COVER SHEET

SEC Registration Number

						1	6	3	4	2

Company Name

S	M		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N				

Principal Office (No./Street/Barangay/City/Town/Province)

1	0	t	h		F	l	o	o	r	,		O	n	e	E	-	C	o	m		C	e	n	t	e	r	,		
H	a	r	b	o	r		D	r	i	v	e	,		M	a	l	l		o	f		A	s	i	a		C	o	m
p	l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0	

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
–	8857-0100	–

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,258 (as of December 31, 2024)	**04/30**	**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
Mr. Frederic C. DyBuncio	–	**8857-0100**	–

Contact Person's Address

10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

Note: 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.

SEC Number **16342**

SM INVESTMENTS CORPORATION

(Company's Full Name)

10th Floor,
OneE-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-1A
Pasay City, 1300

(Company's Address)

8857-0100

(Telephone Number)

December 31

(Year Ending)
(month & day)

SEC Form 17-A
Annual Report

Form Type

Amendment Designation (If applicable)

December 31, 2024

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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 Number **0000016342** 3. BIR Tax Identification No. **169-020-000**

4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**

5. **PHILIPPINES** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. **10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City** **1300**
Address of principal office — Postal Code

8. **(632) 8857-0100 / fax (632) 8857-0132**
Registrant's telephone number, including area code

9. _____
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES, P 10 PAR VALUE	**1,222,023,358**

11. Are any or all of these securities listed on a Stock Exchange.
Yes [**X**] No [ ]
If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange, Inc., 1,222,023,358, P10 par value, common shares

12. Check whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: P523,261,757,926.00 as of December 31, 2024

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

SM Investments Corporation (**SMIC**) is the holding company of the SM Group with interests in Retail, Property and Banking. Its Retail arm, SM Retail Inc., operates department stores under the SM Store brand, and several food retail formats including Supermarkets, Hypermarkets, Savemore and Alfamart Stores. It also operates specialty stores focused on DIY, furniture, appliances and toys among others. Its Property arm, SM Prime Holdings Inc., is engaged in building and operating shopping malls both in the Philippines and China. It is also engaged in Residential property development under its SM Development Corporation subsidiary, commercial property development, as well as various hotels and convention centers. The Banking Group is comprised of BDO Unibank, Inc., the country's largest bank by resources, and China Banking Corporation. SMIC also has Portfolio Investments in other sectors such as premium commercial buildings, leisure, logistics, geothermal steam production, food manufacturing and mining.

The Group takes an integrated approach to creating shared value for all its stakeholders through sustainable and responsible practices across its businesses. The SM Group aligns its sustainability programs to the 17 United Nations Sustainable Development Goals, and is a signatory of the UN Global Compact's 10 Principles and the Women's Empowerment Principles. It publishes its annual report aligned to the International Financial Reporting Standards S1 and S2 and is in accordance with the Global Reporting Initiative. Whenever possible, we have aligned with the Sustainability Accounting Standards Board Industry-specific disclosures and the European Sustainability Reporting Standards Board.

Business of Issuer

SM Retail currently has 4,470 stores that consists of 76 department stores, 2,526 food retailing stores, and 1,868 specialty retail stores, operating nationwide. It has 76 department stores located in Mero Manila and key provincial cities.

Non-Food Retail

In 2024, 2 new SM Stores were opened in Caloocan and Cebu. These new stores contributed an additional 17,200 sqm, bringing the gross selling area (GSA) of The SM Store to 904,928 sqm. We opened 184 specialty stores focused on retailing special categories such as DIY, furniture, appliances and toys, among others.

Food Retail

SM Supermarket is a large format anchor tenant in SM malls. It has been in operation since 1985 and currently has 66 stores nationwide totaling to 386,991 sqm of GSA with each store carrying 30,000 to 35,000 SKUs. In 2024, it opened 1 new store in Caloocan.

SM Hypermarket is a large format food retailer store with both stand-alone and in-mall locations. It has been in operation since 2001 and provides a shopping experience that combines the features of a supermarket with those of a department store. There are currently 56 stores in operation totaling 341,964 sqm of GSA with each store carrying over 35,000 SKUs.

Savemore is a mid-sized format introduced in 1998. It is in community malls or as a stand-alone store. Savemore is a neighborhood format, providing food and grocery items in residential locations with extended opening hours. Among SM Retail's Food formats,

Savemore has the largest footprint with 579,221 sqm of GSA across 221 stores as of end-2024. Savemore stores carry 20,000 to 25,000 SKUs. In 2024, they opened 10 stores nationwide.

Waltermart is a mid-sized format that provides food and non-food shopping as an anchor tenant in Waltermart community malls, located primarily in Luzon. SM Retail acquired a controlling stake in Waltermart in 2013. It has 90 Department Stores and Supermarkets as at end-2024, with an aggregate GSA of 227,525 sqm.

Alfamart is a small format minimart grocery store situated primarily in residential neighborhoods and offering a range of essential groceries with supermarket pricing. It is a joint venture with Indonesia-based minimart operator, PT Sumber Alfaria Trijaya Tbk, which started operations in the Philippines in 2014. Alfamart Philippines has a network of 2,092 stores as of end-2024, mostly located outside Metro Manila, each carrying up to 4,000 SKUs. In 2024, they opened 417 new stores within Luzon.

Property

SM Prime Holdings, Inc. (**SM Prime**) is one of the largest integrated property developers in Southeast Asia that develops innovative and sustainable lifestyle cities, comprising malls, residences, offices, hotels and convention centers. It was incorporated in the Philippines in 1994 and SMIC has a 49.7% effective ownership in the company.

Malls

SM Prime's mall business unit operates and maintains modern commercial shopping malls. Its main sources of revenue include rental income from leased shopping spaces, cinema ticket sales and other amusement income. SM Prime has 87 malls in the Philippines with a total gross floor area (GFA) of 9.4 million sqm and 8 shopping malls in China with a total GFA of 1.7 million sqm.

In 2024, SM Prime's mall business unit opened 2 new malls in the Philippines namely SM City Caloocan and SM City JMall in Cebu. These new malls, plus the expansion of the Company's existing malls, provided an addition of 0.2 million square meters of GFA.

Residential

SM Prime's residential development arm, SM Development Corporation (**SMDC**), derives development revenues largely from the sales of condominium units. As of December 31, 2024, the primary residential business unit had 67 residential projects.

In secondary residential business, SM Prime also owns leisure and resort developments including properties in the vicinity of Tagaytay Highlands and Tagaytay Midlands golf clubs in Laguna, Tagaytay City and Batangas. It is also the developer of Pico de Loro Cove residential community within Hamilo Coast.

Commercial

SM Prime's commercial properties business unit is engaged in the development and leasing of office buildings in prime locations in Metro Manila. As of December 31, 2024, the Company has 22 office buildings with a combined GFA of approximately 1.6 million sqm.

Hotels and Convention Centers

SM Prime's hotel and convention centers business unit manages ten hotels located in Tagaytay City, Batangas, Pampanga, Cebu City, Davao City, Pasay City, Iloilo City, Quezon City and Bacolod City with more than 2,600 rooms. It also operates six convention centers located in the Mall of Asia Complex in Pasay City, SM Lanang Premier in Davao City, SM Aura in Taguig City, SM City Bacolod in Bacolod City, SM City Olongapo Central in Zambales, SM City Clark in Pampanga, and two trade halls located in SM Megamall and SM Seaside City Cebu.

Financial Services

BDO Unibank, Inc. (**BDO**) is a full-service universal bank in the Philippines. It provides a complete array of industry-leading products and services including lending, deposit-taking, foreign exchange, brokering, trust and investments, credit cards, corporate cash management and remittances. Through its local subsidiaries, it offers leasing and financing, investment banking, private banking, rural banking, life insurance, insurance brokerage and stock brokerage services. BDO has one of the largest distribution networks with over 1,700 operating branches and more than 5,800 ATMs nationwide.

BDO is the country's largest bank in terms of consolidated resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network.

As at end-2024, BDO had a strong balance sheet with total resources of PHP4.8 trillion.

SMIC has an effective ownership of 45.2% in BDO.

The China Banking Corporation (**China Bank**) was incorporated in 1920 as among the first privately owned banks in the Philippines. It has historical strength in catering to the Chinese-Filipino commercial sector, as well as local corporate and retail banking segments. China Bank offers a complete range of deposit, lending, international and investment products. Through its local subsidiaries, it offers investment banking, securities broking, insurance broking, and thrift bank services. China Bank services its customers through its 650 bank branches with over 1,000 ATMs nationwide.

The Bank boasts a strong balance sheet, with total resources at PHP1.6 trillion as at end-2024.

SMIC has an effective stake of 22.5% in China Bank.

Portfolio Investments

SMIC invests in ventures that capture high growth opportunities in the emerging Philippine economy, looking for market leaders that offer synergies, attractive returns and cash flows.

Belle Corporation (**Belle**) is one of the leading developers of sustainable resort destinations and leisure properties in the Philippines.

Its principal asset is the integrated resorts, operated by Melco Resorts Leisure (PHP) Corporation (**Melco**) under their City of Dreams Manila brand (**CODM**), which is located at the PAGCOR Entertainment City by Manila Bay. The property is leased on a long-term basis. In addition to lease income, Belle receives dividends from Premium Leisure Corp

(**PLC**), its 99.55%-owned subsidiary. PLC is accorded a share in revenues or earnings from CODM's gaming operations through the operating agreement between its wholly owned subsidiary, Premium Leisure and Amusement, Inc (**PLAI**) and Melco.

South of Metro Manila, Belle owns significant real estate assets and develops premium residential resort projects around Tagaytay City. Among its exclusive destinations are the club and golf facilities and residential communities of Tagaytay Highlands and Tagaytay Midlands, as well as a further 800 hectares intended for future development.

SMIC's effective ownership in Belle is 26.6%.

Atlas Consolidated Mining & Development Corporation (**Atlas Mining**) is primarily engaged in metallic mineral exploration and mining.

It operates the Toledo copper mine in the province of Cebu through its wholly-owned subsidiary Carmen Copper Corporation (**Carmen Copper**). The Toledo copper mine is one of the Philippines' largest exporters of copper concentrate and also markets by-products from copper concentrate processing such as magnetite and pyrite.

Atlas Mining also has a stake in the nickel laterite mining project of Berong Nickel Corporation (**Berong Nickel**) in Palawan. Berong Nickel has been engaged in the direct shipping of nickel laterite ore since 2007.

SMIC effectively owns 34.1% of Atlas Mining.

NEO Group features a portfolio of seven commercial office buildings certified green under the BERDE green building rating system and certified net zero carbon under the EDGE Zero Carbon and Advancing Net Zero Philippines programs. With a total GFA of 256,707 sqm and a tenant base that includes top-tier local and multinational companies, all seven buildings are located within the largest and only Philippine Economic Zone Authority (PEZA) certified IT park in Bonifacio Global City. Occupancy as of December 31, 2024 is 96%.

SMIC effectively owns 95% of the first five buildings, and 34% in the remaining two buildings in the NEO portfolio.

2GO Group, Inc. (**2GO**) is a shipping and logistics provider that synergizes its various businesses in shipping, freight forwarding, warehousing and express delivery services to provide total solutions to its customers.

SMIC holds 67.2% effective ownership of 2GO.

Philippine Urban Living Solutions (**PULS**) is a dormitory developer and operator specializing in the development of rental housing communities under the MyTown brand. It provides affordable living spaces to young urban professionals within walking distance of the central business districts of Metro Manila. It currently has 16 buildings in operation with 2 more buildings under development.

SMIC effectively owns 71.3% in PULS.

Goldilocks is the largest bakeshop chain in the Philippines with 969 stores and selected operations overseas. Goldilocks serves customers with best-selling dishes as well as a wide array of baked goods and home cooked food.

SMIC effectively owns 64.1% in Goldilocks.

Airspeed is an end-to-end logistics solutions and express courier company that has been in the industry for over 37 years. They provide freight solutions management via air, sea, and land through their established network of international and domestic partners and carriers. Airspeed also offers customized logistics, warehousing and distribution, and customs clearance.

SMIC effectively owns 51.0% in Airspeed.

Philippine Geothermal Production Company (**PGPC**) is a company that operates steam fields to supply third-party owned geothermal power plants. PGPC also has rights exclusive rights to explore, develop and utilize other geothermal resources in the Philippines. PGPC is currently supplying steam with an equivalent of approximately 300MW powering the Luzon grid. SMIC merged with Allfirst Equity Holdings, Inc. in August 2022, with SMIC as the surviving entity.

SMIC effectively owns 100% of PGPC.

Competition

The Company's subsidiaries compete with other local companies in the industry segments in which they operate. The Company believes that each of its subsidiaries has strong competitive advantages over the other industry players. In addition, the strong synergy created by the complementing businesses of the individual subsidiaries has further reinforced each subsidiary's preparedness to face stiff competition in the coming years.

Suppliers

The Company and its subsidiaries have a broad range of suppliers, both local and foreign.

Customers / Clients

The Company and its subsidiaries are not dependent on a single or a few customer / client base. The group has a broad base of local and foreign, and corporate and individual customers / clients.

Transactions With and/or Dependence on Related Parties

See *Note 21* (Related Party Disclosures) of the Notes to the Consolidated Financial Statements.

Governmental regulations and environmental laws

The Company and its subsidiaries meet all governmental, environment, health and safety requirements. The Company has not experienced significant governmental, environment, health or safety problems.

Employees

As of December 31, 2024, the Parent Company had 405 regular employees. Its employees are not subject to any Collective Bargaining Agreements.

Risks

SMIC Enterprise Risk Management approach starts from the identification and prioritization of risks, to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process.

The Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company. The business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. The Board Risk Oversight Committee is updated on status of risk management and improvement plans of the Company.

Action plans to mitigate risks include investment in technology, provision of continuous trainings to employees, performance of regular audits, establishment and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders. The technology risk officer through continuous risk assessments, threats to assets are identified, vulnerability to and likelihood of occurrence are evaluated and potential impacts are estimated in the areas of network, operating system, application and database in production. Specifically, system vulnerability assessments, to proactively detect and address threats and vulnerabilities, are regularly implemented. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.

ITEM 2. Properties

The Company and its subsidiaries own and lease several tracts of land for shopping malls, commercial, residential and other development.

Leased properties intended for future development have lease terms ranging from 15 to 50 years. Some contracts provide for renewal options subject to mutual agreement of the parties. Rental rates are based on prevailing market rental rates for the said properties. Please refer to *Note 27* of the accompanying Notes to the Consolidated Financial Statements for further details on Lease Agreements. Other real properties that the Company intends to acquire are still under review depending on factors such as demographics and accessibility to public transport.

ITEM 3. Legal Proceedings

The Company and its subsidiaries are not involved in any discussion of legal material proceedings.

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 calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's shares of stock are traded in The Philippine Stock Exchange, Inc.

	2024				2023			
Stock Prices		High		Low		High		Low
1st Quarter	₱	955.0	₱	870.0	₱	950.0	₱	852.0
2nd Quarter		991.0		809.0		943.0		870.0
3rd Quarter		996.0		828.0		946.5		789.5
4th Quarter		1000.0		875.0		912.5		801.0

As of December 31, 2024, the closing price of the Company's shares of stock is P899.00/share.

Stockholder and Dividend Information

The number of stockholders of record as of December 31, 2024 was 1,258. As of December 31, 2024, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders, except with respect to ₱454.4 billion, representing accumulated equity in net earnings of subsidiaries. These earnings are not available for dividend distribution until such time that the Parent Company receives the dividends from the subsidiaries.

The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. Dividends shall be paid within 30 days from the date of declaration.

In 2024 and 2023, the Company declared and paid dividends of P10,998.2 million and P9,165.2 million equivalent to 60% and 79% of the 2023 and 2022 earnings, respectively, of SMIC Parent Company.

The cash dividends out of the 2024 earnings will be discussed and determined at the Board Meeting on April 30, 2025.

On April 24, 2024, the BOD approved the declaration of cash dividends of 90.0% of the par value or P9.00 per share for a total amount of P10,998.2 million in favor of stockholders on record as at May 9, 2024. This was paid on May 23, 2024.

On April 26, 2023, the BOD approved the declaration of cash dividends of 75.0% of the par value or P7.50 per share for a total amount of P9,165.2 million in favor of stockholders on record as at May 11, 2023. This was paid on May 25, 2023.

On April 27, 2022, the BOD approved the declaration of cash dividends of 62.5% of the par value or P6.25 per share for a total amount of P7,528.6 million in favor of stockholders on record as at May 13, 2022. This was paid on May 26, 2022.

The top 20 stockholders as of December 31, 2024 are as follows:

	Name	No. of Shares Held	% to Total
1	PCD Nominee Corp. (Non-Filipino)	413,123,865	33.69%
2	PCD Nominee Corp. (Filipino)	239,466,456	19.53%
3	Harley T. Sy	87,604,771	7.15%
4	Herbert T. Sy	86,753,008	7.08%
5	Hans T. Sy	75,839,675	6.19%
6	Syntrix Holdings, Inc.	47,032,000	3.84%
7	Elizabeth T. Sy	41,209,904	3.36%
8	Tansmart Holdings, Inc.	27,285,000	2.23%
9	Sysmart Corporation	26,681,954	2.18%
10	Teresita T. Sy	25,440,508	2.08%
11	Henry Sy Foundation, Inc.	22,500,000	1.84%
12	Green Doe Holdings, Inc.	15,000,000	1.22%
13	Raven Grey Holdings, Inc.	15,000,000	1.22%
14	Water Fry Holdings, Inc.	15,000,000	1.22%
15	Felicidad T. Sy Foundation, Inc.	11,250,000	0.92%
16	Bernese MD Corporation	10,000,000	0.82%
17	Cantibleu Corporation	10,000,000	0.82%
18	Coman Holdings Corporation	10,000,000	0.82%
19	NLC Holdings, Inc.	8,730,000	0.71%
20	MLC Holdings, Inc.	8,480,000	0.69%

The securities below were issued as exempt from the registration requirements of the Securities Regulation Code (SRC) and therefore have not been registered with the Securities and Exchange Commission:

- In July 2024, SMIC, through its wholly owned subsidiary SMIC SG Holdings Pte. Ltd., issued the first tranche of US$500 million out of its US$3.0 billion Euro Medium Term Note (EMTN) program and listed the same in the Singapore Exchange Securities Trading Limited (SGX-ST). This issuance, which bears a coupon rate of 5.375% per annum on a 5-year term, is guaranteed by SMIC. The EMTN was established in May 2024. It is a joint issue of SMIC SG Holdings Pte. Ltd. and SMPHI SG Holdings Pte. Ltd., a wholly owned subsidiary of SM Prime. The debt notes, which was listed in the SGX-ST, are considered exempt security pursuant to 10.1 (l) of RA No. 8799. HSBC, J.P. Morgan, Standard Chartered Bank and UBS have been mandated by SM Investments as Joint Lead Managers and Joint Bookrunners, alongside BDO Capital and China Bank Capital as Joint Lead Managers.

There is no recent acquisition, business combination or other reorganization that has an effect on the amount and percentage of present holdings of the Company's common equity.

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

Calendar Years Ended December 31, 2024 and 2023

Results of Operation
(amounts in billion pesos)

	2024	2023	% Change
Revenues	**₱ 654.8**	**₱ 616.3**	**6.3%**
Cost and Expenses	503.0	474.1	6.1%
Income from Operations	**151.8**	**142.2**	**6.8%**
Other Charges	18.9	19.4	-2.3%
Provision for Income Tax	18.3	16.6	9.8%
Net Income After Tax	**114.6**	**106.2**	**8.0%**
Non-controlling Interests	32.0	29.2	9.8%
Net Income Attributable to Owners of the Parent	**₱ 82.6**	**₱ 77.0**	**7.3%**

SM Investments Corporation and Subsidiaries (the Group) reported ₱82.6 billion *Net Income Attributable to Owners of the Parent* on ₱654.8 billion *Revenues*.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2024	2023	**2024**	2023
Retail	**66%**	67%	**18%**	19%
Property	**20%**	19%	**26%**	25%
Banks	**7%**	7%	**49%**	47%
Portfolio	**7%**	7%	**7%**	9%

Retail

SM Retail reported ₱20.9 billion Net income on Revenues of P434.5 billion.

The SM Stores reported Sales of ₱108.0 billion, flat vs. 2023. This reflects the impact of high sales base in 2023 when mobility restrictions related to COVID pandemic was lifted. Strong recovery was noted in the 4th quarter with 5% sales growth.

The Food Stores reported Sales of ₱249.6 billion, 8% higher than 2023. This growth is driven by expanded store networks and improved customer engagement. The increase is attributable to SM Markets with Sales of ₱176.5 billion at 5% growth, and Alfamart with ₱34.1 billion at 20% growth.

The Specialty Stores reported Sales of ₱91.7 billion, 2% higher than 2023. This growth is attributable to appliances and fashion.

The 5% growth in net income is attributable to sustained sales growth and modest gains in gross margins.

Property

SM Prime reported P45.6 billion *Net income* on *Revenues* of ₱140.4 billion, 14% and 10% higher than 2023, respectively. Strong growth was recorded for rentals at 9%, real estate sales at 9% as well as its services and experiential offerings.

Malls accounted for 55% of revenues, followed by residences at 34%, hotels and convention centers at 6%, and offices and warehouses at 5%.

Banking

BDO reported ₱82.0 billion *Net income*, 12% higher than 2023. This is supported by growth across its core businesses. *Net interest income* increased 8% with the expansion in earning assets and growth in its service businesses. *Gross customer loans* grew by 13% to ₱3.2 trillion with growth across all market segments.

Total deposits increased 6% to ₱3.8 trillion, with CASA ratio at 71%. Asset quality remained stable with non-performing loan (NPL) ratio at 1.83% and NPL coverage at 145%.

China Bank reported ₱24.8 billion *Net income*, 13% higher than 2023. *Net interest income* increased 19% to ₱63.5 billion.

Asset quality was stable with non-performing loan (NPL) ratio at 1.6% and NPL coverage at 139%.

Portfolio Investments

The Portfolio Investments Group contributed ₱6.5 billion to the 2024 consolidated net income, 46% of which is from PGPC, 22% from NEO at and 10% from Belle.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased 5.0% to ₱421.8 billion, accounted for 64% of total revenues in 2024. This is attributable to SM Markets with 5% growth to ₱176.5 billion from its 337 stores and Alfamart with 20% growth to ₱34.1 billion sales from its 2,092 stores.

Real Estate Sales increased 9.0% to ₱45.9 billion from its various projects including *Now Residences* in Pampanga, *Vail Residences* in Cagayan de Oro*, Gold Towers* (residential and offices) in Paranaque, *Glade Residences* in Iloilo, and *Calm Residences* in Laguna.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 10.0% to ₱68.0 billion.

*Equity in Net Earnings of Associate Companies and Joint Venture*s increased 11.3% to ₱50.0 billion. The increase is mainly with the banks.

Other Revenues increased 5.3% to ₱69.1 billion. The increase is mainly on *Cinema Ticket Sales*, *Amusement and Others* at 13.2% growth and *Shipping, Logistics and Other Services* at 12.3% growth.

Costs and Expenses increased 6.1% to ₱503.0 billion. This increase includes the additional cost from newly opened malls and retail stores.

Income from Operations increased 6.8% to ₱151.8 billion. *Operating Margin* and *Net Margin* in 2024 is at 23.5% and 17.8%, respectively.

Other Charges (net) decreased 2.3% to ₱18.9 billion. *Interest Income* increased 13.1% to ₱4.6 billion due mainly to increase in average cash balance of cash. *Foreign Exchange Gain (Loss) - Net and Others* increased, as well, ₱729.5 million with *Gain on Disposal of Investments and Properties - Net* of ₱445.3 million and *Foreign exchange gain - net* of ₱572 million. The PHP to USD foreign exchange rate amounted to PHP57.84 : USD1.00 in 2024 from PHP55.37 : USD1.00 in 2023. *Interest Expense* decreased by 1.6% to ₱23.7 billion. *Loss from fair value changes on derivatives - net* increased to ₱480.0 million. Additional impairment of certain investments was taken up in 2024 at ₱475.7 million compared to net reversal of ₱320.2 million in 2023.

Provision for Income Tax increased 9.8% to ₱18.3 billion due mainly to higher taxable income in 2024.

Non-controlling Interests increased 9.8% to ₱32.0 billion due mainly to the improved net income of partly-owned subsidiaries.

Financial Position

(amounts in billion pesos)

	12 / 31 / 2024	**12 / 31 / 2023**	**% Change**
Current Assets	₱ 383.8	₱ 359.5	6.8%
Noncurrent Assets	1,315.3	1,226.7	7.2%
Total Assets	**₱ 1,699.1**	**₱ 1,586.2**	**7.1%**
Current Liabilities	₱ 343.2	₱ 330.8	3.8%
Noncurrent Liabilities	489.5	483.2	1.3%
Total Liabilities	**832.7**	**814.0**	**2.3%**
Total Equity	**866.4**	**772.2**	**12.2%**
Total Liabilities and Equity	**₱ 1,699.1**	**₱ 1,586.2**	**7.1%**

Total *Assets* and *Liabilities* increased 7.1% to ₱1,699.1 billion and 2.3% to ₱832.7 billion, respectively.

Assets

Current Assets increased 6.8% to ₱383.8 billion.

Cash and Cash Equivalents increased 8.5% to ₱112.5 billion: ₱107.6 billion cash generated from operations, partially offset by ₱53.8 billion used for financing activities

and ₱45.1 billion used for investments in property, plant and equipment, investment properties and others.

Receivables and Contract Assets increased 16.5% to ₱92.3 billion attributable mainly to receivables from real estate buyers and tenants.

Inventories increased 1.9% to ₱119.7 billion attributable mainly to Retail's merchandise inventory which increased by ₱3.1 billion to ₱42.0 billion.

Noncurrent Assets increased 7.2% to ₱1,315.3 billion.

Investments in Associate Companies and Joint Ventures increased 10.6% to ₱399.5 billion. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by dividends received, disposal of shares, and share in comprehensive loss of its associate companies.

Property and Equipment increased 8.5% to ₱57.4 billion attributable mainly to additions to vessels in operation, machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased 86% to ₱3.3 billion as these were used to pay maturing obligations.

Investment Properties increased 10.4% to ₱592.9 billion due mainly to SM Prime's land banking and integrated property developments, new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased 6.1% to ₱146.5 billion representing mainly the increase in receivable from real estate buyers and PGPC's deferred costs of exploring geothermal resources.

Liabilities

Interest-bearing Debt decreased 0.2% to ₱500.6 billion due mainly to net debt payments, particularly by the Parent Company offset by net debt availment by SM Prime.

Accounts Payable and Other Current Liabilities increased 5.1% to ₱210.4 billion due mainly to the increase in trade and accrued expenses of SM Prime and SM Retail.

Deferred Tax Liabilities increased 7.3% to ₱19.4 billion reflecting the net change in SM Prime's unrealized gross profit on sales of real estate.

Tenants' Deposits and Others increased 11.9% to ₱65.0 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased 12.2% to ₱866.4 billion.

Equity Attributable to Owners of the Parent increased 12.7% to ₱627.3 billion due mainly to the ₱71.6 billion addition in Retained Earnings representing the ₱82.6 billion net income offset by the ₱11.0 billion dividend declaration in 2024.

Non-controlling Interests increased 10.9% to ₱239.1 billion representing the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	12 / 31 / 2024	**12 / 31 / 2023**
Current Ratio	1.1	1.1
Acid Test Ratio	0.6	0.6
Solvency Ratio	17.0%	16.1%
Asset to Equity	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	37 : 63	39 : 61
On Net Basis	31 : 69	33 : 67
Return on Equity	13.8%	14.5%
Return on Assets	7.0%	7.0%
Revenue Growth	6.3%	11.4%
Net Margin	17.5%	17.2%
Net Income Growth	7.3%	25%
EBITDA *(In Billions of Pesos)*	178.3B	166.9B
Interest Cover	7.5x	6.9x

Solvency Ratio increased to 17.0% due to the 7.8% increase in *Net Income After Tax* and depreciation vs. 2.3% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 37:63 due to the 0.2% decrease in gross debt with 12.2% increase in equity. *Net Debt - Equity Ratio* likewise improved to 31:69 with only 2.6% increase in net debt.

Return on Equity improved to 13.8% due to the 7.3% increase in net income attributable to owners of the parent vs. 13.0% increase in average equity.

Return on Assets improved slightly to 7.0% due to the 8.0% increase in *Net Income After Tax* vs 7.5% increase in average assets.

The 2024 *Revenue Growth* of 6.3% attributable mainly to the 5.0% increase in *Merchandise Sales*, 9.0% in *Real estate Sales*, 10.0% increase in *Rent Revenues,* 11.3% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures* and 5.3% increase in *Other Revenues*.

EBITDA increased 6.9% due to the 6.8% increase in income from operations and 7.3% increase in depreciation.

Interest Cover improved to 7.5x due to the 6.9% increase in EBITDA vs. 1.6% decrease in interest expense.

The manner by which the Group calculates the foregoing indicators is as follows:

1. Current Ratio — Current Assets / Current Liabilities

2. Acid Test Ratio — Current Assets less Inventories and Other Current Assets / Current Liabilities

3. Solvency Ratio — Net Income After Tax + Depreciation and Amortization / Total Liabilities

4. Asset to Equity Ratio — Total Assets / Total Equity

5. Debt – Equity Ratio

   a. Gross Basis — Total Interest-Bearing Debt / Total Equity + Total Interest-Bearing Debt

   b. Net Basis — Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds / Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds

6. Revenue Growth — Total Revenues (Current Period) - 1 / Total Revenues (Prior Period)

7. Net Margin — Net Income After Tax / Total Revenues

8. Net Income Growth — Net Income Attributable to Owners of the Parent (Current Period) - 1 / Net Income Attributable to Owners of the Parent (Prior Period)

9. Return on Equity — Net Income Attributable to Owners of the Parent / Average Equity Attributable to Owners of the Parent

10. Return on Assets — Net Income after Tax / Total Assets

11. EBITDA — Income from Operations + Depreciation & Amortization

12. Interest Cover — EBITDA / Interest Expense

Expansion Plans / Prospects in 2025

In 2025, the Group would continue with the opening of new stores, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties. The Group has no material commitments for capital expenditures other than those disclosed in Note 15 for Investment Properties.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

Calendar Years Ended December 31, 2023 and 2022

Results of Operation
(amounts in billion pesos)

	2023	2022	% Change
Revenues	**₱ 616.3**	**₱ 553.0**	**11.4%**
Cost and Expenses	474.1	435.4	8.9%
Income from Operations	**142.2**	**117.6**	**21%**
Other Charges	19.4	18.4	5.0%
Provision for Income Tax	16.6	14.8	12.4%
Net Income After Tax	**106.2**	**84.4**	**26%**
Non-controlling Interests	29.2	22.7	29%
Net Income Attributable to Owners of the Parent	**₱ 77.0**	**₱ 61.7**	**25%**

SM Investments Corporation and Subsidiaries (the Group) reported ₱77.0 billion *Net Income Attributable to Owners of the Parent* on ₱616.3 billion *Revenues*.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2023	2022	**2023**	2022
Retail	**67%**	68%	**19%**	21%
Property	**19%**	18%	**25%**	23%
Banks	**7%**	6%	**47%**	45%
Portfolio	**7%**	8%	**9%**	11%

Retail

SM Retail reported ₱19.9 billion *Net income* on *Revenues* of ₱415.0 billion, 11% and 10% higher than 2022, respectively.

The SM Stores reported Sales of ₱108.4 billion, 14% higher than 2022.

The Food Stores reported Sales of ₱231.5 billion, 7% higher than 2022. Bulk of the increase is from the SM Markets with Sales of ₱167.7 million, a 6% growth, and Alfamart with ₱28.4 billion sales, with 9% same store sales growth.

The Specialty Stores reported Sales of ₱89.6 billion, 10% higher than 2022. This growth is attributable to Toy Kingdom/Pet Express, Miniso, Crocs and Kultura.

The general improvement in profitability is attributable to the strong sales growth and modest improvement in gross margins.

Property

SM Prime reported P40.0 billion *Net income* on *Revenues* of ₱128.1 billion, 33% and 21% higher than 2022, respectively.

The mall business, which accounts for 56% of consolidated *Revenues* reported a 30% growth in *Revenues* to ₱71.9 billion in 2023. Mall rental income increased by 24% to ₱ 61.3 billion.

The residential business, led by SMDC, reported an 8% growth in *Revenues* of ₱43.1 billion in 2023, with 2023 reservation sales of ₱102.0 billion equivalent to more than 21,000 residential units.

Banking

BDO reported ₱73.4 billion *Net income*, 29% higher than 2022. This is supported by growth across its core businesses. *Net interest income* increased 25% to ₱186.4 billion as *Gross customer loans* grew by 9% to ₱2.8 trillion with growth across all market segments.

Total deposits increased 11% to ₱3.6 trillion, with CASA ratio at 72%. Asset quality continued to improve with non-performing loan (NPL) ratio at 1.85% and NPL coverage at 185%.

China Bank reported ₱22.0 billion *Net income*, 15% higher than 2022. *Net interest income* increased 17% to ₱53.5 billion as the strong growth in loans and investments offset the significantly higher interest expense. *Gross loans* increased 10% to ₱791 billion.

Total deposits increased 11% to ₱1.2 trillion with CASA ratio at 48%. Asset quality was stable with non-performing loan (NPL) ratio at 2.5% and NPL coverage at 104%.

Portfolio Investments

Portfolio Investments' contribution to consolidated net income grew 6% in 2023. The businesses with significant contribution to consolidated net income growth include 2GO whose reported net income grew 204%, Belle with 30% and Goldilocks with 60%.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased by 9.4% to ₱401.7 billion, accounted for 65% of total revenues in 2023. This is attributable to The SM Store with 14% growth, Food with 7% and Specialty stores with 10%.

Real Estate Sales increased by 7.9% to ₱42.1 billion due mainly to higher sales take-up and construction accomplishments of various projects including *Gold*, *Mint*, *Sands*, *Shore*, *Cheerful* and *South* Residences.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased by 26% to ₱61.8 billion. This is attributable to increased mall traffic and general improvements in tenant sales.

*Equity in Net Earnings of Associate Companies and Joint Venture*s increased by 25% to ₱44.9 billion. The increase is coming mainly from the bank and retail associates.

Other Revenues increased by 6.5% to ₱65.7 billion due mainly to the 114% increase in *Cinema Ticket Sales*, *Amusement and Others*, 18.5% increase in *Shipping, Logistics and Other Services* and 41% increase in *Royalty and Service Fees*.

Costs and Expenses increased by 8.9% to ₱474.1 billion. This increase is relative to the increase in revenue due mainly to opening of new malls and retail stores and ongoing real estate projects.

Income from Operations increased by 21% to ₱142.2 billion. *Operating Margin* and *Net Margin* in 2023 is at 23.1% and 17.2%, respectively.

Other Charges (net) increased by 5.0% to ₱19.4 billion. *Interest Expense* increased to ₱24.1 billion due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 33% to ₱4.0 billion due mainly to increase in average balance of cash and time deposits. *Foreign Exchange Gain (Loss) - Net and Others in 2023* include *Gain on Disposal of Investments and Properties - Net* of ₱66 million and ₱329 million foreign exchange gain. The PHP to USD foreign exchange rate amounted to PHP55.37 : USD1.00 in 2023 from PHP55.76 : USD1.00 in 2022.

Provision for Income Tax increased by 12.4% to ₱16.6 billion due mainly to higher taxable income in 2023.

Non-controlling Interests increased by 29% to ₱29.2 billion due mainly to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	12 / 31 / 2023	12 / 31 / 2022	% Change
Current Assets	₱ 359.5	₱ 361.5	-0.6%
Noncurrent Assets	1,226.7	1,117.9	9.7%
Total Assets	**₱ 1,586.2**	**₱ 1,479.4**	**7.2%**
Current Liabilities	₱ 330.8	₱ 293.0	12.9%
Noncurrent Liabilities	483.2	494.2	-2.3%
Total Liabilities	**814.0**	**787.2**	**3.4%**
Total Equity	**772.2**	**692.2**	**11.6%**
Total Liabilities and Equity	**₱ 1,586.2**	**₱ 1,479.4**	**7.2%**

Total *Assets* and *Liabilities* increased by 7.2% to ₱1,586.2 billion and 3.4% to ₱814.0 billion, respectively.

Assets

Current Assets slightly decreased by 0.6% to ₱359.5 billion.

Cash and Cash Equivalents decreased by 2.6% to ₱103.7 billion: ₱52.3 billion used for financing activities, ₱41.4 billion used for investments in property, plant and equipment, investment properties and others, partially offset by ₱90.9 billion cash generated from operations.

Receivables and Contract Assets decreased by 6.1% to ₱79.2 billion due mainly to collections of receivables from real estate buyers, tenants, and shipping and logistics services.

Inventories increased by 10.4% to ₱117.5 billion. SM Prime's real estate inventory increased by ₱7.4 billion to ₱77.9 billion and Retail's merchandise inventory increased by ₱4.2 billion to ₱38.9 billion.

Other Current Assets increased by 4.9% to ₱57.7 billion due mainly to higher input tax and receivable from banks.

Noncurrent Assets increased by 9.7% to ₱1,226.7 billion.

Financial Assets at FVOCI (current and noncurrent) increased by 4.5% to ₱27.1 billion due mainly to new investments partially offset by the decline in market value of certain investments in shares of stock.

Investments in Associate Companies and Joint Ventures increased by 10.1% to ₱361.3 billion. The increase mainly represents the Group's equity in net earnings of its

associate companies particularly the banks, partly offset by dividends received, disposal of shares, and share in comprehensive loss of its associate companies.

Property and Equipment increased by 10.4% to ₱52.9 billion attributable mainly to additions to machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased by 30% to ₱22.9 billion as these were used to pay maturing obligations.

Investment Properties increased by 10.5% to ₱537.1 billion due mainly to SM Prime's land banking and land reclamation project, ongoing new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased by 13.3% to ₱138.0 billion attributable mainly to receivable from real estate buyers.

Liabilities

Interest-bearing Debt decreased by 0.8% to ₱501.7 billion due mainly to net payments, particularly by the Parent Company and SM Prime.

Accounts Payable and Other Current Liabilities increased by 10.0% to ₱200.2 billion due mainly to the increase in trade and nontrade payables.

Deferred Tax Liabilities increased by 7.9% to ₱18.1 billion reflecting the net change in SM Prime's unrealized gross profit on sales of real estate.

Tenants' Deposits and Others increased by 23% to ₱58.0 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased by 11.6% to ₱772.2 billion.

Equity Attributable to Owners of the Parent increased by 12.0% to ₱556.6 billion due mainly to the ₱67.8 billion addition in Retained Earnings representing the ₱77.0 billion net income offset by the ₱9.2 billion dividend declaration in 2023, and the ₱4.0 billion reduction in *Additional paid-in capital* resulting mainly from the movements in the Group's investments in 2GO and GBI.

Non-controlling Interests increased by 10.4% to ₱215.6 billion due mainly to the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	12 / 31 / 2023	12 / 31 / 2022
Current Ratio	1.1	1.2
Acid Test Ratio	0.6	0.7
Solvency Ratio	16.1%	13.7%
Asset to Equity	2.1	2.1
Debt - Equity Ratios:		
On Gross Basis	39 : 61	42 : 58
On Net Basis	33 : 67	35 : 65
Return on Equity	14.5%	13.1%
Return on Assets	7.0%	5.9%
Revenue Growth	11.4%	28.1%
Net Margin	17.2%	15.3%
Net Income Growth	25%	53%
EBITDA *(In Billions of Pesos)*	166.9B	141.2B
Interest Cover	6.9x	6.6x

Current ratio slightly decreased to 1.1 due to the 0.6% slight decrease in *Current assets* vs 12.9% increase in *Current liabilities.*

Acid Test Ratio slightly decreased to 0.6 due to the 7.9% decrease in quick assets, mainly *Cash and Cash Equivalents* and *Receivables and Contract Assets* vs. 12.9% increase in *Current Liabilities*.

Solvency Ratio increased to 16.1% due to the 21% increase in *Net Income After Tax* and depreciation vs. 3.4% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 39:61 due to the 0.8% decrease in gross debt with 11.6% increase in equity. *Net Debt - Equity Ratio* likewise improved to 33:67 with only 2.4% increase in net debt.

Return on Equity improved to 14.5% due to the 25% increase in net income attributable to owners of the parent vs. 12.5% increase in average equity.

Return on Assets improved to 7.0% due to the 26% increase in *Net Income After Tax* vs 6.4% increase in average assets.

Revenue Growth increased to 11.4% due mainly to the 9.4% increase in *Merchandise Sales*, 26% increase in *Rent Revenues,* 25% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures* and 6.5% increase in *Other Revenues*.

EBITDA increased by 18.2% due to the 21% increase in income from operations and 4.5% increase in depreciation.

Interest Cover improved to 6.9x due to the 18.2% increase in EBITDA vs. 11.8% increase in interest expense.

The manner by which the Group calculates the foregoing indicators is as follows:

1.	Current Ratio	Current Assets / Current Liabilities
2.	Acid Test Ratio	Current Assets less Inventories and Other Current Assets / Current Liabilities
3.	Solvency Ratio	Net Income After Tax + Depreciation and Amortization / Total Liabilities
4.	Asset to Equity Ratio	Total Assets / Total Equity
5.	Debt – Equity Ratio	
	a. Gross Basis	Total Interest-Bearing Debt / Total Equity + Total Interest-Bearing Debt
	b. Net Basis	Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds / Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds
6.	Revenue Growth	Total Revenues (Current Period) - 1 / Total Revenues (Prior Period)
7.	Net Margin	Net Income After Tax / Total Revenues
8.	Net Income Growth	Net Income Attributable to Owners of the Parent (Current Period) - 1 / Net Income Attributable to Owners of the Parent (Prior Period)
9.	Return on Equity	Net Income Attributable to Owners of the Parent / Average Equity Attributable to Owners of the Parent
10.	Return on Assets	Net Income after Tax / Total Assets
11.	EBITDA	Income from Operations + Depreciation & Amortization
12.	Interest Cover	EBITDA / Interest Expense

Expansion Plans / Prospects in 2024

In 2024, the Group would continue with the opening of new stores, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties. The Group has no material commitments for capital expenditures other than those disclosed in Note 15 for Investment Properties.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

Calendar Years Ended December 31, 2022 and 2021

Results of Operation
(amounts in billion pesos)

	2022	2021	% Change
Revenues	**₱ 553.0**	**₱ 431.7**	**28%**
Cost and Expenses	435.4	352.8	23%
Income from Operations	**117.6**	**78.9**	**49%**
Other Charges	18.4	15.3	21%
Provision for Income Tax	14.8	9.0	64%
Net Income After Tax	**84.4**	**54.6**	**54%**
Non-controlling Interests	22.7	14.2	59%
Net Income Attributable to Owners of the Parent	**₱ 61.7**	**₱ 40.4**	**53%**

SM Investments Corporation and Subsidiaries (the Group) reported ₱61.7 billion *Net Income Attributable to Owners of the Parent* on ₱553.0 billion *Revenues*.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2022	2021	**2022**	2021
Retail	**68%**	71%	**21%**	16%
Property	**18%**	19%	**23%**	24%
Banks	**6%**	5%	**45%**	49%
Portfolio	**8%**	5%	**11%**	11%

Retail

SM Retail reported ₱17.9 billion *Net income* on *Revenues* of ₱378.2 billion, 86% and 24% higher than 2021, respectively.

The SM Stores reported ₱94.9 billion *Sales*, 64% higher than 2021.

The Food Stores reported ₱215.4 billion *Sales*, 12% higher than 2021. The SM Markets reported ₱158.2 million *Sales*, 11% higher than 2021. 2022 is the first year that Alfamart reported positive results on ₱23.3 billion *Sales*, 22% higher than 2021.

The Specialty Stores reported ₱81.5 billion *Sales*, 29% higher than 2021. This growth is attributable to SM Appliances, Our Home, Ace Hardware, Sports stores and Toy Kingdom/Pet Express.

The general improvement in profitability is attributable to the strong sales growth across all store formats, aggressive cost management, as well as the adoption of CREATE.

Property

SM Prime reported ₱30.1 billion *Net income* on *Revenues* of ₱105.8 billion, 38% and 29% higher than 2021, respectively.

The Philippine malls reported *Revenues* of ₱49.8 billion, more than double the ₱24.1 billion reported in 2021. Local mall rental income increased by 92% to ₱44.1 billion.

SM Prime's residential business led by SMDC reported *Revenues* of ₱40.1 billion and reservation sales of ₱102.0 billion.

Banking

BDO reported ₱57.1 billion *Net income*, 33% higher than 2021. This is supported by a 14% growth in net interest income and 17% growth in Other operating income.

The highlights of BDO's financial statements are as follows: strong results continue across core businesses; earnings are broad-based and diversified; full-year return on equity at 13%; balance sheet is solid with very comfortable capital position; and asset quality improving with ample provisioning. BDO continues being alert to the challenges posed by supply constraints, higher inflation, tighter external liquidity, rates/FX volatility and geopolitical strains.

China Bank reported a ₱19.1 billion *Net income*, 27% higher than 2021. This is supported by a 19% growth in net interest income.

Portfolio Investments

The strong performance of the Portfolio Investments is attributable to Philippine Geothermal Production Company, Inc. and the turnaround of 2GO.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased by 25% to ₱367.3 billion, accounted for 66% of total revenues in 2022. This is attributable to the strong holiday sales and increased demand for school essential with the resumption of in-person schooling.

Real Estate Sales decreased by 13% to ₱39.0 billion due mainly to sales cancellations relative to the expiration of Bayanihan Act which gave some reprieve to unit buyers in terms of amortization payments.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased by 66% to ₱49.2 billion. This is attributable to increased mall traffic.

*Equity in Net Earnings of Associate Companies and Joint Venture*s increased by 34% to ₱35.8 billion. The increase is mainly coming from BDO and China Bank.

Other Revenues increased by 74% to ₱61.6 billion.

- *Sales - Processed Food and Others* increased by 92% to ₱24.6 billion. The increase is attributable to the full year sales contribution of 2GO and GBI in 2022. 2GO and GBI became subsidiaries of SMIC in June 2021 and August 2021, respectively.

- *Shipping, Logistics and Other Services* increased by 149% to ₱14.1 billion. The increase is attributable to the full year revenue contribution of 2GO and 4 months revenue contribution of Airspeed in 2022 (see Note 5 of the consolidated financial statements).

- *Cinema Ticket Sales, Amusement and Others* increased by 745% to ₱4.2 billion. This is attributable to the lifting of restrictions in the operation of cinemas and other leisure areas in the latter part of 2021.

- *Royalty and Service Fees* increased by 22% to ₱5.5 billion as this is based on the higher sales base of various retail affiliated stores.

Costs and Expenses increased by 23% to ₱435.4 billion. This increase is relative to the increase in revenue. Also, 2022 includes the full year expenses of 2GO and GBI.

Income from Operations increased by 49% to ₱117.6 billion. *Operating Margin* and *Net Margin* in 2022 is at 21.3% and 15.3%, respectively.

Other Charges (net) increased by 21% to ₱18.4 billion. *Interest Expense* increased to ₱ 21.5 billion due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 38% to ₱3.0 billion due mainly to increase in average balance of cash and time deposits. *Foreign Exchange Gain (Loss) - Net and Others in 2022* include *Gain on Disposal of Investments and Properties - Net* of ₱209 million and ₱211 million foreign exchange loss. The PHP to USD foreign exchange rate amounted to PHP55.76 : USD1.00 in 2022 from PHP51.00 : USD1.00 in 2021.

Provision for Income Tax increased by 64% to ₱14.8 billion due mainly to higher taxable income in 2022 and the initial adoption of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) in 2021 which included favorable adjustments of deferred tax liabilities.

Non-controlling Interests increased by 59% to ₱22.7 billion due mainly to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	12 / 31 / 2022	12 / 31 / 2021	% Change
Current Assets	₱ 361.5	₱ 306.4	18.0%
Noncurrent Assets	1,117.9	1,054.1	6.0%
Total Assets	**₱ 1,479.4**	**₱ 1,360.5**	**8.7%**
Current Liabilities	₱ 293.0	₱ 261.6	12.0%
Noncurrent Liabilities	494.2	475.3	4.0%
Total Liabilities	**787.2**	**736.9**	**6.8%**
Total Equity	**692.2**	**623.6**	**11.0%**
Total Liabilities and Equity	**₱ 1,479.4**	**₱ 1,360.5**	**8.7%**

Total *Assets* and *Liabilities* increased by 8.7% to ₱1,479.4 billion and 6.8% to ₱787.2 billion, respectively.

Current Assets

Current Assets increased by 18.0% to ₱361.5 billion.

Cash and Cash Equivalents increased by 19.3% to ₱106.6 billion due mainly to improved operating results and proceeds from issuances of bonds and loan availments, partly offset by payments for trade, capital expenditures and debt servicing.

Receivables and Contract Assets increased by 10.8% to ₱84.3 billion due mainly to higher receivables from real estate buyers, tenants, and shipping and logistics services (see Note 5 of the consolidated financial statements).

Inventories increased by 23% to ₱106.4 billion. The increase is attributable to the construction accomplishments of the Property Group and the increase in merchandise inventories of the Retail Group.

Other Current Assets increased by 3.2% to ₱55.0 billion due mainly to higher prepaid taxes, input tax and bonds and deposits.

Noncurrent Assets

Noncurrent Assets increased by 6.0% to ₱1,117.9 billion.

Financial Assets at FVOCI (current and noncurrent) decreased by 6.4% to ₱25.9 billion due mainly to the decline in market value of certain investments in shares of stock, partly offset by new investments.

Investments in Associate Companies and Joint Ventures increased by 7.6% to ₱328.3 billion. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by dividends received, share in

comprehensive loss of its associate companies, and the effect of business combination in 2022 (see Note 5 of the consolidated financial statements).

Property and Equipment increased by 5.4% to ₱47.9 billion due mainly to additions to machinery and equipment of PGPC in 2022.

Time Deposits (current and noncurrent) increased by 681% to ₱32.9 billion due mainly to the reclassification of time deposits from other noncurrent assets in 2022.

Investment Properties increased by 4.8% to ₱486.0 billion due mainly to SM Prime's land banking, ongoing new mall projects, redevelopment of SM Mall of Asia and other existing malls, and construction of commercial buildings, net of depreciation expense.

Liabilities

Interest-bearing Debt increased by 7.0% to ₱505.7 billion due mainly to SM Prime's debt availments in 2022.

Accounts Payable and Other Current Liabilities increased by 8.0% to ₱182.0 billion due mainly to the increase in trade and nontrade payables and accruals of SM Retail in 2022.

Deferred Tax Liabilities increased by 7.2% to ₱16.8 billion reflecting the net change in SM Prime's unrealized gross profit on sale of real estate.

Tenants' Deposits and Others increased by 1.0% to ₱47.3 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased by 11.0% to ₱692.2 billion.

Equity Attributable to Owners of the Parent increased by 11.0% to ₱496.9 billion. This increase resulted mainly from the ₱61.7 billion net income and reduced by ₱7.5 billion dividends declared in 2022 that is reflected in *Retained Earnings. Fair Value Changes on Cash Flow Hedges* increased to gain of ₱1.6 billion. The increase is partly offset by the 17.3% decrease in *Unrealized Gain on Financial Assets at FVOCI* to ₱11.8 billion due to lower market valuation of certain investments, 68% increase in *Remeasurement Loss on Defined Benefit Asset/Obligation* to ₱1.7 billion, 6.7% decrease in *Cumulative Translation Adjustment* to ₱2.1 billion, and 63% increase in *Share in Other Comprehensive Loss of Associates – net* to ₱10.8 billion.

Non-controlling Interests increased by 11.0% to ₱195.3 billion due mainly to the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	12 / 31 / 2022	12 / 31 / 2021
Current Ratio	1.2	1.2
Acid Test Ratio	0.7	0.6
Solvency Ratio	13.7%	10.2%
Asset to Equity	2.1	2.2
Debt - Equity Ratios:		
On Gross Basis	42 : 58	43 : 57
On Net Basis	35 : 65	38 : 62
Return on Equity	13.1%	9.4%
Return on Assets	5.9%	4.2%
Revenue Growth	28.1%	9.0%
Net Margin	15.3%	12.7%
Net Income Growth	53%	69%
EBITDA *(In Billions of Pesos)*	141.2B	99.9B
Interest Cover	6.6x	5.2x

Acid Test Ratio slightly increased to 0.7 due to the 20% increase in quick assets vs. 12.0% increase in *Current Liabilities*.

Solvency Ratio increased to 13.7% due to the 43% increase in *Net Income After Tax* and depreciation vs. 6.8% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 42:58 due to the 7.0% increase in gross debt with 11.0% increase in equity.

Net Debt - Equity Ratio improved to 35:65 due to the ₱45.7 billion increase in cash and cash equivalents and time deposits which resulted to a decrease in net debt of ₱12.5 billion.

Return on Equity improved to 13.1% due to the 53% increase in net income attributable to owners of the parent vs. 9.5% increase in average equity.

Return on Assets improved to 5.9% due to the 54% increase in *Net Income After Tax* vs 11.0% increase in average assets.

Revenue Growth increased to 28.1% due mainly to the 25% increase in *Merchandise Sales*, 34% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures,* 66% increase in *Rent Revenues* and 74% increase in *Other Revenues*. In 2021, *Merchandise Sales* and *Rent Revenues* increased only by 1.7% and by 10.2%, respectively.

EBITDA increased by 41% due to the ₱38.6 billion increase in income from operations and ₱2.7 billion increase in depreciation.

Interest Cover improved to 6.6x due to the 41% increase in EBITDA vs. 12.6% increase in interest expense.

The manner by which the Group calculates the foregoing indicators is as follows:

1.	Current Ratio	Current Assets / Current Liabilities
2.	Acid Test Ratio	Current Assets less Inventories and Other Current Assets / Current Liabilities
3.	Solvency Ratio	Net Income After Tax + Depreciation and Amortization / Total Liabilities
4.	Asset to Equity Ratio	Total Assets / Total Equity
5.	Debt – Equity Ratio	
	a. Gross Basis	Total Interest-Bearing Debt / Total Equity + Total Interest-Bearing Debt
	b. Net Basis	Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds / Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds
6.	Revenue Growth	Total Revenues (Current Period) - 1 / Total Revenues (Prior Period)
7.	Net Margin	Net Income After Tax / Total Revenues
8.	Net Income Growth	Net Income Attributable to Owners of the Parent (Current Period) - 1 / Net Income Attributable to Owners of the Parent (Prior Period)
9.	Return on Equity	Net Income Attributable to Owners of the Parent / Average Equity Attributable to Owners of the Parent
10.	Return on Assets	Net Income after Tax / Total Assets
11.	EBITDA	Income from Operations + Depreciation & Amortization
12.	Interest Cover	EBITDA / Interest Expense

Expansion Plans / Prospects in 2023

In 2023, expansion and construction of malls, residential and commercial properties, opening of new retail stores across the various formats, mainly in the Retail Food Group, and selectively in the Retail Non-Food Group, as well as expansion of the Group's logistics capacity will continue.

SM Prime will launch 3 new malls in the Philippines in 2023.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

ITEM 7. Financial Statements

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

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

There were no changes in and disagreements with accountants on accounting and financial disclosure.

Independent Public Accountants, External Audit Fees and Services

Sycip, Gorres, Velayo & Company (SGV & Co.) is the external auditor for the current year. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

SRC Rule 68, as Amended, Part 3 (b) (ix), Rotation of External Auditors, states that the key audit partners, which include the engagement partner or signing partner, shall comply with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines (the Code). The Code allows for the engagement partner or signing partner for any audit client, to act in such capacity for a maximum of seven years. Ms. Belinda Beng Hui of SGV & Co. handled the examination of the Company's financial statements starting 2023. Ms. Julie Christine O. Mateo of SGV & Co. was the engagement partner from 2016 to 2022.

The Company's Manual of Corporate Governance provides that an external auditor shall be selected and appointed by the shareholders upon recommendation of the Audit Committee. The Audit Committee pursuant to its Charter, and so authorized by the Board, recommends and evaluates the performance of the external auditor. Also, the Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Corporation's process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. Prior to commencement of audit, the Committee is also mandated to discuss with the external auditor the proposed audit scope and approach of the audit.

The Company's Manual of Corporate Governance also provides that the Committee shall pre-approve all audit plans, scope and frequency before the conduct of external audit. The Committee is also responsible for evaluating and determining the non-audit services, if any, of the external auditor and review periodically the significance of the non-audit fees paid to them. The Committee further reviews the independence of the external auditor and meets with the latter separately to discuss any matters that either party believes should be discussed privately.

The aggregate fees of SGV & Co. to SMIC and its subsidiaries include audit fees totalling P35.0 million and P33.7 million in 2024 and 2023, respectively and non-audit fees billed totalling P13.9 million and P6.8 million in 2024 and 2023, respectively. Non-audit fees include the special review of financial statements as required for the issuance of bonds totalling P10.9 million and P2.4 million in 2024 and 2023, respectively. There were no other fees billed by SGV & Co. other than those disclosed in the supplementary schedule of external auditor fee-related information attached to the consolidated financial statements for the year ended December 31, 2024 incorporated herein by reference.

The Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approved the Committee's recommendation.

The members of the Audit Committee are:

1. Tomasa H. Lipana - Chairperson (Independent Director)
2. Ramon M. Lopez - Member (Independent Director)
3. Amando M. Tetangco, Jr. - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2024:

Members	Feb 26	May 6	July 11	Aug. 5	Nov. 11
Tomasa H. Lipana	√	√	√	√	√
Ramon M. Lopez	√	√	√	√	√
Amando M. Tetangco, Jr.	√	√	√	√	√

The members of the Risk Management Committee are:

1. Robert G. Vergara - Chairman (Independent Director)
2. Ramon M. Lopez - Member (Independent Director)
3. Amando M. Tetangco, Jr. - Member (Independent Director)
4. Lily K. Gruba* - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2024:

	August 5, 2024	November 11, 2024
Robert G. Vergara	√	√
Ramon M. Lopez	√	√
Amando M. Tetangco, Jr.	√	√
Lily K. Gruba*	√	√

*Atty. Lily K. Gruba was elected as Independent Director and appointed as a member of the Risk Management Committee on April 24, 2024 and her election and appointment became effective upon SEC approval on June 10, 2024, of the increase in number of directors from eight (8) to nine (9).

PART III- CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Registrant

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

Officers	Name	Age	Citizenship
Chairman and Independent Director	Amando M. Tetangco, Jr.	72	Filipino
Vice Chairperson	Teresita T. Sy	74	Filipino
Vice Chairman	Henry T. Sy, Jr.	71	Filipino
President & Chief Executive Officer	Frederic C. DyBuncio	64	Filipino
Executive Director	Harley T. Sy	65	Filipino
Lead Independent Director	Tomasa H. Lipana	76	Filipino
Independent Director	Robert G. Vergara	64	Filipino
Independent Director	Ramon M. Lopez	64	Filipino
Independent Director	Lily K. Gruba	75	Filipino
Treasurer/EVP-Treasury, Finance and Planning	Erwin G. Pato	52	Filipino
EVP - Finance	Franklin C. Gomez	55	Filipino
EVP – Corporate Services, Chief Risk & Compliance Officer	Elizabeth Anne C. Uychaco	69	Filipino
Senior Vice President - Legal and Assistant Corporate Secretary	Arthur A. Sy	55	Filipino
Senior Vice President – Information Technology Shared Services	Ulysses C. Naguit	54	Filipino
Chief Audit Executive	Shiela P. Alarcio	44	Filipino
Corporate Secretary	Elmer B. Serrano	57	Filipino

MANAGEMENT

Board of Directors

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next annual meeting and until their respective successors are appointed or elected and qualified.

The following are the business experience/s of the Company's incumbent Directors during the last five years:

Amando M. Tetangco, Jr.* is the Chairman and Independent Director of the Board of SMIC (as of June 16, 2023). He is also the Vice Chairman and Independent Director of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on 25 March 1974. During his term as Governor, he held other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention

Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in-charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV and Co. in 1973-1974. Overseas, he was the country's representative to the ASEAN Central Bank Forum; the Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia Central Banks; the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees – the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee. He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

Teresita T. Sy is the Vice Chairperson of SMIC and Adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson of SM Retail Inc.. She is also the Chairperson of BDO Unibank, Inc. (BDO) and serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc. and BDO Foundation, Inc. She also serves as Adviser to the Board of BDO Network Bank, Inc. (A Rural Bank of BDO). A graduate of Assumption College with a Bachelor of Arts and Bachelor of Science degree in Commerce, she brings to the board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.

Henry T. Sy, Jr. is the Vice Chairman of SMIC and Chairman of SM Prime Holdings, Inc. and Synergy Grid & Development Phils., Inc. He is also the Chairman and Chief Executive Officer of SM Development Corporation and Vice Chairman of National Grid Corporation of the Philippines. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation, and negotiation for potential sites as well as the input of design ideas. He graduated with a Management degree from De La Salle University.

Frederic C. DyBuncio is the President and Chief Executive Officer of SMIC. He is the Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and

finished a Master's degree in Business Administration program at the Asian Institute of Management.

Harley T. Sy is the Executive Director of SMIC. He is a Director of China Banking Corporation and other companies within the SM Group, and an Adviser to the Board of Directors of BDO Unibank, Inc. and BDO Private Bank. He is the Vice Chairman and Treasurer of SM Retail Inc. He holds a degree in Bachelor of Science in Commerce, Major in Finance from De La Salle University.

Tomasa H. Lipana* is an Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an Independent Director and Audit Committee Chairperson of Flexo Manufacturing Corporation and OceanaGold (Philippines), Inc. Previously, she was an Independent Director of Rural Bank of Silay City, Inc., Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines, and an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency), the single entity in charge of the government guarantee system. She is a Fellow and Trustee of the Institute of Corporate Directors. She is also a Trustee of the Shareholders' Association of the Philippines, Inc. and the Sikat Solar Challenge Foundation, Inc. She is also a member of the Board of Governors of the Canadian Chamber of Commerce of the Philippines. Ms. Lipana completed the Executive Education Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She was bestowed the Accountancy Centenary Recognition of Service Excellence by the Professional Regulation Commission - Board of Accountancy in 2023. She also received the Outstanding CPA in the Public Practice Award from the Philippine Institute of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated Cum Laude. She is a CPA Board placer.

Robert G. Vergara* is an Independent Director of SMIC. He also sits as an Independent Director of Metro Pacific Hospital Holdings, Inc., STI Education Systems Holdings. Inc. and AIG Insurance Philippines, Inc. He is also Chairman and Director of Cabanatuan Electric Corporation. He is currently the President of Vergara Advisory Management, Inc. founded in May 2018. From September 2010 to October 2016, he served as the President and General Manager and Vice-Chairman of the Board of Trustees of the Government Service Insurance System (GSIS). As President and General Manager of GSIS, Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines, Manila Hotel Corporation, and Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council. Before that, he was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. From 2002 to 2006, he was a Director of Lionhart (Hong Kong) Ltd. He was a Principal in Morgan Stanley Asia Ltd. from 1997-2001 and served as the Managing Director of IFM Asia Ltd. from 1990 to 1997. He obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated *magna cum laude* from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Mr. Ramon M. Lopez* is currently an Independent Director of SMIC. He also currently serves as an Independent Director of the AIC Group of Companies Holding Corporation (a subsidiary of SMIC in the Logistics sector). He also serves as Independent Director of Monde Nissin Corporation. He is also a Board Trustee and Vice-Chairman of the

Valenzuela City Technological College (ValTech) that provides education and training for industrial workforce advancement. Mr. Lopez was recently appointed as Chairman of the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA). He also serves as Independent Director in the Boards of unlisted companies, namely New Marketlink Pharmaceuticals Corporation; Pilmico Foods and Agribusiness Corp.; Seedbox Securities Inc., which provides an online financial investment platform; and, Asian Consulting Group (ACG), a tax consulting services/advocacy for SMEs, top corporations in the Asia-Pacific. Mr. Lopez is also a Member of the Board of Advisors in Packworks Venture PTE. LTD., a start-up venture that provides a digital operations systems for micro-entrepreneurs. Mr. Lopez is also a Board Trustee in Bayan Family of Foundations, a non-profit organization providing entrepreneurship education and SMEs/social enterprise development. Mr. Lopez was the former Secretary of the Philippine Department of Trade and Industry (DTI). He has served for the full term of the administration of former President Rodrigo Roa Duterte. He chaired during his term the DTI institutions such as the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, and Philippine International Trading Corp. He also supervised attached agencies such as the Intellectual Property Office of the Philippines, Technical Education and Skills Development Authority, and the Cooperative Development Authority, among others. He has received several awards such as the 2016 Nation Builders Award for Government Service and the Philippine Innovation Man of the Year Award in 2017. In 2018, he received from former President Duterte the Presidential Award, Order of Sikatuna, with a rank of Datu, one of the senior honors one can receive in the Philippines. He was also named by People Asia as one of the 2020 People of the Year, for the re-opening of the economy during the pandemic. In June 2022, he was also awarded the Presidential Medal of Merit for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also received The Asia CEO Awards 2022 “Lifetime Contributor of the Year Award”. Mr. Lopez has a Master’s Degree in Development Economics 1988 class at Williams College, Massachusetts USA and an AB Degree in Economics (1981) from the University of the Philippines School of Economics.

Lily K. Gruba* was first elected as independent director of SM Investments Corporation in April 2024 with effectivity of service in June 2024. She is also currently a director of Asia United Bank and Cosco Capital, Inc. Atty. Gruba is the Founding Partner of Gruba Caganda Advincula Melo & De la Fuente (*formerly, Zambrano and Gruba).* She is also the Executive Director of Fr. Joaquin, SJ Institute for Continuing Legal Education, a Professor on Taxation Law, Mergers & Acquisitions and Local Government Finance, and a bar reviewer at the Ateneo de Manila University School of Law. She also held various positions in the government, such as Director of the Philippine Economic Zone Authority, Director of Overseas Workers Welfare Administration, and Undersecretary of the Department of Finance from 1998 to 2001. She was also a Philippine Bar examiner for Taxation Law in 2007 and 2019 and for Commercial law in 2012. From 2018 to 2024, she was named as one of the 100 Top Lawyers in the Philippines by the Asia Business Law Journal. In 2023, she was nominated as tax lawyer of the year for Southeast Asia by the Legal 500. Atty. Gruba graduated from the University of Santo Tomas in 1972 with a Bachelor of Arts in Psychology and a Bachelor of Laws degree from the Ateneo Law School in 1976 and was admitted to the Bar in 1977. She finished her Master of Laws in Georgetown University Law Center in Washington, D.C. in 1981.

** Independent director – the Company has complied with the Guidelines set forth by the Securities Regulation Code (**SRC**) 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.*

Period of Directorship

Name	Period Served
Amando M. Tetangco, Jr.	June 2023 to present
Teresita T. Sy	1979 to present
Henry T. Sy, Jr.	1979 to present
Frederic C. DyBuncio	2017 to present
Harley T. Sy	1993 to present
Tomasa H. Lipana	2016 to present
Robert G. Vergara	2019 to present
Ramon M. Lopez	August 2022 to present
Lily K. Gruba	June 2024 to present

Directorships in Other Reporting Companies

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

Amando M. Tetangco, Jr.	SM Prime Holdings, Inc.	Vice Chairman/ Independent Director
	Converge ICT Solutions, Inc.	Independent Director
	Shell Pilipinas Corporation	Independent Director
Teresita T. Sy	BDO Unibank, Inc.	Chairperson
Henry T. Sy, Jr.	SM Prime Holdings, Inc.	Chairman
	Synergy Grid & Development Phils. Inc.	Chairman
Frederic C. DyBuncio	2GO Group, Inc.	President/CEO/Director
	Atlas Consolidated Mining and Development Corporation	Chairman
Harley T. Sy	China Banking Corporation	Director
Tomasa H. Lipana	OceanaGold (Philippines), Inc.	Independent Director
Robert G. Vergara	STI Education Systems Holdings, Inc.	Independent Director
Ramon M. Lopez	Monde Nissin Corporation	Independent Director
Lily K. Gruba	Asia United Bank Corporation	Director
	Cosco Capital, Inc.	Director

Attendance in Board Meetings

Below is the attendance of the Directors for the meetings held as of December 2024:

Director	Jan. 24	Feb. 28	March 19	Apr. 24	Apr. 24	May 8	Aug. 07	Nov. 13	%
	Special	Regular	Special	Regular	Organi-zational	Regular	Regular	Regular	
Amando M. Tetangco, Jr.	√	√	√	√	√	√	√	√	100
Teresita T. Sy	√	√	√	√	√	√	√	√	100
Henry T. Sy, Jr.	√	√	√	√	√	√	√	√	100
Harley T. Sy	√	√	√	√	√	√	√	√	100
Frederic C. DyBuncio	√	√	√	√	√	Absent	Absent	√	75
Tomasa H. Lipana	√	√	√	√	√	√	√	√	100
Robert G. Vergara	√	√	√	√	√	√	√	√	100
Ramon M. Lopez	√	√	√	√	√	√	√	√	100
Lily K. Gruba*	-	-	-	-	-	-	√	√	100

*Atty. Lily K. Gruba was elected on April 24, 2024 as Independent Director and her election became effective upon SEC approval on June 10, 2024, of the increase in number of directors from eight (8) to nine (9).

Nomination of Directors

The procedure for nomination of directors of the Corporation is as follows:

- Nomination of all directors shall be reviewed and qualified by the Corporate Governance and Sustainability Committee[1] prior to the stockholders' meeting

- The Corporate Governance and Sustainability Committee shall prepare a Final List of Candidates after the end of the nomination period on 13 March 2025 from those who have passed the Guidelines, Screening Policies and Parameters for nomination of directors and which list shall contain all the information about these nominees.

- Only nominees qualified by the Corporate Governance and Sustainability Committee and whose names appear on the Final List of Candidates shall be eligible for election. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

- For independent directors, in case of resignation, disqualification or cessation of Independent Directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Corporate Governance and Sustainability Committee otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

[1] Upon approval by the Board of Directors of SMIC on August 7, 2024, the Corporate Governance Committee was renamed to the Corporate Governance and Sustainability Committee.

The Corporate Governance and Sustainability Committee created by the Board under its Manual on Corporate Governance reviews the credentials of, and qualifies the nominees for election to the Board of Directors at the forthcoming Annual Stockholders' Meeting:

The Company has complied with the Guidelines set forth by Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and regulations and other SEC issuances regarding the Nomination and Election of Independent Director. The same provision is also in the Amended By-Laws of the Company.

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next annual meeting and until their respective successors are appointed or elected and qualified. The nominated persons will be presented to the Company's shareholders for election at the annual stockholders' meeting. The nominated individuals possess all the qualifications and none of the disqualifications provided in the SRC and its Implementing Rules and Regulations. Further, no director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Shareholders' Meeting because isagreeement with the Company on any matter relating to its operations, policies or practices.

The Corporate Governance and Sustainability Committee is composed of the following members, all of whom are Independent Directors:

1. Ramon M. Lopez - Chairman (Independent Director)
2. Tomasa H. Lipana - Member (Independent Director)
3. Robert G. Vergara - Member (Independent Director)
4. Lily K. Gruba* - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2024:

Members	March 12, 2024	August 5, 2024
Ramon M. Lopez	√	√
Tomasa H. Lipana	√	√
Robert G. Vergara	√	√
Lily K. Gruba*	-	√

*Atty. Lily K. Gruba was elected on April 24, 2024 as Independent Director and her election became effective upon SEC approval on June 10, 2024, of the increase in number of directors from eight (8) to nine (9).

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and its Committees, SMIC's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy, and Corporate Governance Manual.

All directors are also encouraged to participate in continuing education programs at SMIC's expense to promote relevance and effectivity and to keep them abreast of the latest developments in corporate directorship and good governance.

Officers

The following are the business experience/s of the Company's current Executive Officers during the last five years:

Erwin G. Pato is the Treasurer and Executive Vice President for Treasury, Finance and Planning of SMIC. He is the Chairman of Family Cooperation Health Services Foundation, Inc. (FAMCOHSEF) and currently also a Board Director of SMIC SG Holdings Pte. Ltd. Prior to joining SMIC in January 2020, he was formerly the Head of Treasury of Temasek Holdings Pte. Ltd. based in Singapore. He spent over 25 years of Treasury and Finance leadership experience in various industries spanning investment banking, local and regional banks, global consumer finance companies, global industrial companies, and government owned global investment companies. Mr. Pato holds a Bachelor of Arts Degree major in Economics from Ateneo de Manila University.

Franklin C. Gomez is the Executive Vice President for Finance of SMIC. Prior to joining SMIC in 2013, he spent over 20 years at Unilever where he held several senior positions, his last being Finance Director and Chief Financial Officer of Unilever Indonesia since May 2009. His previous senior posts in the same company include Chief Financial Officer at Unilever Philippines; Innovation and Learning Director at the Finance Excellence Centre in London; and Finance Director of Selecta Wall's Ice Cream, Philippines. Mr. Gomez holds a Bachelor of Arts Degree in Economics and Bachelor of Science Degree in Commerce Major in Accountancy from the De La Salle University, Manila.

Elizabeth Anne C. Uychaco is the Executive Vice President for Corporate Services, Chief Risk and Compliance Officer of SMIC, Diversity Officer of SM Group. She is currently a Board Director of Citicore Energy REIT Corp. She is also the Chairperson of the Board of The Neo Group. She is a Board Director of Republic Glass Holdings Corp., Goldilocks Bakeshop, Inc., Brownies Unlimited, Inc., and Philippines Urban Living Solutions. She is also a Trustee of Asia Pacific College and President and Trustee of Senior Member Social Club. She was formerly the Senior Vice President and Chief Marketing Officer of Philippine American Life and General Insurance Company and a Board Director of Philam Call Center. Prior to that, she was the Vice President of Globe Telecom, Inc., Kuok Philippine Properties, Inc. and Transnational Diversified Corp. Ms. Uychaco has 18 DBA units in Corporate Finance from Walden University. She obtained a Master's Degree in Business Economics from the University of Asia and the Pacific and a Master's Degree in Business Administration from the Ateneo School of Business.

