

Macay Holdings, Inc.

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**

COVER SHEET

P W - 9 9 8

SEC Registration Number

M A C A Y H O L D I N G S , I N C. a n d

S U B S I D I A R I E S

(Company's Full Name)

1 3 7 Y a k a l S t r e e t , S a n A n t o n i o

V i l l a g e , M a k a t i C i t y 1 2 0 3

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

Nicole R. Jayme

(Contact Person)

+63 2 8893 0733

(Company Telephone Number)

1 2

Month Day
(Fiscal Year)

3 1

1 7 - A

(Form Type)

4th Wed. of June

Month Day
(Annual Meeting)

NONE

(Secondary License Type, If Applicable)

CGFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

388

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number PW-998
File Number _____

MACAY HOLDINGS, INC.

(Company's Full Name)

137 Yakal Street, San Antonio Village, Makati City

(Company's Address)

+ 632 - 8893 - 0733

(Telephone Number)

December 31

(Fiscal year ending)

17-A

(Form Type)

(Amendment Designation, if applicable)

December 31, 2023

(Period Ended Date)

None

(Secondary License Type and File Number)

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, 2023**
2. SEC Identification Number: **PW-998**
3. BIR Tax Identification Code: **000-410-269-000**
4. Name of Registrant as specified in its charter: **MACAY HOLDINGS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **METRO MANILA, PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: **137 Yakal Street
San Antonio Village, Makati City
Postal Code: 1203**
8. Registrant's telephone number, including area code: **(63 2) 8893 - 0733**
9. Former name, former address, former fiscal year: **--**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding | Amount of Debt Outstanding (Unpaid Subscription) |
|----------------------|--|--|
| Common Shares | 1,068,393,223 | None |

11. Are any or all of registrant's securities listed in a Stock Exchange?
 Yes No
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
THE PHILIPPINE STOCK EXCHANGE, INC. (COMMON SHARES)
12. Check whether the issuer:
 (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 ninety (90) days.
 Yes No
13. Aggregate market value of voting stock held by non-affiliates based on closing price as of December 31, 2022: 135,928,512 shares multiplied by Php6.35 or **Php863,146,051.**

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) 2023 Audited Consolidated Financial Statements of Macay Holdings, Inc. and Subsidiaries (incorporated as reference for item 1,6,7, and 8 of SEC Form 17-A)

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PART I.

BUSINESS AND GENERAL INFORMATION

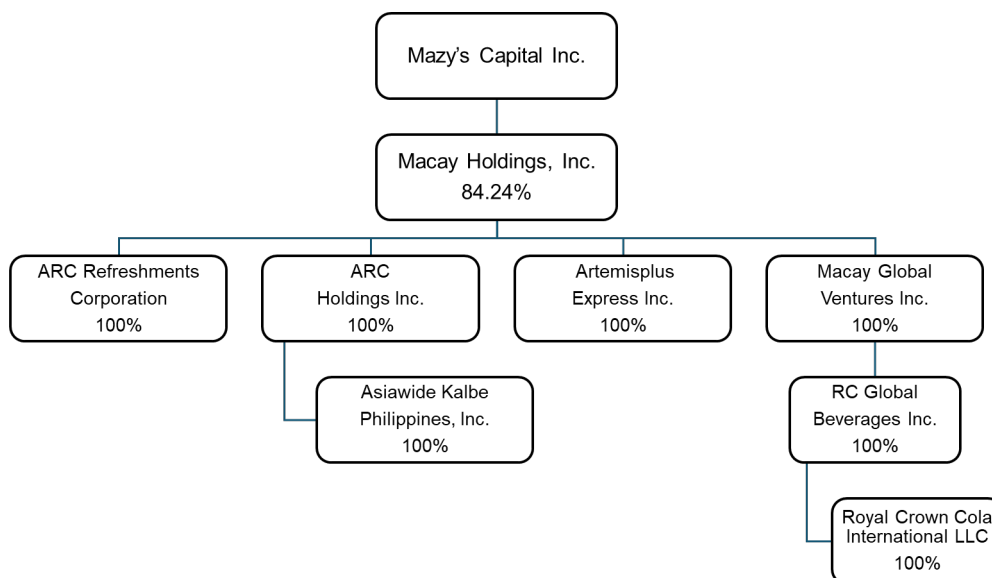
Item 1. Business

Macay Holdings, Inc. ("the Company" or "Macay") is a company incorporated in the Philippines and registered with the Securities and Exchange Commission ("SEC") on October 16, 1930. Its common shares of stocks are listed with the Philippine Stock Exchange ("PSE") under the ticker symbol "MACAY". The Company currently operates as the listed investment holding entity for Mr. Alfredo Yao and family's ("the Yao family") carbonated beverage businesses. Its wholly-owned subsidiaries ("the Subsidiaries") include ARC Refreshments Corporation ("ARC") and ARC Holdings, Inc. ("ARCHI"). Macay and its Subsidiaries are collectively referred to in this official document as "Macay Group" or "the Group".

Formerly known as Maybank ATR Kim Eng Financial Corporation ("MAKEFC") with a trading symbol of "MAKE", Macay used to operate as a holding company with interests in investment banking, financial advisory, life insurance, real property development and securities. However, Macay evolved as it underwent a series of corporate changes and transactions:

- **September 2013-** Mazy's Capital, Inc. ("MCI"), a Philippine company owned by Zest-O Corporation and Mega Asia Bottling Corporation ("Mega Asia"), executed a share purchase agreement with Maybank Kim Eng Holdings Limited stipulating that the latter divest its entire shareholding in MAKEFC.
- **October 2013 -** MCI acquired 89.76% interest in MAKEFC for Php 3.19 billion. MAKEFC, on the other hand, sold its entire equity stakes in AsianLife and General Assurance Corporation and ATR KE Land to Maybank ATR KE Capital. After the transaction, MAKEFC primarily retained cash and receivables in its asset portfolio.
- **November 2013-** MAKEFC's Board of Directors ("BOD") approved the Company's investment in a food and beverage company.
- **December 2013-** The BOD approved the change in trading symbol from "MAKE" to "Macay"; while the shareholders approved the change in corporate name from "Maybank ATR Kim Eng Financial Corporation" to "Macay Holdings, Inc.".
 - ARC was formally incorporated.
- **January 2014 -** The SEC approved the change in the Company's corporate name.
 - ARC executed an asset purchase agreement with Mega Asia and Asiawide Refreshments Corporation ("Asiawide"). ARC acquired substantially all of the assets (e.g. machinery, equipment and bottles) of Mega Asia and Asiawide used in their manufacturing, bottling and distribution operations for Php 1.57 billion.
- **August 2015 -** Macay acquired 100% ownership of ARCHI, which has the Concentrate Supply Agreement ("CSA") and the Trademark Licensing Agreement ("TLA") with Royal Crown Cola International ("RCCI") a division under Cott Beverages Inc.
- **September 2020 -** Macay acquired 100% ownership of Artemisplus Express, Inc. ("AEI"), which primarily engages in the business operations of cafeterias, canteens, institutional dietary kitchens, refreshment parlors and catering enterprise under the trade name of Kitchen City.
- **January 17, 2023 -** Macay through its subsidiary Macay Global Ventures Inc. acquired 100% ownership of RC Global Beverages Inc. ("RC Global") holds the global licensing rights to RC Cola and associated brands in over 100 countries (excluding US, Mexico and Canada). RC Global develops flavors and provides concentrates for its customers around the world.

