on, by means of aircraft of every kind and description, the general business of a private carrier or charter engaged in the transportation of passengers, mail, merchandise and freight, and to acquire, purchase, lease, construct, own, maintain, operate and dispose of airplanes and other aircraft of every kind and description, and also to own, purchase, construct, lease, operate and dispose of hangars, transportation depots, aircraft service stations and agencies, and other objects and service of a similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. In 2023, the principal place of business was changed to Basement 2 – R 01 – 02, Robinsons Galleria Cebu, General Maxilom corner S. Osmeña Boulevard, Barangay Tejero, Cebu City from Level 4, Unit 4030-4031, Robinsons Galleria Cebu, General Maxilom Avenue cor. Sergio Osmeña Boulevard, Cebu City, Cebu, upon the Parent Company's Board of Directors and stockholders approval last on May 11, 2023. The change in principal place of business was approved by the Philippine Securities and Exchange Commission on May 11, 2023.

The Parent Company has seventeen (17) special purpose entities (SPEs), namely:
1. CAI Limited (CL)
2. Sampaguita Leasing Co. Ltd (SLCL)
3. Dia Boracay Ltd. (DBL)
4. Mactan Leasing Co., Ltd (MLCL)
5. Cebuano Leasing Co., Ltd. (CLCL)
6. Dia El Nido Ltd. (DENL)
7. Tarsier Leasing Co., Ltd. (TLCL)
8. RAMEN Aircraft Leasing Limited (RALL)
9. Nalu Leasing Co., Ltd. (NLCL)
10. Linden Leasing Co., Ltd. (LLCL)
11. Guimaras Leasing Co., Ltd. (GLCL)
12. Bohol Leasing Co., Ltd. (BLCL)
13. Tubbataha Leasing Co., Ltd. (TLCL)
14. Dia Siargao, Ltd. (DSL)
15. Jin Shan 38 Ireland Company Limited
16. El Nido Leasing1 Co., Ltd.
17. El Nido Leasing2 Co., Ltd.

These are SPEs in which the Parent Company does not have any equity interest but have entered into finance lease arrangements for the funding of various aircraft deliveries (see Notes 12, 18 and 32).

As of December 31, 2024, the Parent Company, its wholly owned subsidiaries namely, CEBGO, Inc., A-Plus and AirSWIFT, and the seventeen (17) SPEs (collectively known as "the Group") are consolidated for financial reporting purposes. Whereas, as of December 31, 2023, the Group is composed only of the Parent Company, CEBGO, Inc., A-Plus and the fourteen (14) SPEs. (see Note 2).

On March 20, 2014, the Parent Company acquired 100% ownership of Tiger Airways Philippines (TAP), including a 40% stake in Roar Aviation II Pte. Ltd. (Roar II), a wholly owned subsidiary of Tiger Airways Holdings Limited (TAH). On April 27, 2015, with the approval of the Securities and Exchange Commission (SEC), TAP was rebranded and now operates as CEBGO, Inc.

On November 3, 2020, the Parent Company signed a Deed of Absolute Sale of Shares with SIA Engineering Company Limited (SIAEC) for the acquisition of SIAEC's entire 51% shareholding in Aviation Partnership (Philippines) Corporation (A-Plus) in addition to its existing 49% interest, making A-Plus a wholly owned subsidiary of the Parent Company.

On October 7, 2024, the Parent Company officially signed a share purchase agreement (SPA) with ALI Capital Corp. for the acquisition of 100% of AirSWIFT Transport, Inc. (AirSWIFT) for ₱1.38 billion, comprised of payment for outstanding shares and shareholder advances. Refer to Note 14 for a more detailed disclosure.

In December 2024, Tikgi One Aviation Designated Activity Company (TOADAC) was dissolved following the pre-termination of its lease agreement with the Group.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on October 26, 2010, the Parent Company's initial public offering (IPO) (see Note 22).

The Parent Company is 65.26%-owned by CP Air Holdings, Inc. (CPAHI). CPAHI is a wholly-owned subsidiary of JG Summit Holdings, Inc. (JGSHI), the ultimate parent company.

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

In accordance with the Parent Company's franchise, which extends up to year 2031:

a. The Parent Company is subject to franchise tax of five percent (5%) of the gross revenue derived from air transportation operations. For revenue earned from activities other than air transportation, the Parent Company is subject to corporate income tax and to real property tax.
b. In the event that any competing individual, partnership or corporation received and enjoyed tax privileges and other favorable terms which tended to place the Parent Company at any disadvantage, then such privileges shall have been deemed by the fact itself of the Parent Company's tax privileges and shall operate equally in favor of the Parent Company.

The Reformed-Value Added Tax (R-VAT) law took effect on November 1, 2005 following the approval on October 19, 2005 of Revenue Regulations (RR) No. 16-2005, which provides for the implementation of the rules of the R-VAT law. Among the relevant provisions of R.A. No. 9337 are the following:

a. The franchise tax of the Parent Company is abolished;
b. The Parent Company shall be subject to corporate income tax;
c. The Parent Company shall remain exempt from any taxes, duties, royalties, registration license, and other fees and charges;
d. Change in corporate income tax rate from 32% to 35% for the next three years effective on November 1, 2005, and 30% starting on January 1, 2009 and thereafter; and
e. Increase in the VAT rate imposed on goods and services from 10% to 12% effective on February 1, 2006.

The Parent Company is registered with the Board of Investments (BOI) as a new operator of air transport on a non-pioneer status. Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) which extends for a period of two (2) to four (4) years for each batch of aircraft registered to BOI (Note 34).

Moreover, the Corporate Recovery and Tax Incentives for Enterprises Act (R.A. No. 11534) or the CREATE Act took effect on April 11, 2021. The relevant provisions are the following which were implemented for periods beginning July 1, 2020:

a. Reduction in the RCIT from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million excluding the value of land on which the particular business entity's office, plant and equipment are situated;
b. Reduction in the RCIT from 30% to 25% for all other corporations;
c. Lowering MCIT from 2% to 1% gross income for the period beginning July 1, 2020 until June 30, 2022;
d. Standardization of final taxes on foreign corporations to 15%;
e. Exemption of foreign sourced dividends received by domestic corporations subject to certain conditions;
f. Additional deduction of one-half (1/2) of the value of labor training expenses subject to certain conditions;
g. Repeal of the 10% improperly accumulated earnings tax (IAET); and
h. VAT-free importation and sale for three (3) years of COVID-19 medicines, personal protective equipment and materials used for their production.

Further, on November 8, 2024, Republic Act (R.A.) No. 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act was signed into law. The CREATE MORE Act took effect on November 28, 2024. Among its salient provisions are the following:

a. Registered business enterprises (RBEs) under the Enhanced Deduction (ED) Regime are subject to the reduced 20% CIT rate (from 25% CIT);
b. Additional deductions for those under the ED Regime, particularly on power expenses (increased to 100% from the previous 50%) and trade fairs and exhibitions are now deductible;
c. Carry-over of net operating losses (NOLCO) as deductions within five (5) years following the Income Tax Holiday (ITH) period of a project, rather than within the taxable year of the loss;
d. VAT exemption or zero-rating is applicable to goods and services that are "directly attributable" to the registered project or activity of a registered company;
e. Domestic market enterprises that have investment capital of at least ₱15 billion and are either import-substituting or catering to non-resident markets or those with export sales of at least USD100 million may enjoy enhanced 0% VAT on local purchases and VAT exemption on importation;
f. The 5% Special Corporate Income Tax enjoyed by registered export enterprises is in lieu of all taxes including local fees and charges; and
g. Local government units may impose local taxes on RBEs up to 2% of gross income during the RBEs' ITH or EDR period.

Status of Operations

The Group recognized net income of ₱5.4 billion and ₱7.9 billion for the years ended December 31, 2024 and 2023, respectively and incurred net loss ₱14.0 billion for the year ended December 31, 2022. The Group's operations continued to improve due to the increasing demand for travel in 2024, in comparison with 2023. The committed initiatives of the Group to growth and profitability, supported by strong demand for airline services, along with the Group's initiative for equity restructuring, have alleviated the Group's deficit amounting to ₱16.3 billion as of December 31, 2023, to positive retained earnings of ₱5.4 billion as of December 31, 2024.

The Group's current liabilities exceeded its current assets by ₱31.5 billion and ₱26.4 billion as of December 31, 2024 and 2023, respectively. The Group's liquidity position has been mainly sourced from the enhanced cash flows from operating activities during the year. The Group's cash and cash equivalent balance, together with management's cash flow projections for the next 12 months, will be sufficient to finance its operations and pay its debt when they fall due. Accordingly, management has assessed that the Group will have sufficient financial resources to enable the Group to continue as a going concern for at least 12 months from March 26, 2025. As such, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

The Group's operations are significantly affected by severe weather, natural disaster and seasonal factors. Severe weather and natural disasters can require the Group to suspend flight operations resulting to decrease in revenue. On the other hand, the demand for the Group's services increases significantly during dry season and holiday seasons such as Easter and Christmas.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (FVPL) and financial assets and financial liabilities through other comprehensive income (FVOCI) that have been measured at fair value.

The consolidated financial statements of the Group are presented in Philippine Peso (₱ or Peso), which is the Parent Company's functional and presentation currency. All amounts are rounded to the nearest Peso, unless otherwise indicated.

<u>Statement of Compliance</u>
The consolidated financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

<u>Basis of Consolidation</u>
The consolidated financial statements as of December 31, 2024 and 2023 represent the consolidated financial statements of the Parent Company, the SPEs that it controls and its wholly owned subsidiaries, namely, CEBGO, A-Plus and AirSWIFT (see Note 1).

The Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

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

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting date as the Parent Company, using consistent accounting policies. All intragroup assets, liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in consolidation.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective as of January 1, 2024.

The adoption of these pronouncements does not have a significant impact on the Group's consolidated financial statements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Material Accounting Policy Information

Fair Value Measurement

The Group measures derivatives at fair value at each reporting period. Also, for assets and liabilities which are not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, are included in Note 31.

The fair value is the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the measurement is directly or indirectly observable.
- Level 3: Valuation techniques for the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Restricted cash

Restricted cash are cash in bank set aside as security for letters of credit issued to aircraft lessors. The nature of restriction is assessed by the Group to determine its eligibility to be classified as cash and cash equivalents. The Group classifies restricted cash as current and noncurrent assets depending on the tenure of the restriction.

Financial Instruments - Initial Recognition and Subsequent Measurement

Classification of financial instruments

Financial instruments are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI, fair value through FVPL and other financial liabilities.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified as and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs.

a. Financial Assets at Amortized Cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

This accounting policy applies to the Group's cash and cash equivalents (excluding cash on hand), receivables and certain refundable deposits.

b. Financial Assets and Liabilities at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated financial assets at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVPL category.

Derivative Financial Instruments and Hedge Accounting
The Group uses derivative financial instruments such as jet fuel/sing kero and brent crude swaps and zero cost collars and crack swap contracts to manage its exposure to fuel price fluctuations and forward contracts for the risk associated with foreign currency (FX) and interest rate swap to manage the volatilities on swap rates causing uncertainty on monthly rent of the aircraft. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes Group's risk management strategies and objectives focusing on the hedged risks, identification of the hedging instrument, the hedged item, and the nature of the risks being hedged and the Group's assessment on whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognized in the consolidated statement of comprehensive income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of comprehensive income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately under 'Market valuation gains on derivative financial instruments - net' in the consolidated statement of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income.

Derivatives not Designated as Hedging Instruments
Derivative financial instruments previously designated in hedging relationships that have been subsequently discontinued, either fully or partially, were recognized as financial assets or liabilities at FVPL in the consolidated statement of financial position. Hedge accounting is discontinued under the following circumstances:
- Risk management objectives were updated or modified;
- Economic relationship between the hedge item and hedging instrument was subsequently assessed to be non-existing;
- Effect of credit risk dominates the value changes of the hedging relationship upon performing subsequent effectiveness testing; and
- Forecasted underlying or hedged item is no longer highly probable to occur

Discontinuation of hedge accounting is applied prospectively upon determination that the forecasted cash flow is no longer highly probable, even if still expected to occur. Amounts accumulated in the cash flow hedge reserve remain recognized separately in equity until the forecasted transaction occurs if the loss is recoverable.

When discontinuation of hedge accounting arises due to hedged future cash flows are no longer expected to occur, amounts accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss under 'Market valuation gains on derivative financial instruments - net' in the consolidated statement of comprehensive income. Any subsequent changes in the fair value of these derivative financial instruments are recognized under 'Market valuation gains (losses) on derivative financial instruments - net' in the consolidated statement of comprehensive income and are presented net.

Derivatives that do not meet the hedge accounting criteria are treated as economic hedges and not designated in hedging relationships.

Derivative Financial Instruments
Derivative financial instruments, including bifurcated embedded derivatives, are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract with the effect that some of the cashflows of the combined instrument vary, in a way similar to a stand-alone derivative. The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
c. the hybrid or combined instrument is not recognized as at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

The Group's bifurcated embedded derivatives pertain to options arising from the Parent Company's convertible bonds payable.

c. Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial measurement, other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. This accounting policy applies to the Group's accounts payable and other accrued liabilities, short-term debt, long-term debt, bonds payable and other obligations that meet the above definition.

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issue Costs

Debt issue costs are presented as reduction in long-term debt and are amortized over the terms of the related borrowings using the EIR method.

Derecognition of Financial Instruments

Financial asset

A financial asset (or, when applicable, a part of a financial asset or part of a group of financial assets) is derecognized (that is, removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangements; and either:

  - The Group has transferred substantially all the risks and rewards of the asset; or
  - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Impairment of Financial Assets

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

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

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

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

For other debt financial instruments such as cash and cash equivalents (excluding cash on hand) and refundable deposits ECLs, the Group applies the general approach of which it tracks changes in credit risk at every reporting date. The probability of default (PD) and loss given defaults (LGD) are estimated using external and benchmark approaches for listed and non-listed financial institutions, respectively. For listed financial institutions, the Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. For non-listed financial institutions, the Group uses benchmark approach where the Group finds comparable companies in the same industry having similar characteristics. The Group obtains the credit rating of comparable companies to determine the PD and determines the average LGD of the selected comparable companies to be applied as LGD of the non-listed financial institutions.

Expendable Parts, Fuel, Materials and Supplies

Expendable parts, fuel, materials and supplies are stated at the lower of cost and net realizable value (NRV). Cost of flight equipment expendable parts, materials and supplies are stated at acquisition cost determined on a moving average cost method. Fuel is stated at cost on a weighted average cost method. NRV represents replacement cost of these expendable parts, fuel, materials and supplies, considering factors such as age and physical condition of these assets.

Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale must be highly probable. For the sale to be highly probable, (a) an appropriate level of management must be committed to a plan to sell the asset, (b) an active program must have been initiated, (c) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (d) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and (e) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. The initial cost of property and equipment comprises its purchase price, any related capitalizable borrowing costs attributed to progress payments incurred on account of aircraft acquisition under construction and other directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are capitalized as part of 'Property and equipment' account only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as actual costs of heavy maintenance visits for airframe and engine are capitalized and depreciated based on the estimated number of years or flying hours, whichever is applicable, until the next major overhaul or inspection.

Pre-delivery payments for the construction of aircraft are initially recorded as 'Construction in-progress' when paid to the counterparty. Construction in-progress are transferred to the related 'Property and equipment' account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use.

Depreciation and amortization of property and equipment commence once the property and equipment are available for use and are computed using the straight-line method over the estimated useful lives (EULs) of the assets, regardless of utilization.

The EULs of property and equipment of the Group follow:

Category	EUL (in Years)
Aircraft*	6-15
Engines	15
Rotables	15
Ground support equipment	5
EDP Equipment, mainframe and peripherals	3
Transportation equipment	5
Furniture, fixtures and office equipment	5
Communication equipment	5
Special tools	5
Maintenance and test equipment	5
Other equipment	5

**With residual value of 15.00%*

Leasehold improvements are amortized over the shorter of their EULs or the corresponding lease terms.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss, when the asset is derecognized.
The methods of depreciation and amortization, EUL and residual values of property and equipment are reviewed annually and adjusted prospectively.

Fully depreciated property and equipment are returned in the account until they are no longer in use and no further depreciation or amortization is charged to profit or loss in the consolidated statement of comprehensive income.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included under 'General and administrative' account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Investments in Joint Ventures and Associates

The Group accounts for its investments in JVs and associates under the equity method. Under the equity method, the investments in JVs and associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the JVs and associates, less any allowance for impairment in value. The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the JVs and associates. Dividends received are treated as a reduction from the carrying value of the investment.

The financial statements of the investee companies used in the preparation of the consolidated financial statements are prepared as of the same date with the Group. The investee companies' accounting policies conform to those by the Group for like transactions and events in similar circumstances.

Intangible Assets

Intangible assets include acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated impairment loss.

Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The intangible assets of the Group have indefinite lives.

Aircraft Maintenance and Overhaul Cost

The Group recognizes aircraft maintenance and overhaul expenses in accordance with the contractual terms.

The maintenance contracts are classified into two: (a) those based on time and material basis (TMB); and (b) power-by-the-hour (PBH) contract. For maintenance contracts under TMB and PBH, the Group recognizes expenses on an accrual basis.

Asset Retirement Obligation (ARO)

The Group is contractually required under various lease contracts to either restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. For certain lease agreements, the Group provides for these costs over the terms of the leases through contribution to a maintenance reserve fund (MRF) which is recorded as outright expense. If the estimated cost of restoration is expected to exceed the cumulative MRF, an additional obligation is recognized over the remaining term of the leases.

If there is a commitment related to maintenance of aircraft held under operating lease arrangements, a provision is made during the lease term for the lease return obligations specified within those lease agreements. The provision is made based on historical experience, manufacturers' advice and if relevant, contractual obligations, to determine the present value of the estimated future major airframe inspections cost and engine overhauls. The costs are accrued are accrued and charged to profit or loss over the remaining period until redelivery date, as the leased aircraft is utilized. At the reporting date, the cost of restoration is computed based on the Group's assessment of aircraft utilization. Any major overhaul made before redelivery will reverse the ARO liability set up. The

ARO liability is carried at amortized cost using the effective interest method and is discounted using the prevailing market rate for certain maintenance events.

Advance payment for materials for the restoration of the aircraft is initially recorded under 'Advances to suppliers' account in the consolidated statement of financial position. This is recouped when the expenses for restoration of aircraft have been incurred.

The Group regularly assesses the provision for ARO and adjusts the liability.

Heavy Maintenance Visits (HMV)

The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advice. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

Travel Fund

Travel fund is a virtual wallet that can be used as a form of payment for booking new flights and purchasing add-ons. Travel fund is offered for cancelled flights or for flights with schedule changes of more than 60 minutes.

In accordance with PFRS 15, *Revenue from Contracts with Customers,* upon receipt of a prepayment from customer, an entity shall recognize a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer, goods or services in the future. An entity shall derecognize that contract liability (and recognize revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation.

A customer's non-refundable prepayment to an entity gives the customer a right to receive a good service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage.

If an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If an entity does not expect to be entitled to a breakage amount, the entity shall recognize the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Revenue Recognition

The Group is in the business of providing air transportation services. Revenue from contracts with passengers and cargo customers, and any related revenue from services incidental to the transportation of passengers, is recognized when carriage is provided or when the passenger is lifted in exchange for an amount that reflects the consideration to which the Group expects to be entitled to.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of air transportation services

Passenger ticket and cargo waybill sales are initially recorded as unearned passenger revenue under 'Unearned transportation revenue' account in the consolidated statement of financial position until earned and recognized under 'Revenue' account in the consolidated statement of comprehensive income when carriage is provided or when the passenger is lifted or flown.

Ancillary revenue

Flight and booking services

Revenue from services incidental to the transportation of passengers such as excess baggage, inflight sales and rebooking and website administration fees are initially recognized as deferred ancillary revenue under 'Unearned transportation revenue' account in the consolidated statement of financial position until the services are rendered. The specific revenue recognition criteria for each type of ancillary revenue are as follows:

Revenue from rebooking and website administration fees
Revenue from rebooking and website administration fees are recognized as revenues when the passenger is lifted or flown.

Revenue from excess baggage and other transport-related and ancillary services revenue
Revenues from excess baggage and other transport-related and ancillary services revenue are recognized when the related services have been rendered.

Revenue from inflight sales
Revenue from inflight sales is recognized at the point in time when control of the asset is transferred to customer, generally on the delivery and acceptance by the customers of the goods.

Revenue from estimated breakage (expiration) of unused travel funds

Revenue from estimated breakage (expiration) of unused travel funds are recognized based on the historical expiration experience of the Group on the unused travel funds.

A-Plus' revenue from third party customers

Revenue from services rendered by A-Plus to third party customers is recognized when it satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A-Plus' revenue from third party customers is presented under 'Ancillary revenue' account in the consolidated statements of comprehensive income. A-Plus' revenues for services rendered to the Parent Company are eliminated upon consolidation.

Interest income
Interest on cash in banks and short-term cash placements recognized as the interest accrues using the EIR method.

Expense Recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to a decrease in an asset or an increase in a liability has occurred and the decrease in economic benefits can be measured reliably.

The commission related to the sale of air transportation services is recognized as outright expense upon receipt of the payment from customers and is included under 'Reservation and sales' account in the consolidated statement of comprehensive income.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the Parent Company and subsidiaries' functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Bankers Association of the Philippines (BAP) closing rate prevailing as of December 31, 2024 and 2023, respectively. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Retirement Costs

The Group maintains defined benefit plans covering substantially all of its employees. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity with the option to accelerate when significant changes to underlying assumptions occur.

Retirement expense comprises the following:

a. Service cost; and
b. Net interest on retirement liability.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements, are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on retirement liability is the change during the period in the retirement liability that arises from the passage of time, which is determined by applying the discount rate based on high quality corporate bonds to the retirement liability. Net interest on retirement liability is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, excess of actual return on plan assets over interest income and any change in the effect of the asset ceiling (excluding net interest on retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Share-based Payments

The Group has a Long-Term Incentive Plan (LTIP) granting eligible persons any one or a combination of Restricted Stock Units (RSUs) and Stock Options to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which these are granted. Said cost is recognized in profit or loss, together with a corresponding increase in 'Share-based payments' account in the consolidated statement of financial position, over the period in which the service conditions are fulfilled, ending on the date on which the eligible persons become fully entitled to the award ("vesting date"). The fair value of Stock Options is determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest.

Where the terms of a share-based award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the eligible persons as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions, when appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax assets, however, are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of transaction, affects neither the accounting income nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or OCI.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Leases

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

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

The Group accounts for lease concessions as lease modification. The Group remeasures the lease liability using the incremental borrowing rate as at modification date and charge any adjustment to right-of-use assets.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date with no purchase

option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Sale and leaseback
When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15. When the transfer of the asset is a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of previous carrying amount of the asset that relates to the right-of-use assets retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor. When the transfer of the asset is not a sale under PFRS 15 requirements, the Group continues to recognize the asset in its statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (that is, more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense in profit or loss.

Contingent liabilities are not recognized in the consolidated statement of financial position, unless the possibility of an outflow of resources embodying economic benefits is remote.

Earnings (Loss) Per Share
Basic earnings (loss) per share (EPS) is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted earnings (loss) per share (EPS) amounts are calculated by dividing the net income (loss) attributable to common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the Chief Executive Officer (CEO). The nature of the operating segment is set out in Note 6.

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

5. Significant Accounting Judgments and Estimates

In the process of applying the Group's accounting policies, management has exercised judgments and estimates in determining the amounts recognized in the consolidated financial statements. The most significant uses of judgments and estimates follow:

Judgments

a. *Use of going concern assumption*
The underlying assumption in the preparation of the accompanying consolidated financial statements is that the Group has the ability to continue as a going concern for at least the next twelve (12) months from December 31, 2024. The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the forecasted level of revenue and operating cost, profitability and cash flows, and the other potential sources of financing in case of any economic uncertainties that may be caused by the unprecedented events (Note 1).

Management believes that with the continuing implementation of the comprehensive business transformation program which will reduce operating cost and ensures the Group's competitiveness and with the progress of the steps undertaken to date on the Group's financing plans, the Group will be able to generate sufficient cash flows to enable the Group to meet its obligations when they fall due to address the Group's liquidity requirements and to support its operations. Accordingly, the accompanying financial statements have been prepared on a going concern basis of accounting.

b. *Determining the lease term of contracts with renewal and termination options - Group as lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised (See Note 32).

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of aircraft with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available. Refer to Note 32 for the disclosure of the Group's leases.

c. *Determination of sale and leaseback transaction as true sale or financing transaction - Group as lessee*
The Group determines whether the transfer of assets qualifies as a sale by referring to the requirements for satisfying performance obligations under PFRS 15. The sale and leaseback transactions are considered as a true sale if there is a transfer of rights and ownership of the related asset. If the transfer is not a sale under PFRS 15 requirements, the Group accounts for the sale and leaseback as a financing transaction in accordance with PFRS 9. The Group assessed that the sales and leaseback transactions in 2024 and 2023 qualify as a true sale.

d. *Determination of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates,* requires management to use its judgment to determine the Group's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Group. In making this judgment, each entity in the Group considers the following:

- The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

Management determined that Philippine Peso is the functional currency for the Group, after considering the criteria stated in PAS 21.

e. *Consolidation of SPEs*
The Group periodically undertakes transactions that may involve obtaining the rights to variable returns from its involvement with the SPEs. These transactions include the purchase of aircraft and assumption of certain liabilities. In all such cases, management makes an assessment as to whether the Group has: (a) power over the SPEs; (b) the right over the returns of its SPEs; and (c) the ability to use power over the SPEs to affect the amount of the Parent Company's return, and based on these assessments, the SPEs are consolidated as a subsidiary or associated company. In making these assessments, management considers the underlying economic substance of the transaction and not only the contractual terms. The Group has assessed that it will benefit from the economic benefits of the SPEs' activities and it will affect the returns for the Group. The Group is directly exposed to the risks and returns from its involvement with the SPEs. Such rights and risks associated with the benefits and returns are indicators of control. Accordingly, the SPEs are consolidated.

Upon loss of control, the Group derecognizes the assets and liabilities of its SPEs and any surplus or deficit is recognized in profit or loss.

f. *Contingencies*
The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with internal counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these will have a material adverse effect on the Group's consolidated financial position and consolidated financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 32).

g. *Allocation of revenue, costs and expenses for registered and non-registered activities*
Revenue, costs and expenses are classified as exclusive and common. Exclusive revenue, cost and expenses such as passenger revenue, cargo revenue, baggage revenue, insurance surcharge, fuel and oil expense, hull/war/risk insurance, maintenance expense, depreciation, lease expense (for aircraft under operating lease) and interest expense based on the related long-term debt are specifically identified per aircraft based on an actual basis. For revenue, cost and expense accounts that are not identifiable per aircraft, the Group allocates based on activity factors that closely relate to the earning process of the revenue.

h. *Assessment of intangible assets with indefinite lives*
The Group has intangible assets representing costs to establish brand and market opportunities under the strategic alliance with CEBGO and AirSWIFT. Management assessed that these assets have indefinite lives because there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows to the Group.

Estimates and Assumptions
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

a. *Recognition of deferred tax assets*
The Group assesses the carrying amounts of deferred income taxes at each reporting period end and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31, 2024 and 2023, the Group has deferred tax assets amounting to ₱10.5 billion and ₱10.2 billion, respectively (see Note 27). Unrecognized deferred tax assets as of December 31, 2024 and 2023 amounted to ₱8.2 billion and ₱7.1 billion, respectively.

b. *Impairment of goodwill and intangible assets*
The Group determines whether goodwill and intangibles with indefinite lives are impaired. For goodwill and intangible assets with indefinite lives, the impairment testing is performed annually at the reporting date and when circumstances indicate that the carrying amount is impaired. The impairment testing requires an estimation of the recoverable amounts, which is the FVLCD or VIU of the CGU whichever is higher, to which the goodwill and intangibles with indefinite lives belongs.

In determining the recoverable amount of these assets, the management estimates the VIU of the CGU to which goodwill and intangible assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and applying an appropriate discount rate in order to calculate the present value of those cash flows. In discounting, the Group uses a discount rate based on the weighted average cost of capital adjusted to reflect the way that the market would assess the specific risks associated with the cash flow and exclude risks that are not relevant to the cash flow. Other assumptions used in projecting the future cash flows include passenger load factor, passenger yield and fuel costs, among others.

As of December 31, 2024 and 2023, the Group has determined that goodwill and intangibles with indefinite lives are recoverable based on VIU. Goodwill amounted to ₱1,033.6 million and ₱721.6 million as of December 31, 2024 and 2023, respectively (see Note 14). Brand and market opportunities, which are recorded under ‘Other noncurrent assets’ account amounted to ₱1,837.0 million and ₱852.7 million as of December 31, 2024 and 2023, respectively (see Notes 14 and 15).

c. *Estimation of ARO*
The Group is contractually required under certain lease contracts to restore certain leased passenger aircraft and engines to stipulated return condition or to bear proportionate costs of restoration at the end of the contract period. These costs are accrued based on an internal estimate which includes estimates of certain redelivery costs at the end of the operating aircraft lease. The contractual obligation includes regular aircraft maintenance, overhaul and restoration of the leased aircraft to its original condition. Regular aircraft maintenance is accounted for as expense when incurred, while overhaul and restoration are accounted on an accrual basis.

Assumptions used to compute ARO are reviewed and updated annually by the Group. As of December 31, 2024 and 2023, the cost of restoration is computed based on the Group’s assessment on expected future aircraft utilization.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The recognition of ARO would increase other noncurrent liabilities and repairs and maintenance expense.

As of December 31, 2024 and 2023, the Group’s ARO (included under ‘Other noncurrent liabilities’ account in the consolidated statements of financial position) has a carrying value of ₱3.2 billion and ₱3.8 billion, respectively (see Note 20).

d. *Estimation of HMV*
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer’s advice. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

As of December 31, 2024 and 2023, the Group’s HMV (included other ‘Other noncurrent liabilities’ account in the consolidated statements of financial position) has a carrying value of ₱2.1 billion and ₱2.0 billion, respectively (see Note 20).

e. *Valuation of assets held for sale*
The Group classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable. In 2022, management determined that certain aircraft are available for sale in their present condition within the next 12 months. They reclassified these aircraft from ‘Property and equipment’ into ‘Assets held for sale’. As of December 31, 2023 (see Note 12), three (3) aircraft remain unsold and are measured at the lower of their carrying amount and fair value less costs to sell. Management has determined the fair value less costs to sell of the Group’s held for sale based on quoted prices from prospective buyers. During 2024, two (2) ATR aircraft classified as held for sale were sold at a loss of ₱61.6 million. The planned sale of the remaining one (1) ATR aircraft has not taken place yet due to global supply chain disruptions and Maintenance and Repair Organization (MRO) manpower shortage that delayed the Group’s ongoing preparation activities to meet the aircraft’s agreed sale conditions before the buyer technically accepts the aircraft. The management remains committed to sell this aircraft in 2025, thus management believes that it is still appropriate to classify this under assets held for sale as of

December 31, 2024. Further, in 2024, the Group reclassified three (3) A320CEOs as asset held for sale coming from the assessment that these will be recovered principally through a sale transaction rather than through continuing use. The carrying amount of the three (3) A320 CEOs is P3.3 billion, which is lower than their respective fair value less cost to sell. The carrying value of all assets held for sale amounted to ₱3,541.3 million and ₱593.4 million as of December 31, 2024 and 2023, respectively (see Note 12).

f. *Lessee - estimating the incremental borrowing rate*
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating) (see Note 32).

g. *Fair values of aircraft and engines at sale and operating leaseback transaction*
The Group determines the fair values of its aircraft and engines by relying on a third party's valuation which has a global view of all areas of the market which brings essential context of changes in the market and the opportunities and risks. The judgment includes determination whether the difference between the fair value of the aircraft and engines and its selling price should be accounted as immediate gain in the profit or loss or be deferred over the operating lease term. The Group has entered into sale and operating leaseback transactions in 2024 and 2023 (see Notes 12 and 32).

h. *Estimation of retirement and other employee benefit obligation and costs*
The determination of the obligation and cost of retirement and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 26).

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The Group's retirement liability amounted to ₱998.3 million and ₱893.2 million as of December 31, 2024 and 2023, respectively (see Note 26).

i. *Estimation of useful lives of property and equipment*
The Group estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the EULs of property and equipment based on factors that include physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

As of December 31, 2024 and 2023, the carrying values of the Group's property and equipment amounted to ₱82.0 billion and ₱70.0 billion, respectively (see Note 12).

j. *Estimation of allowance for credit losses on receivables*
The Group maintains allowance for credit losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the agents, customers and other counterparties, the payment behavior of agents and customers, other counterparties and other known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis.

The balances of receivables and allowance for credit losses as of December 31, 2024 and 2023 are disclosed in Note 9.

k. *Estimation of fair value for share-based payment transactions*
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Cox-Ross-Rubinstein Binomial Option Pricing Method taking into consideration the terms and conditions on which the share options were granted (see Note 23).

l. *Recognition and measurement of revenue from expected breakage (expiration) of unused travel funds*
Travel funds that are unused are recognized as revenue based on expected breakage (expiration) using the Group's historical expiration experience. The balances of travel fund payable as of December 31, 2024 and 2023 amounted to ₱738.5 million and ₱630.9 million (see Notes 16 and 21). Revenue from travel fund breakage amounting to ₱70.6 million, ₱47.5 million, and ₱362.7 million for the years ended December 31, 2024, 2023, and 2022, respectively, were recognized as part of 'Ancillary revenues' in the consolidated statements of comprehensive income.

6. Segment Information

The Group has two reportable operating segments, which is the airline business (Parent Company, CEBGO and AirSWIFT) and line and light maintenance business (A-Plus). This is consistent with how the Group's management internally monitors and analyzes the financial information for reporting to the CODM, who is responsible for allocating resources, assessing performance and making operating decisions. The CODM is the CEO of the Parent Company.

The revenue of the operating segment was mainly derived from rendering transportation services and line and light maintenance services.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position, which is in accordance with PFRS Accounting Standards.

Segment information for the reportable segment is shown in the following table:

	2024	2023	2022
Segment revenue of reportable operating segment	**₱104,908,632,352**	₱90,602,558,756	₱56,751,365,859
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**25,465,721,128**	21,838,585,060	664,014,274
Depreciation and amortization (Notes 12 and 32)	**16,293,433,388**	13,259,622,656	12,092,864,031
Earnings (loss) before interest and taxes (EBIT)	**9,172,287,740**	8,578,962,404	(11,428,849,757)
Financing costs and other charges (Notes 8, 18, 19, 20 and 32)	**6,805,219,346**	5,259,547,275	3,381,926,823
Pre-tax core net income (loss)	**3,117,760,218**	4,190,923,791	(14,615,781,834)
Nontransport revenue and other income	**2,976,327,595**	2,961,688,741	2,106,572,427
Benefit from income tax (Note 27)	**(135,833,586)**	(2,348,838,390)	(2,248,975,771)
Net income (loss)	**5,400,655,222**	7,922,664,507	(13,979,387,118)
Capital expenditures (Note 12)	**49,537,170,790**	30,499,712,253	9,782,769,849

Pre-tax core net income (loss), EBIT and EBITDA are considered as non-PFRS measures.

Pre-tax core net income (loss) is the operating income (loss) after deducting net interest expense and adding equity in net income (loss) of joint venture and associates.

EBIT is the operating income (loss) before interest and taxes.

EBITDA is the operating income (loss) after adding depreciation and amortization.

Capital expenditure is the total paid acquisition of property and equipment for the period.

The reconciliation of the non-PFRSs measures to operating income (loss) follows:

	2024	2023	2022
Revenue	**₱104,908,632,352**	₱90,602,558,756	₱56,751,365,859
Expenses	**(95,736,344,612)**	(82,023,596,352)	(68,180,215,616)
Operating income (loss)	**9,172,287,740**	8,578,962,404	(11,428,849,757)
Interest expense – net*	**(6,161,526,613)**	(4,446,602,807)	(3,073,643,606)
Equity in net income (loss) of joint ventures and associates	**106,999,091**	58,564,194	(113,288,471)
Pre-tax core net income (loss)	**₱3,117,760,218**	₱4,190,923,791	(₱14,615,781,834)
Operating income (loss)	**₱9,172,287,740**	₱8,578,962,404	(₱11,428,849,757)
Depreciation and amortization	**16,293,433,388**	13,259,622,656	12,092,864,031
EBITDA	**₱25,465,721,128**	₱21,838,585,060	₱664,014,274

**Financing costs and other charges less interest income*

The reconciliation of total revenue reported by reportable operating segment to revenue in the consolidated statements of comprehensive income is presented in the following table:

	2024	2023	2022
Total segment revenue of reportable operating segment	**₱104,908,632,352**	₱90,602,558,756	₱56,751,365,859
Nontransport revenue and other income	**2,976,327,595**	2,961,688,741	2,106,572,427
Total revenue and other income	**₱107,884,959,947**	₱93,564,247,497	₱58,857,938,286

Total segment revenue of reportable operating segments includes A-Plus' revenue from rendering light and light maintenance services to third party customers amounting to ₱205.3 million, ₱166.7 million and ₱120.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Nontransport revenue and other income include interest income, gain from insurance claims, market valuation gains on derivative financial instruments, gain on disposals and equity in net income of joint ventures and associates.

The reconciliation of total income (loss) reported by reportable operating segment to total comprehensive income (loss) in the consolidated statements of comprehensive income is presented in the following table:

	2024	2023	2022
Total segment income (loss) of reportable segment	**₱9,172,287,740**	₱8,578,962,404	(₱11,428,849,757)
Add (deduct) unallocated items:			
Nontransport revenue and other income	**2,976,327,595**	2,961,688,741	2,106,572,427
Nontransport expenses and other charges	**(6,883,793,699)**	(5,966,825,028)	(6,906,085,559)
Benefit from income tax	**135,833,586**	2,348,838,390	2,248,975,771
Net income (loss)	**5,400,655,222**	7,922,664,507	(13,979,387,118)
Other comprehensive gain (loss), net of tax	**(166,618,205)**	(336,517,807)	394,932,473
Total comprehensive income (loss)	**₱5,234,037,017**	₱7,586,146,700	(₱13,584,454,645)

The Group's major revenue-producing assets are the aircraft it operates, which are employed across its route network (Note 12).

There are no customers who contribute 10.0% or more to the revenue of the Group.

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱43,778,145**	₱43,605,898
Cash in banks	**5,320,240,155**	5,853,232,275
Short-term placements	**14,551,607,653**	9,698,925,268
	₱19,915,625,953	₱15,595,763,441

Cash in banks earns interest at the respective bank deposit rates. Short-term placements, which represent money market placements, are made for varying periods depending on the immediate cash requirements of the Group. Short-term placements denominated in Peso earn an average annual interest of 5.44% and 5.34% in 2024 and 2023, respectively. Moreover, short-term placements in US Dollar (USD) earn interest on an average annual interest rate of 4.91% and 4.04% in 2024 and 2023, respectively. In 2024 and 2023, the Group also has outstanding short-term placements in Korean Won (KRW) with an average annual interest rate of 1.32% and 2.24%, respectively.

Restricted Cash

As of December 31, 2023, the Group has restricted cash amounting to ₱1.3 billion (nil as of December 31, 2024). Restricted cash represents deposits with certain banks to secure standby letters of credit issued in favor of lessors (see Note 32). In 2024, the lessors have released all holdout from cash in banks and money market placements.

Interest income earned on cash in banks and short-term placements, presented in the consolidated statements of comprehensive income, amounted to ₱643.7 million, ₱812.9 million and ₱308.3 million for the years ended 2024, 2023 and 2022, respectively.

8. Derivative Financial Assets and Liabilities

This account consists of derivative financial assets and liabilities as of December 31, 2024 and 2023. Details follow:

	2024	2023
Derivative financial assets (liabilities) at FVOCI:		
Fuel derivatives	**₱1,297,193**	(₱1,291,971)

Interest Rate Derivatives

Designated hedges

The Group entered into interest rate derivative contracts to manage exposure to the volatility of interest rates on the lease rates of the expected aircraft deliveries. These derivative contracts have various maturity dates where hedge accounting under PFRS 9 was also applied.

For the years ended December 31, 2024, 2023 and 2022, the Group has recycled the effective portion of its cash flow hedge reserves to 'Financing costs and other charges' in the consolidated statement of comprehensive income amounting to ₱88.4 million, ₱100.7 million and ₱42.2 million, respectively (see Note 24).

Fuel Derivatives

Designated Hedges

The Group enters into zero cost collars and call options derivative contracts to manage its exposure to fuel price fluctuations. The notional quantity is the amount of the derivatives' underlying asset or liability, reference rate or index and is the basis upon which changes in the value of derivatives are measured. These collars and options can be exercised at various calculation dates with specified quantities on each calculation date. The collars have various maturity dates through 2025.

As of December 31, 2024 and 2023, the Group has designated for hedge accounting derivatives with net asset and net liability position, which is shown as 'Derivative financial assets at FVOCI' and 'Derivative financial liabilities at FVOCI' in the consolidated statement of financial position, amounting to ₱1.3 million and ₱1.3 million, respectively (nil in 2022) (see Note 24).

For the year ended December 31, 2024 and 2023, the Group has recycled the effective portion of its cash flow hedge reserves to 'Aviation fuel expense' recognized under 'Flying operations' in the consolidated statement of comprehensive income amounting to ₱8.0 million and ₱84.0 million, respectively (nil in 2022) (Note 24).

'Market valuation gains on derivative financial instruments - net' for the years ended December 31, 2024, 2023 and 2022 follow:

	2024	2023	2022
Embedded derivatives arising from convertible bonds (Note 19)			
Net changes in fair value	**₱–**	₱846,835,509	₱884,125,259
Attributable to accounting hedges:			
Hedge ineffectiveness	**–**	33,324,721	93,782,246
	₱–	₱880,160,230	₱977,907,505

Fair Value Changes on Derivatives
The changes in fair value of derivative financial assets at fair value through other comprehensive income follow:

	2024	2023
Balance at January 1:		
Derivative assets	**₱–**	₱60,911,157
Derivative liabilities	**(1,291,971)**	–
	(1,291,971)	60,911,157
Net changes in fair value of derivatives:		
Designated	**2,589,164**	(33,585,201)
Not-designated	**–**	–
	2,589,164	(33,585,201)
	1,297,193	27,325,956
Fair value of settled instruments:		
Designated	**–**	(28,617,927)
Not-designated	**–**	–
	–	(28,617,927)
Balance at December 31:		
Current	**₱1,297,193**	(₱1,291,971)
Non-current	**–**	–
	₱1,297,193	(₱1,291,971)
Attributable to:		
Derivative assets	**₱1,297,193**	₱–
Derivative liabilities	**–**	(1,291,971)
	₱1,297,193	(₱1,291,971)

Refer to Note 19 for the changes in fair value of derivative financial liabilities at fair value through profit or loss.

9. Receivables

This account consists of:

	2024	2023
Trade receivables	**₱2,517,415,904**	₱1,625,106,832
Due from related parties (Note 29)	**654,772,201**	774,125,730
Interest receivable	**17,198,673**	16,321,679
Others	**366,415,761**	389,802,689
	3,555,802,539	2,805,356,930
Less: Allowance for expected credit losses (ECL)	**(401,617,272)**	(262,502,046)
	₱3,154,185,267	₱2,542,854,884

Trade receivables are noninterest-bearing and generally have 30 to 90-day term.

Interest receivable pertains to accrual of interest income from short-term placements.

Others include receivable from employees.

The changes in the allowance for expected credit losses on receivables follow:

	2024		
	Trade Receivables	**Others**	**Total**
Balances at January 1	**₱178,236,596**	**₱84,265,450**	**₱262,502,046**
Provisions	**168,162,853**	**–**	**168,162,853**
Recovery	**(42,525,125)**	**–**	**(42,525,125)**
Unrealized foreign exchange loss	**12,213,898**	**1,263,600**	**13,477,498**
Balances at December 31	**₱316,088,222**	**₱85,529,050**	**₱401,617,272**

	2023		
	Trade Receivables	Others	Total
Balances at January 1	₱150,485,725	₱83,812,624	₱234,298,349
Provisions	28,103,934	–	28,103,934
Recovery	(360,085)	–	(360,085)
Unrealized foreign exchange loss	7,022	452,826	459,848
Balances at December 31	₱178,236,596	₱84,265,450	₱262,502,046

10. Expendable Parts, Fuel, Materials and Supplies

This account consists of:

	2024	2023
At cost:		
Expendable parts	**₱4,087,088,028**	₱3,523,620,979
Fuel	**391,253,061**	362,090,596
Materials and supplies	**155,690,569**	130,581,521
	₱4,634,031,658	₱4,016,293,096

As of December 31, 2024 and 2023, the Group recognized full allowance for inventory write-down on expendable parts with cost of ₱118.3 million and ₱91.7 million, respectively. In 2024, the Group recognized additional provision for inventory write-down on expendable parts amounting to ₱26.6 million (nil in 2023 and 2022).

As of December 31, 2024 and 2023, no expendable parts, fuel, material and supplies are pledged as security for liabilities.

The cost of expendable and consumable parts, and materials and supplies recognized as expense under 'Repairs and maintenance' in the consolidated statements of comprehensive income for the years ended 2024, 2023 and 2022 amounted to ₱1,915.2 million, ₱1,247.2 million and ₱612.5 million, respectively (see Note 24).

The cost of fuel reported as expense under 'Flying operations' account amounted to ₱32.8 billion, ₱29.7 billion and ₱24.5 billion for the years ended 2024, 2023 and 2022, respectively (see Note 24).