Arthur A. Sy is the Assistant Corporate Secretary and Senior Vice President for Legal Department of SMIC. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Belle Corporation, Premium Leisure Corp., and 2GO Group, Inc. Further, he is currently the Corporate Secretary of various major companies within the SM Group of Companies and is also the Corporate Secretary of National University. Admitted to practice in the Philippines and the State of New York, Atty. Sy holds a Juris Doctor degree from Ateneo de Manila University, School of Law.

Mr. Ulysses C. Naguit is the Senior Vice President for Information Technology Shared Services of SMIC. Prior to joining SMIC in April 2024, Mr. Naguit was the Chief Information Officer of Converge Information and Communications Technology Solutions, Inc. where he championed the adoption of emerging technologies and enabled new ways of business. He was also part of Voyager Innovations where he provided technology leadership for value creation and digital innovations to drive the market growth and service performance of

PayMaya digital payments ecosystem. He has a strong background in developing and deploying corporate information systems having worked with various companies with local and foreign business operations for the past 20 years in the areas of Investment Management, Fintech, Telecommunications, Cable Television, Fast Moving Consumer Goods, Courier, Remittance and Real Estate Conglomerate – residences, office buildings, resorts, hotels, convention centers and gaming. Mr. Naguit is a licensed Engineer and holds a Bachelor of Science degree in Electronics and Communications Engineering from Mapua Institute of Technology (now Mapua University). He completed an Executive Program from the Asian Institute of Management and holds a Six Sigma certification from Motorola University.

Shiela P. Alarcio is the Chief Audit Officer of SM Investments Corporation. She is a member of Board of Trustees of The Institute of Internal Auditors-Philippines, having held various Trustee roles since 2020. She has more than 24 years of vast experience in financial audit, internal audit, financial and control risks assessment, risk management, review of operations and financial controls, regulatory compliance and fraud investigations. Prior to joining SM Investments Corporation in 2023, Ms. Alarcio gained her Internal Audit experience by serving as the Chief Audit Executive of Monde Nissin Corporation, AIA Philippines (previously Philam Life) and Splash Corporation. Ms. Alarcio also had a ten (10) year stint with PricewaterhouseCoopers (PwC) Manila and London where she acquired her deep external audit experience from a vast array of clients of various industries. Ms. Alarcio is a Certified Public Accountant, Certified Internal Auditor, a Certified Fraud Examiner and a Certified External Quality Assessor of Internal Audit Activity. Ms. Alarcio has also successfully completed the Certification for Trust Operations and Investment, a Fellow of Life Management Institute Management and a Fellow of Institute of Corporate Directors.

Elmer B. Serrano is the Corporate Secretary of SMIC since November 2014. Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner and founder of the law firm SERRANO LAW. He has been awarded “Asia Best Lawyer” by the International Financial Law Review (IFLR) after being consistently recognized as a “Highly Regarded-Leading Lawyer” by IFLR and named “Leading Individual” by the Legal 500 Asia Pacific.

Atty. Serrano is the Chairman of Dominion Holdings, Inc. (formerly, BDO Leasing and Finance, Inc.), a director of EEI Corporation and DFNN, Inc. and an Independent Director of Philippine Telegraph and Telephone Corporation and Benguet Corporation. He is also a director of 2GO Group, Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of the bank’s subsidiaries and affiliates. Atty. Serrano is also Corporate Secretary of SM Prime Holdings, Inc., Premium Leisure Corp., Atlas Consolidated Mining and Development Corporation. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies.

Atty. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Atty. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Period of Officership

Name	Office	Period Served
Frederic C. DyBuncio	President and Chief Executive Officer	2017 to present
Erwin G. Pato	Treasurer and EVP-Treasury, Finance and Planning	2021 to present
Franklin C. Gomez	Executive Vice President - Finance	2013 to present
Elizabeth Anne C. Uychaco	Chief Risk Officer & Compliance Officer and Executive Vice President	April 2023 to present
Arthur A. Sy	Assistant Corporate Secretary and Senior Vice President - Legal	2017 to present
Ulysses C. Naguit	SVP – Information Technology Shared Services	April 2024 to present
Shiela P. Alarcio	Chief Audit Officer	Nov. 2023 to present
Elmer B. Serrano	Corporate Secretary	2014 to present

Directorships in Other Reporting Companies

Other than Atty. Elmer B. Serrano who is also a director of Dominion Holdings, Inc., EEI Corporation, DFNN, Inc., 2GO Group, Inc. and an independent director of Philippine Telegraph and Telephone Corporation and Benguet Corporation, and Ms. Elizabeth Anne C. Uychaco who is a director of Republic Glass Holdings Corp. and a director of Citicore Energy REIT Corp., the Officers do not hold any directorships in other reporting companies during the last five years.

Nomination of Officers

Incoming officers will be appointed at the organizational meeting to be held immediately after the Annual Stockholders' Meeting.

(a) Significant Employees

The Company has no employee who is not an executive officer but is expected to make a significant contribution to the business.

(b) Family Relationships

Teresita T. Sy, Elizabeth T. Sy, Henry T. Sy, Jr., Hans T. Sy, Herbert T. Sy, and Harley T. Sy are siblings. 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.

(c) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements incorporated herein by reference. There are no other elements of related party transactions that are considered necessary for an understanding of the transactions' business purpose and economic substance, their effect on the financial statements, and the special risks or

contingencies arising from these transactions, other than those disclosed in Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

The members of the Related Party Transactions Committee are:

1. Ramon M. Lopez - Chairman (Independent Director)
2. Robert G. Vergara - Member (Independent Director)
3. Amando M. Tetangco, Jr. - Member (Independent Director)

Below is the attendance of the members for the Committee meeting held as of December 2024:

Members	February 26, 2024
Ramon M. Lopez	√
Robert G. Vergara	√
Amando M. Tetangco, Jr.	√

(e) Involvement in Legal Proceedings

Except as disclosed[2], 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] A criminal and administrative case (OMB-C-C-13-0092) filed against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on May 13, 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on May 15, 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. 234696) upon the filing of a Petition for Review dated November 29, 2017. In its Resolution dated October 3, 2022, the Supreme Court denied the Petition for Review of the petitioners and affirmed the May 15, 2017 Decision and October 4, 2017 Resolution of the Court of Appeals. To date, Mr. Tetangco has not yet received a Motion for Reconsideration on the said Resolution nor an Entry of Judgment.

A complaint for damages was also filed against Mr. Amando M. Tetangco, Jr., et. al in connection with the Report of the Anti-Money Laundering Council (AMLC), which served as the basis of AMLCs ex-parte petition for the issuance of Freeze Order issued by the Court of Appeals in CA G.R. AMLA No. 00134 dated 11 May 2015. Mr. Tetangco, Jr., et. al., were impleaded in their official capacity as members and/or officers of the AMLC. In an order dated 27 March 2020, the Regional Trial Court of Quezon City dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) against Mr. Tetangco Jr., et. al; and ordered plaintiff to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the plaintiff and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved, platinff filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed in relation to the said Decision. To date, Mr. Tetangco has not received a Resolution/Order from the CA.

A Subpoena dated November 8, 2022 was reportedly issued by the Office of the City Prosecutor – Manila in connection with the Joint Complaint-Affidavit filed against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of this date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice (DOJ). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, Mr. Tetangco has not received any resolution/order from the DOJ.

(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; and
(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.

Further, the Company is not involved in or aware of any material legal proceedings that may significantly affect the Company, or any of its subsidiaries or affiliates.

ITEM 10. Compensation of Directors and Executive Officers

(a) Executive compensation

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and executive officers of the Company are as follows:

Name and Position

1. Harley T. Sy
   Executive Director*
2. Frederic C. DyBuncio
   President and Chief Executive Officer*
3. Elizabeth Anne C. Uychaco
   Chief Risk Officer & Compliance Officer and Executive Vice President - Corporate Services*
4. Franklin C. Gomez
   Executive Vice President - Finance*
5. Erwin G. Pato
   Treasurer and EVP*

Summary Compensation Table (in million pesos)

	Year	Salary	Bonus	Other Annual Compensation
* President and four Most Highly Compensated Executive Officers	2025 (estimate)	191	27	-
	2024	184	46	-
	2023	147	31	-
All other Officers and Directors as a group Unnamed	2025 (estimate)	492	82	-
	2024	464	163	-
	2023	422	106	-

b) Compensation of Directors

Board Remuneration

Each member of the Board of Directors received the following remuneration as Directors for the year 2024:

Name	Total (PHP)
1. Teresita T. Sy	5,400,000.00
2. Henry T. Sy Jr.	5,400,000.00
3. Harley T. Sy	5,400,000.00
4. Frederic C. DyBuncio	5,400,000.00
5. Amando M. Tetangco, Jr.	5,400,000.00
6. Tomasa H. Lipana	5,400,000.00
7. Roberto G. Vergara	5,400,000.00
8. Ramon M. Lopez	5,400,000.00
9. Lily K. Gruba*	2,598,450.00

*Atty. Lily Gruba was elected on April 24, 2024 as Independent Director and her election became effective upon SEC approval on June 10, 2024, of the increase in number of directors from eight (8) to nine (9).

Above-mentioned amounts include total fees and *per diems* received by the directors for their attendance in the meetings of the Board. There is no distinction on the fee for a committee chairman and member. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus, or other forms of emoluments.

Except for reasonable per diems, directors, as such, shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before income tax of the Company during the preceding year.

The Board, through the Compensation Committee, designates the amount of remuneration and provides oversight over remuneration of Management and other key personnel, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully and will ensure that compensation is consistent with the Company's culture, strategy and control environment. The Committee decides, determines and approves, by a majority vote of all its members, matters relating to the compensation, remuneration and benefits of the Company's officers and directors. The Committee meets at least twice a year or as often as it considers necessary.

Employment Contract

There are no special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payment to be received from the Company with respect to any named director or executive.

Terms and Conditions of Appointment

The above-named executive officers have their respective letters of appointment indicating their job descriptions, functions, and obligations, among others.

Board Evaluation and Assessment

To ensure optimum Board performance, the Company, through its Corporate Governance and Sustainability Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees. The Committee also ensures that every three (3) years, the assessment is supported by an external facilitator. The Company engaged the services of an accredited third party service provider, the Institute of Corporate Directors (ICD), to facilitate and support the Board Evaluation for the year 2024.

Elements of the Board evaluation include the following:

1. Board Structure and Composition – The diversity and balance of competencies of directors, board committees and officers who support the Board.
2. Board Roles and Accountabilities – How the Board effectively fulfills its roles and accountabilities particularly in strategy, policy, oversight and accountability.
3. Board Dynamics – How the Board works as a team, the expectations of individual directors and the leadership of the chairperson.
4. Board Processes – The internal processes of the Board from nomination, election and onboarding of the directors, among others.

The Corporate Governance and Sustainability Committee spearheaded the annual Board evaluation self-assessment by the members of the Board of Directors in 2024 with support from the external facilitator engaged for the purpose. The results of the evaluation, which found the Board to be functioning well to its mandate, were discussed and presented to the Board through the Corporate Governance and Sustainability Committee.

Through the annual evaluation process, directors identify areas for improvement, such as:

1. The quality and timeliness of information provided to them;
2. The frequency and conduct of regular, special or committee meetings;
3. Directors' access to Management, the Corporate Secretary and Board Advisors;
4. Other forms of assistance that they may need in the performance of their duties; and,
5. Areas of continuing education on corporate governance topics they require.

Directors are asked to rate the performance of the collective Board, the Board Committees, themselves as directors, the Company's Chairman of the Board, the President, and key officers. The detailed Board Evaluation Form can be found in the Company's website.

Criteria for Board and Management Ratings are as follows:

1. Collective Board Rating – relates to:

    - Board Overall Composition – whether the Board is balance and have diversity, knowledge and competencies, qualification, background and experience
    - Board Efficiency and Importance – their overall performance, decision making, discussion on short and long term goals, business strategy and plans, risk handling, follow ups of business plans, strategy, plans and budgets, promotion of good governance principles, policies and mechanisms
    - Board Meetings and Participation

2. Board Committees Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year:

    - Audit Committee
    - Compensation Committee
    - Corporate Governance and Sustainability Committee
    - Related Party Transaction Committee
    - Risk Management Committee

3. Individual Directors' Self-rating – relates to how the Directors assess their independence, participation and expertise

4. Officers Rating – relates to how well the following officer demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices:

    - Chairman of the Board,
    - President/CEO,
    - Chief Audit Executive,
    - Chief Compliance Officer,
    - Chief Risk Officer.

5. Overall Comments and Suggestions

The Company also ensures that the Board and key officers are kept abreast of governance related developments through regular education programs. SMIC also facilitates annual training programs for the directors and officers of its subsidiaries and affiliates within the SM Group of Companies. These Group-wide training programs are conducted by providers accredited by the Securities and Exchange Commission. On 26 July 2024 and 27 August 2024, directors and key officers attended a corporate governance training seminar conducted by BDO Unibank, Inc. and the Institute of Corporate Directors.

Retirement Plan

In compliance with Republic Act 7641, amending Article 301 of the Labor Code, the Company has established a private retirement benefit plan for all its regular employees with benefits such as early retirement pay upon reaching the age of 50 years with at least 10 years of service, regular retirement pay upon reaching the age of 60 years or more with 5 years of service, and such other benefits as contained in the Retirement Plan of the Company.

Except as provided in the plan described above, there are no other agreements or arrangements pursuant to which officers and directors of the Company may be entitled to receive any cash or non-cash compensation, or any benefits or payments in case of termination of employment or a change in control of the Company.

Pension Benefits

The SM Group has a benefit pension plan covering all regular and permanent employees. The assets of the Pension Plan are held by a trustee bank, BDO. The investing decisions of the Pension Plan are made by the Board of Trustees of said Plan. The Group expects to contribute about ₱2.0 billion to its Pension Plan in 2024.

Options, Warrants or Rights to Purchase Securities

There are no outstanding warrants or options held by directors and officers. There are no actions to be taken with regard to election, any compensatory plan, contract, or arrangement, bonus or profit-sharing, change in pension/retirement plan, granting of or extension of any options, warrants or rights to purchase any securities.

The members of the Compensation Committee are:

1. Teresita T. Sy - Chairperson
2. Ramon M. Lopez* - Member (Independent Director)
3. Amando M. Tetangco, Jr. - Member (Independent Director)
4. Lily K. Gruba** - Member (Independent Director)

Below is the attendance of the members for the Committee meetings held as of December 2024:

Members	April 24, 2024	Nov. 11, 2024
Teresita T. Sy	√	√
Ramon M. Lopez*	√	-
Amando M. Tetangco, Jr.	√	√
Lily K. Gruba**	-	√

*Mr. Ramon M. Lopez served as a member of the Compensation Committee until April 24, 2024.
**Atty. Lily K. Gruba was elected as Independent Director and appointed as a member of the Compensation Committee on April 24, 2024 and her election and appointment became effective upon SEC approval on June 10, 2024, of the increase in number of directors from eight (8) to nine (9).

ITEM 11. Security Ownership of Certain Record and Beneficial Owners as of December 31, 2024

(a) As of December 31, 2024, 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	Direct	Indirect	Total No. of Shares Held	Percent (%)
Common	Teresita T. Sy (Director and Vice Chairperson) Forbes Park, Makati City	Same as the Record Owner	Filipino	25,440,594	60,507,091[1]	85,947,685	7.03%
-do-	Henry T. Sy, Jr. (Director and Vice Chairman) Forbes Park, Makati City	Same as the Record Owner	Filipino	167,554	76,710,816[2]	76,878,370	6.29%
-do-	Harley T. Sy (Executive Director) Forbes Park, Makati City	Same as the Record Owner	Filipino	92,401,812	583,486[3]	92,985,298	7.61%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Direct	Indirect	Total No. of Shares Held	Percent (%)
-do-	Hans T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	80,975,419	23,940,287[4]	104,915,706	8.59%
-do-	Herbert T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	87,093,995	12,000,000[5]	99,093,995	8.11%
-do-	Elizabeth T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	41,586,030	35,573,314[6]	77,159,344	6.31%
-do-	PCD Nominee Corp. (Filipino)	Various PCD Participants [1]	Filipino	See Note[7]		239,466,456	19.53%
-do-	PCD Nominee Corp. (Non-Filipino)	Various PCD Participants [1]	Foreign	See Note[7]		413,123,865	33.69%

(1) Indirect thru Brokers/PCD
(2) Indirect thru PCD/Corporations/Family Member
(3) Indirect thru Brokers/PCD
(4) Indirect thru PCD/Family Member
(5) Indirect thru Brokers/PCD
(6) Indirect thru Brokers/PCD
(7) PCD Nominee Corp. (PCD) is a nominee company which holds legal title to shares lodged in the Philippine Depository & Trust Corp. The Company has no information as to the beneficial owners of the shares of stocks held by PCD. Beneficial owners have the power to decide how their shares are to be voted.

Security Ownership of Management as of December 31, 2024

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct / (I) indirect		Citizenship	Percent of Class
Common	Teresita T. Sy	P859,476,850.00	D	Filipino	7.03%
Common	Henry T. Sy, Jr.	768,783,700.00	D	Filipino	6.29%
Common	Harley T. Sy	929,852,980.00	D	Filipino	7.61%
Common	Amando M. Tetangco, Jr.	1,000.00	D	Filipino	0.00%
Common	Frederic C. DyBuncio	100.00	D	Filipino	0.00%
Common	Tomasa H. Lipana	1,500.00	D	Filipino	0.00%
Common	Robert G. Vergara	1,000.00	D	Filipino	0.00%
Common	Ramon M. Lopez	11,800.00	D	Filipino	0.00%
Common	Lily K. Gruba	10.00	D	Filipino	0.00%
Common	Franklin C. Gomez	138,800.00	D	Filipino	0.00%
Common	Erwin G. Pato	0.00		Filipino	0.00%
Common	Elizabeth Anne C. Uychaco	0.00		Filipino	0.00%
Common	Ulysses C. Naguit	750.00	D	Filipino	0.00%
Common	Shiela P. Alarcio	0.00		Filipino	0.00%
Common	Arthur A. Sy	0.00		Filipino	0.00%
Common	Elmer B. Serrano	0.00		Filipino	0.00%
		P2,558,268,490.00			20.93%

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

(b) Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements which may result in a change in control of the Company.

ITEM 12. Certain Relationships and Related Transactions

Please refer to Item 1, Transactions With and/or Dependence on Related Parties, page 5.

PART IV- CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The continued success and growth of SM Investments Corporation (SMIC) lies in the foundation of good corporate governance where all of its Directors, officers and employees are committed to foster the culture of fairness, accountability, integrity, transparency and stakeholder engagement in all its dealings with various stakeholders at all levels within the organization and communities where our business operates. Through the Company's Manual on Corporate Governance, various initiatives and programs were executed in line with the best practices as contained in the Manual.

The Manual on Corporate Governance institutionalizes the principles of good corporate governance, defines the Company's compliance system alongside the corporate governance framework and identifies the responsibilities of the Board of Directors in relation to good corporate governance. It also states the Company's policies on disclosure and transparency and mandates the conduct of communication and training programs on corporate governance. The Manual further provides the rights of all shareholders and the protection of the interests of minority stockholders.

To operationalize the Manual, the Company requires all its employees to accomplish the online form of the declaration on Conflict of Interest on an annual basis, in line with the Company's long-standing commitment to doing business founded on the values of transparency, integrity and accountability. With the support of the Company's Human Resource Department, classroom trainings, e-learning modules and periodic email reminders to all employees on various corporate governance policy reminders were made such as the Insider Trading Policy, which prohibits directors, officers and employees from trading the Company's shares five (5) trading days before and two (2) trading days after the disclosure of any material stock price-sensitive information. Other existing governance related policies include the Guidelines on Acceptance of Gifts, Guidelines on Placement of Advertisements, Related Party Transactions Policy, Policy on Vendor Selection and Purchase of Goods and Services and the Policy on Accountability, Integrity and Vigilance, which is SMIC's whistleblowing policy. For new hires, through the OneSM orientation program, the Company provides an overview of the Company's Corporate Governance Framework as part of the topics for discussion.

There have been no deviations from the Manual since its adoption. SMIC certifies that the Company, its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided in the Manual. The Manual is reviewed regularly and updated as necessary and may be accessed via the Company's website. The Code of Ethics highlights the importance of integrity in the Company's dealings with its investors, creditors, customers, contractors, suppliers, regulators, employees and other relevant groups. It also outlines the Company's duties with regard to its employees, shareholders, the communities it operates in and all stakeholders.

SMIC's website has a separate corporate governance section that contains, among others, company policies, programs and other relevant corporate governance-related reports and developments. SMIC also ensures that its shareholders and all stakeholders are provided with periodic reports, including relevant information on its directors and officers and their shareholdings and dealings with the Company pursuant to good corporate governance practices. SMIC will continue to support the initiatives of regulators and advocacy groups including sustainability and climate change, and monitor risks associated thereto in order to

enhance and promote corporate governance standards, while also further strengthening its own corporate governance culture.

PART V- EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits (page 52).

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C (Current Report) have been filed during the last six months from period covered by this report on the following items:

1. Press Release – SM consolidated net income up 10% in H1 to PHP40BN, Q2 growth at 13%
2. Material Information/Transaction – Results of Board Meeting on August 7, 2024
3. Change in Directors and/or Officers – Promotions of Ms. Elizabeth Anne C. Uychaco and Mr. Franklin C. Gomez from Senior Vice President to Executive Vice President
4. Amendments to Articles of Incorporation - Increase the number of directors from eight (8) to nine (9)
5. Acquisition or Disposition of Assets - Property-for-Share Swap with Intercontinental Development Corporation
6. Clarification of News Reports – Clarification of News Article entitled “BIZ BUZZ: SM out to encash some gold" posted in Business.Inquirer.net
7. Notice of Analysts’/Investors’ Briefing on Nov 13, 2024
8. Press Release – SM Investments net income rises 9% to PHP60.9 billion in YTD Sept 2024
9. Clarification of News Reports – Clarification of News Article entitled “SMIC bankrolls P115 billion anew for 2025 capex” posted in PhilStar.com

(c) Sustainability Report – Web link to accompanying Report:
https://www.sminvestments.com/2024smicintegratedreport/

INDEX TO EXHIBITS

Form 17-A

No.		**Page No.**
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	53
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

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* These Exhibits are either not applicable to the Company or require no answer.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Please refer to *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in TAGUIG CITY on APR 07 2025.

By:

SM INVESTMENTS CORPORATION

FREDERIC C. DYBUNCIO
President and CEO

FRANKLIN C. GOMEZ
Executive Vice President - Finance

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 07 2025, affiants exhibiting to me their evidence of identity as follows:

Name	Passport No.	Date of Issue	Place of Issue
Frederic C. DyBuncio	P8984012A	October 2, 2018	DFA Manila
Franklin C. Gomez	P6828708B	May 19, 2021	DFA NCR South
Elmer B. Serrano	P9654760B	April 19, 2022	DFA Manila

Doc. No.: 366;
Page No.: 73;
Book No. I;
Series of 2025.

PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 90383
1105 Tower 2, High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6396476; 01.03.25; Taguig City
IBP Receipt No. 496513; 01.03.25; Quezon City
Admitted to the Bar on December 2023

Control No.:

Form Type: *PHFS2*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City

TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : HOLDING COMPANY **PSIC:** 68110

Table 1. Balance Sheet

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8)	**1,699,052,182**	1,586,218,513
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	**383,800,192**	359,471,325
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	**112,528,047**	103,745,558
A.1.1.1 On hand	**2,212,155**	2,073,873
A.1.1.2 In domestic banks/entities	**103,990,386**	94,476,542
A.1.1.3 In foreign banks/entities	**6,325,506**	7,195,143
A.1.2 Financial Assets other than Cash/Trade Receivables/investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)	**1,015,529**	1,350,306
A.1.2.1 Short-term placements or investments in securities issued by domestic entities:	**794,433**	747,840
A.1.2.1.1 National Government	**-**	-
A.1.2.1.2 Public Financial Institutions	**-**	-
A.1.2.1.3 Public Non-Financial Institutions	**-**	-
A.1.2.1.4 Private Financial Institutions	**794,433**	747,840
A.1.2.1.5 Private Non-Financial Institutions	**-**	-
A.1.2.2 Short-term placements or investments in securities issued by foreign entities	**-**	-
A.1.2.3 Others, specify		
Time deposits	**221,096**	602,466
A.1.2.4 Allowance for decline in market value (**negative entry**)	**-**	-
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)	**92,268,970**	79,209,522
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)	**92,268,970**	79,209,522
A.1.3.1.1 Due from customers (trade)	**92,149,040**	78,510,432
A.1.3.1.2 Due from related parties	**-**	-
A.1.3.1.3 Others, specify		
Management fees / Dividends	**3,475,219**	3,983,613
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (**negative entry**)	**-3,355,289**	-3,284,523
A.1.3.2 Due from foreign entities, specify	**-**	-
A.1.3.2.1 Allowance for doubtful accounts/bad debts/probable losses (**negative entry**)	**-**	-
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4)	**119,676,110**	117,474,980
A.1.4.1 Raw materials and supplies	**-**	-
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	**-**	-
A.1.4.3 Finished goods/factory supplies	**-**	-
A.1.4.4 Merchandise/Condominium units for sale/Land and development - current	**119,676,110**	117,474,980
A.1.5 Other Current Assets	**58,311,536**	57,690,959

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS1, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City
TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : HOLDING COMPANY **PSIC:** 68110

Table 1. Balance Sheet

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8+ A.2.9+ A.2.10)	**57,356,628**	52,851,633
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)	**1,718,794**	1,718,794
A.2.2 Building and improvements including leasehold improvement	**57,384,614**	53,595,344
A.2.3 Machinery and equipment (on hand and in transit)	**27,518,715**	24,406,386
A.2.4 Store equipment and improvements	**3,258,530**	2,963,308
A.2.5 Data processing equipment	**13,073,545**	11,853,449
A.2.6 Furniture, fixtures and office equipment	**13,622,105**	12,782,090
A.2.7 Transportation equipment, Vessels in operation, Containers and Reefer Vans	**19,065,511**	18,680,513
A.2.8 Others, specify		
Construction in progress	**5,054,664**	6,123,951
A.2.9 Appraisal increase, specify	**-**	-
A.2.10 Accumulated Depreciation (**negative entry**)	**-83,339,850**	-79,272,202
A.3 Investments accounted for using equity method (A.3.1 + A.3.2 + A.3.3)	**399,483,760**	361,324,800
A.3.1 Investments in associate companies and joint ventures	**399,483,760**	361,324,800
A.3.2 Equity in foreign branches/subsidiaries/affiliates	**-**	-
A.3.3 Others, specify	**-**	-
A.4 Investment properties	**592,949,802**	537,067,223
A.5 Investments excluding that which is recorded in current assets (net of allowance for decline in value) (A.5.1 +A.5.2)	**78,660,714**	97,182,871
A.5.1 Others, specify		
Financial assets at FVOCI	**26,361,789**	26,317,778
Right-of-use assets	**49,185,455**	48,540,412
Time deposits	**3,113,470**	22,324,681
A.5.2 Allowance for doubtful accounts, net of current portion (**negative entry**)	**-**	-
A.6 Intangibles	**40,386,475**	40,275,568
A.7 Long-term receivables	**-**	-
A.7.1 Long-term receivables (net of current portion)	**-**	-
From domestic entities, specify	**-**	-
A.8 Other Assets (A.8.1 + A.8.2 + A.8.3)	**146,414,611**	138,045,093
A.8.1 Long-term notes	**-**	-
A.8.2 Bonds and deposits	**46,127,306**	50,388,596
A.8.3 Others, specify		
Deferred exploration costs	**5,568,965**	2,778,934
Deferred tax assets	**5,459,041**	6,462,108
Deferred input VAT	**1,461,087**	1,559,521
Escrow fund	**822,019**	843,732
Receivables from real estate buyers	**79,064,021**	70,600,303
Derivative assets	**4,219,004**	3,611,478
Defined benefit asset	**250,818**	110,831
Others	**3,442,350**	1,689,590
B. LIABILITIES (B.1 + B.2 + B.3 + B.4)	**832,627,391**	814,018,308
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	**343,167,994**	330,761,980
B.1.1 Trade and Other Payables to Domestic Entities	**232,118,932**	211,096,846
B.1.1.1 Loans/Notes payables	**24,074,356**	13,414,239
B.1.1.2 Trade payables	**125,209,282**	116,681,582
B.1.1.3 Payables to related parties	**-**	-
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	**-**	-
B.1.1.5 Accruals	**31,009,828**	27,469,392

Control No.:
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TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : HOLDING COMPANY **PSIC:** 68110

Table 1. Balance Sheet

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)
B.1.1.6 Others, specify		
Nontrade	**18,687,078**	17,528,203
Tenants and customers' deposits	**12,907,302**	14,595,837
Subscription payable	**1,966,477**	1,966,477
Gift checks redeemable and others	**5,665,941**	4,914,796
Payables to government agencies	**6,397,844**	7,046,388
Payables arising from acquisition of land	**3,004,397**	4,502,475
Lease liabilities	**3,196,427**	2,977,457
B.1.2 Trade and Other Payables to Foreign Entities, specify	**-**	-
B.1.3 Provisions	**-**	-
B.1.4 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)		
Dividends declared and not paid at balance sheet date	**2,328,001**	2,486,420
Portion of Long-term debt due within one year	**104,627,839**	113,528,791
Any other current liability in excess of 5% of Total Current Liabiilities, specify:		
Income tax payable	**4,093,222**	3,649,923
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)	**371,872,181**	374,758,859
B.2.1 Domestic Public Financial Institutions	**44,439,172**	36,913,732
B.2.2 Domestic Public Non-Financial Institutions	**-**	-
B.2.3 Domestic Private Financial Institutions	**218,220,585**	254,900,904
B.2.4 Domestic Private Non-Financial Institutions	**7,459,147**	14,906,479
B.2.5 Foreign Financial Institutions	**101,753,277**	68,037,744
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	**-**	-
B.4 Other Liabilities (B.6.1 + B.6.2)	**117,587,216**	108,497,469
B.4.1 Deferred tax liabilities	**19,444,899**	18,129,316
B.4.2 Others, specify		
Tenant's deposits and others	**59,508,167**	51,091,099
Defined benefit liability	**5,442,597**	6,934,775
Lease liabilities	**33,191,553**	32,342,279
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)	**866,424,791**	772,200,205
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	**28,000,000**	28,000,000
C.1.1 Common shares (2,790,000,000 shares @ P10 par value)	**27,900,000**	27,900,000
C.1.2 Preferred Shares (10,000,000 shares @ P10 par value)	**100,000**	100,000
C.1.3 Others	**-**	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (D.2.1 + D.2.2 + D.2.3)	**12,261,146**	12,261,146
C.2.1 Common shares (1,204,582,867 @ P10 par value)	**12,261,146**	12,261,146
C.2.2 Preferred Shares	**-**	-
C.2.3 Others	**-**	-
C.3 Paid-up Capital Stock (D.3.1 + D.3.2)	**12,261,146**	12,261,146
C.3.1 Common shares	**12,261,146**	12,261,146
C.3.2 Preferred Shares	**-**	-
C.4 Additional Paid-in capital	**71,752,158**	71,837,361
C.5 Minority Interest	**239,120,711**	215,595,506
C.6 Others, specify		
Net unrealized gain on financial assets at FVOCI	**9,898,983**	11,075,393
Equity adjustments from common control transactions	**-6,948,729**	-6,660,472
Cumulative translation adjustment	**1,821,115**	1,587,205
Net fair value changes on cash flow hedges	**557,052**	809,143
Remeasurement loss on defined benefit asset/obligation	**-2,099,656**	-3,150,991
Share in other comprehensive loss of associates – net	**-11,772,684**	-11,376,601
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	**-**	-
C.8 Retained Earnings (D.7.1 + D.7.2)	**551,900,993**	480,288,813
C.8.1 Appropriated	**30,000,000**	37,000,000
C.8.2 Unappropriated	**521,900,993**	443,288,813
C.9 Head / Home Office Account (for Foreign Branches only)	**-**	-
C.10 Cost of Stocks Held in Treasury (**negative entry**)	**-66,298**	-66,298
TOTAL LIABILITIES AND EQUITY (B + C)	**1,699,052,182**	1,586,218,513

Control No.:
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CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City

TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : HOLDING COMPANY **PSIC:** 68110

Table 2. Income Statement

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)	Dec-22 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**659,572,754**	620,985,814	556,118,190
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	**583,695,977**	551,351,642	498,465,150
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	**50,001,804**	44,945,113	35,825,734
A.3 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)	**20,208,318**	19,043,513	17,530,354
A.3.1 Rental Income from Land and Buildings	**-**	-	-
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)	**-**	-	-
A.3.3 Sale of Real Estate	**-**	-	-
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)	**-**	-	-
A.3.5 Others, specify	**20,208,318**	19,043,513	17,530,354
Food and beverage	**2,661,034**	2,339,039	1,786,358
Royalty, management and service fees	**7,182,938**	7,756,655	5,520,393
Others	**10,364,346**	8,947,819	10,223,603
A.4 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	**5,666,655**	5,645,546	4,296,952
A.4.1 Interest Income	**4,576,755**	4,048,278	3,042,370
A.4.2 Dividend Income	**870,899**	911,619	1,177,340
A.4.3 Gain / (**Loss**) from selling of Assets, specify	**445,287**	66,131	209,206
Gain on disposal of investments and properties - net	**445,287**	66,131	209,206
A.4.4 Others, specify	**-226,286**	619,518	-131,964
Foreign exchange gain (loss) - net and others	**729,473**	330,043	-211,298
Gain (Loss) from fair value changes on derivatives - net	**-480,038**	-30,731	866,500
Impairment reversal (provision)	**-475,721**	320,206	-787,166
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	**-**	-	-
B.1.1 Direct Material Used	**-**	-	-
B.1.2 Direct Labor	**-**	-	-
B.1.3 Other Manufacturing Cost / Overhead	**-**	-	-
B.1.4 Goods in Process, Beginning	**-**	-	-
B.1.5 Goods in Process, End (**negative entry**)	**-**	-	-
B.2 Finished Goods, Beginning	**-**	-	-
B.3 Finished Goods, End (**negative entry**)	**-**	-	-
C. COST OF SALES (C.1 + C.2 + C.3 + C.4)	**352,607,424**	336,311,596	315,651,763
C.1 Purchases (Merchandise) and Effect of Business Combination	**309,314,974**	298,618,735	276,234,410
C.2 Merchandise Inventory, Beginning	**38,869,576**	34,653,094	29,026,924
C.3 Merchandise Inventory, End (**negative entry**)	**-41,998,432**	-38,869,576	-34,653,094
C.4 Cost of Real Estate Sold and Services	**46,421,306**	41,909,343	45,043,523
D. GROSS PROFIT (A - B - C)	**306,965,330**	284,674,218	240,466,427

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TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : HOLDING COMPANY **PSIC:** 68110

Table 2. Income Statement

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)	Dec-22 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3)	**150,343,806**	137,772,268	119,779,164
E.1 Selling or Marketing Expenses	**9,400,018**	9,517,534	7,279,896
E.2 Administrative Expenses	**140,943,788**	128,254,734	112,499,268
E.3 Other Expenses, specify	**-**	-	-
F. FINANCE COSTS (F.1 + F.2 + F.3)	**23,710,242**	24,084,744	21,547,070
F.1 Interest	**23,710,242**	24,084,744	21,547,070
F.2 Amortization	**-**	-	-
F.3 Other interests, specify	**-**	-	-
G. Net Income (Loss) Before Tax (D - E - F)	**132,911,282**	122,817,206	99,140,193
H. Income Tax Expense (negative entry)	**-18,258,376**	-16,632,143	-14,794,820
I. Income After Tax	**114,652,906**	106,185,063	84,345,373
J. Non-controlling Interest (negative entry)	**-32,044,199**	-29,196,020	-22,691,708
K. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	**82,608,707**	76,989,043	61,653,665
L. Extraordinary Items	**-**	-	-
M. Net Income (Loss - negative entry) for the Year (L + M)	**82,608,707**	76,989,043	61,653,665
N. Earnings (Loss) Per Share			
N.1 Basic	**67.60**	63.00	50.88
N.2 Diluted	**67.60**	63.00	50.88

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF: SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City
TEL. NO.: 8857-0100 FAX NO.:
COMPANY TYPE : HOLDING COMPANY PSIC: 68110

Table 3. Cash Flow Statements

FINANCIAL DATA	Dec-24 (in P'000)	Dec-23 (in P'000)	Dec-22 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	**132,911,282**	122,817,206	99,140,193
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Equity in net earnings of associate companies and joint ventures	**-50,001,804**	-44,945,113	-35,825,734
Depreciation and amortization	**26,507,988**	24,706,691	23,653,863
Interest expense	**23,710,242**	24,084,744	21,547,070
Interest Income	**-4,576,755**	-4,048,278	-3,042,370
Impairment provision (reversal)	**475,721**	-320,206	787,166
Provisions - net	**4,176,204**	4,400,289	5,099,217
Dividend income	**-870,899**	-911,619	-1,177,340
Unrealized foreign exchange loss (gain) - net	**-96,596**	44,431	1,132,078
Loss (gain) on disposal of investments and properties - net	**-445,287**	-66,131	-209,206
Loss (gain) from fair value changes on derivatives - net	**480,038**	30,731	-866,500
Decrease (Increase) in:			
Receivables	**-21,278,847**	-16,882,660	-7,501,824
Inventories	**-2,185,107**	-24,275,052	-40,685,904
Other current assets	**-2,514,083**	-1,436,571	-635,950
Increase (Decrease) in:			
Accounts payable and other current liabilities	**9,732,351**	14,194,998	34,081,718
Income tax paid	**-16,487,998**	-15,747,502	-13,356,765
Others, specify:			
Tenant's deposits and others	**8,113,221**	9,233,692	2,544,753
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**107,649,671**	90,879,650	84,684,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investment in associate companies and joint ventures	**1,585,559**	-	50,000
Property and equipment	**318,000**	52,738	241,913
Investment properties	**605,913**	74,855	84,863
Additions to:			
Investment properties	**-67,568,789**	-68,205,952	-33,990,435
Property and equipment	**-12,748,787**	-12,361,763	-9,678,003
Investments in associate companies and joint ventures	**-5,336,879**	-288,227	-73,500
Financial assets at FVOCI	**-1,508,238**	-692,125	-
Decrease (increase) in:			
Time deposits	**19,592,582**	9,857,111	-27,518,818
Other noncurrent assets	**-254,128**	14,679,276	8,794,846
Dividends received	**15,727,366**	11,240,255	8,136,996
Purchase consideration, net of cash from acquisition of subsidiaries	**-**	-	-88,608
Interest received	**4,478,192**	4,289,389	2,846,341
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**-45,109,209**	-41,354,443	-51,194,405
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt	**112,875,555**	107,590,529	100,256,801
Bank loans	**105,535,009**	45,599,966	66,878,421
Payments of:			
Long-term debt	**-131,653,274**	-103,343,041	-72,630,533
Bank loans	**-94,961,213**	-52,906,823	-73,264,105
Others, specify (negative entry):			
Interest paid	**-22,223,651**	-22,834,339	-19,909,588
Dividends paid	**-20,434,530**	-17,335,101	-12,714,420
Lease liabilities	**-5,308,424**	-5,219,712	-4,853,925
Acquisition of non-controlling interest in a subsidiary	**-**	-5,169,476	-
Partial sale of shares in a subsidiary	**-**	1,294,623	-
Proceeds from matured derivatives - net	**2,404,388**	-	-
Efffect of exchange rate changes on cash and cash equivalents	**8,167**	-17,347	-44,273
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**-53,757,973**	-52,340,721	-16,281,622
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**8,782,489**	-2,815,514	17,208,438
Cash and Cash Equivalents			
Beginning of year	**103,745,558**	106,561,072	89,352,634
End of year	**112,528,047**	103,745,558	106,561,072

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City
TEL. NO.: 8857-0100 FAX NO.:
COMPANY TYPE : HOLDING COMPANY PSIC: 68110

Table 4. Consolidated Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares	Equity adjustment from common control transactions	Cumulative translation adjustment	Fair value changes on cash flow hedges and others	Unrealized gain on financial assets at FVOCI	Remeasurement loss on defined benefit asset/obligation	Share in other comprehensive loss of associates and joint ventures - net	Retained Earnings	TOTAL
A. Balance, End Dec-22	12,261,146	75,839,217	-66,298	-6,660,472	2,102,782	1,610,364	11,823,413	-1,721,868	-10,763,209	412,463,837	496,888,912
A.1 Effect of merger	-	-	-	-	-	-	-	-	-	-	-
A.2 Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
B. Restated Balance	12,261,146	75,839,217	-66,298	-6,660,472	2,102,782	1,610,364	11,823,413	-1,721,868	-10,763,209	412,463,837	496,888,912
C. Surplus											
C.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
C.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
C.3 Currency Translation Differences	-	-	-	-	-515,577	-	-	-	-	-	-515,577
C.4 Other Surplus (specify)											
C.4.1 Other comprehensive income	-	-	-	-	-	-801,221	-748,020	-1,429,123	-613,392	-	-3,591,756
C.4.2 Realized gain on sale of financial assets at FVOCI	-	-	-	-	-	-	-	-	-	-	-
D. Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	-	76,989,043	76,989,043
E. Dividends (negative entry)	-	-	-	-	-	-	-	-	-	-9,164,067	-9,164,067
F. Appropriations for (specify)											
G. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-
G.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
G.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
G.3 Others - Effect of business combination	-	-	-	-	-	-	-	-	-	-	-
G.4 Others - Transactions with non-controlling interests	-	-4,001,856	-	-	-	-	-	-	-	-	-4,001,856
H. Balance, End Dec-23	12,261,146	71,837,361	-66,298	-6,660,472	1,587,205	809,143	11,075,393	-3,150,991	-11,376,601	480,288,813	556,604,699
H.1 Effect of merger	-	-	-	-	-	-	-	-	-	-	-
H.2 Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
I. Restated Balance	12,261,146	71,837,361	-66,298	-6,660,472	1,587,205	809,143	11,075,393	-3,150,991	-11,376,601	480,288,813	556,604,699
J. Surplus											
J.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
J.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
J.3 Currency Translation Differences	-	-	-	-	233,910	-	-	-	-	-	233,910
J.4 Other Surplus (specify)											
J.4.1 Other comprehensive income	-	-	-	-	-	-252,091	-1,176,057	1,051,335	-396,083	-	-772,896
J.4.2 Realized gain on sale of financial assets at FVOCI	-	-	-	-	-	-	-353	-	-	353	-
K. Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	-	82,608,707	82,608,707
L. Dividends (negative entry)	-	-	-	-	-	-	-	-	-	-10,996,880	-10,996,880
M. Appropriations for (specify)	-	-	-	-	-	-	-	-	-	-	-
N. Issuance of Capital Stock											
N.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
N.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
N.3 Others - Effect of business combination	-	-	-	-288,257	-	-	-	-	-	-	-288,257
N.4 Others - Transactions with non-controlling interests	-	-85,203	-	-	-	-	-	-	-	-	-85,203
O. Balance, End Dec-24	12,261,146	71,752,158	-66,298	-6,948,729	1,821,115	557,052	9,898,983	-2,099,656	-11,772,684	551,900,993	627,304,080

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

Consolidated Financial Statements

A.	Statement of Management's Responsibility for Financial Statements	Attached
B.	Independent Auditor's Report	Attached
C.	Consolidated Balance Sheets as at December 31, 2024 and 2023	Attached
D.	Consolidated Statements of Income For the Years Ended December 31, 2024, 2023 and 2022	Attached
E.	Consolidated Statements of Comprehensive Income For the Years Ended December 31, 2024, 2023 and 2022	Attached
F.	Consolidated Statements of Changes in Equity For the Years Ended December 31, 2024, 2023 and 2022	Attached
G.	Consolidated Statements of Cash Flows For the Years Ended December 31, 2024, 2023 and 2022	Attached
H.	Notes to Consolidated Financial Statements	Attached

Supplementary Schedules

Independent Auditor's Report on Supplementary Schedules		Attached
Revised SRC Rule 68 Annex 68-J Schedules		
A.	Financial Assets	Attached
B.	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)	Attached
C.	Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements	Attached
D.	Long-term Debt	Attached
E.	Indebtedness to Related Parties	Attached
F.	Guarantees of Securities of Other Issuers	Attached
G.	Capital Stock	Attached

Additional Components

Independent Auditor's Report on Components of Financial Soundness Indicators	Attached
Schedule of Financial Soundness Indicators	Attached
Reconciliation of Retained Earnings Available for Dividend Declaration	Attached
Supplementary Schedule of External Auditor Fee-Related Information	Attached
Conglomerate Map	Attached

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal controls as management determines are 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 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 auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

AMANDO M. TETANGCO, JR.
Chairman of the Board

FREDERIC C. DYBUNCIO
President and
Chief Executive Officer

ERWIN G. PATO
Treasurer and
Executive Vice President

Signed this 28th day of February 2025

SM INVESTMENTS
10/F OneE-com Center, Harbor Drive, Mall of Asia Complex, Pasay City 1300, Philippines
Telephone: +63 2 8857 0100

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY)

SUBSCRIBED AND SWORN to before this FEB 28 2025 at TAGUIG CITY, affiants exhibiting to me their Taxpayer Identification Number ID, as follows:

NAMES	TIN
AMANDO M. TETANGCO, JR.	149-275-345
FREDERIC C. DYBUNCIO	103-192-854
ERWIN G. PATO	165-400-943

DOC No. 295
PAGE No. 60
BOOK No. I
SERIES of 2025

PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 90383
1105 Tower 2, High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6396476; 01.03.25; Taguig City
IBP Receipt No. 496513; 01.03.25; Quezon City
Admitted to the Bar on December 2023

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	6	3	4	2

COMPANY NAME

S	M		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D
	S	U	B	S	I	D	I	A	R	I	E	S																	

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

1	0	t	h		F	l	o	o	r	,		O	n	e	E	-	C	o	m		C	e	n	t	e	r	,		
H	a	r	b	o	r		D	r	i	v	e	,		M	a	l	l		o	f		A	s	i	a		C	o	m
p	l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0		

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
–	8857-0100	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,258	04/30	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
Mr. Franklin C. Gomez	–	8857-0100	–

CONTACT PERSON's ADDRESS

10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

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 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.*

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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



Accounting for Investments in Associate Companies

The Group's investments in associate companies are accounted for under the equity method and considered for impairment if there are indicators that such investments may be impaired. As at December 31, 2024, the Group's investment in a banking associate amounted to ₱288.0 billion, representing 21.9% of the Group's total noncurrent assets, and the Group's share in its net income amounted to ₱38.3 billion and accounts for 33.4% of the Group's consolidated net income. Given the magnitude of the banking associate's carrying amount and contribution to the Group's consolidated net income, the significant management judgments and estimates made by the banking associate in determining expected credit loss and valuation of financial instruments that affect its net income, as well as the significant management judgments and estimates applied in determining the recoverable amount of the Group's investments in mining and real estate associate companies with impairment indicators, we consider this matter significant to our audit.

The details of these investments are disclosed in Note 13 to the consolidated financial statements.

Audit Response

For the banking associate audited by other auditor, we evaluated the competence, capabilities and independence of other auditor by considering their qualifications and relevant experience and obtaining independence confirmation. We sent audit instructions to the other auditor to perform an audit on the relevant financial information of the associate company for the purpose of the Group's consolidated financial statements. Our audit instructions cover the other auditor's scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with the other auditor their key audit areas, planning and execution of audit procedures, significant areas of estimation and judgment, and results of their work for the year ended December 31, 2024. We reviewed the working papers of the other auditor, focusing on the procedures performed on the review of the testing of the expected credit loss model and valuation of financial instruments. We also obtained relevant financial information of the banking associate and recomputed the Group's share in net income for the year ended December 31, 2024.

For investments with indicators of possible impairment, we involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as revenue growth rate against the historical performance of these associate companies and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of investment in associate companies.

Revenue and Cost Recognition from Sale of Real Estate

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the output method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

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

In determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress of work based on physical proportion of work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Group's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

In determining the actual costs incurred to be recognized as cost of real estate sold, the Group estimates costs incurred on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor.

The Group identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The disclosures related to the Group's revenue recognition are included in Note 3 to the consolidated financial statements.

Audit Response

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellation.

For the determination of the transaction price of real estate sale, we obtained an understanding of the Group's process in the determination of the population of contracts with customers related to real estate sale and election of available practical expedient. We obtained the financing component calculation of management which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For these selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as the transaction price, cash discount, payment scheme, payment amortization table, and percentage of completion (POC) to the contract provision and projected POC schedule. We evaluated the Group's application of portfolio approach in the financing component calculation by understanding the rationale and basis of the parameters used (i.e., grouping of performance obligation based on POC, grouping of contracts based on payment scheme). We test computed the financing component of each portfolio as prepared by management.

For the application of the output method in determining revenue from sale of real estate, we obtained an understanding of the Group's processes for determining the POC and performed tests of the relevant controls. We inspected the certified POC reports prepared by the third-party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sold, we obtained an understanding of the Group's cost accumulation process and performed test of controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, official receipts and accomplishment reports, among others.

For the cost to obtain a contract, we selected sample contracts and agreed the basis for calculating the sales commissions, particularly (a) the percentage of commissions due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from sale of real estate.

Existence and Completeness of Merchandise Inventories

As at December 31, 2024, the merchandise inventories of the Group amounted to ₱42.0 billion, representing 10.9% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the merchandise inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this a key audit matter.

The disclosures about inventories are included in Note 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's inventory process and performed test of controls for selected stores and warehouses. We observed the conduct of physical inventory count at selected warehouses and stores. We performed test counts and compared the results to the Group's inventory compilation reports to determine if the compilation reports reflect the results of the actual inventory count. We traced the last documents used for shipping, receiving, and transfers which were obtained during the inventory count observation to the accounting records of sales and purchases. We inspected the reconciliations of the inventory compilation reports with the general ledger account balances and tested the reconciling items. We performed testing, on a sampling basis, of the Group's rollforward or rollback procedures on inventory quantities from the date of physical inventory count to the financial reporting date.

For the material components audited by other auditor, we discussed with the other auditor the strategy, execution of audit procedures and results of their work over the merchandise inventories. We also reviewed their working papers on merchandise inventories, specifically on the observation and testing of physical inventory counts, testing of compilation procedures and the reconciliation of the physical inventory count to the general ledger and financial reports.

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 will not express any form of assurance conclusion thereon.

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

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 units 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 Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465271, January 2, 2025, Makati City

February 28, 2025

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 21 and 28)	**₱112,528,047**	₱103,745,558
Time deposits (Notes 8, 21 and 28)	**221,096**	602,466
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 28 and 29)	**794,433**	747,840
Receivables and contract assets (Notes 10, 21 and 28)	**92,268,970**	79,209,522
Inventories (Note 11)	**119,676,110**	117,474,980
Other current assets (Notes 12, 21 and 28)	**58,311,536**	57,690,959
Total Current Assets	**383,800,192**	359,471,325
Noncurrent Assets		
Financial assets at FVOCI - net of current portion (Notes 9 and 28)	**26,361,789**	26,317,778
Investments in associate companies and joint ventures (Note 13)	**399,483,760**	361,324,800
Time deposits - net of current portion (Notes 8, 21, 28 and 29)	**3,113,470**	22,324,681
Property and equipment (Note 14)	**57,356,628**	52,851,633
Investment properties (Note 15)	**592,949,802**	537,067,223
Right-of-use assets (Note 27)	**49,185,455**	48,540,412
Intangibles (Note 16)	**40,386,475**	40,275,568
Other noncurrent assets (Notes 16, 21 and 28)	**146,414,611**	138,045,093
Total Noncurrent Assets	**1,315,251,990**	1,226,747,188
	₱1,699,052,182	₱1,586,218,513
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 17, 21, 28 and 31)	**₱24,074,356**	₱13,414,239
Accounts payable and other current liabilities (Notes 18, 21, 27 and 28)	**210,372,577**	200,169,027
Income tax payable	**4,093,222**	3,649,923
Current portion of long-term debt (Notes 19, 21, 28 and 31)	**104,627,839**	113,528,791
Total Current Liabilities	**343,167,994**	330,761,980
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19, 21, 28, 29 and 31)	**371,872,181**	374,758,859
Lease liabilities - net of current portion (Notes 27 and 31)	**33,191,553**	32,342,279
Deferred tax liabilities (Note 26)	**19,444,899**	18,129,316
Tenants' deposits and others (Notes 25, 27, 28 and 29)	**64,950,764**	58,025,874
Total Noncurrent Liabilities	**489,459,397**	483,256,328
Total Liabilities	**832,627,391**	814,018,308

(Forward)

	December 31	
	2024	2023
Equity Attributable to Owners of the Parent Company		
Capital stock (Note 20)	**₱12,261,146**	₱12,261,146
Additional paid-in capital	**71,752,158**	71,837,361
Treasury stock	**(40,912)**	(40,912)
Equity adjustments from common control transactions (Note 20)	**(6,948,729)**	(6,660,472)
Cost of Parent common shares held by subsidiaries	**(25,386)**	(25,386)
Cumulative translation adjustment	**1,821,115**	1,587,205
Fair value changes on cash flow hedges and others	**557,052**	809,143
Unrealized gain on financial assets at FVOCI (Note 9)	**9,898,983**	11,075,393
Remeasurement loss on defined benefit asset/obligation (Note 25)	**(2,099,656)**	(3,150,991)
Share in other comprehensive loss of associate companies and joint ventures - net	**(11,772,684)**	(11,376,601)
Retained earnings (Note 20):		
Appropriated	**30,000,000**	37,000,000
Unappropriated	**521,900,993**	443,288,813
Total Equity Attributable to Owners of the Parent	**627,304,080**	556,604,699
Non-controlling Interests (Note 2)	**239,120,711**	215,595,506
Total Equity	**866,424,791**	772,200,205
	₱1,699,052,182	₱1,586,218,513

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands Except Per Share Data)

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Sales:			
Merchandise	**₱421,756,981**	₱401,725,529	₱367,318,577
Real estate	**45,910,195**	42,124,088	39,046,514
Rent (Notes 15, 21 and 27)	**67,965,715**	61,784,742	49,167,565
Equity in net earnings of associate companies and joint ventures (Note 13)	**50,001,804**	44,945,113	35,825,734
Others (Note 22)	**69,142,303**	65,672,415	61,640,188
	654,776,998	616,251,887	552,998,578
COSTS AND EXPENSES (Notes 11 and 23)	**502,951,230**	474,083,864	435,430,927
OPERATING INCOME	**151,825,768**	142,168,023	117,567,651
OTHER INCOME (CHARGES)			
Interest expense (Notes 21 and 24)	**(23,710,242)**	(24,084,744)	(21,547,070)
Interest income (Notes 21 and 24)	**4,576,755**	4,048,278	3,042,370
Gain (loss) from fair value changes on derivatives - net	**(480,038)**	(30,731)	866,500
Impairment reversal (provision) (Notes 13 and 15)	**(475,721)**	320,206	(787,166)
Foreign exchange gain (loss) - net and others (Note 28)	**1,174,760**	396,174	(2,092)
	(18,914,486)	(19,350,817)	(18,427,458)
INCOME BEFORE INCOME TAX	**132,911,282**	122,817,206	99,140,193
PROVISION FOR INCOME TAX (Note 26)			
Current	**16,928,773**	16,209,025	14,248,182
Deferred	**1,329,603**	423,118	546,638
	18,258,376	16,632,143	14,794,820
NET INCOME	**₱114,652,906**	₱106,185,063	₱84,345,373
Attributable to			
Owners of the Parent (Note 30)	**₱82,608,707**	₱76,989,043	₱61,653,665
Non-controlling interests	**32,044,199**	29,196,020	22,691,708
	₱114,652,906	₱106,185,063	₱84,345,373
Basic/Diluted Earnings Per Common Share Attributable to Owners of the Parent (Note 30)	**₱67.60**	₱63.00	₱50.88

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱114,652,906**	₱106,185,063	₱84,345,373
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**521,599**	(1,035,219)	27,928
Fair value changes on cash flow hedges	**(490,854)**	(1,758,911)	4,608,383
	30,745	(2,794,130)	4,636,311
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation (Note 25)	**1,677,267**	(2,503,907)	(1,274,242)
Net unrealized loss on financial assets at FVOCI (Note 9)	**(1,072,817)**	(599,993)	(2,478,988)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	**(751,690)**	344,024	(269,602)
	(147,240)	(2,759,876)	(4,022,832)
Share in other comprehensive loss of associate companies and joint ventures - net (Note 13)	**(457,876)**	(641,624)	(4,336,268)
TOTAL COMPREHENSIVE INCOME	**₱114,078,535**	₱99,989,433	₱80,622,584
Attributable to			
Owners of the Parent	**₱82,069,721**	₱72,881,710	₱56,987,529
Non-controlling interests	**32,008,814**	27,107,723	23,635,055
	₱114,078,535	₱99,989,433	₱80,622,584

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(Amounts in Thousands Except Per Share Data)

	Equity Attributable to Owners of the Parent														
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges and Others	Unrealized Gain (Loss) on Financial Assets at FVOCI	Remeasurement Gain (Loss) on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2024	**₱12,261,146**	**₱71,837,361**	**(₱40,912)**	**(₱6,660,472)**	**(₱25,386)**	**₱1,587,205**	**₱809,143**	**₱11,075,393**	**(₱3,150,991)**	**(₱11,376,601)**	**₱37,000,000**	**₱443,288,813**	**₱556,604,699**	**₱215,595,506**	**₱772,200,205**
Net income	–	–	–	–	–	–	–	–	–	–	–	**82,608,707**	**82,608,707**	**32,044,199**	**114,652,906**
Other comprehensive income (loss)	–	–	–	–	–	**233,910**	**(252,091)**	**(1,176,057)**	**1,051,335**	**(396,083)**	–	–	**(538,986)**	**(35,385)**	**(574,371)**
Total comprehensive income	–	–	–	–	–	**233,910**	**(252,091)**	**(1,176,057)**	**1,051,335**	**(396,083)**	–	**82,608,707**	**82,069,721**	**32,008,814**	**114,078,535**
Realized gain on sale of financial assets at FVOCI (Note 9)	–	–	–	–	–	–	–	**(353)**	–	–	–	**353**	–	–	–
Effect of business combination (Note 5)	–	–	–	**(288,257)**	–	–	–	–	–	–	–	–	**(288,257)**	–	**(288,257)**
Transactions with non-controlling interests	–	**(85,203)**	–	–	–	–	–	–	–	–	–	–	**(85,203)**	**9,296**	**(75,907)**
Cash dividends - ₱9.00 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	**(10,996,880)**	**(10,996,880)**	–	**(10,996,880)**
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	**(9,279,231)**	**(9,279,231)**
Reversal of appropriations - net	–	–	–	–	–	–	–	–	–	–	**(7,000,000)**	**7,000,000**	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	**786,326**	**786,326**
As at December 31, 2024	**₱12,261,146**	**₱71,752,158**	**(₱40,912)**	**(₱6,948,729)**	**(₱25,386)**	**₱1,821,115**	**₱557,052**	**₱9,898,983**	**(₱2,099,656)**	**(₱11,772,684)**	**₱30,000,000**	**₱521,900,993**	**₱627,304,080**	**₱239,120,711**	**₱866,424,791**
As at January 1, 2023	₱12,261,146	₱75,839,217	(₱40,912)	(₱6,660,472)	(₱25,386)	₱2,102,782	₱1,610,364	₱11,823,413	(₱1,721,868)	(₱10,763,209)	₱37,000,000	₱375,463,837	₱496,888,912	₱195,301,099	₱692,190,011
Net income	–	–	–	–	–	–	–	–	–	–	–	76,989,043	76,989,043	29,196,020	106,185,063
Other comprehensive loss	–	–	–	–	–	(515,577)	(801,221)	(748,020)	(1,429,123)	(613,392)	–	–	(4,107,333)	(2,088,297)	(6,195,630)
Total comprehensive income	–	–	–	–	–	(515,577)	(801,221)	(748,020)	(1,429,123)	(613,392)	–	76,989,043	72,881,710	27,107,723	99,989,433
Transactions with non-controlling interests	–	(4,001,856)	–	–	–	–	–	–	–	–	–	–	(4,001,856)	174,174	(3,827,682)
Cash dividends - ₱7.50 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(9,164,067)	(9,164,067)	–	(9,164,067)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(7,459,930)	(7,459,930)
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	472,440	472,440
As at December 31, 2023	₱12,261,146	₱71,837,361	(₱40,912)	(₱6,660,472)	(₱25,386)	₱1,587,205	₱809,143	₱11,075,393	(₱3,150,991)	(₱11,376,601)	₱37,000,000	₱443,288,813	₱556,604,699	₱215,595,506	₱772,200,205

	Equity Attributable to Owners of the Parent														
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges and Others	Unrealized Gain (Loss) on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2022	₱12,045,829	₱75,827,181	₱–	(₱6,298,551)	(₱25,386)	₱2,253,475	(₱1,201,352)	₱14,289,319	(₱1,026,650)	(₱6,597,174)	₱37,000,000	₱321,337,891	₱447,604,582	₱176,003,603	₱623,608,185
Net income	–	–	–	–	–	–	–	–	–	–	–	61,653,665	61,653,665	22,691,708	84,345,373
Other comprehensive income (loss)	–	–	–	–	–	(150,693)	2,811,716	(2,465,906)	(695,218)	(4,166,035)	–	–	(4,666,136)	943,347	(3,722,789)
Total comprehensive income	–	–	–	–	–	(150,693)	2,811,716	(2,465,906)	(695,218)	(4,166,035)	–	61,653,665	56,987,529	23,635,055	80,622,584
Effect of business combination (Note 5)	215,317	–	(40,912)	(361,921)	–	–	–	–	–	–	–	–	(187,516)	239,695	52,179
Transactions with non-controlling interests	–	12,036	–	–	–	–	–	–	–	–	–	–	12,036	21,245	33,281
Cash dividends - ₱6.25 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(7,527,719)	(7,527,719)	–	(7,527,719)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,273,377)	(5,273,377)
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	674,878	674,878
As at December 31, 2022	₱12,261,146	₱75,839,217	(₱40,912)	(₱6,660,472)	(₱25,386)	₱2,102,782	₱1,610,364	₱11,823,413	(₱1,721,868)	(₱10,763,209)	₱37,000,000	₱375,463,837	₱496,888,912	₱195,301,099	₱692,190,011

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱132,911,282**	₱122,817,206	₱99,140,193
Adjustments for:			
Equity in net earnings of associate companies and joint ventures (Note 13)	**(50,001,804)**	(44,945,113)	(35,825,734)
Depreciation and amortization (Notes 14, 15, 16, 23 and 27)	**26,507,988**	24,706,691	23,653,863
Interest expense (Note 24)	**23,710,242**	24,084,744	21,547,070
Interest income (Note 24)	**(4,576,755)**	(4,048,278)	(3,042,370)
Provisions - net (Notes 10 and 23)	**4,176,204**	4,400,289	5,099,217
Dividend income (Note 22)	**(870,899)**	(911,619)	(1,177,340)
Loss (gain) from fair value changes on derivatives - net	**480,038**	30,731	(866,500)
Impairment provision (reversal) (Notes 13 and 15)	**475,721**	(320,206)	787,166
Gain on disposal of investments and properties - net (Notes 13, 14 and 15)	**(445,287)**	(66,131)	(209,206)
Unrealized foreign exchange loss (gain) - net	**(96,596)**	44,431	1,132,078
Income before working capital changes	**132,270,134**	125,792,745	110,238,437
Increase in:			
Receivables and contract assets	**(21,278,847)**	(16,882,660)	(7,501,824)
Other current assets	**(2,514,083)**	(1,436,571)	(635,950)
Inventories	**(2,185,107)**	(24,275,052)	(40,685,904)
Increase in:			
Accounts payable and other current liabilities	**9,732,351**	14,194,998	34,081,718
Tenants' deposits and others	**8,113,221**	9,233,692	2,544,753
Net cash generated from operations	**124,137,669**	106,627,152	98,041,230
Income tax paid	**(16,487,998)**	(15,747,502)	(13,356,765)
Net cash provided by operating activities	**107,649,671**	90,879,650	84,684,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investment in associate companies and joint ventures	**1,585,559**	–	50,000
Investment properties	**605,913**	74,855	84,863
Property and equipment	**318,000**	52,738	241,913
Additions to:			
Investment properties (Note 15)	**(67,568,789)**	(68,205,952)	(33,990,435)
Property and equipment (Note 14)	**(12,748,787)**	(12,361,763)	(9,678,003)
Investments in associate companies and joint ventures (Note 13)	**(5,336,879)**	(288,227)	(73,500)
Financial assets at FVOCI	**(1,508,238)**	(692,125)	–
Decrease (increase) in:			
Time deposits	**19,592,582**	9,857,111	(27,518,818)
Other noncurrent assets	**(254,128)**	14,679,276	8,794,846
Dividends received	**15,727,366**	11,240,255	8,136,996
Interest received	**4,478,192**	4,289,389	2,846,341
Purchase consideration net of cash, from acquisition of subsidiaries (Note 5)	**–**	–	(88,608)
Net cash used in investing activities	**(45,109,209)**	(41,354,443)	(51,194,405)

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt	**₱112,875,555**	₱107,590,529	₱100,256,801
Bank loans	**105,535,009**	45,599,966	66,878,421
Payments of:			
Long-term debt	**(131,653,274)**	(103,343,041)	(72,630,533)
Bank loans	**(94,961,213)**	(52,906,823)	(73,264,105)
Interest	**(22,223,651)**	(22,834,339)	(19,909,588)
Dividends	**(20,434,530)**	(17,335,101)	(12,714,420)
Lease liabilities	**(5,308,424)**	(5,219,712)	(4,853,925)
Proceeds from matured derivatives - net	**2,404,388**	–	–
Acquisition of non-controlling interest in a subsidiary	–	(5,169,476)	–
Partial sale of shares in a subsidiary	–	1,294,623	–
Net cash used in financing activities	**(53,766,140)**	(52,323,374)	(16,237,349)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,774,322**	(2,798,167)	17,252,711
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**8,167**	(17,347)	(44,273)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 7)	**103,745,558**	106,561,072	89,352,634
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱112,528,047**	₱103,745,558	₱106,561,072

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960. On December 27, 2019, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's articles of incorporation changing its corporate life to perpetual. Its registered office address is 10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

SMIC is one of the largest publicly listed companies in the Philippines with interests in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee, on February 28, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Parent Company and its subsidiaries (the Group) are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS) Accounting Standards. All values are rounded to the nearest thousand Peso except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with PFRS Accounting Standards.

Basis of Consolidation

The Group is considered to have control over an investee when the Group has:

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

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

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Group's voting rights and potential voting rights.

The Group 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 Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control until the date the Group ceases to have control over the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation adjustments recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

		Percentage of Ownership			
		2024		2023	
Company	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
Property					
SM Prime Holdings, Inc. (SM Prime) and Subsidiaries	Real estate development	**50**	**–**	50	–
SM Development Corporation and Subsidiaries	Real estate development	**–**	**100**	–	100
Highlands Prime Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Costa del Hamilo, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Magenta Legacy, Inc.	Real estate development	**–**	**100**	–	100
Associated Development Corporation	Real estate development	**–**	**100**	–	100
Prime Metro Estate, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Tagaytay Resort Development Corp	Real estate development	**–**	**100**	–	100
SM Arena Complex Corporation	Conventions	**–**	**100**	–	100
MOA Esplanade Port, Inc.	Port terminal operations	**–**	**100**	–	100
Premier Clark Complex, Inc.	Real estate development	**–**	**100**	–	100
SM Hotels and Conventions Corp. and Subsidiaries	Hotel and conventions	**–**	**100**	–	100
First Asia Realty Development Corp.	Real estate development	**–**	**74**	–	74
Premier Central, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Consolidated Prime Dev. Corp.	Real estate development	**–**	**100**	–	100
Premier Southern Corp.	Real estate development	**–**	**100**	–	100
San Lazaro Holdings Corporation	Real estate development	**–**	**100**	–	100
Southernpoint Properties Corp.	Real estate development	**–**	**100**	–	100
First Leisure Ventures Group Inc.	Real estate development	**–**	**50**	–	50
CHAS Realty and Development Corporation and Subsidiaries	Real estate development	**–**	**100**	–	100
Springfield Global Enterprises Limited*[BVI]	Real estate development	**–**	**100**	–	100
Simply Prestige Limited and Subsidiaries*[BVI]	Real estate development	**–**	**100**	–	100
SM Land (China) Limited and Subsidiaries* [Hong Kong]	Real estate development	**–**	**100**	–	100

(Forward)

Company	Principal Activities	Percentage of Ownership 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect
Rushmore Holdings, Inc.	Real estate development	–	**100**	–	100
Prime_Commercial Property Management Corp. and Subsidiaries	Real estate development	–	**100**	–	100
Mindpro, Incorporated	Real estate development	–	**70**	–	70
A. Canicosa Holdings, Inc.	Real estate development	–	**100**	–	100
AD Canicosa Properties, Inc.	Real estate development	–	**100**	–	100
Cherry Realty Development Corporation	Real estate development	–	**100**	–	100
Supermalls Transport Services, Inc.	Real estate development	–	**100**	–	100
SM Smart City Infrastructure and Development Corporation	Real estate development	–	**100**	–	100
Britannia Trading Corp. and Subsidiaries	Trading, importing and exporting of goods	–	**100**	–	100
SMPHI SG Holdings Pte. Ltd.*[Singapore]	Investment	–	**100**	–	–
SM Guun Environmental Company, Inc.	Recycling and repurposing of waste	–	**70**	–	–
Mountain Bliss Resort & Development Corp. and Subsidiary	Real estate development	**100**	–	100	–
Intercontinental Development Corporation (ICDC)	Real estate development	**97**	**3**	97	3
Prime Central Limited and Subsidiaries*[BVI]	Investment	**100**	–	100	–
Bellevue Properties, Inc.	Real estate development	**62**	–	62	–
Neo Subsidiaries [(a)]	Real estate development	**95**	–	95	–
Nagtahan Property Holdings, Inc.	Real estate development	**100**	–	100	–
Philippines Urban Living Solutions, Inc. (PULSI)	Real estate development	**71**	–	71	–
Retail					
SM Retail Inc. (SM Retail) and Subsidiaries	Retail	**77**	–	77	–
Others					
Primebridge Holdings, Inc. and Subsidiaries	Investment	**100**	–	100	–
Multi-Realty Development Corporation	Investment	**91**	–	91	–
Henfels Investments Corporation	Investment	**100**	–	99	–
Belleshares Holdings, Inc.	Investment	**99**	–	99	–
2GO Group, Inc. and subsidiaries (2GO)	Integrated Supply Chain	**67**	–	67	–
Goldilocks Bakeshop, Inc. and subsidiaries	Bakery products and other food items	**64**	–	64	–
Globalfund Holdings, Inc.	Investment	**100**	–	100	–
SMIC SG Holdings Pte. Ltd.*[Singapore]	Investment	**100**	–	100	–
Katimak Holdings, Inc. (Note 5)	Investment	**100**	–	100	–
Allfirst Renewables Holdings, Inc. (Note 5)	Investment	**89**	**11**	89	11
Philippine Geothermal Production Company, Inc. (PGPC) and Subsidiaries (Note 5)	Development and utilization of minerals, geothermal and other products	**60**	**40**	60	40
AIC Group of Companies Holding Corp. (Airspeed) (Note 5)	Integrated Supply Chain	**51**	–	51	–

*The principal place of business and country of incorporation of the subsidiaries listed above is in the Philippines except for those marked * and as indicated after the company name.*

(a) Neo Subsidiaries include N-Plaza BGC Land, Inc., N-Plaza BGC Properties, Inc., N-Quad BGC Land, Inc., N-Quad BGC Properties, Inc., N-Square BGC Land, Inc., N-Square BGC Properties, Inc., N-Cube BGC Land, Inc., N-Cube BGC Properties, Inc., N-One BGC Land, Inc. and N-One BGC Properties, Inc.

Material Partly-owned Subsidiary

The non-controlling interests of SM Prime is material to the Group. Non-controlling shareholders hold 50% of SM Prime as at December 31, 2024 and 2023.

The summarized financial information of SM Prime follows:

Financial Position

	December 31	
	2024	2023
		(In Thousands)
Current assets	**₱230,681,830**	₱217,455,628
Noncurrent assets	**788,748,900**	725,871,947
Total assets	**₱1,019,430,730**	₱943,327,575
Current liabilities	**₱211,995,083**	₱172,416,008
Noncurrent liabilities	**371,195,157**	372,024,531
Total liabilities	**₱583,190,240**	₱544,440,539
Total equity	**₱436,240,490**	₱398,887,036
Attributable to:		
Owners of the Parent	**₱433,093,072**	₱396,196,619
Non-controlling interests	**3,147,418**	2,690,417
	₱436,240,490	₱398,887,036

Statements of Comprehensive Income

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Revenues	**₱140,390,872**	₱128,097,541	₱105,785,635
Costs and expenses	**72,353,754**	66,818,300	56,542,322
Other charges	**(11,194,653)**	(11,439,422)	(10,529,309)
Income before income tax	**56,842,465**	49,839,819	38,714,004
Provision for income tax	**10,303,029**	8,975,974	7,970,875
Net income	**46,539,436**	40,863,845	30,743,129
Other comprehensive income (loss)	**1,247,080**	(213,165)	2,910,173
Total comprehensive income	**₱47,786,516**	₱40,650,680	₱33,653,302
Attributable to:			
Owners of the Parent	**₱45,631,764**	₱40,010,501	₱30,099,799
Non-controlling interests	**907,672**	853,344	643,330
Net income	**₱46,539,436**	₱40,863,845	₱30,743,129
Attributable to:			
Owners of the Parent	**₱46,876,500**	₱39,798,392	₱33,013,181
Non-controlling interests	**910,016**	852,288	640,121
Total comprehensive income	**₱47,786,516**	₱40,650,680	₱33,653,302
Dividends paid to non-controlling interests	**₱454,430**	₱324,450	₱144,050

Cash Flows

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
Net cash provided by operating activities	**₱67,288,953**	₱62,655,469	₱35,693,273
Net cash used in investing activities	**(64,554,152)**	(66,714,473)	(52,244,301)
Net cash provided by (used in) financing activities	**(3,296,817)**	(6,227,315)	18,925,682
Effect of exchange rate changes on cash and cash equivalents	**(8,615)**	43,039	(90,424)
Net increase (decrease) in cash and cash equivalents	**(₱570,631)**	(₱10,243,280)	₱2,284,230

3. Summary of Material Accounting Policies, Changes and Improvements

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

Determination of Fair Value of Assets and Liabilities

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interest.