As of December 31, 2023, the Macay Group exhibits the following ownership structure:



Within the Group, Macay serves as the investment holding company while the Subsidiaries handle the day-to-day operations of the business. Given this, the reader may refer to the separate discussions under ARC ARCHI and AEI for the required disclosures on products, services, markets, distribution methods, industry, competitors, raw materials, customers, research and development, regulatory approvals and intangible assets like trademarks, and licenses.

Transaction with Related 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; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions with related parties are made on an arm's length basis.

Related party transactions are discussed in detail in Note 20 of the Notes to the Consolidated Financial Statements of the Macay Group.

Employees

As of December 31, 2023, Macay Group had a total of 4,098 full-time or regular employees (excluding contractual and temporary employees).

Macay Group's management believes that labor relations are generally healthy at Macay and at its Subsidiaries. As of December 31, 2023, Macay (Parent Company) had two full-time employees none of whom are members of any union or covered by a collective bargaining agreement ("CBA"). Macay is estimated to maintain this current number of employees over the next six months, and will augment its headcount for compliance, investor relations, business development and internal audit divisions. Refer to the separate discussions on the Subsidiaries' employees under the sections "ARC Refreshments Corporation", "ARC Holdings, Inc." and "Artemisplus Express Inc."

Risk Management

The BOD, through the Audit Committee, exercises overall oversight function over the Management's activities involving the identification, assessment and management of the Group's risks. This function includes regular receipt from the Management of information on risk exposures and risk management activities.

The Group's financial risks are as follows:

Credit Risk. Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. To manage such risk, the Group monitors its receivables on an ongoing basis. The objective is to reduce the risk of loss through default of counterparties.

Liquidity Risk. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this type of risk by ensuring that sufficient cash is maintained to cover daily operational and working capital requirements; and monitoring its future and contingent obligations and setting up required cash reserves as necessary in accordance with internal policies.

Foreign Exchange Risk. Foreign exchange risk refers to the risk to earnings or capital arising from changes in foreign exchange rates. The Group manages this risk by closely monitoring its cash flow position and by providing forecast on its exposures in non-peso currency (especially the US Dollar).

The financial risks discussed above are presented in detail in Note 24 in the Notes to the Consolidated Financial Statements of the Group.

ARC Refreshments Corporation

ARC was incorporated and registered with the SEC on December 4, 2013 and is currently one of the major bottlers and manufacturers of carbonated soft drinks in the Philippines. The Yao family used to operate its soft drinks business through Asiawide, which was established in 2002 to bottle, market and distribute RC Cola in the Philippines; and Mega Asia, which was established in 2007 to undertake bottling operations for Asiawide pursuant to a tolling arrangement. However, on January 31, 2014, ARC executed an asset purchase agreement covering the operating assets of Mega Asia and Asiawide except for land, building and certain bottling equipment. This transaction centralized majority of the carbonated beverage business of the Yao family under ARC.

Principal Products and Services

ARC derives revenues from the sale of its soft drink products and from its toll manufacturing activities. As of December 31, 2023, ARC manufactures, bottles, markets and distributes the following soft drink products:

| <u>Brand</u> | <u>Description</u> | <u>Ownership</u> | <u>Packaging</u> |
|---------------------------|--|-------------------------|---|
| <u>Cola Flavor</u> | | | |
| RC Cola | Cola-flavored carbonated soft drink | Licensed from RCGBI | RGB* (240ml/750ml/800ml) PET** (237ml/500ml/1.5L) Can (250ml) |
| RC Cola No Sugar | Zero-calorie/Zero sugar, cola-flavored carbonated soft drink | Licensed from RCGBI | PET (500ml) Can (250ml) |
| <u>Flavors</u> | | | |
| Fruit Soda Orange | Orange-flavored carbonated soft drink | Developed In-House | RGB (240ml/800ml) PET (237ml/500ml/1.5L) Can (250ml) |
| Juicy Lemon | Lemon-flavored carbonated soft drink | Developed In-House | RGB (240ml/800ml) PET (237ml/500ml/1.5L) Can (250ml) |
| Arcy's Rootbeer | Rootbeer-flavored carbonated soft drink | Developed In-House | RGB (240ml) PET (237ml/500ml/1.5L) Can (250ml) |
| Seetrus | Lemon-lime flavored carbonated soft drink | Developed In-House | RGB (240ml) PET (237ml/500ml/1.5L) Can (250ml) |

| Brand | Description | Ownership | Packaging |
|--------------|---|--------------------|------------------|
| Rite-N-Lite | Zero Sugar/Zero-calorie carbonated soft drink in Lemon, Lemon Lime, Orange, Peach Rootbeer and Cucumber flavors | Developed In-House | Can (250ml) |

* RGB = Returnable Glass Bottle

** PET = Polyethylene Terephthalate

For the years ended December 31, 2023, 2022 and 2021, the cola-flavor brands contributed more than half of ARC's total net sales. In terms of packaging, the RGB format accounts for a great majority of ARC's sales volume.

On the other hand, ARC is also engaged in toll manufacturing, currently bottling "Extra Joss" for Asiawide Kalbe Philippines, Inc. ("Asiawide Kalbe"). As of December 31, 2023, 2022, and 2021, toll manufacturing activities contributed less than 1% of ARC's net sales.

Distribution Methods and Target Markets

ARC employs a multi-channel distribution system in selling its products to its target consumers, who primarily belong to the middle- and low-income categories. ARC distributes its products either directly or indirectly to various retail points nationwide, which provide direct access to our target segments. These retail points include both traditional trade channel which covers sari-sari stores and carinderias; and modern retail channel which covers supermarkets, hypermarkets, groceries, convenience stores and food service outlets. As of December 31, 2023, ARC products were predominantly sold or consumed through the traditional trade channel.

To service both retail channels, ARC employs its network of company trucks, master dealers, sub-dealers and third-party distributors.

Competition

The carbonated soft drinks industry in the Philippines is highly competitive and continues to evolve in response to changing consumer preferences. Competition is generally based upon brand recognition, taste, quality, price, availability, selection and convenience. For all carbonated soft drinks in the local market, ARC competes with dominant multinational corporations with significant financial resources such as Coca Cola and Pepsi.

Raw Materials

The principal raw materials that ARC uses in its business are concentrate, sweeteners, and packaging materials such as glass bottles, PET bottles and caps, and aluminium cans and ends. It also uses water, carbon dioxide and electricity. ARC purchases cola concentrates from RCCI under the CSA. For the other major raw materials, ARC maintains at least two to three suppliers.

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

ARC has maintained its relationship with RCCI and RCGBI, the owner of the RC Cola brand outside North America and Mexico. RC Cola is one of the original American colas with a history spanning over 118 years. It was created in the United States in 1905, and the brand has enjoyed a long track record of success both within the United States and globally. The Yao family's relationship with RC Cola management started in 2003 and was formalized in 2005 when RCCI under management of Cott Beverages Inc. and ARCHI executed the CSA and the TLA (*For a description and status of these agreements, refer to section "ARC Holdings, Inc."*).

Moreover, ARCHI executed a Bottler's Agreement ("BA") with Asiawide under which Asiawide was authorized to produce, sell and distribute RC Cola products in the Philippines and to purchase concentrates from ARCHI. Under the BA, Asiawide was permitted to use the RC Cola trademarks consistent with ARCHI's TLA with RCCI. In the reorganization made in 2014, ARC acquired Asiawide's rights and obligations under the BA.

ARC also owns a variety of intellectual property rights for its in-house brands which it has developed over the years.