11. **Other Current Assets**

This account consists of:

	2024	2023
Advances to suppliers	**₱4,322,678,244**	₱3,033,722,773
Creditable withholding taxes	**437,388,993**	350,636,496
Prepaid rent	**88,774,993**	167,581,682
Prepaid insurance	**69,528,724**	202,130,331
Others	**917,417,528**	472,379,275
	₱5,835,788,482	₱4,226,450,557

Advances to suppliers include advances to service maintenance provider for maintenance. Advances for maintenance are recouped from progress billings, which occur within one year from the date the advances arose. These advances are unsecured and noninterest-bearing.

Prepaid rent pertains to advance rental on aircraft under lease and on office spaces in airports.

Prepaid insurance consists of aviation insurance, which represents insurance of hull, war and risk, passenger and cargo insurance for the aircraft and non-aviation insurance represents insurance payments for all employees' health and medical benefits, commission, casualty and marine insurance, as well as car/motor insurance.

Others include housing allowance and prepayments to other suppliers.

12. Property and Equipment

The composition and movements in this account follow:

	2024							
	Passenger Aircraft (Notes 18 and 32)	Engines	Rotables	Ground Support Equipment	EDP Equipment, Mainframe and Peripherals	Leasehold Improvements	Transportation Equipment	Sub-total
Cost								
Balance at January 1, 2024	**₱59,431,497,546**	**₱6,474,412,357**	**₱6,201,760,172**	**₱1,426,929,865**	**₱906,986,015**	**₱2,150,694,009**	**₱385,626,378**	**₱76,977,906,342**
Additions (Note 6)	**19,275,768,908**	**7,199,100,406**	**2,212,078,125**	**309,689,727**	**120,619,292**	**22,501,683**	**62,228,114**	**29,201,986,255**
Acquired through business combination (Note 14)	**765,306,917**	**–**	**–**	**18,045,088**	**–**	**3,373,850**	**6,105,991**	**792,831,846**
Reclassification	**1,866,211,551**	**–**	**–**	**–**	**4,598,214**	**76,556,098**	**–**	**1,947,365,863**
Disposals/others	**(21,083,216,606)**	**(7,375,052,271)**	**(112,826,924)**	**(18,767,633)**	**(12,045,457)**	**–**	**(27,346,805)**	**(28,629,255,696)**
Balance at December 31, 2024	**60,255,568,316**	**6,298,460,492**	**8,301,011,373**	**1,735,897,047**	**1,020,158,064**	**2,253,125,640**	**426,613,678**	**80,290,834,610**
Accumulated Depreciation and Amortization								
Balance at January 1, 2024	**14,937,605,413**	**4,548,237,186**	**1,887,928,983**	**1,107,227,309**	**769,415,848**	**1,492,184,293**	**335,936,662**	**25,078,535,694**
Depreciation and amortization	**4,286,505,481**	**359,220,978**	**491,470,255**	**144,583,419**	**77,159,412**	**102,730,668**	**29,040,249**	**5,490,710,462**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals/others	**(6,418,334,623)**	**(2,546,269,376)**	**(106,580,284)**	**(18,695,870)**	**(12,041,613)**	**–**	**(27,346,805)**	**(9,129,268,571)**
Balance at December 31, 2024	**12,805,776,271**	**2,361,188,788**	**2,272,818,954**	**1,233,114,858**	**834,533,647**	**1,594,914,961**	**337,630,106**	**21,439,977,585**
Net Book Values	**₱47,449,792,045**	**₱3,937,271,704**	**₱6,028,192,419**	**₱502,782,189**	**₱185,624,417**	**₱658,210,679**	**₱88,983,572**	**₱58,850,857,025**

	2024						
	Furniture, Fixtures and Office Equipment	Communication Equipment	Special Tools	Maintenance and Test Equipment	Other Equipment	Construction in-Progress	Total
Cost							
Balance at January 1, 2024	**₱126,633,884**	**₱28,284,438**	**₱137,743,417**	**₱254,691,420**	**₱40,883,438**	**₱17,992,333,402**	**₱95,558,476,341**
Additions (Note 6)	**35,650,940**	**3,697,460**	**72,935,569**	**28,311,226**	**20,341,455**	**20,174,247,885**	**49,537,170,790**
Acquired through business combination (Note 14)	**15,262,995**	**–**	**–**	**–**	**–**	**–**	**808,094,841**
Reclassification	**160,713**	**–**	**–**	**–**	**–**	**(1,926,197,620)**	**21,328,956**
Disposals/others	**(527,325)**	**–**	**–**	**(970,993)**	**–**	**(13,314,355,377)**	**(41,945,109,391)**
Balance at December 31, 2024	**177,181,207**	**31,981,898**	**210,678,986**	**282,031,653**	**61,224,893**	**22,926,028,290**	**103,979,961,537**
Accumulated Depreciation and Amortization							
Balance at January 1, 2024	**107,969,485**	**19,429,930**	**122,560,274**	**218,685,023**	**32,018,844**	**–**	**25,579,199,250**
Depreciation and amortization	**9,751,386**	**2,299,436**	**16,736,494**	**13,263,106**	**2,128,192**	**–**	**5,534,889,076**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals/others	**(523,231)**	**–**	**–**	**(970,993)**	**–**	**–**	**(9,130,762,795)**
Balance at December 31, 2024	**117,197,640**	**21,729,366**	**139,296,768**	**230,977,136**	**34,147,036**	**–**	**21,983,325,531**
Net Book Values	**₱59,983,567**	**₱10,252,532**	**₱71,382,218**	**₱51,054,517**	**₱27,077,857**	**₱22,926,028,290**	**₱81,996,636,006**

	2023							
	Passenger Aircraft (Notes 18 and 32)	Engines	Rotables	Ground Support Equipment	EDP Equipment, Mainframe and Peripherals	Leasehold Improvements	Transportation Equipment	Sub-total
Cost								
Balance at January 1, 2023	₱62,022,105,339	₱5,857,527,762	₱4,912,141,052	₱1,122,696,344	₱792,550,745	₱2,056,842,265	₱345,753,140	₱77,109,616,647
Additions (Note 6)	10,244,830,491	2,754,471,995	1,522,526,262	214,796,928	128,482,925	7,698,500	23,463,986	14,896,271,087
Reclassification	–	124,091,449	2,741,051	89,436,593	(4,160,915)	86,153,244	32,890,167	331,151,589
Disposals/others	(12,835,438,284)	(2,261,678,849)	(235,648,193)	–	(9,886,740)	–	(16,480,915)	(15,359,132,981)
Balance at December 31, 2023	59,431,497,546	6,474,412,357	6,201,760,172	1,426,929,865	906,986,015	2,150,694,009	385,626,378	76,977,906,342
Accumulated Depreciation and Amortization								
Balance at January 1, 2023	17,592,526,716	4,374,902,076	1,603,906,037	884,677,805	724,189,495	1,342,702,030	294,791,790	26,817,695,949
Depreciation and amortization	4,495,602,680	315,371,961	373,047,787	148,089,371	59,304,517	130,270,373	34,063,565	5,555,750,254
Reclassification	–	–	–	74,460,133	(4,703,993)	19,211,890	23,199,918	112,167,948
Disposals/others	(7,150,523,983)	(142,036,851)	(89,024,841)	–	(9,374,171)	–	(16,118,611)	(7,407,078,457)
Balance at December 31, 2023	14,937,605,413	4,548,237,186	1,887,928,983	1,107,227,309	769,415,848	1,492,184,293	335,936,662	25,078,535,694
Net Book Values	₱44,493,892,133	₱1,926,175,171	₱4,313,831,189	₱319,702,556	₱137,570,167	₱658,509,716	₱49,689,716	₱51,899,370,648

	2023						
	Furniture, Fixtures and Office Equipment	Communication Equipment	Special Tools	Maintenance and Test Equipment	Other Equipment	Construction in-Progress	Total
Cost							
Balance at January 1, 2023	₱166,324,645	₱20,983,125	₱125,693,171	₱202,003,791	₱151,624,152	₱14,230,828,414	₱92,007,073,945
Additions (Note 6)	15,049,602	6,713,874	14,053,589	18,006,585	7,210,105	15,542,407,411	30,499,712,253
Reclassification	(54,503,756)	587,439	(2,003,343)	34,681,044	(117,950,819)	(186,967,786)	4,994,368
Disposals/others	(236,607)	–	–	–	–	(11,593,934,637)	(26,953,304,225)
Balance at December 31, 2023	126,633,884	28,284,438	137,743,417	254,691,420	40,883,438	17,992,333,402	95,558,476,341
Accumulated Depreciation and Amortization							
Balance at January 1, 2023	146,536,265	17,943,214	117,323,818	175,550,641	108,004,102	–	27,383,053,989
Depreciation and amortization	9,862,462	894,244	6,496,570	13,029,435	11,819,970	–	5,597,852,935
Reclassification	(48,227,825)	592,472	(1,260,114)	30,104,947	(87,805,228)	–	5,572,200
Disposals/others	(201,417)	–	–	–	–	–	(7,407,279,874)
Balance at December 31, 2023	107,969,485	19,429,930	122,560,274	218,685,023	32,018,844	–	25,579,199,250
Net Book Values	₱18,664,399	₱8,854,508	₱15,183,143	₱36,006,397	₱8,864,594	₱17,992,333,402	₱69,979,277,091

Passenger Aircraft and Engines Held as Securing Assets Under Various Loans
The Group entered into various commercial loan facilities to finance the purchase of its aircraft. As of December 31, 2024 and 2023, the Group's passenger aircraft held as securing assets under various commercial loans are as follows:

	2024	2023
ATR 72-600	**12**	12
Airbus NEO	**14**	9
Airbus CEO	**–**	1
	26	22

Under the terms of the commercial loan facilities (Note 18), upon the event of default, the outstanding amount of loan (including accrued interest) will be payable by the SPEs (see Note 1). Under the terms of commercial loan facilities from local banks, upon event of default, the outstanding amount of loan will be payable, including interest accrued by the Parent Company. Failure to pay the obligation will allow the respective lenders to foreclose the securing assets.

As of December 31, 2024 and 2023, the carrying amounts of the securing assets (included under the 'Property and equipment' account) amounted to ₱46.1 billion and ₱33.2 billion, respectively.

Sale and Sale and Leaseback Transactions
Sale and leaseback transactions
In 2022, the Group entered into sale and leaseback (SLB) agreements for eight (8) engines which generated a gain of ₱1.5 billion based on the portion of its interest that was effectively transferred (see Note 32). Similarly, in 2023, the Group entered into SLB agreements for five (5) aircraft and two (2) engines where its sale portion resulted to a gain of ₱1.1 billion and ₱139.1 million, respectively. In 2024, the Group entered into SLB agreement for ten (10) engines where its sale portion resulted in a gain of ₱2.6 billion.

In December 2024, seven (7) A321CEO aircraft were disposed resulting to the derecognition of its net book value of ₱8.5 billion and related loan. The resulting gain from the transaction amounted to ₱130.3 million. The Group then entered into a new operating lease arrangement with the new owner (see Note 32).

Sale transactions
In 2022, the Group entered into an agreement for sale of one (1) A330 CEO aircraft that resulted into the recognition of loss amounting to ₱381.6 million. In 2024, the Group also entered into an agreement for sale of one (1) A330 CEO aircraft that resulted into a loss amounting ₱545.5 million. These losses are recorded under 'Gain on disposal of property and equipment - net' in the consolidated statement of comprehensive income.

In October and December 2024, two (2) of the ATR 72-500 were sold at ₱478.1 million, resulting in a net loss on disposal of ₱61.6 million.

Proceeds from sale of property and equipment for the years ended 2024, 2023 and 2022 amounted to ₱21.7 billion, ₱10.4 billion and ₱10.5 billion, respectively.

Proceeds from Insurance Claims
In 2024, 2023 and 2022, the Group received ₱137.1 million, ₱17.9 million and ₱6.2 million, respectively, pertaining to insurance proceeds claimed for damages sustained by various aircraft from incidents and loss events.

Operating Fleet

As of December 31, 2024 and 2023, the Group's operating fleet follows:

	2024	2023
Leased aircraft:		
Airbus CEO	**25**	23
Airbus NEO	**37**	29
ATR 72-600	**6**	2
Owned aircraft:		
Airbus CEO*	**–**	8
Airbus NEO	**14**	9
ATR 72-600	**12**	12
ATR 72-500**	**2**	2
ATR 42-600	**2**	–
	98	85

**This excludes three (3) A320CEO that are non-operating and classified as Assets Held for Sale as at December 31, 2024.*
***This excludes one (1) as at December 31, 2024 and three (3) ATR 72-500 as at December 31, 2023 that are non-operating and classified as Assets Held for Sale.*

Construction in-progress represents the cost of airframe and engine construction in-progress and buildings and improvements and other ground property under construction. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2024 and 2023, the Group's pre-delivery payments capitalized as construction in-progress amounted to ₱22.9 billion and ₱18.0 billion, respectively.

For the years ended December 31, 2024, 2023, and 2022, the Group received pre-delivery payment refunds for delivered aircraft from Airbus which amounted to ₱13.1 billion, ₱11.6 billion, and ₱5.8 billion, respectively.

In 2022, the Group entered into remarketing of its four (4) ATR 72-500 aircraft namely: RPCs 7251, 7256, 7257 and 7258. The aircraft are expected to be sold in 2023. Accordingly, these aircraft were reclassified as 'Assets held for sale' in the 2022 consolidated statement of financial position and were carried at lower of their carrying amount and fair value less cost to sell of ₱819.9 million resulting to recognition of impairment loss of ₱86.7 million.

On March 1, 2023, one of the ATR 72-500 aircraft with manufacturer's serial number 944 was sold at ₱227.0 million, resulting to a gain of ₱0.6 million. Accordingly, as evidenced by Bill of Sale and Acceptance Certificate, the Group conveyed to the buyer the good legal and beneficial title to the aircraft.

The planned sale of the remaining aircraft has not taken place yet due to global supply chain disruptions and Maintenance and Repair Organization (MRO) manpower shortage that delayed the Group's ongoing preparation activities to meet the aircraft's agreed sale conditions before the buyer technically accepts the aircraft. The management believes that it is still appropriate to classify these as assets held for sale as of December 31, 2024.

Further, in 2024, the Group reclassified three (3) A320CEOs as asset held for sale coming from the assessment that these will be recovered principally through a sale transaction rather than through continuing use. The total carrying amount of the three (3) A320 CEOs is ₱3.3 billion, which is lower than their respective fair value less cost to sell.

As of December 31, 2024 and 2023, the carrying values of assets held for sale that remain unsold are ₱3,541.3 million and ₱593.4 million, respectively. The remaining aircraft as of December 31, 2024 are expected to be sold before the end of 2025.

In 2022, the Group recognized loss from asset write-down amounting to ₱427.7 million from other assets.

As of December 31, 2024 and 2023, the gross amount of fully depreciated property and equipment which are still in use by the Group amounted to ₱5.5 billion and ₱7.1 billion, respectively.

13. **Investments in Joint Ventures and Associates**

Investments in Joint Ventures
The Parent Company has investments in joint arrangements as follows:

Investment in Philippine Academy for Aviation Training, Inc. (PAAT)
The Parent Company has subscribed to and owns 60% of the outstanding shares of PAAT accounted for as investment in shares of the joint venture. However, the joint venture agreement between the Parent Company and CAE International Holdings Limited (CAE) states that the Parent Company is entitled to 50% share on the net income/loss of PAAT. As such, the Parent Company recognizes 50% share in net income/loss of the joint venture.

PAAT was created to address the Group's training requirements and to pursue business opportunities for training third parties in the commercial fixed wing aviation industry, including other local and international airline companies. PAAT was formally incorporated in the Philippines on January 27, 2012 and started commercial operations in December 2012.

Investment in 1Aviation Groundhandling Services, Corp. (1Aviation)
Investment in 1Aviation refers to the Parent Company's 40% investment in shares of the joint venture. The joint venture agreement indicates that the agreed ownership ratio is 40% for the Parent Company and the remaining 60% shall be collectively owned by PAGSS and an individual. The Parent Company recognizes 40% share in net income of the joint venture. 1Aviation is engaged in the business of providing groundhandling services for all types of aircraft, whether for the transport of passengers or cargo, international or domestic flights, private. Commercial, government or military purposes are to be performed at the Ninoy Aquino International Airport and other airports in the Philippines as may be agreed by the co-venturers.

Investment in Associates
The Parent Company has investments in associates as follows:

Investment in Digital Analytics Ventures, Inc. (DAVI)
Investment in DAVI refers to the Parent Company's 40% interest. DAVI is a data services firm which aims to create a digital rewards program and a robust data infrastructure and analytics enterprise to empower the conglomerate's consumer-oriented businesses.

The Parent Company invested an additional ₱20.0 million in July 2023, and another ₱40.0 million in February 2024. The Parent Company's ownership in DAVI remains to be at 40% after the additional investments.

Investment in Value Alliance Travel System Pte. Ltd. (formerly Air Block Box Asia Pacific Pte. Ltd.)
In May 2016, the Parent Company entered into Value Alliance Agreement with other low-cost carriers (LCCs), namely, Scoot Tigerair Pte. Ltd. (formerly known as Scoot Pte. Ltd.), Nok Airlines Public Company Limited, CEBGO, and Vanilla Air Inc. The alliance aims to increase passenger traffic by creating interline partnerships and parties involved have agreed to create joint sales and support operations to expand services and products available to passengers. This is achieved through LCCs' investment in Air Block Box Asia Pacific Pte. Ltd. (ABB).

In November 2016, the Parent Company acquired shares of stock in ABB amounting to ₱43.7 million. ABB is an entity incorporated in Singapore in 2016 and started operations in 2018 to manage the ABB settlement system, which facilitates the settlement of sales proceeds between the issuing and carrying airlines, and of the transaction fee due to ABB. On April 30, 2021, ABB changed its name to Value Alliance Travel System Pte. Ltd. (VATS). The Parent Company has a 13% shareholding in VATS. The Parent Company has assessed that it has significant influence over VATS through its representation in the BOD and participation in the policy-making process of VATS. Accordingly, the investment was classified as an investment in an associate and is accounted for using the equity method.

In 2021, the Group assessed that its investment in VATS was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. The target growth turned significantly lower than actual, and expectation has also been further tempered due to the impact of the COVID-19 pandemic. On this basis and following the key requirements of PAS 36, *Impairment of Assets* wherein assets can be carried at no more than their recoverable amount, the Group has recognized impairment provisions of ₱36.9 million.

Subsequently, after incurring further losses, even after the resumption of operations that was previously disrupted by the global pandemic, the management of the Group decided to divest its 13% shareholding in VATS. As of December 31, 2023, prior to the finalization of the divestment on January 5, 2024, the net carrying amount of the Group's investment with VATS amounted to nil. The divestment did not have a significant impact on the consolidated financial statements.

The movements in the carrying values of the Group's investments in joint ventures and associates follow:

2024	**Investment in joint ventures**			**Investment in associates**			
	PAAT	**1Aviation**	**Subtotal**	**VATS**	**DAVI**	**Subtotal**	**Total**
Cost							
Balances at January 1, 2024	**₱134,873,645**	**₱46,000,000**	**₱180,873,645**	**₱43,713,923**	**₱452,000,000**	**₱495,713,923**	**₱676,587,568**
Additional investment	**–**	**–**	**–**	**–**	**40,000,000**	**40,000,000**	**40,000,000**
Divestment	**–**	**–**	**–**	**(43,713,923)**	**–**	**(43,713,923)**	**(43,713,923)**
Balance at December 31, 2024	**134,873,645**	**46,000,000**	**180,873,645**	**–**	**492,000,000**	**492,000,000**	**672,873,645**
Accumulated Equity in Net Income (Loss)							
Balance at January 1, 2024	**165,571,318**	**(46,000,000)**	**119,571,318**	**(6,798,108)**	**(452,000,000)**	**(458,798,108)**	**(339,226,790)**
Equity in net income (loss) during the year	**146,999,091**	**–**	**146,999,091**	**–**	**(40,000,000)**	**(40,000,000)**	**106,999,091**
Divestment	**–**	**–**	**–**	**6,798,108**	**–**	**6,798,108**	**6,798,108**
Balance at December 31, 2024	**312,570,409**	**(46,000,000)**	**266,570,409**	**–**	**(492,000,000)**	**(492,000,000)**	**(225,429,591)**
Allowance for Impairment Loss							
Balance at the beginning and end of year	**–**	**–**	**–**	**(36,915,815)**	**–**	**(36,915,815)**	**(36,915,815)**
Divestment	**–**	**–**	**–**	**36,915,815**	**–**	**36,915,815**	**36,915,815**
Balance at December 31, 2024	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net Carrying Value	**₱447,444,054**	**₱–**	**₱447,444,054**	**₱–**	**₱–**	**₱–**	**₱447,444,054**

2023	Investment in joint ventures			Investment in associates			
	PAAT	1Aviation	Subtotal	VATS	DAVI	Subtotal	Total
Cost							
Balances at January 1, 2023	₱134,873,645	₱46,000,000	₱180,873,645	₱43,713,923	₱432,000,000	₱475,713,923	₱656,587,568
Additional investment	–	–	–	–	20,000,000	20,000,000	20,000,000
Balance at December 31, 2023	134,873,645	46,000,000	180,873,645	43,713,923	452,000,000	495,713,923	676,587,568
Accumulated Equity in Net Income (Loss)							
Balance at January 1, 2023	80,197,164	(46,000,000)	34,197,164	(6,798,108)	(425,190,040)	(431,988,148)	(397,790,984)
Equity in net income (loss) during the year	85,374,154	–	85,374,154	–	(26,809,960)	(26,809,960)	58,564,194
Balance at December 31, 2023	165,571,318	(46,000,000)	119,571,318	(6,798,108)	(452,000,000)	(458,798,108)	(339,226,790)
Allowance for Impairment Loss							
Balance at the beginning and end of year	–	–	–	(36,915,815)	–	(36,915,815)	(36,915,815)
Net Carrying Value	₱300,444,963	₱–	₱300,444,963	₱–	₱–	₱–	₱300,444,963

Selected financial information of PAAT, 1Aviation and DAVI as of December 31, 2024 follow:

	PAAT	**1Aviation**	**DAVI**
Current assets	**₱304,409,357**	**₱426,154,333**	**₱1,103,442,317**
Noncurrent assets	**1,604,988,160**	**338,784,334**	**21,653,508**
Current liabilities	**(487,606,898)**	**(1,015,440,257)**	**(1,243,268,463)**
Noncurrent liabilities	**(526,902,511)**	**(38,669,855)**	**(12,554,603)**
Equity (Capital Deficiency)	**894,888,108**	**(289,171,445)**	**(130,727,241)**
Proportion of the Group's ownership	**50%**	**40%**	**40%**
Carrying amount of the investments	**₱447,444,054**	**₱–**	**₱–**
Cash and cash equivalents	**₱174,088,490**	**₱83,604,441**	**₱550,849,969**
Current financial liabilities (excluding trade and other payables and provisions)	**434,303,391**	**762,119,996**	**691,177,766**
Noncurrent financial liabilities (excluding trade and other payables and provisions)	**526,902,511**	**38,669,855**	**12,554,603**

Selected financial information of PAAT, 1Aviation and DAVI as of December 31, 2023 follow:

	PAAT	1Aviation	DAVI
Current assets	₱241,713,512	₱286,588,495	₱824,879,741
Noncurrent assets	1,569,523,685	241,835,662	72,507,383
Current liabilities	(489,628,041)	(862,263,402)	(1,146,223,899)
Noncurrent liabilities	(720,719,230)	(13,958,138)	(15,322,517)
Equity (Capital Deficiency)	600,889,926	(347,797,383)	(264,159,292)
Proportion of the Group's ownership	50%	40%	40%
Carrying amount of the investments	₱300,444,963	₱–	₱–
Cash and cash equivalents	₱131,540,543	₱58,920,575	₱275,428,872
Current financial liabilities (excluding trade and other payables and provisions)	414,071,691	679,126,192	748,430,739
Noncurrent financial liabilities (excluding trade and other payables and provisions)	720,719,230	13,958,138	15,322,517

Summarized statements of comprehensive income (loss) of PAAT, 1Aviation and DAVI:

	2024		
	PAAT	**1Aviation**	**DAVI**
Revenue	**₱651,645,303**	**₱2,190,958,878**	**₱459,797,617**
Expenses	**(361,925,308)**	**(2,113,035,766)**	**(402,267,045)**
Other income	**16,434,399**	**827,252**	**17,672,165**
Income before tax	**306,154,394**	**78,750,364**	**75,202,737**
Income tax expense	**12,156,212**	**19,687,591**	**3,615,017**
Net income	**₱293,998,182**	**₱59,062,773**	**₱71,587,720**
Group's share in net income (loss) for the year	**₱146,999,091**	**₱–**	**(₱40,000,000)**

(Forward)

	2024		
	PAAT	**1Aviation**	**DAVI**
Depreciation and amortization	**₱115,328,544**	**₱19,784,947**	**₱27,739,135**
Interest income	**–**	**1,794,618**	**18,076,011**
Interest expense	**89,993,624**	**994,130**	**–**

	2023		
	PAAT	1Aviation	DAVI
Revenue	₱516,981,789	₱1,760,743,765	₱223,065,041
Expenses	(335,817,804)	(1,742,337,230)	(504,259,834)
Other charges	(1,274,313)	(660,717)	(13,443,109)
Income (loss) before tax	179,889,672	17,745,818	(294,637,902)
Income tax expense (benefit)	9,141,362	4,349,304	2,673,665
Net income (loss)	₱170,748,310	₱13,396,514	(₱297,311,567)
Group's share in net income (loss) for the year	₱85,374,154	₱–	(₱26,809,960)
Depreciation and amortization	₱111,569,257	₱24,580,345	₱112,548,491
Interest income	–	787,616	13,369,916
Interest expense	103,690,906	871,991	–

The fiscal year-end of PAAT, 1Aviation, VATS/ABB and DAVI is every December 31.

The share of the Parent Company in the net income of PAAT included in the consolidated retained earnings amounted to ₱312.6 million and ₱165.6 million as of December 31, 2024 and 2023, respectively, which is not currently available for dividend distribution unless declared by PAAT.

As of December 31, 2024 and 2023, the accumulated unrecognized share in losses of 1Aviation amounted to ₱79.7 million and ₱103.4 million, respectively.

As of December 31, 2023, the accumulated unrecognized share in losses of VATS amounted to ₱4.2 million.

As of December 31, 2024 and 2023, the accumulated unrecognized share in losses of DAVI amounted to ₱3.5 million and ₱72.1 million.

14. Goodwill

This account consists of goodwill arising from the acquisition of the following entities:

	2024	2023
CEBGO	**₱566,781,533**	₱566,781,533
A-Plus	**154,867,437**	154,867,437
AirSWIFT	**311,965,678**	–
	₱1,033,614,648	₱721,648,970

Goodwill from acquisition of CEBGO, A-Plus and AirSWIFT is attributed to the achievement synergies and economies of scale arising from the acquisition, where the acquiree's profitability is expected to improve through cost efficiencies from leveraging on the Parent Company's brand, network of suppliers and other partners.

Acquiring another existing airline also heightens the Parent Company's defensive strategy by enabling it to manage overcapacity in existing areas or markets, as well as accelerating its growth by expanding its network into new areas or markets.

The Parent Company identified intangible assets of CEBGO amounting to ₱852.7 million representing costs to establish its brand and market opportunities under the strategic alliance with Tiger Airways Holding Limited (see Note 15).

AirSWIFT

On October 7, 2024, the Parent Company signed a share purchase agreement (SPA) with ALI Capital Corp. for the acquisition of 100% of AirSWIFT for consideration of ₱1,377.6 million, net of post-closing adjustments, comprised of payment ₱120.0 million net payment for equity shares and ₱1,257.6 million in net shareholder advances. AirSWIFT, a boutique airline that caters to domestic leisure, 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. Following the purchase, the Parent Company added El Nido to its routes, widening its network, contributing to growth opportunities, and leveraging its operational expertise to be able to offer more cost-effective options for its growing customer base.

On the same date, AirSWIFT has become a wholly owned subsidiary of the Parent Company.

The fair value of AirSWIFT's identifiable assets and liabilities as at the date of acquisition are shown below. The assets and liabilities recognized in the 2024 consolidated financial statements were based on provisional assessment of fair value while the Group sought an independent valuation of the assets and liabilities of AirSWIFT. The valuation had not been completed by the date of the 2024 consolidated financial statements were approved for issue by the BOD:

	Fair value at acquisition date
Cash	**₱62,098,752**
Receivables	**43,483,003**
Inventories	**215,404,362**
Property and equipment (Note 12)	**808,094,841**
Right-of-use asset (Note 32)	**1,374,472,418**
Intangible assets (Note 15)	**984,319,494**
Other assets	**420,563,468**
Total assets	**3,908,436,338**
Trade payables	**1,021,194,491**
Loans payable	**1,257,588,961**
Retirement liability (Note 26)	**28,878,352**
Deferred tax liability	**150,408,036**
Lease liability (Note 32)	**1,642,332,176**
Total liabilities	**4,100,402,016**
Total identifiable net assets (liabilities) at fair value	**(191,965,678)**
Less: Acquisition cost*	**120,000,000**
Goodwill from acquisition	**₱311,965,678**

**Pertains to payment for AirSWIFT's equity shares*

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under 'Goodwill' in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes. The Parent Company also identified intangible assets of AirSWIFT amounting to ₱984.3 million, representing cost to establish its brand and market opportunities under the strategic alliance with ALI Capital Corp. This is presented under 'Other noncurrent assets' in the consolidated statements of financial position (see Note 15).

The impact of the cash outflow for payment of outstanding shares, net of cash acquired from AirSWIFT is included in the statement of cash flows from investing activities:

Cash payment for equity shares	**₱120,000,000**
Less: cash acquired with the subsidiary	**62,098,752**
	₱57,901,248

The net cash outflow for the shareholder advance amounting to ₱1,257.6 million is included in the statement of cash flows from financing activities.

If the acquisition had taken place at the beginning of 2024, revenue contribution for the year ended December 31, 2024 would have been ₱2.5 billion. Moreover, had the transaction taken place at the beginning of 2024, the contribution to the consolidated net income would have amounted to ₱254.9 million.

Since the acquisition was completed on October 7, 2024, the contribution to revenue and net income for the three-month period ended December 31, 2024 amounted to ₱701.6 million and ₱181.6 million from date of acquisition, respectively.

Impairment testing of Goodwill and Intangible Assets with Indefinite Lives

CEBGO and AirSWIFT:
For purposes of impairment testing of goodwill and other intangible assets from acquisition of CEBGO and AirSWIFT, the Group considered these companies as CGU. As of December 31, 2024 and 2023, management assessed that no impairment loss should be recognized for these intangible assets with indefinite lives.

Key assumptions used in the VIU calculation
As of December 31, 2024 and 2023, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenue, fuel cost, passenger load factor, passenger yield: These assumptions are based on the past performance of CEBGO and AirSWIFT, market developments and expectations in the industry.
- Discount rates: The discount rate used for the computation of the net present value is the weighted average cost of equity and was determined by reference to comparable entities.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the acquisition of CEBGO and AirSWIFT to materially exceed their recoverable amounts.

A-Plus:
As of December 31, 2024 and 2023, management assessed that no impairment loss should be recognized for goodwill from acquisition of A-Plus. For purposes of impairment testing, the Group considered A-Plus as the CGU.

Key assumptions used in the VIU calculation
As of December 31, 2024 and 2023, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenue, profit margins and revenue growth rates: These assumptions are based on the past performance of A-Plus and market developments.
- Discount rates: The discount rate used for the computation of the net present value is the weighted average cost of equity and was determined by reference to comparable entities.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of goodwill arising from the acquisition of A-Plus to materially exceed their recoverable amounts.

15. **Other Noncurrent Assets**

This account consists of:

	2024	2023
Refundable deposits	**₱2,994,555,421**	₱2,343,524,841
Intangible assets (Note 14)	**1,837,011,364**	852,691,870
Receivables – net of current portion	**356,742,938**	390,400,574
Others	**432,481,035**	87,547,294
	₱5,620,790,758	₱3,674,164,579

Refundable deposits mostly refer to the amount provided to aircraft lessors as security in various operating lease agreements.

Intangible assets represent portion of the cost of acquisition of CEBGO and AirSWIFT which pertain to the established brand and market opportunities under their strategic alliances of CEBGO and AirSWIFT at the time of acquisition. Refer to Note 14 for the impairment test of these intangible assets with indefinite lives.

Noncurrent receivables pertain to training costs paid by the Group for its “study-now, pay-later” Cadet Pilot Program. These receivables are noninterest-bearing advances and are paid through salary deductions.

Others include commitment fees provided to aircraft manufacturer of A321 NEO to be capitalized as part of the cost of A321 NEO upon delivery.

16. **Accounts Payable and Other Accrued Liabilities**

This account consists of:

	2024	2023
Accounts payable	**₱8,957,779,636**	₱11,203,782,204
Accrued expenses	**8,195,823,271**	8,960,112,992
Airport and other related fees payable	**5,985,053,406**	4,408,243,128
Advances from agents and others	**2,041,603,720**	1,244,310,113
Travel fund payable (Note 21)	**738,460,107**	217,309,782
Accrued interest payable	**266,875,312**	226,381,466
Refunds payable	**14,414,586**	9,434,217
Other payables	**397,369,990**	275,736,052
	₱26,597,380,028	₱26,545,309,954

Accrued Expenses
The Group's accrued expenses include accruals for:

	2024	2023
Aircraft maintenance	**₱4,411,325,342**	₱4,986,960,409
Compensation and benefits	**785,450,490**	1,034,739,695
Airport and traffic costs	**576,412,679**	402,716,952
Advertising and promotion	**571,472,844**	525,010,030
Repairs and services	**316,505,619**	770,110,533
Rent	**246,803,015**	366,612,663
Travel and transport	**188,629,108**	142,835,875
Insurance	**157,078,069**	126,343,171
Training costs	**139,639,100**	143,700,793
Professional fees	**38,983,830**	132,366,581
Others	**763,523,175**	328,716,290
	₱8,195,823,271	₱8,960,112,992

Others represent accrual of security, utilities, insurance and other expenses.

Accounts Payable
Accounts payable consists mostly of payables related to the purchase of inventories, are noninterest-bearing and are normally settled on a 60-day term. These inventories are necessary for the daily operations and maintenance of the aircraft, which include aviation fuel, expendables parts, equipment and in-flight supplies. It also includes other nontrade payables.

Airport and Other Related Fees Payable
Airport and other related fees payable are amounts payable to the Philippine Tourism Authority, Air Transportation Office, Mactan-Cebu International Airport and Manila International Airport Authority arising from aviation security, terminal fees and travel taxes.

Advances from Agents and Others
Advances from agents and others represent cash bonds required from major sales and ticket offices or agents.

Accrued Interest Payable
Accrued interest payable pertains to accrual of interest on long-term debt normally settled quarterly throughout the year and interest on bonds payable settled semi-annually.

Refunds Payable
Customers are given options for their cancelled flights, which included free rebooking, full cash refund or conversion to a full travel fund. Refunds payable pertain to cash due to be returned to customers.

Other Payables
Other payables are noninterest-bearing and have an average term of two months. This account includes commissions payable and other tax liabilities such as withholding taxes.

17. Unearned Transportation Revenue

This account consists of:

	2024	2023
Unearned revenue	**₱15,107,504,779**	₱11,240,425,405
Deferred ancillary revenue	**3,700,349,340**	2,520,863,441
	₱18,807,854,119	₱13,761,288,846

Recognized deferred ancillary revenue as of December 31, 2024 and 2023 follows:

	2024	2023
Balance at January 1	**₱2,520,863,441**	₱1,973,274,206
Deferred during the year	**24,776,658,750**	22,374,986,009
Recognized to income	**(23,597,172,851)**	(21,827,396,774)
Balance at December 31	**₱3,700,349,340**	₱2,520,863,441

18. Long-term and Short-term Debt

Long-term Debt

This account consists of:

			2024		
	Annual Interest Rates Range	Maturities	**US Dollar**	**Japanese Yen**	**Philippine Peso Equivalent**
US Dollar commercial loans	1.33% to 6.20% (SOFR)	Various dates through 2036	**US$354,237,458**	**JPY−**	**₱20,490,865,751**
Japanese Yen commercial loans	0.42% to 2.00% (TONA)	Various dates through 2034	**−**	**44,247,017,813**	**16,247,504,937**
Philippine Peso commercial loans	6.26% to 7.96% (PH BVAL)	Various dates through 2028	**−**	**−**	**6,059,980,746**
			US$354,237,458	**JPY44,247,017,813**	**₱42,798,351,434**

	Annual Interest Rates Range	Maturities	2023 US Dollar	Japanese Yen	Philippine Peso Equivalent
US Dollar commercial loans	1.00% to 8.00% (US Dollar LIBOR)	Various dates through 2030	US$280,421,182	JPY–	₱15,526,920,853
Japanese Yen commercial loans	Less than 1.00% (TONA)	Various dates through 2029	–	38,658,944,764	15,192,965,292
Philippine Peso commercial loans	2.00% to 5.00% (PH BVAL)	Various dates through 2028	–	–	7,979,865,440
			US$280,421,182	JPY38,658,944,764	₱38,699,751,585

The current and noncurrent portion of long-term debt are shown below:

	2024 **US Dollar**	**Japanese Yen**	**Philippine Peso Equivalent**
Current			
US Dollar loans	**US$14,545,966**	**JPY–**	**₱841,411,408**
Japanese Yen loans	**–**	**3,879,178,397**	**1,424,434,308**
Philippine Peso loans	**–**	**–**	**1,757,810,985**
	14,545,966	**3,879,178,397**	**4,023,656,701**
Noncurrent			
US Dollar loans	**339,691,492**	**–**	**19,649,454,343**
Japanese Yen loans	**–**	**40,367,839,416**	**14,823,070,630**
Philippine Peso loans	**–**	**–**	**4,302,169,760**
	339,691,492	**40,367,839,416**	**38,774,694,733**
	US$354,237,458	**JPY44,247,017,813**	**₱42,798,351,434**

	2023 US Dollar	Japanese Yen	Philippine Peso Equivalent
Current			
US Dollar loans	US$29,636,730	JPY–	₱1,640,985,740
Japanese Yen loans	–	3,209,467,725	1,261,320,816
Philippine Peso loans	–	–	2,190,872,905
	29,636,730	3,209,467,725	5,093,179,461
Noncurrent			
US Dollar loans	250,784,452	–	13,885,935,113
Japanese Yen loans	–	35,449,477,039	13,931,644,476
Philippine Peso loans	–	–	5,788,992,535
	250,784,452	35,449,477,039	33,606,572,124
	US$280,421,182	JPY38,658,944,764	₱38,699,751,585

Long-term debt rollforward follows:

	2024 **US Dollar Loans**	**Japanese Yen Loans**	**Philippine Peso Equivalent**	**Philippine Peso Loans**	**Total**
Balances at January 1, 2024	**US$280,421,182**	**JPY38,658,944,764**	**₱30,719,886,145**	**₱7,979,865,440**	**₱38,699,751,585**
Availments	**254,131,261**	**9,183,428,000**	**18,058,530,972**	**2,012,048,550**	**20,070,579,522**
Payments	**(180,314,985)**	**(3,595,354,951)**	**(11,750,994,521)**	**(3,931,933,244)**	**(15,682,927,765)**
	354,237,458	**44,247,017,813**	**37,027,422,596**	**6,059,980,746**	**43,087,403,342**
Unrealized foreign exchange loss	**–**	**–**	**(289,051,908)**	**–**	**(289,051,908)**
Balances at December 31, 2024	**US$354,237,458**	**JPY 44,247,017,813**	**₱36,738,370,688**	**₱6,059,980,746**	**₱42,798,351,434**

	2023				
	US Dollar Loans	Japanese Yen Loans	Philippine Peso Equivalent	Philippine Peso Loans	Total
Balances at January 1, 2023	US$364,598,568	JPY13,580,420,824	₱25,996,660,788	₱14,382,821,620	₱40,379,482,408
Availments	–	26,984,723,000	10,296,833,376	–	10,296,833,376
Payments	(84,177,386)	(1,906,199,060)	(5,425,592,549)	(6,402,956,180)	(11,828,548,729)
	280,421,182	38,658,944,764	30,867,901,615	7,979,865,440	38,847,767,055
Unrealized foreign exchange loss	–	–	(148,015,470)	–	(148,015,470)
Balances at December 31, 2023	US$280,421,182	JPY38,658,944,764	₱30,719,886,145	₱7,979,865,440	₱38,699,751,585

US Dollar Commercial Loans

The following table summarizes the US Dollar commercial loans entered into by the Group in various dates in 2019 to 2024, to finance the purchase of six (6) A321NEO aircraft.

Drawdown Date	**Aircraft Type**	**No. of Units**	**Security Trustees**	**Maturity Date**
December 2019 June 2020	Airbus NEO	2	RAMEN Aircraft Leasing Limited	December 2029 June 2030
September to October 2024	Airbus NEO	3	Jin Shan 38 Ireland Company Limited	September 2036 to October 2036
December 2024	Airbus NEO	1	El Nido Leasing1 Co. LTD and El Nido Leasing2 Co. LTD	September 2036

Key terms of the remaining commercial loan facilities follow:

- Term of ten (10) to twelve (12) years starting from the delivery date of each aircraft.
- Combination of annuity style and equal principal repayments made on a semi-annual and quarterly basis.
- Mixed interest rates with fixed annual interest rates ranges from 1.3% to 6.2% and variable rates based on US Dollar SOFR plus margin.
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

In September to October 2024, the Group entered into a loan agreement to purchase three (3) Airbus NEO. The loan requires quarterly installments with maturity of 12 years at variable interest rate based on US Dollar Secured Overnight Financing Rate (SOFR) plus loan margin.

In December 2024, the Group entered into a loan agreement to purchase one (1) Airbus NEO. The loan requires quarterly installments with maturity of 10 years at variable interest rate based on US Dollar Secured Overnight Financing Rate (SOFR) plus loan margin.

As of December 31, 2024 and 2023, the total outstanding balance of the US Dollar commercial loans amounted to ₱20.5 billion (US$354.2 million) and ₱15.5 billion (US$280.4 million), respectively. Interest expense amounted to ₱1.4 billion, ₱1.2 billion and ₱668.3 million in 2024, 2023 and 2022, respectively.

Japanese Yen Commercial Loans
The following table summarizes the Japanese commercial loans entered into by the Group in various dates in 2019, 2023 and 2024, to finance the purchase of eight (8) A321NEO aircraft.

Drawdown Date	Aircraft Type	No. of Units	Security Trustees	Maturity Date
January 2019	A321NEO	1	Sampaguita Leasing Co. Ltd.	January 2029
May 2019	A321NEO	1	Dia Boracay Leasing Co. Ltd.	May 2029
October 2019	A321NEO	1	Cebuano Leasing Co. Ltd.	October 2029
November 2019	A321NEO	1	Tarsier Leasing Co. Ltd.	November 2029
July 2023	A321NEO	1	Nalu Leasing Co., Ltd.	July 2033
September 2023	A321NEO	1	Guimaras Leasing Co., Ltd.	September 2033
November 2023	A321NEO	1	Tubbataha Leasing Co., Ltd.	November 2033
Mach 2024	A321NEO	1	Dia Siargao Co. Ltd.	March 2034

Key terms of the remaining commercial loan facilities follow:

- Term of ten (10) years starting from the delivery date of each aircraft.
- Combination of semi-annual and quarterly payments.
- Mixed interest rates with fixed annual interest rates ranges from 0.42% to 2.00% and variable rates based on compounded JPY Tokyo Overnight Average Rate (TONA) plus loan margin.
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft

In July, September, and November 2023, the Group entered into Japanese commercial loans for three (3) Airbus A321NEO aircraft. In March 2024, the Group entered into Japanese commercial loan for 1 Airbus A321NEO aircraft. The loan required quarterly installments with maturity not longer than 10 years at variable interest rate based on Compounded JPY TONA plus loan margin.

As of December 31, 2024 and 2023, the total outstanding balance of the Japanese yen commercial loans amounted to ₱16.2 billion (¥44.2 billion) and ₱15.2 billion (¥38.7 billion), respectively. Interest expense amounted to ₱166.6 million, ₱37.8 million and ₱15.5 million in 2024, 2023 and 2022, respectively.

Philippine Peso Commercial Loans
The following table summarizes the Philippine peso commercial loans entered into by the Group on various dates in 2016 to 2024, to finance the purchase of ten (10) ATR 72-600 and two (2) Pratt and Whitney engines:

Drawdown Date	Aircraft Type	No. of Units	Maturity Date
October and November 2016 February and March 2017	ATR 72-600	4	October and November 2026 February and March 2027
May, July, October and December 2017	ATR 72-600	4	May, July, October and December 2027
February and May 2018	ATR 72-600	2	February and May 2028
August and September 2024	Engine /Pratt & Whitney PW1100G-JM	2	September 2034

Key terms of the commercial loan facilities follow:

- Term of ten (10) years starting from the delivery dates of each aircraft.
- Twenty-eight (28) to forty (40) equal consecutive principal repayments made on a quarterly basis.
- Interests on loans are variable rates based on Philippines Bloomberg Valuation (PH BVAL).

- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

In August and September 2024, the Group entered into Philippine Peso commercial loans for two (2) Pratt & Whitney engines. The loan requires quarterly installments with maturity not longer than ten (10) years at variable interest rate based on PHP BVAL plus loan margin.