The fair value measurement of a nonfinancial asset considers the market participant's ability to generate economic benefits by using and/or selling the asset to another market participant in its highest and best use.

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

Assets and liabilities for which fair value is measured based on the lowest level input that is significant to the fair value measurement as a whole and disclosed in the consolidated financial statements based on the fair value hierarchy described below:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

The Group determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Group has assessed the class of assets and liabilities on the basis of the nature, characteristics and risks of the subject asset or liability and the fair value hierarchy.

Financial Instruments

Financial Assets

Initial Recognition and Measurement
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL). The classification at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing them. The initial measurement of financial assets, except for those classified as FVPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at 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 marketplace are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
Subsequent to initial recognition, the Group classifies its financial assets in the following categories:

- Amortized cost
- FVPL
- FVOCI
  - with recycling of cumulative gains and losses (debt instruments)
  - with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial Assets at Amortized Cost (Debt Instruments)
The Group measures financial assets at amortized cost when:

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

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

The Group's financial assets at amortized cost include cash and cash equivalents, time deposits, receivables (including noncurrent portion of receivables from real estate buyers), advances and other receivables (included under "Other current assets" account).

Financial Assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are classified as held for trading unless these 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.

Financial assets at FVPL are measured at fair value. Changes in fair values are 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 when:

- 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 the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.



Financial Assets Designated at FVOCI (Equity Instruments)
Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at FVOCI when these meet the definition of equity under Philippine Accounting Standard (PAS) 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined at instrument level.

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

The Group's equity instruments at FVOCI include investments in shares of stock and club shares (included under "Financial assets at FVOCI" account).

Derecognition
A financial asset, part of a financial asset or part of a group of similar financial assets, is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or, (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates the extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of Financial Assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between the carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether the modification of financial asset is substantial or not. The Group considers the following factors in its assessment:

- Change in currency;
- Introduction of an equity feature;
- Change in counterparty; and
- Asset no longer qualified as SPPI.



The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a new financial asset. Accordingly, the date of the modification is considered as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for expected credit loss (ECL) measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment
The Group recognizes an allowance for 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 effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

To calculate ECLs, the Group uses the provision matrix for rent and other receivables, vintage approach for receivables from sales of real estate (billed and unbilled) and general approach (low credit risk simplification) for treasury assets.

Under the provision matrix, ECLs are calculated based on lifetime ECLs. Changes in credit risk are not tracked, instead, a loss allowance based on lifetime ECLs adjusted for forward-looking factors specific to the debtors and the economic environment is recognized.

Under the vintage approach, ECLs are calculated based on the cumulative loss rates of given real estate receivable pool. The probability of default is derived from the historical data of a homogenous portfolio that shares the same origination period. Information on the number of loan defaults for fixed time intervals is utilized to create the probability model. It allows the evaluation of the loan activity from origination period to the end of the contract period. Macroeconomic indicators such as forward-looking data on inflation rate are also considered. The probability of default is applied to the loss estimate which is the difference between the contractual cash flows due and the amount expected to be received, including the cost of repossession of the subject real estate property and other related costs. In calculating the recovery rates, collections and/or cash from the resale of foreclosed real estate properties, net of direct costs to obtain and sell the real estate properties, are considered such as commission, cost of refurbishment, payment required under Maceda law, and cost to complete for incomplete units. As these are future cash flows, these are discounted to the time of default using the appropriate effective interest rate.



The Group considers a financial asset in default when contractual payments are 120 days past due or when sales are cancelled, supported by a notarized cancellation letter. 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.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

Financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable costs.

The Group's financial liabilities include bank loans, accounts payable and other current liabilities (excluding payable to government agencies), dividends payable presented under "Other current liabilities", long-term debt, lease liabilities and tenants' deposits and others.

Tenants' deposits pertain to security deposits received from various tenants upon inception of the respective lease contracts on the Group's investment properties. At the termination of the lease contracts, the deposits received by the Group are returned to tenants, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged leased properties, if any.

Subsequent Measurement
Loans and Borrowings
Interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The calculation of amortized cost considers any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statements of income.

Financial liabilities at FVPL include those held for trading as well as derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless these are designated as effective hedging instruments. Gains and losses on liabilities held for trading are recognized in the consolidated statements of income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Exchange or Modification of Financial Liabilities
The Groups considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial instrument and amortized over the remaining term of the modified financial instrument.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, i.e., to realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement
The Group uses derivative financial instruments such as cross-currency swaps, foreign currency call options, interest rate swaps, options and non-deliverable forwards to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the 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; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.



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 the hedged item.

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

Cash Flow Hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statements of 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 the fair value of the hedged instrument.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under "Fair value changes on cash flow hedges and others" account.

The amounts accumulated in OCI are accounted for 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 hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

Other Derivative Instruments Not Accounted for as Hedges
Certain freestanding derivative instruments that provide economic hedges under the Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair value of derivative instruments not designated as hedges are recognized under "Gain (loss) from fair value changes on derivatives - net" account in the consolidated statements of income (see Note 29). Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.



Merchandise Inventories
Merchandise inventories' costs are primarily determined using the weighted average method.

Current Portion of Land and Development and Condominium and Residential Units for Sale
The current portion of land and development and condominium and residential units for sale are stated at the lower of cost or net realizable value. Cost includes those costs incurred for development and improvement of the properties. Net realizable value is the selling price in the ordinary course of business less costs to complete and the estimated cost to make the sale. The current portion of land and development and condominium and residential units for sale includes properties that are constructed for sale in the ordinary course of business, rather than for rental or capital appreciation.

Cost incurred for the development and improvement of the properties includes the following:

- land cost;
- amounts paid to contractors for construction and development; and,
- planning and design, and site preparation, as well as professional fees, property transfer taxes, construction overhead and others.

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

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Buildings and improvements	5–25 years	
Store equipment and improvements	5–10 years	
Data processing equipment	4–8 years	
Furniture, fixtures and office equipment	3–10 years	
Machinery and equipment	2–10 years	
Leasehold improvements	5–20 years	or term of the lease, whichever is shorter
Transportation equipment	5–15 years	
Vessels in operation, excluding drydocking cost, and vessel equipment and improvements	30–35 years	
Containers and reefer vans	5–10 years	

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying value of the assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment Properties
Investment properties, except land, are measured at cost, less accumulated depreciation and amortization and accumulated impairment in value. Land is stated at cost less any impairment in value.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Land improvements	3–10 years	
Buildings and leasehold improvements	5–40 years	or term of the lease, whichever is shorter
Building equipment, furniture and others	3–15 years	

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Transfers are made from investment properties to inventories when there is a change in use of subject property, supported by an approved plan to construct and develop condominium and residential units for sale. Transfers are made from inventories to investment properties when there is a change in use of subject property, supported by an operating lease agreement, or, change in plan to develop subject property into residential projects for sale. Such transfers shall be accounted based on the carrying value at the time of transfer.

In case of change from investment properties to property and equipment (when used by the Group for its own use) and vice versa, the transfer shall be accounted based on the carrying value at the time of change in use.

Construction in Progress

Construction in progress under property and equipment and investment property represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated.

Property Acquisitions, Business Combinations and Acquisitions of Non-controlling Interests

Property Acquisitions and Business Combinations. When property is acquired through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under 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 interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in "Costs and expenses" account in the consolidated statements of income.



For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations occurred from the date when the acquired companies first became under the control of the Group. The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized under "Equity adjustments from common control transactions" account in the equity section of the consolidated balance sheet.

Acquisitions/Disposal of Non-controlling Interests. Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received shall be recognized as equity reserve, presented as "Additional Paid-in Capital".

Goodwill

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured by the Group at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and,
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment at least annually.

Impairment of Nonfinancial Assets

The carrying value of nonfinancial assets (property and equipment, investment properties, investments in associate companies and joint ventures, right-of-use (ROU) assets, and intangibles with definite useful life and other noncurrent assets) is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments



of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Revenue and Cost Recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements. The following specific recognition criteria shall be met before revenue is recognized:

Sale of Merchandise Inventories. Revenue from sale of goods is recognized when the transfer of control is turned over to the buyer and the performance obligation is satisfied. The performance obligation is generally satisfied when customers purchase the goods. Net sales, as presented in the statement of comprehensive income, is net of sales returns. Payment of the transaction price is due immediately at the point of sale.

Revenue and Cost from Sales of Real Estate. The Group derives its real estate revenue from the sale of lots, house and lot and condominium units. Revenue from the sale of these real estate under pre-completion stage is recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenues based on direct measurements of the value of goods or services transferred to customers relative to the remaining value promised under the contract.

Progress is measured using surveys of performance completed, milestones reached and time elapsed. This method measures the progress of work based on the physical proportion of work done, as well as the impact of customized uninstalled materials on the real estate project, based on the monthly project accomplishment report prepared by third party engineers, as approved by the construction managers.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as receivables from sales of real estate, under trade receivables, is accounted for as unbilled revenue from sales of real estate and presented under "Receivables and contract assets".

Any excess of collections over the total of recognized installment real estate receivables is included in contract liabilities.

Information about the Group's performance obligation. The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell. The consideration is payable either in cash or financing, or a combination of both.

The financing scheme may include the payment of a certain percentage of the contract price spread over a specified period at a fixed monthly amount with the remaining balance payable in full at the end of the period either through cash or external financing.

The amortization payment schedule does not necessarily coincide with the progress of construction.

The Group has a quality assurance warranty which is not treated as a separate performance obligation.

Cost of Real Estate Sold. The Group recognizes costs relating to satisfied performance obligations as these are incurred, taking into consideration the contract fulfillment assets. Cost of real estate sold includes costs of development and construction costs, contract fulfillment assets and cost to obtain a contract. These costs are allocated to the saleable area, with the portion allocable to the sold area recognized as cost of real estate sold while the portion allocable to the unsold area recognized as part of real estate inventories. Assets include only those costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. Contract assets pertain to unbilled revenue from sales of real estate. This is the right to consideration that is conditional in exchange for goods or services transferred to the customer. The capitalized amount is reclassified to trade receivable from real estate buyers when the periodic amortization of the customer becomes due for collection.

Contract Liabilities. Contract liabilities pertain to unearned revenue from sales of real estate. This is the obligation to transfer goods or services to a customer for which the Group has received consideration) from the customer. These also include customers' deposits related to sales of real estate. These are recognized as revenue when the Group performs the pertinent obligations under the contract.

Costs to Obtain a Contract. The costs of obtaining a contract with a customer are recognized as an asset if the Group expects recovery of these costs. The accrual of commissions paid to brokers and marketing agents on the sale of pre-completed real estate units is likewise capitalized when recovery is reasonably expected and is charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Costs and expenses" account in the consolidated statements of income. Costs incurred prior to obtaining a contract with a customer are expensed as these are incurred.

Contract Fulfillment Assets. Contract fulfillment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group considers the applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) costs are expected to be recovered. The assessment of this criteria requires the application of judgement particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets mainly pertain to land acquisition costs, included in Real estate inventories - Land and development (current portion) and Condominium, residential units and subdivision lots for sale.

Amortization, Derecognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract. The Group amortizes contract fulfillment assets and costs capitalized to obtain a contract to cost of sales over the expected construction period using percentage of completion (POC) following the pattern of real estate revenue recognition. The amortization is included in cost of real estate sold account in the consolidated statements of income.

A contract fulfillment asset or costs capitalized to obtain a contract is derecognized when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price are removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgment is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

Sales - Processed Food and Others and Sales - Food and Beverage. Revenues from sales of processed food, beverage and others are recognized when the transfer of control is turned over to the buyer and the performance obligation is satisfied. The performance obligation is generally satisfied when customers purchase the goods and/or delivery is made to customers, as in the case of steam, processed food and beverage. Payment of the transaction price is due immediately at the point of sale and/or within 15 to 30 days.

Shipping and Logistics Revenues. Revenues from shipping and logistics services are recognized when rendered and/or when export/import cargoes are received by the shipper or consignee. Shipping revenues include fees for ancillary services such as wharfage, arrastre, stevedoring and other related services.



Rent. Revenues are recognized on a straight-line basis over the lease term or based on the terms of the lease as applicable. Contingent rent is recognized as revenue in the period in which it is earned.

Sale of Cinema and Event Tickets. Revenues are recognized upon receipt of cash from the customers which coincides with the rendering of services.

Gain on Sale of Investments in Associate Companies and Joint Ventures and Financial Assets. Revenues are recognized upon delivery of the securities to and confirmation of the sale by the broker.

Dividends. Revenues are recognized when the Group's right as a shareholder to receive payment is established.

Royalty and Service Fees. Revenues and/or expenses are recognized when earned and/or incurred, in accordance with the terms of the agreements.

Interest. Revenues are recognized when interest accrues, considering the effective yield.

Costs and expenses. Costs and expenses are recognized as incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Any subsequent reversal of the provision is recognized in the same line item in profit or loss where the expense was initially recognized.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the tax amounts are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Income Tax. Deferred income tax is set up based on the liability method and considering the temporary differences between the tax base of assets and liabilities and the corresponding carrying amounts at each reporting period.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess



MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures wherein deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Income tax relating to items recognized directly in the consolidated statement of comprehensive income is recognized in the consolidated statement of comprehensive income and not in the consolidated statements of income.

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/or the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- for receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and other current liabilities" accounts in the consolidated balance sheet.

Basic/Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income attributable to owners of the Parent for the period by the weighted average number of issued and outstanding common shares for the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to owners of the Parent and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive ordinary shares.

Events after the Reporting Period
Post yearend events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post yearend events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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 effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction such that the gain or loss that relates to the right of use retained is not recognized.

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

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

Future Changes in Accounting Policies and Disclosures
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7*, Classification and Measurement of Financial Instruments*

  The amendments include:

  - A clarification that a financial liability is derecognized on 'settlement date' and introduce an accounting policy choice to derecognize settled financial liabilities using an electronic payment system before the settlement date.
  - Guidance on the assessment of contingent features in order to classify financial assets with environmental, social and governance-linked features. The criteria 'solely payments of principal and interest' may still be met provided that the contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change and that are not 'significantly different' from the cash flows for an identical financial asset without such a contingent feature.
  - A clarification that a financial asset has non-recourse features provided the creditor's contractual right to receive cash flows is limited to the cash flows generated by specified assets. Contractually linked instruments can arise in non-recourse structures.

  The amendments are effective on or after January 1, 2026 to be applied retrospectively, with early adoption permitted.

- Annual Improvements to PFRS Accounting Standards -Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    a. Lessee Derecognition of Lease Liabilities

       The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b. Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  PFRS 18 replaces PAS 1 and responds to investors' demand for better information about the financial performance of corporate entities. Some of the new requirements include:

  - Totals, subtotals and new categories in the statement of profit or loss. An entity will be required to assess whether it has a 'specified main business activity' of investing in assets or providing finance to customers, as there are specific requirements for such entities.
  - Disclosure of management-defined performance measures or 'MPMs' which are subtotals of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole.
  - Guidance on aggregation and disaggregation within the primary financial statements and in the notes to financial statements.

  The new standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Deferred effectivity

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the reporting date.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a Contract. The Group's primary document for a contract with a customer is a signed contract to sell or the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, which contain the criteria to qualify as a contract with the customer under PFRS 15, *Revenue from Contracts with Customers*.

In addition, the Group performs an assessment of the probability of collection of the consideration which it is entitled to, in exchange of the subject real estate property. This assessment considers the significance of the customer's initial payments in relation to the contract price.

Revenue Recognition Method and Measure of Progress. The Group recognizes revenue for real estate sales over time in consideration of the following (a) the Group's performance does not create an asset with an alternative use, and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. The property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred. In addition, under the current legal framework, the customer is contractually obliged to make payments to the Group for performance completed to date.

The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. The Group determined that in the case of customized materials, the Group is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

Determining the Transaction Price for Sales of Real Estate. The Group determines whether a contract contains a significant financing component using the portfolio approach by considering (1) the difference between the amount of promised consideration and the cash selling price of the promised goods or services; and (2) the expected length of time from when the entity transfers the promised goods or services to the time the customer pays for those goods or services at the prevailing effective interest rate. The Group applied the practical expedient and did not adjust for the effect of financing component when the difference between the time of transfer of the promised goods or services to the time the customer pays for these goods or services is one year or less. The Group determined that its contracts for the sale of real estate do not contain a significant financing component.

Property Acquisitions and Business Combinations. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets and liabilities. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the real estate property. The consideration is made to the extent that the significant business processes are acquired and the additional services are to be provided by the subsidiary. When the acquisition of subsidiary does not constitute a business, it is accounted for as an acquisition of a group of assets and liabilities. The purchase price of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values at the date of acquisition. No goodwill or deferred tax is recognized.

Consignment Arrangements on Retail Segment. The retail segment of the Group has various consignment arrangements with suppliers. Management has determined that it is acting as principal in these sales transactions. Accordingly, revenue is recognized at gross amount upon actual sale to customers. The related inventory stocks supplied under these arrangements only become due and payable to suppliers when sold.

Operating Lease Commitments - Group as Lessor. Management has determined that the Group retains all the significant risks and rewards of ownership of the properties and thus, accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life.

Determination of Lease Term of Contracts with Renewal and Termination Options - Group as Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating the certainty or possibility of exercising the option to renew or terminate lease contracts. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term for any significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate the lease contract (e.g., construction of significant leasehold improvements or significant customization to the leased asset). In most cases, the Group exercises its option to renew.

Assessing Significant Influence over Associates. Management assessed that the Group has significant influence over all its associates by virtue of the Group's more than 20% voting power in the investee, representation in the board of directors, and participation in policy-making processes of the associates.

Assessing Joint Control of an Arrangement and the Type of Arrangement. The Group has 25% ownership in Waltermart Mall. Management assessed that the Group has joint control of Waltermart Mall by virtue of a contractual agreement with other shareholders. Waltermart Mall is a joint venture arrangement as it is a separate legal entity and its stockholders have rights to its net assets.

Assessing of Control or Significant Influence over Investees

SM Prime. The Group has 50% ownership interest in SM Prime. Management assessed that the Group has control of SM Prime as it holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed giving the Group the power to direct relevant activities of SM Prime.



BDO Unibank, Inc. (BDO). The Group has 45% ownership interest in BDO. Management assessed that the Group does not have control of BDO as the Group's aggregate voting rights is not sufficient to give it power to direct the relevant activities of BDO (see Note 13).

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates. Upon adoption of the Philippine Interpretation on IFRIC-23, *Uncertainty over Income Tax Treatments,* the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment, in consultation with its tax counsel, that it is probable that its income tax treatments (including those for its subsidiaries) will be accepted by the taxation authorities.

Estimates and Assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that pose a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the succeeding years are discussed below.

Net Realizable Value of Merchandise Inventories, Condominium and Residential Units for Sale, and Land and Development. The Group recognizes an allowance for impairment of value of merchandise inventories, condominium and residential units for sale, and land and development to value these assets at net realizable value. Impairment may be due to damage, physical deterioration, obsolescence, changes in price levels or other causes. See Note 11 for related balances.

The estimate of net realizable value is based on the most reliable evidence of the realizable value of the assets, available at the time the estimate is made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The allowance account is reviewed on a regular basis. In 2024, 2023 and 2022, the Group assessed that the net realizable value of merchandise inventories, condominium and residential units for sale and land and land development is higher than aggregate cost, hence, the Group did not recognize any impairment loss.

Impairment of Investments in Associate Companies and Joint Ventures. Impairment review of investments in associate companies and joint ventures is performed when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires management to make an estimate of the expected future cash flows from the investments using key assumptions such as growth rates, gross margins, projected earnings before interest and taxes, effective tax rates, non-cash charges, net working capital changes, capital expenditures and others and to choose a suitable discount rate in order to calculate the present value of those cash flows. See Note 13 for related balances.

Impairment of Goodwill and Trademarks and Brand Names with Indefinite Useful Lives. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculations is based on a discounted cash flow model. The cash flows are derived from the forecast for the relevant period and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets. The recoverable amount is most sensitive to the pre-tax discount rates used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. See Note 16 for related balances.

Impairment of Other Nonfinancial Assets. The Group assesses at each reporting date whether there is an indication that an item of property and equipment, investment properties and ROU assets may be impaired. This assessment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that these assets are impaired. Any resulting impairment loss could have a material impact on the financial position and performance of the Group.

The preparation of the estimated future cash flows involves judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of recoverable values and may lead to future additional impairment charges. There is no impairment on other nonfinancial assets for each of the three years in the period ended December 31, 2024. See Notes 14, 15 and 27 for related balances.

Purchase Price Allocation in Business Combinations. The acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize goodwill. The Group's acquisitions have resulted in goodwill and separate recognition of trademarks and brand names. In estimating the fair value of the acquiree's identifiable assets and liabilities, the Group used judgments, valuation methods and key assumptions such as the list prices, current replacement and reproduction cost and adjustment factors by reference to relevant market data. See Note 5 for related balances.

Fair Value of Previously Held Interest in an Acquiree. A business combination that is achieved in stages requires the Group to remeasure its previously held interest in the acquiree at its fair value at acquisition date and recognize any resulting gain or loss in profit or loss. The determination of fair value of the previously held interest involves judgment, estimations and assumptions. See Note 5 for related balances.

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Accordingly, only a portion of the Group's deferred tax assets is recognized. See Note 26 for related balances.

Present Value of Defined Benefit Obligation. The present value of the pension obligations depends on a number of factors including assumptions of discount rate and rate of salary increase, among others.

The Group determines the appropriate discount rate at the reporting date. In determining the discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Management believes that the assumptions used are reasonable and appropriate. However, significant differences in actual experience or significant changes in assumptions would materially affect the Group's pension and other pension obligations. See Note 25 for related balances.



Fair Value of Financial Assets and Liabilities. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates). The amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would directly affect profit or loss and OCI. See Note 29 for related balances.

Valuation of Unquoted Equity Investments. Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of other instruments that is substantially the same;
- the expected cash flows discounted at current rates applicable for investments with similar terms and risk characteristics; or,
- other valuation models.

The determination of cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's financial assets at FVOCI at fair value in compliance with PFRS 9, management applied judgement in selecting the valuation technique and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group. See Note 29 for related balances.

Leases – Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it used its 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 ROU 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 27 for related balances.

Contingencies. The Group is involved in certain legal and administrative proceedings. The Group, in collaboration with outside legal counsel handling defense, as the case may be, does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings.

5. Business Combination

SM Retail Common Control Business Acquisition. In December 2024, SM Retail acquired 80% of the outstanding common stock of SM Guam, Inc. (SM Guam). The acquisition of SM Guam was considered as a business reorganization of companies under common control. Thus, the pooling of interests method was applied in the preparation of the consolidated financial statements. Prior period financial statements were not restated due to immateriality.

Allfirst Equity Holdings, Inc. (Allfirst). In April 2022, the BOD and stockholders of the Parent Company approved its merger with Allfirst, a related party, with the Parent Company as the surviving entity. Allfirst is the holding company for Philippine Geothermal Production Company, Inc. (PGPC).

PGPC operates the Tiwi and Mak-Ban steam fields. Tiwi is the first commercial-scale geothermal steam field development in Southeast Asia, followed by Mak-Ban, both in operation since 1979. These two steam fields generate geothermal steam sufficient to produce approximately 300 MW of electricity. In addition to its two producing steam fields, PGPC has several other greenfield concession areas for geothermal steam production which it will develop moving forward.

In August 2022, SMIC received approval from the SEC for its acquisition of 81% stake of related parties in Allfirst. This transaction brings SMIC's ownership in PGPC to 100%. The Parent Company and Allfirst are under the common control of the Sy Family before and after the merger. Thus, the merger was considered as a combination of businesses under common control for which the pooling of interests method was applied in the preparation of the financial statements.

Under the pooling of interests method:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of the combination except those necessary to harmonize accounting policies between the combining entities;
- No 'new' goodwill is recognized as a result of the business combination;
- Any difference between the consideration transferred and the net assets acquired is reflected within equity;
- The consolidated statements of income in the year of acquisition reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined only for the period that the entities were under common control.

AIC Group of Companies Holding Corp. (Airspeed). In August 2022, the Parent Company acquired additional 10.0 million common shares of Airspeed increasing its equity interest in Airspeed to 51.0% from 35.0% previously. Airspeed is primarily engaged in international and domestic freight forwarding, port to port and cargo handling, packing and crafting, and warehousing services.

Beginning September 1, 2022, Airspeed became a subsidiary of SMIC in accordance with PFRS 3, *Business Combinations*. The transaction was accounted for as a step acquisition.

The fair value of the net identifiable assets acquired amounted to ₱645.1 million. The cash flows from this acquisition follow:

	Fair Value
	(In Thousands)
Cash acquired	₱317,280
Purchase consideration transferred	(405,888)
Net	(₱88,608)

Goodwill of ₱302.7 million was recognized for this acquisition, representing the value of synergies expected to arise from the business combination.

From the date of acquisition, Airspeed's revenues and net income amounting to ₱461.7 million and ₱34.9 million, respectively, formed part of the consolidated statements of income. If the combination had taken place at the beginning of the year, the Group's consolidated revenues and net income attributable to parent would have been ₱554.8 billion and ₱61.7 billion, respectively.

The Group remeasured its previously held interest in AIC at acquisition-date fair value.

Included in Costs and expenses is the remeasurement loss recognized for AIC at ₱310.2 million in 2022, representing the loss from remeasuring the Group's equity interest in AIC before the business combination to fair value, in accordance with PFRS 3, *Business Combinations.*

6. Segment Information

The Group has identified four reportable operating segments as follows: property, retail, banking and portfolio investments.

The property segment is involved in the operation of malls, hotels and convention centers; leasing of commercial spaces; and, development of integrated communities that include residential, lifestyle and retail, commercial, and leisure properties.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The banking segment includes the Group's equity in net earnings in BDO and China Banking Corporation (China Bank).

The portfolio investments segment includes 2GO, PGPC, Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), GBI and others.

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

Operating Results by Segment

	Year Ended December 31, 2024						
	Property	**Retail**	**Banking**	**Portfolio Investments**	**Others**	**Eliminations**	**Consolidated**
				(In Thousands)			
Revenues:							
External customers	**₱131,939,722**	**₱433,258,500**	**₱43,904,797**	**₱42,922,344**	**₱2,751,635**	**₱–**	**₱654,776,998**
Revenues from contracts with customers	**45,910,195**	**421,756,981**	**–**	**–**	**–**	**–**	**467,667,176**
Merchandise sales	**–**	**421,756,981**	**–**	**–**	**–**	**–**	**421,756,981**
Real estate sales	**45,910,195**	**–**	**–**	**–**	**–**	**–**	**45,910,195**
Rent	**64,068,789**	**1,447,761**	**–**	**2,447,092**	**2,073**	**–**	**67,965,715**
Equity in net earnings of associate companies and joint ventures	**2,043,009**	**2,606,732**	**43,904,797**	**1,375,699**	**71,567**	**–**	**50,001,804**
Others	**19,917,729**	**7,447,026**	**–**	**39,099,553**	**2,677,995**	**–**	**69,142,303**
Inter-segment	**16,170,496**	**670,059**	**–**	**635,377**	**4,734,833**	**(22,210,765)**	**–**
	₱148,110,218	**₱433,928,559**	**₱43,904,797**	**₱43,557,721**	**₱7,486,468**	**(₱22,210,765)**	**₱654,776,998**
Segment results:							
Income before income tax	**₱57,313,611**	**₱29,192,517**	**₱43,904,797**	**₱7,759,901**	**(₱5,259,544)**	**₱–**	**₱132,911,282**
Provision for income tax	**10,712,677**	**6,568,899**	**–**	**739,330**	**237,470**	**–**	**18,258,376**
Net income after tax	**₱46,600,934**	**₱22,623,618**	**₱43,904,797**	**₱7,020,571**	**(₱5,497,014)**	**₱–**	**₱114,652,906**
Net income attributable to:							
Owners of the Parent	**₱23,137,540**	**₱15,773,266**	**₱42,705,586**	**₱6,456,963**	**(₱5,464,648)**	**₱–**	**₱82,608,707**
Non-controlling interests	**23,463,394**	**6,850,352**	**1,199,211**	**563,608**	**(32,366)**	**–**	**32,044,199**

	Year Ended December 31, 2023						
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
				(In Thousands)			
Revenues:							
External customers	₱119,003,867	₱413,996,266	₱39,267,571	₱41,828,015	₱2,156,168	₱–	₱616,251,887
Revenues from contracts with customers	42,124,088	401,725,529	–	–	–	–	443,849,617
Merchandise sales	–	401,725,529	–	–	–	–	401,725,529
Real estate sales	42,124,088	–	–	–	–	–	42,124,088
Rent	58,103,708	1,267,910	–	2,413,124	–	–	61,784,742
Equity in net earnings of associate companies and joint ventures	2,162,611	1,942,814	39,267,571	1,636,117	(64,000)	–	44,945,113
Others	16,613,460	9,060,013	–	37,778,774	2,220,168	–	65,672,415
Inter-segment	15,552,645	606,204	–	689,550	4,424,419	(21,272,818)	–
	₱134,556,512	₱414,602,470	₱39,267,571	₱42,517,565	₱6,580,587	(₱21,272,818)	₱616,251,887
Segment results:							
Income before income tax	₱50,336,108	₱28,751,653	₱39,267,571	₱9,082,093	(₱4,620,219)	₱–	₱122,817,206
Provision for income tax	9,015,084	6,685,451	–	800,769	130,839	–	16,632,143
Net income after tax	₱41,321,024	₱22,066,202	₱39,267,571	₱8,281,324	(₱4,751,058)	₱–	₱106,185,063
Net income attributable to:							
Owners of the Parent	₱20,506,629	₱15,267,128	₱38,193,589	₱7,752,065	(₱4,730,368)	₱–	₱76,989,043
Non-controlling interests	20,814,395	6,799,074	1,073,982	529,259	(20,690)	–	₱29,196,020

	Year Ended December 31, 2022						
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
				(In Thousands)			
Revenues:							
External customers	₱98,244,792	₱377,327,567	₱30,984,018	₱43,677,737	₱2,764,464	₱–	₱552,998,578
Revenues from contracts with customers	39,046,514	367,318,577	–	–	–	–	406,365,091
Merchandise sales	–	367,318,577	–	–	–	–	367,318,577
Real estate sales	39,046,514	–	–	–	–	–	39,046,514
Rent	45,918,158	1,146,228	–	2,103,179	–	–	49,167,565
Equity in net earnings of associate companies and joint ventures	1,720,116	1,224,260	30,984,018	1,866,350	30,990	–	35,825,734
Others	11,560,004	7,638,502	–	39,708,208	2,733,474	–	61,640,188
Inter-segment	13,611,294	483,551	–	634,029	3,999,125	(18,727,999)	–
	₱111,856,086	₱377,811,118	₱30,984,018	₱44,311,766	₱6,763,589	(₱18,727,999)	₱552,998,578
Segment results:							
Income before income tax	₱39,061,734	₱25,928,619	₱30,984,018	₱8,218,200	(₱5,052,378)	₱–	₱99,140,193
Provision for income tax	8,001,682	6,006,064	–	681,419	105,655	–	14,794,820
Net income after tax	₱31,060,052	₱19,922,555	₱30,984,018	₱7,536,781	(₱5,158,033)	₱–	₱84,345,373
Net income attributable to:							
Owners of the Parent	₱15,372,433	₱13,937,923	₱30,148,855	₱7,345,911	(₱5,151,457)	₱–	₱61,653,665
Non-controlling interests	15,687,619	5,984,632	835,163	190,870	(6,576)	–	22,691,708

In 2024, 2023 and 2022, no single customer accounted for 10% or more of consolidated revenues. The Group's revenues are substantially earned within the Philippines.

The disaggregation of revenues is as indicated in the consolidated statements of income and in the operating results by segment report above.

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
		(In Thousands)
Cash on hand and in banks (Note 21)	**₱30,550,319**	₱22,918,721
Temporary investments (Note 21)	**81,977,728**	80,826,837
	₱112,528,047	₱103,745,558

Cash in banks and investments earn interest at the prevailing rates. The tenure of temporary investments varies depending on the immediate cash requirements of the Group (see Note 24).

8. Time Deposits

This account consists of:

	2024	2023
		(In Thousands)
Current	**₱221,096**	₱602,466
Noncurrent	**3,113,470**	22,324,681
	₱3,334,566	₱22,927,147

The time deposits bear interest ranging from 2.0% to 5.5% in 2024 and 0.1% to 6.1% in 2023.

Time deposits with various maturities within one year were used as collateral for some credit lines.

Interest earned from time deposits is disclosed in Note 24.

9. Financial Assets at FVOCI

This account consists of:

	2024	2023
		(In Thousands)
Shares of stock		
Listed	**₱24,027,269**	₱25,505,874
Unlisted	**3,100,303**	1,534,894
Club shares	**28,650**	24,850
	27,156,222	27,065,618
Less current portion	**794,433**	747,840
Noncurrent portion	**₱26,361,789**	₱26,317,778

Financial assets at FVOCI pertain to equity investments in shares of stock and club shares which are not held for trading and which the Group has irrevocably designated as financial assets at FVOCI, as the Group considers these investments to be strategic in nature.

10. Receivables and Contract Assets

This account consists of:

	2024	2023
		(In Thousands)
Trade:		
Real estate buyers*	**₱152,501,732**	₱132,187,696
Third-party tenants	**11,844,430**	10,714,323
Shipping and logistics**	**3,360,120**	2,753,168
Related party tenants (Note 21)	**586,247**	533,448
Others	**2,920,532**	2,922,100
Royalty and service fees (Note 21)	**2,205,401**	2,980,499
Dividends (Note 21)	**1,269,818**	1,003,114
	174,688,280	153,094,348
Less allowance for ECL	**3,355,289**	3,284,523
	171,332,991	149,809,825
Less noncurrent portion of receivables from real estate buyers (Note 16)	**79,064,021**	70,600,303
Current portion	**₱92,268,970**	₱79,209,522

* *Includes unbilled revenue from sales of real estate of ₱133.5 billion and ₱114.9 billion as at December 31, 2024 and 2023, respectively.*

** *Includes contract assets representing shipping and logistics services delivered but not yet invoiced of ₱799.7 million and ₱616.8 million as at December 31, 2024 and 2023, respectively.*

The terms and conditions of these receivables follow:

- Receivables from sales of real estate, billed and unbilled, pertain mostly to sale of condominium and residential units at various terms of payment, and may or may not be subject to interest. Portions of these receivables have been assigned to local banks: on without recourse basis, ₱7.0 billion and ₱4.1 billion as at December 31, 2024 and 2023, respectively (Note 21), and on with recourse basis, nil and ₱0.2 billion as at December 31, 2024 and 2023, respectively. The corresponding liability from the assignment of receivables with recourse bears interest at 5.0% to 6.5% per annum as at December 31, 2023.

  The transaction price allocated to the remaining performance obligations totaling ₱41.5 billion and ₱38.1 billion as at December 31, 2024 and 2023, respectively, are expected to be recognized over the construction period ranging from one to five years.

- Trade receivables from tenants, shipping and logistics, royalty and service fee receivables are not subject to interest and are normally collectible within 30 days to one year.

- Dividends receivables are not subject to interest and are normally collectible within the next financial year.

Allowance for ECL is provided for receivables from sales of real estate, receivables from tenants, shipping and logistics, and other receivables which were identified to be impaired based on specific and collective assessment. The movements in this account follow:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱3,284,523**	₱3,031,584
Provisions - net of writeoff (Note 23)	**70,766**	252,939
Balance at end of year	**₱3,355,289**	₱3,284,523

No allowance for ECL has been provided for unbilled revenue from sales of real estate as at December 31, 2024 and 2023.

The aging of receivables and contract assets follows:

	2024	2023
		(In Thousands)
Neither past due nor impaired	**₱160,076,284**	₱138,195,908
Past due but not impaired:		
Less than 30 days	**3,653,134**	3,804,623
31-90 days	**2,731,711**	3,299,648
91-120 days	**1,804,209**	1,197,760
Over 120 days	**3,067,653**	3,311,886
Impaired	**3,355,289**	3,284,523
	₱174,688,280	₱153,094,348

Receivables other than those identified as impaired, are assessed as good and collectible.

11. Inventories

This account consists of:

	2024	2023
		(In Thousands)
Real estate inventories	**₱76,932,923**	₱77,892,908
Merchandise inventories	**41,998,432**	38,869,576
Processed food and others	**744,755**	712,496
	₱119,676,110	₱117,474,980

Inventories are stated at cost as at December 31, 2024 and 2023.

Real Estate Inventories
The movements in this account follow:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
		(In Thousands)	
Balance as at January 1, 2023	₱43,780,861	₱26,725,642	₱70,506,503
Development cost incurred	22,141,007	–	22,141,007
Cost of real estate sold	(13,166,921)	(3,494,522)	(16,661,443)
Transfers	(1,902,929)	1,902,929	–
Reclassifications (Notes 15 and 27)	1,807,712	–	1,807,712
Translation adjustment and others	98,608	521	99,129
Balance as at December 31, 2023	52,758,338	25,134,570	77,892,908
Development cost incurred	17,918,601	103,948	18,022,549
Cost of real estate sold	(11,962,498)	(7,178,085)	(19,140,583)
Transfers	(3,074,344)	3,074,344	–
Translation adjustment and others	142,698	15,351	158,049
Balance as at December 31, 2024	**₱55,782,795**	**₱21,150,128**	**₱76,932,923**

Real estate inventories include land and development, and condominium, residential units and subdivision lots for sale.

Contract fulfillment assets included in land and development represent the unamortized portion of land cost of ₱2.0 billion and ₱1.8 billion as at December 31, 2024 and 2023, respectively.

The estimated cost to complete the projects amounted to ₱107.9 billion and ₱103.6 billion as at December 31, 2024 and 2023, respectively.

Merchandise Inventories
The movements in this account follow:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱38,869,576**	₱34,653,094
Purchases	**309,314,974**	298,618,735
Total goods available for sale	**348,184,550**	333,271,829
Less cost of merchandise sales	**306,186,118**	294,402,253
Balance at end of year	**₱41,998,432**	₱38,869,576

There is no allowance for inventory write-down as at December 31, 2024 and 2023.

The details of cost of sales and services follow:

	2024	2023	2022
		(In Thousands)	
Cost of sales:			
Merchandise	**₱306,186,118**	₱294,402,253	₱270,608,240
Real estate	**19,140,583**	16,661,443	16,898,568
Processed food and others	**11,579,067**	11,601,340	15,401,706
Cost of shipping, logistics and other services	**15,701,656**	13,646,560	12,743,249
	₱352,607,424	₱336,311,596	₱315,651,763

12. Other Current Assets

This account consists of:

	2024	2023
		(In Thousands)
Prepaid taxes and other prepayments	**₱17,359,207**	₱20,539,740
Bonds and deposits	**11,704,812**	10,845,768
Nontrade receivables	**8,495,167**	6,233,033
Receivables from banks	**8,303,336**	7,207,447
Input tax	**7,599,800**	7,226,317
Uniform and supplies inventory	**1,919,268**	1,724,324
Derivative assets (Note 29)	**1,159,210**	3,167,911
Accrued interest receivable (Note 21)	**424,427**	325,863
Others	**1,346,309**	420,556
	₱58,311,536	₱57,690,959

- Prepaid taxes and other prepayments consist of creditable tax certificates received by the Group and prepayments for insurance, real property taxes, rent, and other expenses which are normally utilized within the next financial year.
- Bonds and deposits pertain to down payments made to suppliers and contractors to cover preliminary expenses of the Group's construction projects. These are not subject to interest and are applied to progress billings depending on the percentage of project accomplishment.
- Nontrade receivables include advances for future purchases and marketing support. These are normally collected within the next financial year (see Note 24).
- Receivables from banks are not subject to interest and are normally collectible on 15- to 90-day terms.
- Input tax represents VAT paid to suppliers that can be claimed as credit against future output VAT liabilities without prescription.
- Accrued interest receivable relates mostly to time deposits and is normally collected within the next financial year.

13. **Investments in Associate Companies and Joint Ventures**

The movements in this account follow:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱361,324,800**	₱328,271,536
Additions	**5,336,879**	288,227
Disposal	**(1,386,440)**	(1,186,682)
Equity in net earnings	**50,001,804**	44,945,113
Dividends received and others	**(15,140,346)**	(10,622,941)
Share in other comprehensive loss of associate companies	**(561,848)**	(641,624)
Impairment reversal (provision)	**(115,965)**	320,206
Translation adjustment	**24,876**	(49,035)
Balance at end of year	**₱399,483,760**	₱361,324,800

** Investment in associate companies amounted to ₱388.1 billion and ₱350.8 billion as at December 31, 2024 and 2023, respectively.*

The Group regularly performs tests for impairment of its investments comparing the expected cash flows against the carrying values. The recoverable amount of investments in associate companies is determined based on the fair value less costs of disposal and/or value-in-use calculations using the cash flow projections from the financial budgets approved by senior management.

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

a. *Revenues.* Revenue forecasts are management's best estimates considering factors such as index growth to market, customer projections and economic factors. The revenue growth rate used in the cash flow projection of one of the investments is 4.0%. A reasonably possible change in revenue growth rate to 3.8% could cause the carrying amount to exceed the recoverable amount for this investment.

b. *Pre-tax discount rates*. Discount rates reflect the current market assessment of the risks and are estimated based on the weighted average cost of capital for the industry. The rates are further adjusted to reflect the market assessment of any risk specific to the entity for which future estimates of cash flows have not been adjusted. Pre-tax discount rates applied to cash flow projections ranged from 9.2% to 12.5% and 8.2% to 15.2% as at December 31, 2024 and 2023, respectively. A reasonably possible change in pre-tax discount rates to 13.6% to 13.8% could cause the carrying amounts to exceed the recoverable amounts.

In 2024, the Group recognized ₱200.0 million impairment provision for its investment in YCO Global Cloud Centers Holdings, Inc. (YCO) and ₱84.0 million impairment reversal relative to its divestment from Premium Leisure Corp. (PLC) and Three Bears Group Holdings Corporation (Three Bears). In 2023, the Group reversed ₱320.2 million impairment relative to its divestment from GPay Network PH Inc.

The associate companies and joint ventures of the Group follow:

Company	Percentage of Ownership 2024 Gross	2024 Effective	2023 Gross	2023 Effective	Principal Activities
Associates					
Amazing Philippines Digital Economy Corp.	**35**	**18**	35	18	Digital customer service and selling platform
Andwil Corporation	**50**	**20**	50	20	Retail
Asia-Pacific Computer Technology Center, Inc.	**42**	**42**	42	42	Investment
Atlas	**34**	**34**	34	34	Mining
BDO	**47**	**45**	47	45	Financial services
Belle	**27**	**27**	27	27	Real estate development and tourism
China Bank	**23**	**23**	23	23	Financial services
Citicore Energy REIT Corp. (CREIT)	**29**	**29**	-	-	Renewable energy real estate development
CityMall Commercial Centers, Inc.	**34**	**34**	34	34	Real estate development and tourism
Clarmil Manufacturing Corp.	**42**	**27**	42	27	Bakery products and other food items
Ecco Philippines, Inc.	**50**	**39**	50	39	Retail
Fast Retailing Philippines, Inc.	**25**	**19**	25	19	Retail
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	**50**	**25**	50	25	Real estate development
Fitness Health & Beauty Holdings Corp.	**40**	**31**	40	31	Retail
MCC Transport Philippines, Inc.	**33**	**22**	33	22	Integrated supply chain
Neo Associates [(a)]	**34**	**34**	34	34	Real estate development
Ortigas Land Corporation	**40**	**20**	40	20	Real estate development
Pluxee Philippines Incorporated (formerly Sodexo Benefits and Rewards Services Philippines, Inc.)	**40**	**40**	40	40	Retail
PLC	**-**	**-**	5	5	Gaming
Premiere Shoes Distribution Corp.	**-**	**-**	49	38	Retail
Three Bears	**-**	**-**	35	23	Bakery products and other food items
Watsons Personal Care Stores (Philippines), Inc.	**40**	**31**	40	31	Retail
Win With Love, Inc.	**33**	**13**	33	13	Retail
YCO	**18**	**18**	10	10	Data center
Joint Ventures					
Kerry Logistics (Phils), Inc.	**63**	**33**	63	33	Integrated supply chain
Metro Rapid Transit Service, Inc.	**51**	**25**	51	25	Transportation
ST 6747 Resources Corporation	**50**	**25**	50	25	Real estate development
Waltermart Mall [(b)]	**51**	**25**	51	25	Shopping mall development

The principal place of business and country of incorporation of the associate companies and joint ventures listed above is in the Philippines except for FHREC which was incorporated in China.

(a) Neo Associates consists of N-Park BGC Properties, Inc., N-Lima BGC Properties, Inc. and N-Park BGC Land, Inc.

(b) Waltermart Mall consists of Winsome Development Corporation, Willin Sales, Inc., Willimson, Inc., Waltermart Ventures, Inc., WM Development Inc. and WM Shopping Center Management Inc.

CREIT

In March 2024, the Group acquired 1.9 billion shares equivalent to 28.8% equity interest. CREIT is involved in exploration, development and utilization of energy resources with particular focus on solar and wind energy generation.

PLC

In May 2024, the Group disposed its 1.6 billion shares equivalent to 5.0% equity interest, through a tender offer of Belle, PLC's controlling shareholder.

BDO

The condensed financial information of the Group's material associate, BDO, follows:

	2024	2023
	(In Millions)	
Total assets	**₱4,876,050**	₱4,477,661
Total liabilities	**4,298,655**	3,959,107
Total equity	**577,395**	518,554
Proportion of the Group's ownership	**45%**	45%
	261,215	234,743
Goodwill and others	**26,815**	26,669
Carrying amount of the Group's investment	**₱288,030**	₱261,412

	2024	2023	2022
		(In Millions)	
Interest income	**₱272,039**	₱231,704	₱169,071
Interest expense	**(85,443)**	(59,317)	(19,839)
Other expenses - net	**(104,376)**	(98,827)	(91,998)
Net income after tax	**82,220**	73,560	57,234
Other comprehensive loss	**(3,963)**	(1,799)	(9,861)
Total comprehensive income	**₱78,257**	₱71,761	₱47,373
Group's share in net income	**₱38,319**	₱34,314	₱26,684
Group's share in other comprehensive loss	**(₱1,844)**	(₱843)	(₱5,599)

The aggregate comprehensive income of associates and joint ventures that are not individually material follows:

	2024	2023	2022
		(In Millions)	
Share in net income	**₱11,683**	₱10,631	₱9,142
Share in other comprehensive income	**1,257**	201	1,263
Share in total comprehensive income	**₱12,940**	₱10,832	₱10,405

The fair value of investments in associate companies which are listed in the PSE follows:

	2024	2023
		(In Thousands)
BDO	**₱379,550,164**	₱344,083,211
China Bank	**38,461,840**	18,685,792
CREIT	**5,747,341**	–
Atlas	**5,309,447**	4,279,075
Belle	**4,323,869**	3,047,547
PLC	**–**	16,669,846

These investments are categorized as Level 1 in the fair value hierarchy.

14. Property and Equipment

The movements in this account follow:

	Land	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Vessels in Operation	Containers and Reefer Vans	Construction in Progress	Total
						(In Thousands)						
Cost												
As at January 1, 2023	₱1,718,794	₱19,892,747	₱3,349,277	₱10,622,599	₱12,611,163	₱21,456,447	₱30,307,204	₱1,657,255	₱14,707,557	₱1,625,035	₱4,771,166	₱122,719,244
Additions	–	697,001	201,286	1,614,927	1,059,198	851,219	2,347,796	67,955	762,647	34	4,759,700	12,361,763
Reclassifications	–	762,184	(443,822)	26,868	(39,013)	2,268,988	427,755	98,278	(13,530)	301	(3,406,915)	(318,906)
Disposals/retirements	–	(579,239)	(143,433)	(410,945)	(849,258)	(170,268)	(260,104)	(100,567)	(102,792)	(21,660)	–	(2,638,266)
As at December 31, 2023	1,718,794	20,772,693	2,963,308	11,853,449	12,782,090	24,406,386	32,822,651	1,722,921	15,353,882	1,603,710	6,123,951	132,123,835
Additions	**–**	**532,896**	**214,277**	**1,367,609**	**1,121,135**	**1,672,274**	**2,365,261**	**217,352**	**2,545,706**	**188,745**	**2,523,532**	**12,748,787**
Reclassifications	**–**	**1,519,108**	**165,369**	**83,670**	**(34,825)**	**1,640,154**	**(4,644)**	**(10,196)**	**–**	**–**	**(3,583,153)**	**(224,517)**
Disposals/retirements	**–**	**(73)**	**(84,424)**	**(231,183)**	**(246,295)**	**(200,099)**	**(623,278)**	**(94,638)**	**(2,439,808)**	**(22,163)**	**(9,666)**	**(3,951,627)**
As at December 31, 2024	**₱1,718,794**	**₱22,824,624**	**₱3,258,530**	**₱13,073,545**	**₱13,622,105**	**₱27,518,715**	**₱34,559,990**	**₱1,835,439**	**₱15,459,780**	**₱1,770,292**	**₱5,054,664**	**₱140,696,478**
Accumulated Depreciation and Amortization												
As at January 1, 2023	₱–	₱7,756,779	₱2,623,730	₱8,387,765	₱10,000,055	₱12,253,720	₱23,324,307	₱1,219,539	₱7,862,443	₱1,409,892	₱–	₱74,838,230
Depreciation and amortization	–	922,703	226,928	1,307,897	767,376	1,501,025	1,479,149	86,398	961,991	48,134	–	7,301,601
Reclassifications	–	19,324	(587,914)	(280,871)	262,420	(83,810)	275,569	102,087	–	–	–	(293,195)
Disposals/retirements	–	(544,403)	(140,809)	(403,861)	(822,584)	(181,623)	(256,732)	(99,970)	(102,792)	(21,660)	–	(2,574,434)
As at December 31, 2023	–	8,154,403	2,121,935	9,010,930	10,207,267	13,489,312	24,822,293	1,308,054	8,721,642	1,436,366	–	79,272,202
Depreciation and amortization	**–**	**1,061,691**	**243,288**	**942,794**	**814,053**	**1,673,424**	**1,874,220**	**94,411**	**987,764**	**56,040**	**–**	**7,747,685**
Reclassifications	**–**	**(14,154)**	**145,228**	**10,497**	**(75,810)**	**1,488**	**(51,050)**	**(13,215)**	**(5,112)**	**–**	**–**	**(2,128)**
Disposals/retirements	**–**	**(7)**	**(81,204)**	**(224,451)**	**(237,342)**	**(196,379)**	**(590,879)**	**(94,594)**	**(2,231,152)**	**(21,901)**	**–**	**(3,677,909)**
As at December 31, 2024	**₱–**	**₱9,201,933**	**₱2,429,247**	**₱9,739,770**	**₱10,708,168**	**₱14,967,845**	**₱26,054,584**	**₱1,294,656**	**₱7,473,142**	**₱1,470,505**	**₱–**	**₱83,339,850**
Net Book Value												
As at December 31, 2024	**₱1,718,794**	**₱13,622,691**	**₱829,283**	**₱3,333,775**	**₱2,913,937**	**₱12,550,870**	**₱8,505,406**	**₱540,783**	**₱7,986,638**	**₱299,787**	**₱5,054,664**	**₱57,356,628**
As at December 31, 2023	1,718,794	12,618,290	841,373	2,842,519	2,574,823	10,917,074	8,000,358	414,867	6,632,240	167,344	6,123,951	52,851,633

To secure a ₱500.0 million term loan facility, 2GO used one of its passenger/cargo ships as collateral. The carrying value of this ship in the Group's consolidated balance sheets is ₱2.3 billion and ₱2.4 billion as at December 31, 2024 and 2023, respectively (see Note 19).

Gain and/or loss from disposal of certain properties and equipment in 2024 and 2023 are recognized in the consolidated statements of income under "Foreign exchange gain (loss) - net and others".

15. Investment Properties

The movements in this account follow:

	Land Held for Future Development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
			(In Thousands)			
Cost						
As at January 1, 2023	₱83,846,727	₱87,712,636	₱313,956,225	₱55,344,683	₱68,562,497	₱609,422,768
Additions	4,442,123	11,637,554	2,421,367	3,121,210	46,583,698	68,205,952
Reclassifications (Note 11)	(89,781)	2,683,563	24,423,632	2,482,213	(31,251,512)	(1,751,885)
Translation adjustment	–	(61,972)	(1,756,871)	(170,289)	(391,352)	(2,380,484)
Disposals	(3,594)	(312,626)	(109,550)	(530,451)	–	(956,221)
As at December 31, 2023	88,195,475	101,659,155	338,934,803	60,247,366	83,503,331	672,540,130
Additions	**2,000,404**	**3,191,982**	**4,129,942**	**3,632,904**	**54,613,557**	**67,568,789**
Reclassifications (Note 11)	**2,836,443**	**(1,275,292)**	**14,710,993**	**2,788,244**	**(16,223,945)**	**2,836,443**
Translation adjustment	**–**	**22,612**	**895,382**	**77,636**	**124,704**	**1,120,334**
Disposals	**(121,802)**	**(207,676)**	**(366,746)**	**(222,151)**	**–**	**(918,375)**
As at December 31, 2024	**₱92,910,520**	**₱103,390,781**	**₱358,304,374**	**₱66,523,999**	**₱122,017,647**	**₱743,147,321**
Accumulated Depreciation, Amortization and Impairment Loss						
As at January 1, 2023	₱–	₱3,126,825	₱84,927,678	₱35,385,964	₱–	₱123,440,467
Depreciation and amortization	–	265,404	9,071,500	3,983,725	–	13,320,629
Reclassifications	–	45	4,475	9,427	–	13,947
Translation adjustment	–	(42,708)	(431,780)	(86,870)	–	(561,358)
Disposals	–	(301,936)	(65,033)	(373,809)	–	(740,778)
As at December 31, 2023	–	3,047,630	93,506,840	38,918,437	–	135,472,907
Depreciation and amortization	**–**	**269,338**	**10,067,237**	**4,253,973**	**–**	**14,590,548**
Provision for impairment loss	**–**	**359,756**	**–**	**–**	**–**	**359,756**
Reclassifications	**–**	**–**	**49**	**–**	**–**	**49**
Translation adjustment	**–**	**15,353**	**196,752**	**45,221**	**–**	**257,326**
Disposals	**–**	**(32,359)**	**(250,505)**	**(200,203)**	**–**	**(483,067)**
As at December 31, 2024	**₱–**	**₱3,659,718**	**₱103,520,373**	**₱43,017,428**	**₱–**	**₱150,197,519**
Net Book Value						
As at December 31, 2024	**₱92,910,520**	**₱99,731,063**	**₱254,784,001**	**₱23,506,571**	**₱122,017,647**	**₱592,949,802**
As at December 31, 2023	88,195,475	98,611,525	245,427,963	21,328,929	83,503,331	537,067,223

Rent income from investment properties, which is primarily attributable to SM Prime, amounted to ₱66.4 billion, ₱60.4 billion and ₱47.9 billion in 2024, 2023 and 2022, respectively. The corresponding direct operating expenses amounted to ₱35.6 billion, ₱33.4 billion and ₱25.3 billion in 2024, 2023 and 2022, respectively.

Construction in progress includes construction costs incurred for new shopping malls, commercial building and redevelopment of existing malls amounting to ₱120.5 billion and ₱82.0 billion as at December 31, 2024 and 2023, respectively.

Portions of investment properties located in China amounting to ₱1.5 billion as at December 31, 2024 and 2023 are used as collateral to secure domestic borrowings (see Note 19).

The outstanding construction contracts with various contractors amounted to ₱63.4 billion and ₱78.4 billion as at December 31, 2024 and 2023, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of works.

Interest capitalized to the construction of investment properties amounted to ₱7.4 billion and ₱5.8 billion as at December 31, 2024 and 2023, respectively. Capitalization rates used range from 2.5% to 5.8% in 2024 and 2.3% to 5.4% in 2023.

As at December 31, 2024, the fair value of substantially all investment properties amounting to ₱2.4 trillion was determined by accredited independent appraisers with appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date. Management also believes that the carrying values of additions to investment properties subsequent to the most recent valuation date approximate their fair values. In conducting the appraisal, the independent appraisers mainly used the Market Approach and Income Approach. The Income Approach is based on the premise that the value of a property is directly related to the income it generates.

The significant assumptions used in the valuation are discount rates and capitalization rates of 5.0% to 10.0% with an average growth of 5.0%. Fair values based on market approach were assessed using sales comparison approach.

These investment properties are categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs.

The Group has no restriction on the realizability of its investment properties.

Gain or loss from disposal of investment properties in 2024 and 2023 are recognized in the consolidated statements of income under "Foreign exchange gain (loss) - net and others".

16. Intangibles and Other Noncurrent Assets

Intangible Assets
This account consists of:

	2024	2023
		(In Thousands)
Goodwill	**₱34,340,023**	₱34,320,712
Less accumulated impairment loss	**80,594**	172,213
Net book value	**34,259,429**	34,148,499
Trademarks and brand names	**6,127,046**	6,127,069
	₱40,386,475	₱40,275,568

Goodwill is attributable mainly to SM Prime, Supervalue, Inc., Neo Subsidiaries, Waltermart Supermarket, Incorporated, 2GO, GBI and PGPC (see Note 5).

Trademarks and brand names include the following:

a. Brand names of SM Supermarket and SM Hypermarket that were acquired in a business combination in 2006. These are assessed to have an indefinite life and valued using the Relief-from-Royalty Method. The royalty rate used was 3.5%, the prevailing royalty rate in 2006 in the retail assorted category.

b. Rights, title and interest in the trademark of Cherry Foodarama, Inc. that was acquired in 2015 and assessed to have a definite useful life of 10 years. In 2022, the carrying amount of ₱857.8 million has been fully amortized and taken up in profit or loss.

The recoverable amount of goodwill, trademarks and brand names have been determined based on value-in-use calculations using the cash flow projections from the financial budgets approved by senior management covering a five-year period and fair value less cost of disposal calculations of the underlying net assets of the CGUs.

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

a. *Revenue.* Revenue forecasts are management's best estimates considering factors such as index growth to market, customer projections and economic factors. Revenue growth rates used in the cash flow projections ranged from 3.0% to 3.4%.

b. *Pre-tax discount rates*. Discount rates reflect the current market assessment of the risks to each CGU and are estimated based on the weighted average cost of capital for the industry. The rates are further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted. Pre-tax discount rates applied to cash flow projections ranged from 10.6% to 19.5% and 12.4% to 18.1% as at December 31, 2024 and 2023, respectively.

Fair value less cost of disposal. The fair values of the CGUs were computed based on available market price for quoted instruments less cost of disposal.

Management assessed that no reasonably possible change in pre-tax discount rates, future cash inflows and fair values would cause the carrying value of goodwill in 2024 and 2023 to materially exceed its recoverable amount.

Other Noncurrent Assets
This account consists of:

	2024	2023
		(In Thousands)
Receivables from real estate buyers* (Note 10)	**₱79,064,021**	₱70,600,303
Bonds and deposits	**46,127,306**	50,388,596
Deferred exploration costs	**5,568,965**	2,778,934
Deferred tax assets (Note 26)	**5,459,041**	6,462,108
Derivative assets (Note 29)	**4,219,004**	3,611,478
Deferred input VAT	**1,461,087**	1,559,521
Escrow fund (Notes 12 and 21)	**822,019**	843,732
Defined benefit asset (Note 25)	**250,818**	110,831
Others	**3,442,350**	1,689,590
	₱146,414,611	₱138,045,093

** Pertains to the noncurrent portion of unbilled revenue from sales of real estate.*

- Bonds and deposits include deposits for its leased properties as well as deposits to contractors and suppliers related to various construction projects and service contracts.

- Escrow fund consists mainly of funds deposited by the Parent Company in the account of an escrow agent as required by the SEC, in connection with the corporate restructuring in 2013, and by SM Prime as required by the Department of Human Settlements and Urban Development in connection with the incentive compliance provisions of the Urban Development and Housing Act.

17. **Bank Loans**

This account consists of:

	2024	2023
		(In Thousands)
Parent Company:		
U.S. dollar-denominated loans	**₱–**	₱415,275
Peso-denominated loans	**–**	4,200,000
Subsidiaries:		
China yuan renminbi-denominated loans	**1,282,356**	2,288,964
Peso-denominated loans	**22,792,000**	6,510,000
	₱24,074,356	₱13,414,239

The interest rates of Peso-denominated loans ranged from 5.5% to 7.0% in 2024 and 4.0% to 6.9% in 2023. The U.S. dollar-denominated loans bear an interest rate of 6.2% in 2023. The China yuan renminbi-denominated loans bear the China Loan Prime Rate (LPR) in 2024 and 2023.

These loans have maturities of less than one year. Interest on bank loans is disclosed in Note 24.

18. **Accounts Payable and Other Current Liabilities**

This account consists of:

	2024	2023
		(In Thousands)
Trade	**₱125,209,282**	₱116,681,582
Accrued expenses	**26,937,423**	23,778,417
Nontrade	**18,687,078**	17,528,203
Tenants' and customers' deposits*	**12,907,302**	14,595,837
Payables to government agencies	**6,397,844**	7,046,388
Accrued interest (Note 21)	**4,072,405**	3,690,975
Lease liabilities (Note 27)	**3,196,427**	2,977,457
Payable arising from acquisition of land	**3,004,397**	4,502,475
Dividends payable	**2,328,001**	2,486,420
Subscriptions payable	**1,966,477**	1,966,477
Others	**5,665,941**	4,914,796
	₱210,372,577	₱200,169,027

* *Includes unearned revenues from shipping and logistics of ₱154.3 million and ₱54.1 million as at December 31, 2024 and 2023, respectively, and unearned revenues from sales of real estate of ₱9.0 billion and ₱7.0 billion as at December 31, 2024 and 2023, respectively.*

- Trade payables primarily consist of liabilities to suppliers and contractors. These are not subject to interest and are normally settled on 30-to 60-day terms.

- Accrued expenses pertain to costs and expenses which are normally settled within twelve months. Details follow:

	2024	2023
		(In Thousands)
Payable to contractors	**₱11,406,989**	₱9,400,962
Marketing and advertising and others	**8,844,018**	9,907,485
Utilities	**5,425,030**	3,123,796
Co-loading termination cost	**673,457**	896,956
Salaries and wages	**587,929**	449,218
	₱26,937,423	₱23,778,417

- Nontrade payables, accrued interest, subscriptions payable and others are expected to be settled within the next financial year.

- Tenants' deposit refer to security deposits received from tenants normally at the time of signing lease contracts. These deposits may be returned to the tenants at lease termination, net of unpaid rental, penalties and/or cost of repairs for any damage on the leased properties. Customers' deposits mainly represent the excess of collections from real estate buyers over the related revenue recognized based on POC and the non-refundable reservation fees from prospective real estate buyers which are applied to the receivable when the reservation is converted to sales. In 2024 and 2023, unearned revenue from sales of real estate recognized in profit or loss amounted to ₱2.1 billion.

- Payables to government agencies mainly consist of output tax which is normally settled within the next financial year.

- Payable arising from acquisition of land is expected to be settled within the next financial year.

- Others include gift checks redeemable, advance rental, deferred rent and others.

19. Long-term Debt

This account consists of:

	December 31, 2024					December 31, 2023
	Availment	**Maturity**	**Interest Rate/Term**	**Security**	**Amount**	Amount
						(In Thousands)
Parent Company						
U.S. dollar-denominated*	June 2023	June 2027	ROP reference rate + margin; quarterly	Unsecured	**₱4,627,600**	₱35,159,950
GBP-denominated*	April 2023 - July 2023	April 2025 - July 2028	Fixed 4.2%-5.3%; quarterly	Unsecured	**6,541,214**	6,403,683
Peso-denominated	April 2020 - March 2023	February 2025 - May 2031	Fixed 3.6%-5.2%; Two-year PHP BVAL + margin; semi-annual and quarterly	Unsecured	**45,574,500**	65,156,900

(Forward)

	December 31, 2024					December 31, 2023
	Availment	**Maturity**	**Interest Rate/Term**	**Security**	**Amount**	Amount
					(In Thousands)	
Subsidiaries						
U.S. dollar-denominated*	January 2021 - August 2024	March 2025 - August 2029	Fixed 5.4%; SOFR + spread; semi-annual and quarterly	Unsecured/ Secured	**₱104,978,877**	₱84,350,144
China yuan renminbi-denominated**	May 2021 - December 2024	April 2026 - June 2037	Fixed 3.7%; LPR, SOFR; annually	Secured	**10,830,711**	10,590,461
Peso-denominated***	November 2015 - December 2024	January 2025 - April 2032	Fixed 3.8%-7.3%; BVAL + margin	Unsecured/ Secured	**306,004,020**	288,983,232
					478,556,922	490,644,370
Less debt issue cost					**2,056,902**	2,356,720
					476,500,020	488,287,650
Less current portion					**104,627,839**	113,528,791
					₱371,872,181	₱374,758,859

BVAL – Bloomberg Valuation
ROP – Republic of the Philippines
SOFR – Secured Overnight Financing Rate
**Includes loans hedged against foreign exchange and interest rate risks using derivative instruments (see Unsecured Note 24) and loans unconditionally and irrevocably guaranteed by the Parent.*
*** Secured by portions of investment properties located in China (see Note 15)*
****Secured by portions of property and equipment (see Note 14)*

Debt Issue Cost

The movements in unamortized debt issue cost follow:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱2,356,720**	₱2,708,662
Additions	**787,831**	829,466
Amortization and others	**(1,087,649)**	(1,181,408)
Balance at end of year	**₱2,056,902**	₱2,356,720

The amortization of debt issue cost is recognized in the consolidated statements of income under "Interest expense".

Repayment Schedule

The repayment schedule of long-term debt as at December 31, 2024 follows:

	Gross Debt	Debt Issue Cost	Net
		(In Thousands)	
Within 1 year	₱105,332,668	₱704,829	₱104,627,839
Over 1 year to 5 years	330,865,097	1,271,605	329,593,492
Over 5 years	42,359,157	80,468	42,278,689
	₱478,556,922	₱2,056,902	₱476,500,020

Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios and certain restrictions with respect to material change in ownership or control. As at December 31, 2024 and 2023, the Group is compliant with the terms of its debt covenants with the exception of 2GO in 2023, but which is covered with a waiver from its creditor bank.

20. Equity

Capital Stock

a. Common stock

	Number of Shares	
	2024	2023
Authorized - ₱10 par value per share	**2,790,000,000**	2,790,000,000
Issued and subscribed	**1,226,114,578**	1,226,114,578

As at December 31, 2024 and 2023, the Parent Company is compliant with the minimum public float as required by the PSE.

In August 2024, the BOD approved the property-for-share swap with ICDC where the Parent Company will issue 7,039,562 new SMIC common shares to ICDC in exchange for land valued at ₱6.2 billion. The deed of assignment over this property and the request for approval was submitted to the SEC in October 2024. The SEC approval is pending as of February 28, 2025.

Information on the Parent Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/Offer Price
March 22, 2005		105,000,000	₱250
November 6, 2007		56,000,000	218
June 14, 2007	100,000,000		10
April 25, 2007 (4.3% stock dividends)		25,023,038	10
October 4, 2010 to March 13, 2012 Conversion of convertible bonds		2,851,582	453
September 24, 2012		9,100,000	700
January 23, 2013 to July 5, 2013 Conversion of convertible bonds		7,651,851	781
June 14, 2013	500,000,000		10
June 24 and July 12, 2013 (25.0% stock dividends)		157,657,314	10
July 18, 2013 to November 1, 2013 Conversion of convertible bonds		738,483	625
August 1, 2013		7,250,000	900
August 27, 2014 Conversion of convertible bonds		68,378	625
January 15, 2015 to April 9, 2015 Conversion of convertible bonds		6,714,759	625
July 15, 2016	1,600,000,000		10
July 20, 2016 (50.0% stock dividends)		401,527,462	10
August 1, 2022 (merger)		21,531,471	904
August 3, 2022		240	10

The total number of shareholders of the Parent Company is 1,258 and 1,242 as at December 31, 2024 and 2023, respectively.

b. Redeemable preferred shares

	Number of Shares	
	2024	2023
Authorized - ₱10 par value per share	**10,000,000**	10,000,000

There are no issued and subscribed preferred shares as at December 31, 2024 and 2023.

Equity Adjustments from Common Control Transactions

Equity adjustments from common control transactions include the following:

- Acquisition of various SM China Companies by SM Prime in 2007.
- Acquisition of various service companies by SM Retail in 2009.
- Corporate restructuring to consolidate the Group's real estate subsidiaries and real estate assets in SM Prime in 2013.
- Merger of SM Retail with other retail affiliates in 2016.
- SM Prime common control business acquisitions in 2016 and 2017.
- Merger of the Parent Company with Allfirst in August 2022.
- SM Retail common control business acquisition in 2024.

These acquisitions were considered as a combination of businesses under common control for which the pooling of interests method was applied in the preparation of the consolidated financial statements.

Retained Earnings

- Appropriated

  Following are the appropriations approved by the BOD:

	Date of BOD Approval	Amount
		(In Thousands)
Balance as at January 1, 2015		₱27,000,000
Reversal	November 4, 2015	(18,000,000)
Addition	November 4, 2015	27,000,000
Reversal	November 8, 2017	(27,800,000)
Addition	November 8, 2017	28,800,000
Reversal	November 10, 2021	(37,000,000)
Addition	November 10, 2021	37,000,000
Reversal	November 13, 2024	(37,000,000)
Addition	November 13, 2024	30,000,000

  Retained earnings appropriated as at December 31, 2024 is intended for new investments for the years 2025 to 2027.

- Unappropriated

  The Parent Company's cash dividend declarations in 2024 and 2023 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
				(In Thousands)
April 24, 2024	May 9, 2024	May 23, 2024	₱9.00	₱10,998,210
April 26, 2023	May 11, 2023	May 25, 2023	7.50	9,165,175

  Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱454.4 billion and ₱393.8 billion as at December 31, 2024 and 2023, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

The retained earnings of the Parent Company available for dividend declaration amounted to ₱54.9 billion, ₱43.8 billion and ₱34.5 billion as at December 31, 2024, 2023 and 2022, respectively.

21. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group has a policy that requires approval of related party transactions by the Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

The significant transactions with related parties follow:

- Rent

  The Group has existing lease agreements for office and commercial spaces with related companies (banking group and retail and other related parties under common stockholders).

- Royalty and Service Fees

  The Parent Company and SM Retail receive service fees from retail entities under common stockholders for management, consultancy, manpower and other services. In addition to service fees, the Parent Company also receives royalty fees from certain related parties.

- Dividend Income

  The Group earns dividend income from certain related parties under common stockholders.

- Cash Placements and Loans

  The Group has certain bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

- Tenants' deposits

  The Group holds lease security deposits from related parties for its leasable investment properties. These are refundable upon termination of the lease agreements.

- Others

  The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount			Outstanding Amount			
	2024	2023	2022	**2024**	2023	Terms	Conditions
			(In Thousands)				
Banking Group							
Cash placement and investment in marketable securities	**₱–**	**₱–**	**₱–**	**₱100,089,605**	₱112,090,550	Interest-bearing	Unsecured/Secured; no impairment
Interest receivable	**–**	–	–	**206,309**	122,166	–	–
Interest income	**3,803,093**	3,115,199	2,084,329	**–**	–	–	–
Interest-bearing debt	**–**	–	–	**63,857,393**	63,521,896	Interest-bearing	Unsecured/Secured
Interest payable	**–**	–	–	**349,742**	365,746	–	–
Interest expense	**3,793,076**	3,045,964	2,753,606	**–**	–	–	–
Rent receivable	**–**	–	–	**169,052**	162,982	Noninterest-bearing	Unsecured; no impairment
Rent income	**1,368,219**	1,307,951	1,142,575	**–**	–	–	–
Receivable financed	**6,966,786**	4,130,907	–	**–**	–	Without recourse	Unsecured
Dividends receivable	**–**	–	–	**–**	40,386	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee receivable	**–**	–	–	**8,523**	8,458	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	**19,365**	116,740	124,260	**–**	–	–	–
Escrow fund	**–**	–	–	**819,559**	841,272	Interest-bearing	Unsecured; no impairment
Tenants' deposits	**–**	–	–	**731,713**	669,131	Noninterest-bearing	Unsecured
Retail and Other Entities							
Rent receivable	**–**	–	–	**417,195**	370,466	Noninterest-bearing	Unsecured; no impairment
Rent payable	**–**	–	–	**4,361**	–	Noninterest-bearing	Unsecured
Rent income	**2,711,443**	2,378,131	1,945,309	**–**	–	–	–
Royalty and service fee receivable	**–**	–	–	**2,133,325**	2,851,529	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	**2,886,224**	2,468,686	2,056,294	**–**	–	–	–
Shipping, logistics and other services	**112,767**	47,169	37,005	**–**	–	–	–
Trade receivable	**–**	–	–	**43,726**	11,605	Noninterest-bearing	Unsecured; no impairment
Nontrade receivable	**–**	–	–	**247,131**	87,007	Noninterest-bearing	Unsecured; no impairment
Trade payable	**–**	–	–	**109,847**	20,883	Noninterest-bearing	Unsecured
Nontrade payable	**–**	–	–	**1,003,461**	1,166,297	Noninterest-bearing	Unsecured
Interest income	**–**	–	237,830	**–**	–	–	–
Dividends receivable	**–**	–	–	**973,044**	746,019	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits	**–**	–	–	**3,339**	2,000	Noninterest-bearing	Unsecured; no impairment
Tenants' deposit	**–**	–	–	**841,517**	728,258	Noninterest-bearing	Unsecured

Terms and Conditions of Transactions with Related Parties

Outstanding balances at yearend are normally settled in cash. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

Compensation of Key Management Personnel

The aggregate compensation and benefits relating to key management personnel in 2024, 2023 and 2022 consist of short-term employee benefits amounting to ₱4.7 billion, ₱4.1 billion and ₱3.7 billion, respectively, and post-employment benefits amounting to ₱634.8 million, ₱543.5 million and ₱536.4 million, respectively.