Employees

As of December 31, 2023, ARC had a total of 1,839 direct employees, broken down as follows:

| Department / Function | Number |
|--|---------------|
| Office of the President/ EVP | 18 |
| Finance | 225 |
| Human Resource | 69 |
| Marketing | 23 |
| Logistics | 194 |
| Manufacturing | 632 |
| Central Laboratory / Concentrate Plant | 43 |
| Sales | 603 |
| Audit | 9 |
| IT | 22 |
| Total | 1,839 |

We have several casual employees working in our business at any time, mostly as manual laborers. We contract with third-party manpower and services firms for the supply of this labor. The number of casual employees we require varies seasonally. The Macay Group is a non-unionized company.

ARC Holdings, Inc.

ARCHI was formally organized in December 29, 2005 by the Yao family to serve as an investment holding entity. Its key corporate milestones are as follows:

- In 2005, ARCHI executed a CSA and a TLA with RCCI. Under the CSA, ARCHI is authorized to purchase concentrates from RCCI to produce RC Cola and its beverage variants for sale and distribution within the Philippines.

Under the TLA, which is co-terminus with the CSA, ARCHI is given the right to use RCCI's trademarks in connection with the sale and distribution of its beverage products within the Philippines.

On the other hand, ARCHI also executed a BA with Asiawide. (*Refer to previous discussions under "ARC Refreshments Corporation"*)

- In 2011, ARCHI entered into an agreement with Kalbe International Pte. Ltd ("Kalbe International"), to establish a joint venture ("JV") entity to implement a project to (a) market and sell energy drink in ready-to-drink form bearing the "extra joss" mark ("the product"); (b) appoint a toll manufacturer to produce the product; and (c) appoint a distributor to distribute the product, all within the Philippines.

The JV entity was incorporated as Asiawide Kalbe, which is fifty percent (50%) owned by ARCHI and fifty percent (50%) owned by Kalbe International. Both companies will share equal control and management over the operations of the incorporated JV entity.

- In August 2015, Macay acquired 100% ownership of ARCHI.

Artemisplus Express Inc.

Kitchen City, operated by Artemisplus Express Inc., was started in 1999 and has grown to become the leading food solutions provider in the Philippines. From its start as an operator of smaller canteens servicing manufacturing companies in South Luzon, it expanded into servicing hospitals, hotels, schools, offices BPO's, and institutional catering services.

Principal Products and Services

Kitchen City currently derives revenue from providing food solutions through two brands: Kitchen City Express (KCE) and Kitchen City Catering (KCC). Kitchen City Express operates the food concession business, with a slate of prominent clients including top manufacturing, hospitals and business process outsourcing companies in the Philippines. Kitchen City Catering, meanwhile, operates the institutional catering events services business, providing full service corporate catering to its clients. KCC is accredited in 16 of the country's top event

places (including the SXM Convention Centers and the World Trade Center Manila), and has partnerships with several venues within the key cities of Metro Manila.

Competition

The food solutions industry is extremely competitive, as there are relatively low barriers to entry and good returns to be earned, combined with (under normal circumstances) continuous and always increasing demand. The vast majority of this competition is focused on the non-institutional client segment, however, as they do not have the infrastructure in place to deliver consistent quality in high quantity, nor the financial resources to satisfactorily service clients requiring this.

Employees

As of December 31, 2023, KitchenCity had a total workforce of over 2,254, people serving over 100,000 meals a day.

| Department / Function | Number |
|---------------------------------------|---------------|
| Office of the President | 6 |
| Human Resource | 7 |
| Marketing | 2 |
| Commissary and Catering | 373 |
| Central Administration and Purchasing | 24 |
| Finance & Accounting and Audit | 60 |
| Operations | 1,782 |
| Total | 2,254 |

RC Global Beverages Inc.

RC Cola, or Royal Crown Cola, has a legacy dating back to 1905 when it was first introduced by Claud A. Hatcher. What began as a regional brand in the United States has grown into a global player, offering a range of options to cater to changing consumer preferences. Despite facing formidable competition, over the years RC Cola has maintained its relevance through strategic partnerships, product innovation, and effective marketing campaigns. In 2023 Macay Group seized the opportunity to acquire the RC Cola business in order to capitalize on its untapped potential.

Principal Products and Services

RCGBI holds the global licensing rights to RC Cola and associated brands in over 100 countries (excluding US, Mexico and Canada). RCGBI Group supplies RC Cola and other flavor concentrates to its customers in countries covered by its global licensing rights.

Competition

In the highly competitive landscape of the beverage industry, RC Cola contends with industry giants. While these competitors have considerable market share and resources, The management of the RCGBI Group and distinguishes itself by offering great tasting flavors, competitive pricing, and a refocus on customer engagement. By understanding its competitors' strategies and leveraging its strengths, RC Cola continues to carve out a niche for itself in the market.

Employees

As of December 31, 2023, RC Global Team had a total workforce of ten people.

Item 2. Properties

As of December 31, 2023, Macay leased its head office space located at 137 Yakal Street, San Antonio Village, Makati City from an affiliate. MHI has no immediate plans to acquire properties. Descriptions of the properties of each of Macay Holdings' subsidiaries are as follows:

ARC

As of December 31, 2023, ARC leased its head office space located at 84 Solmac Building, Banawe corner Dapitan Streets, Quezon City from an affiliate. ARC also operates 9 production facilities located in different areas across the country, namely, Quezon City, Isabela, Pangasinan, Pampanga, Iloilo, Laguna, Cebu, Misamis Oriental and Davao. ARC leases all the land on which the plants are situated from affiliates and a third party. On the other hand, ARC owns the bottling equipment in 7 of these plants and leases those of the remaining 2 plants from an affiliate.

ARCHI

As of December 31, 2023, ARCHI leases its head office space located at 84 Solmac Building, Banawe corner Dapitan Streets, Quezon City from an affiliate. ARCHI has no immediate plans to acquire properties.

Artemisplus Express Inc,

As of December 31, 2023, AEI's commissary is adjacent to the company's office and warehouse in FTI Complex in Taguig, which has a combined floor area of 2,752 sqm.

Item 3. Legal Proceedings

For Macay and its subsidiaries, there are no material pending legal proceedings, bankruptcy petitions, convictions by final judgment, orders, judgments or decrees, or violations of a securities or commodities law to which Macay or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

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

There were no matters submitted during the fourth quarter of the fiscal year to the vote of security holders, through the solicitation of proxies or otherwise. The Annual Meeting of the Stockholders of Macay was held on 11 October 2023, and the results thereof were submitted to the SEC in the corresponding SEC Form 17-C and disclosed through the PSE.

PART II.

OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

Macay’s common shares are listed and traded in the PSE. The high and low sales prices of Macay’s shares traded in the PSE for each quarterly period during the past three (3) years were as follows:

| YEAR | 1 ST QUARTER | | 2 ND QUARTER | | 3 RD QUARTER | | 4 TH QUARTER | |
|------|-------------------------|------|-------------------------|------|-------------------------|------|-------------------------|------|
| | HIGH | LOW | HIGH | LOW | HIGH | LOW | HIGH | LOW |
| 2023 | 6.30 | 5.07 | 6.25 | 5.03 | 7.2 | 4.9 | 8.20 | 5.50 |
| 2022 | 6.69 | 5.51 | 6.24 | 3.05 | 4.59 | 3.07 | 6.88 | 4.83 |
| 2021 | 8.85 | 6.30 | 8.20 | 7.10 | 7.99 | 5.18 | 7.05 | 5.42 |

As of December 31, 2023, the closing price of Macay’s shares of stock was Php 6.35 per share.

Holders

As of December 31, 2023, the Company had 387 stockholders of record.