As of December 31, 2024 and 2023, the total outstanding Philippine Peso commercial loans amounted to ₱6.1 billion and ₱8.0 billion, respectively. Interest expense incurred from these loans amounted to ₱453.1 million, ₱854.2 million and ₱569.5 million in 2024, 2023 and 2022, respectively.

The commercial loans of the Group are secured by the related aircraft and engines. The Group is required to comply with affirmative and negative covenants until termination of loans. As of December 31, 2024 and 2023, the Group is not in breach of any loan covenants.

Philippine Peso Term Loan
In 2020, the Group entered into an unsecured, Philippine peso-denominated loan amounting to ₱4.0 billion with Security Bank Corporation due in 2023. The loan was obtained to support the working capital requirements of the Group. The Group was required to maintain certain financial ratio until termination of loans. In 2022, the Group obtained a waiver from the bank in relation to debt service coverage ratio requirement. The outstanding balance as at December 31, 2022 was reclassified to current in the 2022, and as at December 31, 2023, the loan has been paid in full.

As of December 31, 2024 and 2023, the total outstanding Philippine Peso term loan amounted to nil. Interest expense incurred from this loan amounted to nil, ₱10.7 million and ₱80.3 million in 2024, 2023 and 2022, respectively.

Short-term Debt
On February 18, 2021, March 1, 2021 and March 4, 2021, the Parent Company entered into unsecured promissory notes with JGSPL totaling to ₱4.2 billion (US$87.5 million), due in August 19, 2021 and bearing interest at the rate of 5% per annum. This was amended to extend the maturity date to October 18, 2022 and to set the payment of interest on a semi-annual basis starting October 18, 2021. The principal plus interest was paid in October 18, 2022.

The proceeds from these promissory notes were used for the Group's working capital requirements. Interest expense incurred from these notes amounted ₱190.6 million in 2022.

In February and March 2024, the Group obtained short term loans from BDO Unibank, Inc. (BDO) and Bank of the Philippine Islands (BPI) each amounting to US$50.0 million that are due for repayment on February 2025 and September 2025, respectively. The proceeds were used for aircraft and engine acquisitions. Interest on the short-term loan from BDO is based on Secured Overnight Financing Rate (SOFR) plus margin, while the short-term loan from BPI is based on a fixed rate. Together, these peso-denominated short-term loans have interest rates ranging from 5.34% to 5.55%.

Short-term debt rollforward as of December 31, 2024 (nil in 2023) follows:

	US Dollar Loans	Philippine Peso Equivalent
Balances at January 1, 2024	**US$–**	**₱–**
Availment	**99,999,970**	**5,597,123,323**
Payments	**(3,735,000)**	**(207,497,925)**
	96,264,970	**5,389,625,398**
Unrealized foreign exchange loss	**–**	**178,821,791**
Balances at December 31, 2024	**US$96,264,970**	**₱5,568,447,189**

Interest expense incurred from these short-term loans amounted to ₱275.9 million for year ended December 31, 2024 (nil for 2023).

19. Bonds Payable

On May 10, 2021, the Parent Company issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027. The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year. Net proceeds from issuance of CB in 2021 amounted to ₱11.8 billion.

The CBs have conversion option features which entitle the CB Holders to convert any or all of the outstanding CBs that they hold for the Parent Company's common shares within the conversion period which shall begin 40 days after the issue date of the CB and shall end 20 business days before the maturity date. The price at which the common shares will be issued upon conversion will initially be at ₱38.00 per share, as translated to U.S. Dollars at the fixed exchange rate of USD$1.00 = ₱48.45 and subject to any adjustments from time to time in accordance with the adjustment provisions included in the terms and conditions of the CBs. None of the CB Holders have exercised their conversion option as of December 31, 2024 and 2023. The CBs also have an optional redemption feature which gives the CB Holders the option to require the Parent Company to redeem the CBs upon the occurrence of any of the early redemption and regulatory events as specified in the terms of the CBs.

The CBs were assessed to be a hybrid instrument containing a host financial liability component and embedded derivative components for the equity conversion and redemption options. The embedded derivatives were separated from the CBs and accounted for as a single compound derivative on the issuance date of the CBs.

In subsequent periods, the host financial liability component of CBs was carried at amortized cost using the EIR method. Interest expense recognized from the CBs, which is included under 'Financing costs and other charges' in the consolidated statements of comprehensive income in 2024, 2023 and 2022 amounted to ₱761.4 million, ₱733.5 million and ₱613.0 million, respectively.

The carrying amount as at December 31, 2024 and 2023 of the host financial liability component of the CBs are presented below:

	2024		2023	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$242,689,465**	**₱13,437,715,699**	US$240,755,494	₱13,423,322,594
Unrealized foreign exchange loss (gain)	**–**	**601,772,732**	–	(93,207,960)
Bond amortization	**2,041,112**	**116,951,791**	1,933,971	107,601,065
Ending balance	**US$244,730,577**	**₱14,156,440,222**	US$242,689,465	₱13,437,715,699

The bifurcated embedded derivatives have an initial fair value of ₱412.8 million and are presented as 'Derivative financial liabilities at fair value through profit or loss' in the consolidated statements of financial position.

The fair value and changes in fair value of the derivative liabilities at FVPL in 2024 and 2023 follows:

	2024		2023	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$–**	**₱–**	US$15,188,513	₱846,835,509
Market valuation gains (Note 8)	**–**	**–**	(15,188,513)	(846,835,509)
Ending balance	**US$–**	**₱–**	US$–	₱–

The fair value of the embedded derivatives was determined by the Group using the Jarrow-Rudd model.

The inputs used for the calculation of fair value as of specific valuation date are as follows:

	2024	2023
Stock price	**₱28.25**	₱32.50
Risk free rate	**4.25%**	3.90%
Conversion price	**₱38.00**	₱38.00
Term	**5.9 years**	5.9 years
Volatility	**26.24%**	32.90%

20. **Other Noncurrent Liabilities**

This account consists of:

	2024	2023
Asset retirement obligation (ARO)	**₱3,166,158,868**	₱3,774,523,251
Heavy maintenance visits (HMV)	**2,053,233,815**	2,000,998,239
Other noncurrent liabilities	**300,556,881**	179,867,582
	₱5,519,949,564	₱5,955,389,072

Asset Retirement Obligation (ARO)
The Group is contractually required under various lease contracts to restore leased aircraft to specific conditions at its own cost or to bear a proportionate cost of restoration at the end of the contract period. Estimated costs of redelivery are accrued and charged to profit or loss over the remaining period until redelivery date, as the leased aircraft is utilized.

The rollforward analysis of the Group's ARO follow:

	2024	2023
Balance at beginning of year	**₱3,774,523,251**	₱9,663,604,328
Provision for ARO	**2,815,350,470**	1,114,586,977
Interest expense	**25,829,044**	124,907,879
Applications and foreign exchange movement	**(3,449,543,897)**	(7,128,575,933)
Balance at end of year	**₱3,166,158,868**	₱3,774,523,251

In 2024, 2023 and 2022, ARO expenses included as part of repairs and maintenance amounted to ₱2.8 billion, ₱1.1 billion and ₱5.3 billion, respectively (see Note 24).

Heavy Maintenance Visits (HMV)
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advice. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The rollforward analysis of the Group's HMV follow:

	2024	2023
Balance at beginning of year	**₱2,000,998,239**	₱2,721,092,312
Provision for HMV	**2,380,815,884**	235,395,100
Interest expense	**72,024,222**	92,113,631
Applications and foreign exchange movement	**(2,400,604,530)**	(1,047,602,804)
Balance at end of year	**₱2,053,233,815**	₱2,000,998,239

In 2024, 2023 and 2022, HMV expenses included as part of repairs and maintenance amounted to ₱2,380.8 million, ₱235.4 million and ₱1,481.6 million, respectively (see Note 24).

21. Travel Fund Payable

Customers are given options for their cancelled flights which included, among others, conversion to a full travel fund which is a virtual wallet equivalent to the amount paid for an existing booking.

Prior to March 15, 2020 (pre-COVID-19), the validity of travel fund was only 90 days from the travel fund creation date. However, due to the COVID-19, the Group extended the validity of travel fund from 90 days to two (2) years to give guests enough time to plan on their next trip.

Effective August 1, 2023, the Group removed the expiration date of all its remaining, unexpired travel fund, and extended the validity of its travel vouchers to 18 months, giving passengers a chance to enjoy better and improved customer service.

As of December 31, 2024 and 2023, the travel fund payable amounted to ₱738.5 million and ₱217.3 million , respectively, and is presented under ‘Accounts payable and other accrued liabilities’ account in the consolidated statements of financial position (see Note 16) while its noncurrent portion amounted to nil and ₱413.6 million, respectively.

For the years ended December 31, 2024, 2023 and 2022, expired portion of the travel fund payable amounting to nil, ₱461.9 million and ₱759.1 million, respectively, are recognized as part of ‘Ancillary revenues’ in the consolidated statements of comprehensive income. Additionally, estimated breakage revenue from travel fund amounting to ₱70.6 million, ₱47.5 million, and ₱362.7 million are recognized as part of ‘Ancillary revenues’ in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022, respectively.

22. Equity

The Group’s authorized capital stock as of December 31, 2024 and 2023 consists of the following (in number of shares):

	2024	2023
Common stock – at ₱1 par value	**1,340,000,000**	1,340,000,000
Convertible preferred stock – at ₱1 par value	**400,000,000**	400,000,000
Authorized capital stock	**1,740,000,000**	1,740,000,000

The details of the Group’s issued and outstanding number of common and preferred shares and the movements thereon follow:

		2024	
	Common	**Preferred**	**Total**
Subscribed and issued	**637,134,383**	**309,693,201**	**946,827,584**
Conversion of shares	**221,600**	**(221,600)**	**–**
Subscribed and issued, after conversion	**637,355,983**	**309,471,601**	**946,827,584**
Treasury shares	**(13,086,650)**	**–**	**(13,086,650)**
	624,269,333	**309,471,601**	**933,740,934**

		2023	
	Common	Preferred	Total
Subscribed and issued	630,560,561	314,044,357	944,604,918
Conversion of shares	4,351,156	(4,351,156)	–
Subscribed and issued, after conversion	634,911,717	309,693,201	944,604,918
Treasury shares	(12,919,850)	–	(12,919,850)
	621,991,867	309,693,201	931,685,068

Common Stock

On October 26, 2010, the Parent Company listed with the PSE its common stock, by way of primary and secondary share offerings, wherein it offered 212,419,700 shares to the public at ₱125.00 per share. Of the total shares sold, 30,661,800 shares are newly issued shares with total proceeds amounting to ₱3.8 billion. The Parent Company’s share in the total transaction costs incurred incidental to the IPO amounted to ₱100.4 million, which is charged against ‘Capital paid in excess of par value' in the consolidated statements of financial position. The registration statement was approved on October 11, 2010. After its listing with the PSE, there have been no subsequent offerings of common stock.

The Parent Company's total number of common stockholders is 104 and 103 as of December 31, 2024 and 2023, respectively.

Convertible Preferred Stock
On March 3, 2021, the Parent Company announced the start of its stock rights offer (SRO) for sale or subscription of its cumulative, non-voting, non-participating Convertible Preferred Shares (CPS) with a par value of ₱1.00 per share at an offer price of ₱38.00 per entitlement right. The SRO was made available to the Parent Company's eligible shareholders of record as of February 26, 2021 with an entitlement ratio of one entitlement right for every 1.8250 common shares held as of record date. The SRO was completed and closed on March 9, 2021 with a total of 328,947,368 shares issued. Total proceeds from the SRO amounted to ₱12.5 billion. The Parent Company incurred transaction costs incidental to the SRO amounting to ₱32.5 million, which is charged against 'Capital paid in excess of par value' in the consolidated statements of financial position. The CPS were successfully listed with PSE last March 29, 2021. As of December 31, 2024 and 2023, 4,572,756 and 4,351,156 CPS have been converted to common shares with ₱1.00 par value at the conversion price of ₱38.00 per share, respectively.

The Parent Company's total number of preferred stockholders is 10 and 12 as of December 31, 2024 and 2023, respectively.

The rollforward of the Parent Company's common and preferred shares follows:

	2024			2023		
	Common*	**Preferred**	**Total**	Common*	Preferred	Total
Balances at January 1	**634,911,717**	**309,693,201**	**944,604,918**	629,233,561	314,044,357	943,277,918
Issuance of vested RSUs (Note 23)	**2,222,666**	**–**	**2,222,666**	1,327,000	–	1,327,000
Conversion of shares	**221,600**	**(221,600)**	**–**	4,351,156	(4,351,156)	–
Balances at December 31	**637,355,983**	**309,471,601**	**946,827,584**	634,911,717	309,693,201	944,604,918

**Gross of 13,086,650 shares held as treasury shares as of December 31, 2024 and 12,919,850 shares held as treasury shares as of December 31, 2023*

The rollforward of the Parent Company's capital stock and capital paid in excess of par value follows:

	2024					
	Capital Stock			**Capital Paid in Excess of Par Value**		
	Common	**Preferred**	**Total**	**Common**	**Preferred**	**Total**
Balances at January 1	**₱634,911,717**	**₱309,693,201**	**₱944,604,918**	**₱9,232,370,549**	**₱11,426,181,694**	**₱20,658,552,243**
Issuance of vested RSUs (Note 23)	**2,222,666**	**–**	**2,222,666**	**104,495,543**	**–**	**104,495,543**
Conversion of shares	**221,600**	**(221,600)**	**–**	**8,199,200**	**(8,199,200)**	**–**
Quasi-reorganization	**–**	**–**	**–**	**(7,430,982,498)**	**(8,838,206,772)**	**(16,269,189,270)**
Balances at December 31	**₱637,355,983**	**₱309,471,601**	**₱946,827,584**	**₱1,914,082,794**	**₱2,579,775,722**	**₱4,493,858,516**

	2023					
	Capital Stock			Capital Paid in Excess of Par Value		
	Common	Preferred	Total	Common	Preferred	Total
Balances at January 1	₱629,233,561	₱314,044,357	₱943,277,918	₱9,008,835,127	₱11,587,174,466	₱20,596,009,593
Issuance of vested RSUs (Note 23)	1,327,000	–	1,327,000	62,542,650	–	62,542,650
Conversion of shares	4,351,156	(4,351,156)	–	160,992,772	(160,992,772)	–
Balances at December 31	₱634,911,717	₱309,693,201	₱944,604,918	₱9,232,370,549	₱11,426,181,694	₱20,658,552,243

Treasury Stock

On February 28, 2011, the BOD of the Parent Company approved the creation and implementation of a share buyback program (SBP) up to ₱2.0 billion worth of the Parent Company's common stock. The SBP shall commence upon approval and shall end upon utilization of the said amount, or as may be otherwise determined by the BOD. This was resumed in August 2018. As of December 31,2023, the Parent company had 12,919, 850 shares held in treasury with a cost of ₱950.9 million.

On November 13, 2024, the BOD of the Parent Company has approved a new allotment of ₱2.0 billion for an amended SBP. The SBP will apply to both common shares and convertible preferred shares of the Parent Company, with no fixed allocation for each class of shares.

In 2024, the Parent Company repurchased a total of 166,800 shares. As of December 31, 2024, the Parent Company had 13,086,650 held in treasury with total cost of ₱955.7 million, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Appropriation of Retained Earnings

As of December 31, 2024, 2023 and 2022, the Group has no appropriated retained earnings.

Unappropriated Retained Earnings

The income of the subsidiaries and JVs that are recognized in the consolidated statements of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and joint ventures (Note 13). As of December 31, 2024 and 2023, the Group's subsidiaries has no retained earnings available for dividends declaration. Likewise, retained earnings are restricted for the payment of dividends to the extent of the cost of common stock held in treasury amounting to ₱955.7 million as December 31, 2024 and ₱950.9 million as of December 31, 2023 and 2022.

On July 17, 2024, the Parent Company's BOD approved the Parent Company to pursue an equity restructuring by zeroing out the deficit amounting to ₱16,269.2 million against the 'Capital paid in excess of par value' of ₱20,658.6 million as of December 31, 2023. The equity restructuring was approved by the SEC on August 2, 2024.

The Parent Company did not declare dividends in 2024, 2023 and 2022.

After reconciling items which include fair value adjustments on financial instruments, unrealized foreign exchange loss, recognized deferred tax assets and others, and cost of common stocks held in treasury, the Parent Company has no retained earnings available for dividend declaration as of December 31, 2024 and 2023.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group considers its equity of ₱10.0 billion and ₱4.8 billion as of December 31, 2024 and 2023, respectively, presented in the consolidated statements of financial position, as its capital. The Group manages its capital structure, which is composed of paid-up capital and retained earnings, and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group's ultimate parent monitors the use of capital structure using a debt-to-equity ratio, which is gross debt divided by total capital. JGSHI includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

23. Share-based Payments

On March 29, 2021, the BOD of the Parent Company approved its Long-Term Incentive Plan (LTIP), that involves the grant of any one or a combination of Restricted Stock Units and Stock Options to eligible persons.

Restricted Stock Units (RSU)

On November 26, 2021, 4,710,000 RSUs were granted to 82 eligible persons with one (1) to three (3) years vesting period. These vested in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022 and 2023, respectively except for three (3) grantees that vested in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations". The fair value of each share is ₱48.40 which is the stock price at grant date.

In 2022, six (6) eligible persons were granted RSUs with three (3) years vesting period, commencing 2022. These vested in three (3) tranches: 20%, 30% and 50% at the end of 2022, 2023 and 2024, respectively. The fair value of each share varies considering the grant date ranging from ₱40.00 to ₱45.00.

Additionally, in 2023, 18 eligible persons were granted RSUs with three (3) years vesting period, commencing from 2023 until 2026, also in three (3) tranches 20%, 30% and 50%. The fair value of each share varies considering the grant date ranging from ₱32.50 to ₱43.95.

The Group does not pay cash as a form of settlement.

As of December 31, 2024 and 2023, 346,500 and 2,222,666 RSUs have vested and were subsequently listed with the Philippine Stock Exchange on January 17, 2025 and January 17, 2024, respectively

Stock Options

On November 26, 2021, 5,205,000 stock options were granted to 16 eligible persons with one (1) to three (3) years vesting period which can be exercised at a strike price of ₱48.575 once vested. These vested in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022 and 2023, respectively except for two (2) grantees that vested in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating within individual performance rating of "Meets Expectations". These options will expire on December 31, 2027. The Group does not pay cash as a form of settlement.

Additionally, in 2023, three (3) eligible persons were granted SOs with three (3) years vesting period, commencing 2023. These vested in three (3) tranches; 20%, 30% and 50%, where 33% of the granted SOs will vest at the end of 2023, 2024 and 2025, and the rest at the end of 2024, 2025 and 2026.

On December 31, 2024 and 2023, 140,000 and 2,312,500 stock options have vested. No options were exercised, forfeited or expired during both years. Thus, a total of 5,145,000 and 5,005,000 vested stock options remain to be outstanding and exercisable as of December 31, 2024 and 2023, respectively.

The fair value of each option at grant date is ₱21.79 which was determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The inputs in the valuation of the stock option are as follows:

Stock price at grant date	₱48.40
Exercise price	₱48.575
Expected volatility	47.24%
Option life	6.10 years
Dividend yield	2.93%
Risk-free interest rate	4.53%

The option life is the period between the November 26, 2021 grant date to December 31, 2027 expiry date. The expected volatility was based on the historical daily stock prices for the past five years. Daily stock price data used did not include non-trading days. Standard deviation was used to measure volatility which is a measure of risk associated with the degree of fluctuations in stock price over a period of time.

For the years ended 2024, 2023 and 2022, the cost of RSUs and stock options charged to operations under the 'General and administrative' in the consolidated statements of comprehensive income amounted to ₱13.1 million and ₱4.2 million, ₱53.4 million and ₱23.6 million, and ₱61.7 million and ₱27.9 million, respectively. Correspondingly, a credit was made to equity which is presented under 'Share-based payments' in the consolidated statements of financial position amounting to ₱17.3 million, ₱77.0 million and ₱89.6 million, in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, the outstanding 'Share-based payments' presented in the consolidated statements of financial position amounted to ₱135.2 million and ₱224.6 million, respectively.

24. Operating Expenses

Flying Operations

This account consists of:

	2024	2023	2022
Aviation fuel expense (Note 10)	**₱32,759,970,533**	₱29,736,559,205	₱24,506,760,493
Flight deck	**4,992,252,626**	4,421,040,660	2,578,522,532
Aviation insurance	**349,445,669**	278,480,501	255,660,192
Others	**1,023,886,926**	935,096,511	678,982,608
	₱39,125,555,754	₱35,371,176,877	₱28,019,925,825

For the years ended December 31, 2024 and 2023 (nil in 2022), the Group charged as an addition of ₱8.0 million and a deduction of (₱84.0 million), respectively, to aviation fuel expense the effective portion of its cash flow hedges. These amounts were previously accumulated in OCI and have been reclassified to profit or loss in the same period when the purchase of fuel affected profit or loss (see Note 8).

Flight deck expenses consist of salaries of pilots and co-pilots, training costs, meals and allowances, insurance and other pilot-related expenses.

Aviation insurance pertains to insurance costs incurred directly for aircraft.

Repairs and Maintenance

Repairs and maintenance expenses relate to the cost of maintaining, repairing and overhauling of all aircraft and engines, technical handling fees on pre-flight inspections and cost of aircraft spare parts and other related equipment. The account includes related costs of other contractual obligations under aircraft lease agreements (see Note 32).

Total amount of repairs and maintenance includes provision for aircraft return condition amounting to ₱2.8 billion, ₱1.1 billion and ₱5.3 billion in 2024, 2023 and 2022, respectively (see Note 20). This also includes provision for heavy maintenance visits amounting to ₱2.4 billion, ₱0.2 billion and ₱1.5 billion in 2024, 2023 and 2022, respectively (see Note 20).

Aircraft and Traffic Servicing

This account consists of:

	2024	2023	2022
Airport charges	**₱6,244,211,586**	₱3,822,915,305	₱2,552,647,762
Ground handling	**4,612,028,189**	3,684,560,805	2,462,714,242
Others	**1,156,582,435**	778,955,513	245,849,370
	₱12,012,822,210	₱8,286,431,623	₱5,261,211,374

Airport charges are fees which are paid to airport authorities relating to landing and take-off of aircraft on runways, as well as for the use of airport facilities.

Ground handling refers to expenditures incurred for services rendered at airports, which are paid to departure stations or ground handling agents.

Others pertain to staff expenses incurred by the Group such as basic pay, employee training cost and allowances as well as various operational systems costs.

Reservation and Sales

Reservation and sales relate to the cost to sell or distribute airline tickets and other ancillaries provided to passengers such as costs to maintain the Group's web-based booking channel, reservation ticketing office costs and advertising expenses. These amounted to ₱3.9 billion, ₱3.4 billion, and ₱2.4 billion in 2024, 2023 and 2022, respectively.

25. General and Administrative Expenses

This account consists of:

	2024	2023	2022
IT and other professional fees	**₱1,709,497,312**	₱1,729,845,619	₱1,166,535,036
Staff costs	**1,297,972,659**	1,234,214,292	936,092,666
Security	**580,382,947**	496,453,138	391,765,671
Utilities	**172,986,199**	160,095,230	157,567,483
Rent expense (Note 32)	**156,844,180**	46,986,452	10,732,074
Travel and transportation	**78,554,340**	49,135,242	26,518,837
Others	**912,932,894**	637,282,601	452,862,824
	₱4,909,170,531	₱4,354,012,574	₱3,142,074,591

Others include membership dues, annual listing maintenance fees, supplies, bank charges and others.

26. Employee Benefits

The Group has funded, noncontributory, defined benefit pension plans covering substantially all of its regular employees.

The pension funds of the Parent Company and CEBGO are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with Robinsons Bank Corporation (RBC) as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD and Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement. As approved by the SEC, RBC was merged with Bank of the Philippine Islands (BPI), with BPI as a surviving entity, effective January 1, 2024. Accordingly, BPI will be the Trustee for the Plan.

The retirement funds of AirSWIFT are being administered and managed through BDO Trust and Investments Group("Trustee"). The fund is a non-contributory plan. The funding of the plan asset shall be determined by an actuarial advisor and payment of benefits shall be provided for through the medium of a fund held by a Trustee under an appropriate Trust Agreement. The contribution to the fund, together with gains and losses realized and unrealized plus contributed accrued liabilities, shall constitute the fund. AirSWIFT has a Retirement Committee who coordinates with the Trustee in implementing the plan. The Trustee may seek the advice of counsel and may an appoint an investment manager/s to manage the fund, an independent accountant to audit the fund and an actuary to value the fund. Fees and expenses incurred in the investing and accounting and/or actuarial audit, amendment and other services to the Plan may be charged to the fund.

Under the existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Employee Benefit Cost
Total personnel expenses, consisting of salaries, expense related to defined benefit plans and other employee benefits, are included in flying operations, aircraft and traffic servicing, repairs and maintenance, reservation and sales, general and administrative, and passenger service.

Defined Benefit Plans
The Group has funded, noncontributory, defined benefit plans covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.

The range of assumptions used to determine retirement benefits of the Group in 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Average remaining working life	**26 - 28 years**	26 - 36 years	23 - 27 years
Discount rate	**6.08%-6.10%**	6.09%-6.12%	7.16%-7.34%
Salary increase rate	**5.25%**	5.00%	5.00%

As of December 31, 2024 and 2023, the discount rate used in determining the retirement liability is determined by reference to market yields at the reporting date on Philippine government bonds.

The amounts recognized as retirement liability follow:

	2024	2023
Present value of defined benefit obligation	**₱1,993,905,439**	₱1,622,876,364
Fair value of plan assets	**(995,644,818)**	(729,637,218)
	₱998,260,621	₱893,239,146

Remeasurement losses recognized in OCI follow:

	2024	2023	2022
Actuarial losses from benefit obligation	**(₱231,208,725)**	(₱175,174,201)	(₱179,804,034)
Return on plan assets, excluding amount included in net interest cost	**94,253,234**	(25,849,665)	(38,441,905)
Amount recognized in OCI	**(₱136,955,491)**	(₱201,023,866)	(₱218,245,939)

Movements in the fair value of plan assets follow:

	2024	2023
Balance at January 1	**₱729,637,218**	₱550,056,254
Acquired through business combination (Note 14)	**1,147,410**	–
Interest income included in net interest cost	**48,189,195**	45,148,302
Contribution	**195,000,000**	165,000,000
Return on plan assets, excluding amount included in net interest cost	**94,253,234**	(25,849,665)
Benefits paid from plan assets	**(72,582,239)**	(4,717,673)
Balance at December 31	**₱995,644,818**	₱729,637,218

The plan assets consist of:

	2024	%	2023	%
Cash	**₱141,988,743**	**14.3%**	₱168,473,678	23.1%
Investment in debt securities	**173,251,999**	**17.4%**	203,566,472	27.9%
Investment in equity securities	**326,362,037**	**32.8%**	27,347,746	3.8%
Unit investment trust funds	**352,681,714**	**35.4%**	324,232,327	44.4%
Receivables	**1,360,325**	**0.1%**	6,016,995	0.8%
	₱995,644,818	**100.0%**	₱729,637,218	100.0%

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

The Group expects to contribute about ₱222.5 million into the retirement fund for the year ending 2025.

The actual returns on plan assets amounted to ₱142.4 million and ₱19.3 million gains in 2024 and 2023, respectively while ₱10.1 million losses in 2022.

Changes in present value of the defined benefit obligation follow:

	2024	2023
Balance at January 1	**₱1,622,876,364**	₱1,309,399,971
Acquired through business combination (Note 14)	**30,025,762**	–
Current service cost	**152,691,031**	115,260,071
Interest cost	**99,209,875**	93,935,416
Benefits paid from plan assets	**(72,582,239)**	(4,717,673)
Benefits paid from book reserves	**(69,524,079)**	(66,175,622)
Actuarial loss due to:		
Experience adjustments	**205,061,748**	46,109,624
Changes in financial assumption	**8,684,597**	116,771,316
Changes in demographical assumption	**17,462,380**	12,293,261
Balance at December 31	**₱1,993,905,439**	₱1,622,876,364

Movements in net retirement liability follow:

	2024	2023
Balance at January 1	**₱893,239,146**	₱759,343,717
Acquired through business combination (Note 14)	**28,878,352**	–
Retirement expense	**203,711,711**	164,047,185
Recognized in OCI	**136,955,491**	201,023,866
Contribution	**(195,000,000)**	(165,000,000)
Benefits paid from book reserves	**(69,524,079)**	(66,175,622)
Balance at December 31	**₱998,260,621**	₱893,239,146

Components of retirement expense included in the Group's consolidated statements of comprehensive income follow:

	2024	2023	2022
Current service cost	**₱152,691,031**	₱115,260,071	₱95,202,296
Net interest cost	**51,020,680**	48,787,114	21,849,667
Total retirement expense	**₱203,711,711**	₱164,047,185	₱117,051,963

Shown below are the sensitivity analyses that have been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period assuming all other assumptions were held constant:

	2024	
		PVO
Discount rates	**+100 basis points**	**(₱136,071,271)**
	-100 basis points	**156,991,333**
Salary increase rates	**+100 basis points**	**140,706,037**
	-100 basis points	**(123,781,480)**

	2023	
		PVO
Discount rates	+100 basis points	(₱108,063,210)
	-100 basis points	123,971,881
Salary increase rates	+100 basis points	111,475,289
	-100 basis points	(98,353,652)

Shown below is the maturity profile of the undiscounted benefit payments of the Group as of December 31, 2024 and 2023:

	2024	2023
Less than one year	**₱292,735,087**	₱194,333,067
One to less than five years	**831,311,101**	752,372,684
Five to less than 10 years	**1,148,740,133**	956,446,681
10 to less than 15 years	**1,470,748,718**	1,196,339,863
15 to less than 20 years	**1,634,093,653**	1,227,426,910
20 years and above	**3,772,097,111**	2,553,363,820

The average duration of the expected benefit payments as of December 31, 2024 and 2023 is 10.6 years and 9.4 years, respectively.

27. Income Taxes

Provision for (benefit from) income tax consists of:

	2024	2023	2022
Current	**₱115,659,349**	₱150,793,085	₱11,318,830
Deferred	**(251,492,935)**	(2,499,631,475)	(2,260,294,601)
	(₱135,833,586)	(₱2,348,838,390)	(₱2,248,975,771)

The Group's current income tax mainly consists of MCIT due amounting to ₱115.7 million, ₱125.1 million and ₱11.3 million in 2024, 2023 and 2022, respectively. This also includes RCIT due for A-Plus amounting to ₱25.7 million in 2023.

Income taxes include corporate income tax. The NIRC of 1997 provides for rules on the imposition of MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Group commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three immediately succeeding taxable years. Under the Republic Act No. 11534 or CREATE Act, which became effective last April 11, 2021, the MCIT rate was lowered from 2% to 1% of gross income for three years beginning July 1, 2020 to June 30, 2023.

Under Section 11 of R.A. No. 7151 (Parent Company's Congressional Franchise) known as the "ipso facto clause", the Parent Company is allowed to benefit from the tax privileges being enjoyed by competing airlines. The Parent Company's major competitor, by virtue of P.D. No. 1590, is enjoying tax exemptions which are likewise being claimed by the Parent Company, if applicable, including but not limited to the following:

a. To depreciate its assets to the extent of not more than twice as fast the normal rate of depreciation; and
b. To carry over as a deduction from taxable income any NOLCO incurred in any year up to five years following the year of such loss.

For the years ended December 31, 2024 and 2023, below are the details of NOLCO of the Group:

Parent Company NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱2,334,060,931	₱–	₱–	₱2,334,060,931	2029
2023	2,933,604,726	–	–	2,933,604,726	2028
2022	5,892,099,712	–	–	5,892,099,712	2027
	₱11,159,765,369	₱–	₱–	₱11,159,765,369	

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱526,518,435	₱–	₱–	₱526,518,435	2027

APLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱90,449,741	₱–	₱–	₱90,449,741	2027

AIRSWIFT NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2023	₱70,538,467	₱–	₱–	₱70,538,467	2026
2022	41,896,644	–	–	41,896,644	2025
	₱112,435,111	₱–	₱–	₱112,435,111	

In addition, pursuant to Section 4 (bbbb) of R.A. No. 11494 (Bayanihan to Recover as One Act) and as implemented under Revenue Regulations (RR) No. 25-2020, the NOLCO of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

In compliance with the disclosure requirements of RR No. 25-2020, below shows the details of NOLCO of the Group:

Parent Company NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱18,403,734,817	₱–	₱–	₱18,403,734,817	2026
2020	21,026,735,635	–	–	21,026,735,635	2025
	₱39,430,470,452	₱–	₱–	₱39,430,470,452	

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱1,348,925,483	(₱695,288,214)	₱–	₱653,637,269	2026
2020	1,111,045,562	(1,111,045,562)	–	–	2025
	₱2,459,971,045	(₱1,806,333,776)	₱–	₱653,637,269	

APLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱188,837,864	₱37,721,802	₱–	₱151,116,062	2026

AIRSWIFT NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱568,140,233	₱–	₱–	₱568,140,233	2026
2020	163,780,624	–	–	163,780,624	2025
	₱731,920,857	₱–	₱–	₱731,920,857	

Furthermore, details of remaining excess MCIT are as follows:

CEB MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱75,143,966	₱–	₱–	₱75,143,966	2027
2023	109,779,045	–	–	109,779,045	2026
2022	8,646,570	–	–	8,646,570	2025
	₱193,569,581	₱–	₱–	₱193,569,581	

CEBGO MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱20,035,297	₱–	₱–	₱20,035,297	2027
2023	15,327,474	–	–	15,327,474	2026
	₱35,362,771	₱–	₱–	₱35,362,771	

APLUS MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱4,954,087	₱–	₱–	₱4,954,087	2027

AIRSWIFT MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱15,525,999	₱–	₱–	₱15,525,999	2027
2023	2,813,805	–	–	2,813,805	2026
2022	2,060,055	–	–	2,060,055	2025
	₱20,399,859	₱–	₱–	₱20,399,859	

The components of the Group's deferred tax assets and liabilities follow:

	2024	2023
Items recognized in profit or loss		
Deferred tax assets:		
NOLCO	**₱5,081,958,765**	₱5,591,760,648
Lease liability, net of ROU asset	**2,922,362,896**	2,122,576,619
Provision for ARO	**791,539,717**	1,014,571,157
Unrealized foreign exchange losses – net	**605,666,702**	479,699,918
Provision for HMV	**513,308,451**	542,715,574
Retirement liability	**151,084,301**	161,117,593
Excess MCIT	**115,460,823**	15,327,474
Unrealized loss on net derivative liabilities	**102,664,179**	124,612,000
Allowance for credit losses	**100,785,853**	65,625,512
Share-based payment transactions	**29,850,003**	24,361,987
	10,414,681,690	10,142,368,482
Deferred tax liability:		
Double depreciation	**1,646,501,664**	1,670,531,543
Unamortized bond issue costs	**51,318,427**	80,556,374
Excess of fair value of assets acquired over cost	**308,714,485**	154,704,634
	2,006,534,576	1,905,792,551
	8,408,147,114	8,236,575,931
Items recognized directly in other comprehensive income or loss		
Deferred tax asset:		
Reserve for retirement plan	**98,365,283**	62,076,624
Deferred tax liability:		
Hedge reserve	**(102,988,478)**	(124,289,005)
	(4,623,195)	(62,212,381)
	₱8,403,523,919	₱8,174,363,550

The Group's recognized deferred tax assets and deferred tax liabilities are expected to be reversed more than twelve (12) months after the reporting date.

Net deferred benefit (provision) from accrued retirement cost and hedge reserves amounted to ₱55.5 million, ₱112.2 million and (₱131.6 million) in 2024, 2023 and 2022, respectively, is presented under OCI.

As of December 31, 2024 and 2023, the Parent Company has not recognized deferred tax assets on NOLCO of ₱32.4 billion and ₱28.0 billion, respectively. The deferred tax assets on NOLCO were not recognized because management believes that the Parent Company may not have sufficient taxable profits available to allow all or part of these deferred income tax assets to be utilized in the future and prior to their expiration. Unrecognized deferred tax assets on NOLCO as of December 31, 2024 and 2023 amounted to ₱8.1 billion and ₱7.0 billion, respectively. Unrecognized deferred tax assets on excess MCIT amounted to ₱138.8 million and ₱118.4 million as of December 31, 2024 and 2023, respectively.

The Parent Company has outstanding registrations with the BOI as a new operator of air transport on a non-pioneer status under the Omnibus Investments Code of 1987 (Executive Order 226) and under CREATE Act (see Note 34). On all existing registrations, the Parent Company can avail of bonus years in certain specified cases but the aggregate ITH availments (basic and bonus years) shall not exceed eight years.

As of December 31, 2024 and 2023, the Parent Company has complied with capital requirements set by the BOI in order to avail the ITH incentives for aircraft of registered activity (see Note 34).

A reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2024	2023	2022
Statutory income tax rates	**25.00%**	25.00%	25.00%
Adjustments resulting from:			
Unrecognized deferred tax on NOLCO and MCIT	**20.96**	(56.88)	(14.44)
Income subject to ITH	**(41.09)**	(15.10)	2.03
Nondeductible/(nontaxable) Items	**(2.35)**	1.03	0.98
Others	**(5.10)**	3.81	0.29
Effective income tax rates	**(2.58%)**	(42.14%)	13.86%

Entertainment, Amusement and Recreation (EAR) Expenses

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.50% of net sales for sellers of goods or properties or 1.00% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (allocated under different expense accounts in the consolidated statements of comprehensive income) amounting to ₱9.3 million, ₱5.2 million and ₱2.5 million in 2024, 2023, and 2022, respectively.

28. Earnings (Loss) Per Share

The following reflects the income and share data used in the basic/diluted loss per share computations:

	2024	2023	2022
Net income (loss)	**₱5,400,655,222**	₱7,922,664,507	(₱13,979,387,118)
Less: Cumulative preferred dividends	**(705,595,250)**	(706,100,498)	(716,021,134)
Net income (loss) attributable to common shareholders for basic loss per share	**4,695,059,972**	7,216,564,009	(14,695,408,252)
Divided by: Weighted average number of common shares	**624,316,825**	619,856,432	615,212,672
Basic earnings (loss) per share	**₱7.52**	₱11.64	(₱23.89)
Net income (loss) attributable to common shareholders for diluted EPS	**5,971,703,512**	8,472,756,431	(14,695,408,252)
Divided by: Adjusted weighted average number of common shares	**1,252,538,426**	1,248,299,633	615,212,672
Diluted earnings (loss) per share	**₱4.77**	₱6.79	(₱23.89)

	2024	2023	2022
Adjusted weighted average number of common shares for diluted EPS			
Weighted average number of common shares	**624,316,825**	619,856,432	615,212,672
Add: Dilutive shares arising from convertible bonds and preferred shares	**628,221,601**	628,443,201	–
Adjusted weighted average number of common shares	**1,252,538,426**	1,248,299,633	615,212,672

The EPS effect of the Group’s potential common shares (stock options, convertible preference shares and convertible bonds) for the year ended December 31, 2022 are anti-dilutive, thus, the basic and diluted loss per share is stated at the same amount.

29. Related Party Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Group has entered into transactions with its ultimate parent, its JVs and affiliates principally consisting of advances, sale of passenger tickets, reimbursement of expenses, regular banking transactions, maintenance and administrative service agreements. The transactions with related parties for the period were carried out in the normal course of business.

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plans.

The significant transactions and outstanding balances of the Group with the related parties follow:

2024				
Related Party	**Amount/ Volume**	**Outstanding Balance**	**Terms**	**Conditions**
Ultimate Parent				
(1) JG Summit Holdings, Inc.				
Due to related parties	**(₱85,707,091)**	**(₱15,286,210)**	Non-interest bearing	Unsecured
Joint ventures and associates				
(2) PAAT, Inc.				
Due from related parties (Note 9)				
Loans	**5,432,540**	**101,141,127**	2% interest per annum	Unsecured; No impairment
Sublease agreement	**46,162,263**	**(4,496,729)**	Payable monthly	Unsecured; No impairment
Trade payables	**(349,249,939)**	**(50,875,175)**	Non-interest bearing	Unsecured
(3) 1Aviation				
Due from related parties (Note 9)	**42,188,773**	**558,127,803**	Non-interest bearing	Unsecured; No impairment
Trade payables	**1,886,556,919**	**(16,144,922)**	Non-interest bearing	Unsecured
Sublease agreement	**10,482,175**	**–**	Non-interest bearing	Unsecured; No impairment
Others	**11,954,639**	**–**	On-demand	Unsecured
(4) Data Analytics Ventures, Inc.				
Due to related parties	**(77,132,742)**	**(23,359,627)**	Non-interest bearing	Unsecured
Trade receivables	**9,935,292**	**3,617,536**	Non-interest bearing	Unsecured
Entities under common control				
(5) Universal Robina Corporation (URC)				
Trade receivables	**51,134,808**	**3,106,190**	Non-interest bearing	Unsecured; No impairment
Due to related parties	**(101,563,667)**	**(22,259,606)**	Non-interest bearing	Unsecured
(8) Robinsons Land Corporation (RLC)				
Trade payables	**(9,674,238)**	**–**	Non-interest bearing	Unsecured
(9) Robinsons Handyman, Inc				
Trade receivables	**5,932,869**	**7,705,083**	Interest bearing	Unsecured; No impairment
Trade payables	**(8,577,981)**	**–**	Non-interest bearing	Unsecured
(10) Robinsons Supermarket Corporation				
Trade receivables	**53,160,823**	**(535,000)**	Non-interest bearing	Unsecured; No impairment
(11) Robinsons Convenience Store				
Sublease agreement	**2,040,459**	**16,128**	Non-interest bearing	Unsecured; No impairment
(12) ASPEN Business Solutions, Inc.				
Trade receivables	**198,353**	**13,071**	Non-interest bearing	Unsecured; No impairment
Trade payables	**(14,136,305)**	**–**	Non-interest bearing	Unsecured

2023				
Related Party	Amount/ Volume	Outstanding Balance	Terms	Conditions
Ultimate Parent				
(1) JG Summit Holdings, Inc.				
Due to related parties	(₱47,488,511)	(₱14,828,555)	Non-interest bearing	Unsecured
Trade payables	(52,703,703)	–	Non-interest bearing	Unsecured

(Forward)

2023				
Related Party	Amount/ Volume	Outstanding Balance	Terms	Conditions
Joint ventures and associates				
(2) PAAT, Inc.				
Due from related parties				
Loans	₱5,432,540	₱101,141,127	2% interest per annum	Unsecured; No impairment
Sublease agreement	44,522,124	30,771,616	Payable monthly	Unsecured; No impairment
Trade payables	(339,672,568)	(35,241,233)	Non-interest bearing	Unsecured
(3) 1Aviation				
Due from related parties	36,811,341	642,212,987	Non-interest bearing	Unsecured; No impairment
Trade payables	(1,519,673,936)	(18,760,737)	Non-interest bearing	Unsecured
Sublease agreement	9,513,227	–	Non-interest bearing	Unsecured; No impairment
Others	142,374	–	On-demand	Unsecured
(4) Value Alliance Travel System Pte. Ltd.				
Trade payables	(31,300)	(14,184,493)	Non-interest bearing	Unsecured
(5) Data Analytics Ventures, Inc.				
Due to related parties	(14,836,718)	(11,858,618)	Non-interest bearing	Unsecured
Trade payables	(24,164,009)	–	Non-interest bearing	Unsecured
Trade receivables	25,175,632	1,755,041	Non-interest bearing	Unsecured; No impairment
Entities under common control				
(6) Robinsons Bank Corporation (RBC)				
Trade receivables	23,136,510,749	10,804,025	Non-interest bearing	Unsecured; No impairment
Long-term debt	150,707,264	(2,296,960,236)	Interest bearing	Secured
Sub-lease agreement	1,089,661	–	Non-interest bearing	Unsecured; No impairment
Cash in bank	952,553,958	2,046,916,292	Interest bearing	Unsecured; No impairment
Short-term placements	(3,219,250,785)	2,028,809,653	Interest bearing	Unsecured; No impairment
(7) Universal Robina Corporation (URC)				
Trade receivables	45,579,942	11,625,681	Non-interest bearing	Unsecured; No impairment
Due to related parties	(104,233,276)	(29,968,583)	Non-interest bearing	Unsecured
(8) Robinsons Land Corporation (RLC)				
Trade payables	(526,637)	–	Non-interest bearing	Unsecured
(9) Robinsons Handyman, Inc				
Trade receivables	18,695,306	1,756,430	Interest bearing	Unsecured; No impairment
Trade payables	(10,159,910)	–	Non-interest bearing	Unsecured
(10) Robinsons Supermarket Corporation				
Trade receivables	259,455,500	5,398,552	Non-interest bearing	Unsecured; No impairment
(11) Robinsons Convenience Store				
Sublease agreement	1,720,595	–	Non-interest bearing	Unsecured; No impairment
(12) ASPEN Business Solutions, Inc.				
Trade receivables	830,355	42,218	Non-interest bearing	Unsecured; No impairment
Trade payables	(4,193,750)	–	Non-interest bearing	Unsecured

		Consolidated Statements of Comprehensive Income			
	Year	**Sale of Air Transportation Service**	**Ground handling**	**Ancillary Revenues**	**Interest Expense**
JV in which the Parent Company is a venturer					
PAAT	**2024**	**₱–**	**₱–**	**₱46,162,263**	**₱–**
	2023	₱–	₱–	₱44,522,124	₱–
	2022	₱–	₱–	₱41,504,655	₱–

(Forward)

		Consolidated Statements of Comprehensive Income			
	Year	Sale of Air Transportation Service	Ground handling	Ancillary Revenues	Interest Expense
1Aviation	**2024**	**₱–**	**₱1,886,556,919**	**₱–**	–
	2023	₱–	₱1,519,673,936	₱–	–
	2022	₱–	₱1,199,700,620	₱–	–
Entities under common control					
RBC	**2024**	–	–	–	–
	2023	–	–	–	–
	2022	10,944	–	–	–
URC	**2024**	**51,134,808**	–	–	–
	2023	45,579,942	–	–	–
	2022	7,226,199	–	–	–
RLC	**2024**	–	–	–	–
	2023	–	–	–	–
	2022	106,081	–	–	–
RHI	**2024**	**5,932,869**	–	–	–
	2023	18,695,306	–	–	–
	2022	5,201,498	–	–	–
RSC	**2024**	**259,455,500**	–	–	–
	2023	259,455,500	–	–	–
	2022	202,055,278	–	–	–
Aspen	**2024**	**830,355**	–	–	–
	2023	830,355	–	–	–
	2022	3,636,793	–	–	–
JG Summit Philippines Limited	**2024**	–	–	–	–
	2023	–	–	–	–
	2022	–	–	–	190,569,655
Total	**2024**	**₱317,353,532**	**₱1,886,556,919**	**₱46,162,263**	**₱–**
	2023	₱324,561,103	₱1,519,673,936	₱44,522,124	₱–
	2022	₱218,236,793	₱1,199,700,620	₱41,504,655	₱190,569,655

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. Also, these transactions are short-term in nature. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

The Group's significant transactions with related parties follow:

1. JG Summit Holdings, Inc. charges the Group for its share in various charges such as, but not limited to corporate center units (CCU), IT charges and legal fees.