22. Other Revenues

This account consists of:

	2024	2023	2022
		(In Thousands)	
Sales - processed food and others	**₱19,071,519**	₱19,964,099	₱24,604,593
Shipping, logistics and other services	**18,775,407**	16,725,516	14,111,385
Cinema and event ticket sales and others	**10,216,160**	9,027,668	4,216,516
Royalty and service fees	**7,182,938**	7,756,655	5,520,394
Food and beverage	**2,661,034**	2,339,039	1,786,358
Dividends	**870,899**	911,619	1,177,340
Others	**10,364,346**	8,947,819	10,223,602
	₱69,142,303	₱65,672,415	₱61,640,188

Others include membership revenues, sponsorship income and related items, commission income as well as miscellaneous income from the various business operations of the Group.

23. Costs and Expenses

This account consists of:

	2024	2023	2022
		(In Thousands)	
Cost of sales and services (Note 11)	**₱352,607,424**	₱336,311,596	₱315,651,763
Personnel cost (Note 21)	**37,972,632**	34,201,813	29,580,662
Depreciation and amortization (Notes 14, 15, 16 and 27)	**24,297,667**	22,745,157	21,740,973
Utilities	**15,487,889**	15,133,643	13,491,008
Taxes and licenses	**12,539,843**	10,759,774	8,442,897
Outside services	**10,272,596**	10,521,569	7,178,570
Marketing and selling	**9,400,018**	9,517,534	7,279,896
Supplies	**6,031,605**	5,552,948	2,565,154
Rent (Note 27)	**5,645,827**	3,716,298	3,323,087
Provisions - net (Note 10)	**4,176,204**	4,400,289	5,099,217
Repairs and maintenance	**2,611,736**	2,767,583	2,410,096
Pension (Note 25)	**1,733,599**	1,489,654	1,270,890
Transportation and travel	**1,631,430**	1,273,496	1,127,112
Data processing	**1,048,406**	1,097,338	1,089,862
Insurance	**952,970**	1,107,341	1,030,217
Professional fees	**918,284**	761,705	720,865
Management and royalty fees (Note 21)	**766,982**	360,897	371,672
Communications	**719,547**	556,082	480,584
Entertainment, representation and amusement	**582,916**	494,347	433,405
Donations	**457,281**	363,177	422,070
Remeasurement loss (Note 5)	**–**	–	310,152
Others	**13,096,374**	10,951,623	11,410,775
	₱502,951,230	₱474,083,864	₱435,430,927

Others mainly consist of dues and subscriptions, commissions and bank charges.

24. Interest Income and Interest Expense

The sources of interest income and interest expense follow:

	2024	2023	2022
		(In Thousands)	
Interest income on:			
Cash in banks and temporary investments (Note 7)	**₱3,712,058**	₱2,878,312	₱1,664,890
Time deposits and other noncurrent assets (Notes 8 and 16)	**528,911**	840,991	1,174,464
Others (Note 12)	**335,786**	328,975	203,016
	₱4,576,755	₱4,048,278	₱3,042,370
Interest expense on:			
Long-term debt (Note 19)	**₱19,881,495**	₱20,939,063	₱18,330,649
Lease liabilities (Note 27)	**2,066,436**	1,999,342	2,029,583
Bank loans (Note 17)	**1,660,397**	1,076,593	1,152,710
Others	**101,914**	69,746	34,128
	₱23,710,242	₱24,084,744	₱21,547,070

25. Pension Benefits

The Group has funded defined benefit pension plans covering all regular and permanent employees.

Net benefit expense (included under "Costs and Expenses") consists of:

	2024	2023	2022
		(In Thousands)	
Current service cost	**₱1,537,970**	₱1,360,559	₱1,301,442
Net settlement gain	**–**	(241)	(238)
Net interest cost	**365,221**	286,686	211,071
Past service cost - curtailment	**18,041**	10,245	(1,931)
	₱1,921,232	₱1,657,249	₱1,510,344
Pension expense (Note 23)	**₱1,733,599**	₱1,489,654	₱1,270,890
Cost of sales and services (Note 23)	**187,633**	167,595	239,454

Changes in the net defined benefit liability and asset follow:

- Net Defined Benefit Liability

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Amount not Recognized due to Asset Limit	Defined Benefit Liability (Asset)
		(In Thousands)		
As at January 1, 2023	₱12,694,403	₱7,827,141	₱–	₱4,867,262
Net benefit expense (Note 23):				
Current service cost	1,314,769	–	–	1,314,769
Settlement gain	(241)	–	–	(241)
Net interest cost	997,397	707,658	146	289,885
Past service cost - curtailment	10,245	–	–	10,245
	2,322,170	707,658	146	1,614,658
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	–	(334,406)	–	334,406
Actuarial changes arising from:				
Changes in financial assumptions	2,115,492	–	–	2,115,492
Changes in demographic assumptions	(15,510)	–	–	(15,510)
Experience adjustment	12,364	–	–	12,364
Others	–	–	(105)	(105)
	2,112,346	(334,406)	(105)	2,446,647
Reclassifications from defined benefit assets	1,657,205	1,741,593	–	(84,388)
Personnel transfers	84,227	(42,534)	–	126,761
Actual contributions	–	2,044,189	–	(2,044,189)
Benefits paid	(971,728)	(948,288)	–	(23,440)
Transfer to related parties	49,762	49,136	–	626
Other adjustments	35,261	5,406	(17)	29,838
As at December 31, 2023	17,983,646	11,048,895	24	6,934,775
Net benefit expense (Note 23):				
Current service cost	**1,289,338**	**–**	**–**	**1,289,338**
Net interest cost	**915,404**	**568,125**	**300**	**347,579**
Past service cost - curtailment	**18,041**	**–**	**–**	**18,041**
	2,222,783	**568,125**	**300**	**1,654,958**
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	**–**	**(99,606)**	**–**	**99,606**
Actuarial changes arising from:				
Changes in financial assumptions	**(1,628,330)**	**–**	**–**	**(1,628,330)**
Changes in demographic assumptions	**(134,407)**	**–**	**–**	**(134,407)**
Experience adjustment	**425,669**	**–**	**–**	**425,669**
Others	**–**	**–**	**(324)**	**(324)**
	(1,337,068)	**(99,606)**	**(324)**	**(1,237,786)**
Reclassifications to defined benefit assets	**(2,669,768)**	**(2,267,597)**	**–**	**(402,171)**
Personnel transfers	**192,657**	**122,192**	**–**	**70,465**
Actual contributions	**–**	**1,567,686**	**–**	**(1,567,686)**
Benefits paid	**(892,948)**	**(882,212)**	**–**	**(10,736)**
Transfer to related parties	**(2,787)**	**(2,787)**	**–**	**–**
Other adjustments	**10,337**	**9,559**	**–**	**778**
As at December 31, 2024	**₱15,506,852**	**₱10,064,255**	**₱–**	**₱5,442,597**

- Net Defined Benefit Asset

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Amount not Recognized due to Asset Limit	Defined Benefit Liability (Asset)
		(In Thousands)		
As at January 1, 2023	₱1,945,168	₱2,111,765	₱37,563	(₱129,034)
Net benefit expense (Note 23):				
Current service cost	45,790	–	–	45,790
Net interest cost	28,480	34,285	2,606	(3,199)
	74,270	34,285	2,606	42,591
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	–	(14,261)	–	14,261
Actuarial changes arising from:				
Changes in financial assumptions	77,177	–	–	77,177
Changes in demographic assumptions	(2,647)	–	–	(2,647)
Experience adjustment	(24,997)	–	–	(24,997)
Others	–	–	(6,534)	(6,534)
	49,533	(14,261)	(6,534)	57,260
Reclassifications to defined benefit liabilities	(1,618,909)	(1,707,328)	–	88,419
Personnel transfers	(118,848)	7,913	–	(126,761)
Actual contributions	–	47,540	–	(47,540)
Benefits paid	(29,580)	(27,301)	–	(2,279)
Transfer from the plan	(10,964)	(13,243)	–	2,279
Amount not recognized due to asset limit	–	–	33,660	33,660
Other adjustments	(1,189)	(5,406)	(33,643)	(29,426)
As at December 31, 2023	289,481	433,964	33,652	(110,831)
Net benefit expense (Note 23):				
Current service cost	**248,632**	**–**	**–**	**248,632**
Net interest cost	**184,392**	**167,806**	**1,056**	**17,642**
	433,024	**167,806**	**1,056**	**266,274**
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	**–**	**(68,949)**	**–**	**68,949**
Actuarial changes arising from:				
Changes in financial assumptions	**(276,283)**	**–**	**–**	**(276,283)**
Changes in demographic assumptions	**(25,750)**	**–**	**–**	**(25,750)**
Experience adjustment	**(209,629)**	**–**	**–**	**(209,629)**
Others	**–**	**–**	**3,231**	**3,231**
	(511,662)	**(68,949)**	**3,231**	**(439,482)**
Reclassifications from defined benefit liabilities	**2,667,420**	**2,267,593**	**–**	**399,827**
Personnel transfers	**(183,153)**	**(112,689)**	**–**	**(70,464)**
Actual contributions	**–**	**296,142**	**–**	**(296,142)**
Benefits paid	**(211,102)**	**(211,102)**	**–**	**–**
Transfer from the plan	**16,527**	**16,527**	**–**	**–**
Amount not recognized due to asset limit	**–**	**–**	**37,947**	**37,947**
Other adjustments	**–**	**–**	**(37,947)**	**(37,947)**
As at December 31, 2024	**₱2,500,535**	**₱2,789,292**	**₱37,939**	**(₱250,818)**

The principal assumptions used in determining the pension obligations of the Group follow:

	2024	2023
Discount rate	**5.8% - 6.2%**	5.9% - 6.5%
Future salary increases	**3.0% - 8.0%**	3.0% - 10.0%

The assets of the Pension Plan are held by a trustee bank, BDO, a related party. The investing decisions of the Plan are made by the Board of Trustees of the Pension Plan. The carrying amounts, which approximate the estimated fair values of the Plan assets, follow:

	2024	2023
		(In Thousands)
Cash and cash equivalents	**₱283,625**	₱279,604
Investment in debt and other securities	**963,504**	1,378,149
Investment in common trust funds	**4,565,709**	4,123,140
Investment in equity securities	**461,911**	337,371
Investment in government securities	**6,480,517**	5,287,958
Others	**98,281**	76,637
	₱12,853,547	₱11,482,859

- Cash and cash equivalents include regular savings and time deposits.
- Investments in debt and other securities, consisting of both short-term and long-term corporate loans, notes and bonds, bear interest ranging from 4.8% to 7.8% and 3.0% to 7.8% in 2024 and 2023, respectively. These have maturities from October 2025 to December 2029 and January 2024 to December 2029 in 2024 and 2023, respectively.
- Investment in common trust funds consists of unit investment trust fund placements.
- Investment in equity securities consists of listed and unlisted equity securities.
- Investment in government securities consists of retail treasury bonds. These bonds bear interest ranging from 3.4% to 8.6% and 2.7% to 8.6% in 2024 and 2023, respectively. These bonds have maturities from February 2026 to January 2034 and October 2024 to August 2033 in 2024 and 2023, respectively.
- Others pertain to accrued interest income on cash deposits and debt securities held by the Plan.

The outstanding balances and transactions of the Pension Plan with the trustee bank follow:

	2024	2023
		(In Thousands)
Balances:		
Cash and cash equivalents	**₱283,622**	₱279,604
Investment in common trust funds	**4,551,710**	4,123,141
Transactions:		
Interest income from cash and cash equivalents	**255,434**	6,010
Net income from investment in common trust funds	**228,903**	216,672

The Group expects to contribute about ₱2.2 billion to its Pension Plan in 2025.

The sensitivity analysis below has been determined based on reasonably possible changes in each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, with all other assumptions held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
		(In Thousands)
2024		
Discount rates	**50**	**(₱2,178,673)**
	(50)	**2,402,470**
Future salary increases	**100**	**2,681,862**
	(100)	**(2,419,749)**
No attrition rate	**–**	**2,212,293**
2023		
Discount rates	50	(₱2,165,326)
	(50)	2,408,090
Future salary increases	100	2,623,065
	(100)	(2,356,199)
No attrition rate	–	2,025,162

The average duration of the Group's defined benefit obligation is 3 to 22 years in 2024 and 2023.

The maturity analysis of the undiscounted benefit payments follows:

	2024	2023
		(In Thousands)
Year 1	**₱4,815,372**	₱3,638,125
Year 2	**1,444,032**	1,265,115
Year 3	**1,433,684**	1,313,298
Year 4	**1,583,272**	1,351,925
Year 5	**2,009,818**	1,848,886
Year 6 -10	**12,138,889**	15,029,376

The Plan assets are not matched to any specific defined benefit obligation.

26. Income Tax

The details of the Group's deferred tax assets and liabilities follow:

	2024	2023
		(In Thousands)
Deferred tax assets:		
Lease liabilities	**₱9,835,375**	₱9,514,938
NOLCO	**2,585,523**	2,025,739
Unamortized past service cost and defined benefit liability	**1,536,455**	2,246,111

(Forward)

	2024	2023
		(In Thousands)
Provision for expected credit losses and others	**₱1,488,449**	₱1,595,198
MCIT	**719,565**	589,637
Excess of fair values over cost of investment properties	**550,626**	973,652
Accrued leases	**88,386**	78,715
	16,804,379	17,023,990
Deferred tax liabilities:		
Unrealized gross profit on sales of real estate	**13,400,718**	11,190,690
ROU assets	**8,119,913**	8,059,156
Appraisal increment on investment property	**4,168,865**	4,326,473
Capitalized interest	**3,072,494**	3,169,365
Trademarks and brand names	**1,470,771**	1,470,771
Unamortized past service cost and defined benefit asset	**84,913**	13,467
Excess of fair values over cost of equity instruments	**55,262**	55,262
Others	**417,301**	406,014
	30,790,237	28,691,198
Net deferred tax liabilities	**₱13,985,858**	₱11,667,208

The net deferred tax assets and liabilities are presented in the consolidated balance sheets as follows:

	2024	2023
		(In Thousands)
Deferred tax assets (Note 16)	**₱5,459,041**	₱6,462,108
Deferred tax liabilities	**19,444,899**	18,129,316
	(₱13,985,858)	(₱11,667,208)

The unrecognized deferred tax assets from the deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱3.4 billion and ₱3.5 billion as at December 31, 2024 and 2023, respectively.

Corporate Recovery and Tax Incentives for Enterprises Act
Applying the provision of the CREATE Act, the Group computed for income tax using the following methods:

- 25% on taxable income based on itemized expense deduction
- 15% on taxable income based on optional standard deduction
- 1% minimum corporate income tax (MCIT) on gross income for three years until June 30, 2023, and 2% onwards

The reconciliation between the statutory tax rates and the Group's effective tax rate on income before income tax follows:

	2024	2023	2022
Statutory income tax rate	**25%**	25%	25%
Income tax effect of reconciling items:			
Equity in net earnings of associate companies and joint ventures	**(9)**	(9)	(9)
Interest income subjected to final tax	**(1)**	(1)	(1)
Others	**(1)**	(1)	–
Effective income tax rate	**14%**	14%	15%

Pillar Two Model Rules

The Organization for Economic Cooperation and Development (OECD) has published Global Anti-Base Erosion Model Rules (GLoBE Rules or Pillar Two Model Rules) which include a minimum tax rate by jurisdiction. The Pillar Two Model Rules apply to multinationals enterprises (MNEs) with annual consolidated revenues in excess of Euro 750 million in at least two (2) of the four (4) fiscal years immediately preceding the tested fiscal year. The Group is in scope for Pillar Two Model Rules and for the year ended December 31, 2024 has applied the amendments to PAS 12, *Income Taxes*, which provides a mandatory exception from recognizing or disclosing deferred taxes related to Pillar Two. The Group is still in the process of assessing the potential exposure to Pillar Two income taxes and will continue to monitor developments in the enactment of Pillar Two legislations to evaluate the potential impact on the Group's consolidated financial statements.

27. **Lease Agreements**

As Lessor. The Group's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for a few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

The future minimum lease receivables under the non-cancellable operating leases follow:

	2024	2023
	(In Millions)	
Within one year	**₱9,553**	₱9,454
Over one year to five years	**17,754**	19,239
Over five years	**7,684**	4,078
	₱34,991	₱32,771

As Lessee. The Group leases certain parcels of land where some of its malls are situated as well as retail store, office spaces, warehouses, containers, reefer vans, ISO tanks, cargo handling equipment, transportation equipment and container yards. The terms of the lease are for periods ranging from one to fifty years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of gross rental income or a certain fixed amount, whichever is higher.

There are also non-cancellable operating lease commitments with lease periods ranging from two to thirty years, mostly containing renewal options and those that provide for the payment of additional rental based on a certain percentage of sales of the sub-lessees.

The rollforward analysis of ROU assets follows:

	December 31, 2024		
	Land Use Rights	**Retail Stores, Office Spaces, Warehouses and Others**	**Total**
		(In Thousands)	
Cost			
As at beginning of year	**₱32,165,006**	**₱32,820,909**	**₱64,985,915**
Additions	**98,291**	**4,540,387**	**4,638,678**
Translation adjustment	**295,751**	**–**	**295,751**
Reclassifications (Note 11)	**(7,454)**	**146,073**	**138,619**
Retirements	**–**	**(2,790,357)**	**(2,790,357)**
As at end of year	**32,551,594**	**34,717,012**	**67,268,606**
Accumulated Depreciation and Amortization			
As at beginning of year	**3,064,465**	**13,381,038**	**16,445,503**
Depreciation and amortization	**789,958**	**3,378,723**	**4,168,681**
Translation adjustment	**11,908**	**–**	**11,908**
Reclassifications	**(7,454)**	**(159,643)**	**(167,097)**
Retirements	**–**	**(2,375,844)**	**(2,375,844)**
As at end of year	**3,858,877**	**14,224,274**	**18,083,151**
Net Book Value	**₱28,692,717**	**₱20,492,738**	**₱49,185,455**

	December 31, 2023		
	Land Use Rights	Retail Stores, Office Spaces and Warehouses	Total
		(In Thousands)	
Cost			
As at beginning of year	₱26,917,044	₱30,106,402	₱57,023,446
Additions	10,558	3,561,726	3,572,284
Translation adjustment	(460,661)	–	(460,661)
Reclassifications (Note 11)	5,708,623	(40,779)	5,667,844
Retirements	(10,558)	(806,440)	(816,998)
As at end of year	32,165,006	32,820,909	64,985,915
Accumulated Depreciation and Amortization			
As at beginning of year	2,368,428	10,516,210	12,884,638
Depreciation and amortization	718,839	3,365,765	4,084,604
Translation adjustment	(23,937)	–	(23,937)
Reclassifications	3,282	(98,804)	(95,522)
Retirements	(2,147)	(402,133)	(404,280)
As at end of year	3,064,465	13,381,038	16,445,503
Net Book Value	₱29,100,541	₱19,439,871	₱48,540,412

The rollforward analysis of lease liabilities follows:

	2024	2023
	(In Thousands)	
As at beginning of year	**₱35,319,736**	₱35,389,448
Additions	**4,638,678**	3,572,284
Interest expense (Note 24)	**2,066,436**	1,999,342
Terminations	**(572,054)**	(491,683)
Payments	**(5,308,424)**	(5,219,712)
Reclassification and others	**243,608**	70,057
As at end of year	**36,387,980**	35,319,736
Less current portion (Note 18)	**3,196,427**	2,977,457
Noncurrent portion	**₱33,191,553**	₱32,342,279

Following are the amounts recognized in the consolidated statements of income:

	2024	2023
	(In Thousands)	
Depreciation of ROU assets	**₱4,168,681**	₱4,084,604
Interest expense on lease liabilities	**2,066,436**	1,999,342

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio.

Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The future minimum lease payables under the non-cancellable leases follow:

	2024	2023
	(In Millions)	
Within one year	**₱3,373**	₱5,047
Over one year to five years	**10,020**	12,484
Over five years	**38,093**	40,606
	₱51,486	₱58,137

Included in "Tenants' deposits and others" in the consolidated balance sheets are tenants' deposits of ₱28.5 billion and ₱23.7 billion as at December 31, 2024 and 2023, respectively, and deferred output VAT of ₱16.6 billion and ₱13.8 billion as at December 31, 2024 and 2023, respectively.

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, consist of cash and cash equivalents, time deposits, financial assets at FVOCI, nontrade receivables, bonds and deposits, receivables from banks, accrued interest receivable, bank loans, long-term debt and lease liabilities. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments such as receivables and accounts payable and other current liabilities, which arise directly from its operations.

The Group also enters into derivative transactions, mainly, cross-currency swaps, interest rate swaps, foreign currency call options and non-deliverable forwards. The purpose is to manage the interest rate and foreign currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three or six months.

- *Foreign currency risk.* The Group's exposure to foreign currency risk arises as the Parent Company and SM Prime have significant investments and debt issuances which are denominated in U.S. Dollars and China yuan renminbi.

- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.

- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.

- *Equity price risk.* The Group's exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets. Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing each of these risks.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 19).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount. The interest rate swaps and cross-currency swaps were designated by the Group under cash flow hedge accounting. Furthermore, the Group applied rollover hedging strategy to some of its currency forward contracts whereby the maturity of the hedging instrument is intentionally shorter than the maturity of the hedged item, and there is an expectation that on expiry of the original hedging instrument it will be replaced by a new hedging instrument with similar characteristics of the instrument being replaced.

As at December 31, 2024 and 2023, after considering the effect of the swaps, approximately 72.8% and 78.8%, respectively of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates.

Interest Rate Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in interest rates, with all other variables held constant, of the Group's interest-bearing debt with floating interest rates, follows:

	Increase (Decrease) in Basis Points	Effect on Income Before Tax
		(In Millions)
2024	**100**	**(₱125.2)**
	50	**(62.6)**
	(100)	**125.2**
	(50)	**62.6**
2023	100	(₱190.2)
	50	(95.1)
	(100)	190.2
	(50)	95.1

The assumed movement in basis points for interest rate sensitivity analysis is based on observable market conditions.

Foreign Currency Risk

The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options and non-deliverable forwards.

The Group's foreign currency-denominated financial assets and liabilities and their Peso equivalents follow:

	2024		2023	
	US$	**Ph₱**	US$	Ph₱
		(In Thousands)		
Current assets:				
Cash and cash equivalents	**$21,312**	**₱1,232,776**	$23,811	₱1,318,435
Receivables and contract assets	**1,726**	**99,815**	1,333	73,815
Noncurrent assets:				
Time deposits	**–**	**–**	350,000	19,379,500
Total assets	**23,038**	**1,332,591**	375,144	20,771,750
Current liabilities:				
Bank loans	**–**	**–**	7,500	415,275
Accounts payable and other current liabilities	**13,661**	**790,194**	4,062	224,921
Current portion of long-term debt	**–**	**–**	349,983	19,378,549
Noncurrent liabilities:				
Long-term debt - net of current portion	**14,439**	**835,247**	4,966	274,978
Total liabilities	**28,100**	**1,625,441**	366,511	20,293,723
Net	**($5,062)**	**(₱292,850)**	$8,633	₱478,027

As at December 31, 2024 and 2023, approximately 25.5% and 27.6%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The Group recognized net foreign exchange gain of ₱571.9 million, ₱328.7 million and ₱209.0 million in 2024, 2023 and 2022, respectively. This resulted from movements in the closing rate of U.S. dollar against the Philippine peso as follows:

	U.S. Dollar to Peso
December 31, 2024	**₱57.845**
December 31, 2023	55.370
December 31, 2022	55.755

Foreign Currency Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in U.S. Dollar to Philippine peso exchange rate, with all other variables held constant, of the Group's financial assets and liabilities denominated in foreign currency, follows:

	Appreciation (Depreciation) of Peso	Effect on Income Before Tax
		(In Millions)
2024	**₱1.50**	**₱7.6**
	1.00	**5.1**
	(1.50)	**(7.6)**
	(1.00)	**(5.1)**
2023	₱1.50	(₱12.9)
	1.00	(8.6)
	(1.50)	12.9
	(1.00)	8.6

Liquidity Risk

The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or sale of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fund raising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

The Group's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs, include the following:

	2024	2023
	(In Thousands)	
Cash and cash equivalents (excluding cash on hand)	**₱110,315,892**	₱101,671,685
Current portion of time deposits	**221,096**	602,466

The maturity profile of the Group's financial liabilities follows:

	2024			
	Less than 1 Year	**1 to 5 Years**	**More than 5 Years**	**Total**
		(In Thousands)		
Bank loans	**₱24,074,356**	**₱–**	**₱–**	**₱24,074,356**
Accounts payable and other current liabilities*	**187,771,661**	**–**	**–**	**187,771,661**
Long-term debt (including current portion)**	**122,941,157**	**326,143,962**	**96,785,860**	**545,870,979**
Derivative liabilities**	**99,344**	**56,736**	**–**	**156,080**
Tenants' deposits**	**300,718**	**6,598,694**	**21,172,774**	**28,072,186**
Other noncurrent liabilities***	**891**	**11,684,957**	**2,086,718**	**13,772,566**
	₱335,188,127	**₱344,484,349**	**₱120,045,352**	**₱799,717,828**

**Excluding nonfinancial liabilities of ₱10.0 billion.*
***Based on estimated future cash flows.*
****Excluding nonfinancial liabilities amounting to ₱22.0 billion.*

	2023			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
		(In Thousands)		
Bank loans	₱13,414,239	₱–	₱–	₱13,414,239
Accounts payable and other current liabilities*	175,538,851	–	–	175,538,851
Long-term debt (including current portion)**	156,852,506	384,720,189	46,019,727	587,592,422
Derivative liabilities**	10,496	306,585	–	317,081
Tenants' deposits**	96,023	23,450,038	315,851	23,861,912
Other noncurrent liabilities***	–	9,834,890	2,304,661	12,139,551
	₱345,912,115	₱418,311,702	₱48,640,239	₱812,864,056

**Excluding nonfinancial liabilities of ₱10.0 billion.*
***Based on estimated future cash flows.*
****Excluding nonfinancial liabilities amounting to ₱20.8 billion.*

Credit Risk

The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Group which consist of cash and cash equivalents, time deposits and certain derivative instruments, the Group's credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables from sales of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the real estate properties are not transferred to the buyers until full payment is made.

As at December 31, 2024 and 2023, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Group using high quality and standard quality as internal credit ratings.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to the high quality category are included in this category.

	2024			2023		
	High Quality	**Standard Quality**	**Total**	High Quality	Standard Quality	Total
			(In Thousands)			
Cash and cash equivalents (excluding cash on hand)	**₱110,315,892**	**₱ –**	**₱110,315,892**	₱101,671,685	₱ –	₱101,671,685
Time deposits including noncurrent portion	**3,334,566**	**–**	**3,334,566**	22,927,147	–	22,927,147
Financial assets at FVOCI	**24,055,919**	**3,100,303**	**27,156,222**	25,530,724	1,534,894	27,065,618
Receivables and contract assets - net (including noncurrent portion of receivables from real estate buyers)*	**96,183,914**	**9,476,991**	**105,660,905**	86,090,325	7,966,598	94,056,923
Advances and other receivables - net (includes nontrade receivables, bonds and deposits, receivable from banks, notes receivable and accrued interest receivable under "Other current assets" account in the consolidated balance sheets)**	**28,755,118**	**–**	**28,755,118**	24,377,006	–	24,377,006
Escrow fund	**822,019**	**–**	**822,019**	843,732	–	843,732
Derivative assets (including noncurrent portion)	**5,378,214**	**–**	**5,378,214**	6,779,389	–	6,779,389
	₱268,845,642	**₱12,577,294**	**₱281,422,936**	₱268,220,008	₱9,501,492	₱277,721,500

**Excluding non-financial assets of ₱54.4 billion and ₱44.3 billion as at December 31, 2024 and 2023, respectively.*
***Excluding non-financial assets of ₱172.6 million and ₱235.1 million as at December 31, 2024 and 2023, respectively.*

Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

The sensitivity analysis for a reasonably possible change in equity indices, with all other variables held constant, of the Group's investments in listed shares of stock, follows:

	Change in Equity Price	Effect on Equity
		(In Millions)
2024	**+1.09%**	**₱357.5**
	-1.09%	**(357.5)**
2023	+1.63%	₱507.6
	-1.63%	(507.6)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

Net Gearing Ratio

	2024	2023
		(In Thousands)
Bank loans	**₱24,074,356**	₱13,414,239
Long-term debt (current and noncurrent)	**476,500,020**	488,287,650
Less:		
Cash and cash equivalents (excluding cash on hand)	**(110,315,892)**	(101,671,685)
Time deposits (current and noncurrent)	**(3,334,566)**	(22,927,147)
Net interest-bearing debt (a)	**386,923,918**	377,103,057
Total equity	**866,424,791**	772,200,205
Net interest-bearing debt and total equity (b)	**₱1,253,348,709**	₱1,149,303,262
Gearing ratio - net (a/b)	**31%**	33%

Gross Gearing Ratio

	2024	2023
		(In Thousands)
Bank loans	**₱24,074,356**	₱13,414,239
Long-term debt	**476,500,020**	488,287,650
Total interest-bearing debt (a)	**500,574,376**	501,701,889
Total equity	**866,424,791**	772,200,205
Total interest-bearing debt and total equity (b)	**₱1,366,999,167**	₱1,273,902,094
Gearing ratio - gross (a/b)	**37%**	39%

29. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

	December 31, 2024				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(In Thousands)		
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	**₱24,027,269**	**₱24,027,269**	**₱24,027,269**	**₱–**	**₱–**
Unlisted shares of stock	**3,100,303**	**3,100,303**	**–**	**–**	**3,100,303**
Club shares	**28,650**	**28,650**	**–**	**28,650**	**–**
Derivative assets	**5,378,214**	**5,378,214**	**–**	**5,378,214**	**–**
	32,534,436	**32,534,436**	**24,027,269**	**5,406,864**	**3,100,303**
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	**3,113,470**	**3,197,356**	**–**	**3,197,356**	**–**
	₱35,647,906	**₱35,731,792**	**₱24,027,269**	**₱8,604,220**	**₱3,100,303**

	December 31, 2024				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(In Thousands)		
Liabilities Measured at Fair Value					
Derivative liabilities	**₱156,080**	**₱156,080**	**₱–**	**₱156,080**	**₱–**
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	**371,872,181**	**364,608,918**	**–**	**–**	**364,608,918**
Tenants' deposits and others*	**42,863,199**	**36,741,071**	**–**	**–**	**36,741,071**
	414,735,380	**401,349,989**	**–**	**–**	**401,349,989**
	₱414,891,460	**₱401,506,069**	**₱–**	**₱156,080**	**₱401,349,989**

**Excluding nonfinancial liabilities of ₱22.0 billion and noncurrent derivative liabilities of ₱56.7 million.*

	December 31, 2023				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	₱25,505,874	₱25,505,874	₱25,505,874	₱–	₱–
Unlisted shares of stock	1,534,894	1,534,894	–	–	1,534,894
Club shares	24,850	24,850	–	24,850	–
Derivative assets	6,779,389	6,779,389	–	6,779,389	–
	33,845,007	33,845,007	25,505,874	6,804,239	1,534,894
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	22,324,681	22,657,988	–	22,657,988	–
	₱56,169,688	₱56,502,995	₱25,505,874	₱29,462,227	₱1,534,894
Liabilities Measured at Fair Value					
Derivative liabilities	₱317,081	₱317,081	₱–	₱317,081	₱–
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	374,758,859	362,191,802	–	–	362,191,802
Tenants' deposits and others*	36,941,440	35,731,981	–	–	35,731,981
	411,700,299	397,923,783	–	–	397,923,783
	₱412,017,380	₱398,240,864	₱–	₱317,081	₱397,923,783

**Excluding nonfinancial liabilities of ₱20.8 billion and noncurrent derivative liabilities of ₱306.6 million.*

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at December 31, 2024 and 2023.

The fair values of unlisted shares of stock classified under Level 3 were determined through the income valuation approach. This valuation approach assumes that the value of any asset can be estimated by ascertaining the amount and timing of future cash flows or earnings that are generated by that asset. As at December 31, 2024 and 2023, the Group's unlisted shares of stock were valued using discount rates of 17.2% to 18.2%.

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used follow:

	2024	2023
Time deposits (noncurrent portion)	**1.1% - 4.4%**	2.2% - 3.9%
Tenants' deposits	**1.1% - 7.0%**	2.1% - 6.9%

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 1.1% to 8.2% and 0.1% to 8.3% as at December 31, 2024 and 2023, respectively.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Discount rates used were 8.0% to 8.1% and 8.2% to 8.3% as at December 31, 2024 and 2023, respectively.

Derivative Instruments. The fair values are based on quotes obtained from counterparties. The rollforward analysis of the fair value changes of derivative instruments follows:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱6,462,308**	₱9,373,106
Net changes in fair value during the year	**2,598,426**	(1,194,648)
Fair value on settled derivatives	**(3,838,600)**	(1,716,150)
	₱5,222,134	₱6,462,308

Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2024, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency-denominated debt. Details follow:

	Notional Amount	**Agreed Equivalent**	**Fair Value (Php)**	**Interest Rate**	**Foreign Exchange Rate**	**Maturity**
		(In Thousands)				
Parent						
Cross Currency Swaps	$80,000	₱4,496,000	₱144,577	5.8% - 5.8%	₱56.20	2024 - 2025
Cross Currency Swaps	£90,700	6,298,557	419,143	5.7% - 5.8%	₱68.52 - ₱70.49	2025 - 2028
Principal Only Swaps	$382,700	22,368,815	(61,968)	0.3% - 0.8%	₱58.45	2025 - 2027
SM Prime						
Foreign Exchange Forward Swaps	$800,000	₱45,118,895	1,622,679	–	₱55.28 - ₱60.39	2025 - 2026
Interest Rate Swaps	$670,000	–	1,629,075	2.3% - 2.7%	–	2025 - 2026
Principal Only Swaps	$220,000	¥1,434,535	821,749	–	¥6.47 - ¥6.68	2026 - 2027
Cross Currency Swaps	$280,000	¥1,991,925	646,877	3.4% - 3.5%	¥7.09 - ¥7.13	2029

As the terms of the swaps have been negotiated to match the terms of the hedged loans and advances, the hedges were assessed to be highly effective.

Other Derivative Instruments Not Designated as Accounting Hedges

Non-deliverable Forwards and Swaps. The net fair value changes from the settled currency forward and swap contracts recognized in the consolidated statements of income amounted to ₱8.3 million, ₱592.0 million and ₱995.0 million gain in 2024, 2023 and 2022, respectively.

30. EPS Computation

	Years Ended December 31		
	2024	2023	2022
	(In Thousands Except Per Share Data)		
Net income attributable to owners of the Parent (a)	**₱82,608,707**	₱76,989,043	₱61,653,665
Weighted average number of common shares outstanding (b)	**1,222,023**	1,222,023	1,211,846
Basic/Diluted EPS (a/b)	**₱67.60**	₱63.00	₱50.88

31. Change in Liabilities Arising From Financing Activities

	2024		
	Bank Loans (Note 17)	**Long-term Debt** (Note 19)	**Lease Liabilities** (Note 27)
		(In Thousands)	
Balance at beginning of year	**₱13,414,239**	**₱488,287,650**	**₱35,319,736**
Availments	**105,535,009**	**112,875,555**	**–**
Payments	**(94,961,213)**	**(131,653,274)**	**(5,308,424)**
Cumulative translation adjustment on cash flow hedges	**228,705**	**2,441,126**	**–**
Foreign exchange movement	**(142,384)**	**4,231,634**	**–**
Others	**–**	**317,329**	**6,376,668**
Balance at end of year	**₱24,074,356**	**₱476,500,020**	**₱36,387,980**

	2023		
	Bank Loans (Note 17)	Long-term Debt (Note 19)	Lease Liabilities (Note 27)
		(In Thousands)	
Balance at beginning of year	₱20,811,524	₱484,896,917	₱35,389,448
Availments	45,599,966	107,590,529	–
Payments	(52,906,823)	(103,343,041)	(5,219,712)
Cumulative translation adjustment on cash flow hedges	(86,678)	(1,609,567)	–
Foreign exchange movement	(3,750)	408,406	–
Others	–	344,406	5,150,000
Balance at end of year	₱13,414,239	₱488,287,650	₱35,319,736

	2022		
	Bank Loans (Note 17)	Long-term Debt (Note 19)	Lease Liabilities (Note 27)
		(In Thousands)	
Balance at beginning of year	₱27,167,173	₱445,325,439	₱33,691,435
Availments	66,878,421	100,256,801	–
Payments	(73,264,105)	(72,630,533)	(4,853,925)
Cumulative translation adjustment on cash flow hedges	5,535	2,229,038	–
Foreign exchange movement	–	9,718,606	–
Business combination (Note 5)	24,500	22,183	–
Others	–	(24,617)	6,551,938
Balance at end of year	₱20,811,524	₱484,896,917	₱35,389,448

There are no non-cash changes in accrued interest and dividends payable. Others include debt accretion, debt issue cost amortization and lease liability additions.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Investments Corporation (the Company) and Subsidiaries 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 February 28, 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 Supplementary Schedules section of the Index to the Supplementary Schedules are the responsibility of the Company'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 information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465271, January 2, 2025, Makati City

February 28, 2025

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE A – FINANCIAL ASSETS
(Amounts in Thousands Except Per Share Data)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Interest and Dividend Income Received and Accrued
Temporary investments*		**₱81,977,728**	**–**	**₱3,517,284**
Time deposits – current*		**221,096**	**–**	**66,093**
Financial Asset at FVOCI:				
Shares of Stock:				
Common shares:				
Shang Properties, Inc.	189,350,548 shares	746,041	746,041	54,880
Republic Glass Holdings Corporation	14,230,000 shares	39,133	39,133	–
PICOP Resources, Inc.	40,000,000 shares	8,200	8,200	–
Benguet Corporation	266,757 shares	1,059	1,059	–
		794,433	**794,433**	**54,880**
Total Current Financial Assets		**₱82,993,257**	**₱794,433**	**₱3,638,257**

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Interest and Dividend Income Received and Accrued
Financial Asset at FVOCI– noncurrent:				
Shares of Stock				
Listed:				
Ayala Corporation	28,249,341 shares	₱16,921,355	₱16,921,355	₱236,538
DMCI Holdings	164,312,700 shares	1,777,863	1,777,863	197,175
Grab Holdings, Ltd.	6,900,000 shares	1,883,896	1,883,896	–
D.M. Wenceslao and Associates, Incorporated	79,167,800 shares	437,006	437,006	6,252
The Philippine Stock Exchange, Inc.	3,595,639 shares	589,685	589,685	35,957
ACEN Corporation	81,412,653 shares	325,651	325,651	2,917
Others		1,297,380	1,297,380	54,622
Unlisted:				
Heavenly Garden Development Corp.	25,000 shares	2,500	2,500	750
SM Insurance Brokers Services, Inc.	129,390 shares	150	150	–
Mutual Development Center, Inc.	4,633 shares	1,259	1,259	779
NLEX Corporation	756,201 shares	956,793	956,793	279,253
Others		2,139,601	2,139,601	1,776
		₱26,333,139	₱26,333,139	₱816,019

(Forward)

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Interest and Dividend Income Received and Accrued
Club Shares				
Cebu Golf & Country Club	1 share	₱18,000	₱18,000	₱–
Baguio Country Club	1 share	6,000	6,000	–
Mimosa Golf & Country Club, Inc.	1 share	150	150	–
Country Club of Tagaytay Highlands	1 share	3,000	3,000	–
Camp John Hay	2 shares	500	500	–
Subic Bay Yacht Club	1 share	150	150	–
Splendido Taal Golf Club	1 share	300	300	–
Calatagan Golf Club	1 share	500	500	–
Cresta del Mar	1 share	35	35	–
Ridge Resort	1 share	15	15	–
		28,650	28,650	–
		26,361,789	**26,361,789**	**816,019**
Time Deposits – noncurrent*		**3,113,470**	**–**	**462,818**
Total Noncurrent Financial Assets		**₱29,475,259**	**₱26,361,789**	**₱1,278,837**

**Excluding cash on hand and in banks.*

Schedule A

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE B – AMOUNTS RECEIVABLES FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Not Applicable

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
(Amounts in Thousands)

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of year
Accounts receivable – Tenants							
SM Retail Inc. and subsidiaries	₱2,719,845	₱15,507,031	(₱15,315,720)	₱–	₱2,911,156	₱–	₱2,911,156
SM Prime Holdings, Inc. and subsidiaries	65,707	141,027	(167,513)	–	39,221	–	39,221
AIC Group of Companies Holdings Corp.	6,644	35,471	(37,597)	–	4,518	–	4,518
Manila Southcoast Development Corp.	168	1,192	(1,201)	–	159	–	159
Goldilocks Bakeshop Inc. and subsidiaries	44,893	362,474	(363,409)	–	43,958	–	43,958
2GO Group, Inc. and subsidiaries	19,545	169,548	(170,860)	–	18,233	–	18,233
SM Investments Corporation	17,506	75,287	(72,969)	–	19,824	–	19,824
Total Accounts Receivable-Tenants	**₱2,874,308**	**₱16,292,030**	**(₱16,129,269)**	**₱–**	**₱3,037,069**	**–**	**₱3,037,069**

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of year
Receivables From Related Parties							
Belleshares Holdings, Inc.	₱1,562,862	₱–	₱–	₱–	₱1,562,862	₱–	₱1,562,862
Henfels Investments Co. Inc.	6,086,988	–	–	–	6,086,988	–	6,086,988
Intercontinental Development Corporation	194,130	147,118	–	–	341,248	–	341,248
Manila Southcoast Development Corp.	3,711,647	768,018	–	–	4,479,665	–	4,479,665
Mountain Bliss Resort and Development Corp.	979,317	–	–	–	979,317	–	979,317
Multi Realty Development Corporation	1,375,000	–	–	–	1,375,000	–	1,375,000
Primebridge Holdings, Inc.	1,000	71,054	–	–	72,054	–	72,054
Total Receivables From Related Parties	**₱13,910,944**	**₱986,190**	**₱–**	**₱–**	**₱14,897,134**	**₱–**	**₱14,897,134**

Schedule C

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of year
Accounts Receivable–Royalty, Management and Service Fees							
SM Retail Inc. and subsidiaries	₱1,271,302	₱4,417,002	(₱5,413,445)	₱–	₱274,859	₱–	₱274,859
SM Prime Holdings, Inc. and subsidiaries	12,062	335,728	(326,100)	–	21,690	–	21,690
Philippine Geothermal Production Company, Inc.	–	12,000	(12,000)	–	–	–	–
Intercontinental Development Corporation	7,003	6,727	(7,003)	–	6,727	–	6,727
2Go Group, Inc. and subsidiaries	13,842	74,026	(74,788)	–	13,080	–	13,080
Goldilocks Bakeshop Inc. and subsidiaries	–	68,880	(64,603)	–	4,277	–	4,277
Belleshares Holdings, Inc.	6,862	–	–	–	6,862	–	6,862
SM Investments Corporation	2,912	45,542	(45,724)	–	2,730	–	2,730
Total Accounts Receivable–Royalty, Management and Service Fees	**₱1,313,983**	**₱4,959,905**	**(₱5,943,663)**	**₱–**	**₱330,225**	**₱–**	**₱330,225**

Schedule C

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of year
Dividends Receivable							
SM Retail, Inc	₱5,408,796	₱9,658,561	(₱10,431,248)	₱–	₱4,636,109	₱–	₱4,636,109
SM Prime Holdings, Inc.	–	4,966,299	(4,966,299)	–	–	–	–
Henfels Investments Co. Inc.	175,000	260,000	(295,000)	–	140,000	–	140,000
Neo Subsidiaries	475,000	1,045,000	(1,520,000)	–	–	–	–
Nagtahan Property Holdings, Inc.	4,986	4,986	(4,986)	–	4,986	–	4,986
Globalfund Holdings, Inc.	110,000	184,000	(214,000)	–	80,000	–	80,000
SM Investments Corporation	–	1,332	(1,332)	–	–	–	–
Total Dividends Receivable	**₱6,173,782**	**₱16,120,178**	**(₱17,432,865)**	**₱–**	**₱4,861,095**	**₱–**	**₱4,861,095**

SCHEDULE D – LONG-TERM DEBT
(Amounts in Thousands)

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under "Current portion of long-term debt" in the Balance sheet	Amount shown under "Long-term Debt" in the balance sheet	Interest rate	Number of periodic installment	Maturity date
Parent Company						
U.S. dollar-denominated	$80,000	₱–	₱4,627,600	Floating ROP reference rate + margin	Upon maturity	June 2027
GBP-denominated	£90,700	3,507,107	3,034,107	Fixed 4.2% - 5.3%	Upon maturity / Annual	April 2025 - July 2028
Peso-denominated	₱70,870,903	11,343,500	34,231,000	Fixed 3.6% to 5.2%; two-year Php BVAL + margin	Annual / Upon maturity	February 2025 - May 2031
Subsidiaries						
U.S. dollar-denominated	$4,450,000	11,569,000	93,409,877	Fixed 5.4%; SOFR + spread	Upon maturity	March 2025 - August 2029
China yuan renminbi-denominated	¥2,922,100	2,166,246	8,664,465	Fixed 3.7%; LPR	Semi-annual	April 2026 - June 2037
Peso-denominated	₱340,483,002	76,746,815	229,257,205	Fixed 3.8% - 7.3%; BVAL + margin	Quarterly / Annual / Upon Maturity	January 2025 - June 2037
		105,332,668	373,224,254			
Less debt issue cost		704,829	1,352,073			
		₱104,627,839	₱371,872,181			

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

Not Applicable

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS

Not Applicable

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2024

SCHEDULE G - CAPITAL STOCK

Title of Issue	Number of Shares Authorized	Number of Shares Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Principal Stockholders	Others
Common Stock	2,790,000,000	1,222,023,358	–	102,978,781	536,995,903	582,048,674

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sgv.ph

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Investments Corporation (the Company) and Subsidiaries 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 February 28, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company'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 consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company'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.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465271, January 2, 2025, Makati City

February 28, 2025

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2024 AND 2023
(AMOUNTS IN THOUSANDS)

			December 2024		December 2023	
i.	Current ratio	Total current assets	383,800,192	1.12 : 1	359,471,325	1.09 : 1
		Total current liabilities	343,167,994		330,761,980	
ii.	Acid test ratio	Total current assets less inventories and other current assets	205,812,546	0.6 : 1	184,305,386	0.56 : 1
		Total current liabilities	343,167,994		330,761,980	
iii.	Solvency ratio	Net income after tax + Depreciation and amortization	141,160,894	17.0%	130,891,754	16.1%
		Total liabilities	832,627,391		814,018,308	
iv.	Debt-to-equity ratio	Total interest-bearing debt	500,574,376	37 : 63	501,701,889	39 : 61
		Total equity + Total interest-bearing debt	1,366,999,167		1,273,902,094	
	Net debt-to-equity ratio	Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits, investments in bonds	386,923,918	31 : 69	377,103,056	33 : 67
		Total equity + Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits, investments in bonds	1,253,348,709		1,149,303,261	
v.	Asset to equity ratio	Total assets	1,699,052,182	1.96	1,586,218,513	2.05
		Total equity	866,424,791		772,200,205	
vi.	Return on assets (annualized)	Net income after tax	114,652,906	7.0%	106,185,063	7.0%
		Average assets	1,638,346,915		1,523,561,263	
vii.	Return on equity (annualized)	Net income attributable to equity holders of the parent	82,608,707	13.8%	76,989,043	14.5%
		Average equity attributable to equity holders of the parent	599,257,047		530,460,556	

Forward

			December 2024		December 2023	
viii.	Interest rate coverage ratio	Income from operations + Depreciation and amortization / Interest expense	178,333,756 / 23,710,242	7.52	166,874,714 / 24,084,744	6.93
ix.	Net profit margin	Net income after tax / Total revenue	114,652,906 / 654,776,998	17.5%	106,185,063 / 616,251,887	17.2%

ANNEX "A"

Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2024

(Amounts in Thousands)

SM Investments Corporation

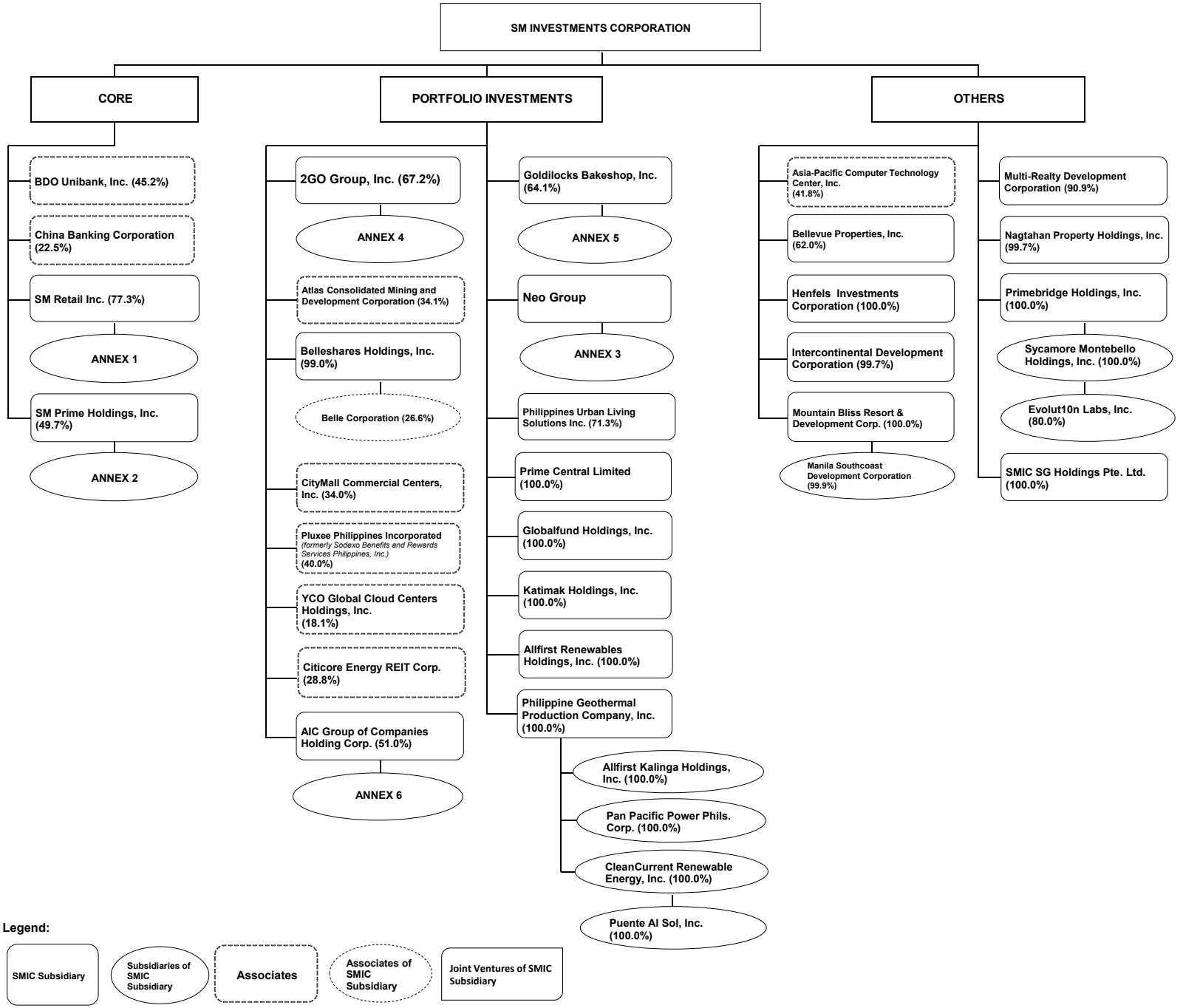
10th Floor, OneE-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-1A, Pasay City 1300

Unappropriated Retained Earnings, beginning of the year	**₱43,868,238**
Prior year outstanding reconciling items, net of tax	
Actuarial loss at January 1, 2013 recorded as retirement expense	48,548
Unappropriated Retained Earnings, beginning of reporting period	**43,916,786**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(10,998,210)
Unappropriated Retained Earnings, as adjusted	**32,918,576**
Add / Less: Net Income (loss) for the current year	**21,978,491**
Less: Category C.1: Unrealized income recognized in the profit of loss during the reporting period (net of tax)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(5,409)
Sub-total	**(5,409)**
Adjusted Net income	**21,973,082**
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
Net movement in deferred tax assets and deferred tax liabilities related to same transaction, e.g. set-up of right of use assets and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(378)
Sub-total	**(378)**
Total Retained Earnings, end of the reporting period available for dividend declaration	**₱54,891,280**

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2024
(Amounts in Thousands)

	Current Year	Prior Year
Total Audit Fees	**₱35,038**	**₱33,738**
Non-audit services fees:		
Other assurance services	10,900	2,820
Tax services	2,536	2,673
All other services	430	1,350
Total Non-audit Fees	**13,866**	**6,843**
Total Audit and Non-Audit Fees	**₱48,904**	**₱40,581**

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)

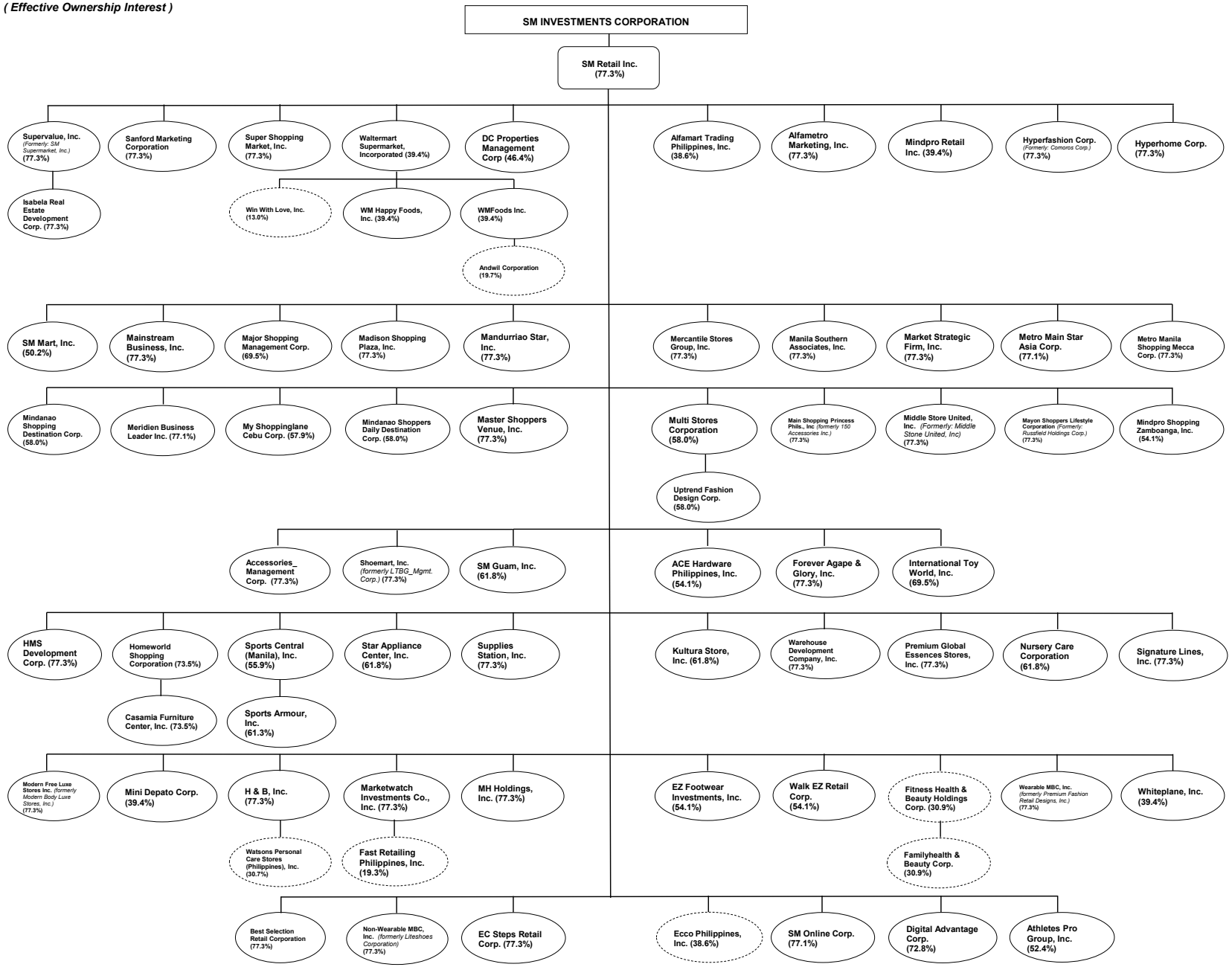


Legend:

SMIC Subsidiary | Subsidiaries of SMIC Subsidiary | Associates | Associates of SMIC Subsidiary | Joint Ventures of SMIC Subsidiary

SMIC Conglomerate Map

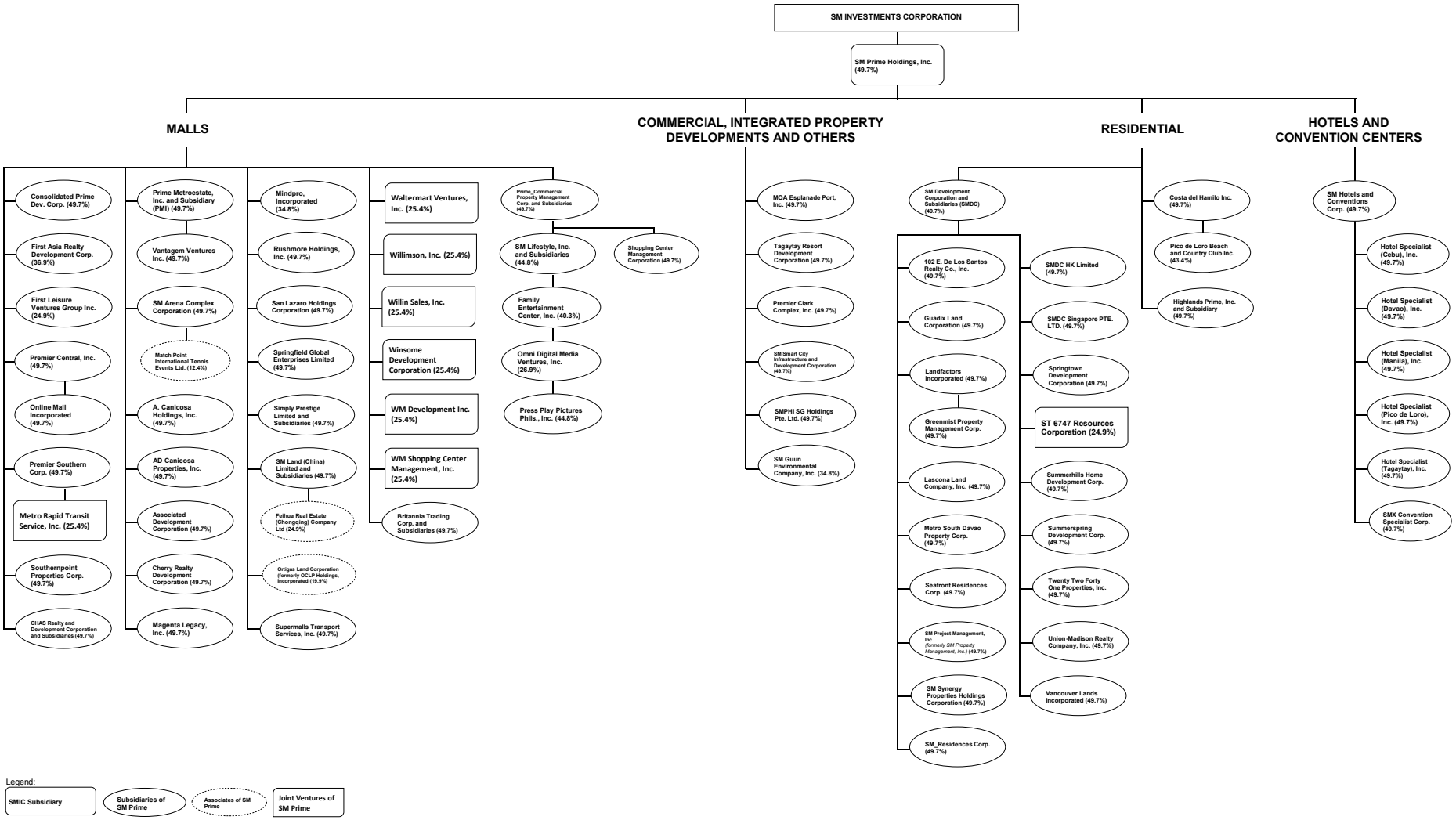
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



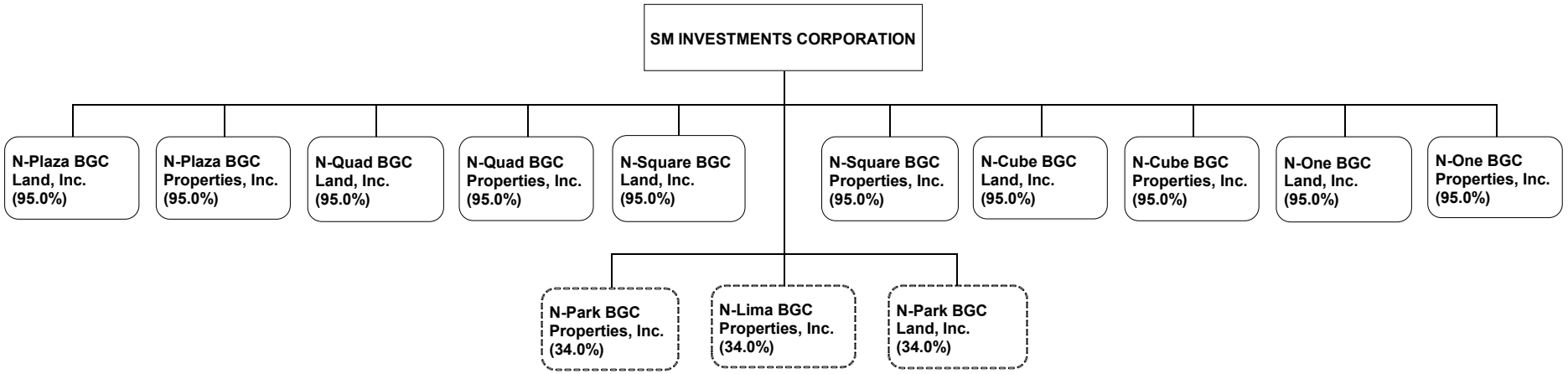
Legend:

SMIC Subsidiary	Subsidiaries of SM Retail	Associates of SM Retail

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



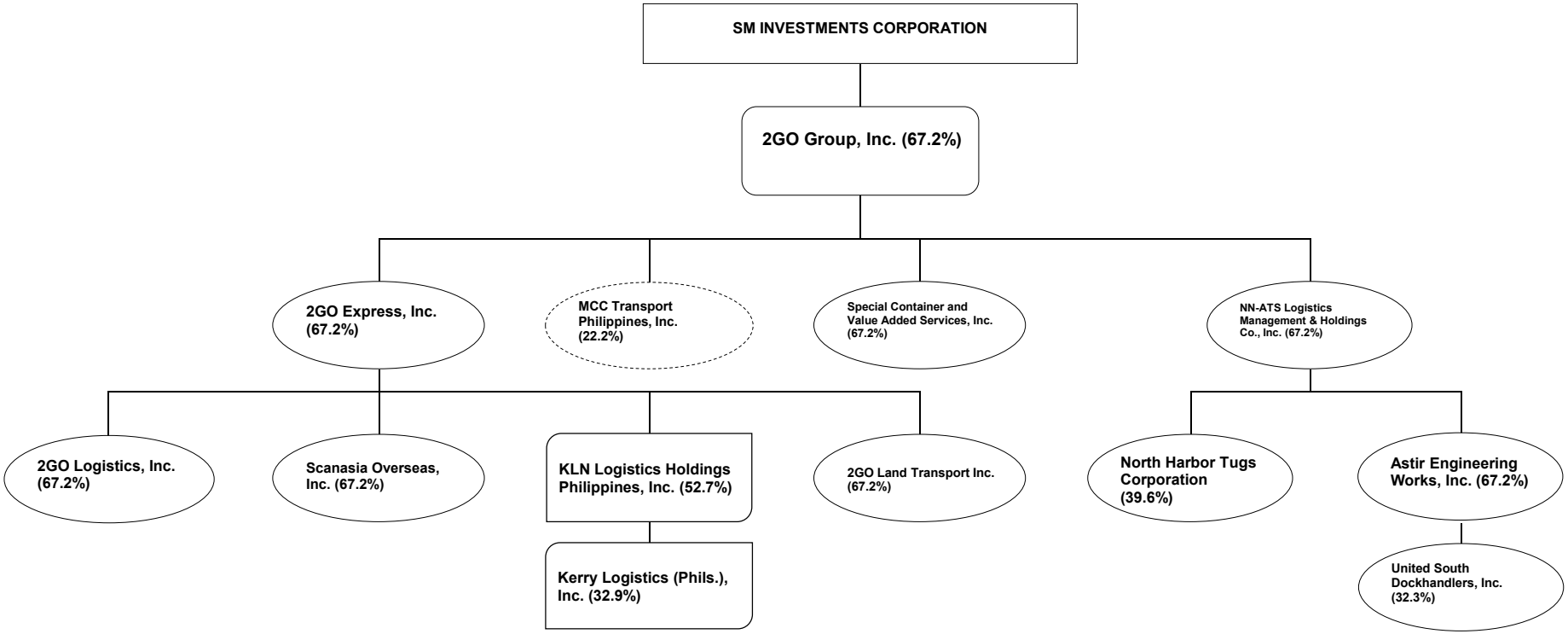
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



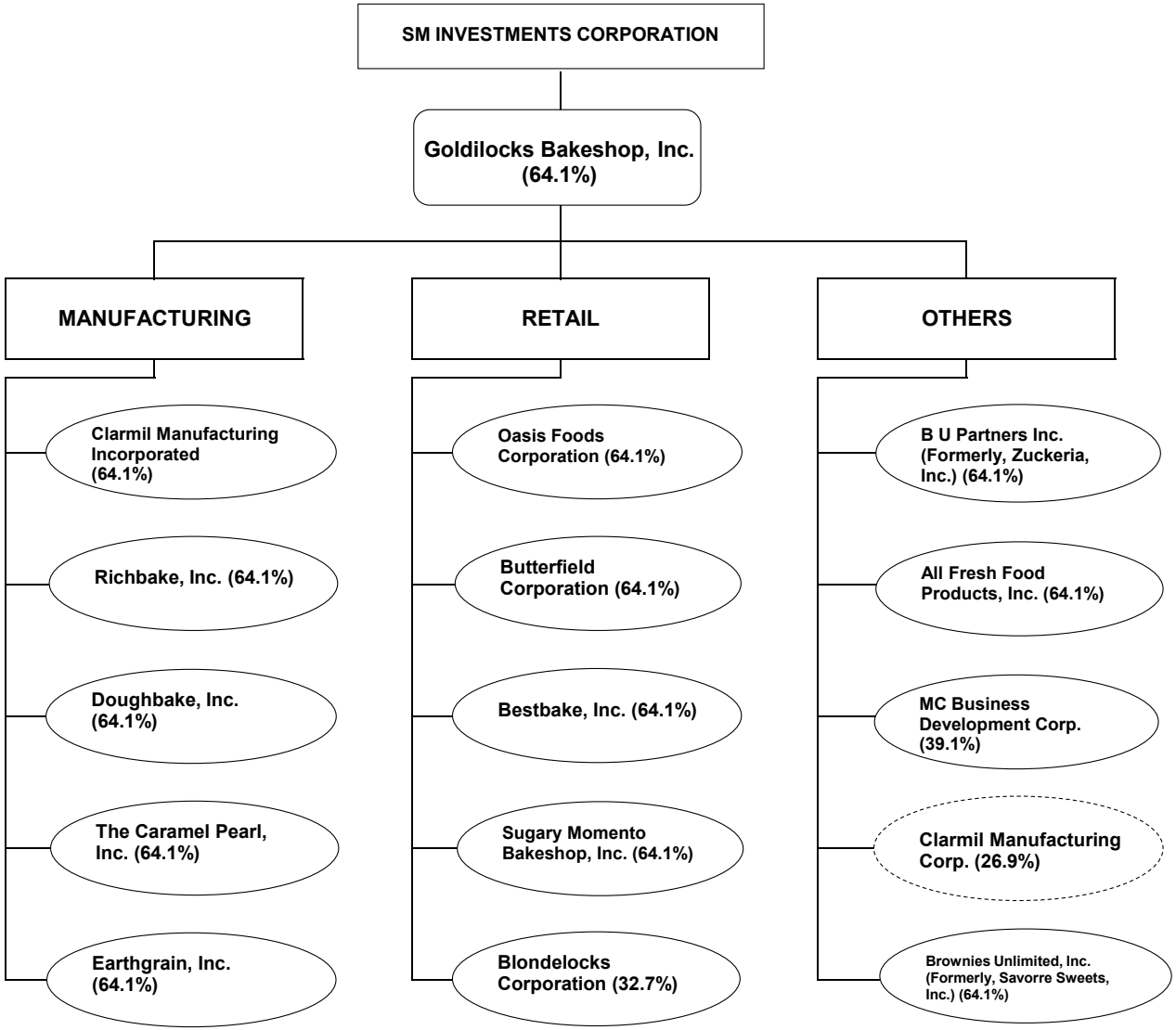
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



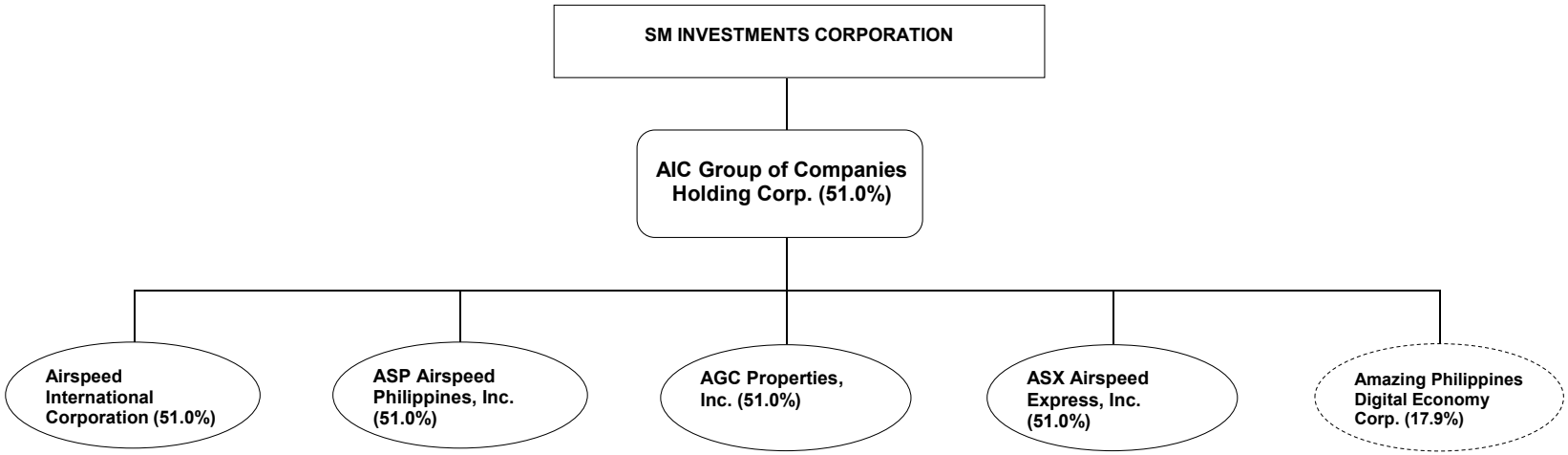
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2024
(Effective Ownership Interest)



Legend:



SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: Mark Jason Orcine
Receipt Date and Time: April 03, 2025 10:35:55 AM

Company Information

SEC Registration No.: 0000016342
Company Name: S.M. INVS. CORP.
Industry Classification: J66110
Company Type: Stock Corporation

Document Information

Document ID: OST10403202583140459
Document Type: Special Form For Financial Statements of Investment Companies And Publicly Held Companies
Document Code: PHFS
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	6	3	4	2

Company Name

S	M		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N				

Principal Office (No./Street/Barangay/City/Town/Province)

1	0	t	h		F	l	o	o	r	,		O	n	e		E	-	C	o	m		C	e	n	t	e	r	,	
H	a	r	b	o	r		D	r	i	v	e	,		M	a	l	l		o	f		A	s	i	a		C	o	m
p	l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0		

Form Type	Department requiring the report	Secondary License Type, If Applicable
P H F S 1		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Secondary License Type, If Applicable
	857-0100	_

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,258	April 30, 2025	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
Mr. Franklin C. Gomez	-	8857-0100	-

Contact Person's Address

10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

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 occurance thereof with information and complete contact details of the new contact person designated.

Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause 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.