Directors and Officers of Macay Holdings, Inc.

| Name | Nationality | No. of Common Shares | Percentage of Ownership |
|---------------------------|-------------|----------------------|-------------------------|
| ALFREDO M. YAO | Filipino | 1 | 0.00% |
| ARMANDO M. YAO | Filipino | 1 | 0.00% |
| JEFFREY S. YAO | Filipino | 1 | 0.00% |
| CAROLYN S. YAO | Filipino | 1 | 0.00% |
| MARY GRACE S. YAO | Filipino | 1 | 0.00% |
| ROBERTO A. ATENDIDO | Filipino | 1 | 0.00% |
| ANTONIO I. PANAJON | Filipino | 7,539,901 | 0.71% |
| ALBERT S. TORIBIO | Filipino | 7,649,901 | 0.72% |
| GERARDO T. GARCIA | Filipino | 6,283,201 | 0.59% |
| RINALDI C. AVES | Filipino | 5,026,601 | 0.47% |
| VALENTIN T. CHUA | Filipino | 22,560 | 0.00% |
| JOSE B. AVELLANA, JR. | Filipino | 100 | 0.00% |
| FELICISIMO M. NACINO, JR. | Filipino | 100 | 0.00% |
| GABRIEL A. DEE | Filipino | 0 | 0.00% |

*As of December 31, 2023

Top 20 Stockholders of Macay Holdings, Inc.

| NAME | NATIONALITY | NO. OF COMMON SHARES SUBSCRIBED | PERCENTAGE OF OWNERSHIP |
|--|-------------|---------------------------------|-------------------------|
| MAZY'S CAPITAL, INC. | FILIPINO | 900,000,000 | 84.24% |
| PCD NOMINEE CORPORATION - NON FILIPINO | FOREIGN | 99,161,678 | 9.28% |
| PCD NOMINEE CORPORATION - FILIPINO | FILIPINO | 66,638,315 | 06.24% |
| GONZALO PUYAT & SONS, INC. | FILIPINO | 942,095 | 00.09% |
| HANSON G. SO &/OR LARCY MARICHI Y. SO | FILIPINO | 216,000 | 00.02% |
| KNIGHTS OF COLUMBUS - NEW HAVEN CONN | AMERICAN | 62,916 | 00.01% |
| JOSEFA M. BENITEZ TRINIDAD | FILIPINO | 62,427 | 00.01% |
| LUCIANO TAN | FILIPINO | 57,879 | 00.01% |
| SAGITRO INCORPORATED | FILIPINO | 52,018 | 00.00% |
| SUSANA LEE CHUNG | FILIPINO | 42,994 | 00.00% |
| RAMON NISCE | FILIPINO | 42,814 | 00.00% |
| NELLY V. KATIGBAK | FILIPINO | 39,560 | 00.00% |
| SIM CHI TAT &/OR CONCHING TAN SIM | FILIPINO | 38,097 | 00.00% |
| TEOFILO S. VILLONCO | FILIPINO | 32,967 | 00.00% |
| VICENTE VILLONCO | FILIPINO | 32,963 | 00.00% |
| PIERCE INTERLINK SECURITIES, INC. | FILIPINO | 32,400 | 00.00% |
| ENRIQUE RAMIREZ | FILIPINO | 32,193 | 00.00% |
| VIOLETA R. BARLAAN | FILIPINO | 31,732 | 00.00% |
| SIM CHI TAT | FILIPINO | 30,263 | 00.00% |
| JOSE P. LEVISTE, JR. | FILIPINO | 30,240 | 00.00% |

Note: Based on the list of top 100 stockholders of Macay as of 31 December 2023 as reported by Stock Transfer Service, Inc.

Dividends

Macay Board of Directors approved during its August 14, 2023 meeting the declaration of dividends equivalent to Two Billion One Hundred Fifty Million Pesos (PHP 2,150,000,000.00) by way of property dividends of One Billion (1,000,000,000) common shares of ARC Refreshments Corporation ("ARC") to be distributed to all eligible shareholders of the Company as of record date of 23 October 2023. The property dividends shall be paid at an entitlement ratio of 0.936 common share of ARC for every one (1) common share of the Company held by the shareholder. Any resulting fractional share shall be paid in cash.

All shareholders of the Company as of the record date shall have the option to receive their portion of the property dividends in cash. Shareholders who did not specify a preference between shares of ARC or cash will receive cash. Shareholders who did not specify a preference between shares of ARC or cash, will receive cash.

The dividends (whether distributed in shares of ARC or in cash, as an alternative) is subject to shareholders' and relevant regulatory approvals, and will be distributed net of the applicable final tax required to be withheld by Macay.

The amount of cash to be received by the stockholders who opt to be paid in cash will be based on the prevailing market value of the ARC common shares as determined by an SEC-accredited . Section 5(e) of the 1992 Rules on the Issuance of Property Dividends requires that the market value, as determined by an SEC-accredited appraiser, must be "agreed upon" by the stockholders.

For 2022 and 2021, there were no dividends issued by the company.

Recent Sale of Unregistered or Exempt Securities

Not applicable.

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

Presentation of Financial Information

The Consolidated Financial Statements have been prepared under the historical cost basis. The Consolidated Financial Statements are presented in Philippine peso (Php), which is the functional currency of the Macay Group.

For additional details on the basis of Macay Group's financial reporting refer to Note 2 and 3 of the Notes to the Consolidated Financial Statements.

CALENDAR YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022

RESULTS OF OPERATIONS

| | <i>For the years ended December 31,</i> | | |
|--|---|--------------|---------------|
| | 2023 | 2022 | % change |
| | (In Php millions) | | |
| Revenues | 4,394 | 1,892 | 132% |
| Cost of sales and services | (2,786) | (1,322) | 110% |
| Gross profit | 1,608 | 570 | 182% |
| Selling and marketing expenses | 44 | 12 | 267% |
| General and administrative expenses | 979 | 507 | 93% |
| Other income (charges) | (107) | 44 | (143%) |
| Income before income tax | (478) | (94) | 409% |
| Provision for income tax | (45) | (28) | 61% |
| Net Income from continuing operations | 432 | 66 | 555% |
| Net Income from discontinued operations | (1,331) | (173) | (669%) |
| Net Loss | (899) | (107) | (740%) |

Consolidated net revenues and cost of sales and services increased by 132% and 110%, respectively. This is mainly due to the addition of RC Global Beverages, Inc.'s operations. Gross profit in 2023 increased by 182% with the gross profit rate increasing slightly from 30% in 2022 to 37% in 2023.

Selling and Marketing Expenses increased by 267% from Php 12 million in 2022 to Php44 million, which may be accounted from the addition of RCGBI's operations into the Group. The increase in new outlets of Artemisplus Express Inc and the addition of RC Global business accounts for the 93% increase in General Administrative Expenses of the company.

Other income or charges decreased significantly in 2023 mainly due to increase in interest expense from Php14 million to Php114 million, and a decrease in interest income from Php33 million to Php10 million.

The Group's net income from its continuing operations increased by 555% from Php66 million in 2022 to Php432 million in 2023. Out of the total net income from the Group's net income in 2023, Php126 million came from AEI's operations.