2. In 2012, the Group entered into a sub-lease agreement with PAAT for its office space. The lease agreement is for a period of 15 years from November 29, 2012 until November 19, 2027.

   In 2012 and 2013, under the shareholder loan agreement, the Group provided a loan to PAAT to finance the purchase of its Full Flight Simulator, other equipment and other working capital requirements amounting to ₱155.4 million (US$3.5 million). The loans are subject to two percent (2%) interest per annum payable on a monthly basis. As of December 31, 2024 and 2023, the outstanding, loan to PAAT amounted to ₱101.1 million (US$2.3 million).

On June 21, 2012 and December 18, 2019, the Parent Company entered into a 15-year training service agreement with PAAT to conduct pilot training courses and dry lease of its full flight simulators for the Airbus A320 family and ATR 72-600 aircraft, respectively. The costs are recorded as part of the "Flight deck" expenses under "Flying operations" account in the Group's statements of comprehensive income (see Note 24).

3. On March 21, 2018, the Parent Company entered into a Standard Groundhandling Service Agreement (SGHA) with 1Aviation to provide ground handling services to Manila and Davao stations. The initial agreement, valid from March 2018 to May 2023, was renewed effectively from July 1, 2023 to June 30, 2026. Accordingly, the Groups records the groundhandling feed under the Group's trade payables (see Note 16).

   The Group charges the 1Aviation for its share in various charges such travel and transportation allowances, meal allowances of employees, reimbursement of spareparts purchases, among others. These various charges initially paid by the Group and subsequently collected from 1Aviation are recorded under 'Due from related parties' account (see Note 9).

   On October 29, 2024, the Parent Company entered into a Deed of Assignment of Credit and Subscription with 1Aviation for the assignment and credit and subscription to 1,130,000 shares, each with a par value of ₱100.00 per share, amounting to ₱113,000,000. The subscription of additional shares arose from the agreement of the 1Aviation stockholders to convert certain shareholder loans and advances into common stock ('Debt-to-Equity Conversion'). The value to be converted was reclassified as 'Subscription Deposit' under 'Other noncurrent assets' (see Note 15).

   The Debt-to-Equity Conversion will increase the Parent Company's ownership stake in 1Aviation from 40% to 60%.

   These shares will be issued from the total unissued shares of 1Aviation.

   As of December 31, 2024, the SEC has yet to approve the debt-to-equity conversion.

4. VATS manages a settlement system which facilitates the settlement of sales proceeds between the issuing and carrying airlines, and accordingly, collects connections fees for their services. This is recorded under the Group's trade payables. On January 5, 2024, the management of the Group decided to divest its 13% shareholding in VATS.

5. DAVI is in charge of the management of the Group's loyalty program. As such, all revenue and expenses in relation to the Getgo loyalty points will be recognized by DAVI. The Group accounts for such issued and redeemed points as a payable to and receivable from DAVI, respectively. Accordingly, DAVI also collects service charges from the Group for the management of these loyalty points, which are recorded under the Group's trade payables (see Note 16).

6. The Group provides air transportation services to RBC, for which unpaid amounts are recorded as trade receivables under 'Trade receivables' account in the consolidated statements of financial position. In 2017, the Parent Company entered into a loan agreement with RBC to finance the acquisition of four (4) ATR 72-600 aircraft (see Note 18).

As of December 31, 2023, the outstanding loans payable is ₱2,297.0 million and will be payable in on a quarterly basis until December 2027. The Group also maintains deposit accounts and short-term investments with Robinsons Bank which is reported under 'Cash and cash equivalents' account.

As approved by the SEC, RBC was merged with BPI, with BPI as a surviving entity, effective January 1, 2024.

7. The Group provides air transportation services to URC, for which unpaid amounts are recorded as trade receivables under 'Receivables' account in the consolidated statements of financial position.

   The Group also purchases goods from URC for in-flight sales and recorded as trade payable, if unpaid, in the consolidated statements of financial position. Total amount of purchases in 2024, 2023 and 2022 amounted to ₱51.1 million, ₱45.6 million and ₱34.0 million, respectively. Additionally, the Group also incurs liabilities to URC primarily for the rendering of payroll service to the Group which are recorded under 'Due to related parties' account (see Note 9).

8. The Group provides air transportation services to certain related parties, for which unpaid amounts are recorded as trade receivables under 'Receivables' account in the consolidated statements of financial position (see Note 9).

The compensation of the Group's key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	**₱601,154,310**	₱542,756,588	₱479,815,755
Post-employment benefits	**86,176,561**	135,129,707	131,757,619
	₱687,330,871	₱677,886,295	₱611,573,374

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plans.

30. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, derivative financial assets and liabilities, receivables, payables and interest-bearing borrowings. The main purpose of these financial instruments is to finance the Group's operations and capital expenditures. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Group's BOD reviews and approves policies for managing each of these risks and these are summarized in the succeeding paragraphs, together with the related risk management structure.

Risk Management Structure
The Group's risk management structure is closely aligned with that of JGSHI. The Group has its own BOD, which is ultimately responsible for the oversight of the Group's risk management process, and is involved in identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee to spearhead the managing and monitoring of risks.

<u>Audit Committee</u>
The Group's Audit Committee assists the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and the internal audit functions of the Group. Furthermore, it is the Audit Committee's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The Audit Committee also aims to ensure that:

a. Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
b. Risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. Audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. The Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management (ERM) Division
The ERM Division ensures that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

The ERM framework revolves around the following eight interrelated risk management approaches:

a. Internal Environmental Scanning - it involves the review of the overall prevailing risk profile of the Business Unit (BU) to determine how risks are viewed and addressed by the management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the BU.
b. Objective Setting - the Company's BOD mandates Management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives that are aligned with the Group's goals.
c. Event Identification - it identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.
d. Risk Assessment - the identified risks are analyzed relative to the probability and severity of potential loss that serves as basis for determining how the risks will be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's action or monitoring, and risks that may materially weaken the Company's earnings and capital.
e. Risk Response - the Group's BOD, through the oversight role of the Internal Control Group ensures action plan is executed to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.

f. Control Activities - policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
g. Information and Communication - relevant risk management information is identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
h. Monitoring - the Internal Control and Internal Audit Groups constantly monitor the management of risks through audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Internal Controls
With the leadership of the Chief Financial Officer (CFO), internal control is embedded in the Group's operations thus increasing their accountability and ownership in the execution of the internal control framework. To accomplish the established goals and objectives, the Group implement robust and efficient process controls to ensure:

a. Compliance with policies, procedures, laws and regulations;
b. Economic and efficient use of resources;
c. Check and balance and proper segregation of duties;
d. Identification and remediation control weaknesses;
e. Reliability and integrity of information; and
f. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

Treasury Risk Management (TRM) Group
The TRM Group is mainly responsible for the monitoring of market risk exposures and effectively managing these risks. TRM Group is headed by the CFO and is subdivided into two (2) main offices: Front and Middle Offices, with support from the Comptroller and Treasury Departments for the back-office functions.

The TRM Group follows a risk management program with the primary objectives of reducing undesirable risk exposures, improving cash flow predictability, protecting margins from excessive volatility, and aligning with industry peers to prevent being at a competitive disadvantage. Internal controls and processes are in place to ensure adherence to this risk management program as approved by the Company's Executive Committee. Part of the program is to mainly manage these market risks using derivatives that are solely for the purpose of hedging. Hedging activities are regularly reviewed and monitored by the Chief Executive Adviser and Chief Strategy Officer to ensure alignment of hedging strategies and objectives with the Company's overall purpose.

This risk management program includes the following four key areas:
a. Risk identification involves review of the business and its processes to identify associated market risks.
b. Risk assessment refers to the quantification of the identified risk exposures and the maximum probable losses and cash outflows the Company may incur within a certain frequency over a certain time frame.
c. Risk control represents the activities and programs the Company undertakes in order to eliminate or minimize these market risk exposures. This mainly involves the determination of hedge levels and level of core risks the Company is willing to retain given key stakeholders' risk tolerance.
d. Risk monitoring pertains to the assessment of the risk control activities against established metrics and tracking of the compliance to limits and thresholds set.

Risk Assessment Tool
To help the Group in the Risk Assessment Process, the Risk Assessment Tool which is a database driven web application was developed for departments to help in the assessment, monitoring and management of risks.

The Risk Assessment Tool documents the following activities:
a. Risk Identification– is the critical step of the risk management process. The objective of risk identification is the early identification of events that may have negative impact on the Group's ability to achieve its goals and objectives.
   1.1. Risk Indicator– is a potential event or action that may prevent the continuity/action
   1.2. Risk Driver– is an event or action that triggers the risk to materialize
   1.3. Value Creation Opportunities– is the positive benefit of addressing or managing the risk
b. Identification of Existing Control Measures– activities, actions or measures already in place to control, prevent or manage the risk.
c. Risk Rating/Score– is the quantification of the likelihood and impact to the Group if the risk materialized. The rating has two (2) components:
   3.1. Probability– the likelihood of occurrence of risk
   3.2. Severity– the magnitude of the consequence of risk
d. Risk Management Strategy– is the structured and coherent approach to managing the identified risk.
e. Risk Mitigation Action Plan– is the overall approach to reduce the risk impact severity and/or probability of occurrence.

Results of the Risk Assessment Process are summarized in a Dashboard that highlights risks that require urgent actions and mitigation plan. The dashboard helps Management to monitor, manage and decide a risk strategy and needed action plan.

Risk management support groups
The Group's BOD created the following departments within the Group to support the risk management activities of the Group and the other business units:

a. Corporate Security and Safety Board (CSSB)– Under the supervision of ERM Division, the CSSB administers enterprise-wide policies affecting physical security of assets exposed to various forms of risks.
b. Corporate Supplier Accreditation Team (CORPSAT)– Under the supervision of ERM Division, the CORPSAT administers enterprise-wide procurement policies to ensure availability of supplies and services of high quality and standards to all business units.
c. Finance Division– The Finance Division is responsible for the oversight of strategic planning, budgeting and performance review processes of the business units as well as for administration of the insurance program of the Group.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk, namely foreign currency risk, commodity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is defined as the risk of loss due to uncertainty in a third party's ability to meet its obligation to the Group. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are being subjected to credit verification procedures. In addition, receivable balances are monitored on a continuous basis resulting in an insignificant exposure in bad debts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash in banks and cash equivalents, restricted cash and financial assets at FVOCI and FVPL, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

Maximum exposure to credit risk without taking account of any credit enhancement
The table below shows the gross maximum exposure to credit risk (including financial assets at FVPL) of the Group as of December 31, 2024 and 2023, without considering the effects of collaterals and other credit risk mitigation techniques.

	2024	2023
Cash and cash equivalents*	**₱19,871,847,808**	₱15,552,157,543
Restricted cash	–	1,259,263,375
Derivative financial assets at FVOCI	**1,297,193**	–
Receivables		
Trade receivables	**2,517,415,904**	1,625,106,832
Due from related parties	**654,772,201**	774,125,730
Interest receivable	**17,198,673**	16,321,679
Others**	**366,415,761**	389,802,689
Refundable deposits***	**2,994,555,421**	2,343,524,841
	₱26,423,502,961	₱21,960,302,689

* *Excluding cash on hand*
*** Includes nontrade receivables from insurance, employees and counterparties*
****Included under 'Other noncurrent assets' account in the consolidated statements of financial position*

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence. In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

The Group's credit risk exposures, before taking into account any collateral held or other credit enhancements are categorized by geographic location as follows:

	2024				
	Philippines	**Asia (excluding Philippines)**	**Europe**	**Others**	**Total**
Cash and cash equivalents*	**₱7,009,574,673**	**₱12,647,393,351**	**₱–**	**₱214,879,784**	**₱19,871,847,808**
Derivative financial assets at FVOCI	**1,297,193**	–	–	–	**1,297,193**
Receivables					
Trade receivables	**1,769,106,928**	**696,605,072**	**506,760**	**51,197,144**	**2,517,415,904**
Due from related parties	**654,772,201**	–	–	–	**654,772,201**
Interest receivable	**13,957,933**	**61,196**	–	**3,179,544**	**17,198,673**
Others**	**346,561,738**	**1,673,576**	**14,788,331**	**3,392,116**	**366,415,761**
Refundable deposits***	–	**2,994,555,421**	–	–	**2,994,555,421**
	₱9,795,270,666	**₱16,340,288,616**	**₱15,295,091**	**₱272,648,588**	**₱26,423,502,961**

**Excluding cash on hand*
***Includes nontrade receivables from insurance, employees and counterparties*
****Included under 'Other noncurrent assets' account in the consolidated statement of financial position*

	2023				
	Philippines	Asia (excluding Philippines)	Europe	Others	Total
Cash and cash equivalents*	₱7,275,076,486	₱8,056,014,518	₱–	₱221,066,539	₱15,552,157,543
Restricted cash	1,259,263,375	–	–	–	1,259,263,375
Receivables					
Trade receivables	856,555,411	568,115,004	53,043,394	147,393,022	1,625,106,831
Due from related parties	774,125,730	–	–	–	774,125,730
Interest receivable	8,816,013	–	–	7,505,666	16,321,679
Others**	217,832,213	1,619,624	169,005,527	1,345,325	389,802,689
Refundable deposits***	–	2,343,524,841	–	–	2,343,524,841
	₱10,391,669,228	₱10,969,273,987	₱222,048,921	₱377,310,552	₱21,960,302,688

**Excluding cash on hand*
***Includes nontrade receivables from insurance, employees and counterparties*
****Included under 'Other noncurrent assets' account in the consolidated statement of financial position*

The Group has no concentration of risk with regard to various industry sectors. The major industry relevant to the Group is the transportation sector and financial intermediaries.

Credit quality per class of financial assets

The Group maintains internal credit rating system relating to its revenue distribution channel credit risk management. Credit limits have been set based on the assessment of rating identified. Letters of credit and other forms of credit insurance such as cash bonds are considered in the calculation of expected credit losses.

Other financial assets include cash and cash equivalents and refundable deposits. The Group implements external credit rating system which uses available public information and international credit ratings. The management does not expect default from its counterparty banks given their high credit standing.

The tables below show the credit quality by class of financial assets based on internal credit rating of the Group (gross of allowance for impairment losses) as of December 31, 2024 and 2023:

	2024				
	Neither Past Due Nor Specifically Impaired			**Past Due or Individually Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
Cash and cash equivalents*	**₱19,871,847,808**	**₱–**	**₱–**	**₱–**	**₱19,871,847,808**
Derivative financial assets at FVOCI	**1,297,193**	**–**	**–**	**–**	**1,297,193**
Receivables					
Trade receivables	**2,201,327,682**	**–**	**–**	**316,088,222**	**2,517,415,904**
Due from related parties	**654,772,201**	**–**	**–**	**–**	**654,772,201**
Interest receivable	**17,198,673**	**–**	**–**	**–**	**17,198,673**
Others**	**280,886,711**	**–**	**–**	**85,529,050**	**366,415,761**
Refundable deposits***	**2,994,555,421**	**–**	**–**	**–**	**2,994,555,421**
	₱26,021,885,689	**₱–**	**₱–**	**₱401,617,272**	**₱26,423,502,961**

**Excluding cash on hand*
***Includes nontrade receivables from insurance, employees and counterparties*
****Included under 'Other noncurrent assets' account in the consolidated statement of financial position*

	2023				
	Neither Past Due Nor Specifically Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and cash equivalents*	₱15,552,157,543	₱–	₱–	₱–	₱15,552,157,543
Restricted cash	1,259,263,375	–	–	–	1,259,263,375
Receivables					
Trade receivables	1,446,870,236	–	–	178,236,596	1,625,106,832
Due from related parties	774,125,730	–	–	–	774,125,730
Interest receivable	16,321,679	–	–	–	16,321,679
Others**	305,537,239	–	–	84,265,450	389,802,689
Refundable deposits***	2,343,524,841	–	–	–	2,343,524,841
	₱21,697,800,643	₱–	₱–	₱262,502,046	₱21,960,302,689

**Excluding cash on hand*
***Includes nontrade receivables from insurance, employees and counterparties*
****Included under 'Other noncurrent assets' account in the consolidated statement of financial position*

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks of which some belong to the top ten banks in terms of resources and profitability.

High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

The following tables show the aging analysis of the Group's receivables:

	2024							
	Neither Past Due Nor Impaired	Past Due But Not Impaired					Past Due and Impaired	Total
		1-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days		
Trade receivables	**₱1,486,177,686**	**₱259,521,027**	**₱109,264,392**	**₱35,612,872**	**₱6,654,992**	**₱304,096,713**	**₱316,088,222**	**₱2,517,415,904**
Due from related parties	**654,772,201**	–	–	–	–	–	–	**654,772,201**
Interest receivable	**17,198,673**	–	–	–	–	–	–	**17,198,673**
Others	**194,340,351**	**52,440,216**	**4,903,164**	**23,904,338**	**1,189,001**	**4,109,641**	**85,529,050**	**366,415,761**
	₱2,352,488,911	**₱311,961,243**	**₱114,167,556**	**₱59,517,210**	**₱7,843,993**	**₱308,206,354**	**₱401,617,272**	**₱3,555,802,539**

Include nontrade receivables from insurance, employees and counterparties.

	2023							
	Neither Past Due Nor Impaired	Past Due But Not Impaired					Past Due and Impaired	Total
		1-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days		
Trade receivables	₱1,269,932,573	₱28,821,409	₱21,896,584	₱126,219,670	₱–	₱–	₱178,236,596	₱1,625,106,832
Due from related parties	774,125,730	–	–	–	–	–	–	774,125,730
Interest receivable	16,321,679	–	–	–	–	–	–	16,321,679
Others	257,586,787	1,220,672	10,975,708	34,487,555	1,266,517	–	84,265,450	389,802,689
	₱2,317,966,769	₱30,042,081	₱32,872,292	₱160,707,225	₱1,266,517	₱–	₱262,502,046	₱2,805,356,930

Include nontrade receivables from insurance, employees and counterparties.

Collateral or credit enhancements

As collateral against trade receivables from sales ticket offices or agents, the Group requires cash bonds from major sales ticket offices or agents ranging from ₱50,000 to ₱2.1 million depending on the Group's assessment of sales ticket offices and agents' credit standing and volume of transactions. As of December 31, 2024 and 2023, outstanding cash bonds (included under 'Accounts payable and other accrued liabilities' account in the consolidated statements of financial position) amounted to ₱69.8 million and ₱70.4 million, respectively (see Note 16).

There are no collaterals for impaired receivables.

Impairment assessment

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (that is, per revenue distribution channel). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

For other debt financial instruments such as cash and cash equivalents (excluding cash on hand) and refundable deposits ECLs, the Group applies the general approach of which it tracks changes in credit risk at every reporting date. The probability of default (PD) and loss given defaults (LGD) are estimated using external and benchmark approaches for listed and non-listed financial institutions, respectively. For listed financial institutions, the Group uses the ratings from Standard and Poor's

(S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. For non-listed financial institutions, the Group uses benchmark approach where the Group finds comparable companies in the same industry having similar characteristics. The Group obtains the credit rating of comparable companies to determine the PD and determines the average LGD of the selected comparable companies to be applied as LGD of the non-listed financial institutions.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent nor objective evidence of individual impairment yet. A particular portfolio is reviewed on a periodic basis in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment yet on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information:

(a) historical losses/write-offs;
(b) losses which are likely to occur but have not yet occurred; and
(c) the expected receipts and recoveries once impaired.

Liquidity risk
Liquidity is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without recurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. 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 obtaining bank loans and availing of export credit agency facilities.

Financial assets
The analysis of financial assets held for liquidity purposes into relevant maturity grouping is based on the remaining period at the reporting date to the contractual maturity date or, if earlier, the expected date the assets will be realized.

Financial liabilities

The relevant maturity grouping is based on the remaining period at the reporting date to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in installments, each installment is allocated to the earliest period in which the Group can be required to pay.

The tables below summarize the maturity profile of financial instruments based on remaining contractual undiscounted cash flows as of December 31, 2024 and 2023:

	2024					
	Less than one month to 1 month	**>1 to 3 months**	**>3 to 12 months**	**>1 to 5 years**	**>5 years**	**Total**
Financial Assets						
Cash and cash equivalents	**₱16,319,554,401**	**₱3,596,071,552**	**₱–**	**₱–**	**₱–**	**₱19,915,625,953**
Derivative financial assets at FVOCI	**1,297,193**	–	–	–	–	**1,297,193**
Receivables:	–	–				
Trade receivables	–	**2,517,415,904**	–	–	–	**2,517,415,904**
Due from related parties*	**654,772,201**	–	–	–	–	**654,772,201**
Interest receivable	–	**17,198,673**	–	–	–	**17,198,673**
Others***	**366,415,761**	–	–	–	–	**366,415,761**
Refundable deposits	–	–	–	–	**2,994,555,421**	**2,994,555,421**
	₱17,342,039,556	**₱6,130,686,129**	**₱–**	**₱–**	**₱2,994,555,421**	**₱26,467,281,106**
Financial Liabilities						
Accounts payable and other accrued liabilities***	**₱20,882,948,533**	**₱2,400,391,896**	**₱379,903,412**	**₱49,965,915**	**₱112,396,117**	**₱23,825,605,873**
Due to related parties*	**60,905,443**	–	–	–	–	**60,905,443**
Short-term debt	–	**2,914,272,241**	**2,782,999,524**	–	–	**5,697,271,765**
Lease liability****	**1,500,570,116**	**3,083,609,299**	**13,502,836,440**	**74,709,759,383**	**44,762,571,449**	**137,559,346,687**
Long-term debt*****	**274,078,343**	**1,114,950,919**	**3,933,429,681**	**22,110,062,528**	**25,555,356,786**	**52,987,878,257**
Bonds payable*****	**56,037,344**	**106,651,719**	**488,067,188**	**15,345,193,906**	–	**15,995,950,157**
	₱22,774,539,779	**₱9,619,876,074**	**₱21,087,236,245**	**₱112,214,981,732**	**₱70,430,324,352**	**₱236,126,958,182**

**Receivable and payable on demand*
***Include nontrade receivables from insurance, employees and counterparties*
****Excluding government-related payables*
*****Consist of undiscounted minimum lease payments*
******Including future interest payments*

	2023					
	Less than one month to 1 month	>1 to 3 months	>3 to 12 months	>1 to 5 years	>5 years	Total
Financial Assets						
Cash and cash equivalents	₱5,896,838,173	₱9,698,925,268	₱–	₱–	₱–	₱15,595,763,441
Restricted cash	–	1,259,263,375	–	–	–	1,259,263,375
Receivables:						
Trade receivables	–	1,625,106,832	–	–	–	1,625,106,832
Due from related parties*	774,125,730	–	–	–	–	774,125,730
Interest receivable	–	16,321,679	–	–	–	16,321,679
Others**	389,802,689	–	–	–	–	389,802,689
Refundable deposits	–	–	–	–	2,343,524,841	2,343,524,841
	₱7,060,766,592	₱12,599,617,154	₱	₱–	₱2,343,524,841	₱22,003,908,587
Financial Liabilities						
Accounts payable and other accrued liabilities***	₱24,092,919,974	₱458,164,571	₱1,744,152	₱45,717,820	₱28,078,543	₱24,626,625,060
Due to related parties*	56,655,756	–	–	–	–	56,655,756
Derivative financial liabilities at FVOCI	1,291,971	–	–	–	–	1,291,971
Lease liability****	1,029,865,271	2,059,730,542	9,268,787,438	51,859,489,305	35,570,499,092	99,788,371,648
Long-term debt*****	211,313,026	1,236,111,215	4,352,931,328	22,756,684,135	13,124,872,901	41,681,912,605
Bonds payable*****	53,639,688	103,818,750	465,454,063	15,311,535,313	–	15,934,447,814
	₱25,445,685,686	₱3,857,825,078	₱14,088,916,981	₱89,973,426,573	₱48,723,450,536	₱182,089,304,854

**Receivable and payable on demand*
***Include nontrade receivables from insurance, employees and counterparties*
****Excluding government-related payables*
*****Consist of undiscounted minimum lease payments*
******Including future interest payments*

Refer to Note 1 on the measures taken by the Group to address liquidity gap as at December 31, 2024 and 2023.

Market risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, interest rates, commodity prices or other market changes. The Group's market risk originates from its holding of foreign exchange instruments, interest-bearing instruments and derivatives.

Foreign currency risk
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The exchange rates used to translate the Group's foreign currency-denominated assets and liabilities as of December 31, 2024 and 2023 follow:

	December 31, 2024	December 31, 2023
US Dollar	**₱57.845 to US$1.00**	₱55.370 to US$1.00
Singapore Dollar	**₱42.692 to SGD1.00**	₱42.090 to SGD1.00
Hong Kong Dollar	**₱7.4684 to HKD1.00**	₱7.1121 to HKD1.00
Japanese Yen	**₱0.3672 to JPY1.00**	₱0.3930 to JPY1.00

The following table sets forth the impact to the Group's pre-tax core income of reasonably possible changes in the value of financial assets and liabilities driven by USD-Peso exchange rates, for the years ended December 31, 2024, 2023 and 2022 (in thousands):

	2024		2023		2022	
Changes in foreign exchange value	**₱2**	**(₱2)**	₱2	(₱2)	₱2	(₱2)
Change in pre-tax income	**(₱4,838,195)**	**₱4,838,195**	(₱3,732,247)	₱3,732,247	(₱1,794,625)	₱1,794,625

This excludes impact of increase or decrease in exchange rates to the cost of non-financial products and services used in operations, and whose costs are affected by changes in foreign currency. These include cost of fuel, aircraft parts, maintenance and ground services, reservations and other systems costs, among others. Approximately 60%-70% of the Group's operating expenses are impacted by increase or decrease in USD-Peso exchange values. Increase or decrease in these operating expenses will also impact the Group's pre-tax income.

Other than the potential impact on the Group's pre-tax income, there is no other effect on equity.

The Group does not expect the impact of the volatility on other currencies to be material.

Commodity price risk
In 2024 and 2023, the Group entered into commodity derivatives to hedge its exposure to jet fuel price risks arising from its forecasted fuel purchases. Commodity hedging allows stability in prices, thus, offsetting the risk of volatile market fluctuations. Depending on the economic hedge cover, the price changes on the commodity derivative positions are offset by higher or lower purchase costs on fuel. A change in price by US$10.00 per barrel of jet fuel affects the Group's fuel costs in pre-tax income by ₱3.0 billion and ₱2.5 billion for the years ended December 31, 2024 and 2023, respectively, in each of the covered periods, assuming no change in volume of fuel is consumed.

Derivative financial instruments which are part of hedging relationships do not expose the Group to market risk since changes in the fair value of the derivatives are offset by the changes in the fair value of the hedged items.

There is an economic relationship between the hedged items and hedging instruments as the terms of the foreign exchange forward contracts and commodity swaps and zero cost collars match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign currency forward contracts and commodity derivatives are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of hedging instruments against the changes in the fair value of hedged items attributable to the hedged risks.

The hedge ineffectiveness arising from the differences on the counterparty and own credit risk incorporated in the hedging instrument and zero credit risk on the hedged item are deemed insignificant given that all counterparties are given investment grade ratings by the major credit rating agencies.

Outstanding derivative contracts
The tables below summarize the maturity profile of outstanding derivative contracts as of December 31:

Commodity derivatives:

	2024					
	1 to 3 months	**More than 3 to 6 months**	**More than 6 to 12 months**	**More than 12 to 15 months**	**More than 15 months**	**Total**
Notional amount (in barrels)	**240,000**	–	–	–	–	**240,000**
Notional amount (in US$)	**$17,502,000**	–	–	–	–	**$17,502,000**
Average hedged rate	**72.93**	–	–	–	–	**72.93**

	2023					
	1 to 3 months	More than 3 to 6 months	More than 6 to 12 months	More than 12 to 15 months	More than 15 months	Total
Notional amount (in barrels)	30,000	30,000	–	–	–	60,000
Notional amount (in US$)	$2,397,000	$2,397,000	–	–	–	$4,794,000
Average hedged rate	79.90	79.90	–	–	–	79.90

The impact of the hedge accounting on the consolidated statements of financial position as of December 31, 2024 and 2023 follows:

December 31, 2024

	Change in fair value used in measuring ineffectiveness for the period	Cash flow hedge reserve
Interest rate derivatives	**₱410,065,052**	**₱410,065,052**
Fuel derivatives	**(4,474,609)**	**3,576,261**

December 31, 2023

	Change in fair value used in measuring ineffectiveness for the period	Cash flow hedge reserve
Interest rate derivatives	₱531,772,717	₱498,447,997
Fuel derivatives	(₱1,291,971)	(₱1,291,971)

Roll forward of each component of equity and the analysis of the other comprehensive income follows:

	2024	2023
Balances at January 1	**₱167,236,789**	₱503,754,596
Effective portion of cash flow hedges:		
Fuel hedges	**(3,180,828)**	82,705,956
Interest rate hedge	**(1,687,403)**	(145,658,942)
Amounts reclassified to profit or loss under the following accounts:		
Aviation fuel expense (Notes 8 and 24)	**8,049,060**	(83,997,927)
Interest expense (Note 8)	**(88,382,945)**	(100,715,630)
Actuarial losses on retirement liability (Note 26)	**(136,955,491)**	(201,023,866)
Tax effect	**55,539,402**	112,172,602
Balances at December 31	**₱618,584**	₱167,236,789

Interest rate risk
Interest rate risk arises on interest-bearing financial instruments recognized in the consolidated statements of financial position and on some financial instruments not recognized in the consolidated statements of financial position (i.e., some loan commitments, if any). The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt (see Note 18).

Furthermore, the Group enters into interest rate derivative contracts to manage exposure to the volatility of interest rates on the leases of the expected aircraft deliveries (see Note 8).

The following tables show information about the Group’s long-term debt that are exposed to interest rate risk as of December 31, 2024 and 2023 and are presented by maturity profile (see Note 18):

	2024							
	<1-1 year	**>1-2 years**	**>2-3 years**	**>3-4 years**	**>4-5 years**	**>5 years**	**Total**	**Fair Value**
Commercial loans from banks (in US Dollar; Note 18)	**US$14,545,966**	**US$20,231,435**	**US$19,162,209**	**US$19,801,453**	**US$73,236,358**	**US$207,260,037**	**US$354,237,458**	**US$264,051,428**
US $ loans (in Philippine Peso)	**₱841,411,408**	**₱1,170,287,410**	**₱1,108,437,931**	**₱1,145,415,073**	**₱4,236,357,124**	**₱11,988,956,805**	**₱20,490,865,751**	**₱15,274,054,843**
Commercial loans from banks (in JPY; Note 18)	**JPY3,879,178,397**	**JPY3,912,155,760**	**JPY3,945,446,607**	**JPY3,978,430,067**	**JPY6,436,450,809**	**JPY22,095,356,173**	**JPY44,247,017,813**	**JPY42,278,159,860**
JPY loans (in Philippine Peso)	**₱1,424,434,308**	**₱1,436,543,593**	**₱1,448,767,994**	**₱1,460,879,521**	**₱2,363,464,736**	**₱8,113,414,785**	**₱16,247,504,937**	**₱15,524,540,301**
Commercial loans from banks (Note 18)	**1,757,810,985**	**1,757,810,984**	**1,073,641,798**	**313,789,064**	**201,204,854**	**955,723,061**	**6,059,980,746**	**5,262,800,387**
	₱4,023,656,701	**₱4,364,641,987**	**₱3,630,847,723**	**₱2,920,083,658**	**₱6,801,026,714**	**₱21,058,094,651**	**₱42,798,351,434**	**₱36,061,395,531**

	2023							
	<1-1 year	>1-2 years	>2-3 years	>3-4 years	>4-5 years	>5 years	Total	Fair Value
Commercial loans from banks (in US Dollar; Note 18)	US$29,636,730	US$31,424,992	US$86,637,811	US$ 57,593,749	US$10,830,535	US$64,297,365	US$280,421,182	US$278,542,495
US $ loans (in Philippine Peso)	₱1,640,985,740	₱1,740,001,814	₱4,797,135,582	₱3,188,965,863	₱599,686,702	₱3,560,145,152	₱15,526,920,853	₱14,307,894,131
Commercial loans from banks (in JPY; Note 18)	JPY3,209,467,725	JPY3,319,862,626	JPY3,346,380,067	JPY3,373,136,381	JPY3,399,661,220	JPY22,010,436,745	JPY38,658,944,764	JPY37,755,938,452
JPY loans (in Philippine Peso)	₱1,261,320,816	₱1,304,706,012	₱1,315,127,366	₱1,325,642,598	₱1,336,066,859	₱8,650,101,641	₱15,192,965,292	₱14,838,083,812
Commercial loans from banks (Note 18)	2,190,872,905	2,232,909,780	2,232,909,780	1,210,588,765	112,584,210	–	7,979,865,440	7,182,601,862
	₱5,093,179,461	₱5,277,617,606	₱8,345,172,728	₱5,725,197,226	₱2,048,337,771	₱12,210,246,793	₱38,699,751,585	₱36,328,579,805

The following table sets forth the impact of the range of reasonably possible changes in interest rates on the Group's pre-tax income for the years ended December 31, 2024 and 2023.

	2024		2023		2022	
Changes in interest rates	**1.50%**	**(1.50%)**	1.50%	(1.50%)	1.50%	(1.50%)
Change in pre-tax income	**(₱661,358)**	**₱661,358**	(₱972,373)	₱972,373	(₱1,070,194)	₱1,070,194

Fair value interest rate risk
Fair value interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's financial liabilities at amortized cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax and the relative impact on the Group's net assets as of December 31, 2024 and 2023:

	Change in Basis Points	Effect on Profit Before Tax
2024	**+200%**	**(₱254,283,434)**
	-200%	**277,040,521**
2023	+200%	(₱107,508,042)
	-200%	248,235,601

31. Fair Value Measurement

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

	2024		2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Asset:				
Refundable deposits* (Note 15)	**₱2,994,555,421**	**₱2,518,511,841**	₱2,343,524,841	₱1,933,383,196
Financial Liability:				
Other financial liability:				
Long-term debt**(Note 18)	**₱42,798,351,434**	**₱36,061,395,531**	₱38,699,751,585	₱36,328,579,805

**Included under 'Other noncurrent assets' account in the consolidated statements of financial position.*
***Including current portion.*

The methods and assumptions used by the Group in estimating the fair value of financial assets and other financial liabilities are:

Refundable deposits
The fair values are determined based on the present value of estimated future cash flows using prevailing market rates. The Group used discount rates of 4.2% to 4.8% and 4.0% to 8.0% as of December 31, 2024 and 2023, respectively.

Long-term debt
The fair value of long-term debt is determined using the discounted cash flow methodology, with reference to the Group's current incremental borrowing rates for similar types of loans. The discount rates used range from 0.2% to 6.2% and 2.0% to 7.0% as of December 31, 2024 and 2023, respectively. The tables below show the Group's financial instruments carried or presented at fair value hierarchy classification:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value:				
Derivative financial assets at FVOCI	**₱–**	**₱1,297,193**	**₱–**	**₱1,297,193**
Assets and liabilities for which fair values are disclosed:				
Refundable deposits	**₱–**	**₱–**	**₱2,518,511,841**	**₱2,518,511,841**
Long-term debt	**–**	**36,061,395,531**	**–**	**36,061,395,531**

	2023			
	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value:				
Derivative financial liabilities at FVOCI	₱–	₱1,291,971	₱–	₱1,291,971
Assets and liabilities for which fair values are disclosed:				
Refundable deposits	₱–	₱–	₱1,933,383,196	₱1,933,383,196
Long-term debt	–	36,328,579,805	–	36,328,579,805

There were no transfers within any hierarchy level of fair value measurements for the years ended December 31, 2024 and 2023, respectively.

32. Commitments and Contingencies

Leases
The Group has aircraft and non-aircraft leases. Leases of aircraft generally have lease term between 1.25 and 10 years, while leases of non-aircraft items generally have remaining lease term between 3 and 18 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain non-aircraft leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The movements in right-of-use assets follow:

	2024	2023
Cost		
Balance at January 1	**₱100,663,573,884**	₱63,198,412,415
Additions (non-cash investing activity)	**40,226,399,933**	41,744,523,661
Acquired through business combination (Note 14)	**1,374,472,418**	–
Deferred gain on sale and leaseback	**(3,073,336,756)**	(1,373,070,937)
Retirement	**(10,343,156,668)**	(2,906,291,255)
Balance at December 31	**128,847,952,811**	100,663,573,884
Accumulated depreciation		
Balance at January 1	**24,562,931,454**	19,807,452,988
Amortization	**10,758,544,312**	7,661,769,721
Retirement	**(10,056,746,223)**	(2,906,291,255)
Balance at December 31	**25,264,729,543**	24,562,931,454
	₱103,583,223,268	₱76,100,642,430

The movements in lease liability follow:

	2024	2023
Balance at January 1	**₱82,639,378,971**	₱48,448,563,693
Additions	**40,226,399,933**	41,744,523,661
Acquired through business combination (Note 14)	**1,642,332,176**	–
Accretion of interest	**3,780,284,679**	2,247,857,293
Payment	**(14,368,898,361)**	(9,801,565,676)
Retirement	**(289,418,722)**	–
Ending balance	**113,630,078,676**	82,639,378,971
Less: current portion	**13,470,382,193**	9,228,540,715
Noncurrent portion	**₱100,159,696,483**	₱73,410,838,256

The following are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Amortization expense on right-of-use assets	**₱10,758,544,312**	₱7,661,769,721	₱6,639,771,097
Interest expense on lease liabilities	**3,780,284,679**	2,247,857,293	1,151,655,726
Rent expense on short term leases	**2,247,613,103**	2,655,010,201	1,649,519,624
	₱16,786,442,094	₱12,564,637,215	₱9,440,946,447

Aircraft Lease Commitments

The Group entered into operating lease agreements with certain leasing companies, which cover the following aircraft:

A320CEO aircraft

The following table summarizes the specific lease agreements on the Group's Airbus A320CEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Term
December 2021	Avolon Leasing Ireland 3 Limited	5	August 2025 - September 2027
December 2021	VMO Aircraft Leasing 32 and 33 (Ireland) Limited	2	July 2025 - October 2026
May 2023	Banc of America Leasing Ireland Co., Limited	1	May 2026
June 2023	AWAS 3896 Trust	1	June 2026
June 2023	Wilmington Trust SP Services (Dublin) Limited	3	January 2028 – April 2028
November 2023	EOS Aviation 9 (Ireland) Limited	2	January - February 2027
November 2023	Bank of Utah	2	July 2028 – October 2028
December 2023	AVAP Aircraft Trading Pte. Ltd.	1	December 2027
December 2023	CALC Jiangqing Limited	1	February 2028

In November 2023, the Group entered into four (4)-year lease agreements with Bank of Utah, not in its individual capacity but solely as owner trustee, for two (2) Airbus A320 delivered in July 2024 and October 2024.

In December 2023, the Group entered into (4)-year lease agreement with CALC Jiangqing Limited, for one (1) Airbus A320 delivered in February 2024.

A320NEO aircraft

The following table summarizes the specific lease agreements on the Group's Airbus A320NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
July 2019	SMBC Aviation Capital LTD	1	July 2029
October 2019	SMBC Aviation Capital LTD	1	October 2029
November 2019	Orix Aviation Systems Limited	2	June – September 2029
January 2020	SMBC Aviation Capital LTD	1	January 2030
November 2021	SMBC Aviation Capital LTD	1	November 2031
April 2022	Jackson Square Aviation Ireland Limited	1	April 2032
July 2022	Sky High 135 Leasing Company Limited	1	July 2032
December 2022	Sky High 135 Leasing Company Limited	1	December 2032
March 2023	Avolon Leasing Ireland 3 Limited	2	October 2034 – May 2035
April 2023	Jackson Square Aviation Ireland Limited	1	April 2035
June 2023	Miracle Carina Company Limited	1	June 2035
August 2023	AerCap Aviation Leasing Limited	4	August 2033-November 2033

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
October 2023	Miracle Cassiopeia Company Limited	1	October 2035
November 2023	SMBC Aviation Capital LTD	1	April 2033
April 2024	Sky High 135 Leasing Company Limited	1	April 2036
September 2024	Sky High 101 Leasing Company Limited	1	September 2030
November 2024	Inishcannon Leasing Limited	1	June 2035

In August 2023, the Group entered into a 10-year lease agreement with AerCap Aviation Leasing Limited for four (4) A320NEOs delivered on August 2023, September 2023, April 2024 and June 2024.

In April 2024, the Group entered into a 12-year lease agreement with Sky High 135 Leasing Company Limited for one (1) Airbus A320NEO delivered in April 2024.

In September 2024, the Group entered into a 6-year lease agreement with Sky High 101 Leasing Company Limited for one (1) Airbus A320NEO delivered in September 2024.

In March 2023, the Group entered into a 12-year lease agreement with Avolon Leasing Ireland 3 Ltd. for one (1) Airbus A320NEO. In November 2024, the lease rights were amended and novated to current lessor, Inishcannon Leasing Limited.

A321CEO aircraft
The following table summarizes the specific lease agreements on the Group's Airbus A321CEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
December 2024	Jackson Square Aviation Ireland Limited	7	April-December 2030

In 2018, the Group entered into a 12-year finance lease agreement with TOADAC for seven (7) Airbus A321CEO. In December 2024, the agreement with TOADAC was pre-terminated and the Group entered into a new operating lease agreement with Jackson Square Aviation Ireland Limited (see Note 12).

A321NEO aircraft
The following table summarizes the specific lease agreements on the Group's Airbus A321NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
November 2020	Connolly Aviation Capital 5 Limited	1	November 2032
March 2021	JSA Cayman Leasing, Ltd.	1	March 2033
March 2022	Connolly Aviation Capital 6 Limited	1	March 2034
May 2021	SMBC Aviation Capital LTD	1	May 2031
June 2024	Aviation Capital Group LLC	1	June 2036

In June 2024, the Group entered into a 12-year lease agreement with Aviation Capital Group LLC for one (1) Airbus A321NEO delivered in June 2024.

ATR 72-600 aircraft
The following table summarizes the specific lease agreements on the Group's ATR 72-600 aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
May 2019	AVAP AIRCRAFT TRADING III PTE. Ltd.	1	May 2029
December 2021	MSO 1628 Leasing Designated Activity Co.	1	December 2031
December 2023	NAC 58 Company Limited	1	May 2032
December 2017	NAC Aviation 29 DAC	1	December 2028
June 2018	NAC Aviation 29 DAC	1	June 2029
November 2023	NAC Aviation 48 Limited	1	December 2033

In December 2017, AirSWIFT entered into a lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1440 which commenced at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$420,000. The aircraft was delivered to AirSWIFT in February 2018 and has started flight operations in March 2018. AirSWIFT, per lease contract, has the option to purchase the aircraft at the end of lease term for US$14.16 million.

The lease agreement provides for a payment of a fixed fee and variable rental payments. The fixed lease is subject to an annual escalation of 8% until the fifth term. Thereafter, the monthly rental will be the same until the end of the lease term.

In June 2018, AirSWIFT entered into a second 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1492 which also commenced at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$420,000. The aircraft was delivered to the Company in the same month and has started flight operations in August 2018. AirSWIFT, per lease contract, has the option to purchase the aircraft at the end of the lease term amounting to US$14.16 million.

The lease contains free rent on the first two months and variable monthly rental payments ranging from US$119,953 to US$159,953 from third month to 13th month. At the beginning of the 14th month, the fixed monthly rental payments will amount to US$130,000 until the end of second year. The fixed monthly rental payments on the third and fourth year will amount to US$148,000. Subsequently, fixed monthly rental payments of US$160,000 will be paid at the beginning of fifth year until the end of the contract.

In October 2020, AirSWIFT was granted by its lessor a rental relief equivalent to a discount of 40% on its fixed monthly rental fees for the two leased aircraft for one year beginning November 1, 2020 to October 31, 2021. The lessor extended the lease terms for an additional year.

In November 2023, the Company entered into its third 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1675 which also commenced at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$437,250. The aircraft was delivered to AirSWIFT in the same month and started flight operations in December 2023.