Control No.:
Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**268,242,474**	**285,343,254**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	32,622,283	33,419,263
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	7,831,195	5,786,153
A.1.1.1 On hand	77	77
A.1.1.2 In domestic banks/entities	7,831,118	5,786,076
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	24,099,633	26,232,888
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	24,099,633	26,232,888
A.1.2.1.1 Due from customers (Royalty and Service Fees and Tenants)	2,818,158	4,502,450
A.1.2.1.2 Due from related parties	14,897,135	13,910,944
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2 + A.1.2.1.3.3)	6,384,340	7,819,494
A.1.2.1.3.1 Accrued interest	2,593	51,086
A.1.2.1.3.2 Dividends	5,107,878	6,498,102
A.1.2.1.3.3 Non-trade and others	1,273,869	1,270,306
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	0	0
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	0	0
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	0	0
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	0	0
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	0	0
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	0	0
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	0	0
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions	0	0
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	0	0
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)	0	0
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	691,455	1,400,222
A.1.5.1 Time deposits	76,998	158,570
A.1.5.2 Prepaid taxes and other prepayments and supplies	235,334	320,814
A.1.5.3 Derivative assets	379,123	920,838
A.1.5.4		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	448,782	554,054
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	115,221	114,486
A.2.3 Machinery and equipment (on hand and in transit)	30,152	29,878
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	446,242	444,485
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	1,470,628	1,390,446
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3 Furniture, fixtures and office equipment	1,470,628	1,390,446
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(1,613,461)	(1,425,241)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	216,658,418	212,048,872
A.3.1 Equity in domestic subsidiaries/affiliates	215,663,422	211,755,245
A.3.2 Equity in foreign branches/subsidiaries/affiliates	994,996	293,627
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	0	0
A.3.3.1	0	0
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property	2,917,983	3,372,555
A.5 Biological Assets		
A.6 Intangible Assets	0	0
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	0	0
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	0	0
A.9.1.1	0	0
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	15,595,008	35,948,510
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5+A.10.4.6+10.4.7+10.4.8)	15,595,008	35,948,510
A.10.4.1 Time deposits	0	19,379,500
A.10.4.2 Financial assets at FVOCI	12,355,169	12,807,635
A.10.4.3 Bonds and deposits	535,569	1,146,140
A.10.4.4 Escrow and Refundable deposits	169,882	164,509
A.10.4.5 Derivative assets	228,264	334,507
A.10.4.6 Creditable tax certificates	1,712,736	1,666,521
A.10.4.7 Right-of-use assets	448,186	449,698
A.10.4.8 Defined benefit assets	145,202	
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**97,848,058**	**125,573,304**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	32,038,725	62,687,728
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	2,220,491	6,384,695
B.1.1.1 Loans/Notes Payables	0	4,615,275
B.1.1.2 Trade Payables	668,200	653,579
B.1.1.3 Payables to Related Parties	56,581	56,581
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	1,495,710	1,059,260
B.1.1.5.1 Accrued interest	1,160,019	747,942
B.1.1.5.2 Accrued expenses	335,691	311,318
B.1.1.5.3	0	0
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	0	0
B.1.1.6.1		
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions	12,147,900	8,442,577
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	2,276,937	2,182,359
B.1.4.1 Derivative liability	99,343	3,074
B.1.4.2 Advance rental and deposits	211,117	212,808
B.1.4.3 Subscription payable	1,966,477	1,966,477
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	15,393,397	45,678,097
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt due within one year	14,839,101	44,875,428
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify:	554,296	802,669
B.1.7.6.1 Payable to government agencies	513,320	783,541
B.1.7.6.2 Lease liabilities	40,976	19,128
B.1.7.6.3		

Control No.:
Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	64,690,607	61,458,952
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	34,258,932	46,552,473
B.2.4 Domestic Private Non-Financial Institutions	7,459,147	14,906,479
B.2.5 Foreign Financial Institutions	22,972,528	
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	1,118,726	1,426,624
B.5.1 Deferred Tax	337,509	292,282
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	781,217	1,134,342
B.5.2.1 Tenants' deposits and others	299,527	569,150
B.5.2.2 Defined benefit liability	0	36,277
B.5.2.3 Derivative liabilities	6,289	41,572
B.5.2.4 Lease liabilities	475,401	487,343
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	**170,394,416**	**159,769,950**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	28,000,000	28,000,000
C.1.1 Common shares **2,790,000,000 @ P10 par**	27,900,000	27,900,000
C.1.2 Preferred Shares **10,000,000 sh @ P10 par**	100,000	100,000
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	12,261,146	12,261,146
C.2.1 Common shares **1,226,114,578 sh @ P10 par**	12,261,146	12,261,146
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	12,261,146	12,261,146
C.3.1 Common shares **1,226,114,578 sh @ P10 par**	12,261,146	12,261,146
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	67,452,883	67,452,883
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	(1,127,219)	(771,405)
C.6.1 Net unrealized gain on available-for-sale investments and others	(436,243)	33,627
C.6.2 Remeasurement loss on defined benefit liability	(690,976)	(805,032)
C.6.3 Net fair value changes on cash flow hedges		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	91,848,518	80,868,238
C.8.1 Appropriated	30,000,000	37,000,000
C.8.2 Unappropriated	61,848,518	43,868,238
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (**negative entry**)	(40,912)	(40,912)
TOTAL LIABILITIES AND EQUITY (B + C)	**268,242,474**	**285,343,254**

Control No.:

Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)

CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300

TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	35,781,095	31,494,794
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)		
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	8,309,745	7,825,747
A.3.1 Rental Income from Land and Buildings	1,529,143	1,500,104
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	6,780,602	6,325,643
A.3.5.1 Royalty and service fees	6,780,602	6,211,092
A.3.5.2 Reversal of impairment loss	0	114,551
A.3.5.3		
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.3.5.8		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	27,471,350	23,669,047
A.4.1 Interest Income	571,271	834,510
A.4.2 Dividend Income	26,619,893	22,558,623
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	135,967	300,161
A.4.3.1 investment properties	135,967	0
A.4.3.2 investment in subsidiary	0	300,161
A.4.3.3		
A.4.3.4		
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	144,219	(24,247)
A.4.4.1 Gain / (Loss) on Foreign Exchange	135,873	(77,766)
A.4.4.2 Gain / (Loss) on fair value of derivatives	8,346	53,519
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	0	0
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
C. COST OF SALES (C.1 + C.2 + C.3)	0	0
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
D. GROSS PROFIT (A - B - C)	35,781,095	31,494,794

Control No.:

Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)

CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300

TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	**8,278,733**	**6,901,940**
E.1 Selling or Marketing Expenses		
E.2 Administrative Expenses	7,852,269	6,901,940
E.3 General Expenses		
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	426,464	0
E.4.1 Impairment loss	426,464	
E.4.2		
E.4.3		
E.4.4		
E.4.5		
E.4.6		
E.4.7		
E.4.8		
E.4.9		
E.4.10		
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	**5,286,839**	**5,992,754**
F.1 Interest on Short-Term Promissory Notes	151,562	274,697
F.2 Interest on Long-Term Promissory Notes	4,836,138	5,379,475
F.3 Interest on bonds, mortgages and other long-term loans		
F.4 Amortization		
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	299,139	338,582
F.5.1 Debt issue cost	248,418	289,879
F.5.2 Lease liabilities	43,329	42,631
F.5.3 Others	7,392	6,072
F.5.4		
F.5.5		
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	**22,215,523**	**18,600,100**
H. INCOME TAX EXPENSE (negative entry)	**(237,032)**	**(121,873)**
I. INCOME(LOSS) AFTER TAX	**21,978,491**	**18,478,227**
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
J.1		
J.2		
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST		
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**21,978,491**	**18,478,227**
M. EARNINGS (LOSS) PER SHARE		
M.1 Basic		
M.2 Diluted		

Control No.: _____

Form Type: PHFS1 (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)

CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300

TEL. NO.: 8857-0100 **FAX NO.:**

COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	22,215,523	18,600,100
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	396,428	357,191
Others, specify: Dividend income	(26,619,893)	(22,558,623)
Interest expense	5,286,839	5,992,754
Interest income	(571,271)	(834,510)
Loss (gain) on fair value changes of derivatives - net	(8,346)	(53,519)
Impairment loss on investment	426,464	0
Provisions	3,800,000	3,417,900
Gain sale of investment in shares, investment property and property and equipment	(135,967)	(300,161)
Net benefit expense	89,311	82,914
Net unrealized foreign exchange loss (gain)	(10,917)	3,850
Amortization of deferred rent income	(7,559)	(5,991)
Reversal of impairment loss	0	(114,551)
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	694,538	(1,416,199)
Prepaid taxes and other current assets	85,480	27,143
Increase (Decrease) in:		
Accounts payable and other current liabilities	(207,627)	217,228
Provisions	(94,677)	0
Tenants' deposits	(269,456)	(156,697)
Income tax paid	(177,573)	(117,953)
Contributions to the plan	(156,735)	(151,791)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**4,734,562**	**2,989,085**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Time deposits	19,461,072	8,594,545
(Increase) Decrease in Other noncurrent assets	139,358	(330,924)
Proceeds from sale of , specify: Available-for-sale investmenents	0	0
Investment in shares of stocks	1,313,664	1,294,623
Software cost	0	0
Property and equipment	0	0
Investment properties	141,470	0
Additions to , specify: Investment in shares of stocks	(5,570,292)	(5,750,154)
Finanical assets	0	0
Investment properties	(75,521)	(125,286)
Software cost	0	0
Property and equipment	(82,947)	(284,124)
Effect of merger	0	0
Dividends received	28,010,117	24,142,076
Interest received	619,763	903,892
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**43,956,684**	**28,444,648**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Bank loans	12,821,426	10,369,025
Long-term debt	28,161,195	16,990,015
Payments of:		
Bank loans	(17,436,701)	(15,745,000)
Long-term debt	(56,026,079)	(28,578,438)
Dividends	(10,998,211)	(9,165,175)
Lease liabilites	(75,287)	(69,450)
Interest expense	(4,575,622)	(5,780,425)
Settlement of:		
Cross-currency swaps	1,469,221	589,731
Non-deliverable forwards and swaps	8,346	645,982
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**(46,651,712)**	**(30,743,735)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	2,039,534	689,998
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,508	(4,481)
Cash and Cash Equivalents		
Beginning of year	5,786,153	5,100,636
End of year	7,831,195	5,786,153

Control No.:

Form Type: *PHFS1 (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)

CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300

TEL. NO.: 857-0100 **FAX NO.:**

COMPANY TYPE : Holding Company **PSIC:** 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Remeasurement loss on defined benefit liability	Net unrealized gain on AFS investments and others	Appropriated Retained Earnings	Unappropriated Retained Earnings	TOTAL
A. Balance, 2022	12,220,234	67,452,883	(756,413)	215,311	37,000,000	34,555,186	150,687,201
A.1 Correction of Error(s)							0
A.2 Changes in Accounting Policy							0
B. Restated Balance	12,220,234	67,452,883	(756,413)	215,311	37,000,000	34,555,186	150,687,201
C. Surplus	0	0	(48,619)	(181,684)	0	0	(230,303)
C.1 Surplus (Deficit) on Revaluation of Properties							0
C.2 Surplus (Deficit) on Revaluation of Investments				(181,684)			-181,684
C.3 Currency Translation Differences							0
C.4 Other Surplus (specify)	0	0	(48,619)	0	0	0	(48,619)
C.4.1 Remeasurement loss			(48,619)				(48,619)
C.4.2							0
C.4.3							0
C.4.4							0
C.4.5							0
D. Net Income (Loss) for the Period						18,478,227	18,478,227
E. Dividends (negative entry)						(9,165,175)	(9,165,175)
F. Appropriation for (specify)	0	0	0	0	0	0	0
F.1							0
F.2							0
F.3							0
F.4							0
F.5							0
G. Issuance of Capital Stock	0	0	0	0	0	0	0
G.1 Common Stock							0
G.2 Preferred Stock							0
G.3 Others							0
H. Balance, 2023	12,220,234	67,452,883	(805,032)	33,627	37,000,000	43,868,238	159,769,950
H.1 Correction of Error (s)							0
H.2 Changes in Accounting Policy							0
I. Restated Balance	12,220,234	67,452,883	(805,032)	33,627	37,000,000	43,868,238	159,769,950
J. Surplus	0	0	114,056	(469,870)	0	0	-355,814
J.1 Surplus (Deficit) on Revaluation of Properties							0
J.2 Surplus (Deficit) on Revaluation of Investments				(469,870)			-469,870
J.3 Currency Translation Differences							0
J.4 Other Surplus (specify)	0	0	114,056	0	0	0	114,056
J.4.1 Remeasurement gain			114,056				114,056
J.4.2							0
J.4.3							0
J.4.4							0
J.4.5							0
K. Net Income (Loss) for the Period						21,978,491	21,978,491
L. Dividends (negative entry)						(10,998,211)	(10,998,211)
M. Appropriation for (specify)	0	0	0	0	(7,000,000)	7,000,000	0
M.1 Reversal					(37,000,000)	37,000,000	0
M.2 Appropriation					30,000,000	(30,000,000)	0
M.3							0
M.4							0
M.5							0
N. Issuance of Capital Stock	0	0	0	0	0	0	0
N.1 Common Stock							0
N.2 Preferred Stock							0
N.3 Others							0
O. Balance, 2024	12,220,234	67,452,883	(690,976)	(436,243)	30,000,000	61,848,518	170,394,416

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

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Receipt Date and Time: April 03, 2025 10:32:47 AM

Company Information

SEC Registration No.: 0000016342
Company Name: S.M. INVS. CORP.
Industry Classification: J66110
Company Type: Stock Corporation

Document Information

Document ID: OST10403202583140436
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Parent
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	6	3	4	2

COMPANY NAME

S	M		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N				

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

1	0	T	h		F	l	o	o	r	,		O	n	e	E	-	C	o	m		C	e	n	t	e	r	,		H
a	r	b	o	r		D	r	i	v	e	,		M	a	l	l		o	f		A	s	i	a		C	o	m	p
l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0			

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A P F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
–	8857-0100	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,258	04/30	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
Mr. Franklin C. Gomez	–	8857-0100	–

CONTACT PERSON's ADDRESS

10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

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.*

Maria Jade C. Serviano

From: Helen Grace D. Dela Cruz
Sent: Wednesday, 2 April 2025 7:58 pm
To: Maria Jade C. Serviano; Virnadeth O. Coronado
Subject: FW: (EXTERNAL)Your BIR AFS eSubmission uploads were received

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Cc: Helen Grace D. Dela Cruz <helengrace.delacruz@sminvestments.com>
Subject: (EXTERNAL)Your BIR AFS eSubmission uploads were received

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Hi SM INVESTMENTS CORPORATION,

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Submission Date/Time: **Apr 02, 2025 07:51 PM**
Company TIN: **000-169-020**

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SM Investments Corporation is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with Philippine Financial Reporting Standards and for such internal controls as management determines is necessary, to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

AMANDO M. TETANGCO, JR.
Chairman of the Board

FREDERIC C. DYBUNCIO
President and
Chief Executive Officer

ERWIN G. PATO
Treasurer and
Executive Vice President

Signed this 28th day of February 2025

SM INVESTMENTS
10/F OneE-com Center, Harbor Drive, Mall of Asia Complex, Pasay City 1300, Philippines
Telephone: +63 2 8857 0100

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY)

SUBSCRIBED AND SWORN to before this FEB 28 2025 at TAGUIG CITY, affiants exhibiting to me their Taxpayer Identification Number ID. as follows:

NAMES	TIN
AMANDO M. TETANGCO, JR.	149-275-345
FREDERIC C. DYBUNCIO	103-192-854
ERWIN G. PATO	165-400-943

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SERIES of 2025

PAUL B. BINAG
Appointment No. 151 (2024-2025)
Notary Public for Taguig City
Until December 31, 2025
Attorney's Roll No. 90383
1105 Tower 2, High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6396476; 01.03.25; Taguig City
IBP Receipt No. 496513; 01.03.25; Quezon City
Admitted to the Bar on December 2023

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
SM Investments Corporation
10th Floor, OneE-Com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SM Investments Corporation (the Company), which comprise the parent company balance sheets as at December 31, 2024 and 2023, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Company'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 Company'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 parent company 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 Company to cease to continue as a going concern.

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

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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of SM Investments Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465271, January 2, 2025, Makati City

February 28, 2025

SM INVESTMENTS CORPORATION
PARENT COMPANY BALANCE SHEETS

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 22 and 26)	**₱7,831,194,878**	₱5,786,153,290
Time deposits (Notes 6, 22 and 26)	**76,998,054**	158,570,252
Receivables (Notes 7, 22 and 26)	**24,099,633,536**	26,232,888,133
Prepaid taxes and other current assets (Note 9)	**614,456,801**	1,241,651,960
Total Current Assets	**32,622,283,269**	33,419,263,635
Noncurrent Assets		
Time deposits (Notes 6, 22, 26 and 27)	**–**	19,379,500,000
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8, 26 and 27)	**12,355,169,440**	12,807,634,825
Investments in subsidiaries and associates (Note 10)	**216,658,417,601**	212,048,872,495
Property and equipment (Note 11)	**448,781,506**	554,053,953
Investment properties (Note 12)	**2,917,983,275**	3,372,554,797
Right-of-use assets (Note 25)	**448,186,496**	449,697,717
Defined benefit asset (Note 23)	**145,201,683**	–
Other noncurrent assets (Notes 13, 22 and 26)	**2,646,450,571**	3,311,676,729
Total Noncurrent Assets	**235,620,190,572**	251,923,990,516
	₱268,242,473,841	₱285,343,254,151
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 14, 22, 26 and 28)	**₱–**	₱4,615,275,000
Accounts payable and other current liabilities (Notes 15, 22, 25, 26 and 27)	**5,051,724,565**	4,754,447,011
Provisions (Notes 16 and 26)	**12,147,899,890**	8,442,577,247
Current portion of long-term debt (Notes 17, 22, 26 and 28)	**14,839,100,660**	44,875,427,888
Total Current Liabilities	**32,038,725,115**	62,687,727,146
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 22, 26, 27 and 28)	**64,690,606,916**	61,458,951,820
Defined benefit liability (Note 23)	**–**	36,277,541
Deferred tax liabilities (Note 24)	**337,508,886**	292,282,026
Derivative liabilities (Notes 26 and 27)	**6,289,644**	41,572,338
Lease liabilities - net of current portion (Notes 22, 25, 26 and 28)	**475,400,815**	487,342,988
Tenants' deposits and others (Notes 22, 25, 26 and 27)	**299,527,160**	569,150,191
Total Noncurrent Liabilities	**65,809,333,421**	62,885,576,904
Total Liabilities	**97,848,058,536**	125,573,304,050
Equity		
Capital stock (Note 18)	**12,261,145,780**	12,261,145,780
Additional paid-in capital	**67,452,883,265**	67,452,883,265
Treasury stock (Note 18)	**(40,912,200)**	(40,912,200)
Remeasurement loss on defined benefit asset or liability (Note 23)	**(690,976,418)**	(805,031,605)
Net unrealized gain (loss) on financial assets at FVOCI and others (Notes 8 and 27)	**(436,243,546)**	33,626,790
Retained earnings (Note 18):		
Appropriated	**30,000,000,000**	37,000,000,000
Unappropriated	**61,848,518,424**	43,868,238,071
Total Equity	**170,394,415,305**	159,769,950,101
	₱268,242,473,841	₱285,343,254,151

See accompanying Notes to Parent Company Financial Statements.

SM INVESTMENTS CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
REVENUES		
Dividends (Note 22)	**₱26,619,893,200**	₱22,558,623,267
Royalty and service fees (Notes 19 and 22)	**6,780,601,951**	6,211,091,781
Rent (Notes 12, 22 and 25)	**1,529,143,190**	1,500,104,097
	34,929,638,341	30,269,819,145
COSTS AND EXPENSES (Note 20)	**7,852,269,225**	6,901,939,715
OPERATING INCOME	**27,077,369,116**	23,367,879,430
OTHER INCOME (CHARGES)		
Interest expense (Notes 21 and 22)	**(5,286,838,718)**	(5,992,755,216)
Interest income (Notes 21 and 22)	**571,270,418**	834,509,582
Reversal of (provision for) impairment loss (Notes 10 and 12)	**(426,463,861)**	114,550,757
Gain on sale of investment properties (Note 12)	**135,966,413**	–
Net gain from fair value changes on derivatives (Note 27)	**8,346,206**	53,519,214
Gain on sale of investment in subsidiaries and associates (Note 10)	**–**	300,161,245
Foreign exchange gain (loss) and others - net (Note 26)	**135,873,335**	(77,765,630)
	(4,861,846,207)	(4,767,780,048)
INCOME BEFORE INCOME TAX	**22,215,522,909**	18,600,099,382
PROVISION FOR INCOME TAX (Note 24)		
Current	**177,573,463**	117,952,650
Deferred	**59,458,871**	3,920,057
	237,032,334	121,872,707
NET INCOME	**21,978,490,575**	18,478,226,675
OTHER COMPREHENSIVE INCOME (LOSS)		
Item to be reclassified to profit or loss in subsequent periods:		
Net unrealized gain (loss) on financial assets at FVOCI and others (Note 27)	**(31,636,961)**	188,651,542
Income tax relating to items to be reclassified to profit or loss in subsequent periods (Note 24)	**14,232,010**	(42,052,109)
	(17,404,951)	146,599,433
Items not to be reclassified to profit or loss in subsequent periods:		
Net unrealized loss on financial assets at FVOCI and others (Note 8)	**(452,465,385)**	(328,283,422)
Remeasurement gain (loss) on defined benefit asset or liability (Note 23)	**114,055,187**	(48,618,883)
	(338,410,198)	(376,902,305)
OTHER COMPREHENSIVE LOSS	**(355,815,149)**	(230,302,872)
TOTAL COMPREHENSIVE INCOME	**₱21,622,675,426**	₱18,247,923,803

See accompanying Notes to Parent Company Financial Statements.

SM INVESTMENTS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Remeasurement Gain (Loss) on Defined Benefit Asset or Liability	Net Unrealized Gain (Loss) on Financial Assets at FVOCI and Others	Retained Earnings		Total
						Appropriated	Unappropriated	
As at January 1, 2024	**₱12,261,145,780**	**₱67,452,883,265**	**(₱40,912,200)**	**(₱805,031,605)**	**₱33,626,790**	**₱37,000,000,000**	**₱43,868,238,071**	**₱159,769,950,101**
Net income	–	–	–	–	–	–	**21,978,490,575**	**21,978,490,575**
Other comprehensive income (loss)	–	–	–	**114,055,187**	**(469,870,336)**	–	–	**(355,815,149)**
Total comprehensive income (loss)	–	–	–	**114,055,187**	**(469,870,336)**	–	**21,978,490,575**	**21,622,675,426**
Cash dividends - ₱9.00 per share (Note 18)	–	–	–	–	–	–	**(10,998,210,222)**	**(10,998,210,222)**
Reversal of appropriations (Note 18)	–	–	–	–	–	**(37,000,000,000)**	**37,000,000,000**	–
Appropriations (Note 18)	–	–	–	–	–	**30,000,000,000**	**(30,000,000,000)**	–
As at December 31, 2024	**₱12,261,145,780**	**₱67,452,883,265**	**(₱40,912,200)**	**(₱690,976,418)**	**(₱436,243,546)**	**₱30,000,000,000**	**₱61,848,518,424**	**₱170,394,415,305**
As at January 1, 2023	₱12,261,145,780	₱67,452,883,265	(₱40,912,200)	(₱756,412,722)	₱215,310,779	₱37,000,000,000	₱34,555,186,581	₱150,687,201,483
Net income	–	–	–	–	–	–	18,478,226,675	18,478,226,675
Other comprehensive loss	–	–	–	(48,618,883)	(181,683,989)	–	–	(230,302,872)
Total comprehensive income (loss)	–	–	–	(48,618,883)	(181,683,989)	–	18,478,226,675	18,247,923,803
Cash dividends - ₱7.50 per share (Note 18)	–	–	–	–	–	–	(9,165,175,185)	(9,165,175,185)
As at December 31, 2023	₱12,261,145,780	₱67,452,883,265	(₱40,912,200)	(₱805,031,605)	₱33,626,790	₱37,000,000,000	₱43,868,238,071	₱159,769,950,101

See accompanying Notes to Parent Company Financial Statements.

SM INVESTMENTS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱22,215,522,909**	₱18,600,099,382
Adjustments for:		
Dividend income (Note 22)	**(26,619,893,200)**	(22,558,623,267)
Interest expense (Notes 21 and 22)	**5,286,838,718**	5,992,755,216
Provisions (Notes 16 and 20)	**3,800,000,000**	3,417,900,000
Interest income (Notes 21 and 22)	**(571,270,418)**	(834,509,582)
Provision for (reversal of) impairment loss (Notes 10 and 12)	**426,463,861**	(114,550,757)
Depreciation and amortization (Notes 11, 12, 20 and 25)	**396,428,316**	357,191,383
Gain on sale of investment properties (Note 12)	**(135,966,413)**	–
Pension benefits (Notes 20 and 23)	**89,310,648**	82,913,779
Net unrealized foreign exchange loss (gain)	**(10,916,757)**	3,849,635
Net gain on fair value changes on derivatives (Note 27)	**(8,346,206)**	(53,519,214)
Amortization of deferred rent income	**(7,559,400)**	(5,991,161)
Gain on sale of investment in subsidiaries and associates (Note 10)	**–**	(300,161,245)
Income before working capital changes	**4,860,612,058**	4,587,354,169
Decrease (increase) in:		
Receivables	**694,538,492**	(1,416,199,169)
Prepaid taxes and other current assets	**85,479,652**	27,143,093
Increase (decrease) in:		
Accounts payable and other current liabilities	**(207,626,868)**	217,227,901
Provisions	**(94,677,357)**	–
Tenants' deposits and others	**(269,455,958)**	(156,697,449)
Net cash generated from operations	**5,068,870,019**	3,258,828,545
Contributions to plan assets (Note 23)	**(156,734,685)**	(151,790,998)
Income tax paid	**(177,573,463)**	(117,952,650)
Net cash provided by operating activities	**4,734,561,871**	2,989,084,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investments in subsidiaries and associates (Note 10)	**(5,570,292,470)**	(5,750,154,407)
Property and equipment (Note 11)	**(82,947,059)**	(284,123,494)
Investment properties (Note 12)	**(75,521,357)**	(125,285,538)
Proceeds from sale of:		
Investment in subsidiaries and associates (Note 10)	**1,313,664,175**	1,294,622,997
Investment properties (Note 12)	**141,470,000**	–
Dividends received	**28,010,116,526**	24,142,075,742
Interest received	**619,763,197**	903,891,627
Decrease (increase) in:		
Time deposits	**19,461,072,198**	8,594,544,748
Other noncurrent assets	**139,358,457**	(330,923,878)
Net cash provided by investing activities	**43,956,683,667**	28,444,647,797

(Forward)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt (Notes 17 and 28)	**₱28,161,195,000**	₱16,990,014,823
Bank loans (Notes 14 and 28)	**12,821,426,000**	10,369,025,000
Payments of:		
Long-term debt (Notes 17 and 28)	**(56,026,079,032)**	(28,578,438,236)
Bank loans (Notes 14 and 28)	**(17,436,701,000)**	(15,745,000,000)
Dividends (Note 18)	**(10,998,210,222)**	(9,165,175,185)
Interest	**(4,575,621,640)**	(5,780,424,535)
Lease liabilities (Notes 25 and 28)	**(75,287,484)**	(69,449,460)
Settlement of:		
Cross-currency swaps	**1,469,220,517**	589,730,491
Nondeliverable forwards and swaps	**8,346,206**	645,982,474
Net cash used in financing activities	**(46,651,711,655)**	(30,743,734,628)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,039,533,883**	689,998,066
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**5,507,705**	(4,480,927)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)	**5,786,153,290**	5,100,636,151
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱7,831,194,878**	₱5,786,153,290

See accompanying Notes to Parent Company Financial Statements.

SM INVESTMENTS CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (the Company) was incorporated in the Philippines on January 15, 1960. On December 27, 2019, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Company's articles of incorporation changing its corporate life to perpetual. Its registered office address is 10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

The Company is one of the largest publicly listed companies in the Philippines with interests in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

The accompanying parent company financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee, on February 28, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value. The parent company financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS) Accounting Standards. All values are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

The Company prepares and issues consolidated financial statements in compliance with PFRS Accounting Standards and for the same period as the parent company financial statements. These consolidated financial statements may be obtained at the registered office address of the Company or at the Philippine SEC.

3. Summary of Material Accounting Policies, Changes and Improvements

The material accounting policies adopted in the preparation of the parent company financial statements are summarized below.

Determination of Fair Value of Assets and Liabilities

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

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



The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a nonfinancial asset considers the market participant's ability to generate economic benefits by using and/or selling the asset to another market participant in its highest and best use.

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

Assets and liabilities for which fair value is measured based on the lowest level input that is significant to the fair value measurement as a whole and disclosed in the parent company financial statements based on the fair value hierarchy described below:

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

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

The Company determines the policies and procedures for both recurring and nonrecurring fair value measurements. For the purpose of fair value disclosures, the Company has assessed the class of assets and liabilities on the basis of the nature, characteristics and risks of the subject asset or liability and fair value hierarchy.

Financial Instruments

Financial Assets

Initial Recognition and Measurement
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL). The classification at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Company's business model for managing them. The initial measurement of financial assets, except for those classified as FVPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level. The Company'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 marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
Subsequent to initial recognition, the Company classifies its financial assets in the following categories:

- Amortized cost
- FVPL
- FVOCI
  - with recycling of cumulative gains and losses (debt instruments)
  - with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial Assets at Amortized Cost (Debt Instruments)
The Company measures financial assets at amortized cost when:

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

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

The Company's financial assets at amortized cost include cash and cash equivalents, time deposits, receivables (excluding certain other receivables), escrow fund and refundable deposits (included under "Other noncurrent assets" account).

Financial Assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, and 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 classified as held for trading unless these 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.

Financial assets at FVPL are measured at fair value. Changes in fair value are recognized in profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative when:

- 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 the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial Assets Designated at FVOCI (Equity Instruments)
Upon initial recognition, the Company can elect to irrevocably classify its equity investments as equity instruments designated at FVOCI when these meet the definition of equity under Philippine Accounting Standard (PAS) 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined at instrument level.

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

The Company's equity instruments at FVOCI include investments in shares of stock and club shares (included under "Financial assets at FVOCI" account).

Derecognition
A financial asset, part of a financial asset or part of a group of similar financial assets, is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates the extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of Financial Assets
The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.



The Company considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. The Company considers the following factors in its assessment:

- Change in currency;
- Introduction of an equity feature;
- Change in counterparty; and
- Asset no longer qualified as "SPPI"

The Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a new financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for expected credit loss (ECL) measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment
The Company recognizes an allowance for 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 Company 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.

To calculate ECLs, the Company uses a provision matrix for receivable from tenants, related parties and royalty and service fees and general approach (low credit risk simplification) for treasury assets.

Under the provision matrix, ECLs are calculated based on lifetime ECLs. Changes in credit risk are not tracked, instead, a loss allowance based on lifetime ECLs are adjusted for forward-looking factors specific to the debtors and the economic environment is recognized.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

Financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable costs.

The Company's financial liabilities include bank loans, accounts payable and other current liabilities (excluding payable to government agencies and advance rentals and deposits), long-term debt, lease liabilities and tenants' deposits and others (excluding deferred rent income).

Subsequent Measurement

Loans and Borrowings
Interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The calculation of amortized cost considers any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in profit or loss.

Financial Liabilities at FVPL
Financial liabilities at FVPL include those held for trading as well as derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless these are designated as effective hedging instruments. Gains and losses on liabilities held for trading are recognized in profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Exchange or Modification of Financial Liabilities
The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.



Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the parent company balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, i.e., to realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement
The Company uses derivative financial instruments such as cross-currency swaps and nondeliverable forwards and swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the 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 cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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 Company actually hedges and the quantity of the hedging instrument that the Company 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:

Cash Flow Hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in profit or loss. 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 the fair value of the hedged instrument.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under "Net unrealized gain on financial assets at FVOCI and others" account.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a nonfinancial 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 nonfinancial asset or nonfinancial 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 hedged cash flows affect the profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

Other Derivative Instruments Not Accounted for as Hedges
Certain freestanding derivative instruments that provide economic hedges under the Company's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair value of derivative instruments not designated as hedges are recognized under "Net gain (loss) from fair value changes on derivatives" account in profit or loss (see Note 27). Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

Investments in Subsidiaries and Associates
The Company's investments in subsidiaries (entities which the Company controls) and associates (entities in which the Company has significant influence and are neither subsidiaries nor joint ventures) are carried at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiary or associate. The Company recognizes dividend income from its subsidiaries and associates when its right to receive the dividend is established.

Common control transactions with the subsidiaries that lack commercial substance are recorded at the carrying value of assets given up. No gain or loss is recognized from the transactions. Otherwise, the transaction is accounted for in accordance with the terms of the contract and general requirements of PFRS Accounting Standards related to this type of transaction.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Buildings, condominium units and improvements	5–25 years
Machinery and equipment	10 years
Transportation equipment	5–15 years
Furniture, fixtures and office equipment	5–10 years

The residual values, useful lives and methods of depreciation of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying value of the assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment Properties
Investment properties, except land, are measured at cost, less accumulated depreciation and accumulated impairment in value. Land is stated at cost less any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Land improvements	10 years
Buildings and improvements	5–25 years
Building equipment, furniture and others	3–10 years

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Transfers are made to (from) investment property when there is a change in use evidenced by ending (commencement) of owner-occupation or commencement of lease to another party (commencement of development with a view to sell).

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Construction in Progress

Construction in progress under investment property represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated.

Impairment of Nonfinancial Assets

The carrying value of nonfinancial assets (investment in subsidiaries and associates, property and equipment, investment properties and right-of-use (ROU) assets) is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units (CGUs) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting period as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Tenants' Deposits
Tenants' deposits are measured at amortized cost. Tenants' deposits refer to security deposits received from various tenants upon inception of the respective lease contracts on the Company's investment properties. At the termination of the lease contracts, the deposits received by the Company are returned to tenants, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged leased properties, if any. The related lease contracts usually have a term of more than 12 months.

Revenue and Cost Recognition
Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements.

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

Dividends. Revenue is recognized when the Company's right as a shareholder to receive payment is established.

Royalty and Service Fees. Revenue is recognized when earned in accordance with the terms of the agreements.

Rent. Revenue is recognized on a straight-line basis over the lease term or based on the terms of the lease, as applicable. Contingent rent is recognized as revenue in the period in which it is earned.

Costs and Expenses. Costs and expenses are recognized as incurred.

Other Income
Gain on Sale of Investment in Subsidiaries and Associates and Financial Assets (Equity Instruments). Income is recognized upon delivery of the securities to the buyer or confirmation of the sale by the broker.

Interest Income. Income is recognized when interest accrues, considering the effective yield.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Any subsequent reversal of the provision is recognized in the same line item in profit or loss where the expense was initially recognized.

Taxes
Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of each reporting period.



Deferred Income Tax. Deferred income tax is set up based on the liability method and considering the temporary differences between the tax base of assets and liabilities and their carrying amounts at each reporting period.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of 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 taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of excess MCIT over RCIT and unused NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Income tax relating to items recognized directly in OCI is recognized in OCI and not in profit or loss.

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/or the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- for receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Prepaid taxes and other current assets" or "Accounts payable and other current liabilities" accounts in the parent company balance sheet.

Segment Reporting

The Company has identified four reportable operating segments as follows: property, retail, banking and portfolio investments.

The property segment is involved in mall, residential and commercial development and hotel and convention center operations. The mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the



conduct, operation and maintenance of shopping center spaces for rent, amusement centers and cinemas within the compound of the shopping centers. The residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The banking segment includes the operations of BDO Unibank Inc. (BDO) and China Banking Corporation (China Bank).

The portfolio investments segment includes 2GO Group, Inc. (2GO), Philippine Geothermal Production Company, Inc. (PGPC), Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), Goldilocks Bakeshop, Inc. (GBI) and others.

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

Events after the Reporting Period
Post yearend events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the parent company financial statements. Post yearend events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

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

Unless otherwise indicated, the adoption of these new standards did not have a significant impact on the parent company financial statements.

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:
  - What is meant by a right to defer settlement;
  - That a right to defer must exist at the end of the reporting period;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction such that the gain or loss that relates to the right of use retained is not recognized.

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

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

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

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

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments include:

  - A clarification that a financial liability is derecognized on 'settlement date' and introduce an accounting policy choice to derecognize settled financial liabilities using an electronic payment system before the settlement date.

  - Guidance on the assessment of contingent features in order to classify financial assets with environmental, social and governance-linked features. The criteria 'solely payments of principal and interest' may still be met provided that the contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change and that are not 'significantly different' from the cash flows for an identical financial asset without such a contingent feature.

  - A clarification that a financial asset has nonrecourse features provided the creditor's contractual right to receive cash flows is limited to the cash flows generated by specified assets. Contractually linked instruments can arise in nonrecourse structures.

  The amendments are effective on or after January 1, 2026 to be applied retrospectively, with early adoption permitted.



- Annual Improvements to PFRS Accounting Standards - Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    a) Lessee Derecognition of Lease Liabilities

       The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    b) Transaction Price

       The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*

    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  PFRS 18 replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about the financial performance of corporate entities. Some of the new requirements include:

  - Totals, subtotals and new categories in the statement of profit or loss. An entity will be required to assess whether it has a 'specified main business activity' of investing in assets or providing finance to customers, as there are specific requirements for such entities.

  - Disclosure of management-defined performance measures or 'MPMs' which are subtotals of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole.

  - Guidance on aggregation and disaggregation within the primary financial statements and in the notes to financial statements.

  The new standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Deferred effectivity

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at reporting date.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

Operating Lease Commitments - Company as Lessor. Management has determined that the Company retains all the significant risks and rewards of ownership of the properties and thus, accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life.

Determination of Lease Term of Contracts with Renewal and Termination Options - Company as Lessee. The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating the certainty or possibility of exercising the option to renew or terminate the lease contracts. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Company reassesses the lease term for any significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate the lease contracts (e.g. construction of significant leasehold improvements or significant customization to the leased asset). In most cases, the Company exercises its option to renew.

Classifying Investments in Associates and Subsidiaries. The classification of investments in associates or subsidiaries requires significant judgment. In making this judgment, the Company evaluates whether it has significant influence over or control of the investees.

Management assessed that the Company has significant influence over all its associates by virtue of the Company's more than 20% voting power in the investee, representation in the board of directors, and participation in policy-making processes of the associates.

Control is achieved when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if the Company has:

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

SM Prime Holdings, Inc. (SM Prime). The Company has 50% ownership interest in SM Prime. Management assessed that the Company has control of SM Prime as it holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed giving the Company the power to direct relevant activities of SM Prime.

BDO. The Company has 39% ownership interest in BDO. Management assessed that the Company does not have control of BDO as the Company's voting rights is not sufficient to give it power to direct the relevant activities of BDO.

See Note 10 for related balances.



Estimates and Assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that pose a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the succeeding years are discussed below.

Impairment of Investments in Subsidiaries and Associates. Impairment review of investments in subsidiaries and associates is performed when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires management to make an estimate of the expected future cash flows from the investments using key assumptions such as growth rates, gross margins, projected earnings before interest and taxes, effective tax rates, noncash charges, net working capital changes, capital expenditures and others and to choose a suitable discount rate in order to calculate the present value of those cash flows. See Note 10 for related balances.

Impairment of Other Nonfinancial Assets. The Company assesses at each reporting date whether there is an indication that an item of property and equipment, investment properties, ROU assets and other noncurrent assets may be impaired. This assessment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have a material impact on the financial position and performance of the Company.

The preparation of the estimated future cash flows involves judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges. See Notes 11, 12, 13 and 25 for related balances.

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of excess MCIT over RCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. See Note 24 for related balances.

Present Value of Defined Benefit Obligation. The present value of the pension obligations depends on a number of factors including assumptions of discount rate and rate of salary increase, among others.

The Company determines the appropriate discount rate at the reporting date. In determining the discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Management believes that the assumptions used are reasonable and appropriate. However, significant differences in actual experience or significant changes in assumptions would materially affect the Company's pension and other pension obligations. See Note 23 for related balances.

Fair Value of Financial Assets and Liabilities. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these



financial assets and liabilities would directly affect the profit or loss and OCI. See Note 27 for related balances.

Valuation of Unquoted Equity Investments. Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of other instruments that is substantially the same;
- the expected cash flows discounted at current rates applicable for investments with similar terms and risk characteristics; or,
- other valuation models.

The determination of cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Company's financial assets at FVOCI at fair value in compliance with PFRS 9 management applied judgment in selecting the valuation technique and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Company.

Contingencies. The Company is involved in certain legal and administrative proceedings. The Company, in collaboration with outside legal counsel handling defense, as the case may be, does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings.

Provisions. The Company has present and potential obligations (legal or constructive) as a result of past events. Management believes that it is probable that an outflow of resources will be required to settle the obligation. The Company makes a reliable estimate of the amount to be settled.

Provisions amounted to ₱3,800.0 million and ₱3,417.9 million as at December 31, 2024 and 2023, respectively. Other information required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, were not disclosed as it may prejudice the Company's negotiation with third parties.

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand and in banks (Note 22)	**₱19,640,338**	₱106,326,537
Temporary investments (Note 22)	**7,811,554,540**	5,679,826,753
	₱7,831,194,878	₱5,786,153,290

Cash in banks and investments earn interest at the prevailing rates. The tenure of temporary investments varies depending on the immediate cash requirements of the Company.

Interest earned from cash in banks and temporary investments is disclosed in Note 21.

6. Time Deposits

This account consists of:

	2024	2023
Peso-denominated	**₱76,998,054**	₱75,515,252
U.S. dollar-denominated	**–**	19,462,555,000
	76,998,054	19,538,070,252
Less current portion (Notes 22 and 26)	**76,998,054**	158,570,252
Noncurrent portion (Notes 22, 26 and 27)	**₱–**	₱19,379,500,000

The Peso-denominated time deposits bear interest ranging from 4.0% to 5.1% in 2024 and 2023. The U.S. dollar-denominated time deposits bear interest ranging from 4.5% to 5.5% in 2023.

Interest income earned from time deposits is disclosed in Note 21.

7. Receivables

This account consists of:

	2024	2023
Receivables from related parties (Note 22)	**₱14,897,134,637**	₱13,910,943,950
Dividends (Note 22)	**5,107,878,498**	6,498,101,824
Royalty and service fees (Notes 19 and 22)	**2,438,623,314**	4,146,019,407
Receivables from tenants (Note 22)	**379,535,054**	356,430,964
Accrued interest (Notes 5, 6, 13 and 22)	**2,593,037**	51,085,816
Nontrade receivables and others	**1,273,868,996**	1,270,306,172
	₱24,099,633,536	₱26,232,888,133

The terms and conditions of these receivables follow:

- Dividends and nontrade receivables and others are not subject to interest and are collectible within the next financial year. Nontrade receivables consist of reimbursement for utilities, communications, repairs and maintenance and others.

- Receivables from tenants and royalty and service fees, mostly from affiliates, are not subject to interest and are normally collectible on 30-day to one-year terms.

- Accrued interest pertains mostly to interest income earned from time deposits which pay interest quarterly or semi-annually.

- The terms and conditions relating to related party receivables are discussed in Note 22.

The aging analysis of receivables follow:

	2024		
	Neither Past Due nor Impaired	**Over 31 Days Past Due but not Impaired**	**Total**
Receivables from related parties	**₱14,897,134,637**	**₱–**	**₱14,897,134,637**
Dividends	**5,107,878,498**	**–**	**5,107,878,498**
Royalty and service fees	**2,438,623,314**	**–**	**2,438,623,314**
Receivables from tenants	**354,074,589**	**25,460,465**	**379,535,054**
Accrued interest	**2,593,037**	**–**	**2,593,037**
Nontrade receivables and others	**1,273,868,996**	**–**	**1,273,868,996**
	₱24,074,173,071	**₱25,460,465**	**₱24,099,633,536**

	2023		
	Neither Past Due nor Impaired	Over 31 Days Past Due but not Impaired	Total
Receivables from related parties	₱13,910,943,950	₱–	₱13,910,943,950
Dividends	6,498,101,824	–	6,498,101,824
Royalty and service fees	4,146,019,407	–	4,146,019,407
Receivables from tenants	321,754,471	34,676,493	356,430,964
Accrued interest	51,085,816	–	51,085,816
Nontrade receivables and others	1,270,306,172	–	1,270,306,172
	₱26,198,211,640	₱34,676,493	₱26,232,888,133

8. Financial Assets at FVOCI

This account consists of:

	2024	2023
Shares of stock:		
Listed (Notes 26 and 27)	**₱12,323,160,940**	₱12,779,576,325
Unlisted (Notes 26 and 27)	**3,908,500**	3,908,500
Club shares (Notes 26 and 27)	**28,100,000**	24,150,000
	₱12,355,169,440	₱12,807,634,825

Financial assets at FVOCI pertain to equity investments in shares of stock and club shares which are not held for trading and which the Company has irrevocably designated at FVOCI, as the Company considers these investments to be strategic in nature.

The movements in net unrealized gain (loss) on financial assets at FVOCI follow:

	2024	2023
Balance at beginning of year	**(₱240,378,737)**	₱87,904,685
Net loss due to changes in fair value of financial assets at FVOCI	**(452,465,385)**	(328,283,422)
Balance at end of year	**(₱692,844,122)**	(₱240,378,737)

9. Prepaid Taxes and Other Current Assets

This account consists of:

	2024	2023
Derivative assets (Note 27)	**₱379,122,984**	₱920,838,491
Prepaid taxes and other prepayments	**233,128,916**	319,026,465
Supplies inventory	**2,204,901**	1,787,004
	₱614,456,801	₱1,241,651,960

Prepaid taxes and other prepayments substantially consist of creditable tax certificates received by the Company.

10. Investments in Subsidiaries and Associates

The movements in this account follow:

	2024	2023
Acquisition cost:		
Balance at beginning of year	**₱216,667,635,541**	₱213,724,074,828
Additions	**5,570,292,470**	5,750,154,407
Disposal	**(2,180,372,364)**	(2,806,593,694)
Reclassification	**419,625,000**	–
Balance at end of year	**220,477,180,647**	216,667,635,541
Allowance for impairment loss:		
Balance at beginning of year	**4,618,763,046**	5,358,763,046
Additions	**200,000,000**	–
Disposal	**(866,708,189)**	(625,449,243)
Reversal	**(133,291,811)**	(114,550,757)
Balance at end of year	**3,818,763,046**	4,618,763,046
	₱216,658,417,601	₱212,048,872,495

The Company regularly performs tests of impairment of its investments comparing the expected cash flows against the carrying values. In 2024, the Company recognized ₱200.0 million of impairment loss due to market condition and reversed allowance for impairment of ₱133.3 million due to improvement in the expected cashflow. In 2023, the Company reversed allowance for impairment of ₱114.6 million due to improvement in the expected cashflow.

The subsidiaries and associates of the Company follow:

		Percentage of Ownership			
		2024		2023	
Company	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
Subsidiaries					
Property					
SM Prime and Subsidiaries	Real estate development	**50**	**–**	50	–
SM Development Corporation and Subsidiaries	Real estate development	**–**	**100**	–	100
Highlands Prime, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Costa del Hamilo, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100
Magenta Legacy, Inc.	Real estate development	**–**	**100**	–	100
Associated Development Corporation	Real estate development	**–**	**100**	–	100
Prime Metro Estate, Inc. and Subsidiary	Real estate development	**–**	**100**	–	100

(Forward)

Company	Principal Activities	Percentage of Ownership			
		2024		2023	
		Direct	**Indirect**	Direct	Indirect
Tagaytay Resort Development Corp	Real estate development	–	**100**	–	100
SM Arena Complex Corporation	Conventions	–	**100**	–	100
MOA Esplanade Port, Inc.	Port terminal operations	–	**100**	–	100
Premier Clark Complex, Inc.	Real estate development	–	**100**	–	100
SM Hotels and Conventions Corp. and Subsidiaries	Hotel and conventions	–	**100**	–	100
First Asia Realty Development Corp.	Real estate development	–	**74**	–	74
Premier Central, Inc. and Subsidiary	Real estate development	–	**100**	–	100
Consolidated Prime Dev. Corp.	Real estate development	–	**100**	–	100
Premier Southern Corp.	Real estate development	–	**100**	–	100
San Lazaro Holdings Corporation	Real estate development	–	**100**	–	100
Southernpoint Properties Corp.	Real estate development	–	**100**	–	100
First Leisure Ventures Group Inc.	Real estate development	–	**50**	–	50
CHAS Realty and Development Corporation and Subsidiaries	Real estate development	–	**100**	–	100
Springfield Global Enterprises Limited *[BVI]	Real estate development	–	**100**	–	100
Simply Prestige Limited and Subsidiaries *[BVI]	Real estate development	–	**100**	–	100
SM Land (China) Limited and Subsidiaries * [Hong Kong]	Real estate development	–	**100**	–	100
Rushmore Holdings, Inc.	Real estate development	–	**100**	–	100
Prime_Commercial Property Management Corp. and Subsidiaries	Real estate development	–	**100**	–	100
Mindpro, Incorporated	Real estate development	–	**70**	–	70
A. Canicosa Holdings, Inc.	Real estate development	–	**100**	–	100
AD Canicosa Properties, Inc.	Real estate development	–	**100**	–	100
Cherry Realty Development Corporation	Real estate development	–	**100**	–	100
Supermalls Transport Services, Inc.	Real estate development	–	**100**	–	100
SM Smart City Infrastructure and Development Corporation	Real estate development	–	**100**	–	100
Britannia Trading Corp. and Subsidiaries	Trading, importing and exporting of goods	–	**100**	–	100
SMPHI SG Holdings Pte. Ltd.*[Singapore]	Investment	–	**100**	–	–
SM Guun Environmental Company, Inc.	Recycling and repurposing of waste	–	**70**	–	–
Mountain Bliss Resort & Development Corp. and Subsidiary	Real estate development	**100**	–	100	–
Intercontinental Development Corporation	Real estate development	**97**	**3**	97	3
Prime Central Limited and Subsidiaries *[BVI]	Investment	**100**	–	100	–
Bellevue Properties, Inc.	Real estate development	**62**	–	62	–
Neo Subsidiaries [(a)]	Real estate development	**95**	–	95	–
Nagtahan Property Holdings, Inc.	Real estate development	**100**	–	100	–
Philippines Urban Living Solutions, Inc.	Real estate development	**71**	–	71	–
Retail					
SM Retail Inc. (SM Retail) and Subsidiaries	Retail	**77**	–	77	–
Others					
Primebridge Holdings, Inc. and Subsidiaries	Investment	**100**	–	100	–
Multi-Realty Development Corporation	Investment	**91**	–	91	–
Henfels Investments Corporation	Investment	**100**	–	100	–
Belleshares Holdings, Inc.	Investment	**99**	–	99	–
2GO and Subsidiaries	Integrated supply chain	**67**	–	67	–
GBI and Subsidiaries	Bakery products and other food items	**64**	–	64	–
Globalfund Holdings, Inc.	Investment	**100**	–	100	–
SMIC SG Holdings Pte. Ltd. (SMIC SG)* [Singapore]	Investment	**100**	–	100	–
Katimak Holdings, Inc.	Investment	**100**	–	100	–
Allfirst Renewables Holdings, Inc.	Investment	**89**	**11**	89	11
PGPC and Subsidiaries	Development and utilization of minerals, geothermal and other products	**60**	**40**	60	40
AIC Group of Companies Holding Corp. and Subsidiaries	Integrated supply chain	**51**	–	51	–
Associates					
BDO and Subsidiaries	Financial Services	**39**	**8**	39	8
China Banking Corporation and Subsidiaries	Financial Services	**23**	–	23	–
Atlas and Subsidiaries	Mining	**34**	–	34	–
Pluxee Philippines Incorporated (formerly Sodexo Benefits and Rewards Service Philippines, Inc.)	Retail	**40**	–	40	–
CityMall Commercial Centers, Inc.	Real estate development and tourism	**34**	–	34	–
Premium Leisure Corp. (PLC)	Gaming	–	–	5	–
Neo Associates [(b)]	Real estate development	**34**	–	34	–

(Forward)

Company	Principal Activities	Percentage of Ownership			
		2024		2023	
		Direct	**Indirect**	Direct	Indirect
Asia-Pacific Computer Technology Center, Inc.	Investment	**42**	**–**	42	–
YCO Global Cloud Centers Holdings, Inc. (YCO)	Data center	**18**	**–**	10	–
Citicore Energy REIT Corp. (CREIT)	Renewable energy real estate development	**29**	**–**	–	–

*The principal place of business and country of incorporation of the subsidiaries and associates listed in the above table is in the Philippines except for those marked * and as indicated after the company name.*

(a) Neo Subsidiaries include N-Plaza BGC Land, Inc., N-Plaza BGC Properties, Inc., N-Quad BGC Land, Inc., N-Quad BGC Properties, Inc., N-Square BGC Land, Inc., N-Square BGC Properties, Inc., N-Cube BGC Land, Inc., N-Cube BGC Properties, Inc., N-One BGC Land, Inc. and N-One BGC Properties, Inc.

(b) Neo Associates include N-Park BGC Properties, Inc., N-Lima BGC Properties, Inc. and N-Park BGC Land, Inc.

2GO

In May 2023, the Company acquired 352,690,680 shares during the tender offer period from March 15, 2023 to April 28, 2023, increasing its equity interest to 67.2%.

GBI

In December 2023, the Company sold 56,117,165 shares, decreasing its equity interest to 64.1%.

SMIC SG

In December 2023, the Company advanced ₱419.6 million to SMIC SG as a deposit for future stock subscription of 7,500,000 shares included under "Other noncurrent assets" account.

In January 2024, SMIC SG issued the 7,500,000 shares to the Company. The Company reclassified the ₱419.6 million deposit to "Investments in subsidiaries and associates" account.

YCO

In April 2024, the Company subscribed to 5,976,922 shares, increasing its equity interest to 18.1%.

PLC

In May 2024, the Company disposed its 1,555,168,000 shares equivalent to 5.0% equity interest, through a tender offer of Belle, PLC's controlling shareholder.

CREIT

In March 2024, the Company acquired 1,884,374,000 shares equivalent to 28.8% equity interest. CREIT is involved in exploration, development and utilization of energy resources with particular focus on solar and wind energy generation.

11. Property and Equipment

The movements in this account follow:

	Buildings, Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Cost					
As at January 1, 2023	₱114,485,930	₱29,878,349	₱444,485,133	₱1,106,322,643	₱1,695,172,055
Additions	–	–	–	284,123,494	284,123,494
As at December 31, 2023	114,485,930	29,878,349	444,485,133	1,390,446,137	1,979,295,549
Additions	**734,375**	**273,664**	**1,757,143**	**80,181,877**	**82,947,059**
As at December 31, 2024	**₱115,220,305**	**₱30,152,013**	**₱446,242,276**	**₱1,470,628,014**	**₱2,062,242,608**

	Buildings, Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Accumulated Depreciation					
As at January 1, 2023	₱82,254,023	₱26,099,942	₱178,994,197	₱979,814,054	₱1,267,162,216
Depreciation (Note 20)	8,581,585	893,065	24,214,414	124,390,316	158,079,380
As at December 31, 2023	90,835,608	26,993,007	203,208,611	1,104,204,370	1,425,241,596
Depreciation (Note 20)	**8,895,104**	**888,010**	**24,315,234**	**154,121,158**	**188,219,506**
As at December 31, 2024	**₱99,730,712**	**₱27,881,017**	**₱227,523,845**	**₱1,258,325,528**	**₱1,613,461,102**
Net Book Value					
As at December 31, 2024	**₱15,489,593**	**₱2,270,996**	**₱218,718,431**	**₱212,302,486**	**₱448,781,506**
As at December 31, 2023	23,650,322	2,885,342	241,276,522	286,241,767	554,053,953

12. Investment Properties

The movements in this account follow:

	Land and Improvements	Buildings and Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
Cost					
As at January 1, 2023	₱1,833,595,575	₱3,510,282,723	₱134,153,613	₱81,694,381	₱5,559,726,292
Additions	9,913,831	59,119,787	13,431,301	42,820,619	125,285,538
As at December 31, 2023	1,843,509,406	3,569,402,510	147,584,914	124,515,000	5,685,011,830
Additions	**4,065,320**	**14,637,356**	**13,155,666**	**43,663,015**	**75,521,357**
Disposals	**(5,503,587)**	–	–	–	**(5,503,587)**
As at December 31, 2024	**₱1,842,071,139**	**₱3,584,039,866**	**₱160,740,580**	**₱168,178,015**	**₱5,755,029,600**
Accumulated Depreciation and Impairment Loss					
As at January1, 2023	₱212,375,841	₱1,842,383,619	₱94,417,080	₱–	₱2,149,176,540
Depreciation (Note 20)	5,275,305	146,977,970	11,027,218	–	163,280,493
As at December 31, 2023	217,651,146	1,989,361,589	105,444,298	–	2,312,457,033
Depreciation (Note 20)	**4,477,661**	**149,106,597**	**11,249,362**	**–**	**164,833,620**
Impairment loss	**359,755,672**	–	–	–	**359,755,672**
As at December 31, 2024	**₱581,884,479**	**₱2,138,468,186**	**₱116,693,660**	**₱–**	**₱2,837,046,325**
Net Book Value					
As at December 31, 2024	**₱1,260,186,660**	**₱1,445,571,680**	**₱44,046,920**	**₱168,178,015**	**₱2,917,983,275**
As at December 31, 2023	1,625,858,260	1,580,040,921	42,140,616	124,515,000	3,372,554,797

In 2024, the Company sold 4,042 square-meter lot to the Philippine Government for the implementation of C-5 Southlink Expressway Project for a total consideration of ₱141.5 million, exclusive of VAT. The carrying cost of the lot amounted to ₱5.5 million. The Company recognized gain on sale of investment properties amounting to ₱136.0 million.

In 2024, the Company recognized impairment loss amounting to ₱359.8 million on land and improvements. No impairment loss was recognized in 2023.

The fair value of the investment properties amounting to ₱48,139.2 million as at December 31, 2024 was determined by an accredited and independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received when the investment properties are sold in an orderly transaction between market participants at the measurement date. The valuation approach used in the appraisal is the market data approach. The fair value of investment properties is categorized under Level 3 as these were based on unobservable inputs with price adjustments ranging from 5.0% to 10.0%.

Rent income from investment properties amounted to ₱1,529.1 million and ₱1,500.1 million in 2024 and 2023, respectively. The corresponding direct operating expenses amounted to ₱794.6 million and ₱1,041.6 million in 2024 and 2023, respectively.

The Company has no restriction on the realizability of its investment properties.

13. Other Noncurrent Assets

This account consists of:

	2024	2023
Creditable tax certificates	**₱1,712,735,632**	₱1,666,520,824
Bonds and deposits (Note 26)	**535,569,233**	1,146,140,127
Derivative assets (Note 27)	**228,263,857**	334,506,558
Escrow fund (Note 26)	**130,000,000**	130,000,000
Refundable deposits (Note 26)	**39,881,849**	34,509,220
	₱2,646,450,571	₱3,311,676,729

- Bonds and deposits include advances made by the Company to various suppliers and other parties relative to various construction projects and service contracts.
- Escrow fund pertains to funds deposited in the account of an escrow agent as required by the Philippine SEC, in connection with the corporate restructuring in 2013.
- Interest income earned from escrow fund is disclosed in Note 21.

14. Bank Loans

This account consists of:

	2024	2023
Peso-denominated loans	**₱–**	₱4,200,000,000
U.S. dollar-denominated loans	**–**	415,275,000
	₱–	₱4,615,275,000

The unsecured Peso-denominated loans and the unsecured U.S. dollar-denominated loans bear interest at 5.9% and 6.2%, respectively in 2023.

Interest expense on bank loans is disclosed in Note 21.

15. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
Subscriptions payable	**₱1,966,477,148**	₱1,966,477,148
Accrued interest (Notes 14, 17 and 22)	**1,160,019,385**	747,941,676
Payables to suppliers	**668,199,602**	653,579,120
Payables to government agencies	**513,320,299**	783,541,111
Accrued expenses	**335,691,141**	311,318,080
Advance rentals and deposits	**211,117,055**	212,807,734
Derivative liabilities (Notes 26 and 27)	**99,343,594**	3,073,634
Payables to related parties (Note 22)	**56,580,754**	56,580,754
Lease liabilities (Notes 22 and 25)	**40,975,587**	19,127,754
	₱5,051,724,565	₱4,754,447,011

The terms and conditions of the above liabilities follow:

- Subscriptions payable pertains to the unpaid subscriptions of shares of certain companies which are due and demandable.
- Accrued interest pertains to unpaid interest on bank loans and long-term debt, which is normally settled quarterly or semi-annually.
- Payables to suppliers primarily consist of liabilities to suppliers and contractors. These are not subject to interest and are normally settled on 30-to 60-day terms.
- Payables to government agencies mainly consist of VAT liability which is normally settled within the next financial year.
- Accrued expenses pertain to costs and expenses incurred in the normal course of business and are normally settled within the next financial year. This account consists of accrual for personnel cost, repairs and maintenance, communication, utilities, taxes and licenses, dues and subscriptions and others.
- Advance rentals and deposits pertain substantially to the advance rental payments from various lessees for the rental of space in the Company's investment properties. The lease agreements provide that the advance rental payments will be applied to rentals within the next financial year. Advance rental is not remeasured at amortized cost.
- The terms and conditions of payable to related parties are discussed in Note 22.

16. Provisions

Provisions are amounts appropriated for potential obligations of the Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with third parties.

17. Long-term Debt

This account consists of:

	Availment	Maturity	Security	Interest Rate/Term	2024	2023
U.S. dollar-denominated:						
Fixed rate bonds						
US$350.0 million senior bonds	June 10, 2014	June 10, 2024	Unsecured	Fixed 4.9%; semi-annual	**₱–**	₱19,379,500,000
US$200.0 million five-year term loans*	June 28, 2019 to July 16, 2019	June 28, 2024	Unsecured	Fixed 6.2%; quarterly	**–**	11,074,000,000
US$80.0 million four-year term loans*	June 7, 2023	June 7, 2027	Unsecured	Floating ROP reference rate + margin; quarterly	**4,627,600,000**	4,429,600,000
US$400.0 million ten-year term loans* (Note 22)	July 25, 2024	July 24, 2034	Unsecured	Fixed 5.4%; semi-annual	**23,138,000,000**	–
Other U.S. dollar bank loans	August 1, 2023	August 1, 2024	Unsecured	Floating three-month SOFR + margin; quarterly	**–**	276,850,000
G.B. pound-denominated						
GB£48.2 million two-year term loans*	April 17, 2023	April 21, 2025	Unsecured	Fixed 4.2%; quarterly	**3,476,146,549**	3,403,059,780
GB£42.5 million five-year term loans*	July 26, 2023	July 26, 2028	Unsecured	Fixed 5.3%; quarterly	**3,065,066,978**	3,000,623,250
Peso-denominated:						
Fixed rate retail bonds						
Series H Bonds	October 2, 2020	April 2, 2024	Unsecured	Fixed 3.4%; semi-annual	**–**	10,000,000,000
Series I Bonds	February 18, 2022	February 18, 2025	Unsecured	Fixed 3.6%; semi-annual	**7,500,000,000**	7,500,000,000
Series J Bonds	February 18, 2022	February 18, 2027	Unsecured	Fixed 4.8%; semi-annual	**7,500,000,000**	7,500,000,000
Other Peso bank loans (Note 22)	September 5, 2017 to March 6, 2023	August 8, 2024 to May 14, 2031	Unsecured	Fixed 4.0% to 5.2%, three-month PHP BVAL + margin and two-year PHP BVAL + margin; quarterly	**30,574,500,000**	40,156,900,000
					79,881,313,527	106,720,533,030
Less debt issue cost					**351,605,951**	386,153,322
					79,529,707,576	106,334,379,708
Less current portion					**14,839,100,660**	44,875,427,888
					₱64,690,606,916	₱61,458,951,820

LIBOR – London Interbank Offered Rate
ROP – Republic of the Philippines
SOFR – Secured Overnight Financing Rate
BVAL – Bloomberg Valuation
** Hedged against interest rate and foreign exchange risks using cross-currency swap contracts (see Notes 26 and 27)*

Interest expense incurred on long-term debt is disclosed in Note 21.

Debt Issue Cost
The movements in unamortized debt issue cost follow:

	2024	2023
Balance at beginning of year	**₱386,153,322**	₱547,381,138
Additions	**212,805,000**	128,388,052
Amortization (Note 21)	**(189,774,386)**	(289,879,029)
Prepayments (Note 21)	**(58,643,481)**	–
Foreign exchange movement	**1,065,496**	263,161
Balance at end of year	**₱351,605,951**	₱386,153,322

The amortization of debt issue cost is recognized in profit or loss under "Interest expense".

Repayment Schedule
The repayment schedule of long-term debt as at December 31, 2024 follows:

	Gross Debt	Debt Issue Cost	Net
Within one year	₱14,850,606,822	₱11,506,162	₱14,839,100,660
Over one year to five years	37,292,706,705	150,171,792	37,142,534,913
Over five years	27,738,000,000	189,927,997	27,548,072,003
	₱79,881,313,527	₱351,605,951	₱79,529,707,576

Debt Covenants
The long-term debt of the Company is covered with certain covenants including adherence to debt-to-equity ratio not to exceed 80:20 and certain restrictions with respect to material change in ownership or control. As at December 31, 2024 and 2023, the Company is in compliance with the terms of its debt covenants.

18. Equity

Capital Stock

a. Common stock

	Number of Shares	
	2024	2023
Authorized – ₱10 par value per share	**2,790,000,000**	2,790,000,000
Subscribed	**1,226,114,578**	1,226,114,578
Issued and outstanding	**1,222,023,358**	1,222,023,358

As at December 31, 2024 and 2023, the Company is compliant with the minimum public float required by the PSE.

In August 2024, the BOD approved the property-for-share swap with ICDC, where the Company will issue 7,039,562 new common stock to ICDC in exchange for land valued at ₱6,200.0 million. The deed of assignment over this property and the request for approval was submitted to the Philippine SEC in October 2024. The Philippine SEC approval is still pending as of February 28, 2025.

Information on the Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
March 22, 2005		105,000,000	₱250
November 6, 2007		56,000,000	218
June 14, 2007	100,000,000		10
April 25, 2007 (4.3% stock dividends)		25,023,038	10
October 4, 2010 to March 13, 2012			
Conversion of convertible bonds		2,851,582	453
September 24, 2012		9,100,000	700
January 23, 2013 to July 5, 2013			
Conversion of convertible bonds		7,651,851	781
June 14, 2013	500,000,000		10
June 24 and July 12, 2013			
(25.0% stock dividends)		157,657,314	10
July 18, 2013 to November 1, 2013			
Conversion of convertible bonds		738,483	625
August 1, 2013		7,250,000	900
August 27, 2014			
Conversion of convertible bonds		68,378	625
January 15, 2015 to April 9, 2015			
Conversion of convertible bonds		6,714,759	625
July 15, 2016	1,600,000,000		10
July 20, 2016 (50.0% stock dividends)		401,527,462	10
August 1, 2022 (merger)		21,531,471	904
August 3, 2022		240	10

The total number of shareholders of the Company is 1,258 and 1,242 as at December 31, 2024 and 2023, respectively.

b. Redeemable preferred shares

	Number of Shares	
	2024	2023
Authorized - ₱10 par value per share	**10,000,000**	10,000,000

There are no issued and subscribed preferred shares as at December 31, 2024 and 2023.

c. Treasury Stock
As at December 31, 2024 and 2023, this includes 4,091,220 reacquired capital stock.

Retained Earnings

a. Appropriated

Following are the appropriations approved by the BOD:

	Date of BOD Approval	Amount
Balance as at January 1, 2015		₱27,000,000,000
Reversal	November 4, 2015	(18,000,000,000)
Addition	November 4, 2015	27,000,000,000
Reversal	November 8, 2017	(27,800,000,000)
Addition	November 8, 2017	28,800,000,000
Reversal	November 10, 2021	(37,000,000,000)
Addition	November 10, 2021	37,000,000,000
Reversal	November 13, 2024	(37,000,000,000)
Addition	November 13, 2024	30,000,000,000

Retained earnings appropriated as at December 31, 2024 is intended for new investments for the years 2025 to 2027.

b. Unappropriated

The cash dividend declarations in 2024 and 2023 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
April 24, 2024	May 9, 2024	May 23, 2024	₱9.00	₱10,998,210,222
April 26, 2023	May 11, 2023	May 25, 2023	7.50	9,165,175,185

The retained earnings of the Company available for dividend declaration amounted to ₱54,891.3 million and ₱43,802.2 million as at December 31, 2024 and 2023, respectively.

19. **Royalty and Service Fees**

The disaggregation of royalty and service fees follows:

	2024	2023
Retail	**₱6,419,974,296**	₱5,955,911,991
Property	**192,155,180**	142,403,758
Banking and portfolio investments	**168,472,475**	112,776,032
	₱6,780,601,951	₱6,211,091,781

20. Costs and Expenses

This account consists of:

	2024	2023
Provisions (Note 16)	**₱3,800,000,000**	₱3,417,900,000
Personnel cost (Note 22)	**1,884,966,174**	1,692,839,319
Outside services	**578,777,771**	399,175,220
Repairs and maintenance	**431,564,089**	356,172,938
Depreciation and amortization (Notes 11, 12 and 25)	**396,428,316**	357,191,383
Dues and subscription	**379,535,502**	326,092,517
Communication	**271,019,495**	242,716,719
Utilities	**234,254,173**	200,032,204
Taxes and licenses	**153,554,547**	189,459,533
Donations and contributions	**97,391,133**	81,270,651
Entertainment, amusement and recreation	**75,778,134**	68,343,126
Advertising and promotions	**65,027,204**	68,618,611
Management and service fees (Note 22)	**55,271,912**	60,261,051
Insurance	**14,681,110**	13,755,742
Others	**273,372,446**	262,590,067
	8,711,622,006	7,736,419,081
Various reimbursements	**(859,352,781)**	(834,479,366)
	₱7,852,269,225	₱6,901,939,715

Personnel cost consists of:

	2024	2023
Salaries and wages (Note 22)	**₱1,740,927,050**	₱1,574,496,169
Pension benefits (Notes 22 and 23)	**89,310,648**	82,913,779
Other employee benefits	**54,728,476**	35,429,371
	₱1,884,966,174	₱1,692,839,319

Other employee benefits pertain to government-mandated bonuses.

21. Interest Income and Expense

The sources of interest income and interest expense follow:

	2024	2023
Interest income on:		
Time deposits (Notes 6 and 22)	**₱356,081,133**	₱769,741,479
Cash and cash equivalents (Notes 5 and 22)	**208,891,724**	58,658,125
Others (Note 13)	**6,297,561**	6,109,978
	₱571,270,418	₱834,509,582

	2024	2023
Interest expense on:		
Long-term debt (Notes 17 and 22)	**₱4,836,137,516**	₱5,379,475,332
Debt issue cost (Note 17)	**248,417,867**	289,879,029
Bank loans (Notes 14 and 22)	**151,561,833**	274,696,875
Lease liabilities (Notes 22 and 25)	**43,329,175**	42,631,412
Others	**7,392,327**	6,072,568
	₱5,286,838,718	₱5,992,755,216

22. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Company has a policy that requires approval of related party transactions by the Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

The significant transactions with related parties follow:

a. Dividend Income

The Company earns dividend income from its subsidiaries and associates.

b. Rent

The Company has existing lease agreements for land and office space with subsidiaries and other related companies (retail subsidiaries, bank associates and other affiliates).

The Company has a lease agreement with SM Prime (as lessor) over two parcels of land, where the Company's principal offices are located. Rent payable by the Company is fixed per square meter per month. The Company has the right to construct a commercial building and other improvements on the leased property. SM Prime has the obligation to pay the real estate taxes on the leased property whereas the Company has the obligation to pay the real estate taxes on the improvements (see Note 25).

c. Royalty, Management and Service Fees

The Company pays management fees to Shopping Center Management Corporation (a subsidiary of SM Prime) and service fees to SM Prime and SM Retail for the management of its office premises and of its various commercial properties (see Note 20).

The Company also provides consultancy services and full access to the SM Business System namely, human, relational and structural capital to subsidiaries and other affiliates. As consideration for the services provided, the Company receives royalty and service fees based on a certain percentage of the related companies' net sales as defined in the contracts (see Note 19).

d. Cash Placements and Loans

The Company has certain bank accounts, short-term placements and time deposits with BDO and China Bank that earn interest based on prevailing rates (see Notes 5 and 6).

The Company has bank loans and long-term debt from BDO, China Bank and SMIC SG subject to interest at prevailing rates (see Note 17).

e. Others

The Company, in the normal course of business, has outstanding receivables from and payables to related parties which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

Category	Year	Transaction Amount	Outstanding Amount	Terms	Conditions
		(In Thousands)			
Subsidiaries					
Dividend income	**2024**	**₱16,118,846**	**₱4,861,095**	Noninterest-bearing	Unsecured,
	2023	14,354,098	6,173,780		no impairment
Royalty and service fee income	**2024**	**4,732,288**	**339,870**	Noninterest-bearing,	Unsecured,
	2023	4,427,117	1,355,842	30 to 180 days terms	no impairment
Rent income	**2024**	**732,605**	**73,741**	Noninterest-bearing,	Unsecured,
	2023	730,423	77,321	30 day terms	no impairment
Management and service fee expense	**2024**	**52,898**	**2,831**	Noninterest-bearing	Unsecured
	2023	52,778	2,831		
Interest expense	**2024**	**535,468**	**535,468**	Fixed 5.4%	Unsecured
	2023	–	–	180 day terms	
Interest expense on lease liabilities	**2024**	**43,329**	**–**	Noninterest-bearing	Unsecured
	2023	42,631	–		
Receivable from related parties	**2024**	**–**	**14,897,135**	Noninterest-bearing	Unsecured,
	2023	–	13,910,944		no impairment
Payable to related parties	**2024**	**–**	**56,581**	Noninterest-bearing	Unsecured
	2023	–	56,581		
Long-term debt (Note 17)	**2024**	**–**	**23,138,000**	Interest-bearing,	Unsecured
	2023	–	–	5.4%	
Lease liabilities	**2024**	**–**	**516,376**	Noninterest-bearing	Unsecured
	2023	–	506,471		
Associates					
Dividend income	**2024**	**10,289,355**	**190,334**	Noninterest-bearing	Unsecured,
	2023	8,000,556	272,625		no impairment
Royalty and service fee income	**2024**	**1,993,291**	**2,095,117**	Noninterest-bearing,	Unsecured,
	2023	1,726,682	2,783,906	30 day to 1 year terms	no impairment
Rent income	**2024**	**63,319**	**10,748**	Noninterest-bearing,	Unsecured,
	2023	49,339	26,233	30 day terms	no impairment
Interest income	**2024**	**562,049**	**120**	0.1% to 5.5%,	Unsecured,
	2023	825,731	49,988	90 to 180 day terms	no impairment
Interest expense	**2024**	**1,240,786**	**87,805**	Fixed 4.0% to 4.3%,	Unsecured
	2023	1,230,319	165,503	90 day terms	
Cash and cash equivalents	**2024**	**–**	**7,831,096**	Interest-bearing,	Unsecured,
	2023	–	5,786,054	0.1% to 4.3%	no impairment
Time deposits	**2024**	**–**	**–**	Interest-bearing,	Unsecured,
	2023	–	19,462,555	4.0% to 5.5%	no impairment
Long-term debt	**2024**	**–**	**15,282,000**	Interest-bearing,	Unsecured
	2023	–	24,083,900	fixed 4.0% to 4.3%	

Terms and Conditions of Transactions with Related Parties
Outstanding balances at yearend are unsecured and are normally settled in cash. The Company did not make any provision for doubtful accounts relating to amounts owed by related parties.