The net income from the discontinued operation (ARCRC) has a net loss of Php 1,331 million, mainly due to loss from ARC's operations of Php447 million and an impairment loss of Php884 million. This impairment loss is the difference between the book value of ARC's assets and its fair value. This impairment loss is the difference between the carrying amount of ARC's net assets and its fair value. The carrying amount of ARC's net assets amounts to Php3,034 while its fair value is only at Php2,150

FINANCIAL POSITION

| | <i>For the years ended December 31,</i> | | |
|---|---|---------------|--------------|
| | 2023 | 2022 | % change |
| | (In Php millions) | | |
| Current Assets | 2,528 | 5,574 | (45%) |
| Assets held for distribution to owners | 5,246 | - | 0% |
| Non-Current Assets | 4,354 | 5,133 | (16%) |
| Total Assets | 12,128 | 10,707 | (13%) |
| Current Liabilities | 1,029 | 2,940 | (65%) |
| Liabilities held for distribution to owners | 3,029 | - | 0% |
| Non-Current Liabilities | 1,469 | 306 | 380% |
| Total Liabilities | 5,528 | 3,246 | 70% |
| Total Equity | 6,600 | 7,461 | (12%) |

The reclassification of ARC's assets as held for distribution to owners decreased 2023 current assets by 45% from previous year. The current assets of the group consist mainly of RC Global's trade and other payables which amounted to Php678 million.

The cash generated from operations amounted to Php1,214 million. Net cash outflows from Financing and Investing Activities amounted to Php1,982 million with the acquisition of a subsidiary, in addition to deferred pallets, and payments of loans and principal portion of lease liabilities.

Significant movements on Noncurrent Assets are directly attributable to the reclassification of ARC's assets as held for distribution to owners. Total goodwill and other intangible asset as of December 31, 2023 amounted to Php4,072 million from Php1,737 million in 2022.

Total liabilities increased by 70%, mainly from the acquisition of RC Global. Out of the total liabilities of the group, Php1,736 million is from RC Global.

KEY PERFORMANCE INDICATORS

The following are the company's key performance indicators. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous years.

| | | 2023 | 2022 | 2021 |
|------------------------------|--|-------------|-------------|-------------|
| Current ratio | Current assets over current liabilities | 2.01:1 | 1.90:1 | 2.32:1 |
| Solvency ratio | Net Income + Depreciation over total liabilities | 0.09:1 | 0.04:1 | 0.38:1 |
| Liabilities-to- equity ratio | Total liabilities over total equity | 0.84:1 | 0.44:1 | 0.29:1 |
| Asset-to-equity ratio | Total assets over equity | 1.84:1 | 1.44:1 | 1.29:1 |
| Operating margin | Operating income over net sales | 0.13 | 0.03 | (0.03) |
| Net profit margin | Net profit over net sales | 0.10 | 0.03 | (0.01) |
| Interest coverage | Earnings before interest & taxes over interest charges | 5.18 | 7.57 | 0.08 |

LIQUIDITY AND CAPITAL RESOURCES

In 2023, 2022 and 2021, the Macay Group's principal source of liquidity was cash receipts from sale of goods and tolling services. As of December 31, 2023, 2021 and 2020, Macay Group's cash and cash equivalents reached Php 1,324 million (without assets held for disposition it is Php840 million), Php2,082 million, and Php1,105 million respectively.

The following table sets forth selected information from Macay Group's consolidated statements of cash flows for the periods indicated.

| <i>In Php Million</i> | Period ended December 31 | | |
|---|--------------------------|-------|---------|
| | 2023 | 2022 | 2021 |
| Net cash provided by (used in) operating activities | 1,215 | 1,003 | 587 |
| Net cash provided by (used in) investing activities | (1,982) | (54) | (1,831) |
| Net cash provided by (used in) financing activities | 5 | 12 | 52 |

Except for item 1, 4, 5 and 7, Macay does not know of:

1. Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely in Macay's liquidity increasing or decreasing in any material way;
2. Any events that would trigger direct or contingent financial obligation that is material to Macay, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;
3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of Macay with unconsolidated entities or other persons created during the reporting period;
4. Any material commitments for capital expenditures, their purpose and the sources of funds for such expenditures;
5. Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
6. Any significant elements of income or loss that did not arise from Macay's continuing operations;
7. The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the MD & A; and
8. Any seasonal aspects that had a material effect on financial condition or results of operation of Macay.

Item 7. Financial Statements

The Audited Consolidated Financial Statements for the fiscal year 2023, Notes to the Consolidated Financial Statements and Supplementary Schedules as listed in the Index to Exhibit are filed as part of this SEC Form 17-A.

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

Macay has engaged the services of SGV & Co. during the five most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosures.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRS) and the Philippine Interpretations of International Financial Reporting Interpretation Committee (IFRIC) which became effective beginning January 1, 2023.

Please refer to Note 2 of the attached Macay's Audited Consolidated Financial Statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2023 and new PFRS and IFRIC that will be effective in 2023 and 2024.

INDEPENDENT AUDITORS

The Consolidated Financial Statements of Macay Group as of and for the years ended December 31, 2023, 2022 and 2021 have been audited by SGV & Co. (a member firm of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

Macay Group has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in Macay nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in Macay. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees for December 31, 2023 and 2022 for professional services rendered by SGV & Co. to Macay.

| | For the year ended December 31 (in Php) | |
|--|--|------------------|
| | 2023 | 2022 |
| Audit and Audit-Related Services | 6,191,937 | 4,988,000 |
| Non-Audit Services | - | - |
| Total | 6,191,937 | 4,988,000 |

PART III.

CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(a) The incumbent Directors and Executive Officers of the Company are as follows:

Board of Directors

| <u>Office</u> | <u>Name</u> | <u>Age</u> | <u>Citizenship</u> |
|----------------------|---------------------------|------------|--------------------|
| Chairman | Alfredo M. Yao | 80 | Filipino |
| Director | Antonio I. Panajon | 75 | Filipino |
| Director | Armando M. Yao | 72 | Filipino |
| Director | Jeffrey S. Yao | 55 | Filipino |
| Director | Carolyn S. Yao | 5 | Filipino |
| Director | Mary Grace S. Yao | 51 | Filipino |
| Director | Roberto A. Atendido | 76 | Filipino |
| Director | Albert S. Toribio | 72 | Filipino |
| Director | Gerardo T. Garcia | 77 | Filipino |
| Director | Rinaldi C. Aves | 62 | Filipino |
| Independent Director | Valentin T. Chua | 75 | Filipino |
| Independent Director | Felicisimo M. Nacino, Jr. | 71 | Filipino |
| Independent Director | Jose B. Avellana, Jr. | 66 | Filipino |

Period of Directorship

| <u>Name</u> | <u>Date Elected</u> | <u>Board Attendance</u> |
|---------------------------|---------------------|-------------------------|
| Alfredo M. Yao | 26 June 2019 | 100% |
| Antonio I. Panajon | 26 June 2019 | 100% |
| Armando M. Yao | 26 June 2019 | 100% |
| Jeffrey S. Yao | 26 June 2019 | 100% |
| Carolyn S. Yao | 26 June 2019 | 100% |
| Mary Grace S. Yao | 26 June 2019 | 100% |
| Roberto A. Atendido | 26 June 2019 | 100% |
| Albert S. Toribio | 26 June 2019 | 100% |
| Gerardo T. Garcia | 26 June 2019 | 100% |
| Rinaldi C. Aves | 26 June 2019 | 100% |
| Valentin T. Chua | 6 August 2021 | 100% |
| Felicisimo M. Nacino, Jr. | 11 October 2023 | |
| Jose B. Avellana, Jr. | 11 October 2023 | |

Executive Officers

| <u>Name</u> | <u>Office</u> | <u>Age</u> | <u>Citizenship</u> |
|--------------------|-------------------------------|------------|--------------------|
| Antonio I. Panajon | President | 75 | Filipino |
| Jeffrey S. Yao | Vice President | 55 | Filipino |
| Gabriel A. Dee | Corporate Secretary | 59 | Filipino |
| Gerardo T. Garcia | Assistant Corporate Secretary | 77 | Filipino |