In December 2023, the Group entered into a 8-year lease agreement with NAC 58 Company Limited for one (1) ATR 72-600 delivered in May 2024.

A330NEO aircraft

The following table summarizes the specific lease agreements on the Group's Airbus A330NEO aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
July 2019	Avolon Leasing Ireland 3 Limited	1	December 2033
May 2022	Dune Aviation 15 Limited	1	May 2034
November 2021	SMBC Aviation Capital LTD	1	November 2033
April 2023	Aerdragon	1	April 2035
November 2023	SMBC Aviation Capital LTD	1	November 2035
November 2019	Avolon Leasing Ireland 3 Limited	1	December 2035
November 2019	Avolon Leasing Ireland 3 Limited	1	July 2036
January 2024	GY Aviation Lease 1841 Co., Limited	1	November 2034
December 2024	SMBC Aviation Capital Limited	1	February 2036
August 2024	Jackson Square Aviation Ireland Limited	1	December 2036

In March 2022, the Group entered into a 12-year lease agreement with JLPS Ireland Limited for one (1) Airbus A330NEO. In April 2023, the lease rights of this were amended and novated to current lessor, Aerdragon.

In November 2019, the Group entered into a 12-year lease agreement with Avolon Leasing Ireland 3 Ltd for one (1) Airbus A330NEO. In January 2024, the lease rights were amended and novated to current lessor, GY Aviation Lease 1841 Co., Limited.

In November 2019, the Group entered into a 12-year lease agreement with Avolon Leasing 3 Limited for one (1) Airbus A330NEO delivered on February 2024. In December 2024, the lease rights of this were amended and novated to current lessor, SMBC Aviation Capital LTD.

In November 2019, the Group entered into a 12-year lease agreement with Avolon Leasing 3 Limited for one (1) Airbus A330NEO delivered on July 2024.

In August 2024, the Group entered into a 12-year lease agreement with Jackson Square Aviation Ireland Limited for one (1) Airbus A330NEO delivered on December 2024.

Engine Lease Commitments

The following table summarizes the specific lease agreements on the Group's engines:

Date of Lease Agreement	Lessors	No. of Units	Lease Term
May 2019	RRPF Engine Leasing Limited	8	6-12 years with pre-termination option
September 2020	SMBC Aero Engine Lease B.V.	8	18 months – 9 years
December 2021	Crestone Air Partners, Inc.	2	4-7 years
October 2023	NAC Aviation 57 Limited	1	18 months – 9 years
May 2024	Total Engine Asset Management PTE. LTD.	4	10 years
September 2024	SMBC Aero Engine Lease B.V.	3	10 years
November 2024	RRPF Engine Leasing (No. 2) Limited	1	12 years
November 2024	SMBC Aero Engine Lease B.V.	2	10 years
December 2024	SMBC Aero Engine Lease B.V.	1	10 years

In May 2019, the Group entered into operating lease agreements with RRPF Engine Leasing Limited for the lease of three (3) Trent 700 engines.

In September and October 2020, the Group entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V for eight (8) CFM56 engines. The leases have short- and long-term lease arrangements between 18 months to eight (8) years, respectively. In December 2021 and April 2022, two (2) CFM56 engine were amended to effect the novation of lease rights to current lessor, SUNRISE NON-US PO 1 LTD.

In 2022, the Group provided a notice to early terminate its operating lease agreement with RRPF Engine Leasing Limited for the lease of one (1) Trent 700 engine until February 2023.

In May and June 2022, the Group has entered into swap transactions to replace its two old (2) engines (ESN 729600 and ESN 697582) with new engines (ESN 849340 and ESN 849288) with its lessors. As a result of the exchange transactions, the Group recognized a gain of ₱99.5 million under 'Gain (loss) on disposal - net' in the consolidated statement of comprehensive income.

In August 2022, the Group entered into operating lease agreements as part of a sale and leaseback transaction with RRPF Engine Leasing Limited for the lease of two (2) PW1133G-JM engines and one (1) Trent 7000 engine.

In September 2022, the Group entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for four (4) PW1133GA-JM engines with lease term arrangements between seven (7) to nine (9) years.

In November 2022, the Group again entered into operating lease agreement as part of a sale and leaseback transaction with RRPF Engine Leasing Limited for the lease of one (1) PW1133G-JM engines.

In October 2023, one (1) of the CFM56 engine that was entered into operating lease agreement between SMBC Aero Engine Lease B.V during September 2020 was amended to effect the novation of lease rights to current lessor, NAC Aviation 57 Limited.

In May 2024, the Group entered into a 10-year operating lease agreements as part of a sale and leaseback transaction with Total Engine Asset Management PTE. LTD. for three (3) PW1133G-JM engines on May 2024 and one (1) PW1133G-JM on June 2024.

In July 2024, the Group received one (1) Trent 7000 engine from RRPF Engine Leasing Limited as part of a sale and leaseback transaction with a lease term of 12 years.

In September 2024, the Group entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for three (3) PW1133G-JM engines with lease term arrangements of 10 years.

In November 2024, the Group entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for two (2) PW1133G-JM engines with lease term arrangements of 10 years.

In December 2024, the Group entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for one (1) PW1133G-JM engines with lease term arrangements of 10 years.

As of December 31, 2023, the Group has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors (see Note 7). As of December 31, 2024, the lessors released the holdouts in cash in banks and money market placements.

Lease expenses relating to aircraft and engine leases (included in 'Aircraft and engine lease' account in the consolidated statements of comprehensive income) amounted to ₱0.9 billion, ₱1.7 billion and ₱1.1 billion in 2024, 2023, and 2022, respectively.

Future minimum lease payments under the above-indicated operating aircraft leases follow:

	2024		2023		2022	
	US Dollar	**Philippine Peso Equivalent**	US Dollar	Philippine Peso Equivalent	US Dollar	Philippine Peso Equivalent
Within one year	**US$315,045,013**	**₱18,223,778,757**	US$258,328,908	₱14,303,671,636	US$182,214,559	₱10,159,372,756
After one year but not more than five years	**1,094,523,841**	**63,312,731,601**	982,573,506	54,405,095,010	731,976,291	40,811,338,097
Over five years	**1,002,165,227**	**57,970,247,564**	753,471,084	41,719,693,917	474,231,261	26,440,763,968
	US$2,411,734,081	**₱139,506,757,922**	US$1,994,373,498	₱110,428,460,563	US$1,388,422,111	₱77,411,474,821

Operating Non-Aircraft Lease Commitments

The Group has entered into various lease agreements for its hangar, office spaces, ticketing stations and certain equipment. These leases have remaining lease terms ranging from one to ten years. Certain leases include a clause to enable upward revision of the annual rental charge ranging from 5.00% to 10.00%.

Future minimum lease payments under these noncancellable operating leases follow:

	2024	2023	2022
Within one year	**₱517,523,271**	₱227,165,672	₱221,968,510
After one year but not more than five years	**1,971,517,224**	1,227,426,336	943,617,379
Over five years	**4,100,537,159**	3,840,389,291	4,351,363,919
	₱6,589,577,654	₱5,294,981,299	₱5,516,949,808

Lease expenses relating to both cancellable and noncancellable non-aircraft leases (allocated under different expense accounts in the consolidated statements of comprehensive income) amounted to ₱1,347.6 million, ₱991.1 million and ₱556.1 million in 2024, 2023, and 2022, respectively.

Service Maintenance Commitments

On June 21, 2012, the Parent Company has entered into a 10-year charge per aircraft landing (CPAL) agreement with Messier-Bugatti-Dowty (Safran group) to purchase wheels and brakes for its fleet of Airbus A319 and A320 aircraft. The contract covers the current fleet, as well as future aircraft to be acquired. On June 27, 2023 this agreement has been extended for another 10 years.

On June 22, 2012, the Parent Company has entered into service contract with Rolls-Royce Total Care Services Limited (Rolls-Royce) for service support for the engines of the Airbus A330 aircraft. Rolls-Royce will provide long-term Total Care service support for the Trent 700 engines on up to eight (8) Airbus A330 aircraft. Contract term shall be from delivery of the first A330 until the redelivery of the last Airbus A330.

On March 28, 2017, the Parent Company entered into a maintenance service contract with Societe Air France for the lease, repair and overhaul services of parts and components of its Airbus A319, Airbus A320 and Airbus A321 aircraft. These services include provision of access to inventories under lease basis, access to pooled components on a flat rate basis, and repairs of aircraft parts and components.

On November 29, 2019, the Parent Company has entered into a service contract with Rolls-Royce plc (Rolls-Royce) for service support for the engines of Airbus A330NEO aircraft. Rolls-Royce will provide long-term Total Care service support for the Trent 7000 engines. Contract term shall be from delivery of the first A330NEO until the redelivery of the last Airbus A330NEO.

Aircraft and Spare Engine Purchase Commitments

In August 2011, the Group entered in a commitment with Airbus S.A.S. to purchase firm orders of 32 new Airbus A321NEO aircraft and ten (10) additional option orders. These aircraft are scheduled to be delivered from 2019 to 2026.

On June 28, 2012, the Group entered into an agreement with United Technologies International Corporation Pratt & Whitney Division to purchase new PurePower® PW1100G-JM engines for its 32 firm and ten (10) optional A321NEO aircraft. The agreement also includes an engine maintenance services program for a period of ten (10) years from the date of entry into service of each engine.

On October 31, 2019 the Parent Company placed an order with Airbus S.A.S to purchase 16 Airbus A330 NEO aircraft. Consequently, on November 29, 2019, the Parent Company entered into agreements with Rolls-Royce PLC for the purchase of spare Trent 7000 engines and for the provision of Total Care life services and other services required in connection with the 16 A330NEO aircraft.

On December 19, 2019, the Parent Company placed an additional order with Airbus S.A.S for 15 A320NEO family aircraft which includes up to ten (10) A321XLR.

On October 2 2024, the Group formally signed its purchase agreement with Airbus for up to 152 A321NEO and A320NEO family aircraft. The agreement includes a firm order for 70 narrowbody aircraft, along with 82 early options and purchase rights. Deliveries are scheduled to commence in 2029 up to mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. The Group also signed with International Aero Engines (Pratt & Whitney) to power the aircraft with its engines, which includes a comprehensive engine maintenance program.

As of December 31, 2024, the Group is set to take delivery of six (6) A320NEO aircraft, fourteen (14) A321NEO aircraft, six (6) A330NEO aircraft, and seventy (70) A320 Family aircraft until 2033. This excludes any exercise of early options available with new purchase order with Airbus.

As of December 31, 2024, the Group entered into operating lease to finance six (6) of these upcoming deliveries.

The above-indicated commitments relate to the Group's re-fleeting and expansion programs. These agreements remain in effect as of December 31, 2024.

Capital Expenditure Commitments

The Group's capital expenditure commitments relate principally to the acquisition of aircraft fleet, aggregating to ₱436.5 billion and ₱233.7 billion as of December 31, 2024 and 2023, respectively.

	2024	
	US Dollar	**Philippine Peso Equivalent**
Within one year	**US$849,610,022**	**₱49,145,691,700**
After one year but not more than five years	**2,947,290,413**	**170,486,013,958**
More than five years	**3,749,357,665**	**216,881,594,136**
	US$7,546,258,100	**₱436,513,299,794**

	2023	
	US Dollar	Philippine Peso Equivalent
Within one year	US$1,076,424,848	₱59,601,643,843
After one year but not more than five years	2,390,608,582	132,367,997,206
More than five years	753,471,084	41,719,693,917
	US$4,220,504,514	₱233,689,334,966

Contingencies

The Group has pending suits, claims and contingencies which are either pending decisions by the courts or being contested or under evaluation, the outcome of which are not presently determinable. The information required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed until final settlement, on the ground that it might prejudice the Group's position.

33. Supplemental Disclosures to the Consolidated Statements of Cash Flows

The changes in liabilities arising from financing activities in 2024, 2023 and 2022 follow:

			Noncash		
	January 1, 2024	**Cash Flows**	**Foreign Exchange Movement**	**Others***	**December 31, 2024**
Short-term debt	**₱–**	**₱4,132,036,437**	**₱178,821,791**	**₱1,257,588,961**	**₱5,568,447,189**
Current portion of long-term debt	**5,093,179,461**	**(15,682,927,765)**	**(58,965,068)**	**14,672,370,073**	**4,023,656,701**
Long-term debt - net of current portion	**33,606,572,124**	**20,070,579,522**	**(230,086,840)**	**(14,672,370,073)**	**38,774,694,733**
Bonds payable	**13,437,715,699**	**–**	**601,772,732**	**116,951,791**	**14,156,440,222**
Lease liability	**82,639,378,971**	**(14,368,898,361)**	**–**	**45,359,598,066**	**113,630,078,676**
Total liabilities from financing activities	**₱134,776,846,255**	**(₱5,849,210,167)**	**₱491,542,615**	**₱46,734,138,818**	**₱176,153,317,521**

**Others consist of reclassification of loans and borrowings from noncurrent to current, additional lease liability, accretion of interest and amortization of bond issue costs*

	January 1, 2023	Cash Flows	Noncash: Foreign Exchange Movement	Noncash: Others*	December 31, 2023
Current portion of long-term debt	₱3,699,412,710	(₱11,828,548,729)	(₱14,988,451)	₱13,237,303,931	₱5,093,179,461
Long-term debt - net of current portion	36,680,069,698	10,296,833,376	(133,027,019)	(13,237,303,931)	33,606,572,124
Bonds payable	13,423,322,594	–	(93,207,960)	107,601,065	13,437,715,699
Lease liability	48,448,563,693	(9,801,565,676)	–	43,992,380,954	82,639,378,971
Total liabilities from financing activities	₱102,251,368,695	(₱11,333,281,029)	(₱241,223,430)	₱44,099,982,019	₱134,776,846,255

**Others consist of reclassification of loans and borrowings from noncurrent to current, additional lease liability, accretion of interest and amortization of bond issue costs*

	January 1, 2022	Cash Flows	Noncash: Foreign Exchange Movement	Noncash: Others*	December 31, 2022
Short-term debt	₱4,462,412,500	(₱5,161,625,000)	₱699,212,500	₱–	₱–
Current portion of long-term debt	3,855,439,137	(7,046,553,461)	121,617,332	6,768,909,702	3,699,412,710
Long-term debt - net of current portion	42,099,660,479	–	1,349,318,921	(6,768,909,702)	36,680,069,698
Bonds payable	12,184,836,126	–	1,138,579,757	99,906,711	13,423,322,594
Lease liability	32,470,382,013	(7,313,010,731)	–	23,291,192,411	48,448,563,693
Total liabilities from financing activities	₱95,072,730,255	(₱19,521,189,192)	₱3,308,728,510	₱23,391,099,122	₱102,251,368,695

**Others consist of reclassification of loans and borrowings from noncurrent to current, additional lease liability, accretion of interest and amortization of bond issue costs*

Please see notes 12 and 32 for noncash investing activities in 2024, 2023 and 2022.

There are no principal noncash operating and financing activities in 2024, 2023 and 2022.

34. Registration with the BOI

The Parent Company is registered with the BOI as an operator of air transport on a non-pioneer status. As of December 31, 2024, the Parent Company has outstanding registrations for 13 Airbus A320 NEO, 24 Airbus A321 NEO and 11 Airbus A330 NEO aircraft. Out of the total outstanding registrations with the BOI, two (2) of which were registered during the effectivity of the CREATE Act and 14 of which are subject to a pending application for the transfer of registration under EO No. 226 to the CREATE Act.

Based on the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives (see Notes 1, 12, 27 and 32):

a. An ITH for a period of two to four years.

b. Employment of foreign nationals occupying supervisory, technical or advisory positions for five (5) years from date of registration.

c. Importation of capital equipment, spare parts and accessories at zero duty from date of effectivity of Executive Order (E.O.) No. 70 and its Implementing Rules and Regulations for a period of five years reckoned from the date of its registration or until the expiration of E.O. 70, whichever is earlier, as applicable; or importation of capital equipment, spare parts and accessories at zero duty under E.O. No. 22, No.57, or No. 85, and related Implementing Rules and Regulations, as applicable.

d. Additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availments as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI. This may be availed of for the first five (5) years from date of registration but not simultaneously with ITH.

e. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and suppliers.

Furthermore, for those registered during effectivity of the CREATE Act, the registered projects are entitled to Enhanced Deductions for five (5) years from the end of ITH period.

As of December 31, 2024 and 2023, the Parent Company has complied with capital requirements set by the BOI in order to avail the ITH incentives for aircraft of registered activity.

35. **Approval of the Consolidated Financial Statements**

The consolidated financial statements were approved and authorized for issue by the BOD on March 26, 2025.

36. **Events After the Financial Reporting Date**

Listing of Vested RSUs
On January 17, 2025, the Parent Company advised the Philippine Stock Exchange that 346,500 common shares have been availed under Restricted Stock Units of its Long-Term Incentive Plan. These shares were listed on January 17, 2025. The RSUs vested on December 31, 2024 (see Note 23).

37. **Standards Issued But Not Yet Effective**

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. The adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards – Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

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

  The Group aims to identify all impacts of the amendments will have on the consolidated financial statements prior to adoption of PFRS 18.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred Effectivity

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

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE**

The Stockholders and the Board of Directors
Cebu Air, Inc.
Basement 2, Room 01 – 02, Robinsons Galleria Cebu
General Maxilom corner S. Osmeña Boulevard
Barangay Tejeros, Cebu City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Air, Inc. and its Subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Narciso T. Torres, Jr.
Partner
CPA Certificate No. 84208
Tax Identification No. 102-099-147
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-111-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465393, January 2, 2025, Makati City

March 26, 2025

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
Cebu Air, Inc.
Basement 2, Room 01 – 02, Robinsons Galleria Cebu
General Maxilom corner S. Osmeña Boulevard
Barangay Tejeros, Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Air, Inc. and its Subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedule of Retained Earnings Available for Dividend Declaration as of December 31, 2024 is the responsibility of the Group's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Narciso T. Torres, Jr.
Partner
CPA Certificate No. 84208
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PTR No. 10465393, January 2, 2025, Makati City

March 26, 2025

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE OF
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Cebu Air, Inc.
Basement 2, Room 01 – 02, Robinsons Galleria Cebu
General Maxilom corner S. Osmeña Boulevard
Barangay Tejeros, Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Air, Inc. and its Subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 26, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Narciso T. Torres, Jr.
Partner
CPA Certificate No. 84208
Tax Identification No. 102-099-147
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-111-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465393, January 2, 2025, Makati City

March 26, 2025

CEBU AIR, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES
AS OF DECEMBER 31, 2024

I. Supplementary schedules required by Annex 68-J

   A. Financial Assets (Current Marketable Equity and Debt Securities and Other Short-Term Cash Investments)
   B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
   C. Amounts Receivable from and Payable to Related Parties which are Eliminated during Consolidation of Financial Statements
   D. Long-Term Debt
   E. Indebtedness to Related Parties (Noncurrent)*
   F. Guarantees of Securities of Other Issuers*
   G. Capital Stock
   H. Property, Plant and Equipment
   I. Accumulated Depreciation
   J. Intangible Assets and Other Assets*

   *These schedules, which are required by Revised SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related consolidated financial statements or in the notes thereto.

II. Map of the Relationships of the Companies within the Group (Part 1, 4H)

III. Schedule of Financial Soundness Indicators

IV. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)

V. Schedule of External Auditor Fee-Related Information

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
(CURRENT MARKETABLE EQUITY AND DEBT SECURITIES AND OTHER SHORT-TERM CASH INVESTMENTS)
DECEMBER 31, 2024

Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/ Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Various / USD Short-term cash investments	₱9,302,381,941	₱9,302,381,941	₱289,204,175
Various / PHP Short-term cash investments	5,150,225,712	5,150,225,712	311,710,392
Various / KRW Short-term cash investments	99,000,000	99,000,000	3,189,623
	₱14,551,607,653	₱14,551,607,653	₱604,104,190

See Note 7 of the Consolidated Financial Statements.

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
Various employees	₱412,766,730	₱184,480,518	(₱144,236,475)	₱–	₱96,267,835	₱356,742,939	₱453,010,774

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024

I. Receivables

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Noncurrent	Total
CEBGO, Inc.	₱351,044,379	₱4,295,568,694	(₱4,089,798,775)	₱–	₱556,814,298	₱–	₱556,814,298
Aviation Partnership (Philippines) Corporation (A-plus)	136,422,535	179,308,623	(109,895,162)		205,835,996	–	205,835,996
AirSwift Transport, Inc,	–	1,279,415,331	–	–	1,279,415,331	–	1,279,415,331

II. Payables

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Amounts Paid	Amounts Written Off	Balance at End of Period		
					Current	Noncurrent	Total
CEBGO, Inc.	₱682,439,769	₱8,805,949,013	(₱8,797,706,808)	₱–	₱690,681,974	₱–	₱690,681,974
Aviation Partnership (Philippines) Corporation (A-plus)	112,290,410	1,110,494,072	(962,090,793)	–	260,693,689	–	260,693,689
AirSwift Transport, Inc.	–	–	–	–	–	–	–

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

Title of Issue and Type of Obligation	Interest Rates	Maturity Dates	Amount Shown under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown under Caption "Long-term Debt – Net of Current Portion" in Related Balance Sheet
Commercial loans from banks	1.33% to 6.20% (SOFR)	Various dates through 2036	₱841,411,408	₱19,649,454,343
Commercial loans from banks	0.42% to 2.00% (TONA)	Various dates through 2034	1,424,434,308	14,823,070,630
Commercial loans from banks	6.26% TO 7.96% (PH BVAL)	Various dates through 2028	1,757,810,985	4,302,169,760
Total			₱4,023,656,701	₱38,774,694,733

Title of Issue and Type of Obligation	Interest Rates	Maturity Dates	Amount Shown under Caption "Bonds Payable" in Related Balance Sheet
Convertible bonds	4.5%	May 10, 2027	₱14,156,440,222

See Notes 18 and 19 of the Consolidated Financial Statements

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common Stock	1,340,000,000	624,269,333	324,241,500	407,412,031	6,489,205	210,368,097
Preferred Stock	400,000,000	309,471,601	309,471,601	245,181,064	–	64,290,537

See Notes 22 and 23 of the Consolidated Financial Statements.

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE H – PROPERTY AND EQUIPMENT
DECEMBER 31, 2024

Classification	Balance at Beginning of Period	Acquired through business combination	Additions at Cost	Reclassification	Disposals and Others	Balance at End of Period
Passenger Aircraft	₱59,431,497,546	₱765,306,917	₱19,275,768,908	₱1,866,211,551	(₱21,083,216,606)	₱60,255,568,316
Engines	6,474,412,357	–	7,199,100,406	–	(7,375,052,271)	6,298,460,492
Rotables	6,201,760,172	–	2,212,078,125	–	(112,826,924)	8,301,011,373
Ground Support Equipment	1,426,929,865	18,045,088	309,689,727	–	(18,767,633)	1,735,897,047
EDP Equipment, Mainframe and Peripherals	906,986,015	–	120,619,292	4,598,214	(12,045,457)	1,020,158,064
Building and Leasehold Improvements	2,150,694,009	3,373,850	22,501,683	76,556,098	–	2,253,125,640
Transportation Equipment	385,626,378	6,105,991	62,228,114	–	(27,346,805)	426,613,678
Furniture, Fixtures and Office Equipment	126,633,884	15,262,995	35,650,940	160,713	(527,325)	177,181,207
Communication Equipment	28,284,438	–	3,697,460	–	–	31,981,898
Special Tools	137,743,417	–	72,935,569	–	–	210,678,986
Maintenance and Test Equipment	254,691,420	–	28,311,226	–	(970,993)	282,031,653
Other Equipment	40,883,438	–	20,341,455	–	–	61,224,893
Construction In-progress	17,992,333,402	–	20,174,247,885	(1,926,197,620)	(13,314,355,377)	22,926,028,290
	₱95,558,476,341	₱808,094,841	₱49,537,170,790	₱21,328,956	(₱41,945,109,391)	₱103,979,961,537

CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE I - ACCUMULATED DEPRECIATION
DECEMBER 31, 2024

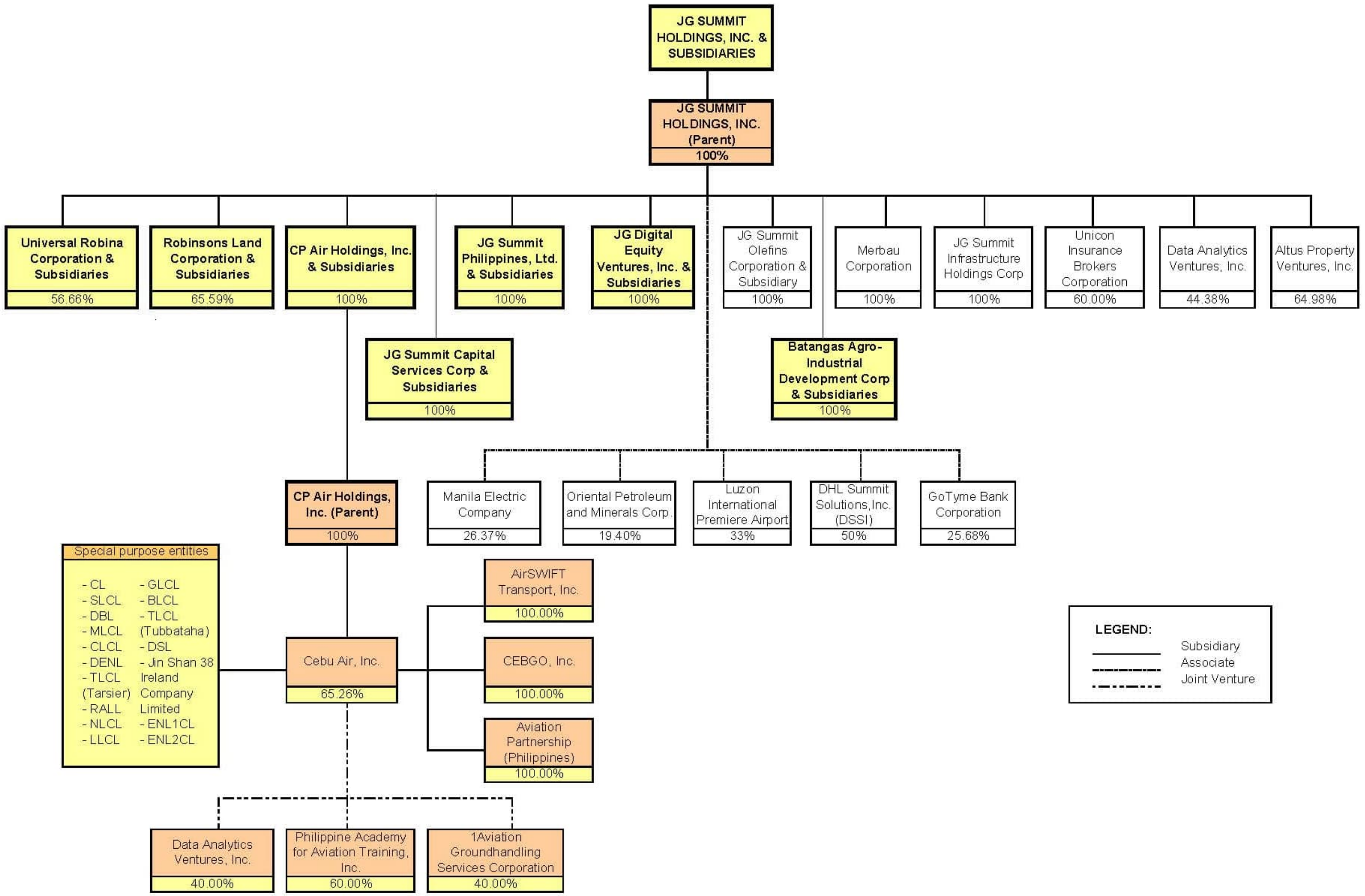
Classification	Balance at Beginning of Period	Depreciation	Reclassification	Disposals and Others	Balance at End of Period
Passenger Aircraft	₱14,937,605,413	₱4,286,505,481	₱–	(₱6,418,334,623)	₱12,805,776,271
Engines	4,548,237,186	359,220,978	–	(2,546,269,376)	2,361,188,788
Rotables	1,887,928,983	491,470,255	–	(106,580,284)	2,272,818,954
Ground Support Equipment	1,107,227,309	144,583,419	–	(18,695,870)	1,233,114,858
EDP Equipment, Mainframe and Peripherals	769,415,848	77,159,412	–	(12,041,613)	834,533,647
Building and Leasehold Improvements	1,492,184,293	102,730,668	–	–	1,594,914,961
Transportation Equipment	335,936,662	29,040,249	–	(27,346,805)	337,630,106
Furniture, Fixtures and Office Equipment	107,969,485	9,751,386	–	(523,231)	117,197,640
Communication Equipment	19,429,930	2,299,436	–	–	21,729,366
Special Tools	122,560,274	16,736,494	–	–	139,296,768
Maintenance and Test Equipment	218,685,023	13,263,106	–	(970,993)	230,977,136
Other Equipment	32,018,844	2,128,192	–	–	34,147,036
	₱25,579,199,250	₱5,534,889,076	₱–	(₱9,130,762,795)	₱21,983,325,531

CEBU AIR, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS OF DECEMBER 31, 2024

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



CEBU AIR, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

The following are the financial ratios that the Group monitors in measuring and analyzing its financial soundness:

	Formula	2024	2023
Liquidity Ratios			
Current Ratio	Current assets / Current liabilities	**54%**	52%
Quick Ratio	Current assets – Inventories and other current assets / Current liabilities	**34%**	35%
Capital Structure Ratios			
Asset to Equity Ratio (x)	Total assets / Total equity	**23.76**	39.18
Interest Coverage Ratio (x)	Total revenues – Operating expenses / Interest expense	**1.49**	1.93
Profitability Ratios			
EBITDA Margin	Total revenues – Operating expenses + Depreciation and amortization / Total revenues	**24.3%**	24.1%
EBIT Margin	Total revenues – Operating expenses / Total revenues	**8.7%**	9.5%
Pre-tax core net income margin	Total revenues – Operating expenses + Interest Income – Interest expense + (-) Equity in net income (loss) of joint ventures and associates / Total revenues	**3.0%**	4.6%
Return on asset	Net income (loss) / Average total assets	**2.5%**	4.7%
Return on equity	Net income (loss) / Average total equity	**73.0%**	837.1%

CEBU AIR, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2024

The table below presents the retained earnings available for dividend declaration as of December 31, 2024:

Unappropriated Retained Earnings, January 1, 2024 available for dividend		(₱26,371,464,804)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	₱–	
Effect of restatements or prior-period adjustments	–	
Others (Quasi-reorganization)	16,269,189,270	
		16,269,189,270
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effects of restatements or prior-period adjustments	–	
Others	–	–
Unappropriated Retained Earnings, January 1, 2024 as adjusted		(10,102,275,534)
Add/Less: Net income (loss) for the current year		2,641,355,139
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	–
Sub-total		–

(Forward)

CEBU AIR, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2024

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 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	–	
	Sub-total		–
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	1,071,977,464	
	Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	880,160,230	
	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	–	
	Sub-total		1,952,137,694
Adjusted Net Income/Loss			4,593,492,833

(Forward)

CEBU AIR, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2024

Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Depreciation on revaluation increment (after tax)	₱–	
	Others	–	
	Sub-total		₱–
Add/Less:	**Category E: Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	–	
	Total amount of reporting relief granted during the year	–	
	Others	–	
	Sub-total		–
Less:	**Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	(4,824,624)	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	571,053,977	
	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	8,345,909	
	Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
	Others	–	
	Sub-total		574,575,262
Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2024			(₱4,934,207,439)

CEBU AIR, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
Total audit fees	**₱8,826,912**	₱7,378,781	₱7,000,000
Non-audit service fees			
Other assurance services	**–**	–	–
Tax services	**98,508**	112,467	112,679
All other services	**3,320,000**	–	–
	3,418,508	112,467	112,679
Total audit and non-audit fees	**₱12,245,420**	₱7,491,248	₱7,112,679

Cebu Air, Inc.
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Domestic Road
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cebupacificair.com

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2024

Cebu Air, Inc. (the "Company") prioritizes effective audit oversight and governance to ensure the delivery of high-quality service to its clients and stakeholders. As members of the Audit Committee, our roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Directors. We assist the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to the following:

1. Company's financial reporting;
2. Internal Controls System;
3. Internal and External Audit processes;
4. Efficiency and effectiveness of business operations; and
5. Proper safeguarding and use of Company's resources and assets.

In compliance with the Audit Committee Charter, we confirm that:

- An Independent Director chairs the Audit Committee. Majority of the members of the Committee are independent directors.
- We had four meetings in 2024, with the following attendance rate:

Directors	No. of Meetings Attended	Percent Present
Bernadine T. Siy	4/4	100%
Brian Mathew P. Cu	4/4	100%
Jose Fernando B. Buenaventura	3/4	75%

- After evaluating SGV & Co.'s performance and qualifications, including management's recommendation, we proposed to the Board of the Directors its re-appointment as the independent external auditor of the Company for 2024.
- During our extensive review process, we thoroughly examined the quarterly and annual consolidated financial statements of the Company and its subsidiaries. These evaluations were complemented by in-depth discussions that encompassed a comprehensive analysis of the Company's financial condition and results of operations for the fiscal year that ended on 31 December 2024.
- We thoroughly assessed and approved the overall scope of work and specific audit plans of both the Company's Internal Auditors and External Auditors. We also analyzed the outcomes of their audits and their evaluation of the Company's internal controls and the overall quality of the financial reporting process.
- We devoted considerable attention to the detailed reports submitted by the Internal Audit teams, effectively ensuring that management promptly undertakes necessary corrective actions. It is noteworthy that the Internal Audit team diligently executed their

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duties in unwavering adherence to the revered International Standards for the Professional Practice of Internal Auditing.

- We also evaluated and approved all audit-related services as well as any non-audit services and fees performed by SGV & Co and concluded that these services and fees do not impair their independence.
- We also took note of any internal control issues raised during internal and external audits, investigating the root causes and ensuring that appropriate corrective actions were taken in a timely manner.
- We assessed and discussed our performance for 2024, in accordance with the guidelines set forth by the Securities and Exchange Commission and confirmed that the Committee continues to meet board, management and shareholder expectations.

Based on the reviews and discussions above, the Committee recommends that the audited financial statements be included in the Annual Report for the year ended 31 December 2024. The Committee also confirms that the Company's internal controls and compliance systems are adequate and effective in all material respects.

Date: March 26, 2025

BERNADINE T.SIY	**BRIAN MATHEW P. CU**	**JOSE FERNANDO B. BUENAVENTURA**
Chairperson	Member	Member

ATTESTED BY:

LANCE Y. GOKONGWEI
Chairman, Board of Directors

Cebu Air, Inc.
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REPORT OF THE CORPORATE GOVERNANCE COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended December 31, 2024

The Corporate Governance Committee (CG) was established to ensure that Cebu Air, Inc.'s (Company) governing processes and practices align with ethical standards, legal requirements, and the best interest of stakeholders. The CG focuses on promoting transparency, accountability, and responsible decision-making within the organization.

In line with the CG Charter, we confirm that for 2024, we fulfilled our corporate management responsibilities to the Board by:

1. Overseeing and ensuring compliance with ethical standards and legal requirements.
2. Overseeing the implementation of the Corporate Governance Manual and the Code of Business Conduct and Ethics.
3. Enhanced the overall corporate governance framework to align with the best interests of stakeholders.
4. Determined the nomination and election process for the Company's Directors.
5. Established a formal procedure to develop a policy for determining the remuneration of Directors and Officers.
6. Established efficient communication channels which aid and encourage employees, customers, suppliers, creditors and other stakeholders to raise concerns on potential unethical behaviour.
7. Reviewed recommendations concerning policies on conflict of interest, salaries and benefits policies, promotion and career advancement directives.

The Committee reports that for 2024:

- The CG is composed of three (3) members, all of which are independent directors.
- A total of two (2) meetings were held for the year.
- All meetings met the necessary requirement for quorum before proceeding.
- We exercised oversight and guidance over the Corporate Governance team.
- We discussed with the Human Resources Group on the Company's Whistleblower reports and recommended improvements in the existing policy of the Company in terms of escalation, reporting and turnaround time.
- We reviewed and evaluated the effectiveness of the IT security and control measures, including data privacy and cyber security.
- We established and enforced compliance with laws, regulations, and ethical standards.

Cebu Air, Inc.
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Domestic Road
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Date: March 26, 2025

RICHARD B. TANTOCO	**BERNADINE T. SIY**	**BRIAN MATHEW P. CU**
Chairperson	Member	Member

ATTESTED BY:

LANCE Y. GOKONGWEI
Chairman, Board of Directors

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REPORT OF THE BOARD RISK OVERSIGHT COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended December 31, 2024

The Board Risk Oversight Committee (BROC) was established to assist the Board in fulfilling its oversight responsibilities in relation to risk governance in Cebu Air, Inc. (Company). The BROC ensured, among others, that the Board and Management made well-informed decisions based on prudent assessment of risks and opportunities.

In line with the BROC Charter, we confirm that for 2024, we fulfilled our risk management responsibilities to the Board by:

- Maintaining and managing an effective, efficient, and integrated risk management process in the Company.
- Reviewed the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business.
- Providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation.
- Continuously developing a risk-aware culture that is pervasive throughout the Company, ensuring transparency in reporting of the risks.

The Committee reports that for 2024:

- The BROC is composed of three (3) members, two (2) of which are independent directors.
- A total of two (2) meetings were held for the year.
- All meetings met the necessary requirement for quorum before proceeding.
- The Company's Risk Officer (CRO), and members of top management were present in all meetings.
- We exercised oversight and guidance over the Company's Risk Management and government structure, through the ERM department.
- Risk management activities are aligned with the Internal Audit work plan, to avoid duplication of efforts.
- The following were the risks reports for 2024:
  - Safety reports from the Airline Safety Review Committee covering:
    - Safety Incidents
    - Operations Risks
    - Occupational Health and Safety
    - Safety Management System
  - Reports from the Data Privacy, Information Security, Business Continuity and Sustainability Board covering:
    - Fleet-Related Risks
    - Supply- Chain Related Issues and Risks
    - Information Security Related Issues and Risks
    - Cybersecurity Incidents
    - Business Continuity Incidents
    - Environmental and Sustainability Risks

        - Data Privacy Risks
    - Reports from the Treasury Risk Committee covering:
        - Fuel Hedging Risks
        - Foreign Exchange Risks

Date: March 26, 2025

BRIAN MATHEW P. CU	**JOSE FERNANDO B. BUENAVENTURA**	**RICHARD B. TANTOCO**
Chairperson	Member	Member

ATTESTED BY:

LANCE Y. GOKONGWEI
Chairman, Board of Directors

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REPORT OF THE RELATED PARTY TRANSACTIONS COMMITTEE TO THE BOARD OF DIRECTORS
For the year ended December 31, 2024

The Related Party Transactions Committee (RPT) upholds strong corporate governance supporting Cebu Air, Inc.'s (Company) commitment in overseeing and approving transactions between the Company and its related parties. The RPT Committee ensures, among others, that the transactions of the Board and Management are conducted fairly, transparently, and in the best interest of the Company and its shareholders by, among others:

- Overseeing and approval of transactions meeting the RPT threshold between the Company and its related parties;
- Ensuring that transactions meeting the RPT threshold are conducted in the best interest of the Company and its shareholders;
- Assessing the risks, benefits, and potential conflicts of interest associated with RPTs.
- Helping maintain integrity and ethical standards within the organization.

In line with the RPT Policy, we confirm that for 2024, there were no related party transactions that met the threshold for approval of the RPT Committee.

Date: March 26, 2025

RICHARD B. TANTOCO	**JOSE FERNANDO B. BUENAVENTURA**	**BERNADINE T. SIY**
Chairperson	Member	Member

ATTESTED BY:

LANCE Y. GOKONGWEI
Chairman, Board of Directors

Cebu Pacific Building
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Pasay City 1301, Philippines
cebupacificair.com

Statement of Internal Controls and Compliance System Attestation for 2024

Cebu Air, Inc. ("Corporation") recognizes that good corporate governance is essential to build an environment of trust, transparency and accountability necessary for fostering long-term performance, financial stability, business integrity and sustainability of the Corporation for the protection of the interests of its shareholders and other stakeholders.

To further advocate the Corporation's commitment in the pursuit of good governance and achieving compliance with applicable laws and corporate policies and procedures, it continues to strengthen the Enterprise Governance, Risk Management and Compliance (GRC) Culture and maintain a strong system of internal controls focused on accountability and oversight of operations.

Board of Directors

The Board of Directors (BOD) is primarily responsible for the governance of the Corporation and provides an independent check on management. It has oversight function and assures the continuing soundness, effectiveness and adequacy of the Corporation's control environment that consists of : (a) the Corporation that is properly and effectively managed and supervised; (b) Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management of information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

Audit Committee

The Audit Committee (AudCom) assists the BOD in fulfilling oversight responsibilities over the Corporation's system of internal controls. They are also responsible for providing oversight over its financial reporting, GRC processes, Internal and External Audit processes, and monitor compliance with applicable laws and regulations.

Management

Management continues to be primarily responsible for designing, implementing and maintaining adequate and effective internal controls and risk management processes on a day-to-day basis. This includes identifying, assessing controls, and mitigating various risks. Specifically, the management has taken suitable measures to establish and uphold robust internal control systems and compliance to ensure transparency, integrity, and proper governance in its business activities. Furthermore, management diligently monitors and enhances data privacy and security, IT modernization program delivery, IT service management, and digital solutions for business operations.

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Internal Audit

Internal audit adopts a risk-based approach in developing its annual audit plans for the purpose of providing independent assessments to the AudCom, management, and outside parties on the adequacy and effectiveness of internal controls of the Corporation.

External Audit

SGV & Co., the Corporation's external auditor, is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process.

Based on the above assurance and submitted reports provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that the Corporation's internal controls, risk management and compliance system and governance practices are adequate.

Date: March 26, 2025

RYA AISSA S. AGUSTIN
Chief Audit Executive

MARK JULIUS V. CEZAR
Chief Financial Officer

MICHAEL B. SZUCS
Chief Executive Officer

<u>Cebu Air, Inc.</u>

2024 Sustainability Report

In compliance with SEC Sustainability Reporting Guidelines for Publicly Listed Companies

INDEX

CONTEXTUAL INFORMATION

Name of Organization	Cebu Air, Inc. (Operates under the trade names "Cebu Pacific" and "Cebu Pacific Air")
Location of Headquarters	Cebu Pacific Building, Domestic Road, Brgy. 191, Zone 20 Pasay City 1301, Philippines
Location of Operations	Cebu Pacific's network spans operations in Southeast Asia, East Asia, the Middle East, and Australia. As of December 2024, the Group operates 38 domestic destinations and 84 domestic routes, as well as 25 international destinations and 39 international routes.
Report Boundary	This report covers the operations, commercial, and support activities of Cebu Air, Inc. and its subsidiary, Cebgo, Inc., collectively known as "Cebu Pacific" or "the Group", for the calendar year 2024.
Business model, including primary activities, brands, products, services	Cebu Air, Inc., together with its subsidiaries Cebgo Inc. and AirSWIFT Transport Inc., is the leading low-cost carrier (LCC) in the Philippines. It pioneered the "low fare, great value" strategy in the local aviation industry, prioritizing safe, affordable, and reliable air travel for passengers. This is achieved through frequent, high-capacity flights, efficient aircraft utilization, a modern fleet, minimized distribution costs, and operational efficiency. Cebu Air, Inc., Cebgo Inc., and AirSWIFT Transport Inc., also provide competitive and efficient air cargo services through a network of shippers and cargo agents. In addition, Cebu Pacific provides aircraft maintenance, repair, and overhaul through Aviation Partnership (Philippines) Corporation (A-plus); ground handling services through 1Aviation Groundhandling Services (1Aviation), Corp; aviation training through Philippine Academy for Aviation Training, Inc. (PAAT) - CAE International Holdings Limited (CAE) and loyalty and rewards programs through Digital Analytics Ventures, Inc. (DAVI).
Reporting Period	01 January 2024 – 31 December 2024
Highest Ranking Person responsible for this report	Aileen M. Isidro Vice President for Corporate Strategy and Risk Officer Corporate Strategy Office CEBsustainability@cebupacificair.com

MATERIALITY PROCESS

Cebu Pacific's materiality process consists of three main steps:

1. Identification - Identification and fair representation of possible business and sustainability issues
2. Prioritization - Evaluation and prioritization of clear, replicable assessment criteria
3. Response - Reinforcement of sustainability pillars in response to identification and prioritization of material topics.

Following this process, Cebu Pacific conducted a materiality review to update the list of topics most relevant to the Group for 2024. The Group listed its significant actual and potential impacts on the economy, environment, and society based on its activities for the year, and then identified the corresponding material topics. In topic identification, the Group also conducted industry benchmarking, reviewed its material topics from the previous report, and consulted the International Air Transport Association (IATA) Airline Sustainability Reporting Handbook and standards from the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). For 2024, topics that could significantly affect the Group's operations and financial performance were also identified, highlighting the economic factors contributing to the Group's value creation in the materiality process.