Compensation of Key Management Personnel
The aggregate compensation and benefits relating to key management personnel of the Company in 2024 and 2023 consist of short-term employee benefits amounting to ₱657.9 million and ₱532.8 million, respectively, and post-employment benefits amounting to ₱74.5 million and ₱67.8 million, respectively.

23. Pension Benefits

The Company has funded defined benefit pension plan covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Company had an actuarial valuation done for the December 31, 2024 report.

Changes in defined benefit liability (asset) in 2024 follow:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Defined Benefit Liability (Asset)**
As at December 31, 2023	**₱1,507,064,786**	**₱1,470,787,245**	**₱36,277,541**
Net benefit expense in profit or loss (Note 20):			
Current service cost	**89,729,048**	**–**	**89,729,048**
Net interest	**94,492,962**	**94,911,362**	**(418,400)**
	184,222,010	**94,911,362**	**89,310,648**
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	**–**	**(26,458,120)**	**26,458,120**
Actuarial changes arising from:			
Changes in financial assumptions	**(78,805,494)**	**–**	**(78,805,494)**
Changes in demographic assumptions	**(17,917,164)**	**–**	**(17,917,164)**
Experience adjustment	**(56,755,833)**	**–**	**(56,755,833)**
Effect of the asset ceiling	**–**	**(12,965,184)**	**12,965,184**
	(153,478,491)	**(39,423,304)**	**(114,055,187)**
Actual contributions	**–**	**156,734,685**	**(156,734,685)**
Benefits paid	**(82,961,347)**	**(82,961,347)**	**–**
Transfer to the plan	**12,127,839**	**12,127,839**	**–**
As at December 31, 2024	**₱1,466,974,797**	**₱1,612,176,480**	**(₱145,201,683)**

Changes in defined benefit liability in 2023 follow:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Liability
As at December 31, 2022	₱1,437,649,975	₱1,381,114,098	₱56,535,877
Net benefit expense in profit or loss (Note 20):			
Current service cost	79,838,003	–	79,838,003
Net interest	100,204,203	97,128,427	3,075,776
	180,042,206	97,128,427	82,913,779

(Forward)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Liability
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	₱–	(₱32,269,454)	₱32,269,454
Actuarial changes arising from:			
Changes in financial assumptions	34,747,431	–	34,747,431
Changes in demographic assumptions	(2,360,215)	–	(2,360,215)
Actuarial changes due to experience adjustment	(16,037,787)	–	(16,037,787)
	16,349,429	(32,269,454)	48,618,883
Actual contributions	–	151,790,998	(151,790,998)
Benefits paid	(107,404,359)	(107,404,359)	–
Transfer from the plan	(19,572,465)	(19,572,465)	–
As at December 31, 2023	₱1,507,064,786	₱1,470,787,245	₱36,277,541

The Company expects to contribute ₱146.7 million to its Pension Plan in 2025.

The principal assumptions used in determining the Company's pension obligation follow:

	2024	2023
Discount rate	**6.1%**	6.3%
Future salary increases	**6.0%**	8.0%

The assets of the Plan are held by a trustee bank, BDO, a related party. The investing decisions of the Plan are made by the Board of Trustees of the Plan. The carrying amounts, which approximate the estimated fair values of the Plan assets, follow:

	2024	2023
Cash and cash equivalents	**₱50,870,630**	₱7,196,933
Investment in debt and other securities	**112,133,110**	151,273,839
Investment in common trust funds	**600,384,842**	512,928,797
Investment in government securities	**836,358,375**	788,518,383
Others	**12,429,523**	10,869,293
	₱1,612,176,480	₱1,470,787,245

- Cash and cash equivalents include regular savings and time deposits.
- Investments in debt and other securities, consisting of both short-term and long-term corporate loans, notes and bonds, bear interest ranging from 4.8% to 7.8% and have maturities from October 2025 to December 2029.
- Investment in common trust funds consists of unit investment trust fund placements.
- Investment in government securities consists of retail treasury bonds that bear interest ranging from 3.4% to 8.6% and have maturities from February 2026 to January 2034.
- Others pertain to accrued interest income on cash deposits and debt securities held by the Plan.

The outstanding balances and transactions of the Pension Plan with BDO follow:

	2024	2023
Balances:		
Cash and cash equivalents	**₱50,870,630**	₱7,196,933
Investment in common trust funds	**600,384,842**	512,928,797
Transactions:		
Interest income from cash and cash equivalents	**1,141,949**	921,958
Net income from investment in common trust funds	**63,182,681**	62,820,545

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, assuming all other assumptions were held constant:

		Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
2024	**Discount rates**	**100**	**(₱38,943,685)**
		(100)	**43,058,470**
	Future salary increases	**100**	**42,660,601**
		(100)	**(39,317,691)**
	No attrition rate	**–**	**52,812,622**
2023	Discount rates	50	(₱52,438,413)
		(50)	58,764,344
	Future salary increases	100	57,207,399
		(100)	(52,100,103)
	No attrition rate	–	89,459,427

The average duration of the defined benefit obligation as at December 31, 2024 and 2023 is 3 and 4 years, respectively.

The maturity analysis of the undiscounted benefit payments follows:

	2024	2023
Year 1	**₱907,843,684**	₱902,803,502
Year 2	**61,215,652**	40,281,494
Year 3	**79,314,460**	37,783,813
Year 4	**92,181,030**	59,346,879
Year 5	**171,273,674**	89,502,972
Year 6–10	**616,167,107**	821,630,129

The Plan assets are not matched to any specific defined benefit obligation.

24. Income Tax

The provision for current income tax in 2024 and 2023 represents MCIT.

The details of the Company's deferred tax liabilities follow:

	2024	2023
ROU assets	**₱112,046,624**	₱112,424,429
Cross currency swaps	**74,011,251**	88,243,262
Debt issue cost amortization	**65,189,675**	52,858,611
Cumulative excess of rent income over lease payments	**46,359,650**	37,986,998
Defined benefit asset	**36,300,421**	–
Net unrealized foreign exchange gain	**2,790,771**	–
Unamortized deferred rent income, net of accretion on tenants' deposits	**810,494**	768,726
	₱337,508,886	₱292,282,026

The Company did not recognize any deferred tax assets as management believes that taxable profit will not be available in future periods against which these deductible temporary differences, and carryforward benefits of excess MCIT over RCIT and unused NOLCO may be applied.

The deductible temporary differences and carryforward benefits of NOLCO and MCIT for which no deferred tax assets have been recognized follow:

	2024	2023
NOLCO	**₱7,170,034,713**	₱6,767,598,552
Allowance for impairment losses	**4,178,518,718**	4,618,763,046
Remeasurement loss on defined benefit asset or liability	**690,976,418**	805,031,605
Lease liabilities	**516,376,402**	506,470,742
Unamortized past service cost	**416,286,531**	431,113,043
MCIT	**374,274,461**	280,931,829
Nonrefundable advance rentals	**209,751,785**	211,442,465
Net unrealized foreign exchange loss	–	231,883,795
Defined benefit liability	–	36,277,541

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱3,669.8 million and ₱3,683.1 million as at December 31, 2024 and 2023, respectively.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
Applying the provision of the CREATE Act, the Company computed for income tax using the following methods:

- 25% on the taxable income based on the itemized expense deduction
- 1% minimum corporate income tax (MCIT) on gross income for three years until June 30,2023 and 2% onwards

As at December 31, 2024, the Company's NOLCO which can be claimed as deduction from its regular taxable income, follow:

Year Incurred	Availment Period	Amount	Applied in Previous Years	Expired	Applied in the Current Year	Unapplied
2021 and prior						
2020	2021-2025	₱3,570,422,401	₱–	₱–	₱–	₱3,570,422,401
2021	2022-2026	333,096,627	–	–	–	333,096,627
		3,903,519,028	–	–	–	3,903,519,028
2022 onwards						
2022	2023-2025	1,494,751,778	–	–	–	1,494,751,778
2023	2024-2026	1,369,327,746	–	–	–	1,369,327,746
2024	2025-2027	402,436,161	–	–	–	402,436,161
		3,266,515,685	–	–	–	3,266,515,685
		₱7,170,034,713	₱–	₱–	₱–	₱7,170,034,713

The carryforward benefits of unused MCIT which may be claimed as tax credit against future regular income tax payable, follow:

Year Incurred	Expiry Year	MCIT
2024	2027	₱177,573,463
2023	2026	117,952,650
2022	2025	78,748,348
		₱374,274,461

MCIT amounting to ₱84.2 million expired in 2024.

The reconciliation between the statutory tax rate and the Company's effective tax rate follows:

	2024	2023
Statutory income tax rate	**25%**	25%
Income tax effects of reconciling items:		
Dividends exempt from income tax	**(30)**	(30)
Change in unrecognized deferred tax assets	**2**	2
Interest income subjected to final tax	**(1)**	(1)
Nondeductible interest expense	**–**	1
Other nondeductible expenses	**5**	5
Effective income tax rate	**1%**	2%

25. **Lease Agreements**

The Company as a Lessor

The Company's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

The minimum lease receivables under these noncancellable operating leases as at December 31 follow:

	2024	2023
Within one year	**₱1,467,589,847**	₱1,345,326,155
Over one year to five years	**2,462,686,742**	3,564,935,930
Over five years	**545,400**	4,473,359
	₱3,930,821,989	₱4,914,735,444

Deferred rent income is recognized initially as the difference between the principal amount and the present value of the deposits at lease inception dates and amortized using the straight-line method over the lease term. Deferred rent income amounted to ₱27.2 million and ₱12.7 million as at December 31, 2024 and 2023, respectively.

The Company as a Lessee

The Company has lease contracts for office space and land use rights. Leases of office space generally have lease terms between 3 and 5 years, while land use rights generally have lease terms between 14 and 19 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of parking space and convention center with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of ROU assets follow:

	Land Use Rights	Office Space	Total
Cost			
As at December 31, 2022 and 2023	₱606,412,468	₱6,747,086	₱613,159,554
Additions	41,863,969	–	41,863,969
As at December 31, 2024	**₱648,276,437**	**₱6,747,086**	**₱655,023,523**
Accumulated Depreciation			
As at December 31, 2022	₱121,003,184	₱6,747,086	₱127,750,270
Depreciation (Note 20)	35,711,567	–	35,711,567
As at December 31, 2023	156,714,751	6,747,086	163,461,837
Depreciation (Note 20)	43,375,190	–	43,375,190
As at December 31, 2024	**₱200,089,941**	**₱6,747,086**	**₱206,837,027**
Net Book Value			
As at December 31, 2024	**₱448,186,496**	**₱–**	**₱448,186,496**
As at December 31, 2023	449,697,717	–	449,697,717

The following are the amounts recognized in profit or loss:

	2024	2023
Interest expense on lease liabilities (Notes 21 and 22)	**₱43,329,175**	₱42,631,412
Depreciation expense on ROU assets (Note 20)	**43,375,190**	35,711,567
Rent expense related to short-term leases	**4,266,173**	1,298,335
Rent expense related to leases on low-value assets	**574,152**	436,453
	₱91,544,690	₱80,077,767

The rollforward analysis of lease liabilities follows:

	2024	2023
Balance at beginning of year	**₱506,470,742**	₱533,288,790
Additions	**41,863,969**	–
Interest expense (Notes 21 and 22)	**43,329,175**	42,631,412
Payments	**(75,287,484)**	(69,449,460)
Balance at end of year	**516,376,402**	506,470,742
Less current portion (Notes 15 and 22)	**40,975,587**	19,127,754
Noncurrent portion (Note 22)	**₱475,400,815**	₱487,342,988

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
Within one year	**₱81,657,240**	₱70,663,346
Over one year to five years	**299,188,568**	281,747,219
Over five years	**390,166,830**	435,399,787
	₱771,012,638	₱787,810,352

26. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, time deposits, financial assets at FVOCI, bank loans, long-term debt and lease liabilities. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivables and accounts payable and other current liabilities, which arise directly from its operations.

The Company also enters into derivative transactions, mainly, cross-currency swaps and nondeliverable forwards and swaps. The purpose is to manage the interest rate and foreign currency risks arising from the Company's operations and its sources of finance.

The main risks arising from the Company's financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.

- *Foreign currency risk.* Exposure to foreign currency risk arises as the Company has significant investments and debt issuances which are denominated in U.S. dollars.

- *Liquidity risk.* Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.

- *Equity price risk.* The Company's exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI. Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing each of these risks. The Company's accounting policies in relation to derivatives are set out in Note 3.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations (see Note 17).

The Company maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Company enters into cross-currency swaps in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount. The cross-currency swaps were designated by the Company under cash flow hedge accounting.

As at December 31, 2024 and 2023, after considering the effect of the swaps, approximately 92.5% and 88.9%, respectively, of the Company's borrowings are kept at fixed interest rates.

Interest Rate Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in interest rates, with all other variables held constant, of the Company's floating rate financial liabilities, follows.

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
		(In Millions)
2024	**100**	**(₱60.2)**
	50	**(30.1)**
	(100)	**60.2**
	(50)	**30.1**

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
		(In Millions)
2023	100	(₱123.7)
	50	(61.9)
	(100)	123.7
	(50)	61.9

Fixed rate debts, although subject to fair value interest rate risk, are not included in the sensitivity analysis as these are carried at amortized costs. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment.

Foreign Currency Risk

The Company aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as cross-currency swaps and nondeliverable forwards and swaps.

The Company's foreign currency-denominated financial assets and liabilities and their Peso equivalents follow:

	2024		2023	
	US$	**Ph₱**	US$	Ph₱
Current assets:				
Cash and cash equivalents	**$1,751,360**	**₱101,307,438**	$1,795,777	₱99,432,152
Receivables	**2,080**	**120,341**	902,802	49,988,146
Noncurrent assets:				
Time deposits	–	–	350,000,000	19,379,500,000
Total assets	**1,753,440**	**101,427,779**	352,698,579	19,528,920,298
Current liabilities:				
Bank loans	–	–	7,500,000	415,275,000
Accounts payable	**10,645,486**	**615,788,145**	1,253,855	69,425,961
Current portion of long-term debt	–	–	349,982,819	19,378,548,713
Noncurrent liability:				
Long-term debt-net of current portion	**14,439,392**	**835,246,639**	4,966,192	274,978,047
Total liabilities	**25,084,878**	**1,451,034,784**	363,702,866	20,138,227,721
Net	**($23,331,438)**	**(₱1,349,607,005)**	($11,004,287)	(₱609,307,423)

As at December 31, 2024 and 2023, approximately 42.9% and 37.7%, respectively, of the Company's borrowing are denominated in foreign currency.

The Company recognized ₱15.0 million and ₱11.8 million net foreign exchange loss in 2024 and 2023, respectively. This resulted from the movements of the U.S. dollar against the Philippine Peso. As at December 31, 2024 and 2023, the U.S. dollar to Philippine Peso exchange rate is ₱57.845 and ₱55.37, respectively.

Foreign Currency Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in U.S. dollar to Philippine Peso exchange rate, with all other variables held constant, follow:

	Appreciation (Depreciation) of Peso	Effect on Income Before Income Tax
		(In Millions)
2024	**₱1.50**	**₱35.0**
	1.00	**23.3**
	(1.50)	**(35.0)**
	(1.00)	**(23.3)**

	Appreciation (Depreciation) of Peso	Effect on Income Before Income Tax
		(In Millions)
2023	₱1.50	₱16.5
	1.00	11.0
	(1.50)	(16.5)
	(1.00)	(11.0)

Liquidity Risk

The Company manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues and sales of certain assets.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund raising initiatives including bank loans, debt capital and equity market issues. The Company has available credit facilities wherein funds can be withdrawn in case an immediate settlement is demanded on its current obligations.

The Company's financial assets, which have maturities of less than 12 months and used to meet short-term liquidity needs, include the following:

	2024	2023
Cash and cash equivalents (excluding cash on hand)	**₱7,831,117,878**	₱5,786,076,190
Current portion of time deposits	**76,998,054**	158,570,252

The maturity profile of the Company's financial liabilities follows:

	2024			
	Within 1 Year	**1 Year to 5 Years**	**More than 5 Years**	**Total**
Bank loans, including interest	**₱–**	**₱–**	**₱–**	**₱–**
Accounts payable and other current liabilities*	**4,186,968,030**	**–**	**–**	**4,186,968,030**
Provisions	**12,147,899,890**	**–**	**–**	**12,147,899,890**
Long-term debt, including interest	**14,865,211,258**	**42,214,957,901**	**41,201,314,917**	**98,281,484,076**
Derivative liabilities	**99,343,594**	**6,289,644**	**–**	**105,633,238**
Lease liabilities	**81,657,240**	**299,188,568**	**390,166,830**	**771,012,638**
Tenants' deposits and others**	**–**	**272,303,639**	**–**	**272,303,639**
	₱31,381,080,012	**₱42,792,739,752**	**₱41,591,481,747**	**₱115,765,301,511**

**Excluding payables to government agencies, and advance rentals and deposits amounting to ₱724.4 million as at December 31, 2024, the amounts of which are not considered as financial liabilities.*

***Excluding deferred rent income amounting to ₱27.2 million as at December 31, 2024, the amounts of which are not considered as financial liabilities.*

	2023			
	Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Bank loans, including interest	₱4,622,873,539	₱–	₱–	₱4,622,873,539
Accounts payable and other current liabilities*	3,735,896,778	–	–	3,735,896,778
Provisions	8,442,577,247	–	–	8,442,577,247
Long-term debt, including interest	45,663,997,607	65,986,178,291	6,438,355,000	118,088,530,898
Derivative liabilities	3,073,634	41,572,338	–	44,645,972
Lease liabilities	70,663,346	281,747,219	435,399,787	787,810,352
Tenants' deposits and others**	–	549,736,194	6,754,307	556,490,501
	₱62,539,082,151	₱66,859,234,042	₱6,880,509,094	₱136,278,825,287

**Excluding payables to government agencies, and advance rentals and deposits amounting to ₱996.3 million as at December 31, 2023, the amounts of which are not considered as financial liabilities.*
***Excluding deferred rent income amounting to ₱12.7 million as at December 31, 2023, the amounts of which are not considered as financial liabilities.*

Credit Risk

The Company trades only with recognized, creditworthy related and third parties. The Company policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Company's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Company which consist of cash and cash equivalents, time deposits, financial assets, certain bonds and deposits, long-term notes, escrow fund, refundable deposits and certain derivative instruments, the Company's credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2024 and 2023, the financial assets, except for certain receivables and nonfinancial bonds and deposits, are generally viewed by management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Company's total financial assets.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions, companies, government agencies and related parties.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

	2024		
	High Quality	**Standard Quality**	**Total**
Cash and cash equivalents (excluding cash on hand)	**₱7,831,117,878**	**₱–**	**₱7,831,117,878**
Time deposits	**76,998,054**	**–**	**76,998,054**
Financial assets at FVOCI	**12,351,260,940**	**3,908,500**	**12,355,169,440**
Receivables*	**23,691,324,890**	**320,058,152**	**24,011,383,042**
Other noncurrent assets:			
Escrow fund	**130,000,000**	**–**	**130,000,000**
Refundable deposits	**–**	**39,881,849**	**39,881,849**
	₱44,080,701,762	**₱363,848,501**	**₱44,444,550,263**

**Excluding past due receivables amounting to ₱25.5 million and nonfinancial other receivables amounting to ₱62.8 million as at December 31, 2024.*

	2023		
	High Quality	Standard Quality	Total
Cash and cash equivalents (excluding cash on hand)	₱5,786,076,190	₱–	₱5,786,076,190
Time deposits	19,538,070,252	–	19,538,070,252
Financial assets at FVOCI	12,803,726,325	3,908,500	12,807,634,825
Receivables*	25,972,284,489	180,910,939	26,153,195,428
Other noncurrent assets:			
Escrow fund	130,000,000	–	130,000,000
Refundable deposits	–	34,509,220	34,509,220
	₱64,230,157,256	₱219,328,659	₱64,449,485,915

**Excluding past due receivables amounting to ₱34.7 million and nonfinancial other receivables amounting to ₱45.0 million as at December 31, 2023.*

Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

The sensitivity analysis for a reasonably possible change in equity indices, with all other variables held constant, of the Company's investments in listed shares of stock follows:

	Change in Equity Price	Effect on Equity After Income Tax
		(In Millions)
2024	**+1.08%**	**₱114.2**
	-1.08%	**(114.2)**
2023	+1.6%	₱209.8
	-1.6%	(209.8)

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and make appropriate adjustments based on changes in economic conditions. Accordingly, the Company may adjust the dividend payments to shareholders, secure new and/or pay-off existing debts, return capital to shareholders or issue new shares.

The Company monitors its capital gearing by maintaining its net debt at no higher than 50.0% of the sum of net debt and equity.

Net Gearing Ratio

	2024	2023
Bank loans	**₱–**	₱4,615,275,000
Long term debt (including current portion)	**79,529,707,576**	106,334,379,708
Less:		
Cash and cash equivalents (excluding cash on hand)	**(7,831,117,878)**	(5,786,076,190)
Time deposits	**(76,998,054)**	(19,538,070,252)
Total net interest-bearing debt (a)	**71,621,591,644**	85,625,508,266
Total equity	**170,394,415,305**	159,769,950,101
Total net interest-bearing debt and equity (b)	**₱242,016,006,949**	₱245,395,458,367
Gearing ratio (a/b)	**30%**	35%

Gross Gearing Ratio

	2024	2023
Bank loans	**₱–**	₱4,615,275,000
Long term debt (including current portion)	**79,529,707,576**	106,334,379,708
Total interest-bearing debt (a)	**79,529,707,576**	110,949,654,708
Total equity	**170,394,415,305**	159,769,950,101
Total interest-bearing debt and equity (b)	**₱249,924,122,881**	₱270,719,604,809
Gearing ratio (a/b)	**32%**	41%

27. Financial Instruments

The Company's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximation of fair values, follow:

	2024				
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets Measured at Fair Value					
Financial Asset at FVPL					
Derivative assets	**₱607,387**	**₱607,387**	**₱–**	**₱607,387**	**₱–**
Financial Assets at FVOCI:					
Listed shares of stock	**12,323,161**	**12,323,161**	**12,323,161**	–	–
Club shares	**28,100**	**28,100**	–	**28,100**	–
	₱12,958,648	**₱12,958,648**	**₱12,323,161**	**₱635,487**	**₱–**
Liabilities Measured at Fair Value					
Financial Liability at FVPL:					
Derivative liabilities	**₱105,633**	**₱105,633**	**₱–**	**₱105,633**	**₱–**
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	**64,690,607**	**66,024,965**	–	–	**66,024,965**
Tenants' deposits and others*	**272,304**	**270,287**	–	–	**270,287**
	64,962,911	**66,295,252**	–	–	**66,295,252**
	₱65,068,544	**₱66,400,885**	**₱–**	**₱105,633**	**₱66,295,252**

**Excluding nonfinancial liabilities of ₱27.2 million.*

	2023				
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets Measured at Fair Value					
Financial Asset at FVPL:					
Derivative assets	₱1,255,345	₱1,255,345	₱–	₱1,255,345	₱–
Financial Assets at FVOCI:					
Listed shares of stock	12,779,576	12,779,576	12,779,576	–	–
Club shares	24,150	24,150	–	24,150	–
	14,059,071	14,059,071	12,779,576	1,279,495	–
Assets for which Fair Values are Disclosed					
Time deposits (noncurrent portion)	19,379,500	19,674,382	–	–	19,674,382
	₱33,438,571	₱33,733,453	₱12,779,576	₱1,279,495	₱19,674,382
Liabilities Measured at Fair Value					
Financial Liability at FVPL:					
Derivative liabilities	₱44,646	₱44,646	₱–	₱44,646	₱–
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	61,458,952	60,294,546	–	–	60,294,546
Tenants' deposits and others*	556,490	536,816	–	–	536,816
	62,015,442	60,831,362	–	–	60,831,362
	₱62,060,088	₱60,876,008	₱–	₱44,646	₱60,831,362

**Excluding nonfinancial liabilities of ₱12.7 million.*

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at December 31, 2024 and 2023.

Due to minimal amount of the unlisted shares of stock, the fair value approximates the carrying amount as at December 31, 2024 and 2023.

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used follow:

	2024	2023
Time deposits (noncurrent portion)	**–**	3.9%
Tenants' deposits and others	**5.7%-6.2%**	5.1%-5.9%

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 4.1% to 6.2% and 0.6% to 6.0% as at December 31, 2024 and 2023, respectively.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Derivative Instruments. The fair value of cross-currency swaps and nondeliverable forwards and swaps are based on quotes obtained from counterparties.

Derivative Instruments Designated as Accounting Hedges

As at December 31, 2024, the Company has outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign-currency denominated debt. Details follow:

	Notional Amount	Agreed Equivalent	Fair Value	Interest Rate	Foreign Exchange Rate	Maturity
Cross currency swap	US$80,000,000	₱4,496,000,000	₱144,577,248	5.8%	₱56.20	2025
Cross currency swap	GB£90,700,000	6,298,557,000	419,143,918	5.7% - 5.8%	68.20 - 70.4916	2025 - 2028
Principal only swap	US$382,700,000	22,368,815,000	(61,967,563)	0.3% - 0.8%	58.45	2025 - 2027

As the terms of the swaps have been negotiated to match the terms of the hedged loan, the hedges were assessed to be highly effective.

Other Derivative Instruments Not Designated as Accounting Hedges

Nondeliverable Forwards and Swaps. The Company recognized derivative assets and derivative liabilities amounting to ₱39.1 million and ₱3.1 million as at December 31, 2024 and 2023, respectively from the outstanding forward and swap contracts. The net fair value on settled forward and swap contracts amounted to ₱8.3 million and ₱646.0 million gain in 2024 and 2023, respectively.

Fair Value Changes on Derivatives

The movements in the fair value of derivative instruments follow:

	2024	2023
Balance at beginning of year	**₱1,210,699,077**	₱2,348,683,714
Net changes in fair value during the year	**795,224,722**	12,085,288
Fair value on settled derivatives	**(1,504,170,196)**	(1,150,069,925)
Balance at end of year	**₱501,753,603**	₱1,210,699,077

The net changes in fair value on derivatives accounted for as cash flow hedges amounted to ₱786.9 million mark-to-market gain and ₱41.4 million mark-to-market loss in 2024 and 2023, respectively, which is included under the "Net unrealized gain on financial assets at FVOCI and others" account. In 2024 and 2023, the mark-to-market gain on derivatives not designated as hedges amounting to ₱8.3 million and ₱53.5 million, respectively, which is included under the "Net gain from fair value changes of derivatives" account.

28. Change in Liabilities Arising from Financing Activities

	2024		
	Bank Loans (Note 14)	**Long-term Debt (Note 17)**	**Lease Liabilities (Note 25)**
Balance at beginning of year	**₱4,615,275,000**	**₱106,334,379,708**	**₱506,470,742**
Availments	**12,821,426,000**	**28,161,195,000**	**–**
Payments	**(17,436,701,000)**	**(56,026,079,032)**	**(75,287,484)**
Debt issue cost amortization	**–**	**248,417,867**	**–**
Foreign exchange movement	**–**	**(5,409,052)**	**–**
Others	**–**	**817,203,085**	**85,193,144**
Balance at end of year	**₱–**	**₱79,529,707,576**	**₱516,376,402**

	2023		
	Bank Loans (Note 14)	Long-term Debt (Note 17)	Lease Liabilities (Note 25)
Balance at beginning of year	₱9,995,000,000	₱117,903,864,524	₱533,288,790
Availments	10,369,025,000	16,990,014,823	–
Payments	(15,745,000,000)	(28,578,438,236)	(69,449,460)
Debt issue cost amortization	–	289,879,029	–
Foreign exchange movement	(3,750,000)	(132,051,290)	–
Others	–	(138,889,142)	42,631,412
Balance at end of year	₱4,615,275,000	₱106,334,379,708	₱506,470,742

There are no noncash changes in dividends payable and accrued interest. Others include cumulative translation adjustment on cash flow hedges, interest expense on lease liabilities and debt accretion.

29. Supplementary Information Required Under RR No. 15-2010

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to financial statements. The Company included the required supplementary tax information as an attachment to its annual income tax return.

SM INVESTMENTS









Growth with Purpose









2024 Sustainability Report

Our Vision

It is our vision to build an ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

We are committed to partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees, at all times upholding the highest standards of corporate governance and environmental stewardship in all our businesses.

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For more on our corporate profile, please scan here

WE ARE SM

Sustainability Profile of the SM Group

Our company has integrated sustainability into the very fabric of our ways of working since Henry Sy, Sr. founded SM in 1958. Our single-mindedness to serve the needs and aspirations of our customers spurred our passion to innovate and to create practical solutions and meaningful impact to those we serve. This became the foundational attribute of all our businesses.

Retail

SM Retail is the cornerstone on which all our other businesses are built. As one of the pioneers in Philippine retailing, we find ourselves at the intersection of having the opportunity to influence our supplier partners and to inspire our customers to choose more sustainably.

Throughout our retail businesses, we work with hundreds of thousands of micro, small and medium enterprises (MSMEs) serving as their community, partner and marketplace. At the same time, we work with international brands, transforming the Filipino retail landscape by creating access to global markets. We support the Filipino's journey towards sustainable living. Through our campaign: **Green Store, Green Finds** and **Green Habit,** we embed green initiatives from resource management to sustainable packaging, green product choices to eco-labeling, and the use of eco-bags to recycling throughout our value chain.



Property

With climate change posing a threat to our country, we place resiliency as top priority when building integrated property developments throughout the Philippine archipelago. Following our entrepreneurial and customer service roots, we develop "15-minute cities" to help Filipinos shift to a practical way of sustainable living. From inception, we incorporate resiliency and sustainability features adaptable to rising sea levels and stronger typhoons. We also curate sustainable alternatives in mobility and recreation to promote a more balanced lifestyle in harmony with nature, while ensuring readiness for economic growth.



Banking

Our banks fill the gap in financing sustainability projects, expanding green financing categories under green, blue, orange and social financing that are aligned with the international and local bond principles and the United Nations Sustainable Development Goals. We support macroeconomic growth through financing sustainable energy programs, national infrastructure such as airports and other investments in green technologies. We take an active role in promoting financial inclusion through microfinance loans and loans to MSMEs. We also advance the financial management knowledge skills of Filipino families through our financial literacy programs.



Portfolio Investments

We invest in growth areas that are complementary to our core businesses. With the pressing need for renewable energy sources, we acquired Philippine Geothermal Production Corporation (PGPC) in 2022 with the intention to expand steam generation. This contributes to the Philippine's energy goals of 50% of renewable energy sources by 2040. In support of sourcing renewable energy, we continue our investments in copper as it is vital to the generation and distribution of renewable energy.

With evolving consumer preferences towards omni-channel services, we intensified our involvement in the strategic management of advancing greener logistics practices within 2GO. At the same time, in celebration of the Filipino value of family, we expanded the offerings of Goldilocks, a heritage brand for the Filipino people.



Chairman's Message



Our sustainability approach has always been based on practical actions in the material topics where we create the most impact.



To Our Valued Stakeholders,

At SM we are proud that sustainability has a long history of practical and impactful actions across the group. Our initiatives reflect the real social challenges of our customers, employees, partners and communities. They also reflect the unique and fragile environmental ecosystem of the Philippines. Ultimately, our actions support our own corporate success and ensure that we deliver long term sustainable growth. Much effort goes into prioritizing and driving these initiatives, all of which are guided by the oversight of the Board and have the support at the highest levels of the group.

This report outlines how we do this in practice and details the material impact that we have. As with the financial reporting in our 2024 Integrated Report, we aim for transparency and accountability in line with best global standards.

To this end, last year we formalized the group's governance structure for sustainability, with a group-wide Sustainability Steering Committee that is active across all our businesses and focuses on key sustainability topics. This committee in turn reports to the expanded scope of the Board Corporate Governance and Sustainability Committee, which comprises the Independent Directors of the parent company.

In 2024 we also moved to be an early adopter of the International Financial Reporting Standards (IFRS) S1 and S2 reporting framework, in line with our commitment to following best international standards. We support standardized global reporting.

Our actual programs continued to focus on key topics such as climate action and resiliency, resource and waste management, and sustainable consumer habits. We advanced our efforts in energy management and GHG reduction, developing and funding renewable energy, plastics management, and waste recycling.

We developed our Climate Risk Management Framework, which is aligned to global standards. Any climate aims we discuss are based on identified business level plans, not aspirational targets, and we have a rigorous process for tracking implementation to ensure we deliver on our objectives.

We also continue to work actively on those UN Sustainable Development Goals where we can have the greatest impact: SDG 3 – Health and Wellbeing; SDG 4 – Quality Education; SDG 8 – Decent Work and Economic Growth; SDG 11 – Sustainable Cities and Communities; and SDG 13 – Climate Action. As a signatory to the UN Global Compact in the Philippines we also prioritize efforts to support micro, small and medium enterprises (MSMEs) in the country.

At SM, we continue to follow our founder's belief that business growth and social development go hand in hand. It is our privilege to serve the Filipino people and we are grateful for their – and your – support as we continue to do so and to grow responsibly.

Sincerely,

Amando M. Tetangco, Jr.
Chairman/Independent Director

President's Report



2024 Key Highlights

22
integrated property developments across the country

40%
projected cumulative GHG reduction by 2040

250-400MW
of potential capacity in the exploratory stage for the five geothermal sites

Over
20,000
Green Finds offerings

Over
106,000
job seekers connected with employers through the SM J.O.B.S. (Job Opportunities, Building Skills) Program

[1] Philippine Statistics Authority, 2020 Census of Population
[2] UN-Habitat Philippines
[3] GUUN is a Japanese company engaged in the production of fossil alternative fuels called "fluff fuel
[4] World Bank

To Our Valued Stakeholders,

Within the direction and principles set by our Board, we reinforced our commitment to business sustainability. The breadth and variety of our sustainability initiatives exceed any framework as sustainability is embedded in how we do business. We advanced the SM group's sustainability agenda, particularly in these key areas:

First, **Sustainable & Resilient Integrated Property Developments.** With 54%[1] of Filipinos currently living in urban areas and an expected rise to a whopping 84%[2] by 2050, the Philippines has launched an urbanization plan which includes a number of strategies to make cities more sustainable, inclusive, and resilient. In line with this vision, we advanced the development of our integrated property developments, inspired by the "15-minute city" concept. These cities seamlessly combine housing, tourism, commerce and entertainment, creating economic hubs that transform second-tier communities into first-tier cities.

To date, we have built 22 integrated property developments across the country with 182,269 residential units, 2,602 hotel rooms, 8 convention centers, and 1.6 million sqm of office space. These developments incorporate resiliency and sustainability not only in the structural designs but also in business continuity plans. Throughout the country, we have 41 water catchments, 108 water recycling facilities and have invested in a waste-energy project in partnership with GUUN Co. Ltd (GUUN)[3]. This partnership underscores our commitment to actively contributing to the development of infrastructure for systemic waste management and resource recovery in the country.

Second, **Climate Action and Just Transitions to a Low Carbon Economy.** Our approach to climate action is articulated in our Climate Action Policy which balances our adaptation and mitigation efforts. We looked into four climate scenarios in developing climate adaptation strategies that are incorporated in our business continuity plans. For climate mitigation, we identified key greenhouse gas (GHG) emission hot spots within the group in order to develop a GHG Management plan. Four of our businesses - SM Prime, SM Retail, 2GO Group and Atlas Mining - are responsible for 95% of the group's total GHG emissions. Through energy efficiency measures and the adoption of renewable energy sources, we project a cumulative GHG reduction of up to 40% by 2040, using 2019 as our baseline.

In our transition to a low carbon economy, we employ a three-pronged approach: we use, we invest in and we finance green energy. Throughout the SM group, we installed 96,004 solar panels with 51.6 MWp capacity. In the two years since acquisition, Philippine Geothermal Production Company (PGPC) has actively commenced exploring 5 geothermal sites with potential additional 250 - 400 MW capacity of geothermal power. Our banks continue to be leaders in Green Financing with over PHP1 trillion sustainable finance projects funded to date in their portfolio, including 63 projects with a total capacity of 2,679 MW.

Third, **Financial Inclusion, Job and Entrepreneurship Creation.** Reports show that only 25%[4] of Filipinos understand basic financial concepts – a critical skill to wealth creation. To bridge this gap, BDO Foundation launched a comprehensive financial education program, transforming the lives of 6.2 million participants and beneficiaries. This is further strengthened by BDO Network Bank's program on micro-finance and BDO's efforts to reach the unbanked segment of society.

In partnership with the UN Global Compact Philippines, we hosted the Nego-Unlad Sustainable MSME Caravan from Aug 30-September 1, 2024 at SM Baguio, bringing together local entrepreneurs and industry leaders to collaborate on practical programs that promote local business growth.

Additionally, we successfully connected over 106,000 job seekers to employers in collaboration with the Department of Labor through the SM J.O.B.S. (Job Opportunities, Building Skills) Program.

As one of the nation's largest employers, we are committed to not only create jobs but also foster an empowering work culture. Through our Equal Opportunity Policy and Framework, we ensure that we have processes, facilities and monitoring systems in place that promote meritocracy and equal opportunity – providing women and multi-generational leaders opportunities for all qualified employees.

Fourth, **Green Options for Sustainable Lifestyle Shifts.** We engage our customers and partners to shift to sustainable habits at every touchpoint through The SM Store Sustainability Campaign:

- **Green Store** – embedding sustainability within SM stores by enhancing energy and water efficiency and reducing environmental impact in advertising and packaging;
- **Green Finds** – offering over 20,000 SKUs that incorporate sustainability in SM's value chain giving customers a wide range of sustainable choices; and
- **Green Habit** – encouraging our customers to adapt sustainable practices such as using ecobags.

Fifth, **Societal Well-being and Development.** We remain committed to reducing the gap in social inequalities by providing access to basic social services such as quality education, health care and livelihood. This year, we awarded our largest scholarship grant to 1,000 students enabling them to achieve their academic and career aspirations.

To gain a deeper understanding of the transformative impact of tertiary education, we launched a pilot social return on investment (SROI) program which revealed an impressive 700% return on every peso invested in helping a child attain a college degree. Encouraged by this promising result, we plan to extend the SROI assessment across all social development programs to further measure and amplify its positive impact.

To ensure our ability to create shared value, we established a Sustainability & Climate Risk framework that addresses key challenges including the physical and transition risks brought about by climate change, evolving regulation, the implementation of a local carbon taxation system and the application of artificial intelligence in sustainability.

As an early adopter of the IFRS S1 and S2, we reaffirm our unwavering commitment to sustainability transparency and accountability.

Our consistent efforts in advancing sustainable business practices have garnered significant recognition. This year, SM Investments was given the *ESG Platinum Award* by *The Asset* for the 16th consecutive year. Additionally, we were awarded the *Best Sustainability Team and Best Investor Relations Team Awards*. SM was also recognized with the *UN Women Empowerment Principles Award* for transparency in reporting. Furthermore, we received the *SDG Award for People* by the *Global Compact Network Philippines (GCNP)*. Lastly, 4 companies within the SM group also earned the *5 Golden Arrows* rating at the *ASEAN Corporate Governance Scorecard (ACGS) Awards* recognizing them among the top publicly listed Philippine companies for excellence in corporate governance in 2024.

Together with our people, I personally thank you, our stakeholders, who have embraced SM as part of your everyday lives. With steadfast dedication to serving you better, we continue to help shape a sustainable future - the Filipino way - achieving growth with purpose for everyone we serve.

Sincerely,



Frederic C. DyBuncio
President

Decent Work and Economic Growth

Equal Opportunity

In the Parent Company

407 Total employees in SM parent company

7% Employees promoted

100% Employees appraised

Multi-generational workplace

4% Baby Boomers 1946-1964

37% Gen X 1965-1980

45% Millenials 1981-1996

14% Gen Z 1997-2010

In the Group

Over **142,000** Total employees groupwide

64% Employees are women

58% Senior leadership roles occupied by women

Inclusive Facilities

19 Non-denominational meditation rooms

787 PWD-friendly pathways

814 Breastfeeding rooms for nursing mothers

171 Gender-neutral washrooms



Fostering Banking Habits

1.23 million Lives insured with BDO and Chinabank

23.3 million Banking customers with BDO and Chinabank

2.1 million Total new checking and savings accounts opened by BDO in 2024

6,896 Teller Machines Nationwide (BDO & Chinabank)

Inclusive Growth

Over **100,000** MSMEs in SM Value Chain

29 Financial education videos developed by BDO

PHP72 billion BDO & Chinabank SME loans granted

6.23 million Total beneficiaries reached through financial education programs by BDO Foundation



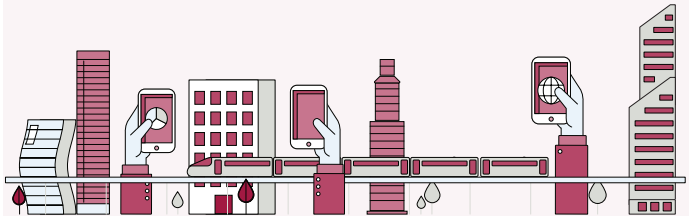
Economic Growth

PHP30 billion Total payments to government in 2024

PHP114 billion Loans disbursed by BDO for national projects

PHP31 billion Loans disbursed by BDO in the past 5 years for road networks

PHP47 billion Loans disbursed by BDO in the past 5 years for airports



Sustainable Cities & Communities

Sustainable Cities

22
Integrated Property Developments

182,269
Residential units

2,602
Hotel rooms

2 million
Sqm of office space

22
Office buildings

41
Water catchment facilities

7
Gold LEED-certified buildings

96,004
Solar panels in SM malls

7
Buildings with WELL Equity Rating

7
EDGE Certified Buildings

Good Health & Quality Education

Community Development

16,036
Total scholars supported by the SM Group to date

415
Health centers and medical facilities built and renovated by the SM Group to date

11,754
Total graduated scholars supported by the SM Group to date

49,612
Farmers trained by the SM Group to date

2,850
Schools built and refurbished by the SM Group to date

1.32 million
Patients served in medical missions by the SM Group to date

PHP868 billion
Total community development investments in 2024

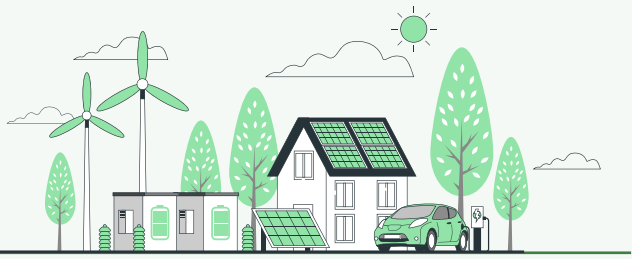
Climate Action

Sustainable Finance

PHP1 trillion
Total sustainable finance projects funded to date by BDO

5 million
Tonnes of carbon dioxide avoided per year through BDO SEF

2,679 MW
Total installed renewable energy capacity through BDO SEF



Sustainable Shopping

2
SM Stores approved for 100% Renewable Energy

2,140
Watsons Sustainable Choices SKUs

Over
20,000
SKUs under Green Finds

19 million
SM Markets Green bags sold in 2024

4 million
total sales units of SM Store reusable bags sold in 2024



SUSTAINABILITY GOVERNANCE:

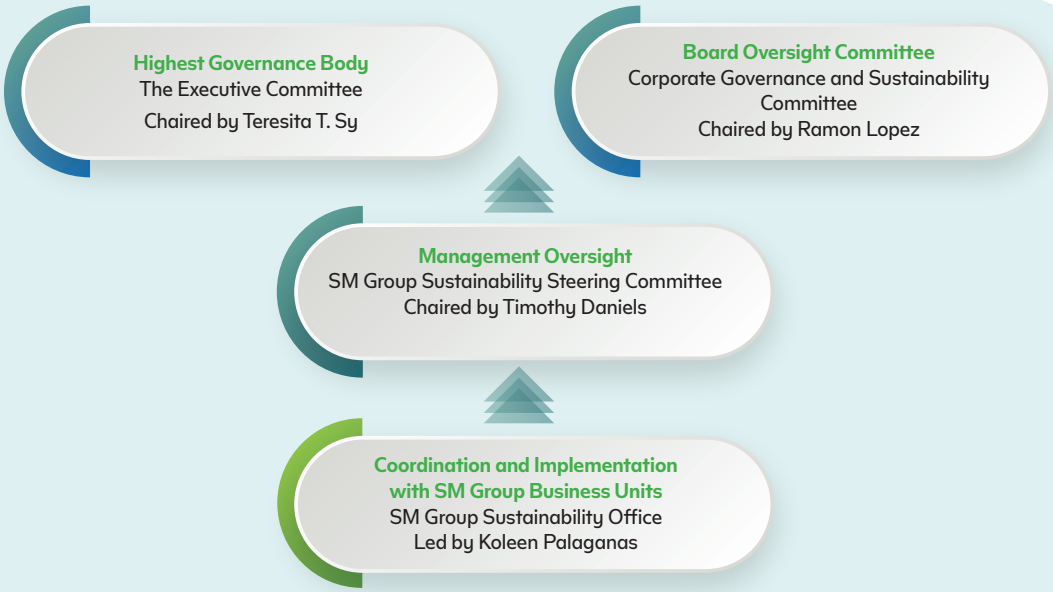
Leading with Sustainability in Mind

At SM, we take a long-term view of business sustainability. Innovation and evolution are essential to driving growth and delivering lasting value.



How We Govern and Manage Sustainability

Good Sustainability Governance and Sustainability and Climate Risk Management serve as the firm foundation upon which we build sustainable business practices. This year, we institutionalized sustainability governing bodies at SM Investments, our parent company, mirroring them across our businesses with variations in structure to best fit their respective sustainability agendas.



The Executive Committee provides strategic oversight aligned with corporate objectives and SM's participation in the national and global sustainability agenda. For full biographies of the committee members, scan here.

The Corporate Governance and Sustainability Committee provides board oversight for sustainability and climate-related risks and opportunities. Scan here to view the Committee Mandate.



- The Committee is composed of three Independent Directors.
- The Committee shall ensure compliance with and proper observance of corporate governance and EESG principles and practices, applicable law and regulatory issuances.
- The Committee Chairperson shall report to the Board of Directors regarding the Committee's actions and activities.
- The Committee shall make recommendations to the Board of Directors, as and when it considers appropriate, in relation to its duties and responsibilities.
- The Committee is authorized to hire independent advisors and to secure the attendance of such advisors, as appropriate, for the proper performance of the Committee functions under this Charter. The Committee Advisors shall include the Chief Compliance Officer and the Chief Sustainability Officer.

The SM Group Sustainability Steering Committee provides management oversight on sustainability initiatives that require group-wide cooperation and participation in achieving the SM Group Sustainability Agenda. The Sub-committees include:

- Climate Action Committee
- Energy Management Committee
- Equal Opportunity Committee

The SM Group Sustainability Steering Committee meets quarterly covering the following material topics: (1) Learning Sessions, (2) Business Unit Sustainability Roadmap Progress Reports, (3) Progress on Climate Action: Mitigation and Adaptation Strategies, (4) Sustainability Compliance, (5) Energy Management and Shift to Renewable Energy Sources, (6) Equal Opportunity, (7) Sustainability and Climate Risk Management, (8) Sustainability Capacity Building and Leadership Training, (9) Automated Sustainability Data Tool Management Development, and (10) Transparent Reporting and ESG Scorecards.

Items reported to the SM Group Sustainability Steering Committee are results of the sub-committee reports. A detailed summary of each Sustainability Steering Committee meeting is submitted to the SM Executive Committee and the Chair of the Corporate Governance and Sustainability Board Committee.

The SM Group Sustainability Office drives strategies, sets standards and builds capacity for the SM group. It has a dotted-line oversight to sustainability heads in the business. It operates on five key result areas: (1) Sustainability Leadership & Organizational Capacity, (2) Sustainability in Business Operations, (3) Sustainability Data Management, (4) Sustainability & ESG Scorecard Reporting, and (5) Sustainability in Brand Value.

The SM Group Sustainability Office developed the group-wide sustainability policy and management system serving as the foundation for the business units to develop their respective policies and management systems incorporating industry-specific standards and material issues.

Our Sustainability Policy & Management System

Sustainability Policy



Our Sustainability Policy aims to integrate the philosophy and practice of sustainability in every aspect of our business activities, manage the company's sustainability-related and climate-related risks and opportunities, and promote responsible corporate socio-economic and environmental practices. It is complemented by a comprehensive sustainability management system by which implementing rules and regulations apply to material sustainability topics.

Sustainability Management System

Human Rights Policy	Occupational Health and Safety Policy	Climate Action Policy
Anti-Bribery and Anti-Corruption Policy	Sustainable Supply Chain Policy	Resource Management Policy
Anti-Discrimination and Anti-Harassment Policy	Equal Opportunity Policy & Framework	Environmental Protection Policy
	Stakeholder Engagement Policy	Sustainability and Climate Risk Management Policy & Framework

As the policy and management system set the prepared environment for sustainable business practices, the SM Group Sustainability Office crafted a Sustainability and Climate Risk Management Framework to define the group-wide sustainability-related and climate-related risks and opportunities. These are based on identified risks and opportunities at the business unit level. Following our guidelines, we identified which of these risks are aggregated at the group level. The results are then elevated to the SM Group Steering Committee and subsequently reported and reviewed by the Corporate Governance and Sustainability Committee, as well as the Executive Committee at the Board level. The framework incorporates ISO 31000 and COSO WBCSD Risk Management Framework and is directly managed and monitored by the Head of the SM Group Sustainability Office. This is discussed in detail in the Risk and Opportunities section of this report on page 41.

To view the SM Sustainability Policy and Management System, please scan here.

STRATEGY:

Practical and Meaningful Sustainability

Having the right strategy shapes the future we envision.

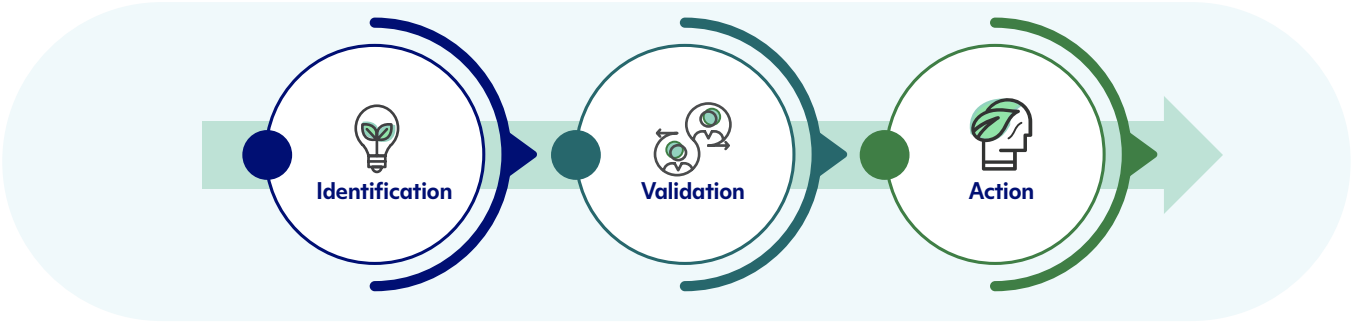


Our Double-Materiality Approach:

As a company, we create shared value by addressing two critical aspects of sustainability:



To further validate our approach, we referred to insights gathered from the Conversations we had with Our Stakeholders.



1. Identification

We identified our valued stakeholder groups, defined their value to us and itemized sustainability topics that may be of relevance to them and to us.

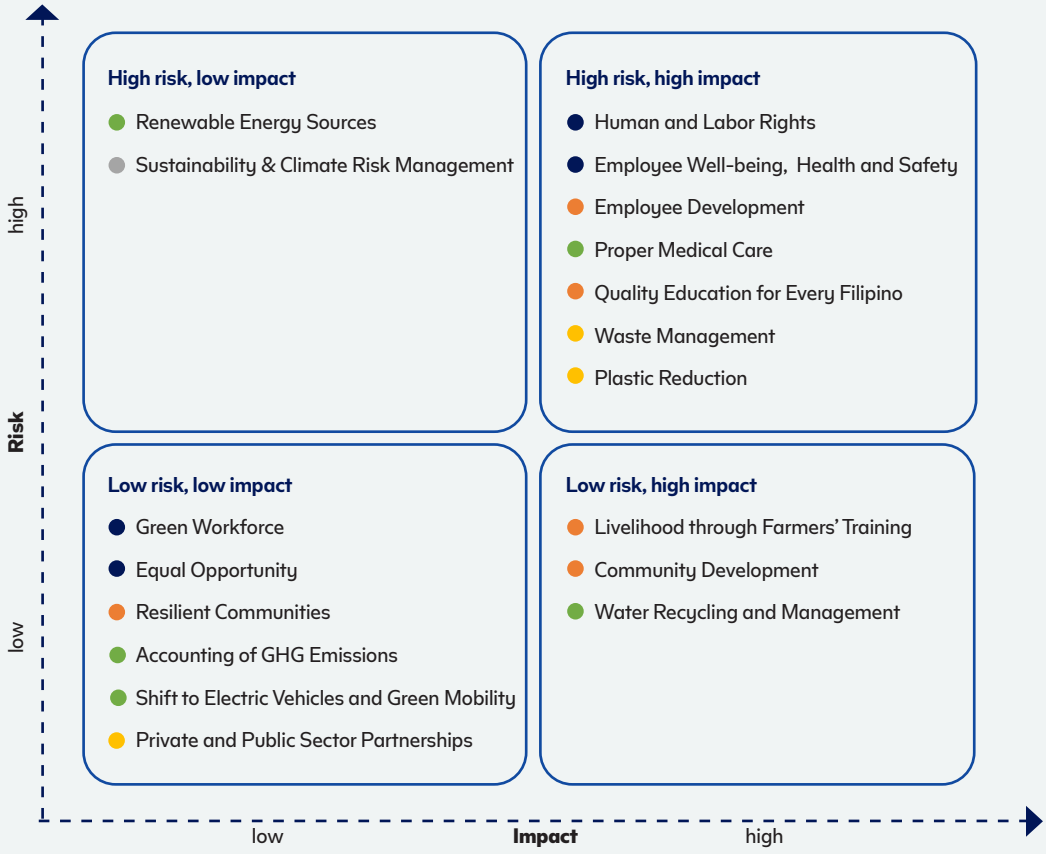
Stakeholder Group	Why they matter to us
Our People	Our people provide the strong foundation by which our company achieves our goals and serves our stakeholders. At SM, we cultivate an empowering culture of inclusion and meritocracy – providing women the opportunity for leadership roles and promoting a multi-generational workplace. With this, we value our people's priorities and how they assess the risks and opportunities we face in this rapidly changing landscape.
Our Customers	Our company is founded on a focused commitment to serve the needs and aspirations of our customers, providing access to products and services that bring practical and meaningful impact to help them achieve their lifestyle goals.
Our Suppliers and Business Partners	We are able to deliver an array of quality and affordable products and services with the support of our supplier partners. Finding ourselves in a distinctive position to influence our suppliers and customers, we help our suppliers, particularly the MSMEs, embark on their own sustainability journeys.
Our Communities	Wherever SM is present, our host communities welcome us and help support our growth. It is our shared mission to build strong socio-economic and sustainable hubs for our communities and the nation. Moreover, we help provide a solid foundation for sustainable development by giving access to quality basic services like education, health care and livelihood.
Our Investors	By sharing the same values and principles of sustainable investing, we are able to grow and serve more communities with the trust and support of our investors. As such, we are steadfast in delivering sustainable financial returns, upholding sustainable business practices, ensuring timely and accurate reporting and fostering continuous stakeholder engagement and dialogue to better understand their concerns and investment objectives.

2. Validation

What did they tell us?

Through our formal and informal conversations with our stakeholders, we validated each sustainability material topic and how it relates to our strategy

- Caring for Our People
- Thriving with Our Communities
- Living in Harmony with Nature
- Practicing Good Corporate Governance
- Working with Our Partners



3. Action

We focused on what's important and incorporated these in what we do, delivering practical results.

		Our Commitment	Our Progress in 2024
Caring for Our People	Employee Well-being, Health and Safety	We provide work-life balance, along with a healthy and safe working environment for our employees, both physically and mentally	185 million employee safe man-hours in 2024
	Human and Labor Rights	As a signatory of the UNGC, we adhere to the 10 Principles including human rights and labor	No recorded violations in any labor laws or human rights
	Employee Development & Green Workforce	We launched the SM Sustainability School to promote career growth equipping our people with sustainability knowledge	94% group-wide employee appraisal rate 43,131 employees enrolled 71 modules developed
	Equal Opportunity Framework and Meritocracy	As a signatory of the UN WEPs and advocate of an inclusive workplace, we launched a group-wide Equal Opportunity Framework	19 non-denominational meditation rooms 814 breastfeeding rooms for nursing mothers 787 PWD-friendly pathways 171 gender-neutral washrooms 64% of management roles across all levels are held by women

SM Groupwide: Our Progress

		Our Commitment	Our Progress in 2024
Thriving with Our Communities	Quality Education for Every Filipino	We actively contribute to upholding the right to education.	16,036 scholars supported by the SM Group to date 2,850 school buildings built and refurbished to date
	Proper Medical Care	We play a key role in providing our communities access to quality healthcare.	1.32 million patients served in medical missions to date 415 health centers and medical facilities built and renovated by the SM Group to date
	Livelihood through Farmers' Training	We build SM's business resiliency to serve as a platform for our supply chain network's resiliency	2,819 families trained in urban and rural farming
	Resilient Communities	SM supports our stakeholders in disaster preparedness and serves as first responder during calamities	2,692 participants in disaster preparedness trainings 827 families have benefitted in Operation Tulong Express to date
Living in Harmony with Nature	Waste Management and Plastic Reduction	We develop programs that encourage our customers to do their share for communities and the planet	Partnership with GUUN Partnership with PCX 40% EPR Compliance
	Water Recycling and Management	All SM companies implement water efficiency programs – reduction, recycling and treatment	15.7 million m^3 total water recycled 10% increase from 2023
	Shift to Renewable Energy Sources	Whenever possible, SM will promote the use of renewable energy sources	Additional PHP2 billion investment by PGPC in equipment and projects to improve efficiency in operations
			PHP1 trillion loans disbursed through BDO SEF Funding and PHP147 billion loans disbursed by Chinabank for Sustainable Finance Portfolio
			69 EV charging stations in 123 malls
	Accounting of GHG Emissions	SM is committed to managing, measuring and reducing its GHG emissions	GHG Management Plan resulting in a cumulative GHG reduction of up to 40% by 2040, using 2019 as the baseline
			WWF engagement: Corporates for a Better Planet Initiative and TCFD signatory
	Shift to Electric Vehicles and Green Mobility	Whenever possible, SM will promote the use of EV	22% of 2GO's forklifts are electric
Practicing Good Governance	Sustainability Leadership in Our Board & Ethical Practices	Our Board maintains its commitment to upholding the principles of good corporate governance	Corporate Governance & Sustainability Board Committee Sustainability Steering Committee Sustainability Policy & Management System including Anti-Bribery & Anti-Corruption Policies
	Sustainability-Related and Climate-Related Risks	We systematically identify, assess, mitigate and monitor risks associated with environmental, social, and governance factors in a structured manner	Sustainability and Climate Risk Integration in Risk Management Framework with action points and monitoring, reported in IFRS S1 and S2 2024 report
	Private and Public Sector Partnerships	We provide access to basic services for the communities we serve	PHP868 million community investments in 2024 UN Global Compact partnership for Nego Unlad MSME Caravan participated by 12 MSMEs
Working with Our Partners	Support to MSMEs	We provide growth opportunities for our MSME partners alongside our banks, malls, and retail stores	PHP72 billion SME/MSME loans by BDO and Chinabank
	Green Procurement	We empower our partners and team members to make environmentally-friendly procurement options	Over 100,000 MSME partners throughout the Group
	Access to Sustainable Products and Services (Green Finds)	SM supports customers in their shift to greener lifestyle choices	Over 20,000 SKUs under SM Green Finds program across SM Retail

The SM Sustainability Agenda and Value Creation

As illustrated in our Integrated Report, we focus our strategy and value creation through a four-pronged approach (1) Build Integrated Property Developments, (2) Deliver a full range of banking services for growth and financial inclusion, (3) Create modern retailing to address the needs and aspirations of our customers, and (4) Invest in new and related sectors to capture high growth opportunities. These align with the sustainability material topics in the SM Sustainability Agenda in managing our sustainability-related and climate-related risks and opportunities as illustrated below.

Taking into consideration the global megatrends shaping the Philippines sustainability agenda and how these trends influence our own approach to sustainability and creating shared value, we introduced a fifth approach: Wherever we operate, we aim to close gaps in social development by creating access to quality education, public school infrastructure, healthcare, and livelihood. This approach positively impacts our community stakeholders, creating a ripple effect that enhances their lives and benefits future generations.

Global Megatrends	Philippine Sustainability Agenda	Our Approach to Creating Shared Value	The SM Sustainability Agenda
Urbanization According to National Geographic, nearly 70% of the global population is projected to live in urban areas by 2050.	According to the Philippine Urbanization Plan, 54% of Filipinos live in urban centers. It is projected that about 84% of Filipinos will live in cities by 2050.	**Approach 1:** We create integrated property developments to serve as socio-economic hubs developing 2nd tier cities to 1st tier cities.	**Sustainable and Resilient Integrated City Development Designs**
Glocalization According to the World Bank, SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development.	According to Philippine Statistics Authority (PSA), 99.63% of Philippine companies are MSMEs providing 66.97% of job creation. Meanwhile, only 25% of Filipinos understand basic financial concepts.	**Approach 2:** We deliver a full range of banking services to deliver growth and financial inclusion.	**Financial Inclusion, Job and Entrepreneurship Creation**
Climate Change The Paris Agreement is an international treaty covering climate change, mitigation, adaptation and finance which was signed in 2016.	The European Commission states that the Philippines contributes only 0.3% in global greenhouse gases yet it is among the top 3 most vulnerable countries to climate change impact.	**Approach 3:** We invest in new and related sectors to capture high growth opportunities (i.e. investment in PGPC, GUUN Waste to Fluff Fuel)	**Climate Action and Just Transitions towards a Low Carbon Economy**
Responsible Consumption PwC reports that consumers are willing to spend an average of 9.7% more on sustainably produced or sourced goods, even as cost-of-living and inflation concerns persist.	75% of Filipinos are actively seeking out brands that offer ways to offset their impact to the environment according to Kantar Worldpanel.	**Approach 4:** We create modern retailing to address the needs and aspirations of the Filipino	**Green Options for Sustainable Lifestyle Shifts**
Income Inequality The UN reports that more than 700 million people, or 10% of the world population, still live in extreme poverty today, struggling to fulfill the most basic needs.	According to data from the Philippine Statistics Authority (PSA), an estimated 18.1% of the population live below poverty line and only 78% complete basic education aged 4-5.	**Approach 5:** Wherever we operate, we help close the gap in social development by creating access to quality education, public school buildings, health care and livelihood	**Societal Well-being and Development**

To view the 2024 SM Investments Integrated Report, please scan here.

Our Strategy in Managing Sustainability-Related & Climate-Related Risks and Opportunities

To view the **Sustainability-Related and Climate-Related Risk Management Policy**, please scan here

We reviewed the SM Sustainability Agenda, identified the material topics essential to achieving them and we assessed the financial risks and opportunities involved.

(Time Horizon: Short – up to 3 years, Medium Term – over 3 – 7 years, Long Term – over 7 years)

The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Sustainable and Resilient Integrated Property Development Designs	**Green & Resilient Infrastructure**	**Risk:** Climate-related physical risks due to increasing typhoons and flooding **Opportunities:** Investments in sustainability & resiliency as part of building and city designs	**PHP8 billion** (estimate) of SM Prime CAPEX for resilient and sustainable design developments *(Note 15 - Investment Properties)* **PHP17 billion** SMIC investment in NEO, owns seven EDGE-certified office buildings *(Note 15 - Investment Properties and Note 13 - Investment in Associate Companies and Joint Ventures)*	Within Own Operations short to medium term
	Resource & Materials Management	**Risk:** Increasing waste and decreasing natural resources particularly water **Opportunities:** Technological partnership for circular systems	**PHP57 million** investment by SM Prime in GUUN which is engaged in recycling and repurposing of waste *(Note 2 - Basis of Preparation, list of subsidiaries)* **PHP10 million** operating cost by SM Group for plastic material management & EPR compliance *(Note 23 - Costs and Expenses)* **PHP450 million** annual savings in electricity cost with the use of LED energy-efficient lighting system in all 76 The SM Stores *(Note 23 - Costs and Expenses)*	Water: long term; Upstream Materials Management: short term, Own Operations

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.



The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Climate Action and Just Transitions to a Low Carbon Economy	**GHG Management**	**Risk:** Insufficient renewable energy sources and technology to drastically reduce GHG emissions of our 4 largest emitters: SM Prime, SM Retail, Atlas Mining and 2GO **Opportunities:** Investments in solar energy whenever possible	**27.6 GWh** of clean, solar energy generated from solar panels across SM Prime malls and developments across its properties *(Note 23 - Costs and Expenses)* **PHP376 million** investment by Atlas Mining in floating solar panel installation. Expected commissioning in May 2025. As of yearend 2024, PHP330 million has been recognized as construction in-progress. The expected annual savings is PHP96 million *(Note 13 - Investment in Associate Companies and Joint Ventures)* **PHP2 billion** investment in 3 new energy-efficient vessels *(Note 14 - Property, Plant and Equipment)*	Sourcing RE: Upstream short to medium term Investments in RE within Own Operations; short to medium term
	Renewable Energy (RE) Accessibility and Availability	**Risk:** Inequality of RE costs due to high demand to reduce GHG emissions aligned to global goals **Opportunities:** Expansion into renewable energy investments	**PHP28 billion** investment by SMIC in PGPC *(Note 2 - Basis of Preparation, list of subsidiaries)* **PHP5 billion** investment by SMIC in CREIT *(Note 13 - Investment in Associate Companies and Joint Ventures)*	Upstream & Own Operations long term
	Financing Renewable Energy	**Risk:** Credit Risk Assessment in our loan portfolio **Opportunities:** Policy stability to secure funding in the face of rising market risks	**PHP155 billion** loans to the renewable energy industry players **PHP172 billion** ASEAN Sustainability Bonds issuances by BDO **USD100 million** Blue Bonds issuances by BDO	Downstream & Own Operations medium to long term
Financial Inclusion, Business Creation	**Inclusive Access to Financial Products and Services**	**Risk:** Lack of MSME supplier's confidence and access to financial capital to meet growing market demands for sustainable products. **Opportunities:** Banking products designed for MSME business growth	**PHP72 billion** loans to MSMEs by BDO and Chinabank	Downstream short to medium term
	Financial Literacy	**Risk:** Potential market's limited disposable income in a growing customer pool **Opportunities:** Financial learning opportunities and increase awareness serving new markets for banks reaching the unbanked sector		Downstream medium to long term

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.



The SM Sustainability Agenda	Material Topics	Financial Risks & Opportunities	Financial Value	Value Chain, Time Horizon
Green Options for Sustainable Lifestyle Shifts	**Sustainable Products**	**Risk:** Lack of affordable green product options in scale **Opportunities:** Financing Green Business Production & Highlighting Green Products in Marketing	**PHP56 billion** sales from sustainable products *(Note 6 - Segment Information)*	Downstream short to medium term
	Inclusive Supply Chain & Access for MSMEs	**Risk:** No significant risk **Opportunities:** Encouraging supply chain partners to start their sustainability journey	Over **100,000** MSME partners supported Groupwide	Downstream long term
	Customer Rights & Data Privacy	**Risk:** Customer Data Breach **Opportunities:** Policy and Infrastructure Protocols for Data Privacy and Security	**PHP35 million** investment by the SM Group in data privacy and security software *(Note 14 - Property, Plant & Equipment)*	Downstream short to long term
Societal Well-being and Development	**Quality Education for Skilled Manpower Pool**	**Risk:** Mismatch of skills sets vs market requirements due to quality of public education and lack of access to tertiary education **Opportunities:** Skills Development and Education	**PHP361 million** donations by the SM Group to SM Foundation, the group that executes skills development and education initiatives for the SM Group *(Note 23 - Costs and Expenses)*	Downstream & Own Operations short to medium term

Please see SMIC's Integrated Report 2024 Financial Report for the specific note references indicated in the chart.

Economic Data

We generate profits with purpose, facilitating economic activity and sustained growth at every touch point of our businesses and across our stakeholder groups. We employ prudent financial planning and management, anchored on good governance as a solid foundation. As our pillars for growth, we incorporate sustainability best practices to create shared value that bring practical, positive impact on daily living.

Economic Value Table for SM Investments Corporation and its Subsidiaries (in million pesos)	2024	2023	2022
Direct Economic Value Generated	660,170	620,735	556,478
Less Economic Value Distributed	562,227	532,082	484,168
Operating costs	449,796	427,231	395,682
Employee wages and benefits	39,894	35,691	30,852
Payments to providers of capital	41,976	41,420	34,261
Payments to government	29,693	26,969	22,691
Community investments	868	771	682
Economic Value Retained	97,943	88,653	72,310

STRATEGY IN ACTION:

Case Studies



At SM, excellent execution determines the success of a good strategy. It must be practical, replicable and scalable.

SM RETAIL — Redefining Sustainable Shopping

The Philippines is a young and dynamic market with an average age of 28 with more than half of the Filipino entrepreneurs aged between 18 and 44. This is indicative of the shifting consumer behavior in the Philippines with about 57% preferring omni-channel shopping. This growth however, comes with an environmental cost, with the Philippines ranking among the highest in plastic pollution from consumer waste. Alarmed by this, eco-conscious consumers are eager to reverse this trend, as a study revealed that 81% of Filipinos are willing to pay more for sustainable product choices.

SM Retail is uniquely positioned to shape sustainable retailing in the country, standing at the intersection of supplier partners and customers. With the largest retail footprint in the country, we recognize our role and responsibility in meeting the aspirations of Filipino families to shift to a more sustainable lifestyle. We make this possible by offering a wide range of affordable sustainable products.

To equip ourselves to rise to this challenge, we institutionalized sustainability in our retail offices, working culture and brands. These are the areas we focus on:

Sustainability Leadership, Strategy & Capacity

Established an SM Retail Sustainability Steering Committee

Established an SM Retail Sustainability Office

Appointed an SM Retail Sustainability Head

Developed a Sustainability Policy and Management System specific to the retail industry

Developed an SM Retail Sustainability School

Green Shopping Experience

Launched a Campaign:

Green Store - transforming our stores to use renewable energy, save water, reduce plastic use

Green Finds - promoting products that incorporate sustainability in its value chain

Green Habit - engaging customers to use our eco-bags

Inclusive Supply Chain & Communities

Developed a program for local suppliers, micro, small and medium enterprises (MSMEs)

Established programs that promote social inclusiveness in the communities we serve (CSR programs)

SM Retail Sustainability Policy

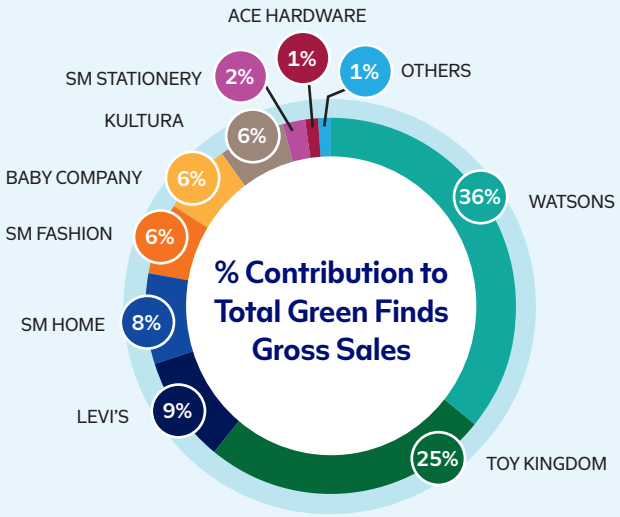
Aligned with SM Investments' Sustainability Policy, the SM Retail Sustainability Policy aims to integrate the philosophy and practice of sustainability in every aspect of our retail business activities, manage the company's sustainability and climate-related risks and opportunities, and promote responsible corporate socio-economic and environmental practices. This is complemented by a comprehensive sustainability management system.

Human Rights Policy	Resource Management Policy	Sustainability & Climate Risk Management Policy
Anti-Bribery and Anti-Corruption Policy	Environmental Protection Policy	Sustainability Policy
Anti-Sexual Harassment Policy	Sustainable Supply Chain Policy	Responsible Marketing, Labeling and Packaging Policy
Occupational Health and Safety Policy	Stakeholder Engagement Policy	Data Privacy
Climate Policy Statement	Equal Opportunity Policy	Employee Welfare Policy

Green Finds

Where Sustainability Meets Style

At SM Retail, we curate products that incorporate sustainable practices in their value chain. These products or brands exhibit one or more of the following traits: fair trade, locally made, ethically manufactured, use of natural, organic or plant-based materials, promote circularity and have a low carbon footprint in distribution. More broadly, these products also promote local artisans, protect cultural heritage and traditions, and support local livelihood.



The Tarp Project - From Banners to Bags

We partnered with local designer Zarah Juan to upcycle 34,000 square meters of used tarpaulins into stylish bags. A total of 283 pouch bags and 506 tote bags were sold, while 2,000 tote bags were donated to St. Luke's Foundation and La Union Vibrant Women, Inc. (LUVWI).



789
Total bags and pouches sold



3,784
Total bags and pouches made

2,000
donated to St. Luke's Foundation and La Union Vibrant Women, Inc. (LUVWI)



100 Jobs created



Kind to Kids.
Kinder to the Planet.

We offer a fun and eco-friendly way to play with safe, sustainable toys that help raise environmental awareness in kids. These toys are free of harmful chemicals and crafted from natural resources like wood, fast-growing bamboo and organic cotton. These toys become powerful tools for teaching children about environmental responsibility and sparking curiosity about recycling and love for the planet.