Period of Officership

| <u>Name</u> | <u>Position</u> | <u>Period Held</u> |
|--------------------|-------------------------------|---------------------------|
| Antonio I. Panajon | President | 25 October 2013 - Present |
| Jeffrey S. Yao | Treasurer | 9 August 2018 - Present |
| Gabriel A. Dee | Corporate Secretary | 25 June 2015 - Present |
| Gerardo T. Garcia | Assistant Corporate Secretary | 9 November 2018 - Present |

Business Experience of Directors and Officers

The business experience of the members of the Board for the last five (5) years is as follows:

Alfredo M. Yao (Filipino, 80 years old)

Mr. Alfredo M. Yao has been the Chairman of the Company since October 25, 2013. He serves as Chairman Emeritus of the Board of the Philippine Business Bank ("PBB"), a listed company on the Philippine Stock Exchange. He is also currently the Chairman of Zest-O Corporation, Semexco Marketing Corp., and ARC. He is currently serving as President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. He also sat as a director of Export and Industry Bank. He served as President of the Philippine Chamber of Commerce and Industry ("PCCI") from 2014 to 2015. He has had training in Corporate Governance with Export & Industry Bank. He has had training on CISA Credit Bureau, and on SME Related Issues and other CTB Related issues with the Senate of the Philippines. He also attended a Risk Management Awareness Seminar given by the Pacific Management Forum and PBB; and he attended a PCCI Business Forum, given by PCCI. Mr. Yao is a graduate of Bachelor of Science in Chemical Engineering at MAPUA Institute of Technology.

Armando M. Yao (Filipino, 72 years old)

Mr. Armando Yao has been a director of the Company since 25 October 2013. He is the President of Mega Asia and has been a director of various companies such as AMY holdings, Inc., Zest-O Corporation, Semexco Marketing Corporation, Harman Foods (Phil.) Inc., Uni-Ipel, Marketing Inc., Inc., ARC, SMI Development Corporation, Bev-Pack and Downtown Realty and Investment Corporation. Mr. Yao earned his Bachelor of Science Degree in Mechanical Engineering from MAPUA Institute of Technology.

Mr. Armando M. Yao attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 17 November 2023 via Zoom Webinar.

Antonio I. Panajon (Filipino, 75 years old)

Mr. Antonio I. Panajon has been a director and the President of the Company since 25 October 2013. He has over 40 years of experience in the beverage industry. He worked for Pepsi Cola Bottling Company from 1974 to 1989, his last position being its Executive Vice President and Chief Operating Officer. He then moved to Cosmos Bottling Corporation from 1990 to 2001 as its President and Chief Operating Officer. At present, he is the Chairman of Summit Leasing and Financing Company. He also serves as a member of the board of directors of ARC, Pharma-Rex Pharmaceuticals Corporation, Tao Corporation, New MarketlinkPharma Corp., and General Nutrition Company. He earned his Bachelor of Arts in Public Administration degree from the University of the Philippines in 1970 and completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Mr. Antonio I. Panajon attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 17 November 2023 via Zoom Webinar.

Carolyn S. Yao (Filipino, 57 years old)

Ms. Carolyn Yao has been a director of the Company since 25 October 2013. She has served as a director of various companies such as ARC, Zest-O Corporation, SMI Development Corporation, Mega Asia, AMY Holdings, Inc., Semexco Marketing Corporation, Downtown Realty Investment Corporation and Bev Pack, Inc. Ms. Yao is a graduate of Commerce from the University of Sto. Tomas.

Ms. Carolyn S. Yao attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Jeffrey S. Yao (Filipino, 55 years old)

Mr. Jeffrey Yao has been a director of the Company since 25 October 2013 and took the reigns as Treasurer of the Company last August 9, 2018, previous to that he was Vice President of the Company since 25 July 2014. He currently serves as Chairman of the Board of Directors of PBB, a company listed on the PSE, and has been a Director of PBB since 1999. He currently serves as a member of the Board of Directors and President of ARC. He is currently serving as Chief Operating Officer of Zest-O Corporation. He earned his Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University.

Mr. Jeffrey S. Yao attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Mary Grace S. Yao (Filipino, 51 years old)

Ms. Mary Grace Yao has been a director of the Company since 25 October 2013. She has been a director of various companies such as ARC, AMY Holdings, Inc., Zest-O Corporation, Semexco Marketing Corporation, SMI Development Corporation, Downtown Realty Investment Corporation and Bev-Pack, Inc. She is a graduate of Food Technology from the University of the Philippines.

Ms. Mary Grace S. Yao had attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar

Roberto A. Atendido (Filipino, 76 years old)

Mr. Roberto A. Atendido has been a director of the Company since 25 October 2013. In addition, he is a member of the board of directors of Paxys, Inc. and Philippine Business Bank, both of which are listed on the PSE. He also serves as a board director for Sinag Energy Philippines, Inc. He graduated from Ateneo de Manila University in 1970 after obtaining his degree in Bachelor of Science in Management Engineering, with honors. He completed his Master's Degree in Business Management from the Asian Institute of Management in 1973.

Mr. Roberto A. Atendido attended an online training program on Corporate Governance. The program was held by Risks, Opportunities, Assessment and Management, Inc. on 25th of April 2023 via Zoom Meetings.

Albert S. Toribio (Filipino, 72 years old)

Mr. Albert S. Toribio has been a director of the Company since 25 October 2013. He was the Chief Finance Officer and director of Zest Airways, Inc. from 2008 until 2013. He has more than 20 years experience in the food and beverage business, beginning with Cosmos Bottling Corp. from 1990 until 2001, in which he last served as Senior Vice President/Chief Financial Officer, responsible for its comptrollership, accounting, management information system, financial planning, and treasury. He was concurrently an Assistant Vice President of RFM Corporation from 1992 to 1994. He was Chief Financial Officer from 2007 to 2008 of Asiawide Refreshments Corporation. Mr. Toribio was likewise previously connected with Arthur Andersen & Co. from 1987 to 1990 and SGV & Co. from 1973 to 1987. He finished his degree in Bachelor of Science in Business Administration - Accounting with magna cum laude honors from the University of the East in 1972 and his Master's Degree in Business Management from the Asian Institute of Management in 1980.

Mr. Albert S. Toribio attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Jesus G. Gallegos, Jr. (Filipino, 77 years old)

Mr. Jesus G. Gallegos, Jr. served as independent director of the Company from 25 October 2013 to 11 October 2023. Currently a Professor Emeritus (after being a full-time professor for 40 years) at the Asian Institute of Management (AIM), Prof. Gallegos teaches Strategic Management, Strategic Innovation, and Ethics. He was also the Institute Dean and Chief Operating Officer of AIM from 1995 to 2000. He is presently the Chairman of the Board of Trustees of the Institute for Pastoral Development, and former Chairman of the Board of Directors of Solutions Insurance Brokers, Inc. and Solutions Inc. for seven years. Prior to his stint with AIM, he was Vice President for Operations and General Manager of International Food and Agriculture Resources Management Services, Inc. and Senior Consultant to the Secretary of the Department of Agriculture and Natural Resources. He taught at the De la Salle University (Doctor in Business Administration Program), Institute of International Studies and Training in Japan (Visiting Professor), Ateneo de Manila University Graduate School of Business, and Maryknoll College. A licensed engineer, Prof. Gallegos completed his degree in Bachelor of Science in Chemical Engineering from De la Salle University. He then obtained his Master's Degree in Business Management from AIM and his doctorate in Business Administration (with High Distinction) from De la Salle University. He was a recipient of AIM's Alumni Achievement Award (Triple A) and the De la Salle University Graduate School of Business's Most Outstanding Alumnus Excellence Award. In 2019,

Roberto F. Anonas, Jr. (Filipino, 68 years old)

Mr. Roberto F. Anonas, Jr. served as independent director of the Company from 25 October 2013 until 11 October 2023. He also serves as independent director of SBS Philippines Corporation. He is currently Director and General Manager at Fujihaya Electric Corporation. He holds a Masters in Business Administration from IMEDE, a Management Development Institute under the University of Lausanne, Switzerland and is currently a member of the faculty of the University of Asia and the Pacific, School of Management as lecturer in Finance and management mentor/coach and Head of the New Business Ventures Module in the Entrepreneurial Management Program. He has attended training

programs in financial management, investment and universal banking with Dillon Read & Co, NYC and Dresdner Bank AG, Frankfurt and has previously held senior management and executive positions in PLDT, PCI Capital Corporation and Philippine Commercial Capital, Inc. He is also a director of Pentarch Stalwark Builders, Inc.