In addition to the topics reported last year, six (6) new topics are included in this reporting period: Network and Fleet, Digitalization, Business Continuity, Operational Resilience, Crisis and Disruption Management, and Cost Management. The table below presents the full list of material topics for 2024. The topics are aligned with the Group's Value Creation Pillars, which have been updated this year to include Enriching Juan Enterprise to ensure that we capture the full Value Creation Model of Cebu Pacific. In line with this, there are eight (8) guiding principles, under which the material topics fall:

- Uncompromising safety
- Talented and diverse people
- Customer satisfaction
- Operational excellence
- Impactful innovation
- Cost leadership
- Increased enterprise value
- Sustained value creation

Sustainability Pillar	Guiding Principle	2024 Material Topics	How this topic was reported in the 2023 Sustainability Report
Enhancing Juan Enterprise (Economic)*	Increased Enterprise Value	Financial and Economic Performance	Financial and Economic Performance *(Governance)*
		Network and Fleet*	*New*
		Product and Service Innovation	Product and Service Innovation *(Social),* Marketing and Labelling *(Governance)*
		Digitalization*	*New*
		Business Continuity*	*New*
	Operational Excellence	Operational Resilience*	*New*
		Crisis and Disruption Management*	*New*
		Supply Chain Management	Supply Chain Management *(Governance)*
	Cost Leadership	Cost Management*	*New*
Caring for Juan Planet (Environment)	Sustained Value Creation	Decarbonization	Decarbonization
		Climate Strategy	Climate Strategy
		Resource and Waste Management	Resource Management *(Environmental),* Waste Management *(Environmental)*

Sustainability Pillar	Guiding Principle	2024 Material Topics	How this topic was reported in the 2023 Sustainability Report
Growing as Juan Family (Social)	Uncompromising Safety	Safety, Quality and Security (SQS) and Occupational Health and Safety (OHS)	Safety, Quality and Security (SQS) and Occupational Health and Safety (OHS) *(Social)*
	Talented and Diverse People	People Development and Training	People Development and Training *(Social)*
		Diversity, Equity, and Inclusion	Diversity, Equity, and Inclusion *(Social)*
		Employee Wellbeing and Engagement	Employee Engagement *(Social)*
	Customer Satisfaction	Customer Experience and Satisfaction	Customer Satisfaction *(Social)*, Customer Experience *(Social)*
Building Juan Community (Governance)	Continuous Improvement	Corporate Governance	Corporate Governance (Governance)
		Customer and Data Privacy	Customer Privacy *(Governance)*, Data Privacy *(Governance)*
		Cybersecurity	Cybersecurity

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2024 Amount	2023 Amount	Units
Direct economic value generated (revenue)	105,659,324,176	91,474,067,418	Php
Direct economic value distributed:	102,531,585,579	87,405,729,581	Php
a. Operating costs	20,129,595,525	17,464,900,772	Php
b. Employee wages and benefits	9,941,767,722	8,667,486,376	Php
c. Payments to suppliers, other operating costs	65,498,477,263	55,824,901,845	Php
d. Dividends given to stockholders and interest payments to loan providers	6,805,219,347	5,529,547,275	Php
e. Taxes given to the government	155,552,531	183,420,923	Php
f. Investments to the community (donations, CSR)	973,191	5,472,389	Php
Economic Value Retained	3,127,738,597	4,068,337,837	Php

IMPACT	The Group has continued to generate economic value in 2024, despite facing significant operating costs such as higher depreciation and amortization, financing cost, and crew and airport costs. With greater capacity and more passengers and flights flown, Cebu Pacific has recorded 15.5% more revenue in 2024 compared to the previous year. Of this, 97% is distributed to stakeholders, mostly in the form of payments to suppliers (62%) and operating costs (19%). About 9% are distributed as employee wages and benefits and 6% as dividends and interest payments. These represent CEB's direct contributions to the national and local economies.
STAKEHOLDERS	Customers, Employees, Suppliers, Government, Community, Investors
MANAGEMENT APPROACH	In 2024, Cebu Pacific flew 24.5 million passengers on 159,208 domestic and international flights, representing 18% more passengers and 13% more flights from the previous year. This was brought about by the increase in seat load factor, together with an increase in international passengers by 24.6% compared to the same period last year due to the overall increase in travel demand. It also transported 168,602 tonnes of cargo, an increase of over 30% compared to 2023. Cargo revenues increased by 39% from 2023 due to an increase in yield coupled with an increase in cargo volume carried. With its increase in fleet size, operational optimizations, and improvement of passenger experience, the Group obtained a domestic market share of 54%, up from 53% in 2023.

Operational expansions

Cebu Pacific expanded its network to 84 domestic routes (from 68 in 2023) and 39 international routes (from 36 in 2023), which contributed to the increased passenger volume.

The Group launched an initiative that fosters a more inclusive, holistic approach to Philippine air transport and tourism, aiming to establish Cebu Pacific as the primary catalyst for the future growth of Philippine aviation. This involves significantly expanding services in regional hubs (outside Metro Manila and neighboring provinces). By fostering relationships and regularly engaging with key players in up to seven regions in the Philippines, Cebu Pacific created a robust network that generated local insights, amplified Cebu Pacific's voice, and aligned its initiatives with the broader goals of Philippine tourism development. One of the most significant results of this strategy was primed markets—able to support phenomenal seat growth in an 11-month period:

- Cebu +67%
- Clark +102%
- Davao +81%
- Iloilo +67%

In 2024 the following destinations and routes were introduced by Cebu Pacific:
<u>New destinations (Total of 6):</u>

- Domestic: Tablas, El Nido, San Vicente
- International: Bangkok (via Don Mueang), Chiang Mai, Kaohsiung

<u>New routes (Total of 28):</u>

- Via Manila hub (4):
  - Domestic: Cotabato (Banko Sentral Pilipinas only; Cargo Flight)
  - International: Chiang Mai, Bangkok (via Don Mueang) & Kaohsiung
- Via Cebu hub (4):
  - Domestic: Masbate & San Vicente
  - International: Bangkok (via Don Mueang) & Osaka
- Via Clark hub (1):
  - Domestic: Tagbilaran
- Via Davao hub (5):
  - Domestic: Caticlan, Puerto Princesa, Davao-Tacloban
  - International: Bangkok (via Don Mueang) & Hong Kong
- Via Iloilo hub (7):
  - Domestic: Dumaguete, Legazpi (Daraga), Tacloban, Tagbilaran & Zamboanga
  - International: Hong Kong & Singapore
- Under AirSWIFT (7):
  - El Nido: Manila, Cebu, Clark, Caticlan, Coron & Tagbilaran
  - Clark: Tablas

In 2024, nine (9) routes (Cebu–Naga, Clark–Bacolod, Clark–Cagayan de Oro, Cebu–Taipei, Clark–Macau, Clark–Taipei, Manila–Kota Kinabalu, Manila–Shenzhen, and Manila–Xiamen) and three (3) destinations (Kota Kinabalu, Xiamen, and Shenzhen) were discontinued, resulting in a total of 123 routes and 63 destinations by the end of the year.

By continuing to engage stakeholders, innovate services, and promote regional development, Cebu Pacific aims to build on its success and contribute further to the Philippines' position as a world-class travel destination, facilitated by Cebu Pacific as the country's leading carrier.

To support future expansion efforts, the Group also ordered up to 152 A321neo and A320neo aircraft in the largest aircraft acquisition deal in Philippine aviation history. Deliveries are scheduled to commence in 2029 up to the mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. The replacement of CEO (Current Engine Option) aircraft with NEO (New Engine Option) aircraft boosts fuel efficiency, which brings not only financial but also environmental benefits.

Cost efficiency initiatives

To maintain its cost leadership and LCC business model, Cebu Pacific enhanced the efficiency of its datalink transmission system, reducing operating expenses while ensuring operational safety and service quality. Since the introduction of the NEO fleet in 2019, datalink transmission costs have increased significantly for the Group. In 2024, the team successfully secured a new contract that brought significant cost savings in subscriptions and allowances. Operations were optimized as well to further reduce costs. The optimized approach saved USD 143,725 just on subscription alone, while simultaneously expanding the fleet size, flight count, and routes.

The CEB CargoMax initiative, introduced by the Cebu Pacific Cargo Team in July 2024, utilizes data from SmartKargo, a cloud-based cargo management solution designed to streamline air cargo operations to improve cargo capacity computation. It uses a dynamic approach to computing cargo capacity, factoring in additional parameters for aircraft capacity that were not processed previously. CargoMax enhanced operational efficiency by decreasing space-related offloads, with a 17.53% decrease in offloading for 2024 versus 2023. This initiative also enabled Cebu Pacific to promote revenue by increasing load factors and maximizing cargo space use. CargoMax increased additional marketable capacity by 19.8% (July–December 2023 vs July–December 2024). Consequently, this additional capacity generated extra revenue for 2024, amounting to PHP 19.5 million, with an average of 19.7% growth.

Other efficiency initiatives, such as those discussed under resource management covering fuel efficiency, also contribute to effective cost management.

	Managing fuel costs Fuel is a significant operating expense for Cebu Pacific. As such, fuel price increases or supply shortages negatively impact business operations. To manage the fluctuating fuel cost, the Group may partially adjust passenger fares and implement a passenger fuel surcharge regulated by Civil Aeronautics Board (CAB) Resolution No. 46. Cebu Pacific also initiates a fuel management strategy that includes but is not limited to fuel hedging. To mitigate the risk of foreign exchange fluctuations, the Group may execute derivative contracts to hedge foreign exchange and interest rate exposure. However, depending on the volatility of currency exchange and interest rates, hedging activities may be subject to investment risk of its related financial assets or liabilities at fair value. **Sustainable financing** In 2024, CEB made history by securing Southeast Asia's first sustainability-linked loan (SLL) for a low-cost carrier, reinforcing its commitment to decarbonization. Under the loan agreement, CEB committed to sustainability performance targets to further reduce its carbon emission intensity. Achieving these targets will unlock financial incentives to support the ongoing modernization of CEB's fleet. **Business continuity** Business continuity is a priority for Cebu Pacific, with the airline ensuring that its Network Control Center (NCC) is always prepared to activate contingency plans should the main headquarters become non-operational. In collaboration with the NCC, the Centralized Business Resilience team conducted a Business Continuity Plan (BCP) with simulated scenarios. This reinforced among the Cebu Pacific team the importance of having a robust continuity plan and ensuring the uninterrupted operation of essential services. With the growth of its fleet and the forecasted global demand for aircraft servicing, Cebu Pacific has made several investments towards ensuring a talent pipeline and covering ancillary services for expanded operations. The Group invested in the Philippine Academy for Aviation Training, Inc. (PAAT - CAE PH) to address training and talent requirements, alongside other initiatives (discussed under Employee Management below). In addition, Cebu Pacific invested in Aplus, one of the four maintenance, repair and overhaul (MRO) providers in the Philippines, to expand its MRO facilities and hangar. Despite the inherent risks in the LCC market including the cost and availability of fuel, economic downturn, competition, and other risk factors, the Group ensures it has a lean and dynamic network plan, highly flexible operations, efficient processes, and a digital-first mindset. Cebu Pacific remains agile and adaptable to the ever-evolving demands of passengers and the wider LCC industry.
RISKS	The following are the top enterprise risks that Cebu Pacific faced: ● Infrastructure Constraints Risk ● Digitalization Risk ● Third-Party Risk ● Original Equipment Manufacturer Risk

	● Safety Risk ● Sustainability and Climate Risk ● Economic Stability Risk ● Brand and Reputational Risk
OPPORTUNITIES	The following are the major opportunities for Cebu Pacific: ● Strategic location unlocks regional market access ● Young and expanding consumer base ● Tourism-driven demand for travel ● Enhanced efficiency and market access with new and expanded airports ● Positive brand image and reputation ● Carbon emission reductions through fuel-efficiency initiatives ● Investments in weather information systems enhance reliability ● Customer options for sustainable air travel

<u>Climate-Related Risks and Opportunities</u>

The aviation industry is responsible for 2.5% of global energy-related CO_2 emissions, and must significantly ramp up initiatives in energy efficiency and the adoption of SAFs to meet net zero targets by 2050.[1]

To address the impacts of greenhouse gas (GHG) emissions, a significant contributor to global warming and precursor to climate change, the global aviation sector, through the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA), has adopted the long-term climate goal of achieving Net Zero Carbon by 2050. Cebu Pacific is aligned with this industry goal.

Cebu Pacific recognizes the threat of climate change to the planet, the people, the global economy, and its operations. Understanding these impacts can help the Group prepare for and mitigate potential risks, and capitalize on opportunities to safeguard assets, support stakeholders, and contribute positively to communities.

GOVERNANCE

Board Oversight on Sustainability and Risk Management

The Board of Directors plays a critical role in ensuring that sustainability and risk management frameworks are embedded into Cebu Pacific's governance structure. The Board exercises these responsibilities through four key committees:

- Corporate Governance Committee that oversees sustainability governance and ESG matters
- Board Risk Oversight Committee (BROC) that oversees the overall risk management framework, including ESG risks
- Audit Committee oversees the integrity of financial reporting and internal controls as well as regulatory compliance
- Related Party Transaction (RPT) Committee reviews and oversees transactions between the parent company and related parties

Through its designated committees, the Board provides strategic guidance, independent oversight, and accountability to ensure that Cebu Pacific creates long-term value while managing its emerging risks and responsibilities to stakeholders.

Corporate Governance Committee

The Corporate Governance Committee oversees the development and implementation of Corporate Governance principles and policies. Specific to sustainability, the Corp Gov Committee is responsible for:

- Overseeing the implementation and review of the ESG framework and strategy
- Reviewing and approving the sustainability-related disclosures, including the Sustainability Report, in line with local and international standards
- Receiving reports from the management-level ESG Committee (ESGC) and providing oversight on ESG goals, metrics, and progress
- Ensuring that ESG initiatives are consistent with Cebu Pacific's values, purpose, and stakeholder expectations
- Supporting the continuous improvement of corporate governance practices in relation to ESG matters

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[1] Lombardo, T. & Gauch, H., *Renewables 2024,* International Energy Agency (IEA), October 2024.

The Corp Gov Committee meets at least twice annually and ensures that ESG-related developments are escalated to the Board, as needed.

Board Risk Oversight Committee

The BROC is responsible for overseeing the Enterprise Risk Management (ERM) framework. The Committee ensures that a robust risk management system is in place to proactively identify, assess, and manage risks that may affect Cebu Pacific's operational and long-term financial viability. Key responsibilities of the BROC include:

- Reviewing the Company's risk management policies, appetite, and controls
- Overseeing top and emerging risks, including climate-related and operational risks
- Receiving regular reports from all relevant management committees
- Ensuring alignment between risk oversight and strategic business objectives

The BROC meets twice a year, or more frequently as needed. The reports are prepared by ERMG that also coordinates risk governance efforts across all functions, including inputs on ESG risks.

Audit Committee

- The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to the integrity of the parent company's financial reporting, internal controls, audit processes, and compliance with applicable laws and regulations. It ensures the reliability and accuracy of financial statements and the effectiveness of internal control systems. Key responsibilities of the Audit Committee include:Oversee the work of the internal and external auditors
- Review the scope and results of audits, and monitors the implementation of audit recommendations'
- Evaluate the adequacy of financial reporting policies and practices, ensuring they align with applicable accounting standards.
- Monitor the effectiveness of the compliance framework and ensures that any significant findings or irregularities are addressed in a timely manner.

The Audit Committee meets four times a year, or more frequently as needed. Through these oversight functions, Audit Committee plays a critical role in strengthening the Cebu Pacific's ability to manage our risk posture.

RPT Committee

The RPT Committee is responsible for reviewing and overseeing transactions between the parent company and related parties to ensure that these are conducted fairly, transparently, and in the best interests of the company and its shareholders. Key responsibilities of the RPT Committee include:

- Evaluate the materiality and terms of proposed related party transactions, endorse them for Board approval when necessary, and regularly review existing RPTs to ensure continued compliance and fairness
- Monitor adherence to the company's RPT policy
- Ensure that appropriate disclosures are made in the company's financial reports and public filings

The RPT Committee currently meets on a per need basis. By ensuring that RPT transactions are conducted fairly and transparently, the RPT Committee Support the Board's broader mandate to manage governance risks, uphold ethical standards, and reinforce stakeholder trust. These are key factors in advancing Cebu Pacific's sustainability and long-term value creation objectives.

Management Oversight on Risk Management and Sustainability

In line with Cebu Pacific's ESG goals, several management-level committees have been formed to proactively address enterprise risks to enhance business continuity and stability.

- **Airline Safety Review Committee (ASRC):** Also reporting to the BROC, the ASRC is convened to provide direction in the implementation of Cebu Pacific's safety program. It is responsible for reviewing the relevance and adequacy of safety standards, policies, and procedures. As part of its mandate, the ASRC also considers emerging risks posed by climate change that may impact flight and operational safety
- **Crisis Management Team (CMT):** Cebu Pacific's CMT is responsible for preparing for and responding to emergencies and disruptions, including those arising from climate-related risks such as extreme weather or natural disasters. Guided by the Emergency Response Procedures Manual (ERPM), the CMT coordinates immediate response actions, monitors early warning indicators, and ensures the safety of passengers, crew, and staff. It also works closely with regulatory authorities to minimize operational impact and support business continuity, reinforcing the airline's resilience amid evolving climate and operational challenges.
- **Risk Management Committee (RMC):** Reporting to the BROC, the RMC serves as the organization responsible for overseeing and guiding CEB's risk management strategies and policies across all functions. Specific to climate risk, RMC will cover both physical and transition risks – including their identification, assessment, integration and alignment into the ERM framework, and oversight of mitigation plans.
- **Environment, Social and Governance Commmittee (ESGC):** To support sustainability integration at the operational level, Cebu Pacific established the ESGC in 2024 as a management-level committee. The ESGC is led by the Chief Executive Officer (CEO) and meets quarterly or as necessary. It is responsible for developing and driving the company's ESG framework and strategy, including:
    - Setting ESG goals and metrics
    - Overseeing reporting and disclosure
    - Conducting horizon scanning for emerging ESG trends and risks
    - Recommending policies and procedures
    - Reviewing and supporting resourcing for ESG-related initiatives

  Coordinating with other management committees on cross-functional matters The ESGC serves as the operational engine for sustainability and reports to the Corporate Governance Committee (CGC) of the Board. This ensures that material ESG issues and performance updates are regularly reviewed and validated at the highest governance level. The sustainability team serves as the ESGC Secretariat and provides technical support to ensure governance and coordination

This governance structure reflects Cebu Pacific's commitment to embedding sustainability into its day-to-day operations while maintaining strong Board oversight and accountability.

STRATEGY

The following table presents the Group's climate-related risks and opportunities identified through the Climate Scenario Analysis conducted by Deloitte Philippines. It also presents the potential implications of the identified physical risks, and opportunities, and the Group's anticipated adaptation and mitigation plans and actions.

Climate-related Risks

Risk Category	Climate Hazard	Potential Implication	Recommended Adaptation Plans and Actions
Physical Risks			
Acute	Tropical Cyclones (RCP 4.5 and RCP 8.5)	Increased flight rerouting, delays, and cancellations. The number of cancellations increases exponentially as the intensity of the cyclone increases Health and safety risks for workers and passengers Potential damage to critical infrastructure, such as aircraft and ground service equipment (GSE) Stranded passengers	● Strengthen business continuity measures by including climate risks and meteorological forecasts in emergency plans, focusing on flight rerouting/diversion, passenger care during delays, and training personnel ● Analyze and re-evaluate flight routes and schedules considering the projected increase in intensity of intense tropical cyclones, with particular attention to September and October ● Enhance and implement protocols for relocating assets to safer areas based on weather forecasts ● Enhance customer support to provide proper assistance to inquiries and complaints (e.g., rebooking, refunding, cancellations) during peak hit months ● Ensure emergency planning measures to have adequate energy, food, and water supplies to care for stranded passengers ● Ensure regular preventive maintenance checks and inspections to confirm the aircraft's capability to endure extreme weather conditions ● Implement safety and health programs to account for changing intense tropical cyclones and their potential impacts on the workforce ● Improve technologies for gathering

Risk Category	Climate Hazard	Potential Implication	Recommended Adaptation Plans and Actions
			in-situ climatological (e.g., rainfall, wind speed, lightning strikes) and operational impact data (e.g. flight cancellations/ durations/ diversions, asset damage) to enhance adaptive decisions
Acute	Flooding (RCP 8.5 only)	Possible delays and cancellations due to flooding Inconvenience to passengers as access roads may become flooded, preventing them from reaching the airport Inundated airport runways and taxiways, hindering aircraft mobility and ground service activities	● Consider investing in an early warning system and regularly inspect the drainage systems to ensure their effectiveness ● Assess the need for backup facilities and operations centers in less flood-prone locations ● Implement regular monitoring of the drainage system to ensure its efficient operation and collaborate with MIAA to assess flood drainages and ensure the availability of industrial water pumps capable of effectively siphoning floodwaters. ● Constantly assess and test the business continuity and emergency response for different flooding scenarios in runways, ramps, and passenger access ways and roads ● Continuously monitor and analyze weather data and climate trends to improve long-term planning for adapting to changing conditions ● Enhance existing weather and flood information by investing in weather data points (i.e., rainfall amount), data gathering methodologies, and predictive analysis to optimize decision-making and enhance overall insights
Long-term (2050)			
Chronic	Extreme temperatures and heat stress	Inconvenience on personnel, including flight crew, airline employees, and travelers (e.g., heightened risk of heat-related illnesses)	● Install hydration stations, implement policies encouraging regular fluid intake for all ground personnel, and designate cooling stations or areas with shading to

Risk Category	Climate Hazard	Potential Implication	Recommended Adaptation Plans and Actions
		Increased cooling requirements due to the elevated temperatures demand more efficient cooling systems Decreased payload capacity due to reduced engine performance and aerodynamic efficiency at higher temperatures, resulting in lower thrust and lift	provide relief for employees and travelers during extreme heat events ● Continue investing in more fuel-efficient aircraft to counteract the potential increase in fuel consumption associated with higher take-off thrust ● Consider upgrading the air conditioning system to meet increased demand and ensure routine maintenance to maximize efficiency and prevent unnecessary energy consumption ● Consistently monitor and analyze weather data and climate trends to enhance long-term planning for adapting to changing conditions. This may involve the installation of monitoring devices to provide real-time data on temperature, humidity, and other relevant factors
Chronic	Sea Level Rise	Access roads might be inundated, which may also lead to passenger inconvenience	● For future flights, consider the potential sea level rise when operating in airports located near coastlines

Climate-related Opportunities

Opportunity Type	Climate-Related Opportunities	Potential Financial Impact
Short-term to Medium-term		
Resource Efficiency	Maintain the commitment to fleet modernization by consistently acquiring and integrating fuel-efficient aircraft Continue transitioning to electric transport vehicles and ground service equipment	● Reduced operating costs due to higher efficiency ● Increase in revenues and investments as more sustainable aircraft may attract environmentally conscious individuals and improve reputation
Products and services	Continue the implementation of CAPEX program aiming to replace older aircraft with fuel-efficient NEOs.	● Increase in revenues and investments due to higher demand for more sustainable services

Opportunity Type	Climate-Related Opportunities	Potential Financial Impact
Short-term to Medium-term		
	Explore sustainable air travel initiatives to enable customers to offset their carbon emissions by opting for environmentally friendly air travel.	
Resilience	Invest in weather information, including climatological data points, data gathering methodologies, and predictive analysis, to optimize decision-making, and enhance overall insights into climate trends	• Enhanced organizational reputation resulting in improved operational efficiency by utilizing accurate weather data information
		• Increase in revenue from fewer flight cancellations as a result of accurate weather data information
		• Improvement in stakeholder relationships as a result of accurate weather data information
Long-term		
Energy Source	Continue expanding the network of partners to increase the supply of Sustainable Aviation Fuel (SAF) for flight operations and renewable energy for ground operations	• Increase in revenues and investments due to higher demand for more sustainable services

RISK MANAGEMENT

Cebu Pacific's approach to risk management is guided by an ERM Framework that enables proactive identification, assessment, management, and monitoring of risks that could impact the achievement of its strategic, operational, financial, and sustainability objectives.

In 2024, through ERMG's P.R.I.M.E. Roadshow, the Management Committee created a network of Risk Custodians in different departments and guided them through their own risk identification and assessment processes. The Risk Assessment Tool helped facilitate risk assessment, monitoring, and management. In this way, departments are empowered to identify and formulate responses to risks, which are then monitored and reported regularly by ERMG. Through this exercise, audit issues were also linked to risks that were identified through this process. This allows proper oversight of risks and issues that required reporting to both BROC and Audit Committee.

To ensure a robust risk governance structure, several management-level committees serve as venues to properly manage the company's risk exposures: the ASRC ensures that safety standards reflect evolving environmental risks and other hazards, while the CMT leads emergency response driven by disruptions and other crisis events. Meanwhile, the RMC oversees enterprise-wide risk strategies, including the integration of climate-related risks into the ERM framework.

Aligning ESG risks to ERM

In 2023, the Group followed through on its commitment to integrating climate-related risks into enterprise risk management by conducting a comprehensive climate scenario analysis in partnership with Deloitte Philippines. This helped to identify Cebu Pacific's climate-related risks and opportunities, and involved:

- Component A: Baseline Assessment, evaluating Cebu Pacific against TCFD recommendations and industry peers, including current state assessment, peer benchmarking, and gap analysis.

- Component B: Risk Characterization, understanding Cebu Pacific's exposure to climate hazards, and prioritizing assets for further analysis.

- Component C: Detailed assessment of climate-related risks and opportunities, analyzing asset vulnerability based on asset design, and developing asset-specific risk mitigation strategies.

The climate scenario analysis focused on physical risks associated with Representative Concentration Pathways (RCPs) 4.5 and 8.5, projecting global warming and examining tropical cyclone frequency and flood impacts for worst-case scenarios.

To project future tropical cyclone frequency and assess associated risks such as wind strength and rainfall, the study used climate projection models for the period 2030-2060 and the Pseudo-Global Warming technique, respectively. Flood risk for the study site was assessed through the Projected (2060) Wet Season and Frequency Storm scenarios and historical rainfall data.

Furthermore, the Group is building capacities among cross-functional teams in preparation for the adoption of the International Financial Reporting Standards (IFRS) S1 and IFRS S2, which require reporting on climate-related risks and opportunities. Cebu Pacific participated in the Gokongwei Group's IFRS Adoption Project, spearheaded in 2024 by JG Summit Corporate Affairs and Sustainability in partnership with SGV/EY Philippines. This project includes gap assessments of current reports against applicable IFRS S1 and IFRS S2 standards, as well as technical training sessions on IFRS S2: Climate-related Disclosures. This project will enable the Group to identify its climate-related transition risks in addition to the physical risks already identified in the 2023 climate scenario analysis. It will also help the Group prepare for compliance with the revised Sustainability Reporting Guidelines of the SEC, which will integrate IFRS S1 and IFRS S2.

The leadership of Cebu Pacific's ERMG, the utilization of risk management tools, and the focused effort in identifying ESG risks and opportunities through strategic procedures and partnerships contribute to Cebu Pacific's readiness to manage its climate-related risks and leverage its climate-related opportunities.

METRICS AND TARGETS

Cebu Pacific uses various metrics to track progress toward its climate-related objectives and ensure effective management of its climate-related risks and opportunities. The Group has developed a robust five-pillar decarbonization strategy: Fundamentals, Fleet, Fuel, Footprint, and Finance. Each pillar corresponds to specific goals for which the Group actively develops and implements plans.

The next table outlines the Group's climate-related objectives, metrics, and indicators used to track progress in the current reporting year, with plans to establish a baseline year, refine metrics, and improve comparative analysis in the future. It also describes initiatives done in 2024 to progress towards these goals.

Objectives	Metrics and/or indicators to track progress, and 2024 performance	Progress in 2024
Greenhouse Gas (GHG) Emissions		
Reduction of Greenhouse Gas Emissions	● Scope 1 emissions (flights) 1,918,018 tCO2e (↑13%) ● Scope 1 emissions (GSE) 8,346 tCO2e (↑10%) ● Scope 2 emissions 6,131 tCO2e(↓0.07%) ● Scope 3 emissions 582,454 tCO2e (↑9%) ● GHG emissions intensity (flights**)** 80 gCO2e/RPK* (↓1gCO_2/RPK) * *Revenue Passenger Kilometer*	Cebu Pacific achieved an emissions intensity of 80 gCO_2/RPK for its flights in 2024, representing its best performance in the past six years. This reduction can be attributed to the Group's ongoing fleet modernization, as well as its application of best industry practices in fuel efficiency and flight optimization, including the following: ● Reduced flaps at landing ● Continuous descent approach ● Single-engine taxiing ● Reduced acceleration altitude ● Idle reverse thrust ● Optimized fuel load In 2024, the Group approved the Low Power, Low Drag (LPLD) initiative as another best industry practice for fuel efficiency, scheduled for implementation in 2025. Cebu Pacific utilizes the SkyBreathe Fuel Efficiency Management System, which provides information that optimizes flight operations. Data from each flight is analyzed to develop fuel-saving plans that result in lower fuel consumption.

Objectives	Metrics and/or indicators to track progress, and 2024 performance	Progress in 2024
FUNDAMENTALS: Employee Awareness and Education	● Number of non-unique learners ● Total number of learning hours	The inaugural Gokongwei Group Learning Festival in November brought together employees, leaders, and industry experts for a day focused on innovation and continuous learning. Cebu Pacific addressed the airline's proactive efforts in decarbonizing its operations, communicating how industries are working toward a more sustainable future.
FLEET: Fleet Modernization to NEO	● 51 New Engine Option (NEO) aircraft (↑13) ● Fuel efficiency 31 pax-km/L(↑1 pax-km/L)	Cebu Pacific invested greatly in fleet modernization, ordering 152 A321neo and A320neo aircraft which are scheduled for delivery starting in 2029 up to the mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. These NEO aircraft offer fuel savings of 15–20% compared to CEO models. As of the end of 2024, NEOs represent 52% of the Group's aircraft (51 out of 98) and 100% of the widebody family, resulting in an estimated 49.7 million kilograms of jet fuel saved and 157,000 tonnes of carbon emissions avoided in 2024. Cebu Pacific continues to operate one of the youngest fleets in the industry, with an average age of just 5.5 years compared to the global average of 10.1 years.
FUEL: Utilize SAF Across Cebu Pacific's commercial network by 2030	● SAF consumption 22,606 L (↓35%) ● Fuel efficiency 31 pax-km/L (↑1 pax-km/L) ● 10 delivery flights using SAF blend	Cebu Pacific uses SAF for all its new aircraft deliveries from Airbus in 2024, originating from France, Germany and China. In recent years, the Group has made efforts to incorporate SAF into operations, achieving milestone two pilot commercial flights with SAF in 2022 and 2023.
FUEL: Development of Supply Network	● Strategic Partners	In 2022, Cebu Pacific signed a memorandum of understanding with Shell Aviation for the supply of SAF. Following this, in 2023, Cebu Pacific signed another memorandum of understanding with Neste to collaboratively work towards establishing future SAF supply. In the same year, Cebu Pacific engaged with Itochu Corporation for a potential partnership.

Objectives	Metrics and/or indicators to track progress, and 2024 performance	Progress in 2024
FOOTPRINT: Shift to Renewable Energy	● Renewable energy % ● 2 Key facilities powered by RE	Cebu Pacific is in the process of connecting to offsite renewable energy and certifying several main facilities as Green Buildings. As of November 2024, the Aplus and Juan buildings have switched to 100% renewable energy in partnership with ACEN Corporation. These key facilities support Cebu Pacific's maintenance, ground handling, and catering operations.
FOOTPRINT: Nature-based Solutions	● Number of trees planted	The Group is expanding its nature-based initiatives to mitigate its environmental impacts by partnering with the Ramon Aboitiz Foundation Inc.'s (RAFI) One To Tree unit. The partnership is slated to run for three years (2023-2026) to support the conservation and restoration of mangroves in the municipality of Dumanjug in the province of Cebu and contribute to environmental preservation, disaster resilience, and community livelihood. The 10,000 mangrove seedlings were planted across an estimated five (5) hectares of mangrove area in 2023. Survival rate as of 2024 is at least 90%.
FINANCE: Sustainable Financing	● GHG emissions intensity (flights) 80 gCO_2e/RPK* (↓1gCO_2e/RPK)	Cebu Pacific aims to incorporate climate responsibility into business continuity and investments, including consideration of sustainability financing options to fund its long-term decarbonization strategy and overall sustainability vision. In 2024, Cebu Pacific secured Southeast Asia's first sustainability-linked loan (SLL) for a low-cost carrier, reinforcing its commitment to decarbonization. Under the loan agreement, the Group committed to sustainability performance targets to further reduce its carbon emission intensity. Achieving these targets will unlock financial incentives to support its ongoing fleet modernization.

Objectives	Metrics and/or indicators to track progress, and 2024 performance	Progress in 2024
Physical Risks		
Reduction of Exposure to High-Risk Areas	Metric is not under observation in 2024	To manage tropical cyclone risks, Cebu Pacific employs a weather forecasting system, which enables the flight crew to access reliable typhoon paths and make timely decisions to mitigate operational risks arising from inclement weather. Regarding flood hazards, the Group aims to enhance existing weather and flood information by investing in weather data points (i.e., rainfall amount), data gathering methodologies, and predictive analysis to optimize decision-making and enhance overall insights. Cebu Pacific completed last April 2024 the installation of a total of 5 units of mobile lightning shelters at Ramp 1, 2, and T3 Remote Bay at NAIA. Established to provide quick access to aircraft once red lightning alerts are cleared, the shelters provide safety to crew as well as enable them to recover from flight delays faster. The IFRS Adoption Project is anticipated to help guide the Group's decisions in planning more comprehensive mitigation strategies against physical climate-related risks.
Minimize Flight Disruption	Metric is not under observation in 2024	
Transition risks		
SAF price and availability	• SAF consumption 22,606 L (↓35%) • SAF volume specified in Memorandum of Understanding (MOU) partnerships	Cebu Pacific actively participates in discussions to aid in the development of government policies. The availability of feedstock and new technologies is essential to increase biofuel production and maintain competitive prices. However, the current challenge persists in the high prices and limited availability of SAF for mainstream use.
Exposure to carbon pricing schemes	• CORSIA eligible emission units	Cebu Pacific continues to address risks associated with carbon costs, specifically the ICAO's Carbon Offsetting and Reduction Scheme for International Emissions (CORSIA), through its decarbonization strategy. This strategy involves exploring carbon markets and nature-based solutions.

Objectives	Metrics and/or indicators to track progress, and 2024 performance	Progress in 2024
Climate-related Opportunities		
Transition to Electric Vehicles (EV)	• 16 electric vehicles (GSE and Employee Shuttles)	In line with the electrification initiative for its ground fleet, Cebu Pacific is operating three electric employee shuttles and 13 electric baggage tractors.
Capital Deployment	• GHG emissions intensity (flights**)** 80 gCO2e/RPK* (↓1gCO2e/RPK)	Cebu Pacific aims to incorporate climate responsibility into business continuity and investments, including consideration of sustainability financing options to fund its long-term decarbonization strategy and overall sustainability vision. In 2024, Cebu Pacific secured Southeast Asia's first sustainability-linked loan (SLL) for a low-cost carrier, reinforcing its commitment to decarbonization. Under the loan agreement, the Group committed to sustainability performance targets to further reduce its carbon emission intensity. Achieving these targets will unlock financial incentives to support its ongoing fleet modernization.
Internal Carbon Pricing	Metric is not under observation in 2024	The Group considers implementing internal carbon pricing to anticipate the financial impact of future regulations, taxes, or carbon pricing that may be imposed by the government or market.

Procurement Practices

Proportion of spending on local suppliers *(for non-aircraft purchases)*

Disclosure	Quantity		Units
	2024	2023	
Percentage of procurement budget used for significant locations of operations spent on local suppliers*	52	62	%

**Cebu Pacific defines local suppliers as those based in the Philippines who transact using Philippine currency.*

IMPACT	Cebu Pacific continues to support Filipino companies by purchasing what is available from local suppliers, contributing to local economic growth and job creation. This results in faster delivery lead times, effective logistics and warehousing, reasonable pricing conditions, and advantageous after-sales service.

MANAGEMENT APPROACH	Most aircraft-related items and services are not available in the Philippines. These include the purchase of aircraft, aircraft parts, fuel, and support services at international stations. Offshore suppliers often possess advanced technologies and processes, benefiting the Group through economies of scale and lower cost. On the other hand, Cebu Pacific deals with both local and foreign suppliers for non-aircraft purchases. For goods that can be produced in the Philippines, local sourcing enables direct service without international shipping, minimizing supply chain disruption risks. The data reported above covers non-aircraft-related purchases only, including ground service parts and services, catering, IT software and hardware, and safety and security services. In 2024, 52% of the procurement budget was spent on local suppliers. The decrease from 2023 can be attributed to significant purchases of foreign-sourced GSE, including e-equipment, while local purchases remained about the same. Cebu Pacific's procurement and supplier accreditation process is guided by its Procurement Manual and its Supplier Accreditation Policy and is based on the technical evaluation and recommendations of internal end-users on the potential product for purchase. Procurement involving foreign suppliers follows a specialized process. In 2024, the Supplier Accreditation Policy was updated to include the Supplier Code of Conduct, a Vendor Compliance addendum document providing a checklist of standards related to health and safety, wages and labor compliance, anti-corruption policies, and environmental regulations. This document is cascaded to suppliers, who are required to observe these policies while conducting business with Cebu Pacific. This serves as part of the overall accreditation review. The accreditation policy was also updated to lay out more detailed processes, reiterate critical steps, and reflect various initiatives to strengthen supplier experience and engagement. With these developments, the Business Unit Supplier Accreditation Team (BUSAT) is better equipped in its work of reviewing both local and foreign suppliers. The BUSAT uses accreditation criteria that covers both commercial (operations capability, quality, competitive costs, payment terms, logistics and communications support) and financial (liquidity, asset efficiency, financial leverage, sales) aspects of the supplier. The Procurement Manual was also updated to provide users with more holistic guidance, more detail on payment processes, and outlines on new initiatives, such as the auto-close of transactions beyond a certain period. To hone their skills, the Procurement team is also trained in Purchasing, Ethics, Negotiation, and Strategic procurement. In 2024, the team attended training sessions on contract management and stakeholder management. The cleanup of old transactions from the system has also enabled a healthier, more robust documentation and risk management process for Cebu Pacific with regard to procurement and supplier management.

RISKS	● The limited production capacity and reliance on specialized resources of local suppliers may result in higher costs compared to international suppliers ● Longer lead times for overseas suppliers persist as they are challenged with ongoing labor shortages, resulting in production delays ● Delivery delays may arise due to purchased goods shipped from overseas and prolonged processing of customs requirements	
OPPORTUNITIES	● To lay stronger foundations for supply risk mitigation plans, Cebu Pacific can map its sourcing base and begin identifying the supply risks per category. ● There is an opportunity to map commodities that can be sourced locally, then screen these new vendors using the Group's supplier accreditation process. Having a robust, more local-based sourcing network (except for foreign OEMs) can contribute to better lead and turnaround times, less fuel used for transport, and flexibility in managing orders. ● A performance evaluation system could be established for both new and current vendors. ● Processes can be instituted to ensure vendors are answering truthfully. ● System efficiency could be improved through the automation of processes and better management of documentation and records. ● The Cebu Pacific team can collaborate and encourage vendors to implement environmental initiatives in their own operations.	

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to*	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training*	100	%
Percentage of employees that have received anti-corruption training*	100	%

**Training and communication are in the form of the Anti-Bribery and Corruption (ABC) Digests, which are distributed to all employees biannually.*

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were removed or disciplined for corruption	0	#
Number of incidents in which business partners were removed or disciplined for corruption	0	#

IMPACT	Anti-corruption and other corporate governance policies help to preserve the fair distribution of wealth to the Group and its stakeholders. This facilitates a culture of

	trust across the organization. Furthermore, awareness of airline policies and sanctions is crucial for the prevention of incidents of corruption and other unethical practices.
STAKEHOLDERS	Employees, Directors, Management, and Suppliers
MANAGEMENT APPROACH	Cebu Pacific ensures compliance with anti-bribery and anti-corruption laws across all jurisdictions where it operates. The Group has a standing Anti-Bribery and Corruption Policy (ABC Policy), which states that the Group is committed to the highest standards of integrity as set out in its core values. It is the duty of the employees of the Group to avoid acts that might reflect adversely upon the integrity and reputation of the Group and to act with honor in every undertaking with all its stakeholders, upholding the principle of always doing the right thing because it is the right thing to do, even when no one else is watching. To this end, the Group does not and will not tolerate any form of bribery or corruption. The policy was revised in 2023 to align with the Group's whistleblowing policy, covering actual or suspected violations of the Group code of conduct and applying to all its employees, partners, subsidiaries, and stakeholders. To ensure that all relevant parties are informed of these policies, Cebu Pacific conducts regular anti-corruption training programs for its stakeholders. For employees, regular training sessions on the Group's anti-corruption initiatives are done through the Human Resources (HR) department. In 2024, every employee, including 769 new hires, completed the anti-corruption training as an integral part of the onboarding process. In 2024, the Group also began the issuance of Anti-Bribery and Corruption (ABC) Digests, which are distributed internally during the first and second halves of the year. This way, the Group continuously reinforces the duties of its directors and employees in upholding its standards of business ethics and integrity. Accredited suppliers and contractors undergo the Newly Accredited Suppliers Orientation Program (NASOP) to ensure they align with Cebu Pacific policies. The new Supplier Code of Conduct also ensures that suppliers are informed of, and properly assessed against, Cebu Pacific's standards for compliance and responsible business.The Group's ABC policies are publicly available on its corporate website, ensuring accessibility to its business partners.
RISKS	● Lack of awareness of the Group's policies may result in violations that could affect business transactions and operations. ● Incidents of corruption would result in the unfair distribution of economic value among stakeholders of the Group. ● Incidents of corruption can break the trust of internal and external stakeholders and pose reputational risks for the Group.
OPPORTUNITIES	● Anti-corruption training can be expanded to include real-life case studies and scenario-based learning. ● Regular refresher courses can be implemented to reinforce ethical standards and compliance requirements. ● Training can be extended to key third parties, such as suppliers and contractors, to ensure alignment with company policies.

ENVIRONMENT

Resource Management – Energy

Energy Consumption within the organization

Disclosure	Quantity		Units
	2024	2023	
Energy consumption (sustainable aviation fuel)	22,606	34,541	liter
Energy consumption (jet fuel)	606,964	535,173	tonne
Energy consumption (gasoline)	65,936	98,283	liter
Energy consumption (diesel)	3,079,518	2,766,247	liter
Energy consumption (electricity)	8,746	8,756*	MWh

**Restated to include late billings from outstations.*

Reduction of Energy Consumption

Disclosure	Percentage change vs. 2023	Units
Energy reduction (sustainable aviation fuel)	↓ 34.6%	%
Energy reduction (jet fuel)	↑13.4%	
Energy reduction (gasoline)	↓ 32.9%	
Energy reduction (diesel)	↑ 11.3%	
Energy reduction (electricity)	↓0.1%	

IMPACT	To reduce its carbon emissions and the adverse impact of these on the environment, Cebu Pacific continues to modernize its fleet and apply best industry practices on fuel efficiency and flight plan optimization. However, as the Group flew over 159,200 flights in 2024, about 13% more than the previous year, the absolute consumption of jet fuel increased by around the same percentage. The consumption of SAF, used only for new aircraft deliveries from Airbus (France, Germany and China), decreased by roughly a third from 2023. Gasoline consumption, primarily for GSE, significantly reduced due to the retirement of old gasoline-powered vehicles. However, diesel consumption increased as most users now rely on diesel.
STAKEHOLDERS	Employees, Management, Suppliers
MANAGEMENT APPROACH	As a low-cost carrier, improving operational efficiencies is a priority for Cebu Pacific. This is done mainly through fleet modernization, fuel-efficient practices, and flight plan optimization. In addition, the Group aims to promote sustainable energy through the electrification of GSE and the use of renewable energy for facilities. **1. Fuel-efficient Practices** Cebu Pacific continued its innovative pursuits in fuel efficiency through the Green Skies Initiative: Collaborative Flight Path Optimization. This initiative aligns with ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) mandates, which the Philippines is adopting for domestic operations. The Group conducted a comprehensive flight route analysis to identify optimization opportunities without compromising safety, then worked with the Civil Aviation Authority of the Philippines (CAAP) to review and approve the optimized routes.

The result was the optimization of the W25 and Z152 Airway flight paths, which reduces carbon emissions by 193 kg and 143 kg per flight, respectively.

Furthermore, Cebu Pacific has approved the Low Power, Low Drag (LPLD) initiative as one of its best industry practices for fuel efficiency. The LPDP is a set of techniques to keep the aircraft configuration clean as long as possible during the approach and landing phase, resulting in lower engine power output and aerodynamic drag. In addition to enhanced fuel efficiency, LPLD offers reduced fuel costs, lower carbon emissions, extended aircraft lifespan, and decreased maintenance expenses. The LPDP will be available in Cebu Pacific's My Fuel Coach application, which allows pilots to view the method's applicability and potential savings for implementation in 2025. Cebu Pacific also continues to employ other best practices for fuel efficiency, including the following:

- Reduced flaps at landing;
- Continuous descent approach;
- Single-engine taxiing;
- Reduced acceleration altitude;
- Idle reverse thrust; and
- Optimized fuel load.

The Group utilizes the SkyBreathe Fuel Efficiency Management System, which provides information that optimizes flight operations. Data from each flight is analyzed to develop fuel-saving plans that result in lower fuel consumption.

With these efforts, the Group's fuel efficiency increased from 30 pax-km/L in 2023 to 31 pax-km/L in 2024.