25%
Contribution to Total Green Finds Gross Sales





80%
Less water used in EcoWash denim

60%
Reduction in chemical usage

SM Fashion
Sustainable Style Starts Here

A more sustainable wardrobe starts with the choices we make. At SM Fashion, you'll find brands that embrace responsible production and eco-conscious materials. Code Blue jeans are designed with sustainability in mind — its green find collection is crafted from Repreve® fibers made from recycled plastic and treated with EcoWash technology to reduce water and chemical use.



SM Home

Thoughtful Choices for Everyday Living



SM Home continues to explore practical and sustainable home solutions that support responsible living. By collaborating with local and global partners, we offer thoughtfully sourced home essentials that promote environmental responsibility and craftsmanship.



Kea International Trading, a women-led local supplier, creates home essentials from natural materials like buri, abaca, and seagrass for stylish storage. Their acacia wood plates and boards also showcase the strength of locally grown wood.

Akemi, in partnership with TENCEL, introduces textiles made from fibers that are 100% biodegradable and compostable. With approximately 80% of textile waste ending up in landfills, using TENCEL fibers offers a sustainable alternative without compromising quality and comfort.

Similarly, Natureware by Melawares presents an eco-friendly tableware collection made from recycled PET materials, reducing the demand for virgin plastic. Designed for safe everyday dining, this collection is food-grade certified and available in modern hues, combining sustainability with style.

100%
biodegradable and compostable fibers



Green Store

Step into the Green Scene

We are rethinking the whole Filipino shopping experience. It begins the minute you step in our stores. Beyond the vast array of product offerings, we re-designed how our stores function. We operate two main retail formats: Food (Supermarkets and other retail food formats) and Non-food (The SM Store and Specialty Stores such as Kultura, Toy Kingdom and Watsons, among others). We developed our own criteria on what makes a green store starting with The SM Store. We aligned this with the standards set by the World Green Building Council, the ASEAN Energy Efficiency and Conservation, and the BERDE rating system.

Sustainability Criteria	Power Consumption	Water Consumption	Airflow	Temperature Setting	Use of non-toxic construction material	Waste Management Program	Use of eco-friendly cleaning materials	PWD Compliant	Emergency Preparedness
Sustainability Indicators	≤ 15kw/ square meter	≤ 32 liters/ day/ employee	(≤0.06 cfm/ft2) or (0.3 L/s·m2)	21°C ≥ temperature ≥ 26°C RH maximum 70%	Use of low VOC paint	Waste Segregation and Hazardous Waste Disposal	Non-toxic and eco-friendly chemicals and materials	BP 344 compliance	BCP/ Emergency Preparedness Plan
Sustainability Alignment	Asean Energy Efficiency and Conservation	World Green Building Council (WGBC). LEED Water Efficiency Credit	ASHRAE Version 62.1 Minimum Ventilation Rates in Breathing Zone	ASEAN EE&C	Philippine Green Building Council BERDE certification	RA 9003 Ecological Solid Waste Management Act RA 6969 Hazardous Waste Management Act	RA 6969 Hazardous Waste Management Act	Apolinario Mabini Awards	OCD ICS Guidelines

A Snapshot of our Sustainability Progress in SM Stores

Energy Management

110.62 GWh
Total power consumption of SM Stores across 76 branches in 2024

Saved **48 GWh**
across 76 of SM Store branches through the LED upgrading program

5%
Total energy savings since 2019 through the energy efficiency programs

738
Solar panels installed in SM Store Cubao with a total capacity of 405.9KWp

Water Management

911,117m³
(29.84L/day/ employee) total water consumption of SM Stores across 76 branches

348,529m³
or 30% total reduction in water use through water efficiency monitoring (2019 vs 2024)

Air Quality

1.2 K/s/sqm
Average ventilation rate of SM Store branches

23.23°C
Average temperature setting of SM Store

Eco-Friendly Cleaning Materials - Ultra Clean Detergent Powder V2, Virex, Go Getter W4Bz, Suma Cal-X D5, Jonrox

Waste & Materials Management

40%
SM Store EPR compliance

4.12mn kg
Tarpaulins avoided through the use of LFD advertising in SM Store branches

The Green Case of SM Store Aura

In an SM Green Store, every detail is intentionally crafted to reduce environmental impact while offering a seamless, sustainable shopping experience.

Interior Paint Coating:
Boysen Permacoat Semi-Gloss Latex with VOC of 4.6g/L

These cleaning materials are compliant with RA 6969 Hazardous Management Act

- Ultra Clean Detergent Powder V2
- Virex
- Go Getter W4Bz
- Suma Cal-X D5
- Jonrox

Green Initiatives:
Following Recyclable - Disposable - Compostable (RDC) Program and Scrapping Guidelines

Emergency Preparedness:

- Existing emergency protocol manual compliant with OCD ICS Guidelines
- Participates in Nationwide Simultaneous Earthquake Drill and BFP Fire Drill

7.6 KWH/SQM
total power intensity

29.8 L/day /employee
water consumption intensity

24.15 °C,
temperature setting 66% Relative Humidity Level

A Closer Look: Powered by Green Energy

The SM Store Cubao and the SM Retail Headquarters are fully powered by renewable energy sources.

738
Solar panels on the SM Store Cubao Rooftop with 405.90KW total capacity

40,802 KWh
reduction for the SM Store Cubao (Solar)

12%
reduction in energy cost for the SM Retail HQ (RES)

9%
reduction in energy cost for the SM Cubao





Existing process and policy are compliant with RA 9003 Ecological Solid Waste Management Act

Awarded and Certified by PFRD with AMA Bronze category

Green Habit

A Green Planet Starts with You

Filipino shoppers play a crucial role in ushering a greener retail landscape in the country. Shoppers can re-define how products are made and sold. We engage our customers to embrace sustainable habits including the use of eco-bags and promoting circular habits.

This collective consumer behavior may lead to shifts in how products are manufactured as well as a greater societal conscience in choosing greener products.

The Evolution of the Eco-Bag: From Everyday Essential to Sustainable Fashion Icon

Using eco-bags has never been more stylish. What began as a humble recyclable bag has evolved into a sustainable fashion accessory. Moreover, it has become an icon of our collective effort to save the planet.

Join the MOB: SM Markets' Green Bag Initiative

SM Markets took the lead in promoting reusable bags with the "Join the MOB (My Own Bag)" initiative in 2007. Since then, it has inspired other retailers to follow suit.

More than just an eco-friendly alternative, the SM Green Bag has evolved with stylish designs and various sizes to fit different shopping needs. In 2024 alone, SM Markets sold 19 million Green Bags, equivalent to around 42 million plastic bags avoided, proving that sustainability can be both practical and fashionable.

19 million
SM Green Bags sold in 2024 which is equivalent to around 42 million plastic bags avoided



SM Store Eco-Bag

4 Million
total sales units of SM Store reusable bags sold in 2024

7%
growth in the sales amount of eco-bags in 2024

Kultura – Functional Fashion Icon

With the urgency to save the planet, the demand for eco-bags has evolved not only as a means to save the planet but also as a symbol of one's commitment to a sustainable lifestyle. Kultura collaborated with local artisans for creative expressions of sustainably sourced eco-bags, crafted from various natural materials in stylish designs promoting fashion for a cause.



Case Study: A Green Look at Watsons

Green Store

Watsons Greener Store

Watsons launched its own version of a Green Store, setting the standard for what a Watsons Greener Store should be, starting with the Watsons Greener Store in Pacita Complex, San Pedro, Laguna.

Sustainable Elements of Watsons Greener Store

The use of Renewable Energy Sources

71 tonnes of CO_2 avoided, equivalent to 40 trees, is the total environmental benefit of the solar panels installed over the past 10 years

Sustainable In-Store Materials and Fixtures

Use of Solidus materials, FSC certified paper, and wood for displays

Energy Efficient Appliances

40% savings in energy due to use of 100% LED lights and inverter air conditioning and refrigerators

Waste Management

Promote the use of reusable shopping bags and encourage waste reduction, segregation & recycling

Sustainable Choices

Advocate for Clean Beauty, Better Ingredients, Refill Packs & Better Packaging from responsibly- sourced materials

Refilling Station

Naturals by Watsons Refilling station resulted in 40% savings



Green Finds

Sustainable Choices

Watsons sources products with packaging made from materials that support responsibly managed forests, use recycled plastic or paper and are packaged in reusable materials.

2,140
Sustainable choices SKUs

13%
Contribution to sales in Watsons

36%
Contribution to total Green Finds gross sales

Green Habit

Watsons Refilling Stations

Customers can save up to 40% at Naturals by Watsons Refilling Station. Launched in 2022, Watsons invites customers to embrace the habit of reusing their Naturals by Watsons body wash and shampoo bottles by simply bringing them to be refilled. Initially opened in SM Megamall, the refilling stations are now available at 4 Watsons branches: SM North Edsa, SM Megamall, SM Mall of Asia, and Watsons Pacita Complex, San Pedro.

315,000
Refill packs
(+35% growth vs LY)



SM for MSMEs
Micro Small Medium Enterprise

Micro, small, and medium enterprises (MSMEs) are the backbone of the Philippine economy, and at SM, they are at the heart of our business. Throughout our retail businesses, we work with thousands of MSMEs. We serve as their community, partner and marketplace—offering access to financing, retail spaces, marketing, and business platforms to help turn small beginnings into lasting success.

KULTURA
UNIQUELY FILIPINO

Empowering Filipino Craftsmanship

Empowering MSMEs means empowering the country. Kultura is home to 158 MSMEs, each celebrating Filipino artistry and sustainability. From indigenous craftsmanship and locally sourced ingredients to upcycled and eco-friendly creations, Kultura provides a platform for entrepreneurs who preserve traditions, uplift communities, and champion sustainable living.



Indigenous Craftsmanship

Through Kultura, we empower artisans and entrepreneurs who champion indigenous craftsmanship, ensuring that the rich cultural traditions of Filipino communities are preserved and passed down through generations.

33%

of Kultura's 2024 total sales came from products like barongs, Filipiniana attire, native bags, and woven materials

121

entrepreneurs in Kultura champion indigenous craftsmanship











Kangkong King
Transforming the humble water spinach into innovative, locally made crispy snacks - redefining Filipino flavors with a focus on quality and sustainability.

195
entrepreneurs in Kultura use locally sourced ingredients

Locally Sourced Ingredients

We support entrepreneurs who use locally sourced ingredients to craft both food and personal care products that showcase the artisanal skills of Filipinos and the country's rich natural resources. These products uphold fair trade practices and adhere to international manufacturing standards, ensuring quality and ethical production.



17%
of Kultura's 2024 total sales came from entrepreneurs crafting food and personal care products using homegrown ingredients



Upcycled and Eco-Friendly Products

As part of our commitment to circularity, Kultura nurtures businesses that embrace sustainability by upcycling materials into new, high-quality products that contribute to waste reduction and eco-conscious living.

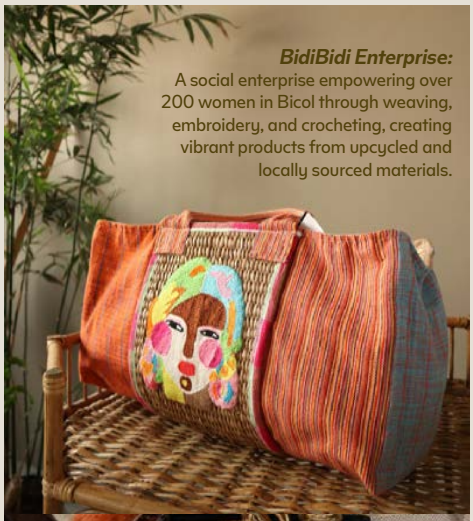
33%
Kultura's total sales in 2024 came from these sustainable innovations





Kamay Krafts Multi-Purpose Cooperative:
A women-led cooperative in Manila empowering around 100 artisans by transforming recycled materials into high-quality handcrafted products.

124
entrepreneurs in Kultura promote upcycled and eco-friendly products



BidiBidi Enterprise:
A social enterprise empowering over 200 women in Bicol through weaving, embroidery, and crocheting, creating vibrant products from upcycled and locally sourced materials.



Gifts & Graces Fair Trade Foundation:
A not-for-profit advocate transforming upcycled materials into socially responsible, artisanal products.

SM for MSMEs
Micro Small Medium Enterprise

SM MARKETS

Partners in Purpose

Our commitment to sustainability is a shared journey with our supplier partners. From reducing waste to innovating greener solutions, we are working together to create a lasting change.

Under the Sea: Sustainable Fishing & Job Creation

Based in Cagayan de Oro, *Under the Sea* has grown from a local seafood supplier to a trusted partner of SM Markets, emphasizing responsible fishing practices. By collaborating with the *Bureau of Fisheries and Aquatic Resources*, the company has adopted sustainable aquaculture methods, including the use of Norwegian fish cages for raising tilapia and bangus. Beyond protecting marine ecosystems, *Under the Sea* directly supports local fisherfolk, ensuring stable livelihoods, creating job opportunities and reinforcing ethical fishing standards.





Royal Breadhaus: A Sustainable Supply Chain

Starting as a small bakery in Davao, *Royal Breadhaus* has transformed into a household name across Mindanao, supplying over 300 bakery products to SM Markets. Their Environmental Monitoring Program reduces waste, upcycles food scraps into fertilizers and fish feed, and optimizes energy use – solar power now covers 40% of their production needs. By prioritizing local sourcing of ingredients like sugar, eggs, and vegetables, they not only maintain quality but also support local farmers and minimize their carbon footprint.

Sanicare: Sustainable Hygiene Solutions

Since 1996, *Sanicare* has been providing high-quality hygiene products while embedding sustainability into its business. The company sources paper from sustainable tree farms and avoids harmful chemicals in its products. Their oxo-biodegradable trash bags and starch-based cutlery offer practical, eco-friendly alternatives to traditional plastic. Beyond environmental efforts, *Sanicare* invests in employee welfare, supporting over 500 workers through fair wages and financial assistance programs.



Customers Helping Communities

Our customers help transform communities through our Shop & Share program. With curated donation kits, SM addresses critical needs in education, health, and livelihood, delivering tangible benefits while fostering stronger connections with Filipino communities.

Shop&Share™ for Women

5,000
Menstrual hygiene kits distributed to underserved young women

Partnered with Girl Scouts of the Philippines, UN Women, and SM Foundation to provide educational resources and health knowledge

Shop&Share™ Digital Learning Hubs

10,000
Students benefited from the digital learning hub

Doubled the computer-to-student ratio in supported schools





Shop&Share™ for Education

12,000
School kits delivered to students in over 80 public schools

Boosted school attendance by reducing the financial burden on families.

Shop&Share a Toy

6,000
Brand new learning toys donated

Thousands of children across North Luzon, NCR, Bicol Region benefitted

Improved the play area of more than 40 SPED public schools in Cebu and Zamboanga City



Share Shoes

15,000
Pairs of shoes donated to children



Expanded school/ NGO beneficiaries by 20%, boosting attendance and participation in partner schools

CSR Day 2024

100
Teams volunteered from SM Store, SM Markets and other groups within the SM Retail network

1,000+
Employee volunteers participated in classroom refurbishments, gardening, book reading for children, clean-up drives, food pack distributions, and shoe donations.

SM PRIME Building Sustainable Integrated Property Developments

Almost 50% of Filipinos live in urban cities where access to livelihood, products and services is easier. This is expected to rise to 84% of the population in the coming years. However, most cities face challenges such as a backlog in housing, inadequate infrastructure and inefficient resource management, with a projected 22 million housing shortage by 2040. To remain competitive in the region, SM sees an opportunity to develop multiple integrated property developments with a focus on expanding in the Visayas and Mindanao regions. This expansion aims to improve job opportunities, local entrepreneurship, mobility, financial access, residential options and tourism. This strategy contributes to the Philippine Urbanization Plan which aims to make cities inclusive, resilient and sustainable.

2
Gold LEED-certified buildings in MOA Complex

726% *
Estimated increase of zonal value from 2009 vicinity value

Awarded as
Top Tax Payer
in City of Pasay

5
Operational E-com centers

6
SMDC (Ready for Occupancy) Properties in Mall of Asia Complex

14,886
Solar panels installed in MOA Complex

3
Waste Management Programs

24
Fun Run events hosted in 2024



Resilience to Liquefaction and Earthquakes: Driven and bored piles, combined with precise excavation methods, provide the complex with robust resistance against liquefaction and seismic activity

* Based from Pasay City Zonal Value (RDO 51) from BIR

Through SM Prime, we aim to develop more urban city centers nationwide, enhancing value-added services and creating greater impact to our customers and communities through the unique mix of businesses within the SM group. As we transition to greener cities, our designs incorporate climate resiliency, adaptation and green technologies, supporting the development of the countryside into first and second tier cities while keeping our infrastructure competitive with our ASEAN neighbors. To date, we have built 22 integrated property developments, with SM Mall of Asia serving as prime example and illustrating best the positive impact of how our integrated property development approach promotes socio-economic growth and environmental stewardship. SM engaged the expertise of Jan de Nul, a renowned Belgian coastal development company. Its extensive research and studies ensured the viability of the project, taking into account the complex interplay of land and sea. Today, our community reaps the socio-economic and environmental benefits of the SM Mall of Asia Complex.

2 million
Total sqm for SM Mall of Asia Complex

64%
Average hotel occupancy rate

7,229
Students studying in National University

Gateway to international and local artists & performances

18
kilometers of shared and dedicated bike lanes

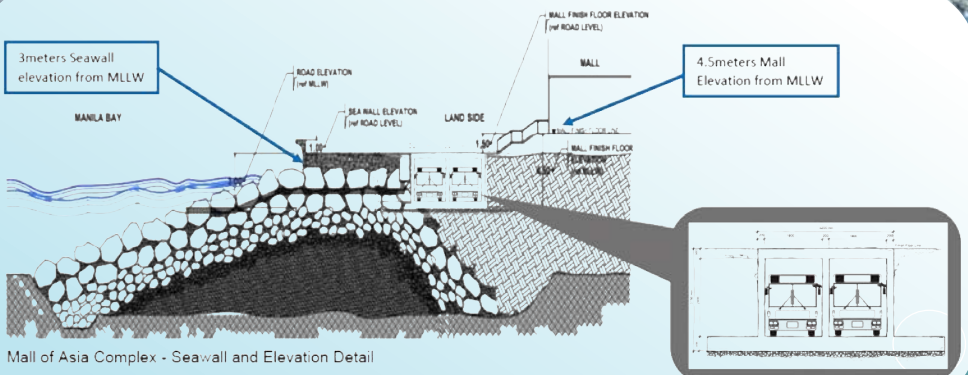
68%
of mall tenants are MSMEs

7,500m³
Water recyled in the MOA Complex in 2024



Completed
60 hectares
of integrated property development in 2006

Resilience to Storm Surge: seawall, standing 4.5 meters higher than the Mean Lower Low Water mark



Mall of Asia Complex - Seawall and Elevation Detail

Financing a Greener Future

A just transition to low-carbon and green economies requires substantial investments, particularly in developing nations, to balance much-needed economic growth with global aspirations to manage greenhouse gas (GHG) emissions. In the Philippines, this challenge is especially pressing, demanding a multi-faceted intervention for climate action to address the complex interplay of sustainability, economic resilience, and social equity.

PHP1 trillion
loans disbursed through BDO SEF Funding

PHP147 billion
loans disbursed by Chinabank for Sustainable Finance Portfolio



Green Financing: Transforming the Country to a Low Carbon Economy

While the Philippines only contributes 0.3% of global GHG emissions, it remains one of the countries with the highest energy rates in Asia. Increasing energy generation from diverse sources may promote equitable energy rates. BDO is the pioneer for green financing offering green and blue bonds, as well as direct sustainable energy financing.

2,679 MW
Total installed renewable energy capacity

USD 100 million
Blue Bonds offering

PHP 172 billion
Three ASEAN Sustainability Bonds issued by BDO

Infrastructure Development: Building for Sustainable Growth

The Philippines ranks lower than other ASEAN countries when it comes to infrastructure development. In 2019, the World Economic Forum ranked the Philippines' infrastructure 96th out of 141 countries. Given this, private-public partnerships are critical to accelerate the country's infrastructure development plan to remain socio-economically competitive with our neighbors, and create a trickle-down positive impact to business growth.

PHP114 billion
loans disbursed by BDO to national projects

PHP31 billion
Loans disbursed by BDO in the past 5 years for road networks

PHP47 billion
Loans disbursed by BDO in the past 5 years for airports



Inclusive Economies: Financing MSMEs

Our banks, BDO and Chinabank, have collectively provided PHP72 billion in loans to SMEs. Hundreds of inspiring stories of growth are born from this opportunity. One of which is *Cebu's Original Lechon Belly.*

Cebu's Original Lechon Belly has grown steadily, expanding to over 30 branches before the pandemic and overcoming challenges like Typhoon Odette and COVID-19. A crucial factor in its success has been the financial support from BDO Network Bank. Through six loan cycles, BDO enabled the business to finance essential equipment upgrades, renovate stores, and sustain operations during challenging times.





Financial Literacy: Smart Money Habits for Next Gen

The Philippines is reported to have one of the lowest financial literacy rates. In response, BDO and Chinabank have launched their respective financial literacy programs, while BDO Network Bank has also created products to support teachers. Moreover, BDO Foundation has worked with the Department of Education to include Financial Literacy in the K-12 Curriculum for the public school. This knowledge is critical in supporting the optimization of the demographic sweet spot the Philippines is currently experiencing.

19,501
Participants in the financial literacy programs of Chinabank

36
Financial wellness roadshows over two years across the Philippines

29
Financial education videos developed by BDO since 2018

6.5 million
Participants in the financial literacy programs of BDO in 2024



13.2 million
Total beneficiaries of the financial education programs by BDO Foundation since 2018

Green Energy for a Low Carbon Philippines

The global campaign to shift to renewable energy (RE) sources to mitigate climate change impact, coupled with the Philippines' predicament of having one of the highest energy prices in the region has led the Department of Energy to set an ambitious RE target of 35% by 2030 and 50% by 2040 RE power share.

As the country's pioneering geothermal developer, PGPC provides geothermal energy from its Tiwi and Mak-Ban steamfields to customer power plants that generate 300 MW of renewable baseload energy. This year, we expanded exploration to geothermal sites in Kalinga, Benguet, Cagayan, Quezon, Camarines Norte, Camarines Sur and Albay for a projected additional capacity of about 250-400MW.

We are focused on creating practical shared value for the communities we serve. We have a holistic approach which includes:

1) Producing indigenous, clean and renewable energy in support of the Philippines' transition to a low carbon economy,
2) Providing purposeful work and career development, while encouraging skills in STEM and Renewable Energy,
3) Improving the lives of our host communities in a practical and meaningful way, and lastly,
4) Delivering sustainable, safe, and reliable operations for growth.

1 million
powered through Mak-Ban & Tiwi steamfields

5 million
Equivalent barrels of oil saved

PHP6 billion
Revenue generated in 2024

2,720
Total GWh generated

1 billion kg
Carbon avoidance

2,824
Jobs created






19%
of STEM-related roles are occupied by Women

12,600
Trees planted

4.2 sq. km.
Protected marine sanctuary; supported the rehabilitation of coral reefs in partnership with a state university

655
College scholars supported as of 2024

21
Scholarships in STEM-related field

308,617
Mangrove and beach trees species planted and nurtured

289
Sea turtles rescued and released

2GO Steps Toward Greener Logistics

The global e-commerce market is projected to reach PHP2,786.67 trillion (USD47.73 Trillion) by 2030. Statista projects that the Philippine e-commerce market will reach PHP1.46 Trillion (USD25 Billion) with 31.6 Million consumers by 2029. This will redefine logistics and how it impacts customer service, inventory management, waste management and transport energy usage.

Seizing the growth opportunity to connect the 7,641 Philippine Islands, we enhanced 2GO's capacities in key areas to take foundational steps towards greener logistics in the country.

2

Green Mobility
minimizing environmental footprint with the use of Euro 4 compliant trucks, delivery optimization and implementation of ship energy initiatives

100%
Recyclable, reusable, and biodegradable packaging materials used across its operations and warehouses

1

Smart Warehousing
optimizing the use of smart energy, electric forklifts and automatic sorting machines

30%
renewable energy use for *Asinan* warehouse

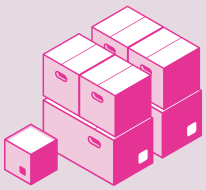
40%
Energy reduction through motion-sensor lighting





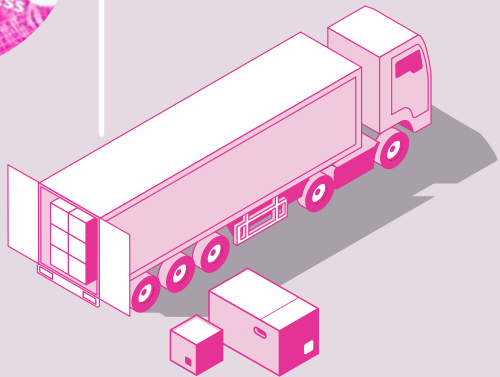
3

Eco-Friendly Packaging
Use of recyclable, reusable and biodegradable pouches and boxes to ship goods and items up to last mile delivery

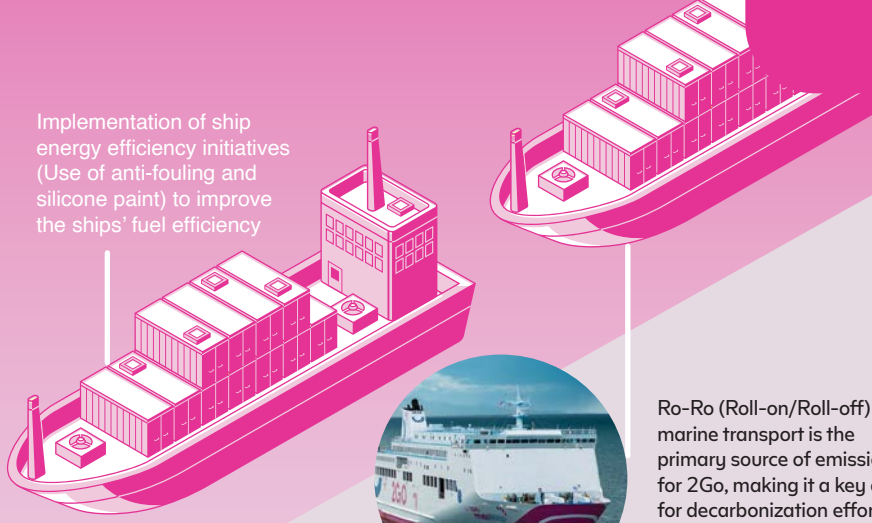




15,780 kg
Biodegradable pouches used



Implementation of ship energy efficiency initiatives (Use of anti-fouling and silicone paint) to improve the ships' fuel efficiency





Ro-Ro (Roll-on/Roll-off) marine transport is the primary source of emissions for 2Go, making it a key area for decarbonization efforts.

4 Climate Ready Operations

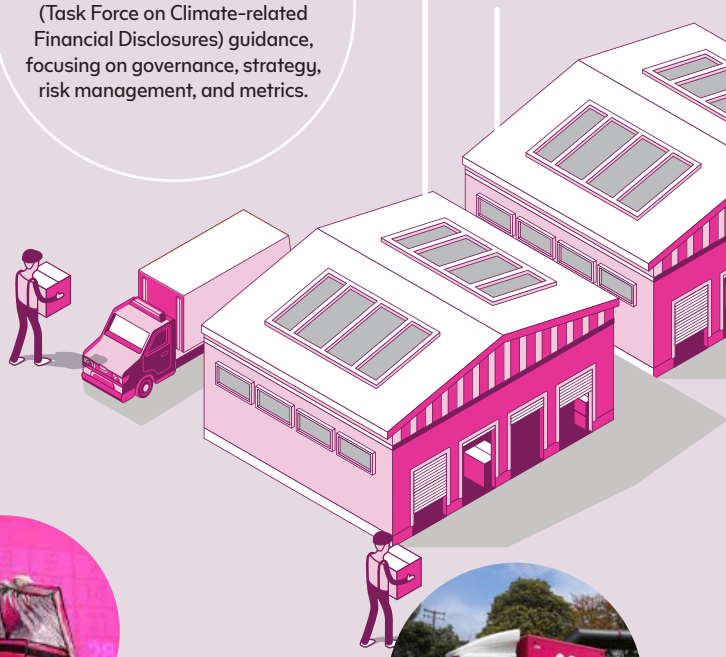
We conducted a climate scenario analysis to assess our impact on operations, prompting us to integrate climate adaptation measures into our business continuity plans. We also analyzed our energy optimization strategies to manage our greenhouse gas emission hot spots. This also includes our efforts to shift to low-sulfur fuel for our ships



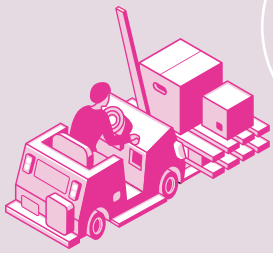
231
Metric tonnes of CO_2 emissions saved annually by multi-temp reefer vans

Establishment of a sustainability management team within 2GO, aligned with the TCFD (Task Force on Climate-related Financial Disclosures) guidance, focusing on governance, strategy, risk management, and metrics.

17%
Reduction target on GHG Emissions by 2040



42
Electric forklifts in use across warehouses







5 Resilient People and Communities

Equipping our people and our communities to be disaster-ready and able to mobilize support for vulnerable communities

16,020
Training hours for our people

11,447,728
Total safe man-hours

100
Training hours for our communities



6 Sustainability Governance

Establishment of the 2GO Sustainability Office, Policies & Management Systems



SM FOUNDATION Education - The Powerful Tool for Next Gen Filipinos

The Philippines has entered a demographic sweet spot for growth with more than 63% of its population in the working age group of 15 – 64 years old, with only 5% above 65 and the rest below 15. While this presents an opportunity to scale productivity, it is also a double-edged sword. In efforts to avert the sweet spot from turning sour, we have increased our investments in equitable quality education.

In 2024, we awarded our biggest college scholarship grant to 1,000 Filipino youth. Moreover, we continued our school building program with the goal of improving the quality of public school education. To date, we have constructed 110 quality school buildings and built 374 classrooms equipped with adequate learning facilities and sustainability features.

To better understand the impact of education as the greatest equalizer, we conducted an Impact Study employing the Social Return of Investment (SROI) methodology for our College Scholarship Program. The results indicate promising outcomes:

Alumni Achievements

70% of scholar graduates earn salaries above the minimum wage

72% of scholar graduates can now afford to travel internationally

10% of scholar graduates have become homeowners

Community Observations

78% of scholar graduates are perceived to have good work attitude by their employers

72% of community members believed that without a college degree, youths will not achieve steady income

Family Ripple Effect

32% of scholar graduates helped their siblings finish school

PHP7.19
Value return per 1 peso investment

700%
Value return on investment in every scholar

J.O.B.S Program

We help accelerate our young people's productivity and improve their quality of life. Through SM's Trabaho Para sa Bayan: J.O.B.S. (Job Opportunities Building Skills) we hosted job fairs and connected aspirants to job opportunities.

183
Job Fairs hosted to date

Over **100,000**
Job Seekers Accommodated

Over **14,000**
aspirants hired on the spot





Sustainability and Resiliency are two sides of the same coin. Sustainability ensures our long-term value while resiliency ensures our ability to create it.

RISK & OPPORTUNITIES MANAGEMENT:

Resilience for the Future



How We Manage Our Sustainability-Related and Climate-Related Risks and Opportunities

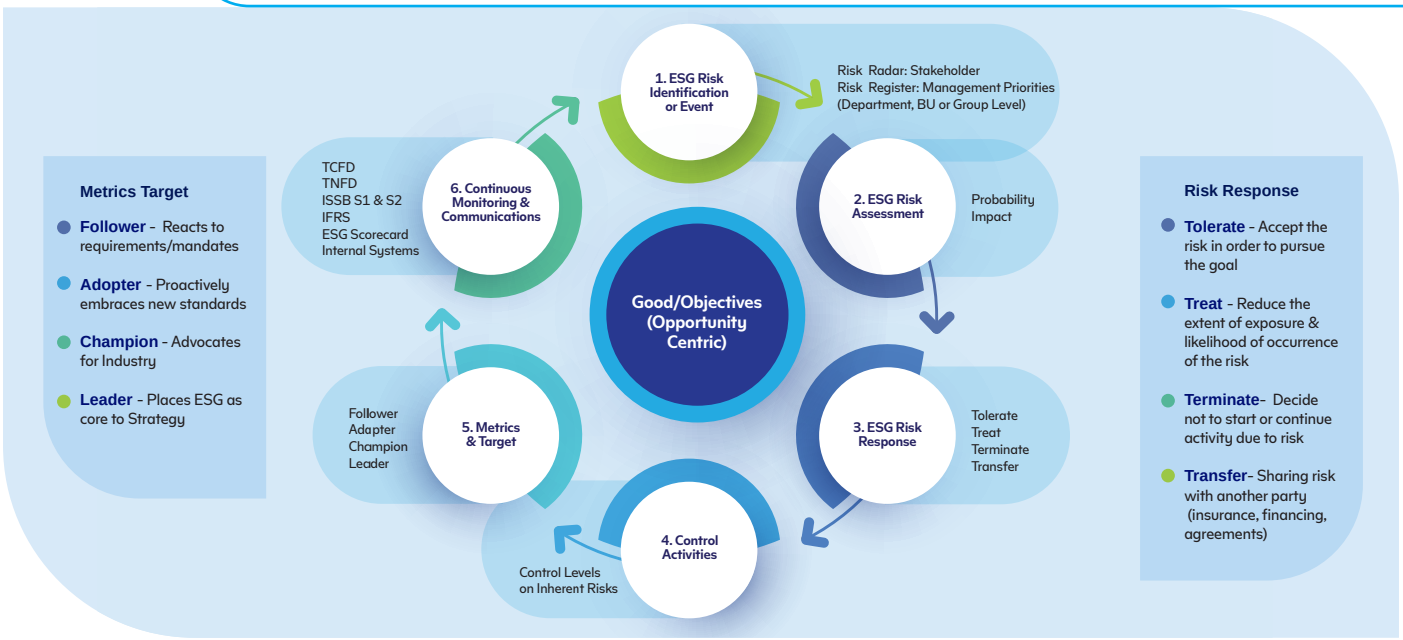
As an integral part of our Enterprise Risk Management, we developed a Sustainability and Climate Risk Management Framework that allows us to integrate its process in our business continuity plans at both the parent and business unit levels. We have put in place our Sustainability-Related and Climate-Related Risk Management Policy & Principles serving as guidelines for how we navigate unexpected occurrences – those we seek, and those we aim to reduce or outright avoid.

	Environmental Principles	Social Principles	Sustainability Governance
SEEK	• Seek just transition to low carbon economy within manageable scopes of our businesses • Seek to support circular economy within our business operations • Seek healthy levels of planetary boundaries for climate change, biodiversity loss and land conversion	• Seek and upskill employees for retention & transition to a low-carbon future of work • Seek to uphold human rights, dignity, diversity and equal opportunity for inclusive societies • Seek a robust ecosystem for sustainable supply chain practices & provide growth opportunities for our MSME partners	• Seek to comply with regulation & adopt frameworks • Seek non-partisan politics that support activities for the greater good of the communities we serve • Seek to adopt frameworks that meet investor expectations or those of other capital providers
REDUCE OR AVOID	• Reduce and avoid investments in or the use of materials that have a significant, irreversible impact on planetary boundaries • Reduce and avoid suppliers whose activities have a direct, significant, and irreversible impact on planetary boundaries.	• Terminate suppliers with violations on human rights, child labor, compulsory and forced labor, or other violations that may have irreversible damage to our brand or compromise the safety of our customers	• Avoid activities & associations that may pose significant or irreversible Sustainability-related and Climate-related liabilities resulting in suspension of our operations due to legal or social activism

Our Sustainability and Climate Risk Management Governance



Our Sustainability and Climate Risk Management Framework



Corporate Objective	Material Topic	Risk Identified	Risk Response	Control Activities	Metrics & Targets
Achieve business continuity & resilience for all SM facilities	Green & Resilient Infrastructure	Climate Physical Risks	**Treat:** Incorporating resiliency & sustainability features	Investment of 10% of SM Prime CAPEX in sustainability and disaster resilience design TCFD signatory & assessments	**Adopter:** Green Building Standards **Champion:** advocating for resiliency with UN ARISE **Leader:** 10% of CAPEX to resiliency
Achieve GHG management in transition to low carbon business operations	GHG Management	Climate Transition Risks - Insufficient renewable energy sources and technology	**Treat:** Investment in Renewable Energy Establish a group-wide GHG Management plan	PHP Investment in Renewable Energy Sources GHG Management Plan at the BU level – focused on 4 companies constituting 95% of groupwide emissions	Energy & RE plans resulting to 40% reduction by 2040 baseline 2019 **Champion:** participation in national carbon policies **Leader:** Renewable Energy in Business Investment
Operations beyond sustainability compliance	Resource & Materials Management	Increased regulatory compliance & cost of compliance	**Treat:** Each BU has a Sustainability Roadmap for Compliance SM Sustainability Office provides Sustainability Compliance Roadmap + Guidance	Active Engagement with Public Sector – DENR + DOST BU Level – Inventory Cost of Compliance R&D alternative materials to plastics	**Follower:** EPR Compliance (% plastic waste recovery): 40% by 2024; 50% by 2025; 60% by 2026; 70% by 2027; 80% by 2028 and beyond **Adopter:** SM Prime x GUUN Partnership for Waste to Energy DOE Compliance on Energy Efficiency & Audit 2024
		Potential Carbon Tax in the Philippines	**Treat:** Reducing our carbon footprint to minimize exposure to carbon tax beyond cap requirement per industry Setting a Group-wide Carbon Management Target	GHG Management Plan Initiated	Awaiting Carbon Intensity per industry in Philippine Setting
Adapt to emerging marketing & technological trends	Business Resilience	Artificial Intelligence (AI) in Sustainability	**Tolerate:** Impending innovation to which we must adapt	Hiring AI expert Having in-house AI training for all staff	To be determined

	What We Committed in the Short-Term (1-2 years)	Our Practical Actions Taken Last Year
Governance		
	Establish priorities & formal assessment & communication processes between the Board & management on progress	Climate Action Leadership Identified at the BU Level Climate Scenario Analysis resulting in Climate Adaption plan in Business Continuity Plan (BCP) GHG Reduction Plan included in Group-wide GHG Management Plan
Strategy		
Batch 1: PGPC, Airspeed, 2GO Climate-related risks & opportunities Incorporated in Sustainability and Climate Risk management Plan 4 Climate Scenario Analysis (RCP 8.5, NDC, 2C Scenario and Net Zero Scenario) Made Group wide GHG Management Plan established Climate Action Policy Established in BU Level	Upskilling members & establishing a process to periodically assess our climate-related vulnerabilities & opportunities 	These were the main findings for the 1st batch done in 2024: PGPC: recommended to be signatory of TNFD infrastructure Airspeed: (1) International sea freight GHG hotspot (2) Explore Electric Vehicle Transition (3) Evaluation of structural upgrades to mitigate flooding (4) Assess extreme heat impact on employee safety and productivity 2GO: (1) Marine transport via Ro-Ro as GHG Hotspot (2) Sub-Committee on Climate as part of 2GO Sustainability TWG established (3) Evaluation of structural upgrades to mitigate flooding : ELISCO 1 (High risk), Navotas (Moderate risk), and Iloilo Container Yard (Moderate risk).
Risk Management		
Climate Risks Identified in Group-Wide Sustainability & Climate Risk Management: Lack of RE to transition to low carbon operations Physical risks due to increased typhoons and flooding Each Business Unit is conducting a detailed analysis of key infrastructures on a per circumference area	Document progress & incorporate scenario analysis into climate risk management plans; raise employee awareness 	PGPC: (1) Flooding Interventions: riprap construction on slopes and runoffs, spillway enhancements, debris catcher installations, regular repairs of pipe supports, canals & drainage upgrades (2) established resiliency plan as part of the business continuity plan Airspeed: (1) Partnering with companies that have low carbon advocacies & will align clients' and suppliers' sustainability roadmaps with Airspeed's (2) Consideration of warehouse structure resiliency in future facility expansion projects (3) Enhancement of its scenario-based Business Continuity Plan 2GO: (1) 2GO Shipping efficiency initiatives' implementation (2) Fuel consumption monitoring requirement for its 3rd-party truckers & motorcycles (3) Formation of Climate Subcommittee within its Sustainability TWG (4) Creation of site-specific BCP integrating the WWF- identified risks
Metrics and Targets		
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks Targets to manage climate-related risks and opportunities and performance against targets	Establish quantitative & qualitative approach to target-setting for the SM Group 	A theoretical study based on the Science Based Target initiative was presented by WWF. Following the practical approach of SM, we established the following: • GHG management plan group-wide and on a per business unit level focusing on the top 4 BUs that contribute to 95% of group-wide GHG • Operational targets to support GHG reduction at the BU Level • Operational targets to support climate adaption projects and business resiliency efforts at the business unit level

Batch 2: SM Retail, Neo and Goldilocks are in progress and will be reported next year.

Extended Producers Responsibility (RA 11898) Progress Report

The Philippine government mandated corporates to reduce its plastic use and recover its plastic packaging waste with a target of 20% by 2023 to 80% by 2028 and beyond.

INITIATIVES	PROGRESS
Compliance to RA 11898	In 2023, 20% of the total plastics from 2022 were reported and audited by the first quarter of 2024 in compliance with RA 11898. The total plastic footprint diverted included 985 MT of rigids to cover our 4,900 MT of rigid plastics and 417 MT of flexibles to cover 1,500 MT of flexible plastics footprint groupwide. SM Prime joint venture with GUUN Co. Ltd (GUUN), a waste management solutions provider that recycles waste paper and plastics into an alternative energy source called 'fluff fuel'—a type of Refuse-Derived Fuel (RDF) made from shredded and compressed plastics, papers, and fibers. SMIC hosted the PlasTIK Expo with DOST in October 2024, showcasing government-funded research and innovations on plastic alternatives. SMIC signed an MOU with the DOST which emphasized the collaboration between DOST-funded materials, recycling, climate initiatives and plastics certification for the SM Group. EPR Internal Audit for 2023 has also been completed. Guidelines & EPR Manual have been updated to include some key audit observations: • all product donations, giveaways & promo materials must be included in EPR data • assignment of clear roles for data management in the EPR consolidation tool & implementation of stronger access controls.

Energy Management

Energy management is a critical component of SM Investments' sustainability strategy, focusing on cost optimization, energy efficiency, and decarbonization. Through strategic initiatives, including compliance with RA 11285 (Energy Efficiency and Conservation Act) and the establishment of the Energy Working Group, SM Investments is committed to improving energy efficiency, maximizing economies of scale, and accelerating the adoption of renewable energy.

INITIATIVES	PROGRESS
Working Group on Energy	Established an SM Sub-Committee on Energy Management focusing on evaluating our RE projects, identifying synergies and collaborative opportunities, and maximizing economies of scale responsible for developing strategies, roadmap and targets.
Compliance to RA 11285	SM Investments has substantially increased its capacity to manage energy-related initiatives by expanding its pool of certified experts. The group includes: **19** Certified Energy Managers (CEM) **5** Certified Energy Auditors (CEA) **15** additional staff currently in training Sustainability staff are also a shared resource for conducting energy audits, complementing the existing five DOE-certified auditors. Five energy audits have been conducted in 2024. These initial assessments focus on identifying significant energy use in facilities and uncovering opportunities for cost-saving measures. In one facility – 2GO Asinan – conservation efforts are ongoing as recent audit showed that 5% reduction in kilowatt-hour per square meter usage can yield nearly PHP300K in annual savings. Increased conservation measures could result in greater cost reductions over time.

METRICS & TARGETS:

Managing What We Measure

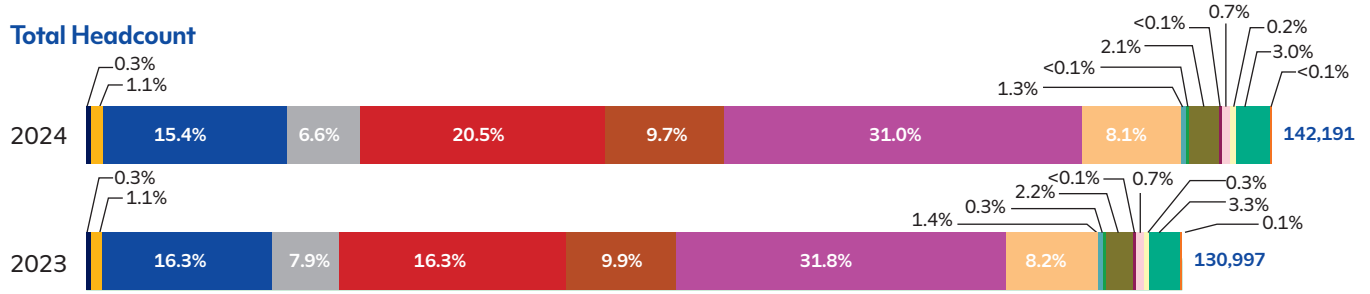
At SM, we realized that practical solutions bring about meaningful impact.



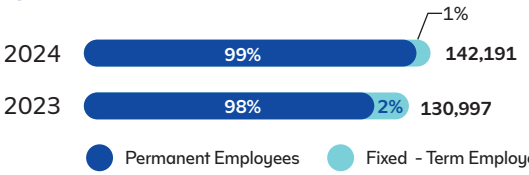
Social Sustainability Data

We are an equal opportunity provider, upholding the culture of meritocracy and women empowerment.

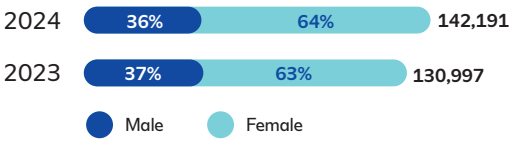
Total Headcount



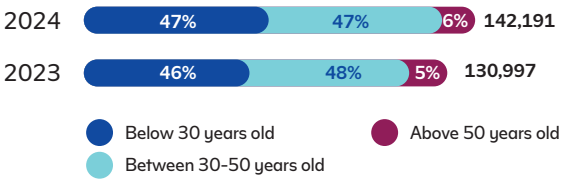
By Contract



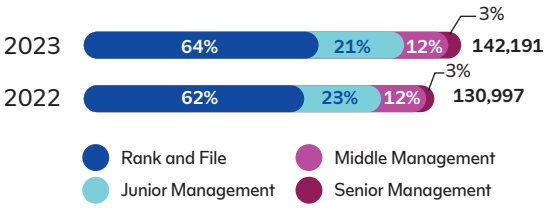
By Gender



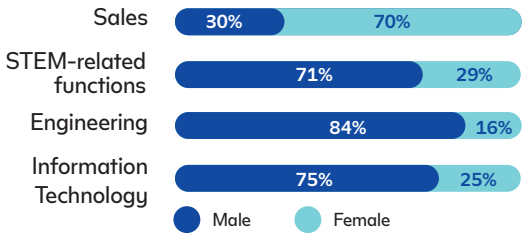
By Age Group



By Level

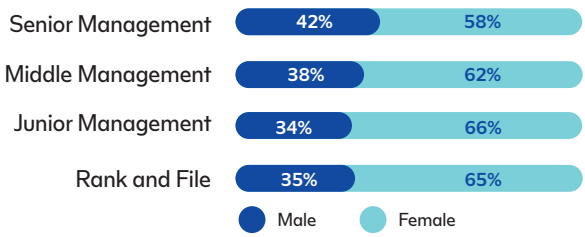


By Job Function and Gender (2024)



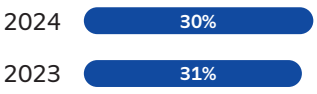
STEM-related functions only include Engineering and Information Technology

By Level and Gender (2024)



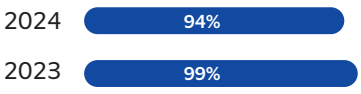
Hiring Rate

Refers to the percentage of new hires relative to the total permanent employees.



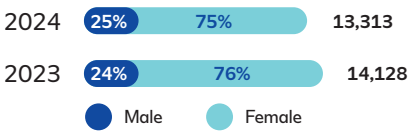
Appraisal Rate

Refers to the percentage of employees who received an appraisal relative to the total employees eligible for appraisal.



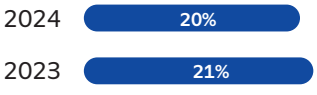
Promotion by Gender

Refers to the number of employees who were promoted



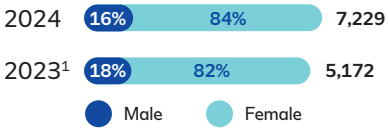
Employees Covered by Collective Bargaining Agreement

Refers to the percentage of employees covered by collective bargaining agreement relative to the total headcount.



Employees who availed Parental Leaves by Gender

Refers to the number of employees who availed parental leaves



Employee Training Hours

in million hours

Refers to the number of employee training hours



[1]Restated 2023 due to corrected data from business units

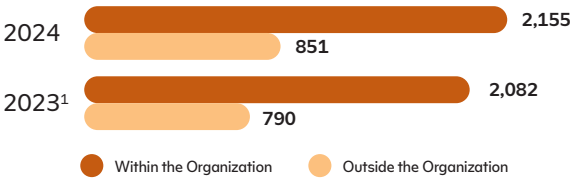
Environmental Sustainability Data

To view the full data disclosure, please scan here

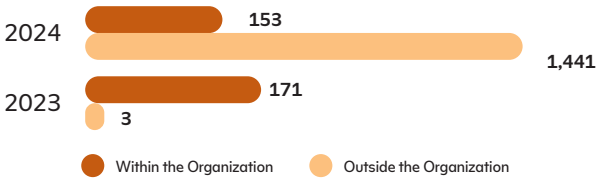
In all our developments and business operations, we minimize our environmental impact and promote circularity whenever possible.

Energy

Electricity Consumption
in million kWh



Fuel Consumption
in million liters



Within the Organization - Refers to fuel and electricity consumed by the Group for our own operations, including energy used for production, heating, lighting, and transportation.
Outside the Organization - Refers to fuel and electricity consumed by our tenants and contractors as a result of our activities.

In 2024, the total electricity consumption within our organization increased by 3% compared to 2023, driven by operational growth. To minimize our carbon footprint, we are transitioning to renewable energy sources for our electricity consumption. This includes the installation of solar panels, harnessing energy from geothermal steam fields, and procuring renewable energy through Power Purchase Agreements (PPAs). Consequently, 23% of the total electricity consumption within our organization in 2024 was from renewable energy sources.

We also accounted for the electricity consumption outside our organization. In 2024, the total electricity consumption of our tenants increased by 8% compared to 2023.

The total fuel consumption within the organization decreased by 11% in 2024 compared to 2023. Although there is an increase in the fuel consumption in generator sets, transport vehicles, other heavy equipment and shipping fuel, there is a significant decrease in the reported LPG consumption in malls. This was brought about by the improved data collection in SM Malls. Further details of the fuel consumption breakdown can be found in SM Investments Corporation 2024 Sustainability Notes & Indices, page 60.

In 2024, the total fuel consumption outside our organization increased significantly compared to 2023 primarily due to improvements in data collection methodologies that enhanced the accuracy of fuel consumption tracking in our mall tenants.

Water

Water Withdrawal
in million cubic meters



By Water Source	2024	2023[2]
Third-party utility provider	57%	55%
Surface water	41%	40%
Rainwater harvesting	<1%	<1%
Deep well	1%	1%
Seawater	<1%	<1%
Water hauling	<1%	3%

The primary sources of our water withdrawal are from third-party utility providers and surface water. In 2024, our total water withdrawal decreased by 4% in 2024 compared to 2023.

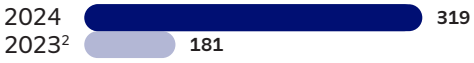
Water Recylced
in million cubic meters



Water recycling and reuse play a crucial role in our sustainability efforts. In 2024, we increased our recycled water by 10% compared to 2023, reaching a water recycling rate of 39%. This aligns with our annual water recycling rate between 35% and 40%.

Waste

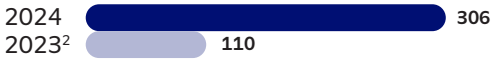
Waste Generated
in million kilograms



By Waste Type	2024	2023[2]
Biodegradable/Compostable Waste	59%	53%
Recyclable Waste	4%	10%
Residual/Dispsable Waste	33%	30%
Hazardous Waste	2%	3%
Other Waste	2%	4%

In 2024, we reported a 76% increase in our generated waste compared to 2023. This was due to improved waste monitoring and additional facilities reporting waste data.

Waste Disposal
in million kilograms



By Disposal Type	2024	2023[2]
Collected by Accredited Hauler	97%	77%
Composted	<1%	5%
Recycled/Reused	1%	11%
Sold	2%	6%
Disposed/Sent to Landfill	<1%	<1%
Others	<1%	<1%

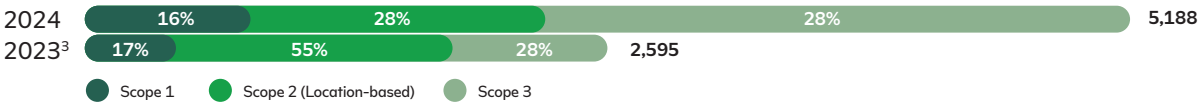
We continue to improve our recovery efforts and aim to minimize the amount of waste sent to landfills. The total waste collected and properly disposed of by accredited haulers was 97% in 2024.

[1]Restated 2023 data due to corrected data from business units and re-classification of the sources of electricity.
[2]Restated 2023 data due to corrected data from business units.

GHG Emissions

Total GHG Emissions
$MTCO_2e$ in '000

Includes Scope 1 Emissions, Scope 2 Emissions (Location-based) and Scope 3 Emissions.



Our total groupwide GHG emissions doubled in 2024, increasing by 100% from 2,595,378.76 $MTCO_2e$ to 5,188,408.55 $MTCO_2e$. Scope 1 emissions rose by 86%, Scope 2 emissions increased slightly by 2%, and Scope 3 emissions saw a significant rise compared to 2023. The notable increases in Scope 1 and Scope 3 emissions were primarily due to improved data reporting, particularly on refrigerant usage in SM Malls and LPG consumption by its tenants.

Scope 1 Emissions
$MTCO_2e$ in '000

Direct emissions from the use of fuel and chemicals in facilities and vehicles that are fully owned and controlled by the Group, including generator sets, transport vehicles, and fugitive emissions from refrigerants



Scope 1 emissions in 2024 increased by 86% compared to 2023, primarily due to a significant rise in fugitive emissions from refrigerant use in SM Malls, which accounted for 45% of total Scope 1 emissions.

Other sources of Scope 1 emissions included stationary and mobile combustion from the use of generator sets, transport vehicles (including ships), and other heavy equipment in business unit operations.

By Business in $MTCO_2e$	2024	2023[3]
Total Scope 1 Emissions	**821,867.22**	**441,689.81**
Retail	5,031.81	3,753.46
Property	343,209.30	105,651.57
Banking	5,042.51	3,598.38
Portfolio Investments	468,583.60	328,686.40

By Activity in $MTCO_2e$	2024	2023
Total Scope 1 Emissions	**821,867.22**	**441,689.81**
Stationary Combustion Emissions	19,158.69	102,229.10
Mobile Combustion Emissions	434,771.51	327,162.34
Transport Vehicles and Other Equipment	179,479.91	154,259.79
Shipping	255,291.60	172,902.54
Fugitive Emissions	367,937.01	12,298.37

Scope 2 Emissions
$MTCO_2e$ in '000

Indirect emissions from the use of electricity in facilities that are fully owned and controlled by the Group.

Location-based

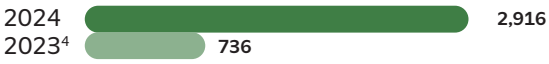


Our total Scope 2 emissions in 2024 slightly increased by 2% using the location-based method, which reflects the average grid emissions in the areas where we operate. Meanwhile, our market-based emissions were 1,143,449.00 $MTCO_2e$, accounting for our renewable energy purchases. SM Prime was the largest contributor to our total Scope 2 emissions.

By Business in $MTCO_2e$	2024	2023[4]
Total Scope 2 Emissions Location-based	**1,450,493.83**	**1,417,978.24**
Retail	305,749.60	318,789.24
Property	748,799.76	692,856.37
Banking	61,179.65	83,310.57
Portfolio Investments	334,764.82	323,021.69

Scope 3 Emissions
$MTCO_2e$ in '000

Other indirect emissions from activities of the Group not included in Scope 1 or Scope 2, including purchased goods and services, capital goods, waste generated in operations, upstream leased assets and downstream leased assets.



In 2024, our total Scope 3 emissions increased significantly compared to 2023. The largest source of our total Scope 3 emissions was the downstream leased assets from SM Malls' tenants' consumption of LPG, which were not reported under Scope 1.

By Category in $MTCO_2e$	2024	2023[4]
Total Scope 3 Emissions	**2,916,043.51**	**735,710.71**
Purchased Goods and Services	3,265.35	4,528.88
Capital Goods	nil	182,410.71
Waste Generated in Operations	406.33	457.62
Upstream Leased Assets	31,397.84	7,783.96
Downstream Leased Assets	2,880,898.55	540,529.53

Our Scope 1, 2 and 3 emissions are consolidated following the operational control approach of the GHG Protocol. Moreover, GHG emissions were computed using the GHG Protocol's Emission Factors from Cross Sector Tool (March 2024) and Global Warming Potential Values (AR6), the 2019-2021 National Grid Emission Factors provided by DOE, the 2022 Grid Electricity Emission Factors provided by Carbon Footprint, the IGES List of Grid Emission Factors (October 2024) and the EPA's GHG Emission Factors Hub.

[3]Restated 2023 due to updated emission factors and corrected data from business units.
[4]Restated 2023 due to updated emission factors, corrected data from business units and re-classification of the sources of electricity.

UN Global Compact (UNGC) Report

As a signatory of the UNGC, we monitor our progress aligned with the UN Principles and the UNSDGs.
We established an over-arching Sustainability Policy supported by a Sustainability Management System.

UN Principles	SM Policies and Guidelines	Progress
Principles 1-2 Human Rights	Human Rights Policy Stakeholder Engagement Policy Equal Opportunity Policy	No recorded violations of human rights in the parent company
Principles 3-6 Labor Rights	Human Rights Policy Child Labor Policy Freedom of Association and Speech Policy Forced Labor and Human Trafficking Policy Operational Health & Safety Policy Anti-Discrimination and Harassment Policy	No recorded violations of labor rights in the parent company 20% of employees are covered by collective bargaining agreement No recorded incidents of anti-discrimination and harrasment in the parent company
Principles 7-9 Environment	Sustainable Supply Chain Policy Environmental Protection Policy Climate Action Policy Resource Management Policy	22% of electricity consumption within the organization are from renewable energy sources 40% EPR Compliance
Principle 10 Anti-Corruption & Good Governance	Anti-Bribery and Anti-Corruption Policy Sustainability and Climate Risk Management Policy	No recorded incidents of bribery and corruption in the parent company

UN Women Empowerment Principles Progress Report

We were awarded by the UN Women Empowerment Principles for Transparency & Reporting.



Equal Opportunity

1. Chief Risk and Compliance Officer: Lizanne Uychaco
2. We have an EQUAL OPPORTUNITY policy at SM Investments
3. We have a MERITOCRACY policy with 94% group-wide employee appraisal rate



Inclusive Facilities

In SM Offices, we ensure that we have adequate facilities for ease in mobility.

1. 19 Non-denominational, Ecumenical meditation rooms
2. 787 PWD-friendly pathways
3. 814 Breastfeeding rooms for nursing mothers
4. 171 Gender neutral washrooms



Our Performance Metrics & Disclosures

We measure our performance.

1. Percentage of men and women employees
2. Percentage of various religious affiliations
3. Percentage of internal promotions, by rank, by gender
4. Percentage of Women occupying senior leadership roles
5. Percentage of Women in Board
6. Percentage of Employees Trained by gender by rank

UN Sustainable Development Goals Progress

Focus SDG	Program or Initiative	2024	2023	2022
	Employee wages and benefits	**PHP40 billion**	PHP35.7 billion	PHP30.9 billion
	BDO and Chinabank outstanding SME/MSME loans granted	**PHP72 billion**	PHP69.3 billion	PHP62.72 billion
	% of Mall tenants that are MSMEs	**68%**	67%	68%
	Partner agents under BDO's Cash Agad	**12,163**	9,764	10,429
	CapEx allocated that incorporate disaster-resilient features	**10%**	10%	10%
	SM Malls certified with Business Continuity Management System (ISO 22301) to date	**79**	77	75
	Gold-Certified LEED Buildings	**7**	7	6 Certified 1 Pre-certified
	Malls with water catchment facilities to date	**41**	25	23
	Mangroves protected	**24 ha**	24ha	24ha
	Marine protected areas	**3**	3	3
	Capacity of solar panels installed in SM Supermalls	**51.6 MWp**	23.26MWp	12.67MWp
	Renewable energy projects funded by BDO	**63**	59	58
	Recycled water	**15.7 million m^3**	14.32 million m^3	30 million m^3
	College, high school, technical vocational scholars supported by SM Group to date	**16,036**	12,292	11,750
	Schools built and refurbished by SM Group to date	**2,850**	339	311
	Scholar graduates supported by SM Group to date	**11,754**	10,534	10,000
	Medical missions conducted to date	**1,730**	1,640*	1,580*
	Number of rehabilitated public health and medical facilities to date	**415**	372	317
	Payments to government	**PHP30 billion**	PHP27 billion	PHP22.7 billion
	Loans disbursed by BDO to date for national projects, airports and road networks	**PHP192 billion**	PHP122.3 billion	PHP56.7 billion

*Corrected data

About this Report: Navigating through our Disclosures

Growth with Purpose is SM Investments Corporation's 2024 Sustainability Report covering the period of January – December 2024. This report is published in conjunction with the SM Investments 2024 Integrated Report, which together, provide a holistic view of our company's approach to building sustainable businesses that are catalysts for responsible development in the communities we serve.

We take a dual materiality approach in our sustainability strategy. As such, **this report is aligned to the International Financial Reporting Standards (IFRS) S1 and S2 and is in accordance with the Global Reporting Initiative (GRI)**. Whenever possible, we have aligned with the Sustainable Accounting Standards Board (SASB) Industry-specific disclosures and the European Sustainability Reporting Standards Board (ESRS) disclosures. Downloadable detailed indices are available through the QR codes below.

Additionally, this report includes our reporting on the United Nations Sustainable Development Goals (SDGs), the UN Global Compact, and the Women's Empowerment Principles, reinforcing our commitment to global sustainability initiatives.

This report has been prepared to the extent possible this year, applying the IFRS Sustainability Disclosure Standards S1 General Requirements for Disclosure of Sustainability-related Financial Information (S1), and IFRS S2 Climate-related Disclosures (S2). The S1 and S2 disclosures that have been omitted are described in the detailed IFRS downloadable index, along with the reasons why they have not been reported at this time. The Company intends to include these disclosures after we have further refined our control systems and processes for sustainability disclosure.

This report is reviewed by the Corporate Governance and Sustainability Committee and the Executive Committee, who authorize its publication.

Signed by:

Amando Tetangco, Jr.
Chairman/Independent Director

CSRWorks

The Report has been externally reviewed considering the key requirements of IFRS S1 and S2 and, based on the engagement undertaken, no significant issues have been identified that would suggest any non-alignment with these standards.

We recognize the different reporting standards and guidelines globally. Our report is written to serve the needs of our primary user – our capital providers - as well as to communicate to our stakeholders our contribution to social well-being and environmental stewardship. We adhered to the following global reporting standards:

Standard	Download Using Index Link
International Financial Reporting Standards S1 General requirements for Disclosure of Sustainability-Related Financial Information	
International Financial Reporting Standards S2 Climate-related Disclosures	
Global Reporting Initiative Index	
Relevant Industry-Specific Sustainability Accounting Standards Board Content Index	
European Sustainability Reporting Standards Index (Aligned to IFRS S2)	

Corporate Information
Company Headquarters
10th Floor OneE-Com Center
Harbor Drive, Mall of Asia Complex
Pasay City. 1300 Philippines

Stockholder Inquiries
SM Investments Corporation's common stock is listed and traded in the Philippine Stock Exchange under the symbol 'SM'. Inquiries regarding dividend payments, account status, address change, stock certificate and other pertinent matters may be addressed to the company's transfer agent:

BDO Unibank, Inc
Trust and Investments Group – Securities Services (Stock Transfer)
46th Floor, BDO corporate Center Ortigas, East Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City
Trunk Line: 8840-7000 local 57050
Direct Line: 8878-4961
E-mail: bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries
Inquiries regarding SM Investments Corporation's sustainability programs, the Integrated Report or this Sustainability Report may be addressed to: ir@sminvestments.com or sustainability@sminvestments.com

This Integrated Report is printed on Master Smooth, an FSC-certified paper. This certification shows that the paper has met the mark of responsible forestry, assuring that the fiber used in the paper comes from well-managed forests and responsible sources.

Forest Stewardship Council (FSC) certification ensures that products come from responsibly managed forests that provide environmental, social, and economic benefits. Find out more: www.fsc.org



SM INVESTMENTS

10th Floor, OneE-Com Center
Harbor Drive, Mall of Asia Complex
Pasay City, 1300 Philippines

SM INVESTMENTS









Growth with
Purpose









2024 Integrated Report

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Growth with Purpose

At SM, we are focused on delivering growth that creates lasting value to all our stakeholders and the communities we serve. Our strategy is built on a foundation of customer knowledge, market leadership and continuous innovation, ensuring that every step forward strengthens our position and enhances shareholder returns.

Inspired by the entrepreneurial vision of our founder, Henry Sy, Sr., we have evolved from a single shoe store in downtown Manila into one of the most diversified and resilient business groups in the country. This journey has been fueled by strategic investments, operational excellence, and a deep understanding of evolving consumer and market trends.

We operate in sectors that remain highly under-penetrated and we focus on expanding our footprint nationwide. As we grow, we create new opportunities for our partners, from suppliers and tenants to employees and investors, ensuring that SM's success translates into shared prosperity.

With a strong presence across retail, property and banking, we continue to maximize synergies and unlock new revenue streams. Our focus remains on customer service and sustainable value creation that will propel us toward long-term success.

This report highlights our progress and strategy, demonstrating how SM is shaping industries, serving communities and driving economic growth.

OUR REPORT FRAMEWORK

This Integrated Report covering the year ended December 31, 2024, has been prepared in alignment with the Integrated Reporting <IR> Framework. It aims to provide a comprehensive and connected view of our organization's strategy, governance, performance and prospects in the context of value creation over time.

As part of our holistic approach, this report offers access to complementary resources that form a complete suite of disclosures. These include the Sustainability Report - an early adopter of International Financial Reporting Standards (IFRS) S1 and S2 standards - the Financial Report, and the Integrated Report Microsite. All resources are available on our website and can also be accessed through the QR code below.

The preparation of this report was a collaborative effort by the departments of Finance, Governance and Risk Management, Investor Relations, Human Resources, Corporate Communications, and Sustainability, under the guidance of the Board's Executive Committee. This process reflects our commitment to integrated thinking and transparent reporting.

On behalf of the Board, the Executive Committee approved and authorized the release of this report in April 2025.

Amando M. Tetangco, Jr.
Chairman

Frederic C. DyBuncio
President and CEO

Our Vision

It is our vision to build an ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

We are committed to partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees and deliver sustainable returns to our shareholders, at all times upholding the highest standards of corporate governance and environmental stewardship in all our businesses.



Our Ecosystem of Businesses

SM invests in businesses that drive economic growth by working together and creating synergies.
Our ecosystem of businesses spans **Retail, Properties, Banking** and **Portfolio Investments**.
These work together to expand access, create opportunities and support long-term growth for Filipinos.



Retail: Enhancing Everyday Convenience

Through SM Stores, SM Markets and specialty brands, we provide essential goods and lifestyle products nationwide. Our vast retail network of over 4,000 stores supports local businesses and MSMEs, integrates e-commerce and digital payments, and serves as a key driver of consumer activity.

Properties: Building Livable and Sustainable Communities

Through SM Prime, we develop malls, residential projects, hotels, offices and Integrated Property Development that bring together retail, business and leisure. These developments create vibrant economic centers that enhance connectivity, sustainability and urban living.



Banking: Empowering Financial Progress

Through BDO Unibank and Chinabank, we make banking more accessible, offering solutions that support individuals, businesses, infrastructure development and sustainable projects. Our strong financial backbone enables economic participation, digital finance innovation and long-term wealth creation.

Portfolio Investments: Driving Future Growth

We invest in high-growth sectors that have strong synergies with our ecosystem of businesses, including logistics, renewable energy, and food manufacturing. We continue to expand our investments in these sectors that generate additional value, while exploring new opportunities that drive sustainable progress, resilience and strong returns.





Our Board's Report



Amando M. Tetangco, Jr.
Chairman /
Independent Director



Henry T. Sy, Jr.
Vice Chairman



Teresita T. Sy
Vice Chairperson

As we look forward to 2025, we remain mindful of the challenges ahead, with high interest rates and a volatile global trade environment in particular. Yet we remain optimistic. With our unique ecosystem of businesses, our market leading positions and our ability to invest boldly in the future, we are confident that we will continue to deliver sustained growth and value to our stakeholders.

We also continued to raise the bar on good governance. In 2024, SM Investments increased the size of its Board to give majority control – five out of nine seats – to Independent Directors. For our efforts, the Institute of Corporate Directors awarded us the highest accolade for governance, the Five Golden Arrows.

To Our Stakeholders,

We are pleased to share the highlights of another banner year for the SM Group in 2024. This milestone year reflected both the robust trajectory of the Philippine economy and our steadfast commitment to delivering growth with purpose – a principle at the heart of everything we do.

Our performance underscores the steady progress of the Philippine economy toward upper-middle-income status, as evidenced by rising income levels and the continued confidence of Filipino consumers in their spending power.

Despite challenges such as peso volatility and higher inflation last year, our core businesses delivered remarkable earnings growth, showcasing our resilience and ability to navigate economic headwinds. Much of this success can be attributed to the loyalty and trust of our customers, whose sustained spending played a pivotal role in this year's outcomes. Our portfolio investments also contributed significantly, underlining the strength of our diversified approach.

We reinforced our standing as a key enabler of the country's growth by extending our reach into underserved areas, creating opportunities for economic development and giving more communities access to modern retail, inclusive financial services and integrated property developments.

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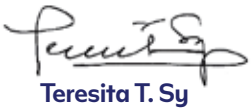
As we look forward to 2025, we remain mindful of the challenges ahead, with high interest rates and a volatile global trade environment in particular. Yet we remain optimistic. With our unique ecosystem of businesses, our market leading positions and our ability to invest boldly in the future, we are confident that we will continue to deliver sustained growth and value to our stakeholders. Our journey remains deeply rooted in serving the Filipino people with pride, passion and purpose.

We extend our heartfelt gratitude to our Board and Management, our employees, our public and private sector partners, our communities, and our customers for their unwavering support. Your collective trust and dedication were instrumental in making 2024 a hugely successful year.

Thank you for your continued confidence in SM.
Together, we look forward to a future of shared progress.



Amando M. Tetangco, Jr.
Chairman / Independent Director



Teresita T. Sy
Vice Chairperson



Henry T. Sy, Jr.
Vice Chairman

Our President's Report



In this favorable environment, we pursued strategic expansion for our core businesses across the nation and, at the same time, continued to invest in high-growth sectors that create additional synergies with our existing business ecosystem.

Overall, we continued to meet the diverse needs of our many customers. In banking, we championed customer-centricity and financial inclusion across all market segments. In our malls, we continued to expand our footprint, introducing inclusive spaces and new concepts, while providing mallgoers with unforgettable mall experiences. Our retail businesses offer a broad spectrum of lifestyle choices, ensuring accessibility and relevance to consumers of all economic classes.

To Our Stakeholders,

I am pleased to report that 2024 was a landmark year for the SM Group, supported by the Philippines' solid economic foundation and resilient consumer spending. Our consolidated revenues increased by 6%, and earnings grew by 7%. Our growth aligns with our commitment to delivering sustained value for all our stakeholders.

The Philippine Gross Domestic Product grew by 5.7% in 2024, with consumer spending as a key driver. This was underpinned by a low unemployment rate of 3.8%, a steady rise in overseas Filipino worker remittances by 3.0%, and a stable inflation rate that averaged 3.2% for the year. These indicators signal continued economic growth and consumer spending confidence.

Driving Growth with Purpose

In this favorable environment, we pursued strategic expansion for our core businesses across the nation and, at the same time, continued to invest in high-growth sectors that create additional synergies with our existing business ecosystem.

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This growth was made possible by our well-planned footprint expansion and focus on our customers' needs. The strength of our balance sheet and prudent financial practices of each of our businesses ensure that we have the capacity to invest further. One of the highlights of the year was our pioneering USD500 million Euro Medium-Term Notes (EMTN) issuance. As part of a USD3 billion multi-issuer EMTN program, this maiden issuance was 3.2 times oversubscribed, underscoring the strength of our financial fundamentals and our credibility in international capital markets.

Business Highlights

Our 2024 performance was anchored on strong contributions from our core businesses.

Banking

Our banks accounted for 49% of group earnings. BDO Unibank delivered earnings growth of 12%, while Chinabank achieved 13% earnings growth, both supported by the broad strength of their respective business franchises.

Both banks delivered double-digit loan growth and improvements in asset quality.

Properties

SM Prime, our second largest contributor, posted 14% growth in earnings, mainly driven by the strong performance of its mall business.

SM Prime made significant progress in its 360-hectare Integrated Property Development in Manila Bay with the Pasay City government, with 60% of land created at the end of 2024.

Retail

Retail revenues and earnings grew by 5%, fueled by increased consumption spending. Among discretionary categories, health and beauty led the way, followed by fashion.

Notably, Alfamart, our minimart food format opened its 2,092nd store on its 10th anniversary.

Our President's Report

As we approach 2025, we remain committed to driving purposeful growth, confident that moderation in inflation and a robust economy will unlock new opportunities for the country's consumer-driven economy.



Expanding with Purpose

In 2024, we expanded our footprint with the opening of 618 new retail stores, 73 bank branches, and two malls in North Caloocan and Mandaue City, Cebu. Over 85% of these developments were outside Metro Manila, reflecting our geographic expansion strategy to tap into high-growth provincial markets and provide new growth opportunities as we serve more Filipinos.

Our investments in the high growth sectors of renewable energy, logistics and tourism exemplify our commitment to purposeful growth.