Gerardo T. Garcia (Filipino, 77 years old)

Mr. Gerardo T. Garcia was first elected as Director of the Company on July 25, 2014. He was appointed as the Company's Assistant Corporate Secretary on 9 November 2019. He is also a Director of ARC. In 2022 he was appointed Executive Vice President and Chief Operating Officer of ARC a position he held from 2014 to 2018. From 1993 to 2002 he was Senior Vice President of Marketing and Sales in Cosmos Bottling Corporation. Prior to this, he held the position of Executive Vice President and Chief Operating Officer of Filipinas Water Bottling Corp. and Vice President for Franchising and International Operations of Jollibee Foods Corporation. He also worked in Pepsi Cola Bottling Co. He graduated from Letran College with a degree in Political Science.

Mr. Gerardo T. Garcia attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Rinaldi C. Aves (Filipino, 62 years old)

Mr. Rinaldi C. Aves was first elected as Director of the Company on July 25, 2014. He is currently a Director in ARC. He served as the Executive Vice President and Chief Operating Officer of ARC from 2018 to 2022. From 2014 to 2018 he served as ARC's Vice President for Technical Services. Prior to joining ARC, he worked in Cosmos Bottling Corporation and Pepsi Cola Bottling Co. He graduated from the University of the Philippines with a degree in Industrial Engineering.

Mr. Rinaldi C. Aves attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Valentin T. Chua (Filipino, 75 years old)

Mr. Valentin T. Chua has been an independent director of the Company since 6 August 2021. He also serves as director of SPI Corporation. He is currently President and Chairman of the Board at Marantch Marketing Corporation. He is also the President and Director of VC Holdings, Inc., an Investment Company of the Chua Group of Companies.

Mr. Valentin T. Chua attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Felicisimo M. Nacino, Jr. (Filipino, 72 years old)

Mr. Felicisimo M. Nacino Jr. is currently the Chairman and President of Reliable Insurance Brokers, Inc. (RIBI) and Conglomerate Savings & Financing Corporation (CSFC). He is also a member of the Board of Directors of Steel Asia Manufacturing Corporation and RFM Corporation. Prior to this, he was the Executive Vice President and Chief Operating Officer of RFM Corporation from 2005-2014. He rose from the ranks starting as a working student to become the second highest officer in the company. He also served as the Assistant Secretary of Trade & Industry from 1986 to 1991 where he represented the Department of Trade & Industry (DTI) in Cabinet support meetings, and participated in conceptualizing, planning and communicating all major business reform programs, including the industrial priorities plan; tax and other incentives for the private sector; local-content manufacturing programs; export trade facilitation; consumer protection and trade regulation; support for small enterprises in the countryside; and many others. He completed his degree in Bachelor of Arts in Economics from University of the Philippines - Manila in 1978 and obtained his Master in Business Administration degree from University of the Philippines - Diliman.

Mr. Felicisimo M. Nacino attended an online training program on Corporate Governance. The program was held by Institute of Corporate Directors last 25th of April 2023 via Zoom Webinar.

Jose B. Avellana, Jr. (Filipino, 65 years old)

Mr. Jose B. Avellana is currently the Consul of the Republic of Mali in the Philippines - Honorary Consul. He is also the Chairman and President of A&A Holdings, the Chief Executive Officer of Advertising Strategies Integrated, and the Chairman of CS Foundation. Prior to this, he served as the President and CEO of Avellana & Associates, Inc, and have been a member of the board of UNIAPAC International and Intercontinental Broadcasting Corporation. He is also a current professor at Ateneo de Manila Graduate School of Business. He completed his degree in Bachelor of Arts in Communication Arts - Major in Advertising & Public Relations from Ateneo de Manila University in 1978 and obtained

his Master in Business Administration degree from Ateneo de Manila Graduate School of Business in 1988.

Mr. Jose B. Avellana attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 11th of September and 17th of November 2023 via Zoom Webinar.

Gabriel A. Dee (Filipino, 59 years old)

Atty. Gabriel A. Dee assumed the position of Corporate Secretary on June 25, 2015. He graduated from the University of the Philippines in 1984 with a degree of Bachelor of Arts major in History and finished his Bachelor of Laws in the same school in 1988. He has been affiliated with and has occupied the following positions in various institutions: Director and Assistant Corporate Secretary (2013 to present), MJC Investments Corporation; Senior Partner (2006 to present) and Junior Partner (1994 to 2006), Picazo Buyco Tan Fider & Santos Law Offices; Senior Associate (1992 to 1994) and Junior Associate (1988 to 1992), Bautista Picazo Buyco Tan & Fider Law Offices; and Research Assistant (1998), University of the Philippines, College of Law.

Mr. Gabriel A. Dee attended an online training program on Corporate Governance. The program was held by Center for Global Best Practices on 17th of November 2023 via Zoom Webinar.

Directorships in Other Reporting Companies

The following are directorships held by Directors and Executive Officers in other reporting companies during the last five years:

| <i>Name of Corporation</i> | <i>Position</i> |
|---|--|
| <i>Jeffrey S. Yao</i> Philippine Business Bank | Chairman |
| <i>Roberto A. Atendido</i> Philippine Business Bank..... Paxys, Inc. | Director Director |
| <i>Roberto F. Anonas, Jr.</i> SBS Philippines Corporation | Independent Director |
| <i>Gabriel A. Dee</i> Alliance Select Foods International, Inc. MJC Investments Corporation | Vice-Chairman Director & Assistant Corporate Secretary |
| <i>Felicisimo M. Nacino, Jr.</i> RFM Corporation | Independent Director |

Board Committees and Committee Membership

The members of the Nominations Committee are:

| | |
|-----------------------|----------|
| Roberto A. Atendido | Chairman |
| Antonio I. Panajon | Member |
| Carolyn S. Yao | Member |
| Jose B. Avellana, Jr. | Member |

The members of the Audit Committee are:

| | |
|---------------------------|----------|
| Valentin T. Chua | Chairman |
| Felicisimo M. Nacino, Jr. | Member |
| Roberto A. Atendido | Member |

The members of the Corporate Governance Committee are:

| | |
|---------------------------|----------|
| Felicisimo M. Nacino, Jr. | Chairman |
| Valentin T. Chua | Member |
| Roberto A. Atendido | Member |

The members of the Compensation Committee are:

| | |
|-----------------------|----------|
| Valentin T. Chua | Chairman |
| Jose B. Avellana, Jr. | Member |
| Gerardo T. Garcia | Member |

The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations as well as the Company's By-laws. Moreover, the Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.

(b) Significant Employees

The Company's business is not dependent on the services of any particular employee.