2. Modern Fleet

Cebu Pacific's modern fleet in 2024 totaled 98 passenger aircraft, consisting of 76 Airbus planes and 22 ATR turboprops. With an average fleet age of just 5.5 years, it stands as one of the youngest fleets globally. Notably, 51 out of the 98 aircraft are equipped with the NEO from Airbus, renowned for its fuel efficiency compared to the CEO, estimated to reduce fuel burn by at least 15%. These NEO aircraft also feature increased seating capacity, enabling Cebu Pacific to accommodate more passengers while reducing average emissions per passenger. In 2024, Cebu Pacific invested significantly in fleet modernization, ordering 152 A321neo and A320neo aircraft which are scheduled for delivery starting 2029 up to the mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. As of the end of 2024, NEOs represented 52% of the Group's aircraft and 100% of the widebody family, resulting in an estimated 49.7 million kilograms of jet fuel saved and 157,000 tonnes of carbon emissions avoided.

3. Sustainable Aviation Fuel

Cebu Pacific uses SAF for all its new aircraft deliveries from Airbus in 2024, originating from France, Germany and China. In recent years, the Group has made efforts to

	incorporate SAF into commercial operations, achieving milestone commercial flights with SAF in 2022 and 2023. In 2022, Cebu Pacific integrated SAF into its operations and became the first low-cost carrier in Southeast Asia to incorporate SAF. It is a “drop-in” replacement for fossil fuels made from agricultural feedstock, and waste materials, such as used cooking oil and animal fat. Using SAF results in up to 80% reduction in carbon emissions over the fuel's life cycle. The chemical and physical characteristics of SAF are identical to those of conventional jet fuel and can be safely mixed with regular jet fuel. SAF does not require any modification to the aircraft or engines and does not negatively impact performance or maintenance. **4. Electric Vehicle Transition Program** Part of Cebu Pacific’s ongoing long-term decarbonization strategy is to transition to electric vehicles. Three electric employee shuttles and 13 electric baggage tractors were deployed in 2024. In addition, Cebu Pacific operates the Juander Shuttle, an electric shuttle service for employees in Cavite, Parañaque, and Cubao. **5. Use of Renewable Energy for Facilities** Cebu Pacific is in the process of connecting to offsite renewable energy and certifying several main facilities as Green Buildings. As of November 2024, the Aplus and Juan buildings have switched to 100% renewable energy in partnership with AC Energy Philippines Inc. (ACEN) Corporation. These key facilities support Cebu Pacific’s maintenance, ground handling, and catering operations. Furthermore, energy conservation efforts are ongoing, which include the optimization of equipment maintenance schedules to ensure continuous efficient operation and reduce unnecessary energy consumption in administrative building operations.
RISKS	● Cebu Pacific is vulnerable to volatility in fuel and energy prices. ● The cost of SAF is prohibitive, and supply is insufficient to meet the industry’s demand.
OPPORTUNITIES	● New technological innovations with aircraft and engines can be adapted to lower the carbon emissions of the airline. ● Cebu Pacific plans to maintain its commitment to fleet modernization by consistently acquiring and integrating fuel-efficient aircraft and phasing out the CEO aircraft model. ● Investments in additional SAF production capacity are ramping up. ● Alternative, sustainable energy sources are available for ground support equipment and facilities.

Water Consumption within the Organization

Disclosure	Quantity		Units
	2024	2023	
Water withdrawal	76,220	57,086*	cubic meter
Water recycled and reused *(rainwater harvesting - estimated use based on capacity)*	7,364	10,707	cubic meter
Water discharge	16,130	15,060	cubic meter
Water consumption	60,090	42,026*	cubic meter

**Restated to include late billings from outstations*

IMPACT	Water consumption and discharge impact the water supplies of communities adjacent to where Cebu Pacific operates. Conserving and using extracted water more efficiently, as well as effectively treating and reusing wastewater, contributes to protecting the water resources of these communities while also reducing utility costs for the Group.
STAKEHOLDERS	Community, Environment, Investors
MANAGEMENT APPROACH	Cebu Pacific sources water from third-party municipal providers for its administrative and operational needs. Water consumption is regularly monitored and any pressing water-related impacts will be discussed in the meetings of the ESGC. These meetings promote collaboration and transparency in water management, paving the way for effective identification of water-related risks and opportunities. A rainwater harvesting system is in place at the head office to reduce reliance on municipal water supplies. Harvested rainwater primarily serves administrative functions and maintains the requisite quality standards for operational use. Cebu Pacific continues the use of Cyclean® for aircraft engine washing, resulting in faster turnaround time for aircraft, more efficient fuel burn, and greater water efficiency and conservation. Introduced in 2023, the process gathers maintenance wastewater in a 40-liter container at the center of the engine water drain catch, ensuring 100% wastewater collection and zero spillage. This complies with NAIA Terminal 3 policies and eliminates potential environmental impacts on airport water systems. The earlier return of aircraft to service also translates to significant potential revenues for the Group.
RISKS	● Lack of access to water may impact ground support operations, such as maintenance and aircraft servicing.
OPPORTUNITIES	• The installation of water meters in alternate water tanks can help improve the measurement and monitoring of water use. • The expansion of the Cyclean process to other aircraft and types of engines presents an opportunity for further water conservation.

Environmental Impact Assessment
Air Emissions
GHG Emissions

Disclosure	Quantity		Units
	2024	2023	
Direct (Scope 1) GHG Emissions – Flights	1,918,018	1,691,165	tonne CO2e
Direct (Scope 1) GHG Emissions – Company-owned vehicles and Ground Support Equipment (GSE)	8,346	7,589	tonne CO2e
Energy Indirect (Scope 2) GHG Emissions*	6,131	6,135**	tonne CO2e
Other indirect (Scope 3) GHG Emissions	582,454	533,228**	tonne CO2e
Emissions of Ozone Depleting Substances (ODS)	0	0	kilogram

**Including Scope 2 emissions from Luzon, Visayas and Mindanao offices/stations.*
***Restated to account for 1) restated electricity consumption data, which now includes late billings from outstations, and 2) updated grid emission factors published by the Department of Energy in 2023.*

Air Pollutants (data from flight only)

Disclosure	Quantity		Units
	2024	2023	
Nox	1,431	1,155	tonne NOx
Sox	101	85	tonne SOx

IMPACT	Aircraft emissions, primarily due to jet fuel use, constitute the bulk of Cebu Pacific's GHG emissions. These increased by around 14% in 2024, in line with increased activity and departures. Other Scope 1 emissions are produced from company-owned vehicles and ground support equipment (GSE), which saw an 8% decrease in 2024. Scope 2 emissions, stemming from grid electricity use in offices and stations across the country, increased by approximately 15% from 2023. Finally, Scope 3 emissions include sources from Categories 1, 2, and 3 of the GHG Protocol's Corporate Value Chain Accounting and Reporting Standard, covering (1) purchased goods and services, (2) capital goods, and (3) fuel and energy-related activities.
STAKEHOLDERS	Employees, Management, Customers
MANAGEMENT APPROACH	Cebu Pacific has a comprehensive five-pillar (5F) decarbonization strategy that aligns with the International Air Transport Association's (IATA) Fly Net Zero and the International Civil Aviation Organization's (ICAO) long-term global aspirational goal (LTAG). Both commitments aim to achieve net-zero carbon emissions for international aviation by 2050. **Fundamentals** This is the foundation of the Group's key initiatives, focusing on awareness and education within the Group, instilling a sustainability mindset in all departments. In 2024, Cebu Pacific's sustainability initiatives were recognized through record achievements in its Environmental, Social, and Governance (ESG) ratings. It achieved AA in its MSCI ESG Rating and a score of 44 in S&P Global ESG Score, an advancement from its MSCI A rating and S&P Global ESG Score of 41 in 2023.

Fleet

Cebu Pacific made significant progress in fleet modernization in 2024 through its historic purchase of 152 NEO aircraft, which are scheduled for delivery starting in 2029 up to the mid-2030s, while providing a combination of early slots, purchase rights, conversion and deferral rights. As of the end of 2024, 52% of Cebu Pacific's fleet is NEO, with the goal of modernizing to an all-NEO fleet. The Group has also progressed with its electrification program for service vehicles and GSE.

Fuel

Cebu Pacific implements several best industry practices for fuel efficiency and flight plan optimization, with Low Power, Low Drag scheduled for implementation in 2025. The following are currently being practiced:

- Reduced flaps at landing
- Continuous descent approach
- Single-engine taxiing
- Reduced acceleration altitude
- Idle reverse thrust
- Optimized fuel load

Through the optimization of the W25 and Z152 Airway flight paths through its Green Skies Initiative, the Group also reduced the carbon emissions of these flights by around 193 kg and 143 kg per flight, respectively.

The Group is also working towards establishing the future supply of SAF by expanding its network of strategic partners. Currently, Cebu Pacific uses SAF for all its new aircraft deliveries from Airbus in 2024, originating from France, Germany and China. In recent years, the Group has made efforts to incorporate SAF into commercial operations, achieving milestone commercial flights with SAF in 2022 and 2023.

Cebu Pacific achieved an emissions intensity of 80 gCO2e/RPK for its flights in 2024, representing its best performance in the past six years.

Footprint

The Footprint pillar of Cebu Pacific's decarbonization strategy includes initiatives for sustainable buildings, reducing the Group's carbon footprint through minimized use of fossil fuels.

As of November 2024, the Aplus and Juan buildings have switched to 100% renewable energy in partnership with ACEN Corporation. These key facilities support Cebu Pacific's maintenance, ground handling, and catering operations. The Group is also participating in the International Finance Corporation's Excellence in Design for Greater Efficiencies (EDGE) certification system. EDGE green building certification means that the Group's facilities meet energy, water, and material efficiency standards. Cebu Pacific is in the process of certifying several main facilities as Green Buildings.

	Finance Cebu Pacific aims to incorporate climate responsibility into business continuity and investments, including consideration of sustainability financing options to fund its long-term decarbonization strategy and overall sustainability vision. In 2024, Cebu Pacific made history by securing Southeast Asia's first sustainability-linked loan (SLL) for a low-cost carrier, reinforcing its commitment to decarbonization. Under the loan agreement, the Group committed to sustainability performance targets to further reduce its carbon emission intensity. Achieving these targets will unlock financial incentives to support the ongoing fleet modernization.
RISKS	● Aside from environmental impacts, GHG emissions likewise pose financial risks to Cebu Pacific. Carbon offsetting requirements, as well as potential carbon taxation, will have financial implications for Cebu Pacific and the airline industry. ● For alternative propulsion, there are various technologies under consideration that would require significant investments and a potential redesign of the current business model and operations.
OPPORTUNITIES	● For SAF, there are several technological pathways and feedstocks that are being developed. The Group will need to evaluate and select the most viable and cost-efficient option, which may pose financial risks as well as opportunities. ● Cebu Pacific constantly monitors developments in new propulsion technology, regulations, guidance on the voluntary carbon market and carbon offsetting (i.e., CORSIA), and best practices in the industry, among others.

Solid and Hazardous Wastes

Disclosure	Quantity		Units
	2024	2023*	
Total solid waste generated	1,599,858	860,625**	kilogram
Residuals/ Landfilled	704,524	385,204**	kilogram
Recyclable waste	161,338	124,405	kilogram

** Additional waste data from third party hauler New Leaf for 2023 only covers the second half of the year.*
*** Waste data for 2023 was restated to correct errors and include biodegradable and reusable waste.*

Hazardous Waste

Disclosure	Quantity		Units
	2024	2023	
Total weight of hazardous waste generated and transported	0	727	kilogram

IMPACT	A huge fraction of the Group's waste comes from operational activities, i.e. cargo, ramp, catering, and cabin. In 2024, the generated waste reported by Cebu Pacific increased by almost 86% from the previous year. This increase is due to more comprehensive data collection, which covered the full year of waste from ramp operations through third-party hauler New Leaf. In comparison, data collection for the same source in 2023 began only mid-year, when the Group started its partnership with accredited waste hauler New Leaf. Looking forward with the continuation of this partnership, annual waste data will become more consistent for improved analysis.

	The relative shares of waste diversion and disposal remained generally similar to 2023. About 56% of the waste generated in 2024 was diverted for recovery, close to the recorded 55% in 2023. With the help of New Leaf, about 45% of the waste was used for alternative fuel, and 10% was diverted for recycling. Aside from reducing environmental impacts, several of Cebu Pacific's waste management initiatives also engage and empower partner communities and showcase the ingenuity of Filipino artisans, contributing to local community and socioeconomic development. Hazardous waste, meanwhile, is carefully managed as improper handling would lead to significant financial, occupational, health, and community health risks.
STAKEHOLDERS	Employees, Management, Community
MANAGEMENT APPROACH	Cebu Pacific continues to operate the Materials Recovery Facility (MRF) at its AOC Head Office, gathering recyclable materials to sell to third-party buyers. In 2023, the coverage of waste collection was expanded beyond the head office. Further onsite segregation is done by New Leaf, which then handles different types of waste accordingly. Residual waste is directed to landfills, while biodegradable waste is either composted or used as alternative fuels. Recyclable waste is sent to a recycling facility, where the waste is processed into pellets and flakes for use as textile production materials in other countries, including Taiwan, China, and Japan. Since 2023, the partnership with New Leaf for cargo, ramp, and catering waste management has contributed to more accurate monitoring of waste across Cebu Pacific's operations. Cebu Pacific launched several initiatives in 2024 to reduce landfill-bound waste and promote the circular use of its materials while supporting local communities. The Group's Engineering and Fleet Management (EFM) team spearheaded the Green Product Cycle Portfolio, a transformative framework focused on creating business value while addressing financial, social, and environmental challenges. Under this framework, EFM's Recrafted Purpose project enabled the upcycling and reuse of an estimated 2,300 kilograms of scrapped aircraft parts, compliant with Federal Aviation Administration (FAA) policies on product disposal. Expired life vests and damaged leather seat covers were upcycled into crossbody and duffel bags in partnership with social enterprises like Rags 2 Riches. Phased-out seat assemblies were either donated to aviation technical schools for their laboratory activities or transferred to Cebu Pacific's Design Engineering Program, a collaborative effort with the academe wherein Filipino innovators showcased their ideas for sustainable engineering solutions. These efforts not only benefited the environment and society, but resulted in cost savings for the Group as 46 sqm of warehouse space was cleared for the storage for other useful parts, and translating to cost savings of up to PHP 94,000. Waste minimization initiatives are also observed in the flight cabin. In 2024, Cebu Pacific began the use of wooden cutleries in Cebu, Clark, and long-haul flights, then expanded this program to all CEBGO domestic and regional flights from Manila.

	Furthermore, the "On-Board Plastic Bottle Segregation" Program, launched in September 2023 for regional and domestic flights departing Manila, has been expanded to include domestic and international flights operating in Cebu. Under this program, the cabin crew collects used plastic bottles to efficiently segregate them for proper recycling. Collected plastic bottles are repurposed into cement and construction materials. 36,000 kg of PET bottles were recycled in 2024. Campaigns and training were conducted for both ground personnel and cabin crew as preparations for the project expansion. Other waste management initiatives in 2024 include the shelf-life extension of unused Adhesive Based Part Numbers, which reduced unnecessary waste and cut costs on part orders, and the use of recycled wheels from disposed wheelchairs to improve the operation of umbrella service carts. Cebu Pacific also partnered with Scholars of Sustenance to donate surplus food from its operations to underserved communities in Metro Manila, reducing food waste while supporting those in need. To manage hazardous waste, the Admin and Facilities Department contracts with accredited Treatment, Storage, and Disposal (TSD) facilities for proper waste treatment before disposal. The Pollution Control Officer oversees these processes. Cebu Pacific, as a part of the Gokongwei Group collective, complies with the Extended Producer Responsibility (EPR) Act of 2022. The Corporate Sustainability Manager is the designated officer for Cebu Pacific's EPR compliance.
RISKS	The leakage of hazardous waste poses serious health and safety risks and will impact the reputation and operations of Cebu Pacific. Unlawful discharge by third party contractors may result in environmental damage and penalties.
OPPORTUNITIES	The disclosure covers waste from the Head Office, cargo, ramp, catering, and cabin. Operations in outstations are covered by third-party contractors. Cebu Pacific is continuously improving the system to effectively monitor solid and hazardous waste generation and collection across the entire organization.

Effluents

Disclosure	Quantity		Units
	2024	2023	
Total volume of water discharges	16,130	15,060	cubic meter
Total volume of wastewater recycled*	N/A	N/A**	cubic meter

**Cebu Pacific operates a wastewater treatment plant but does not recycle wastewater.*
*** Restated. The previous disclosure included water recycled using the Group's rainwater harvesting system. This data is presented under the Water Consumption topic.*

IMPACT	Improper treatment and discharge of wastewater causes pollution to surrounding areas, bodies of water, or water reservoirs, posing health risks to local communities and biodiversity that rely on these resources.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	Cebu Pacific ensures strict adherence to environmental regulations regarding effluents. It operates a wastewater treatment system at the AOC Head Office with the capacity to process 80 cubic meters (m^3) of wastewater per day, ensuring compliance with water quality standards before discharge.

	Wastewater quality sampling is conducted quarterly at the head office through a government-accredited partner, Intertek. The following parameters are tested to ensure adherence with the limits set in national effluent standards: PH 6.5–9, BOD5 50, COD 100, TSS 100, Color 150, Oil and Grease 5, Coliform count 10000. Discharges also comply with the standards set by the Department of Environment and Natural Resources - Environmental Management Bureau and the Laguna Lake Development Authority.
RISKS	● Water is closely monitored to avoid contamination, as most of the Group's water is sourced from Maynilad. ● Drought and water shortages may heavily impact day-to-day operations.
OPPORTUNITIES	● The installation of a water meter for rainwater recovery and recycled water tanks can help record water consumption precisely from such sources.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and regulations	0	#
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

IMPACT	Non-compliance with environmental standards and regulations may lead to damage to the environment, as well as sanctions and penalties to Cebu Pacific and reputational damage to the Group.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	At the Management level, the ESGC has oversight responsibilities over environmental compliance. Cebu Pacific's environmental performance and compliance are monitored monthly through the ESGC and all identified issues are reported to the CGC on a semi-annual basis. Cebu Pacific takes matters of environmental compliance seriously and is committed to complying with government laws and regulations. Any allegation presented is sufficiently investigated and negotiated.
RISKS	● Overlooking renewal of environmental permits and non-compliance to environmental regulations may lead to sanctions, penalties, and damage to the environment and to the Group's reputation.
OPPORTUNITIES	● Conducting regular in-house checks to ensure compliance. ● Alignment with best practices in environmental management.

SOCIAL

Employee Management

Employee Hiring and Benefits

Disclosure	Quantity		Units
	2024	2023	
Total number of employees	4,683	4,374	#
Number of Male employees	2,154	2,070	#
Number of Female employees	2,529	2,304	#
Attrition rate[2]	7	7.66	%

Additional Disclosure

Disclosure	Quantity		Units
	2024	2023	
Number of Male flying employees	1,363	1,266	#
Number of Female flying employees	1,720	1,509	#
Number of Male non-flying employees	791	804	#
Number of Female non-flying employees	809	795	#

Employee Benefits

List of Benefits	% of female employees who availed for the year 2024	% of male employees who availed for the year 2024
Statutory Benefits		
SSS (Sickness)	1%	1%
SSS (Loan)	12%	8%
PhilHealth	2%	1%
Pag-ibig	5%	5%
Parental leave (maternity/paternity)	4%	2%
Parental leave - Solo parent	1%	0.2%
Vacation leaves	52%	47%
Sick leaves	46%	38%
Voluntary Benefits		
Medical benefit (HMO)	85%	86%
Psychological Counseling	1%	1%
Retirement (aside from SSS)	1%	1%
Further education support	1%	1%
Company stock options	0%	0%

[2] CEB formula for Attrition rate = (Voluntary Turnover)/(Average Population (Jan-Dec) for the year)

Flexible working hours	16%	13%
Profit sharing	98%	99%
Life insurance	98%	99%
Rice subsidy and medical allowance	88%	90%
Christmas allowance	93%	90%
Travel insurance	70%	67%
Uniforms	79%	45%
Transportation Allowance	482	
Availment of free flights (headcount)	Employees: 69,351 Dependents: 68,241	
Travel benefits (same-sex and common-law partners)	297	
HMO (same-sex and common-law partners)	1	
Car Allowance	22 (Directors and up)	
Fleet Gasoline Privileges	22	
Transportation Allowance	482	
Clothing Allowance (Pilots only)	685	
Inflight Crew Meals	*All cabin crew are provided with inflight meals.*	
Telecommuting or Work from Home	*Applicable to all employees with support/back-office function.*	

IMPACT	Competitive wages and benefits provide direct positive impacts to Cebu Pacific's employees through fair compensation, decent livelihoods, and socioeconomic safety nets. This also helps Cebu Pacific attract and retain good talent, which directly impacts business outputs.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	Cebu Pacific's business model requires highly skilled, dedicated, and efficient pilots, engineers, and other personnel. Its growth plans will require the Group to hire, train, and retain a significant number of new employees in the future. As such, Cebu Pacific adopts policies to ensure a market-competitive remuneration package tailored to match the skills and competencies of employees and potential candidates, aiming to consistently attract external talents, especially those with specialized skills. **Expanded job laddering and salary structure** In 2024, Cebu Pacific implemented the expanded job ladder and salary structure under its "Juan Step Ahead: Expanding Paths to Empower Growth and Success" initiative. Job levels were expanded from a lean 8 job levels to a broader 16 job levels, following Gokongwei Group's and Willis Towers Watson Global Grading

System. This addressed employee concerns over career stagnation, as it created clearer advancement paths and nuanced in-role progression opportunities and shifted the Group's promotion culture from vacancy-driven to capability-driven. In 2024, 12% of the non-flying workforce were promoted, with 44% of these promotions achieved through in-role progression. Salaries were also adjusted accordingly, with 47% of non-flying employees receiving salary adjustments to match the new entry rates for their positions.

Employee promotions are based on the Functional Skills-Based System, an objective framework to assess competencies with transparency and fairness. Employees nominated for promotion participate in the Internal Mobility in CEB (IMinCEB) Accelerator Program, a tailored development track spanning at least six months. This program focuses on role-specific competencies, equipping employees with the skills and knowledge to succeed in their new responsibilities. In 2024, 24% of the requisitions were filled by internal talents via IMinCEB, showcasing the success of developing a pipeline of ready talent within the organization.

In terms of employee feedback, the Group maintained the Pulse score for Career Growth and Development at 65% in 2024 (unchanged from 65% in 2023) for non-flying employees, reflecting steady engagement amidst these structural changes.

Moreover, the Group conducts regular Performance Appraisals (PA) and utilizes feedback mechanisms. In performance appraisals, employees are measured using the 80-20 model, with 80% of the total score based on the achievement of performance goals highlighted in the Balanced Scorecard, and 20% based on the core values of CEB. This makes the PA process holistic as it covers both performance and behavior.

Employee management for pilots and cabin crew

The Group acknowledges its dependencies on the availability and adequate supply of experienced pilots. To meet its future pilot demand, the Group provides young aspiring pilots an opportunity for direct employment through the Cebu Pacific Cadet Pilot Program 2.0. The program, lasting 96 weeks, offers basic pilot flight training followed by type rating training, in partnership with Airworks Aviation, a local flying school. Cadets are fully self-sponsored. Training of the first batch began in July 2024, and the program is expected to supply the Group with a batch of qualified first officers by early 2026. The program is currently set for the next five years.

In addition, the SKY CAMP (Careers in Aviation Made Possible) program provides new graduates from across the Philippines with training for flight operations (pilots) and technical positions. The program is implemented in the Flight Operations and Engineering and Fleet Management groups of Cebu Pacific. By the end of 2024, 50 First Officers Trainees had been onboarded, with 50% already released to the line as First Officers while the remaining 50% are set to be released in early 2025. This mutually beneficial setup fosters individual growth and strengthens Cebu Pacific's talent pipeline, ensuring continued organizational success.

Looking forward, the Group is preparing for the review of its compensation package for pilots and cabin crew via data gathering and benchmarking. It is likewise preparing for the start of collective bargaining agreement (CBA) negotiations in 2026 with the union of cabin crew members, which accounts for 32% of the Group's total employees. The Group has not experienced any labor strikes or work stoppages in the past three years.

Extended benefits to same-sex and common-law partners

Cebu Pacific aims to foster an inclusive work environment, promote equity, and embrace diversity in the workplace. Starting in 2024, employees with same sex or common-law partners may register their partners in the Group's travel benefit and health maintenance organization (HMO) program. In 2024, 297 employees had registered their partners for travel benefits, while one employee registered a common-law partner under the HMO program. This initiative has been well received and is highly appreciated by employees.

Juan CEB Communities

Launched in 2023, this program empowers employees to create communities based on their interests, providing a platform for collaboration, engagement, and personal development across departments and outside of work tasks. By 2024, four new communities were added, further expanding the program's reach and diversity and bringing the total number of communities to 15. These communities have flourished, with members meeting regularly, and some being invited to company events, such as the sport community helping execute the Juan Olympics event and CEB Sessionistas becoming the in-house band performing at events.

The Juan CEB Community stands out because it transforms employee engagement into a grassroots effort led by the employees themselves. Unlike traditional team-building activities that are often one-off or top-down, this initiative gives employees the autonomy to build and sustain communities tailored to their unique interests, allowing them to explore their passions, build relationships, and share ideas in a supportive environment. This fosters a sense of belonging, boosts morale, and helps employees thrive both personally and professionally.

Enhancing employee benefits and how they are managed

Employee compensation and rewards have been expanded in 2024, including several health-related benefits such as larger clinic facilities, additional laboratory tests, increased maximum benefit limit for HMO dependents, and improved optical benefit plans. The Travel Guidebook has also been launched, aiming to guide traveling employees with the necessary forms, fees, and processing days per destination. This eases the experience of employees in planning their business trips.

In 2024, Cebu Pacific launched Payjuan, a digital system developed in-house for employees to file cash advances, liquidations, and reimbursements. The automation of several processes, such as sending of requests to the correct

	approvers, remittance to payroll accounts, and replenishment of revolving funds greatly reduced manual and paper forms as well as redundancy and back-and-forth processing. It is also integrated with JuanApprove, the Group's portal for the consolidation of approvals. Overall, these systems have brought greater transparency, accuracy, efficiency, security, accountability, and employee satisfaction, and boosted productivity in the workplace.
RISKS	● The Group is dependent on the availability of an adequate supply of experienced pilots.
OPPORTUNITIES	● The Group is looking into the standardization of payroll processing for our international employees. Vendor selection and contract review are ongoing to engage with the right payroll providers. ● The Group continues to evaluate its compensation strategy to respond to dynamics in the industry.

Employee Training and Development

Disclosure	Quantity		Units
	2024*	2023	
Total Training Hours provided to employees	21,574	29,522	hour
Female Employees	11,440	19,909	hour
Male Employees	10,134	9,613	hour
Average Training hours provided to employees	16.0	6.7	hour/employee
Female Employees	15.5	8.6	hour/employee
Male Employees	6.4	4.6	hour/employee

**2024 inc. internal (CEB University, LinkedIn, and other classes) & external (via Training Availment Form) vs. 2023 which covers internal trainings*

IMPACT	Cebu Pacific offers training programs to empower individuals and place them in the driver's seat of their own development. These equip Cebu Pacific employees with the essential skills for their current and future roles and introduce new skills to help the organization thrive and endure. Aside from increased employee engagement and individual performance, well-trained employees also contribute to innovation, operational efficiency, and customer service, which positively impact the Group's profitability.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	Cebu Pacific is committed to developing its employees' personal and professional development. The training programs provided to employees are customized and aligned to emerging skills and are anchored to company goals while incorporating the Group's culture and values. The People Department oversees basic courses, people engagement training programs, and management and leadership programs. In 2024, Cebu Pacific advanced its learning and development initiatives, reinforcing its commitment to continuous growth and inclusivity for all employees, and ensuring that learning, coaching, and awareness become integral parts of the company's culture. These initiatives include: ● Learning is for EveryJuan – Through this project, the LinkedIn Learning program was a game-changer in democratizing learning across the organization. All employees, regardless of role or department, were provided

unrestricted access to LinkedIn Learning, giving them the opportunity to expand their skills, stay competitive, and pursue both personal and professional development at their own pace. Over 6,500 hours of content were viewed in the four months after its launch in June 2024, averaging 3 hours and 16 minutes per learner.

- Cebu Pacific University (CEB U) – Launched in 2018, CEB U is a corporate university established to provide continuous learning opportunities for employees across all levels. With its relaunch in 2024 and expansion from three to eight schools, CEB U addresses the challenge of keeping pace with industry changes while equipping the workforce for future growth. More learning opportunities are explored, such as interest-related learning, integration of new technologies in learning, and embedding learning in the flow of work. The new schools are championed by internal talents, serving as CEB U deans and faculty.

- Coaching Moments – Through targeted training sessions and interactive activities, Cebu Pacific empowers leaders and team members to engage in meaningful coaching conversations, fostering a workplace that prioritizes mentorship, guidance, and continuous improvement.

- Sensitivity Awareness Training – This program enhances employees' awareness and understanding of persons with disabilities (PWD). It aims to cultivate a more inclusive work environment by equipping employees with the knowledge and sensitivity needed to better support and engage with PWDs, both within the organization and in customer interactions.

- SKY CAMP (Career in Aviation Made Possible) – This is Cebu Pacific's apprenticeship program for internal talents and external applicants. It is designed to build a steady pipeline of talents across critical aviation functions such as engineering, flight operations, and cabin services. By the end of 2024, 50 First Officer Trainees from the batch had already been onboarded into the organization.

- Learning Management System (LMS) Policy and Improved Processes – The LMS is an e-learning platform that hosts various training programs. In 2024, the LMS Policy was established to provide support for users, as several improvements were made to learning management processes, boosting the efficiency and user-friendliness of the platform.

- Internal Mobility in CEB (IMinCEB) Accelerator Program – This is a tailored development track that focuses on role-specific competencies, helping equip employees for higher and more complex roles or preparing them for leadership transitions from individual contributor roles. This structure ensures readiness for career progression and aligns with organizational talent development goals. The learning track spans at least six months.

- CEBTalk: Learnings Worth Sharing – This offers operational updates and

	insights into current business events, keeping employees informed and aligned with company goals. ● Learnesday – Every Wednesday afternoon is reserved for learning, ensuring employees have uninterrupted time to focus on personal and professional development. Key processes and indicators are implemented to measure the progress and impact of these training initiatives. One mechanism is the LinkedIn Learning (LIL) Activation, which monitors the number of employees who have successfully activated their access to the platform. This helps assess the reach of the initiative and identifies any gaps in engagement that may require additional support or communication. Another critical metric is LIL Utilization, which measures how employees are using LinkedIn Learning, tracking data like course completions, time spent on learning, and trending skill areas. By analyzing these data points, the organization can gauge whether employees are actively developing their skills and identify opportunities to enhance learning engagement. Additionally, the Number of Employees Trained serves as a key indicator of participation across various training programs. This metric helps evaluate the effectiveness of initiatives by measuring the extent to which employees are engaged in learning and development activities. It also provides insights into the reach of programs under the eight schools of CEB U, ensuring they are effectively contributing to a culture of continuous improvement. To foster knowledge transfer, Cebu Pacific also updated its external training bond matrix to extend the maximum duration from 2 years to 3 years. This ensures that expertise gained from external training is effectively shared with colleagues and also enhances employee retention and strengthens investment protection.
RISKS	● Employees may leave the Group for better opportunities after receiving sufficient training.
OPPORTUNITIES	● There is a need to further enhance the inclusivity and adaptability of training initiatives to extend these opportunities to the flying crew. For this, flexible, digital, and mobile-friendly programs would help to accommodate their unique schedules. ● There is a growing demand for behavioral development programs that enhance communication, teamwork, and leadership across different employee groups. ● Learning opportunities can be widened by offering digital platforms, workshops, mentoring, and microlearning. ● Strengthening the 70-20-10 learning model will enhance experiential, social, and formal learning, engaging employees through hands-on training and peer interactions. Collaborating with industry experts for external certifications can also elevate the value of our training initiatives. ● Regular assessments through feedback and learning analytics will help refine programs, ensuring they remain relevant. Communication campaigns and recognition of learning achievements will foster a continuous learning culture, while motivating employees to take ownership of their development.

Labor Management Relations

Disclosure	Quantity	Units
% of employees with Collective Bargaining Agreements*	32	*%*
Number of consultations conducted with employees concerning employee-related policies	4	*#*

IMPACT	A Collective Bargaining Agreement (CBA) ensures that the interests of employees are heard and addressed by the Group. Constant and open communication between management and employees enables the organization to address issues as they arise and gives employees the freedom to negotiate their terms of employment, which can contribute to satisfaction, retention, and productivity.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	The Group's strategy for maintaining good relationships and interactions with its employees is based on its 5C approach: Credibility, Cadence, Communication, Clarity, and Compassion. Cebu Pacific has a union group, which is the Juan Wing Association of the Philippines (JWAP). Formed in 2019, the union currently accounts for 32% of Cebu Pacific's total employees. In addition, the Cebu Pacific Airline Pilots' Association (CPAPA) serves as Cebu Pacific's pilot group. The Group has not experienced any labor strikes or work stoppages in the past four years. It fosters collaborative interaction and communication between management and its employees. For instance, any significant operational changes are communicated to employees 30 days ahead of implementation. Management is also accessible, and employees are encouraged to reach out and bring up any issues to them directly. Cebu Pacific's Labor Relations group maintains a tracker for all significant developments for employee discipline cases and incident reports, ensuring their timely resolution and issuance of Notices of Decision. Cebu Pacific acknowledges the importance of conducting regular meetings to hear employee concerns before they escalate, and of involving all concerned teams to ensure that any support needed by the employees is properly provided. In 2024, Cebu Pacific achieved a 75% Pulse employee engagement score and +35 employee Net Promoter Score (eNPS).
RISKS	● A failure in CBA negotiations may lead to disruptions in operations. ● Issues that are communicated to management but not addressed effectively may cause employee dissatisfaction.
OPPORTUNITIES	● Cebu Pacific plans to continue engagement activities to maintain good labor relations, such as regular catch-up sessions with union officers to get the pulse from the employees. ● The partnership mindset among Cebu Pacific leaders and union officers can be strengthened through more involvement of the union officers in making decisions that affect the welfare of the employees. ● Other initiatives that strengthen the culture of trust and respect between the Group and the union can help avoid retaliation and disagreements.

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2024	2023	
% of Female Employees	54	53	%
% of Male Employees	46	47	%
Number of employees from indigenous communities or vulnerable sector*	N/A	N/A	#

** This metric is not tracked by the Group*

Additional Disclosure

Disclosure	Quantity		Units
	2024	2023	
Share of Female employees in management positions	50	54	%

IMPACT	Workplace diversity brings together people from different backgrounds who contribute their strengths and talents to the organization, regardless of race, gender, and ethnicity.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	Cebu Pacific strongly believes that equity, diversity, and inclusion (EDI or DEI) are essential to fulfilling its organizational mission, backed by an existing Diversity and Inclusion Policy that formalizes this commitment. In 2023, the Group launched IncluCEB Space, serving as the umbrella program for all EDI activities and a platform to nurture a culture of acceptance, empower underrepresented groups, and drive positive change within the organization. Below are the projects and activities done in 2024 under IncluCEB Space, as well as updates from 2023 initiatives: ● Renewal of membership/partnership with the three organizations engaged in 2023, namely the Philippine Business Coalition for Women Empowerment (PBCWE), Philippine Financial & Inter-Industry Pride (PFIP), and Philippine Business and Disability Network (PBDN). Respectively, these organizations are involved in women's empowerment, LGBT+, and creating new opportunities for persons with disabilities (PWDs). ● Ongoing review of the Equity, Diversity, and Inclusion Policy in partnership with the PBCWE, with a target to finish by Q3 of 2025. ● Conduct of the Self-Identification Survey, launched in June 2023. As of December 2024, Self-ID responses have increased by 14% (649 employees). This survey is now introduced during the onboarding sessions for new hires to gather more responses continuously, instead of every June. ● Conduct of DEI Trainings through CEB U School of Diversity and Inclusion. A total of 180 employees were engaged in the following sessions: Embracing Equity (March 2024), SOGIE 101 (May 2024), and Disability Sensitivity Training (July and November 2024). ● Following the Gender and Equality Assessment Review (GEARS) conducted in 2023 with the PBCWE, the Group is working on the high-impact recommendations from GEARS I in preparation for GEARS II. ● Release of internal communications on the Self-ID Survey and allyship to commemorate Pride Month.

	The Group does not discriminate based on sexual orientation, gender identity, and expression (SOGIE), and works for the promotion and fulfillment of gender equality. It ensures decent work standards in conditions of freedom, equity, security, and human dignity, including the following areas: ● Employment, Training, and Development ● Employee Records and Company Database ● Health and Support Services ● Facilities, Uniform, and Employee Identification Furthermore, Cebu Pacific partnered with The Vanguard Academy, a school in Makati serving children of all abilities, both neurodiverse and neurotypical students, to conduct work immersion opportunities with the Group. This was offered to senior high school (SHS) students and young adults with special abilities. Two batches of interns began their placements in May and November 2024 under the People Department, where they gained hands-on experience and contributed to key initiatives, including employee engagement activities and onboarding processes. Feedback from an intern highlighted how memorable it was to witness firsthand how an airline company operates and to meet and socialize with different people in a setting where they felt fully accepted. The project spans three years, from April 2024 to April 2027. As detailed above, employment benefits were also extended in 2024 to same-sex and common-law partners of the Group's employees. Through these internal and external initiatives, Cebu Pacific creates a more inclusive environment where everyone is given the opportunity to showcase their talents and contribute meaningfully to the workforce.
RISKS	● Mismanaging diversity can be detrimental to the organization and may lead to misunderstanding and conflict among employees.
OPPORTUNITIES	● Cebu Pacific shall review and, when necessary, amend and/or repeal existing company rules, regulations, and policies that may be found to be misaligned with the Group's Diversity and Inclusion Policy. ● The Group also aims to expand partnerships with business network groups, such as the Philippine Business Coalition for Women Empowerment (PBCWE) for women empowerment, the Philippine Financial and Inter-pride Network (PFIP) for LGBTQIA+ members, and the Philippine Business Disability Network (PBDN) for persons with disabilities.

Workplace Conditions, Labor Standards and Human Rights

Occupation, Health and Safety

Disclosure	Quantity		Units
	2024	2023	
Safe Man-hours	8,686,288	7,955,480	hour
No. of work-related injuries	14	28	# of cases reported
No. of work-related fatalities	0	0	# of cases reported
No. of work-related ill-health	0	0	# of cases reported
No. of safety drills	3	2	event

IMPACT	Awareness on safety issues and planned response impacts business continuity and emergency preparedness.
STAKEHOLDERS	Employees, Management

MANAGEMENT APPROACH

Cebu Pacific upholds high standards of safety, quality, and security (SQS) to ensure a healthy and hazard-free environment for both its employees and customers. The Group's Occupational Safety and Health (OSH) Policy is established in compliance with the Department of Labor and Employment (DOLE) regulations while reinforcing Cebu Pacific's commitment to a strong safety culture.

Since joining the International Air Transport Association (IATA) in 2019, the Group has consistently adhered to the rigorous standards of the IATA Operational Safety Audit (IOSA). In 2024, Cebu Pacific launched the We are Ready or W.A.R Room to prepare and heighten the awareness of all employees in anticipation of upcoming changes to the IOSA.

Safety Management System (SMS) and Reporting

- Cebu Pacific's SMS provides a process for hazard identification and the reporting of incidents and work-related injuries. All Cebu Pacific employees, flight and ground operations, offices, and aircraft are covered by the SMS and OSH Policy, while service providers are required to have their own SMS, compliant with the Group's standards and requirements.
- Cebu Pacific promotes a just safety culture. Voluntary and mandatory reporting of hazards is done through the INTELEX platform, which all employees can easily access through web or mobile. Employees can report confidentially to protect anonymity. Internal and external audits are done throughout the year to ensure compliance with standards. Employee reports and the results of audits and incident investigations are analyzed to determine the appropriate corrective actions, applying the hierarchy of controls. The Quality Assurance division validates the effectiveness of these actions and reports these to the Accountable Manager. Findings are also used to enhance training, update safety policies, and improve the OSH policy.
- Each operational department has developed internal safety performance indicators, which are presented monthly through the ASRC. The meeting is attended by key management personnel to discuss emerging issues and track the Group's safety performance.

Training, Drills, and Safety Events

- All employees, especially key personnel and frontliners, undergo initial and recurrent safety training across various areas of operations.
- The competency of safety personnel is maintained through training and certifications. In 2024, in compliance with DOLE requirements on the number of safety personnel, Cebu Pacific identified 41 first aiders who have been certified through the Philippine Red Cross, and 14 safety officers who are undergoing training with In Safety Inc, an OSH training provider.
- Regular drills are conducted to promote employee familiarity with safe evacuation procedures. In 2024, Cebu Pacific also released a set of earthquake and fire evacuation guidelines to all Cebu Pacific employees. The Group conducts an annual simulation of potential emergency responses to ensure the readiness of the Cebu Pacific Emergency Management Team (CEBEMT) and operations staff during emergencies.
- A Safety Week was held in August 2024, engaging employees in meaningful activities, such as safety booths, talks, and interactive workshops. Safety champions, those who demonstrated their commitment to safety with the use of the Group's safety reporting system, were recognized in an awarding ceremony.
- Safety-related publications are issued to all employees, including quarterly safety digests, safe space bulletins, and ground safety updates, keeping the community informed on accident lessons, risk mitigation, and industry best practices.

Health Services

- Cebu Pacific ensures that employees have access to non-occupational medical and healthcare services. Employees are covered by a healthcare plan, gaining access to accredited primary care clinics and specialists. The company clinic has also expanded its services, now offering blood tests, X-rays, ultrasounds, and dental services onsite. Vaccination drives for HPV, pneumonia, and other preventable diseases are available at discounted rates for employees.
- Employees have access to free mental health consultations, which are constantly promoted to increase accessibility. Over the past year, 56 consultations for 50 unique employees have been facilitated.
- Cebu Pacific ensures the strict confidentiality of employees' personal and medical information in compliance with the Data Privacy Act.

Aviation Safety

- The Safety Team conducts a quarterly virtual Safety Cascade for cabin crews, focusing on key performance indicators (KPIs) on workplace safety, safety reports, and current safety issues.
- Pre-flight safety briefings equip crew members with essential health and safety knowledge, while post-flight debriefings assess incidents for continuous improvement.
- In 2024, three Random Alcohol and Drug Testing (RADT) sessions were also

	conducted for flight crew in Manila, Cebu, and El Nido, with all crew members testing negative. This ensures the safety of personnel and passengers on flights, and is also in compliance with DOLE and IOSA. ● The Group updated its Fatigue Risk Management System (FRMS) policies to include the monitoring of sleep patterns, as voluntarily reported by flight and cabin crew, to better analyze how it may impact fatigue-related reports and onward handling. ● Cebu Pacific takes measures to safeguard against hazards posed by wildlife and foreign object debris (FOD). Weekly Safety Walks have been conducted since 2023 to facilitate proactive identification and mitigation of potential hazards on the ground. In 2024, alongside 1Aviation and airport and government authorities, training and collaborative initiatives were conducted for wildlife hazard assessment, monitoring and reporting, and wildlife risk mitigation. Stations were equipped to conduct bird surveillance. Other activities included earth-filling in areas with water deposits, tree trimming, and bird trappings. Modifications were made to safety reporting on INTELEX to capture granular data on wildlife and FOD, improving insights on these risks. Although no significant bird strike-related incidents have been recorded in the Philippines, the CAAP has noted an increasing risk due to climate change as larger migratory birds take refuge in the Philippines. These policies and initiatives show Cebu Pacific's firm commitment to the safety and well-being of its employees, ensuring a secure and healthy work environment.
RISKS	● Lack of emergency preparedness and communication across the Group puts the operations at risk in the event of an emergency
OPPORTUNITIES	● Increase the number of safety drills to ensure employee preparedness. ● Enhancements in the safety reporting platform can provide additional information to help decision-makers support more relevant initiatives based on identified hotspots and emerging threats. This will also allow Cebu Pacific to participate in IATA's safety incident data-sharing program to benchmark its performance with regional operators and global standards. ● Safety briefing videos can be explored as an avenue to promote safety in company events such as town halls and anniversary celebrations. The content of these videos would be regularly updated to align with the latest safety guidelines and event requirements.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Policies

Topic	Y/N	Reference
Forced Labor	Y	Vendor Compliance Addendum (For Suppliers under the Supplier Code of Conduct)
Child Labor	Y	Vendor Compliance Addendum (For Suppliers under the Supplier Code of Conduct)
Human Rights	Y	Sexual Harassment Policy Solo Parent Leave (SPL) Magna Carta Special Leave for Women

IMPACT	Policies on forced labor, child labor, and human rights serve as protection of basic and universal rights both within Cebu Pacific and across its value chain.
STAKEHOLDERS	Employees, Management
MANAGEMENT APPROACH	Although internal policies do not explicitly or specifically cite forced labor and child labor, Cebu Pacific adheres to the standards and regulations set forth by the Department of Labor and Employment. Furthermore, given that Cebu Pacific outsources substantial products, services, and business processes, there is a compelling need to establish strategies to manage the associated reputational and operational risks arising from supplier relationships. To mitigate these, in 2024, Cebu Pacific cascaded its new Supplier Code of Conduct or Vendor Compliance Addendum that requires its vendors to comply with all applicable laws and regulations in relation to labor and wages, as well as health and safety, anti-corruption, and environment.
RISKS	• Violations of labor laws and human rights cause direct harm to the affected workers and may lead to legal actions against the Group. This would also have implications on employee retention and the Group's operations and reputation.
OPPORTUNITIES	• Review of the Group's policies to identify other material areas.