(c) Family Relationships

Mr. Armando M. Yao is the brother of Mr. Alfredo M. Yao. Mr. Jeffrey S. Yao, Ms. Carolyn S. Yao, and Ms. Mary Grace S. Yao are the children of Mr. Alfredo M. Yao. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the registrant other than the ones disclosed herein.

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 20 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

(e) Involvement in Legal Proceedings

The Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

- (1) any bankruptcy 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 two years prior to that time;
- (2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the 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; and
- (5) a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

Executive Compensation of Macay Holdings, Inc.

The total remuneration paid to the President and the top two senior officers as well as other officers are shown in the table herein below provided. The total annual compensation reported includes the basic salary, variable bonus pays and other allowances received.

| Name | Year | Salary & Other Benefits (in Php Million) | Other Annual Compensation (in Php Million) |
|---|------|--|--|
| Management, as a group which includes Antonio I. Panajon, President Gerardo T. Garcia, Assistant Corporate Secretary Renato J. Jamlang, Controller | 2023 | 7.14 | 0.60 |
| Other Officers, as a group unnamed | 2023 | 4.44 | 0.00 |

Standard Arrangements for Board of Directors

Each independent and non-executive Director receives a per diem allowance of P30,000.00 for every attendance in regular meetings and special meetings of the Board of Directors.

Each Committee Member receives a per diem allowance of P15,000.00 for every attendance in regular or special committee meetings.

Employment contracts between the Company and named executive officers

The Company has no special employment contracts with the named key executive officers.

Warrants and options outstanding

There are no outstanding warrants or options held by the President, the named executive officers, and all officers and directors as a group.

Stock option plan

The Company has no employee stock option plan.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2022, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

| Title of Class | Name and Address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent (%) |
|----------------|--|---|-------------|--------------------|-------------|
| Common | Mazy's Capital, Inc. 84 Dapitan Street corner Banawe Street, Quezon City Controlling Shareholder of Issuer | Zest-O Corporation 574 EDSA, Caloocan City Shareholder | Filipino | 905,942,341 | 84.79% |

| | | | | | |
|--|--|--|--|--|--|
| | | Mega Asia Bottling Corporation | | | |
| | | Barangay Calulut, San Fernando, Pampanga | | | |
| | | Shareholder | | | |

Security Ownership of Management as of December 31, 2023

| Title of Securities | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership (D) direct/(I) indirect | Citizenship | Percent of Class |
|---------------------|---------------------------|---|-------------|------------------|
| Common | Alfredo M. Yao | 1 (D) | Filipino | 0 |
| Common | Armando M. Yao | 1 (D) | Filipino | 0 |
| Common | Carolyn S. Yao | 1 (D) | Filipino | 0 |
| Common | Jeffrey S. Yao | 1 (D) | Filipino | 0 |
| Common | Mary Grace S. Yao | 1 (D) | Filipino | 0 |
| Common | Antonio I. Panajon | 1 (D) 7,539,900 (I) | Filipino | 0.71 |
| Common | Roberto A. Atendido | 1 (D) | Filipino | 0 |
| Common | Albert S. Toribio | 7,649,901 (D) | Filipino | 0.72 |
| Common | Gerardo T. Garcia | 1 (D) 6,283,200 (I) | Filipino | 0 |
| Common | Rinaldi C. Aves | 1 (D) 5,026,600 (I) | Filipino | 0 |
| Common | Valentin T. Chua | 22,560 (D) | | 0 |
| Common | Jose B. Avellana, Jr. | 100 | Filipino | 0 |
| Common | Felicisimo M. Nacino, Jr. | 100 | Filipino | 0 |
| Common | Gabriel A. Dee | 0 | Filipino | 0 |
| Total | | 7,672,472 | | 0.71 |

Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of December 31, 2023.

Change in Control

The Company is not aware of any arrangement that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Related transactions are described in Note 20 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

To date, there are no complaints received by the Company regarding related-party transactions.

Transactions with Promoters

There are no transactions with promoters within the past five (5) years.

PART IV.

CORPORATE GOVERNANCE

Item 13. **Integrated Annual Corporate Governance Report (i-ACGR) will be filed separately**

PART V.

EXHIBITS AND SCHEDULES

Item 14. **Exhibits and Reports on SEC Form 17-C**

- (a) **Exhibits** - see accompanying Index to Exhibits
- (b) **Reports on SEC Form 17-C**

In 2023, the Company filed the following structure and unstructured reports:


- Annual and Quarterly Financial Reports
- Request for extension to file SEC Form 17-A and 17-Q
- Participation of Directors and Officers in corporate governance seminars
- Quarterly reports on Public Ownership
- Quarterly Report on List of Top 100 shareholders
- Monthly reports on number of shareholders
- Setting of the 2023 Annual Shareholders' Meeting
- Notice and Agenda of the 2023 Annual Shareholders' Meeting (ASM)
- Results of the ASM and Organization Meeting of the Board of Directors
- Information Statement
- Change in Directors
- Integrated Annual Corporate Governance Reports
- Update on Material Information/Transactions
- Clarification of New Reports
- Substantial Acquisition
- Declaration of Property Dividend

SIGNATURES

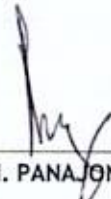
Pursuant to the requirements of Section 17 of the Code and Section 129 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2024.

Macay Holdings, Inc.


By:



ALFREDO M. YAO
Chairman



ANTONIO I. PANAJON
President




JEFFREY S. YAO
Treasurer

SUBSCRIBED AND SWORN to before me this 22 day of APR 2024 affiants exhibiting to me their passports, as follows:

| NAME | PROOF OF IDENTITY | DATE OF ISSUE | PLACE OF ISSUE |
|--------------------|------------------------------------|-----------------|---|
| Alfredo M. Yao | Passport No. P0349882B | 22 January 2019 | DFA - Manila |
| Antonio I. Panajon | Driver's License No. N16-70-037211 | 21 October 2023 | Department of Transportation - Land Transportation Office |
| Jeffrey S. Yao | Passport No. P6940811B | 07 June 2021 | DFA - Manila |

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ATTY. **RAYMOND A. RAMOS**
COMMISSION NO. M-77
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04 26-2013
IBP NO. 374750/12-26-2023/Pasig City
PTR NO. MKT 10074525/01-02 2024/Makati City
MCLE Compliance No VII-0020180/04-14-2025

INDEX TO EXHIBITS

I. **2022 Audited Consolidated Financial Statements and Notes to Consolidated Financial Statements - Macay Holdings, Inc.**

- A. Statement of Management's Responsibility for Financial Statements
- B. Independent Auditors' Report
- C. Consolidated Statements of Financial Position as of December 31, 2023, 2022 and 2022
- D. Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2023, 2022 and 2022
- E. Consolidated Statements of Changes in Equity for the Years Ended December 31, 2023, 2022 and 2022
- F. Consolidated Statements of Cash Flow for the Years Ended December 31, 2023, 2022 and 2022
- G. Notes to Consolidated Financial Statements

II. **Supplementary Schedules**

Independent Auditors' Report on Supplementary Schedules

Schedule I: Map Showing the Relationship Between and Among the Companies in the Group, its Ultimate Parent Company and Subsidiaries

Schedule II: Schedule of All Effective Standards and Interpretations under the Philippine Financial reporting Standard (PFRS)

Schedule III: Reconciliation of Retained Earnings Available for Dividend Declaration

Other Supplementary Schedules

- a) Financial Assets
- b) Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
- c) Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
- d) Long-Term Debt
- e) Indebtedness to Related Parties
- f) Guarantees of Securities of Other Issues
- g) Capital Stock