Supply Chain Management

Supplier Accreditation Policy

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	Reference
Environmental Performance	Y	Vendor Compliance Addendum
Forced Labor	Y	
Child Labor	Y	
Human Rights	Y	
Bribery and Corruption	Y	

IMPACT	Inadequate supplier selection criteria may impact the quality of goods procured and delivery schedules. Any sustainability issue affecting suppliers will also affect the

	fulfillment of service contracts/deliverables and cause negative impacts along the Group's value chain.
STAKEHOLDERS	Employees, Management, Suppliers
MANAGEMENT APPROACH	Cebu Pacific's accreditation process for local suppliers is governed by the Corporate Supplier Accreditation Team (CORPSTAT) of its parent, JGSHI. The accreditation criteria cover quality and reliability, timeliness, rapport, price competitiveness, the ability to provide prototypes, samples/ proof before ordering, ability to replace rejects, and product inventory. In 2024, the Group's Supplier Accreditation Policy was updated to include the Supplier Code of Conduct, a Vendor Compliance addendum document providing a checklist of standards related to health and safety, wages and labor compliance, anti-corruption policies, and environmental regulations. This document is cascaded to suppliers, who are required to observe these policies while conducting business with Cebu Pacific. This serves as part of the overall accreditation review. Furthermore, the BUSAT uses accreditation criteria that covers both commercial (operations capability, quality, competitive costs, payment terms, logistics and communications support) and financial (liquidity, asset efficiency, financial leverage, sales) aspects of the supplier, ensuring that vendors meet the Group's standards. Accredited suppliers and contractors undergo the Newly Accredited Suppliers Orientation Program (NASOP) to make sure that they align with Cebu Pacific policies. To ensure that suppliers remain compliant to company policies, random on-site visits and performance evaluations are performed periodically.
RISKS	● Lax accreditation processes may lead to unfulfilled contracts or quality issues. Furthermore, this may lead to potentially working with sub-par vendors which are not compliant with business requirements.
OPPORTUNITIES	● Adoption of green procurement practices to incorporate sustainability framework, strategy, and programs in the supply chain.

Relationship with the Community

Significant Impacts on Local Communities

1. Discounted airfare* and cargo rates
Cebu Pacific provided discounted airfares to a total of 671,799 passengers, including senior citizens (435,800 passengers), persons with disability (102,826 passengers), and students and athletes (337 passengers). In 2024, the Group airlifted 175,309 kg of humanitarian cargo, showcasing the airline's unwavering dedication to supporting communities in times of crisis. **Location:** Across Cebu Pacific domestic destinations **Vulnerable groups:** Senior citizens and persons with disability **Impact on Indigenous peoples:** Yes

Community rights and concerns of communities: Access to affordable air travel

Mitigating Measures: No negative impact.

**Count of children's tickets was previously included; however, they are not discounted tickets.*

2. Social-Focused Community Initiatives

Cebu Pacific partnered with different organizations to be able to give support to various social-related projects focusing on clean water access, children's rights and welfare, food donations, and disaster response. The Group's partnerships included the following:

1. Waves for Water - Cebu Pacific provided logistical support for the transportation of water filtration systems to rural communities with limited access to clean water. A total of 82 units of water filtration systems were delivered to seven locations across the country: Daraga, Zamboanga, Dumaguete, General Santos, Cebu, Tawi-Tawi, and Puerto Princesa;

2. Change for Good - a collaboration with United Nations International Children's Emergency Fund (UNICEF), which aims to promote and protect children's rights and wellbeing in the areas of health and nutrition, education, protection, social policy, and emergency relief. The partnership, which started in 2016, was renewed in 2024. It allows the Group to contribute to nation-building, while encouraging volunteerism among employees;

3. Scholars of Sustenance (SOS) - formalized with a memorandum of agreement in August 2024, this project enables Cebu Pacific to donate surplus food from its operations to underserved communities in Metro Manila. SOS facilitates the pick-up and distribution of food supplies;

4. Quantrics - in partnership with the Taytay and San Mateo communities of Quantrics, Cebu Pacific helped deliver over 500 relief care kits with essential supplies to those affected by Typhoon Kristine in Naga City.

Location: Cities around the Philippines

Vulnerable groups: Rural and underserved communities, children in need, typhoon victims

Impact on Indigenous peoples: Not applicable

Mitigating Measures: No negative impact

Disclosure on Benefits for Vulnerable Groups

Disclosure	Quantity		Units
	2024	2023	
Discounted flights for Senior Citizens	435,800	422,084	#
Discounted flights for Persons with Disabilities	102,826	75,797	#
Student and athlete's discount	337	262	#

IMPACT	Cebu Pacific provides safe, affordable, and reliable access to passenger air travel and air cargo transport services.
MANAGEMENT APPROACH	Cebu Pacific supports government initiatives that require air transport services during emergencies, disasters, and humanitarian situations. The Group honors entitlements (i.e., discounts) accorded to vulnerable groups as mandated by law and provides special freight rates for cargo shipments for humanitarian purposes.
RISKS	• Misuse of fake or ineligible IDs, i.e. PWD IDs, can result in unauthorized discounts and revenue loss. • Failure to prevent or address misuse of fake IDs may create the perception of weak controls, damaging customer trust.
OPPORTUNITIES	Cebu Pacific continuously evaluates opportunities to partner with stakeholders to contribute to government and civic programs and initiatives that require air transport services.

Customer Management

Customer Satisfaction

Disclosure	Quantity		Units
	2024	2023	
Customer Satisfaction – Net Promoter Score (Post-Flight)	+28	+14	#
CSAT tracked full year (Post-Flight) Rating scale of 1-5, with 5 as the highest			**#**
Value for Money	3.71	3.52	#
Bag Drop and Check-In Queuing Time	3.86	3.73	#
Boarding Experience	3.81	3.66	#
Bag Delivery Speed	3.8	3.69	#
Agent Service	3.87	3.76	#
Cabin Crew	4.14	4.05	#
Inflight Announcements	4.12	4.02	#
Cabin Interiors	3.95	3.81	#
Pre-Ordered Meals	3.57	3.49	#

IMPACT	Regular measurement of customer satisfaction allows Cebu Pacific to continuously improve its services to meet passengers' needs and concerns.
STAKEHOLDERS	Customers, Employees, Management
MANAGEMENT APPROACH	Cebu Pacific prioritizes customer engagement through a communication strategy that uses both digital and traditional platforms. This approach facilitates valuable feedback collection, guiding Cebu Pacific in resolving concerns and identifying critical pain points throughout the customer journey. As part of ongoing efforts to enhance the customer experience, Cebu Pacific introduced an enhanced baggage policy in November 2023, allowing passengers to

purchase up to three 20kg checked bags with flexible weight increments. Travelers can save up to 73% by purchasing baggage online, reinforcing Cebu Pacific's commitment to customer-centric innovations.

To ensure a data-driven approach to customer satisfaction, Cebu Pacific conducts comprehensive Post-Flight Surveys, which serve as the primary source of feedback for the entire customer experience. Net Promoter Score (NPS) and CSAT for various touchpoints, including Customer Care, online and in-person booking (mobile app, website, and ticketing office), and mobile app check-in are collected through this survey. By analyzing customer feedback, Cebu Pacific strategically addresses pain points, ensuring resources are allocated to maximize customer satisfaction and drive continuous improvement.

The Customer Journey Management Team (CJMT)

Cebu Pacific established its CJMT in July 2023 to ensure customer well-being and minimize inconvenience, especially in the event of flight disruptions. Through the proactive approach of the CJMT, passengers are provided with transparent real-time updates, empathetic and quality service, and recovery options such as rebooking and accommodations. The CJMT also strengthens communication and coordination between Cebu Pacific's teams during disruptions and oversees the smooth flow of passengers through travel touchpoints. It plays a unique role, bridging the gap between operational updates and customer service and care. The impact of the CJMT can be observed in the increase of Cebu Pacific's Customer Net Promoter Score from +14 in 2023 to +28 in 2024, decreased social media noise, elimination of the need for crisis management team activations related to passenger recovery, and the increase of CSAT scores across all categories.

The CJMT also started the Adopt-a-Station program in January 2024, involving all customer journey managers in regular visits to domestic and international stations. This resulted in better engagement with outstation ground handlers, streamlined processing and handling, and enhanced rapport with government authorities. Furthermore, the CJMT helped equip Cebu Pacific's Cabin Services Crew with the right knowledge and tools on disruption management during their immersion as customer journey managers. This smoothened coordination between the teams, improving how they manage customers from the ground to the cabin.

The CEB Squad

The CEB Squad, a digital insights community via the Alida platform, was formed to better identify friction points and analyze customer feedback. Aimed at addressing customer needs, from booking flights to enjoying in-flight services, as well as conducting surveys, testing, and focus group discussions, the CEB Squad has produced 100 studies that have directly shaped the development and refinement of key offerings such as CEB Flexi, CEB Super Pass, and Charlie the Chatbot, among others. The group, composed of 5,000 members, also produced quarterly travel outlook studies, which generated insights into evolving consumer behaviors. The initiative has resulted in significant benefits and cost savings for Cebu Pacific; for example, the CEB Super Pass has become one of the Group's most successful offerings, earning widespread recognition for its impressive performance and innovative approach, while the insightful studies of the CEB Squad have reduced the need for ad hoc, third-party research, leading to significant cost savings and enabling quicker, data-driven decision-making.

Other customer management initiatives in 2024

In 2024, the Group also developed the CEB Meal Ticket App, which digitalized the entire meal redemption process for passengers during flight delays and disruptions. Eliminating the need for printed vouchers, the app reduced manual paperwork and ensured a more efficient distribution of free meals while guaranteeing seamless delivery and valid redemption, thus improving the experience of both passengers and partner merchants.

Cebu Pacific joined the world celebration of Customer Experience (CX) Day on October 1, 2024, by dedicating a month-long celebration of activities to spread a culture of customer-centricity in the organization. Talks, immersive experiences such as breakout games, and training sessions were conducted for participating employees to educate employees on enhancing the customer experience.

The Group further improved customers' digital experience through test-and-learn experimentation on its website, resulting in clearer calls to action and better collection of feedback and insights to improve the website's information architecture. This improves user experience while also measuring statistical improvements in conversion and average order value for Cebu Pacific.
Through continuous innovation and deeper insight into the customer experience, the Group remains committed to improving its overall customer management and maintaining its position as an industry leader.

Notably, Cebu Pacific is among the first airline companies in Asia to invest in an integrated facility with technology for social intelligence and customer engagement. Using the power of technology, AI, Customer Experience (CX), Customer Care, and IT teams, the company has developed solutions like the CEB Help Center and the virtual assistant Charlie to efficiently address customer concerns through multiple channels.

RISKS	● Delayed response time and the inability to address concerns may lead to customer dissatisfaction.
OPPORTUNITIES	● Cebu Pacific's customer management strategies undergo continuous innovation and development every year, with digital platforms offering more opportunities for improving the customer experience.

Health and Safety

Disclosure	Quantity		Units
	2024	2023	
No. of substantiated complaints on product or service health and safety	106	2	#
No. of complaints addressed	106	2	#

IMPACT	All product and service-related health and safety concerns were addressed and closed.
STAKEHOLDERS	Customers, Employees
MANAGEMENT APPROACH	Passenger safety remains the priority of Cebu Pacific. The Group continues to implement strict safety measures designed to reassure travelers and protect the public from unnecessary dangers. The measures taken by the Group to ensure occupational and aviation safety, described earlier under the Workplace Conditions topic, result in a safer environment for its customers. Apart from mitigating the risks posed by wildlife and bird strikes, Cebu Pacific also ensures its employees are well-trained to handle emergency situations such as fire and earthquakes and maintains their mental and physical well-being to handle customers and carry out their duties properly. Cebu Pacific has maintained air safety certification by IATA through the Operational Safety Audit (IOSA) program. The Group's operations are subject to continuous audits and surveillance programs by civil aviation authorities. All health and safety-related matters are discussed in the monthly ASRC meetings, as described in the relevant section above under Governance.
RISKS	● Complaints on health and safety may lead to customers not availing of Cebu Pacific products and services.
OPPORTUNITIES	● Improvements in occupational health and safety, such as increased safety drills and better incident reporting to enhance data-driven safety decisions, can also improve customer health and safety.

Marketing and Labeling

Disclosure	Quantity		Units
	2024	2023	
No. of substantiated complaints on marketing and labeling	14	0	#
No. of complaints addressed	14	0	#

IMPACT	Responsible advertising encourages trust from stakeholders and contributes to their continued patronization of the Group's services.
STAKEHOLDERS	Customers, Employees, Management
MANAGEMENT APPROACH	Cebu Pacific continues to proactively address the needs of its customers through appropriate marketing communications. It also adheres to the Ad Standards Council (ASC) and Department of Trade and Industry (DTI) regulations in the Philippines to ensure commitment to advertising responsibly and upholding the highest standards of ethics.

RISKS	●	Issues and complaints about marketing and labeling may lead to customers not availing Cebu Pacific products and services.
OPPORTUNITIES	●	Appropriate marketing communications and product labeling may attract new customers and encourage existing customers to continue using Cebu Pacific products and services.

Customer Privacy

Disclosure	Quantity		Units
	2024	2023	
No. of substantiated complaints on customer privacy	0	0	#
No. of complaints addressed	0	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	#

IMPACT	Cebu Pacific responsibly handles customer information while doing business. Any misuse can expose customers to harm and also lead to regulatory and reputational risks for the Group.
STAKEHOLDERS	Customers, Employees, Management
MANAGEMENT APPROACH	Cebu Pacific's Data Privacy Management Office (DPMO) and Data Protection Officer (DPO) handle data privacy issues and complaints. Two instruments govern data privacy in the Group: ● Data Privacy (DP) Manual: This standardizes how the Group implements organizational, physical, and technical measures to protect the personal information of its data subjects, including employees and passengers, in the course of business operations. It also shows the compliance of the Group with the Data Privacy Act (DPA). It covers the policies, procedures, and protection measures of the Group regarding the collection of personal information, outlining their use, storage, and transfer, and whether to retain or dispose of them securely. The Group's DPMO conducts an annual review of its Data Privacy Manual to ensure that the process of handling data subject complaints remains effective and efficient. ● The Privacy Management Program (PMP) documents how the Group embeds privacy and data protection in its strategic framework and daily operations, and how this is maintained through organizational commitment and oversight of coordinated activities. It includes Vision/Mission/Purpose, Management Buy-In, risk management via privacy impact assessments, program oversight, capacity building through training, and DPA compliance. The Data Privacy Management team applies several policies and documents, including an AI Policy, Retention Policies and Procedures, and the National Privacy Commission (NPC)'s Circular on CCTV and Circular on Identification. Policies and procedures related to data privacy and cybersecurity are aligned with the latest regulatory requirements. In addition, addressing data subject rights (DSRs) has been improved through process adjustments, such as who to contact for a particular DSR, when to follow up, and so on. DSRs are quickly addressed within the time frame required by regulations.

	Governance and reporting processes related to data privacy include weekly internal status reports to track activities, weekly DSR summaries to monitor requests from data subjects, participation in the ESG Committee and Risk Management Committee meetings to update Senior Management, semi-annual BROC and CGC meetings to update the Board of Directors, annual registration of the DPO and Data Processing System under the NPC, and annual submission of security incidents report to the NPC. In 2024, Cebu Pacific also worked with different teams within the Group, Aplus, and 1Aviation to operationalize the compliance requirements mandated by the NPC. These teams likewise carried out other initiatives to update and cascade privacy policies within the Group, such as: ● Publication of the Privacy Digest for the Group, Aplus, and 1Aviation in February 2024, May 2024, and August 2024, keeping everyone informed about the role and importance of privacy in the current business landscape; ● Review of the Data Privacy (DP) Manual and Privacy Policy of Cebu Pacific in April 2024, keeping the data subjects of the Group informed about the way it processes and protects their personal information; ● Completion of the Personal Data Inventory (PDI) of the Group, Arplus, and 1Aviation in July 2024, clearly identifying where personal information flows and resides and when they are disposed of; ● Registration of the Data Protection Officer (DPO) and the Data Processing Systems (DPSs) of the Group, Aplus, and 1Aviation under NPC in July 2024; ● Resolution of all data subject requests (DSRs) aged 60 days or older, with process improvements helping to readily identify who to contact for a particular DSR, when to follow up, and so on; ● Posting the Seal of Registration (under the NPC) on 18 international stations, signifying to passengers that Cebu Pacific sufficiently meets the requirements of the NPC to protect customers' data and privacy. Furthermore, customer privacy complaints and inquiries addressed to Cebu Pacific are sent to DPO@cebupacificair.com and are managed by the DPMO. Complaints are resolved in accordance with the Group's policies and procedures.
RISKS	● Mishandling of customer data may lead to reputational risks, non-compliance with regulations, and sanctions.
OPPORTUNITIES	● Holding face-to-face workshops, with activities involving active participation, can better instill privacy-related disciplines and principles in attendees. This can be done by developing participant-focused material, working with People Development in delivering workshops, and inviting resource persons/experts from outside the Group.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

IMPACT	Data breaches compromise the privacy of customers and sensitive business information.
STAKEHOLDERS	Customers, Employees, Management

MANAGEMENT APPROACH	The Group consistently monitors cyber threats and evaluates all aspects of the cyber landscape, including people, processes, and technology. Emerging risks are promptly identified and addressed. Critical and high-security risks, along with data privacy risks, are reported monthly to the ESGC and Risk Management Committee (RMC), and semi-annually to the BROC and CGC. Cebu Pacific's information security management is complemented by the regular updating of its IT and Cybersecurity Policies and Procedures Manual, ensuring adequacy and responsiveness to emerging threats. Incident Response Procedures are also in place to guide unwanted events. The Group regularly invests in security solutions, conducting regular assessments of emerging risks through vulnerability management and penetration testing, effectively mitigating identified threats. Internal and external audits are conducted to ensure compliance with standards, laws, and regulations, while also monitoring the organization's risk posture and cybersecurity maturity level. In addition to the existing Information Security Awareness Training Policy, a Cybersecurity Awareness Program was implemented in 2024, rolling out four programs throughout the year to build the cybersecurity capabilities and awareness of all Cebu Pacific employees. These initiatives were: the Security Awareness Proficiency Assessment (SAPA), Awareness Training in response to SAPA results, a simulated phishing test, and Clickers' Training for users who failed the phishing test. Completion and success rates were measured to track the effectiveness of the program, with the Q3 test showing favorable results on the ability of employees to detect social engineering attacks via email. In 2024, Cebu Pacific contracted a third-party assessor to perform a cybersecurity risk assessment for a comprehensive understanding of the Group's current security practices and control environment. The assessment was based on submitted supporting documents and a series of walkthrough sessions with different Cebu Pacific process owners. Of 548 security controls, 90% were assessed as compliant and 10% were identified with an opportunity for improvement, which will guide the Group in enhancing its cybersecurity management.
RISKS	● Digitalization for operational efficiencies also increases the risks of cyber threats and vulnerabilities across the business. ● Weak cybersecurity measures may lead to data infiltration, compromising both business and customer data.
OPPORTUNITIES	● As with Customer Privacy, holding face-to-face workshops with activities involving active participation can better instill data privacy-related disciplines and principles in attendees.

CORE BUSINESS CONTRIBUTIONS TO THE U.N. SUSTAINABLE DEVELOPMENT GOALS

Goal 2: ZERO HUNGER - End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

Key Products and Services
Provider of air cargo services (CEB Cargo)

Societal Value/Contribution to UN SDGs
Aviation allows the movement of essential supplies over vast distances quickly. Cebu Pacific transports perishable agriculture products and supports the transport of humanitarian aid during natural disasters or war.

In 2024, Cebu Pacific cargo transported 74.7 million kilograms of food and agriculture items across its domestic and international network.

Potential Negative Impact of Contribution
Transmission of agricultural pests and disease

Management Approach to Negative Impact
Cebu Pacific cargo services practices standard safety, segregation, and handling guidelines to ensure that cargo is stored and transported safely.

Goal 3: GOOD HEALTH AND WELL-BEING – Ensure healthy lives and promote well-being for all at all ages

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

Key Products and Services
Provider of air cargo transport for vaccine distribution.

Societal Value/Contribution to UN SDGs
Cebu Pacific helps improve access to essential healthcare by transporting medicines and pharmaceutical products across the Philippines, ensuring timely and equitable delivery, especially to remote and underserved areas. In 2024, Cebu Pacific transported 9.2 million kg of these products.

Potential Negative Impact of Contribution
Improper handling or storage of vaccines, leading to reduced efficacy.

Management Approach to Negative Impact
Cebu Pacific adheres to handling guidelines, including temperature and documentation requirements of the partners to ensure the integrity and efficacy of items during transport.

Goal 4: QUALITY EDUCATION - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship **Key Products and Services** Various technical and professional training opportunities provided to employees and applicants **Societal Value/Contribution to UN SDGs** The training programs provided to employees are customized and aligned to emerging skills, and are anchored to company goals while incorporating the Group's culture and values. The People Department oversees basic courses, people engagement training programs, and management and leadership programs, including but not limited to Learning is for EveryJuan, Cebu Pacific University (CEB U), and Internal Mobility in CEB (IMinCEB) Accelerator Program. External training initiatives include SKY CAMP (Career in Aviation Made Possible) and the Cebu Pacific Cadet Pilot Program for the training of future aviation professionals. **Potential Negative Impact of Contribution** Employees may leave the Group for better opportunities after receiving sufficient training. **Management Approach to Negative Impact** To foster knowledge transfer, Cebu Pacific also updated its external training bond matrix to extend the maximum duration from 2 years to 3 years. This ensures that expertise gained from external training is effectively shared with colleagues and also enhances employee retention and strengthens investment protection. In general, Cebu Pacific also aims for high retention in its workforce through competitive remuneration and benefits and meaningful avenues of employee engagement.

Goal 5: GENDER EQUALITY - Achieve gender equality and empower all women and girls
Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life *Target 5.C: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.* **Key Products and Services** Equal opportunity and non-discrimination within the Group; skills-based performance evaluations; EDI policies and initiatives **Societal Value/Contribution to UN SDGs** Cebu Pacific maintained a 54% female workforce by the end of 2024. In 2023, the Group launched IncluCEB Space, serving as the umbrella program for all EDI activities. Updates in 2024 include the renewal of Cebu Pacific's partnership with the Philippine Business Coalition for Women Empowerment (PBCWE), especially for the review of the Equity, Diversity, and Inclusion Policy and conduct of the Gender and Equality Assessment Review (GEARS). Moreover, the expansion of the CEB Communities included the group *empowHER*, which is a community focusing on empowering women within the organization.

Potential Negative Impact of Contribution
Risk of unintended bias or inequality despite established policies.

Management Approach to Negative Impact
Regular monitoring and review of EDI policies to address gaps.

Goal 7: AFFORDABLE AND CLEAN ENERGY – Ensure access to affordable, reliable, sustainable and modern energy for all

*Note: Cebu Pacific's contributions under SDG 7, involving its use of cleaner energy, also contribute to **Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION – Ensure sustainable consumption and production patterns** and to **Goal 13: CLIMATE ACTION – Take urgent action to combat climate change and its impacts.***

Target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced water and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Key Products and Services
Integration of SAF in operations

Societal Value/Contribution to UN SDGs
The use of SAF results in up to 80% reduction in carbon emissions compared to traditional fossil fuel-based jet fuel. Cebu Pacific uses a 5% SAF fuel blend for all its new aircraft deliveries from Airbus in 2024, originating from France, Germany and China. In recent years, the Group has made efforts to incorporate SAF into commercial operations, achieving milestone pilot commercial flights with SAF in 2022 and 2023. It became the first low-cost carrier in Southeast Asia to incorporate SAF into its operations.

Potential Negative Impact of Contribution
The cost of SAF is highly prohibitive and will have a significant impact on the Group's costs.

Management Approach to Negative Impact
Cebu Pacific is continuing discussions to develop strategic partnerships and supply networks, supporting and aiming to enhance the commercial viability of SAF.

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Key Products and Services
Transition to renewable energy for facilities

Societal Value/Contribution to UN SDGs
Cebu Pacific is in the process of connecting to offsite renewable energy and certifying several main facilities as green buildings. As of November 2024, the Aplus and Juan buildings have switched to 100% renewable energy in partnership with AC Energy Philippines Inc. (ACEN) Corporation. These key facilities support Cebu Pacific's maintenance, ground handling, and catering operations.

Potential Negative Impact of Contribution
None identified

Management Approach to Negative Impact
None identified

Goal 8: DECENT WORK AND ECONOMIC GROWTH – Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

*Note: Cebu Pacific's contributions under SDG 8, involving its efforts towards social and economic inclusion, also contribute to **Goal 11: SUSTAINABLE CITIES AND COMMUNITIES – Make cities and human settlements inclusive, safe, resilient and sustainable.***

Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Key Products and Services
Local sourcing for goods and services

Societal Value/Contribution to UN SDGs
Cebu Pacific empowers local suppliers by creating opportunities for small and medium enterprises to be part of its inflight catering services. In 2024, 52% of the Group's non-aircraft-related procurement spend was spent on local suppliers.

Potential Negative Impact of Contribution
Local suppliers not able to meet Cebu Pacific standards

Management Approach to Negative Impact
Cebu Pacific has a stringent supplier accreditation process and works with partners to make sure that they continuously improve and deliver quality products that meet the Group's standards.

Target 8.6: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal

Key Products and Services
Job creation and equal opportunity

Societal Value/Contribution to UN SDGs
Cebu Pacific's workforce in 2024 is composed of 4,683 employees, 54% of which are women. Hiring and promotions are based on competencies and performance, free from biases related to age, gender, race, nationality, educational background, ethnicity, or religion. Employees are provided market-competitive remuneration with benefits beyond statutory requirements, as well as numerous opportunities for personal and career development.

In addition, jobs in aviation have a multiplier effect. Based on the International Air Transport Association (IATA), every job in aviation creates 29 jobs for the tourism sector.

Potential Negative Impact of Contribution
Unsatisfied workforce, high attrition rate.

Management Approach to Negative Impact
Cebu Pacific offers competitive wages, benefits, and good working conditions to ensure that employees remain happy, engaged, motivated, and productive. Employee satisfaction is regularly monitored through pulse surveys, providing the Group with information and feedback on its engagement initiatives and working environment.

Goal 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

*Note: Cebu Pacific's contributions under SDG 9, involving its decarbonization efforts, also contribute to **Goal 13: CLIMATE ACTION – Take urgent action to combat climate change and its impacts.***

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Key Products and Services
Fleet modernization through next-gen Airbus NEOs

Societal Value/Contribution to UN SDGs
Airbus NEOs are the new generation aircraft estimated to reduce fuel burn between 15% and 27% compared to their CEO counterparts. In 2024, Cebu Pacific invested significantly in fleet modernization, ordering 152 A321NEO and A320NEO aircraft which are scheduled for delivery starting 2029 up to the mid-2030s while providing a combination of early slots, purchase rights, conversion and deferral rights. As of the end of 2024, NEOs represented 52% of the Group's aircraft (51 out of 98), resulting in an estimated 49.7 million kilograms of jet fuel saved and 157,000 tonnes of carbon emissions avoided. Cebu Pacific's NEO aircraft are also fitted with more seats, allowing Cebu Pacific to serve more customers and reduce average emissions on a per-passenger basis.
Key Products and Services
Enhancement of fuel-efficient practices in operations and engineering

Societal Value/Contribution to UN SDGs
Cebu Pacific employs industry best practices for fuel efficiency and flight plan optimization, which collectively yielded 11,077 metric tons of jet fuel saved in 2024. These practices are described in detail under the Resource Management and GHG Emissions topics. The Group's SkyBreathe Fuel Efficiency Management System provides information that helps optimize flight operations and analyzes data from each flight, enabling the crafting of fuel-saving plans that result in lower fuel consumption.

In 2024, Cebu Pacific achieved its best-ever carbon emission intensity performance of 80 gCO_2/RPK, the lowest carbon emission per passenger kilometer among local carriers.

Potential Negative Impact of Contribution
Remaining GHG emissions

Management Approach to Negative Impact
The Group continues its 5F Strategy for decarbonization (Fundamentals, Fleet, Fuel, Footprint, and Finance), making efforts towards energy efficiency and the use of renewable energy across its operations.

Goal 10: REDUCED INEQUALITIES – Reduce inequality within and among countries

Target 10.2: By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status.

Key Products and Services
Initiatives to promote equal opportunities and reduce barriers to inclusion.

Societal Value/Contribution to UN SDGs
Cebu Pacific works to reduce inequalities by creating equal opportunities and improving access to employment and benefits:

- Work immersion program with The Vanguard Academy for neurodiverse and neurotypical students, offering hands-on experience and career development opportunities.
- Extension of employment benefits to same-sex and common-law partners of employees.
- Partnerships with organizations focused on women's empowerment, LGBT+ inclusion, and PWD support to address structural inequalities.
- Increased employee participation in the Self-Identification Survey to enhance representation and identify gaps in inclusion.

Potential Negative Impact of Contribution
Uneven access to opportunities or resistance to inclusion efforts, which could limit impact.

Management Approach to Negative Impact
Cebu Pacific ensures equal access to opportunities through policy reviews, training, and regular engagement with stakeholders to address gaps and strengthen inclusion efforts.

Goal 11: SUSTAINABLE CITIES AND COMMUNITIES – Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Key Products and Services
Provider of low-cost air transport

Societal Value/Contribution to UN SDGs
Air travel is an economic enabler and equalizer. The low-cost carrier business model has made travel more accessible to more people. In 2024, Cebu Pacific had flown over 24.5 million passengers on 159,208 flights to domestic and international destinations. The Group ended 2024 with 38 destinations and 84 routes in the domestic market, and 25 destinations and 39 routes in the international market.

In 2024, the following 7 new destinations and 28 new routes were added (Refer to pg. 8).

Cebu Pacific continues to provide the lowest airfares in the market with its Piso Fares to enable everyJuan to fly.

Potential Negative Impact of Contribution
Increased GHG emissions from more flights

Management Approach to Negative Impact
(See Management Approach on GHG emission section, p. 32)

Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION - Ensure sustainable consumption and production patterns

Target 12.b: Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products

Key Products and Services
Provider of sustainable, low-cost air transport enabling more people to fly and travel

Societal Value/Contribution to UN SDGs
Cebu Pacific advocates for sustainable tourism via our Juan Effect program. Juan Effect is a sustainable tourism program of Cebu Pacific, done in partnership with the Department of Tourism, the Department of Environment and Natural Resources, and the Department of Interior and Local Government. The campaign aims to help mitigate the tourism sector's impact on the environment through various interventions geared towards educating tourists. It engages the local community, the government, and tourism stakeholders in educating travelers about their responsibilities as tourists. The Juan Effect advocacy was previously launched in Boracay, Siargao, and Bohol.

Potential Negative Impact of Contribution
High volume of tourists in local areas may have detrimental effects on the environment and society.

Management Approach to Negative Impact
Close partnership and cooperation with stakeholders of these destinations.

Goal 13: CLIMATE ACTION – Take urgent action to combat climate change and its impacts

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Key Products and Services
Installation of mobile lightning shelters for operational resilience

Societal Value/Contribution to UN SDGs
In April 2024, Cebu Pacific completed the installation of five mobile lightning shelters at Ramp 1, Ramp 2, and T3 Remote Bay at NAIA. These shelters provide safety to crew during red lightning alerts and enable faster recovery from flight delays, ensuring operational resilience in response to weather-related disruptions.

Potential Negative Impact of Contribution
Increased resource use for manufacturing and installing shelters.

Management Approach to Negative Impact
Use of durable materials and regular maintenance to extend the lifespan of the shelters and minimize waste.

Goal 16: PEACE, JUSTICE AND STRONG INSTITUTIONS – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Target 16.6: Develop effective, accountable, and transparent institutions at all levels

Key Products and Services
Strong corporate governance and stakeholder protection

Societal Value/Contribution to UN SDGs
Cebu Pacific demonstrated its commitment to strong corporate governance by receiving the Institute of Corporate Directors' (ICD) Three Golden Arrows in 2024. This marks the third time Cebu Pacific has been recognized among the top publicly listed Philippine companies for exceptional compliance with governance standards. The award, based on the ASEAN Corporate Governance Scorecard (ACGS) and the Corporate Governance Scorecard (CGS), reflects Cebu Pacific's strong performance in board responsibility, transparency, and shareholder protection. The increase from Two Golden Arrows in the previous year highlights Cebu Pacific's improved governance practices, particularly in shareholder rights, stakeholder engagement, and overall governance standards.

Potential Negative Impact of Contribution
Challenges in maintaining consistent governance standards across all operations.

Management Approach to Negative Impact
Regular review of governance frameworks and practices to ensure alignment with industry standards and stakeholder expectations.

Goal 17: PARTNERSHIPS FOR THE GOALS – Strengthen the means of implementation and revitalize the global partnership for sustainable development

Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources

Key Products and Services
Collaborations with global, regional, and domestic industry partners

Societal Value/Contribution to UN SDGs
Cebu Pacific actively engages with key industry organizations such as the Air Transport Action Group (ATAG), International Air Transport Association (IATA), International Civil Aviation Organization (ICAO), and the Airline Cooperation of Asia Pacific (ACAP). These partnerships allow Cebu Pacific to contribute to industry-wide efforts to promote sustainable aviation, enhance operational efficiency, and align

with global best practices. By working with these partners, Cebu Pacific strengthens its ability to address complex industry challenges and drive positive outcomes for the aviation sector and the broader community.

Potential Negative Impact of Contribution
Differences in regulatory standards and priorities across regions may create inconsistencies in implementation.

Management Approach to Negative Impact
Active engagement with stakeholders to align objectives, exchange knowledge, and ensure consistent application of best practices.

OTHER CONTRIBUTIONS TO THE U.N. SUSTAINABLE DEVELOPMENT GOALS

Goal 1: NO POVERTY – End poverty in all its forms everywhere
Target 1.2: By 2030, reduce at least by half the proportion of men, women, and children of all ages living in poverty in all its dimensions according to national definitions. **Key Products and Services** Fundraising through Cebu Pacific's Change for Good campaign in partnership with UNICEF. **Societal Value/Contribution to UN SDGs** Through the Change for Good campaign, Cebu Pacific enables passengers to contribute to UNICEF's programs aimed at improving the lives of vulnerable children and families. Since 2016, Cebu Pacific has raised PHP106 million to support nutrition, health, and education initiatives, helping lift communities out of poverty. **Potential Negative Impact of Contribution** Misallocation of funds or lack of transparency in fund usage. **Management Approach to Negative Impact** Cebu Pacific ensures transparency and accountability by collaborating directly with UNICEF and regularly reporting on the impact and use of funds through press releases.

Goal 6: CLEAN WATER AND SANITATION – Ensure availability and sustainable management of water and sanitation for all
Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all. **Key Products and Services** Logistical support for transporting water filtration systems and other essential goods. **Societal Value/Contribution to UN SDGs** Cebu Pacific partnered with Waves for Water to improve access to safe drinking water, particularly in disaster-affected regions. In 2024, Cebu Pacific provided logistical support to transport 110 water filtration systems to communities in Luzon, Visayas, and Mindanao. The partnership began in 2022 when Cebu Pacific transported over two tons (1,447 units) of water filters for Typhoon Odette-stricken areas at no cost. The 2024 partnership reflects Cebu Pacific's ongoing commitment to supporting Waves for Water's mission and uplifting communities beyond air travel. **Potential Negative Impact of Contribution** Logistical challenges that may delay the delivery of critical supplies. **Management Approach to Negative Impact** Coordination with partners to ensure timely and secure delivery. *Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and increasing recycling and safe reuse globally.* **Key Products and Services** Water recycling and reuse initiatives in Cebu Pacific's buildings and facilities. **Societal Value/Contribution to UN SDGs** In 2024, Cebu Pacific recycled 7,364 cu.m of water in its buildings and facilities. A rainwater harvesting system reduces reliance on municipal water, with harvested rainwater used for administrative functions. The Group's wastewater treatment system processes 80 cu.m of wastewater daily prior to discharge. Strict adherence to environmental regulations is ensured before discharge. The expansion of the Cyclean process (pg. 29), to other aircraft and types of engines also presents an opportunity for water conservation. **Potential Negative Impact of Contribution** Risk of contamination or improper treatment affecting water quality. **Management Approach to Negative Impact** Compliance with water quality and safety standards to prevent contamination.

Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION - Ensure sustainable consumption and production patterns
Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse **Key Products and Services** Green Product Cycle initiative **Societal Value/Contribution to UN SDGs** Under this initiative, the Recrafted Purpose project enabled the upcycling and reuse of an estimated 2,300 kilograms of scrapped aircraft parts, such as expired life vests and damaged leather seat covers. This was done in partnership with social enterprises like Rags 2 Riches. Phased-out seat assemblies were either donated to aviation technical schools for their laboratory activities or transferred to Cebu Pacific's Design Engineering Program, a collaborative effort with the academe wherein Filipino innovators showcased their ideas for sustainable engineering solutions. **Key Products and Services** Sustainable practices for managing inflight food and drinks **Societal Value/Contribution to UN SDGs** In 2024, Cebu Pacific began the use of wooden cutleries in Cebu, Clark, and long haul flights, then expanded this program to all CEBGO domestic and regional flights from Manila. The "On-Board Plastic Bottle Segregation" Program is also implemented in regional and domestic flights departing Manila, and domestic and international flights in Cebu. In 2024, 36,000 kg of PET bottles were recycled. **Potential Negative Impact of Contribution** Other sources and forms of waste, including plastic packaging, are still present in operations. **Management Approach to Negative Impact** Waste segregation and proper handling by the partner hauler increase opportunities for waste recovery and diversion from landfills.

Goal 14: LIFE BELOW WATER – Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
Target 14.5: By 2025, conserve at least 10% of coastal and marine areas, consistent with national and international law and based on the best available scientific information **Key Products and Services** Mangrove conservation and restoration initiatives **Societal Value/Contribution to UN SDGs** Cebu Pacific partnered with the Ramon Aboitiz Foundation Inc.'s (RAFI) One To Tree unit to support mangrove conservation and restoration in Dumanjug, Cebu. This three-year partnership (2023–2026) aims to enhance environmental preservation, disaster resilience, and community livelihoods. In 2023, 10,000 mangrove seedlings were planted across approximately five hectares, with a survival rate of at least 90% as of 2024.

Potential Negative Impact of Contribution
Challenges in sustaining high survival rates due to environmental factors.

Management Approach to Negative Impact
Continuous monitoring and community involvement to maintain and protect the mangrove ecosystem, in collaboration with partners.

Goal 15: LIFE ON LAND – Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Target 15.7: Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products

Key Products and Services
Wildlife conservation and repatriation support

Societal Value/Contribution to UN SDGs
In support of Department of Environment and Natural Resources – Biodiversity Management Bureau's (DENR-BMB) wildlife conservation efforts, Cebu Pacific assisted in the 2024 repatriation of two pangolins in the agency's care from Metro Manila to their natural habitat in Palawan after rehabilitation. This follows Cebu Pacific's previous support in flying Pandi, a pangolin found in Ayala Alabang, back to Puerto Princesa in 2021. In 2022, Cebu Pacific signed a Memorandum of Agreement (MOA) with DENR-BMB to become the official airline partner for wildlife transport. These efforts reflect Cebu Pacific's ongoing commitment to biodiversity protection and environmental care.

Potential Negative Impact of Contribution
Stress or injury to wildlife during transport.

Management Approach to Negative Impact
Continuous monitoring and community involvement to maintain and protect the mangrove ecosystem, in collaboration with partners.

Annex a: Environment, Social and Governance Committee Charter

cebu pacific

CEBU AIR, INC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE (ESGC)

This Environmental, Social and Governance Committee (ESGC) Charter (this "Charter") establishes the purpose and authority, organization and membership, duties and responsibilities, meetings and reporting of the ESGC (the "Committee") of Cebu Air, Inc. (the "Company"), and the procedures which guide the conduct of its functions.

1. Purpose and Authority

1.1. The ESGC is established to oversee the areas under the three dimensions of Sustainability, namely:

1.1.1. Environment: Reducing the environmental impact of operations and encouraging other stakeholders to do the same;

1.1.2. Social: Providing a stable and healthy workplace and delivering great customer experience, while giving back to the community; and

1.1.3. Governance: Building a culture of effective and responsible business practices to support company's growth and sustainability.

1.2 The following are the priority areas under each dimension[1]:

ESG: Environmental, Social and Governance	
Environmental	Decarbonization
	Climate Strategy
	Resource Consumption
Social	Customer Satisfaction
	Employee Engagement
	Safety & Security
	Stakeholder Management and Advocacy
Governance	Corporate and Operational Governance
	Ethical Practices
	Risk Management (e.g., Business Continuity Management)

1.3. The Committee is authorized by the Board of Directors (the "Board") to:

1.3.1. Seek relevant information, including reports, that it requires from any employee of the Company to perform its duties;

1.3.2. Obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference;

1.3.3. Establish and oversee any sub-committees or working groups which may be relevant to support the Committee's work.

2 Organization

2.1. The Committee shall report to the Corporate Governance Committee (CGC) of the Board.

2.2. The Committee shall comprise the following members from the CEB Mancom:

a. Chief Executive Officer - Chairperson
b. VP for Corporate Strategy & Risk Officer – Vice Chairperson

[1] As ESG is a very broad area, this list is not exhaustive. The Company may modify, add to and tailor according to which areas are most relevant to the Company's business and needs. It will also evolve over time as the business changes and as ESG regulation and expectations shift.

c. General Counsel & Chief Compliance Officer
d. Chief Human Resources Officer
e. Chief Information Officer

2.3. The Committee shall also have standing invitees who are individuals invited to attend -meetings but do not possess formal membership -. The standing invitees may include representatives from various functions that are relevant to the priority areas under the three ESG dimensions. -

2.4. The Committee may invite other individuals to attend a meeting as and when appropriate.

2.5. The Sustainability Team shall act as the Committee Secretariat and shall ensure that the Committee receives information, reports, and documents in a timely manner to enable full and proper consideration to be given to the matters under discussion. The Committee shall have access to the services of the Secretariat on all Committee matters, including assisting the Chairperson in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, and provision of any necessary practical support.

3 Duties and Responsibilities

The duties and responsibilities of the Committee are to oversee the following ESG areas:

3.1 ESG Framework and Strategy

- Oversee the execution of the ESG strategy and approve implementation projects developed in response to the strategy
- Review the effectiveness of the teams, governance and processes in place to ensure the outcomes of the ESG strategy are delivered
- Advise on the risks and opportunities for the company's operations and reputation in relation to the execution of its ESG strategy

3.2 Goals and Metrics

- Advise on, and recommend for approval by the Board, appropriate ESG strategic goals, short- and long-term targets, and key ESG metrics
- Monitor annual and long-term progress against previously set ESG objectives, including compliance with public commitments on ESG issues
- Oversee the ongoing measurement and reporting of performance against key ESG metrics

3.3 Reporting

- Approve the content, integrity and completeness of external statements and disclosures about ESG activity, targets and progress
- Approve ESG-related reporting prior to Board approval, including the annual Integrated Report (where one exists), information to be included in the report, and mandatory or voluntary disclosures in line with recommended practice and regulatory requirements
- Evaluate the extent and effectiveness of external reporting on ESG performance and participation in external benchmarking indices
- Approve the requirement for [internal and] external assurance of ESG-related matters, and as necessary, appoint external parties to provide assurance on relevant reporting.

3.4 Horizon Scanning

- Identify current and emerging ESG-related issues, standards, good practice, and regulatory or legislative developments, at the sectoral, national and international level. This includes sourcing or undertaking relevant training and development opportunities, both for the Committee members and for company employees as appropriate

- Evaluate which issues and developments are likely to impact the company's strategy, operations and reputation
- Determine whether and how these should be reflected in the company's ESG objectives, policies and reporting

3.5 Policies and Procedures

- Monitor the establishment of appropriate ESG-related policies, procedures for incident reporting, codes of practice, and standards of business conduct. Where these exist, review their adequacy and ongoing relevance and effectiveness. Where necessary, ensure they are updated to remain in compliance with relevant national and international standards
- Review any serious incidents which breach the company's ESG-related policies, codes, standards and procedures

3.6 Resourcing ESG Projects

- Make recommendations to the Board regarding the required resourcing and funding of ESG-related activities, and on behalf of the Board, oversee the deployment and control of any resources and funds

3.7 Collaboration with Other Committees

- Work and liaise as necessary with other management committees

4 Meetings and Reporting

4.1. The Committee shall meet, at a minimum, on a quarterly basis.
4.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items and meeting materials to be discussed, shall be forwarded in advance (no later than five working days before the date of the meeting) to each member of the committee and any other person required to attend. Meeting materials shall be sent to committee members and to other attendees, as appropriate, at the same time.
4.3. Any cancellation due to unforeseen events may only be declared by the Chairperson, Vice-Chairperson in the absence of the Chairperson.
4.4. The Chairperson shall preside in all meetings. In his/her absence, the Vice-Chairperson shall preside over the meeting.
4.5. The quorum shall be present if the Chairperson or Vice-Chairperson and a majority of the committee members are present (either face to face or virtual attendance).
4.6. The Secretariat shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance, and circulate the same within ten working days from the date of the meeting.

5 Charter Review and Approval

5.1 Review of the charter shall be performed, at least annually, to ensure it is operating at maximum effectiveness.
5.2 Any amendment to this charter shall be reviewed and approved by the Committee, and when necessary, approved by the CGC.

6 Other Matters

6.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the Committee Secretariat for advice and assistance as required.
6.2 The Committee shall give due consideration to all relevant laws and regulations and published guidelines or recommendations as appropriate.