Portfolio Investments

Our portfolio companies contributed 7% of consolidated earnings with a medium-term goal to increase this into the mid-teens. These companies continue to build synergies within the SM Group and to add growth and returns to the parent company.

Through Philippine Geothermal Production Company (PGPC), we produce 300 MW of geothermal steam supply and aim to add capacity for another 300 MW to support the Department of Energy's 50% renewable energy goal by 2040.

Our logistics provider 2GO launched two new ships, MV Masigla and MV Masikap, enabling us to connect to more localities, bringing more goods and people across 19 ports nationwide.





Inclusive Growth

Our founder, Henry Sy, Sr., believed that business growth and social progress are intrinsically linked. Guided by this principle, we have been supporting over 100,000 MSMEs among our tenants and suppliers and championed workplace inclusivity for our over 142,000 employees. Through SM Foundation, we have granted 6,619 college scholarships, built 110 school buildings, trained 32,359 farmers, served 1,314,118 patients through medical missions and improved 216 health and wellness centers to date.

We undertook many initiatives to reduce our environmental impact, outlined in detail in our 2024 Sustainability Report.

Recognitions

We are honored to receive numerous prestigious awards this year, recognizing our excellence in governance, investor relations, sustainability, finance, and communications. We are named one of the World's Best Companies by TIME Magazine, reflecting our global impact, while our inclusion in the Fortune 500 Southeast Asia highlights our strong market presence in the region.

Looking Ahead

As we approach 2025, we remain committed to driving purposeful growth, confident that moderation in inflation and a robust economy will unlock new opportunities for the country's consumer-driven economy.

In 2024, we spent around PHP100 billion in capital expenditures to help fund growth. We are allocating PHP115 billion in 2025 for expansion to further drive growth this year.

Our Thanks

We extend our heartfelt gratitude to our stakeholders for your trust and support. Your confidence inspires us to deliver meaningful growth that benefits all.

We thank our dedicated employees, supportive partners, host communities and millions of customers. Together, we will build on our successes and grow more with purpose in 2025 and beyond.

Thank you.

Frederic C. DyBuncio
President and CEO

Financial Highlights



18% Retail

49% Banking

26% Properties

7% Portfolio Investments

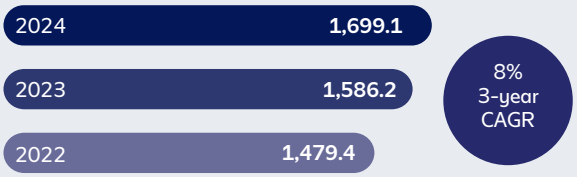
Financial Performance at a Glance

PHP82.6bn Earnings | **PHP654.8bn** Revenues

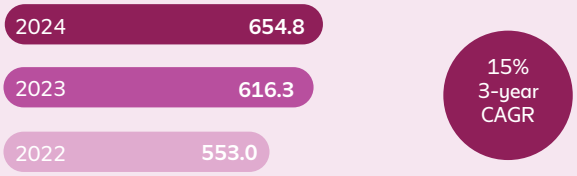
Performance Review

in PHP billions

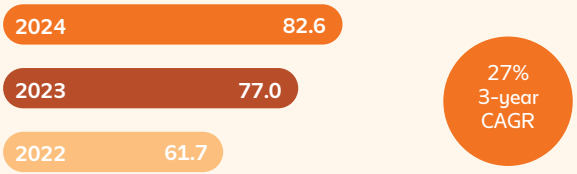
Assets



Revenues



Earnings



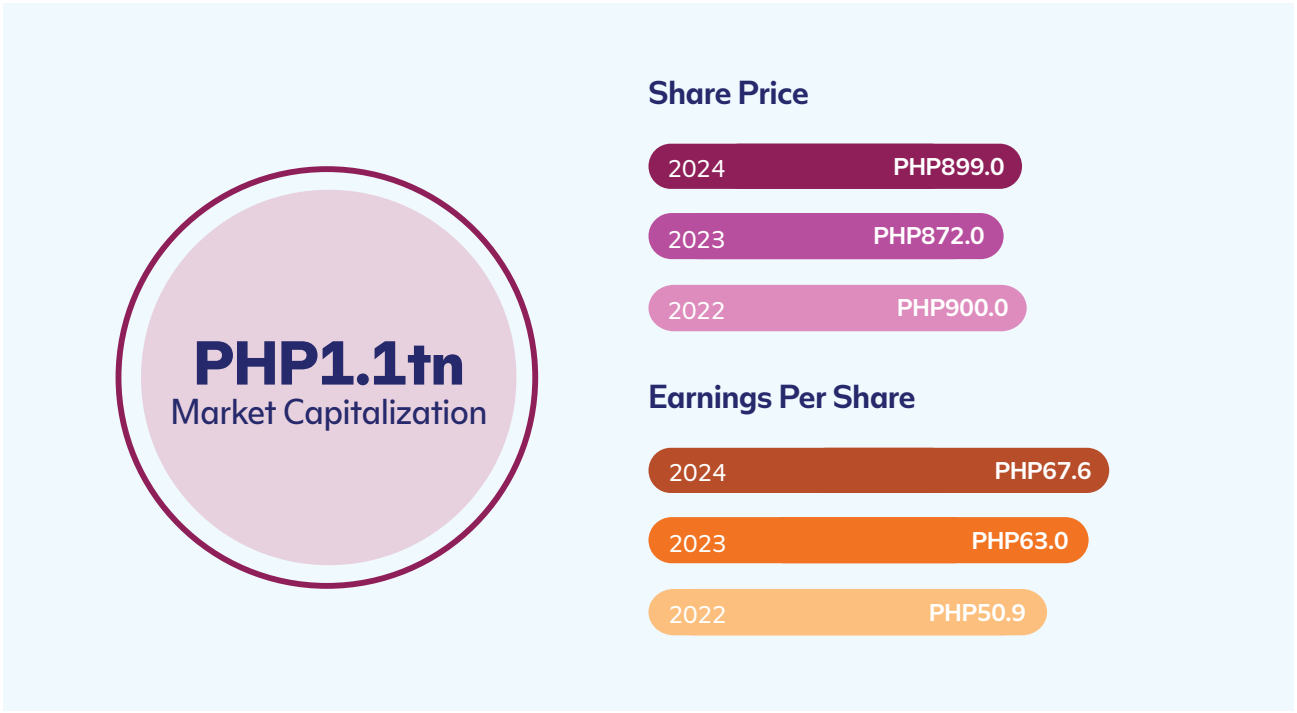
Core Businesses

FY 2024 Performance

	Revenues	% Chg	Earnings	% Chg
SM Retail	PHP434.5bn	5%	PHP20.9bn	5%
SM Prime	PHP140.4bn	10%	PHP45.6bn	14%
BDO	*PHP186.6bn	8%	PHP82.0bn	12%
Chinabank	*PHP63.5bn	19%	PHP24.8bn	13%

Note: *Net Interest Income

Share Performance

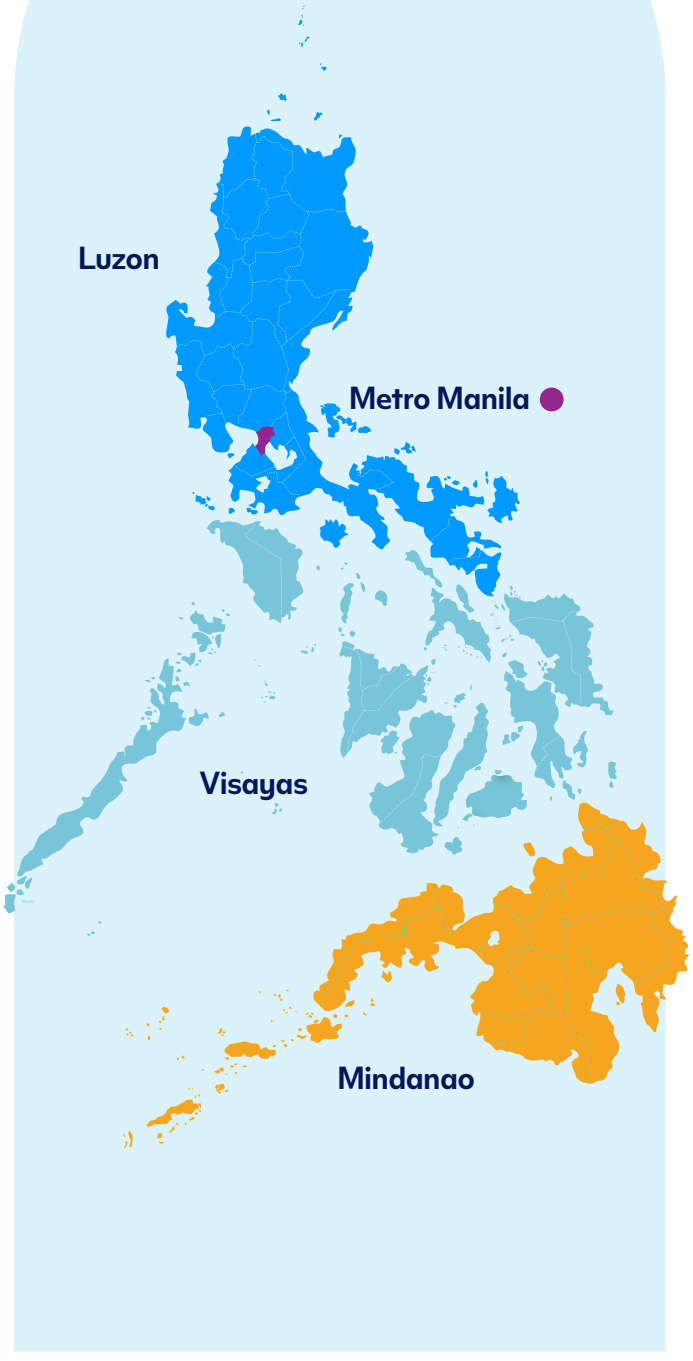


Financial Position (PHP bn)	2024	2023	2022
Revenues	654.8	616.3	553.0
Earnings	82.6	77.0	61.7
Total Assets	1,699.1	1,586.2	1,479.4
Total Liabilities	832.7	814.0	787.2
Total Equity	866.4	772.2	692.2
Financial Ratios			
Current Ratio	1.1	1.1	1.2
Return on Equity	14%	15%	13%
Debt-Equity Ratio (Net)	31:69	33:67	35:65
Dividend Payout Ratio (based on parent company earnings)	60%	79%	41%
Per Share Data (PHP)			
Earnings per Share	67.6	63.0	50.9
Book Value per Share	513.3	455.5	406.6
Price Earnings Ratio	13.3	13.8	17.7
EBITDA	178.3bn	166.9bn	141.2bn

Business Footprint

Philippines

4,470 Retail Outlets
87 Malls
2,441 Bank Branches
22 Integrated Property Developments



Metro Manila

1,053 retail outlets
25 malls
11 integrated property developments
967 bank branches

Luzon

2,927 retail outlets
47 malls
6 integrated property developments
869 bank branches

Visayas

300 retail outlets
8 malls
3 integrated property developments
316 bank branches

Mindanao

190 retail outlets
7 malls
2 integrated property developments
289 bank branches

SM Retail

77.3% Effective Interest

76 SM Store

221 Savemore

1,868 Specialty Stores

2,092 Alfamart

66 SM Supermarket

56 SM Hypermarket

90 Waltermart

1 Mindpro

SM Prime

49.7% Effective Interest

22 Integrated Property Developments

87 Malls in PH

25 Leisure Home Developments

2 Trade Halls

10 Hotels

22 Office Buildings

8 Malls in China

6 Convention Centers

67 Primary Residences

1 Arena

BDO Unibank

45.2% Effective Interest

5,815 ATMs

1,791 Branches in PH

2 Foreign Branches

15.1% ROCE

1.8% NPL Ratio

Chinabank

22.5% Effective Interest

1,081 ATMs

650 Branches in PH

15.6% ROE

1.6% NPL Ratio

Portfolio Investments*

26.6% Belle Corp.

71.3% PULS

95% NEO Subsidiaries

34% NEO Associates

51% Airspeed

67.2% 2GO Group

100% PGPC

34.1% Atlas Mining

64.1% Goldilocks

*Effective Interest

Awards & Recognitions

This year, we take great pride in the breadth and quality of awards we received, reflecting our commitment to excellence across governance, investor relations, sustainability, finance, and communications. The recognitions from esteemed local and international institutions underscore our dedication to keep the highest standards in every aspect of our business.

Among our recognitions in 2024, we are honored to be named one of the World's Best Companies by TIME Magazine and Statista, a testament to our global impact and leadership.

Our inclusion in the Fortune 500 Southeast Asia further highlights our strong market presence and influence in one of the world's most dynamic regions.

In finance, IFR Asia named our Euro Medium-Term Note (EMTN) Program the Philippine Capital Market Deal of the Year, highlighting our leading position in international capital markets.

In governance, we earned the highest rating, the 5 Golden Arrow Award from the Institute of Corporate Directors.

We were also pleased to receive both the Company of the Year and the People's Choice Awards from the International Business Awards (Stevies).



SM Investments received the top-tier 5-arrow recognition at the ASEAN Corporate Governance Scorecard (ACGS) 2024 Golden Arrow Awards.



SM Investments was honored for transparency and reporting at the 2024 UN Philippines WEPs Awards.



The SM Group was recognized with 13 Anvil Awards for excellence in Public Relations.



The Philippine Chamber of Commerce and Industry (PCCI) honored SM Investments as a "Country Mover" for its impact on national development.

TIME Magazine and Statista
World's Best Companies

Fortune Magazine
Fortune 500 Southeast Asia

International Financing Review Asia (IFR Asia)
Philippine Capital Market Deal of the Year

International Business Awards (Stevie® Awards)

Gold Stevie® for Company of the Year

Silver Stevie® for Best Annual Report

People's Choice Stevie® Award

Institute of Corporate Directors (ICD)
5 Golden Arrow Award

Alpha Southeast Asia

- Best Company for Corporate Governance
- Most Organized Investor Relations
- Best Strategic CSR

Corporate Governance Asia (Asian Excellence Awards)

- Asia's Best Corporate Social Responsibility (CSR)
- Asia's Best CEO – Frederic C. DyBuncio
- Asia's Best CFOs – Erwin G. Pato and Franklin C. Gomez
- Best Corporate Communications
- Best Investor Relations Company
- Sustainable Asia Award

ACES Awards

- Most Influential Companies in Asia
- Top Sustainability Advocate

Triple P Awards Excellence in Social Sustainability

The Asset

Best Bond – Corporate (Philippines)

- Platinum Award for Excellence in ESG
- Best Investor Relations Team
- Best Sustainability Team

Global Compact Network Philippines
SDG Award for People

Public Relations Society of the Philippines

Silver Anvil Awards
2023 Integrated Report
Financial Communications
CSR and Governance Communications
Investor Relations Communications
Special Events: Nego-Unlad MSME Caravan

Philippine Chamber of Commerce and Industry
Country Movers Award

How We Create Shared Value

Our Valued Resources

We take a synergistic approach in managing our assets to deliver sustained returns and foster sustainable development

Manufactured Capital

Our Integrated Developments
A unique mix of malls, residences, office buildings and hotels facilitating urbanization

Intellectual Capital

The SM Brand
The SM brand is one of the most popular and trusted brands in the country

Social Capital

Our Connection to Our Customers
We know our customers and we have a deep understanding of their needs and wants

Our Empowered People
We have a diverse group of people that mirror our diverse customers

Our Inclusive Supply Chain Network
Over the years, we have grown alongside our suppliers, forging enduring partnerships

Our Relationship with Our Communities
Wherever we are present, we help uplift the lives of Filipinos in our host communities

Natural Capital

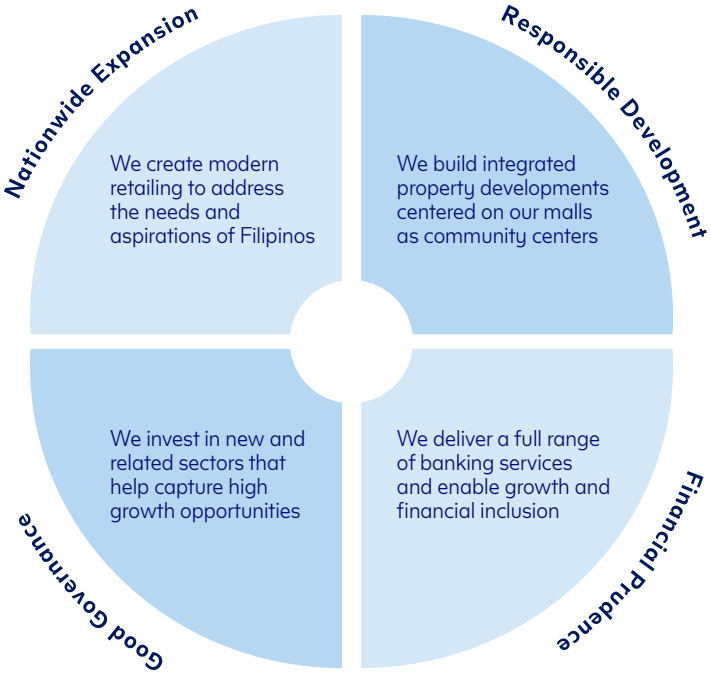
Geothermal Energy and Environmental Assets
We optimize our environmental assets to help in the just transition to low carbon economies

Financial Capital

One of the Largest Market Capitalizations in the Country
We maintain strong balance sheets and adhere to prudent financial practices.

What We Do and How We Do It

We operate as an ecosystem, with our businesses working together to achieve shared goals in serving and meeting the aspirations of Filipinos. We prioritize our customers, practice financial prudence and ensure good governance while keeping an eye on the future.



What's Important to You and What We Delivered

Manufactured Capital - Supporting Urbanization

Our Integrated Developments

2 New Malls in the Philippines

4 New Office Buildings

Intellectual Capital – Businesses/Innovations that Enhance the SM Brand Experience

- **SMAC (SM Advantage Card)** is the country's most extensive and longest-running retail loyalty program
- **SM in Focus** was launched on YouTube and is hosted by award-winning journalist Rico Hizon. The platform offers an inside look at our businesses, social good and sustainability efforts.

Social Capital - Meeting the Ever-Evolving Aspirations of Our Customers and Stakeholders

We create socio-economic opportunities that promote inclusive prosperity for all

- SM is one of the largest job creators with over **142,000** employees as of 2024
- SM has the **largest MSME community**, partnering with and supporting over **100,000**
- **SM for MSMEs** offers affordable booth rentals in SM malls, supporting over **600 purveyors** nationwide
- **Trabaho para sa Bayan: J.O.B.S** connected **106,000 job seekers**, with over **14,000 aspirants** hired on the spot through **183 job fairs**

We create positive community impact

- **1.32mn** patients served in medical missions by the SM Group to date
- **16,036** scholar graduates to date
- **2,850** schools built and refurbished by the SM Group to date
- **415** health centers and medical facilities built/renovated to date

Natural Capital – Managing Environmental Impacts and Finding Practical Solutions

Geothermal Energy and Environmental Assets

- PGPC's Steam Output generated **2,720 GWh** in 2024
- **2.66mn** trees/ seedlings planted
- **24** hectares of mangroves protected
- **3** marine protected areas
- **51.6 MWp** capacity of solar panels installed in SM Supermalls
- **2** adopted plantations under PGPC's Kupkop Kabundukan program

Financial Capital – Accelerating Inclusive Economic Growth and Partnerships

- Assets: **PHP1.7tn**
- Earnings: **PHP82.6bn**
- Revenues: **PHP654.8bn**
- BDO Sustainable Energy Finance: **PHP1.04tn**
- BDO Loans to National Projects: **PHP114bn**
- BDO Loans to SME: **PHP55bn**
- Chinabank Loans to MSMEs: **PHP18bn**
- Chinabank Sustainable Finance Portfolio: **PHP147bn**

Positive Impact Created, Aligned with UN Sustainable Development Goals



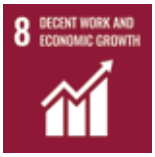
We facilitate responsible urbanization and development

- SM Prime is investing in an Integrated Property Development with the Pasay City government. The master plan will be finalized by mid-2025, with horizontal development starting in 2027
- SM Prime is also allocating 10% of its capex, equivalent to PHP10bn, to integrate sustainable and resilient designs into its developments



We showcase sustainable business practices, highlighting eco-friendly initiatives and encouraging responsible resource management

- With over 20,000 products under **SM Green Finds**, we are making sustainable choices more accessible to consumers
- Watsons launched the **Greener Store** concept with 1,600+ green SKUs and refill stations







Our Connection to Our Customers

- SM Supermalls welcomed an average of **3.8 million visitors** daily throughout 2024
- SMAC loyalty program with **10.7M** members

Our Empowered People

- We champion equal opportunity ensuring fair and inclusive workplaces in every part of our business

Our Inclusive Supply Chain Network

- As of the end of 2024, we have over **22,579 stores** across our malls, with **68%** mall tenants being MSMEs

Our Relationship with Our Communities

- We advance social development by providing access to **education, healthcare** and **livelihood** opportunities in the communities we serve.



We promote natural habitats, environmental stewardship and nature-based solutions

- The **ORCA Biodigester** at Taal Vista Hotel has diverted 40,013 kg of food waste, cutting 20,406.63 tons of CO_2 emissions with a one-day processing cycle
- **Bokashi composting** across five SM Hotels has diverted 198,640 kg of food waste, reducing 101,306.4 tons of CO_2 while producing natural fertilizer



We generate profits with purpose, contributing to national growth and partnerships

- SM Prime partnered with **GUUN** to enhance waste management and upcycling initiatives
- We organized the **PlasTIK Conference** with the **Department of Science and Technology (DOST)** to advocate responsible plastic use and waste management
- We partnered with Global Compact Network Philippines (GCNP) and hosted **SM Nego Unlad MSME Caravan** to empower and support MSMEs

Our Retail Businesses

Our retail businesses are at the heart of our group, driven by a deep understanding of Filipino customers. In 2024, retail contributed 66% of group revenues and 18% of earnings. We are a leader in food and non-food retailing with more than 30 brands across diverse formats. Partnering with over 100,000 suppliers - mostly micro, small, and medium enterprises - we expanded to 4,470 stores by year-end, strengthening our market presence. Our capital-light business model funds our own growth, enabling expansion while delivering strong cash flows and high returns.

PHP434.5bn
Revenues

4,470
Retail Stores Nationwide

Supporting Over
100,000
Vendors and Suppliers



SM STORE

Your Everyday Store

At SM Store, we continue to serve over six million customers nationwide, including 390,000 Prestige SMAC members, across 76 stores. In 2024, we expanded our offerings with global luxury beauty brands like YSL, Lancôme, and Tom Ford, alongside premium home products from Martha Stewart, Cuisinart, and KitchenAid.

Our Green Finds program grew significantly, with over 20,000 eco-conscious products contributing to sustainable shopping. We also celebrated Earth Day with nationwide pop-ups promoting sustainable brands.

In collaboration with designer Zarah Juan, we turned 33,650 square feet of used tarpaulins into tote bags and pouches, creating nearly 100 jobs and reducing landfill waste.

SM Store remains committed to meeting customer needs while driving responsible shopping and growth.



Over **20,000** Green Finds Products



76 SM Stores



23 SM Stores in Metro Manila



1,170
Stores

Expanding Access and Shopping Experiences

In 2024, Watsons reached a significant milestone with the opening of our 8,000th store in Asia at the Mall of Asia, underscoring our commitment to expanding access to health and beauty products.

Since entering the Philippine market in 2002, we've grown to 1,170 stores nationwide, opening 80 new locations in 2024, including in Visayas and Mindanao. Our flagship store at the Mall of Asia is transforming the beauty shopping experience with exclusive zones like the Beauty Zone and Sustainable Choices area, offering clean beauty products and refill stations.

We've also introduced innovations like the Offline plus Online (O+O) model, self-checkout counters, and Click & Collect services, making shopping more convenient and personalized for our customers.

Our stores continue to serve as vital community touchpoints, offering affordable products, creating jobs, and driving local economic activity. In 2024, we expanded our Alagang Pangkalusugan Medical Missions to nine missions and graduated our first batch of Pharmacy Assistant Apprenticeship Program participants, providing young women with education and career in retail.

As part of our sustainability commitment, we launched our first Greener Store in San Pedro, Laguna, and now offer over 2,000 sustainable products, including refillable options.

We remain focused on empowering communities, advancing sustainability, and transforming the health and beauty retail experience for Filipinos.

80
New Locations in 2024



Click & Collect Services
making shopping more convenient

More Rewarding Shopping

At SM, we continue to enhance the shopping experience of our customers through SMAC (SM Advantage Card), the largest retail rewards program in the country, serving 10.7 million members. These members drive a significant portion of total sales, reflected in higher transaction volumes and basket sizes.

In 2024, we further strengthened SMAC's benefits with strategic partnerships. We renewed our Shop to Fly, Fly to Shop collaboration with Philippine Airlines, offering better points conversion. We also maintained our solid partnership with Shell, Globe, and PLDT to provide even more opportunities for earning points and exclusive offers. These benefits on top of what our members currently enjoy when they earn and pay with SMAC Points, get exclusive discounts and other exciting perks at SM Store, SM Markets, SM Appliance Center, Toy Kingdom, Ace Hardware, Uniqlo, and at over 4,000 SM Retail Stores nationwide.

In collaboration with Globe's Hapag Movement and SM Foundation, we raised over PHP30 million to address food security and education challenges, providing 35 scholarships and supporting initiatives to fight hunger, aiming to reach 100,000 families over the next four years.

We also launched the SMAC&SHOP app, where our members can enjoy all things SMAC. They can earn and pay with points with their virtual SMAC, manage their account on-the-go, keep track of their spending to unlock VIP status, and get deals from their favorite SM brands anytime, anywhere.

Looking ahead, we're committed to expanding benefits, making a positive community impact, and embracing innovation to create lasting value for our members.



SMAC
is the country's largest retail rewards program



10.7 million
SMAC Members as of 2024





417
New Stores

2,092
Stores Nationwide

Everyday Essentials for Neighborhoods

In 2024, Alfamart opened its 2,000th store in Santa Rosa, Laguna, marking a decade of serving Filipino neighborhoods. Since 2014, we've expanded to 2,092 stores nationwide, with 417 new locations this year alone.

Our stores offer a wide range of products, including fresh goods, SM Bonus items, and essentials, providing value and convenience to customers.

The opening of our fifth distribution center in Sariaya, Quezon improved delivery efficiency, supporting faster service for South Luzon. This expansion also created over 1,000 jobs.

Additionally, our Silang, Cavite center increased its solar capacity by 155 kilowatts, cutting energy use by 20%. This initiative will expand to Pampanga in 2025, reinforcing our sustainability efforts.

We continue to bring accessible, affordable shopping to underserved neighborhoods, supporting local economic growth.

Wider Choices for Your Daily Needs

In 2024, SM Markets expanded with 14 new stores, ending the year with a total of 340 locations—over 70% of which are outside Metro Manila. We continue to empower local MSMEs by featuring regional specialties alongside premium imports like U.S. brand Signature Select and Singapore's Fair Price.

Our food dining experience continues to grow, offering favorites like SM Turon, Siopao Sarap, United Steak, Five Star Coffee, and Chooks to Go.

Shopping is now easier than ever with smmarkets.ph, where customers can conveniently browse and order their groceries online. We've also expanded our reach through Pickaroo, SMAC&SHOP, and GrabMart, offering even more ways to shop.

As we grow, we remain committed to providing more choices, delivering value, and enriching the shopping experience for every Filipino, wherever they are.



66
SM Supermarket

221
Savemore



56
SM Hypermarket

Our Properties

Our property arm, SM Prime, is one of Southeast Asia's largest integrated property developers. It operates 87 malls nationwide and 8 in China, anchoring our integrated property developments and retail formats. Strong recurring earnings from malls, offices, convention centers and hotels provide stable cash flow and fund our ongoing expansion plans. We also continue to lead in vertical residences across Metro Manila and expanding into provinces. SM Prime is a leader in upholding our commitment to disaster preparedness and resilience. SM Smart City, a 360-hectare integrated property development project with the Pasay City government, continues to progress as a key development. In 2024, our property business delivered PHP45.6bn of earnings.

87
Malls in the Philippines

8
Malls in China

PHP140.4bn
Revenues

22
Integrated Property Developments

67
Primary Residences



Integrated Property Developments

Supporting Modern Lifestyles

In 2024, through our 22 integrated property developments, including the flagship Mall of Asia Complex, we continued to combine retail, residential, commercial and leisure spaces to drive growth and empower communities across the country.

SM Clark, which began as a mall since 2006, has evolved into a vibrant community hub, employing over 22,000 people and supporting 5,000 tenants. With the addition of the National University, Park Inn by Radisson and SMX Convention Center Clark, we continue to strengthen the region's role in tourism and meetings, incentives, conferences, and exhibitions (MICE).

In Bacolod, our 28th mall is strategically integrated with the SMX Convention Center and Park Inn by Radisson, offering versatile event spaces and quality accommodation. Adjacent to SM City Bacolod, Smile Residences boasts premium amenities and stunning views.

In Cagayan de Oro, SM City CDO Uptown is central to the city's growth, complemented by Vail Residences, offering easy access to goods and services.

In Davao, SM Lanang Premier combines retail, the SMX Convention Center and Park Inn by Radisson to provide a seamless experience for visitors.

These developments reflect our commitment to purposeful growth, creating spaces that blend commerce, culture and community.



Malls Like No Other

SM Supermalls has long been a part of Filipino communities. For over six decades of knowing the pulse of the customers, our malls evolved from retail spaces into dynamic lifestyle and business hubs. Through the years, SM has been the place where families gather, friends meet and entrepreneurs thrive.

Our deep connection with customers sets us apart and continues to drive the success of physical retail in the Philippines.

1,636
New Jobs Generated in 2024



3.8 million
Average Daily Visitors



22,579
Mall Tenants







SM J Mall
in Mandaue,
Cebu is the
87th
SM Mall

A New Era of Malling

In 2024, we continued to redefine the Filipino shopping experience with new concepts and brand partnerships. We opened SM City Caloocan, enhancing connectivity in one of Metro Manila's fastest-growing areas, and SM J Mall in Mandaue, Cebu, our 87th mall nationwide.

At SM J Mall, we went beyond retail by introducing the Izakaya Terrace and entertainment spaces like escape rooms, trampoline parks, and virtual golf. We also expanded our offerings with new international brands like Paris Baguette, Haidilao Hotpot, and Flying Tiger Copenhagen.

All our 87 malls are designed to create meaningful connections with communities. This year, we also made an impact with a record-breaking International Coastal Clean-Up, engaging 23,320 volunteers and collecting 135,000 kg of waste across 15 malls.

We remain committed to providing spaces that meet the malling needs and wants of every Filipino family.





Building Homes, Expanding Horizons

In 2024, SM Development Corporation (SMDC) continued in shaping the future of communities beyond Metro Manila. We reaffirmed our commitment to bringing accessible, high-quality living to more Filipinos across the country, as we celebrated SMDC's 20th anniversary.

We expanded further in key growth areas such as Cool Suites at Wind Residences in Tagaytay City and Parkville Residences in Bacolod. Cool Suites is part of the growing Wind Residences estate, where city dwellers and retirees find respite while still near modern conveniences. Parkville, our first lots-only subdivision, meets the rising demand for spacious and flexible living in one of the country's fastest-growing provincial capitals.

SMDC, while addressing housing demand, also builds communities at the gateways of progress, ensuring that more Filipinos can live, work, and thrive where growth is taking shape.

As we move forward, SMDC remains committed to building a nation of homeowners, while creating opportunities for more Filipinos to invest in their future and be part of thriving, well-connected communities that stand the test of time.

67
Primary Residences



Key Property Developments

22 Integrated Property Developments

22 Office Buildings

2 Trade Halls

87 Malls

10 Hotels

67 Residential Projects

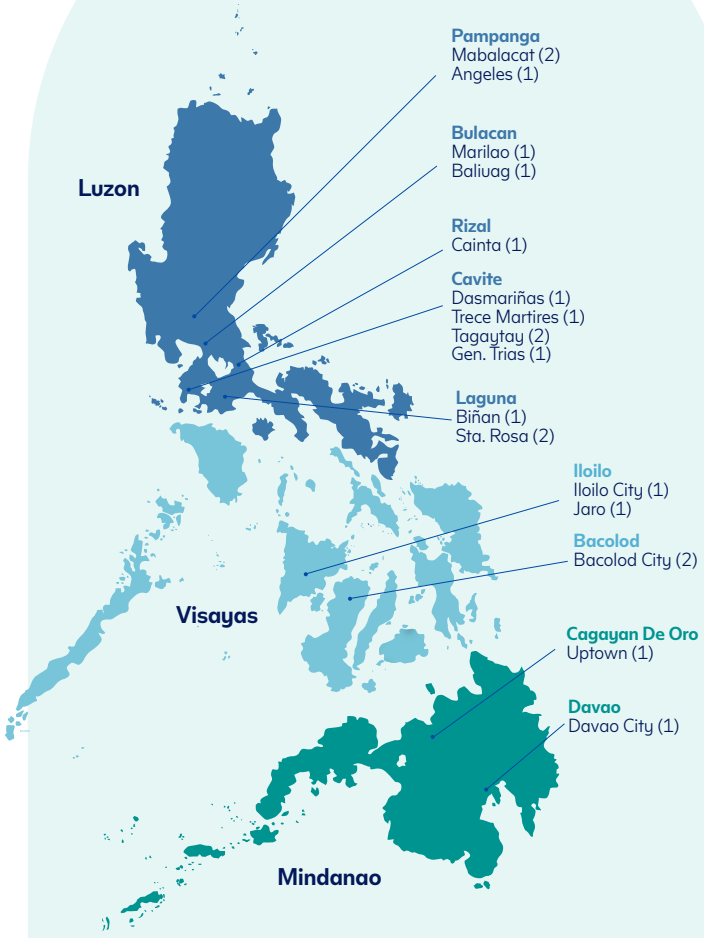
6 Convention Centers

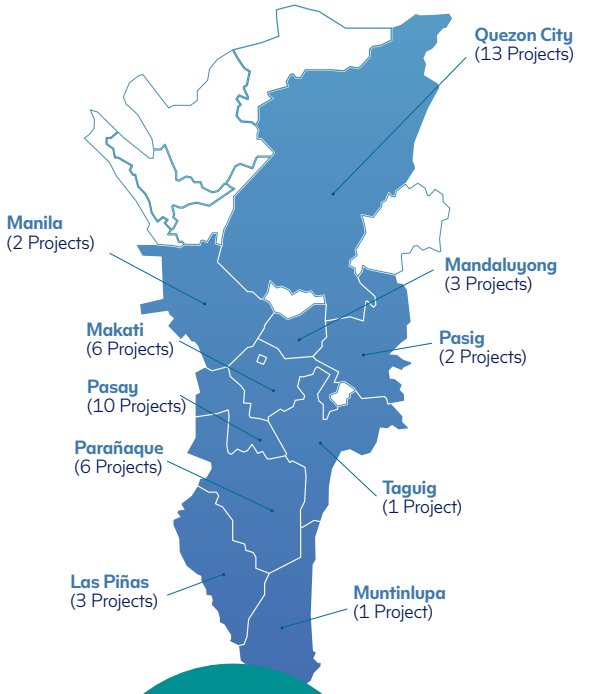
1 Arena

Primary Residences

85% Mid-Rise Buildings and 15% House & Lot Developments

20 Provincial Developments





47 Metro Manila Residential Developments

Offices

22 Office Buildings

5 Office Buildings Located at the Mall of Asia Complex

118 Hectares of land for future office developments

SM HOTELS AND CONVENTIONS



10
Hotels



67%
SM Hotels Average Occupancy Rate

Hospitality for All

In 2024, SM Hotels expanded its portfolio, blending world-class luxury with Filipino hospitality. We officially opened to the general public Lanson Place Mall of Asia, our first hotel and serviced residence-in-one, also catering to the growing demand in the lucrative MICE (meetings, incentives, conferences, and exhibitions).

We also continued our Park Inn by Radisson expansion, adding new properties in Cauayan, Olongapo, Dasmariñas, and Laguna, driving regional growth and enhancing local economies. Park Inn by Radisson Cauayan, the first international hotel in the area, symbolizes our role in emerging hubs.

At the luxury end, Conrad Manila earned Best Business Hotel – Philippines at the 33rd Annual TTG Travel Awards. We also celebrated Taal Vista Hotel's 85th anniversary, further cementing our commitment to community and cultural preservation.

Through these developments, we continue to offer meaningful experiences to all our guests and at the same time, enrich the communities we operate in.

Elevating Workspaces

SM Offices manages 22 office buildings with a combined gross leasable area (GLA) of nearly 1.0 million square meters.

We are also at the forefront of adopting property technologies into our developments. By using Building Management Systems (BMS) and advanced Air Conditioning and Ventilation Systems (ACVS), SM Offices optimizes energy consumption and improves tenant experiences. Additionally, SM Offices utilizes Energy Recovery Ventilator (ERV) technology, a system that promotes energy efficiency by transforming stale exhaust air into fresh outside air.

Most recently, we introduced electric vehicle (EV) chargers in three of our office buildings in the MOA Complex, namely ThreeE-com Center, FourE-com Center and FiveE-com Center.

SM Offices goes beyond the confines of the workspace and integrates amenities in its E-Com Prism Plaza sky gardens. There is an *Instagrammable* LED rose garden, open-air work desks, designated outdoor exercise areas, and multiple gardens where employees can rejuvenate and "press that 'reset' button" for a more productive day ahead.

Our commitment to sustainability and people-centric design earned Mega Tower and ThreeE-Com Center top honors at the Dot Property Southeast Asia Awards 2024. These LEED Gold-certified buildings set the standard for modern workspaces.



22
Office
Buildings



SM Prime's Next Landmark Development: A Sustainable Urban Center

SM Prime is strengthening its commitment to the Philippines' future with a major investment in an Integrated Property Development (IPD) adjacent to the Mall of Asia Complex in Pasay City.

Designed for connectivity, convenience and climate resilience, this large-scale project will bring together residential, commercial, leisure, civic and green spaces in a fully integrated urban center.

The project is moving forward as planned. At the end of 2024, 60% of horizontal sand pouring was completed, with full completion targeted in late 2025. The master plan is set to be finalized in the first half of 2025, paving the way for horizontal development to begin in 2027. The handover to the national government and the local government of Pasay City is scheduled before the end of 2028.

This IPD will position the Philippines as a prime investment destination, demonstrating our commitment to innovation and sustainable urbanization. Once completed, it will contribute to job generation, economic expansion, community development and nation building.

Horizontal development to begin in **2027**



SM Prime's future-ready urban hub is taking shape, with 60% of horizontal sand pouring completed in 2024.

Banking

Our ownership stakes in BDO and Chinabank position us to grow with the Philippine economy and expand financial services to more Filipinos. Through BDO, we serve all segments across online and offline channels, with a focus on expanding financial inclusion via BDO Network Bank. Chinabank continues its legacy of relationship banking, supporting entrepreneurs and the middle market while innovating in new products and markets. Both banks remain well-capitalized and conservatively provisioned, ensuring sustainable financial strength. In 2024, BDO and Chinabank delivered record earnings, contributing 49% of group earnings.

Chinabank
PHP24.8bn
Earnings

BDO
PHP82.0bn
Earnings

650
Chinabank
Branches

1,793
BDO
Branches



Driving Growth and Creating Opportunities



PHP82.0bn
Earnings



15.1%
Return on Common Equity

Banks play a crucial role in helping people and businesses thrive. Whether it's providing loans to entrepreneurs, assisting families secure their future, or making everyday banking easier, financial institutions keep the economy moving. They enable businesses to expand, jobs to grow, and communities to flourish.

At BDO, growth goes hand in hand with purpose. By supporting enterprises, expanding financial access to Filipinos and financing worthwhile initiatives, the Bank helps create meaningful opportunities. From funding clean energy to bringing banking services in underserved areas, BDO is committed to growth with purpose – ensuring that progress helps uplift lives.

Empowering Growth through Sustainable Finance

As a pioneer in sustainable finance, BDO continues to fund large-scale projects that drive economic development while reducing the country's carbon footprint. This means supporting key industries that boost local economies while contributing to a more sustainable future. BDO has financed PHP1.04 trillion in sustainable finance to date, including 63 renewable energy projects nationwide and in other parts of Asia.

In 2024, BDO successfully issued its second and third ASEAN Sustainability Bonds under the BDO Sustainable Finance Framework (SFF) to finance green and social projects, ranging from renewable energy to clean transport and sustainable agriculture and fisheries. The overwhelming

support from retail and institutional investors for these financial instruments, issued at record highs of PHP63.3 billion and PHP55.7 billion, respectively, reaffirms confidence in BDO's leadership and credibility in sustainable finance.

BDO's SFF is currently the most comprehensive framework in the Philippines for Green, Blue, Social, and Gender financing, with 29 eligible categories certified with a Second Party Opinion by Morningstar Sustainalytics.

Investing in a Sustainable Future through BDO Private Bank (BDOPB), in collaboration with Branch Banking Group (BBG), played a key role in the success of the ASEAN Sustainability Bonds, significantly increasing both retail and institutional client investments from PHP3 billion in 2023 to PHP20 billion in 2024.

BDO remains committed to raising awareness among its stakeholders about how BDO leads sustainable initiatives whenever possible – championing resource preservation and creating lasting benefits for future generations.



BDO Network Bank: Empowering Entrepreneurs through Microfinance

BDO Network Bank supports small businesses and government employees by offering microfinance and salary loan services tailored to their needs. Many of these enterprises are women-owned and women-led, enabling women achieve financial independence and become valued economic contributors.

Spreading Financial Inclusion for All

By continuously expanding its physical and digital reach, BDO has bridged financial gaps for underserved and unbanked communities. Through financial literacy programs, the Bank equips individuals and Micro, Small, and Medium Enterprises (MSMEs) with the knowledge and skills to manage their finances effectively, empowering them for long-term success.



Banking That's Focused on You

At the heart of Chinabank's enduring relationships is our dedication to knowing our customers well and providing them the banking support and solutions best suited to their financial needs, goals, and circumstances.

This unwavering customer focus is in our company DNA, manifested in the way we take care of our customers, and drives Chinabank's growth and resilience.

In 2024, we achieved an all-time high consolidated net income of PHP24.8 billion. We are still the fourth largest private universal bank in the Philippines, with total assets of PHP1.6 trillion. Deposits hit PHP1.3 trillion as we made account opening and saving easy and convenient. Gross loans reached PHP933 billion as we improved the loan process and enabled easier access to financing for more people and businesses.

Focused on Your Goals

For over a century, Chinabank has a strong presence in the entrepreneur, middle market, and business segments. In 2024, alongside ongoing digital transformation, we amplified our commitment to customer centricity and broadened our clientele though a brand refresh program, Focused on You.

Building on Chinabank's solid foundation as a trusted bank in an evolving landscape, the campaign was supported with initiatives that prove our focus: to help Filipinos achieve their dreams.

We pioneered in the Philippines the Instant Issuance Process so Filipinos can get a Chinabank Credit Card in just 30 minutes. We expanded our product offerings, launching our first-ever Visa-branded credit card, Chinabank Velvet Visa Signature, and our first feeder fund-structured UITF with a monthly income-payout feature, Chinabank Income-Paying Dollar Bond Feeder Fund. We continued to strengthen our technology foundations, putting greater emphasis on digital, data, and analytics to offer delightful and digital-first experiences to individuals and businesses of all sizes. We redesigned and launched the best iteration of our mobile app, My CBC. Receive money, save it, manage it, transfer it, pay bills, and even open accounts all with one bank, using one app.

For our solid financial performance and customer-centric, technology-enabled retail strategy, Chinabank was named by the Asian Banking & Finance in 2024 as the Domestic Retail Bank of the Year.



Chinabank reaffirms its customer focus with new campaign

650
Branches

PHP24.8bn
Earnings



Focused on Sustainability

As we empower Filipinos to navigate their financial futures with confidence, we help build a sustainable future for all. We fund renewable energy projects and initiatives that promote resource efficiency and avoidance of greenhouse gas emissions, manage our own environmental footprint, and uphold high governance standards.

In 2024, Chinabank was recognized by The Asset for excellence in environmental, social, and governance (ESG) practices. The bank also made it to TIME's list of the top 1,000 firms across the globe in terms of employee satisfaction, revenue growth, and ESG performance, and again won the Institute of Corporate Directors' top governance award, the Five Golden Arrows.

Looking ahead, we will continue to sharpen our customer and sustainability focus, leveraging our financial strength and expertise to make a difference in the lives of more Filipinos and future generations.

Titanium Award
Excellence in ESG
The Asset





World's Best Companies
TIME and Statista

Five Golden Arrows
Institute of Corporate Directors

Beyond our market-leading core businesses, we strategically invest in high-growth, well-governed and profitable enterprises that create synergies within our ecosystem. Our portfolio companies operate on proven business models, driving their own growth through strong performance and self-funded expansions. With controlling stakes, we play an active role in their development while ensuring sustained value creation and attractive returns. In 2024, our portfolio investments contributed 7% of earnings, with a long-term goal of reaching mid-teens share even as our core businesses continue to grow.

7%
Earnings Contribution

8
Businesses in High-Growth Industries

Portfolio Investments



PHILIPPINE GEOTHERMAL

Powering Growth with Clean Energy

At Philippine Geothermal Production Company (PGPC), we are committed to increasing the share of renewables in the country's energy mix, with a focus on geothermal energy. Our goal is to be a resource for reliable, renewable geothermal energy to ensure an adequate supply of baseload power for the island of Luzon.

We continue to operate the Tiwi and Mak-Ban steam fields, which have powered client plants since 1979, while expanding into new geothermal projects across Benguet, Cagayan, Camarines Norte, and other provinces. These new developments are expected to generate 250–400MW of renewable power, in addition to the current 300MW output, reducing the risk of future power shortages in Luzon.

In 2024, we marked a milestone with the arrival of our Pioneer 1 drilling rig, which is already operational at Tiwi and will soon be deployed to other sites. These projects support the Department of Energy's 50% renewable target by 2040 and will create over 2,000 local jobs in the next few years.

As Southeast Asia's geothermal pioneer, PGPC is committed to driving clean energy progress while supporting community development through education, environmental stewardship, and livelihood programs.



2GO

Empowering Businesses Through End-to-End Logistics

As the Philippines' largest end-to-end logistics provider, 2GO serves customers across 19 ports of call, connecting key business hubs like Manila, Cebu, and Cagayan de Oro, as well as tourism hotspots like Boracay and Coron.

In 2024, we expanded our routes to include weekly voyages to Davao and General Santos City, providing reliable logistics services for Mindanao's emerging businesses and tourists.

We also launched MV Masigla and MV Masikap, increasing our fleet to nine ROPAX ships and one freighter. These ships combine large freight capacity with cruise-like comfort, enhancing the travel experience for both passengers and cargo.

2GO provides end-to-end logistics solutions, including warehousing, cold chain management, project logistics, and multimodal freight via air, land, and sea—driving the growth of the booming e-commerce sector.

With our nationwide network, serving 33,000 barangays, we continue to help enable business and tourism growth, providing seamless, integrated solutions that empower businesses across the Philippines.

Operating in **19** Ports of Call



At SM, sustainability is woven into how we operate and grow. We focus on practical solutions that drive environmental responsibility, social progress and long-term economic growth, creating meaningful impact where it matters most.

Responsible and Inclusive

Focused on Long-Term Growth

Our Practical and Meaningful Approach to Sustainability



Our Practical and Meaningful Approach to Sustainability

At SM, we recognize our role in shaping the country's social, economic, and environmental landscape. We take a practical approach to sustainability, addressing daily challenges, supporting lifestyle aspirations, and contributing to sustainable development.

By focusing on what matters most to our business, we align our growth with the needs of the country, making a positive impact where it matters most.

Environmental Stewardship: Minimizing Impact, Maximizing Efficiency

With our extensive business footprint, we do our share in conserving natural resources and protecting the environment both life on land and in water. We employ the "avoid, reduce, reuse, recycle and repurpose" approach in utilizing resources for operations and product development. We implement programs on waste management, plastic management, energy management and water management. We have invested in a waste-to-fluff fuel partnership with GUUN to reduce plastics footprint and develop alternative sources of energy. We actively implement water recycling initiatives to optimize consumption and reduce environmental impact.

Social Responsibility: Creating Opportunities and Promoting Inclusion

At the core of our sustainability efforts are our own people and the communities we serve. We champion equal opportunity ensuring fair and inclusive workplaces in every part of our business. Meanwhile, we do not leave anyone behind as we strive for social development by providing access to education, healthcare and livelihood. These efforts are complementary in creating equal opportunities and promoting social inclusion whenever SM is present.

Driving Economic Growth

The synergy of our core businesses—retail, property, and banking—fuels local economies, transforming emerging cities into thriving urban hubs. This serves as a platform to foster the creation of MSMEs, and local job creation. The availability of office spaces, hotels, and convention centers boost local tourism and attract businesses and foreign investments in the city. Lastly, the mixed use of residential and commercial spaces, encourage aspirational lifestyles which contribute to economic activity.

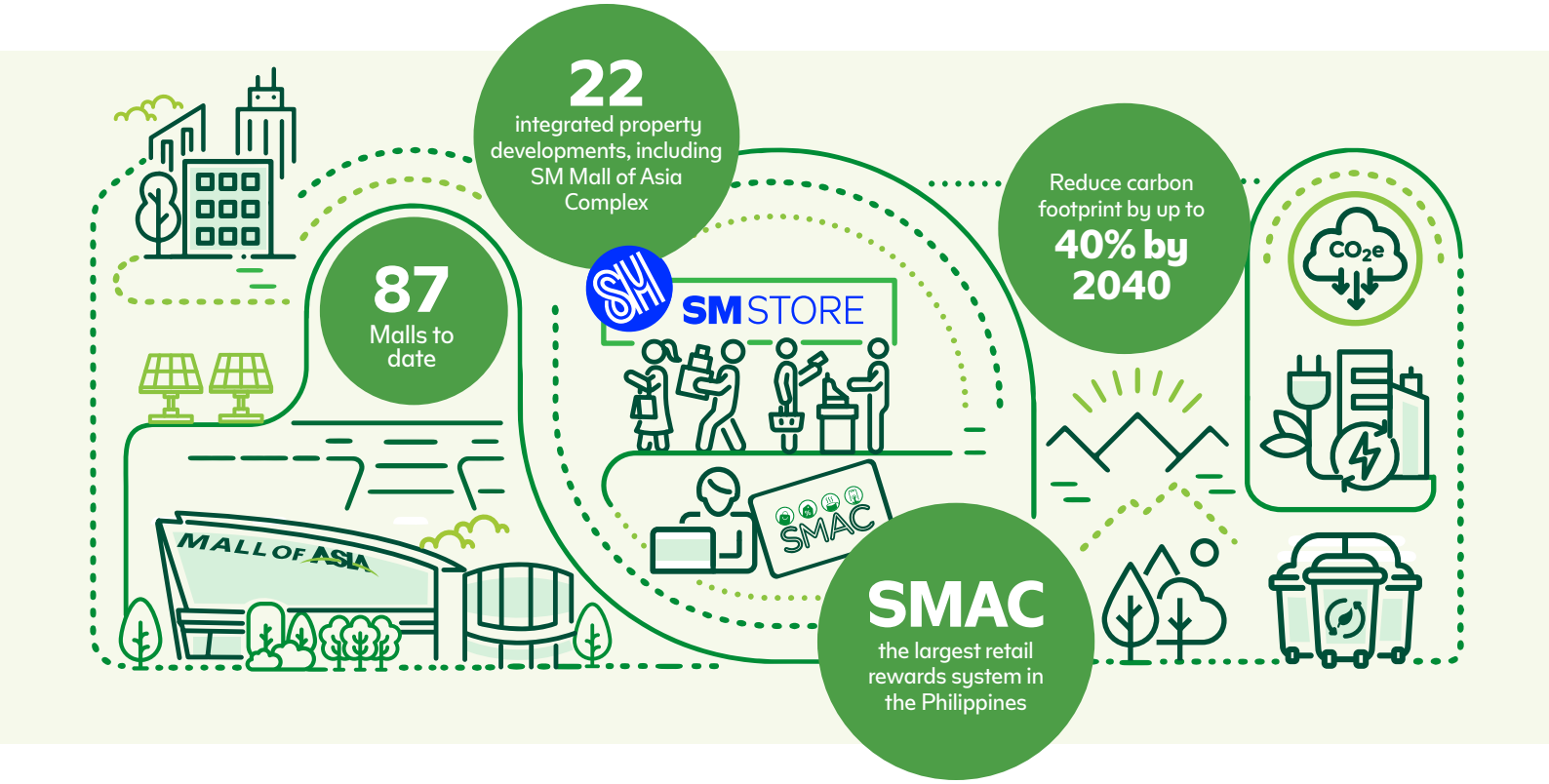
Multiplied throughout the country this approach collectively drives sustained growth.





Our Valued Resources

SM is committed to sustainable growth and long-term value creation by leveraging our resources effectively to drive progress, enhance resilience and create shared prosperity for all stakeholders.



Manufactured Capital

With 84% of Filipinos expected to live in cities by 2040, SM aligns with the Philippine Urbanization Plan to build inclusive, resilient and sustainable cities. We continue to develop integrated property developments ensuring accessibility, economic opportunities and social cohesion. To date, we have 22 integrated property developments and 87 malls that serve as key community and economic hubs.

Our property arm, SM Prime, is investing in a 360-hectare Integrated Property Development with the Pasay City government. The master plan is set to be finalized in the first half of 2025, paving the way for horizontal development to begin in 2027.

Intellectual Capital

As a leader in multiple industries, the SM brand is one of the most recognized and trusted names in the country, shaping the way Filipinos shop, live and work. Complementing this is the country's largest and longest-running loyalty program, SMAC (SM Advantage Card) with 10.7 million members enjoying exclusive perks, discounts, and rewards.

In the last quarter of 2024, we launched **SM in Focus**, a YouTube platform hosted by award-winning journalist Rico Hizon, offering an in-depth look at our businesses, social good and sustainability efforts.

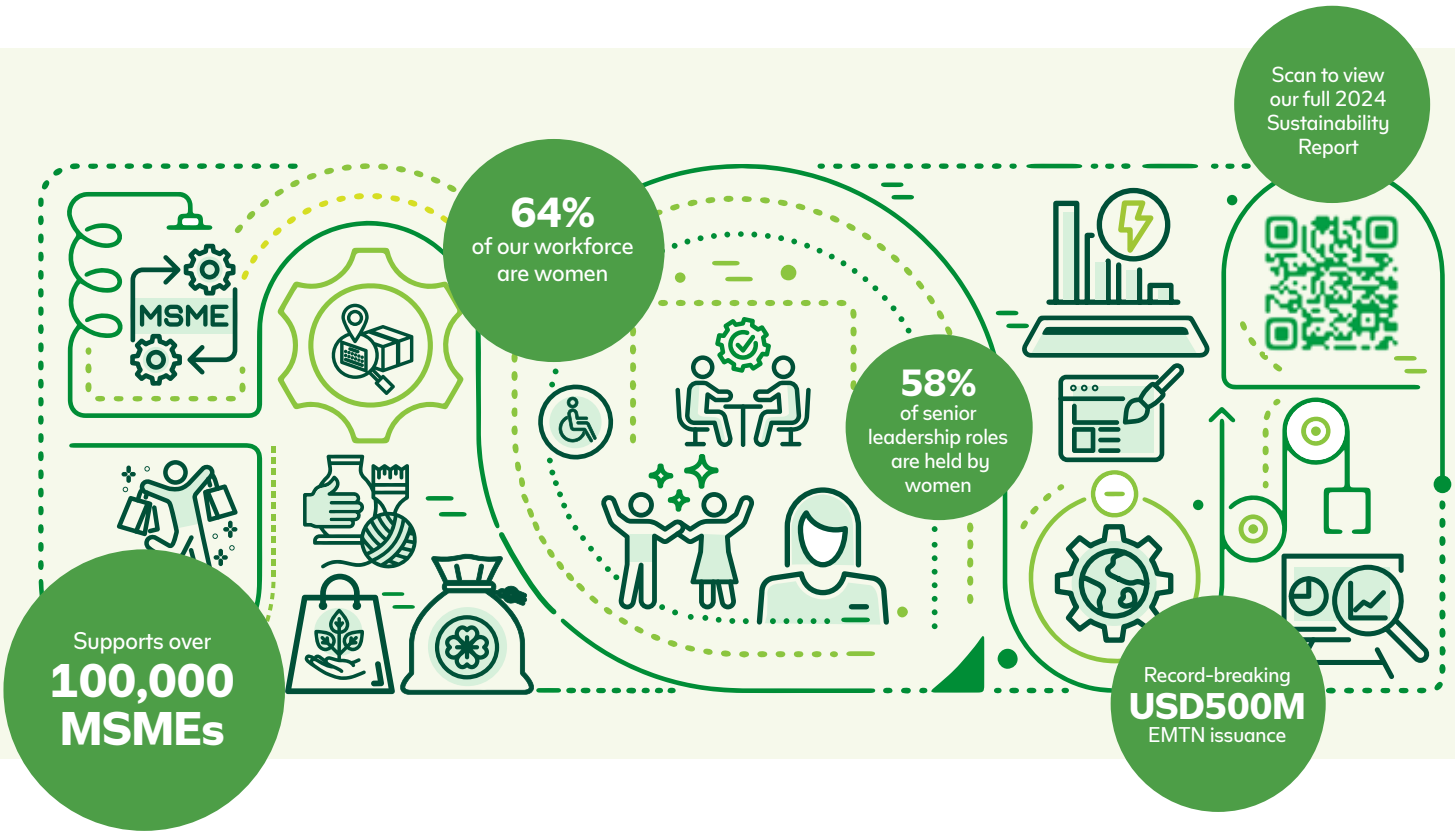
Subscribe to SM in Focus:

Natural Capital

Environmental preservation is integral to SM's growth strategy. We aim to reduce our carbon footprint by up to 40% by 2040 as reflected in our investments in green infrastructure, renewable energy projects and sustainable sourcing.

A key initiative is our partnership with **GUUN** through SM Prime to optimize waste management and upcycling, while BDO continues to fund renewable energy projects.

In October, we organized the **PlasTIK Conference** with the Department of Science and Technology (DOST), advocating for responsible plastic use and waste management. We also expanded our **Green Finds** program, providing customers with more eco-friendly products, while Watsons accelerated its Sustainability efforts with over 1,600 green SKUs, refill stations and the launch of the **Greener Store** concept.



Social Capital

We continue to expand through sustainable partnerships that uplift businesses and communities.
SM supports over 100,000 MSMEs through our retail and property network, offering accessible platforms for growth. **SM for MSMEs** offers small businesses affordable booth rentals in SM malls for as low as PHP500 per day. Supporting over 600 purveyors nationwide, it provides a strategic opportunity to reach the right market and grow into future mall tenants.

Supporting education and employment, 1,000 new scholarships were awarded by SM Foundation in 2024, the highest in our history and 106,000 job seekers were connected through **Trabaho para sa Bayan: J.O.B.S (Job Opportunities Building Skills)**, with over 14,000 aspirants hired on the spot across 183 job fairs. Additionally, SM Foundation's **KSK Farmers' Training Program** continues to support agricultural communities by providing essential skills and resources.

Human Capital

Our inclusive workplace policies champion equal opportunity, meritocracy, and anti-discrimination while fostering a supportive environment with facilities such as meditation rooms, breastfeeding areas and gender-neutral restrooms.

With women comprising 64% of our workforce and holding 58% of senior leadership roles, we actively track and enhance leadership opportunities for women through comprehensive training, mentorship, and career growth programs, ensuring a diverse and empowered workforce. This year, we welcomed our new Independent Board Director, **Atty. Lily Gruba**, bringing women's representation on our board to one-third.

Financial Capital

Our financial practices are guided by our vision of building sustainable businesses that drive responsible development. We prioritize sustainable returns, maintain strong balance sheets and adhere to prudent fiscal practices.

In 2024, we strengthened our financial position by launching our **Euro Medium-Term Note (EMTN) Program**, providing flexibility in global capital markets to fund strategic expansion. Following its establishment, we successfully completed a USD500 million drawdown in July, with the issuance oversubscribed by 3.2x, reaching USD1.6 billion in demand. The 5-year note was priced at 5.466% with a 5.375% coupon.

As early adopters of **International Financial Reporting Standards (IFRS) S1 and S2**, we integrate finance with sustainability, reinforcing our commitment to long-term growth, climate risk management and shared stakeholder value.

We recognize that strong corporate governance is essential to achieving sustainable growth. As part of our ongoing efforts to enhance transparency, accountability, and independent oversight, we have taken deliberate steps to strengthen our board's composition and practices.

Independent Chair

Majority Independent Board

Governance



Feature:
Highly Credentialed, Majority Independent and Inclusive Board



Leading with Experience and Inclusivity

In 2023, we appointed two-term Bangko Sentral ng Pilipinas Governor Amando M. Tetangco, Jr. as Chairman of the Board. This marked the first time an independent director assumed this role in our company's history. Governor Tetangco's proven expertise in monetary and financial sector policy and banking supervision ensures informed and independent leadership at the board level.

To further enhance governance, we expanded the board to nine members, with five seats now held by independent directors. This approach reflects our focus on fostering merit-based decision-making and incorporating a range of expertise and perspectives.

In 2024, we welcomed veteran lawyer and former Finance Department undersecretary Lily K. Gruba as our fifth independent director. Ms. Gruba's extensive background in taxation law, mergers and acquisitions, and government finance strengthens the board's overall capabilities. She joins a group of independent directors alongside our Chairman and Independent Director, Mr. Tetangco, that includes Tomasa Lipana, former Chairperson of Isla Lipana & Co.; Ramon Lopez, former Secretary of the Department of Trade and Industry; and Robert Vergara, former Vice Chairman of the Board of Trustees and President and General Manager of the Government Service Insurance System.

Meritocracy remains at the core of our board's composition and governance structure. The selection of board members prioritizes qualifications, expertise, and experience to ensure sound decision-making. Our commitment to merit-based appointments is further reflected in the composition of our governance committees.

The Related Party Transactions Committee is composed entirely of independent directors and is responsible for reviewing transactions with impartiality. External auditors and third-party fairness opinions provide additional layers of review.

Similarly, our Audit, Corporate Governance and Sustainability, and Risk Management Committees are composed entirely of independent directors.

These corporate governance practices, recognized by both third-party local and international organizations in 2024, are designed to align with both regulatory standards and stakeholder expectations.

Our Board



Amando M. Tetangco, Jr.
Chairman, Independent Director

Amando M. Tetangco, Jr., 72, first elected in June 2023, is the Chairman and Independent Director of the Board of SMIC. He is also the Vice Chairman and Independent Director of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation, and currently holds directorship in Manila Hotel and Toyota Motor Philippines. He is a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served from July 2005 to July 2017. He was a career central banker, having joined the Central Bank of the Philippines (the predecessor of BSP) in March 1974. He held other government positions such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center, Vice-Chair of the Agriculture Credit Policy Council, and was a member of the Capital Markets Development Council and the Export Development Council. Prior to his appointment in 2005, he was Deputy Governor in-charge of the Banking Service Sector, Economic Research and Treasury of the BSP, and was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. He worked briefly at the Management Services Division of SGV and Co. from 1973 to 1974. He was the Philippines' representative to the ASEAN Central Bank Forum, the Executives' Meeting of East Asia and Pacific Central Banks, the South East Asia Central Banks, the South East Asia, New Zealand and Australia, and the Center for Latin American Monetary Studies, and was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies, and also chaired various international committees such as the Alliance for Financial Inclusion Steering Committee, among others.

He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019, and received multiple recognition by several international organizations as one of the best central bank governors and was chosen as MAP Management Man of the Year in 2015.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (*cum laude*), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar.

He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

Directorship/s in other publicly listed companies
SM Prime Holdings, Inc.,
Converge ICT Solutions, Inc.,
and Shell Pilipinas Corporation



Teresita T. Sy
Vice Chairperson, Non-Executive Director

Teresita T. Sy, 74, first elected in May 1979, is the Vice Chairperson of SMIC and Adviser to the Board of SM Prime Holdings, Inc. She also sits as Chairperson of SM Retail Inc. She is also the Chairperson of BDO Unibank, Inc. ("BDO") and serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc. and BDO Foundation, Inc. She also serves as Adviser to the Board of BDO Network Bank, Inc. (A Rural Bank of BDO). A graduate of Assumption College with a Bachelor of Arts and Bachelor of Science degrees in Commerce, she brings to the Board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.

Directorship/s in other publicly listed companies
BDO Unibank, Inc.

Henry T. Sy, Jr., 71, first elected in May 1979, is the Vice Chairman of SMIC, and Chairman of SM Prime Holdings, Inc. and Synergy Grid & Development Phils., Inc. He is also the Chairman and Chief Executive Officer of SM Development Corporation and Vice Chairman of National Grid Corporation of the Philippines. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation, and negotiation for potential sites as well as the input of design ideas. He graduated with a Management degree from De La Salle University.

Directorship/s in other publicly listed companies
SM Prime Holdings, Inc. and Synergy Grid & Development Phils., Inc.



Henry T. Sy, Jr.
Vice Chairman, Non-Executive Director



Harley T. Sy, 65, first elected in May 1993, is the Executive Director of SMIC. He is a Director of China Banking Corporation and other companies within the SM Group, and an Adviser to the Board of Directors of BDO Unibank, Inc. and BDO Private Bank. He is the Vice Chairman and Treasurer of SM Retail, Inc. He holds a degree in Bachelor of Science in Commerce, Major in Finance from De La Salle University.

Directorship/s in other publicly listed companies
China Banking Corporation

Harley T. Sy
Executive Director



Frederic C. DyBuncio, 65, first elected in April 2017, is the President and Chief Executive Officer of SMIC. He is the Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities globally.

He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at the Asian Institute of Management.

Directorship/s in other publicly listed companies
Atlas Consolidated Mining and Development Corporation

Frederic C. DyBuncio
President and Chief Executive Officer, Executive Director

Our Board



Tomasa H. Lipana, 76, first elected in April 2016, is an Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an Independent Director of Flexo Manufacturing Corporation and OceanaGold (Philippines), Inc. She is a Fellow and Trustee of the Institute of Corporate Directors and a Trustee of the Shareholders' Association of the Philippines, Inc. and Sikat Solar Challenge Foundation, Inc. Previously, she was an Independent Director of Rural Bank of Silay City, Inc., Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines, and an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency).

Ms. Lipana completed the Executive Education Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She is a CPA Board placer. She was bestowed the Accountancy Centennial Award for Excellence by the Professional Regulation Commission - Board of Accountancy in 2023, and received the Outstanding CPA in the Public Practice Award from the Philippine Institute
of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated *cum laude*.

Directorship/s in other publicly listed companies
OceanaGold (Philippines), Inc.

Tomasa H. Lipana
Independent Director

Robert G. Vergara, 64, first elected in April 2019, is an Independent Director of SMIC. He also sits as an Independent Director of Metro Pacific Health, Inc., STI Education Systems Holdings, Inc., and AIG Insurance Philippines, Inc. He is currently the President of Vergara Advisory Management, Inc. From September 2010 to October 2016, he served as the President and General Manager and Vice Chairman of the Board of Trustees of the Government Service Insurance System (GSIS). Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines and Manila Hotel Corporation, and Member of the Board of Directors of the Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council. Prior to that, he was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited, a multi-strategy alternative asset manager from October 2006 to September 2010, and a Director of its precursor Lionhart (Hong Kong) Ltd. from 2002 to 2006. Mr. Vergara was a Principal in Morgan Stanley Asia Ltd. overseeing the firm's proprietary trading desk from 1997 to 2001 and served as the Managing Director of hedge fund IFM Asia Ltd. from 1990 to 1997.

He obtained his Master in Business Administration from Harvard Graduate School of Business Administration and graduated *magna cum laude* from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Directorship/s in other publicly listed companies
STI Education Systems Holdings, Inc.



Robert G. Vergara
Independent Director



Ramon M. Lopez, 64, first elected in August 2022, is currently an Independent Director of SMIC. He also currently serves as an Independent Director of AIC Group of Companies Holding Corporation, and a Board Trustee and Vice Chairman of the Valenzuela City Technological College (ValTech). He also serves as Independent Director of Monde Nissin Corporation, New Marketlink Pharmaceuticals Corporation, Pilmico Foods and Agribusiness Corp., Seedbox Securities Inc., and Asian Consulting Group. He was recently appointed as Chairman of the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA). Mr. Lopez is also a Member of the Board of Advisors in Packworks Venture PTE. LTD., and a Board Trustee in Bayan Family of Foundations, a non-profit organization providing entrepreneurship education and SMEs/social enterprise development.

Mr. Lopez was the former Secretary of the Philippine Department of Trade and Industry (DTI) and served for the full term of the administration of former President Rodrigo Roa Duterte. During his term, he chaired the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, and Philippine International Trading Corp, and supervised attached agencies such as the Intellectual Property Office of the Philippines, among others.

He has received several awards including the Philippine Innovation Man of the Year Award in 2017, the Order of Sikatuna with a rank of Datu in 2018, named by People Asia as one of the 2020 People of the Year, and Presidential Medal of Merit in June 2022 for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also received The Asia CEO Awards 2022 "Lifetime Contributor of the Year Award".

Mr. Lopez has a Master's Degree in Development Economics 1988 class at Williams College, Massachusetts USA and an AB Degree in Economics (1981) from the University of the Philippines School of Economics.

Directorship/s in other publicly listed companies
Monde Nissin Corporation

Ramon M. Lopez
Independent Director

Lily K. Gruba, 75, first elected in April 2024 with effectivity of service in June 2024, is the Founding Partner of Gruba Caganda Advincula Melo & De la Fuente (formerly, Zambrano and Gruba). She is currently a Director of Asia United Bank and Cosco Capital, Inc. Atty. Gruba is also the Executive Director of Fr. Joaquin, SJ Institute for Continuing Legal Education, a Professor on Taxation Law, Mergers & Acquisitions and Local Government Finance, and a bar reviewer at the Ateneo de Manila University School of Law.

She also held various positions in the government, such as Director of the Philippine Economic Zone Authority, Director of Overseas Workers Welfare Administration, and Undersecretary of the Department of Finance from 1998 to 2001. She was also a Philippine Bar examiner for Taxation Law in 2007 and 2019 and for Commercial law in 2012. From 2018 to 2024, she was named as one of the 100 Top Lawyers in the Philippines by the Asia Business Law Journal. In 2023, she was nominated as tax lawyer of the year for Southeast Asia by the Legal 500.

Atty. Gruba graduated from the University of Santo Tomas in 1972 with a Bachelor of Arts in Psychology and a Bachelor of Laws degree from the Ateneo Law School in 1976 and was admitted to the Bar in 1977. She finished her Master of Laws in Georgetown University Law Center in Washington, D.C. in 1981.

Directorship/s in other publicly listed companies
Asia United Bank Corporation
Cosco Capital, Inc.



Lily K. Gruba
Independent Director

Board Advisers



Herbert T. Sy



Hans T. Sy



Elizabeth T. Sy



Gregory L. Domingo



Roberto G. Manabat



Joseph Phi

Corporate Governance

SM Investments Corporation (SMIC) practices good corporate governance in all its dealings with all stakeholders, investors, business partners, creditors, customers and employees because SMIC believes that good corporate governance will provide the long-term growth, sustainability and success to the Company. SMIC's good corporate governance framework and practices are part of the Company's core values that are anchored on the principles of fairness, integrity, accountability, transparency and stakeholder engagement.

SMIC's various awards and recognition are identified in this Report. We aim to create value in all our businesses we operate, not just with our customers, but, also, the communities and the environment to ensure sustainable growth and development.

THE BOARD OF DIRECTORS

SMIC's Board of Directors is at the helm of our governance structure. The Company's directors possess the necessary qualifications, competencies and skills to effectively participate and help secure the achievement of the Company's vision, mission and corporate objectives. The Company adheres to a board diversity policy that ensures a diverse composition of Board of Directors, which assists in advancing SMIC's strategic objectives. By virtue of the said policy, the Company commits to having a diverse organization in terms of age, competency, experience, business background, ethnicity, culture, skill, knowledge and gender, among others. To monitor progress in achieving the Board's diversity, the relevant board committee utilizes a board matrix, which provides for the mix of attributes, skills, competencies, experience and affiliations the members of the Board currently possess vis-a-vis the needs to complement its existing composition. Both the board diversity policy and board matrix are posted on the company website.

Our Board is composed of a majority of independent directors where five (5) of nine (9) highly qualified directors are independent directors including our Chairman of the Board. In accordance with the Company's Manual on Corporate Governance, the Board shall always have at least three (3) independent directors. Independent directors are directors that are free from management responsibilities, substantial shareholdings and material relations, which could be perceived to impede the performance of independent judgment. Independent directors are tasked to encourage impartial discussions at board meetings, monitor and provide feedback on Management's performance, and safeguard the interests of the Company's various stakeholders.

In addition to fostering the Company's culture of corporate governance, the Board is tasked to do the following in accordance with the Manual on Corporate Governance:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Company's purpose, vision, mission and strategies to carry out its objectives and review it annually, or sooner should the need arise.
- Oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.
- Ensure that the Company complies with all relevant laws, rules and regulations and adopt industry best practices.
- Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investor relations program.
- Adopt a system of internal checks and balances.
- Identify and monitor key risk areas and key performance indicators, and ensure that a sound Enterprise Risk Management framework is in place.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Ensure that an effective succession planning program for directors, key officers and management is in place.
- Ensure that each elected director, before assumption of office, be required to attend a seminar on corporate governance conducted by a duly recognized private or governance institution.
- Ensure that each director annually attends continuing education programs conducted by an accredited training provider of relevant government agencies.
- Ensure that directors with material interest in any transaction affecting the Company abstain from taking part in the deliberations for the same.
- Formulate and implement group-wide policies to ensure the integrity of related party transactions, especially those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- Ensure that the Company's Code of Ethics, which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company's website.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or other third parties, including regulatory authorities.

Board Performance and Attendance

Per our Manual on Corporate Governance, the Board should meet at least six (6) times annually. For the year 2024, there were eight (8) meetings conducted of which 97% attendance was achieved. The Board meetings are scheduled a year in advance to encourage higher participation. Special board meetings may be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors. A director's absence or non-participation for whatever reason in more than 50% of all meetings, both regular and special, in a year may be a ground for temporary disqualification in the succeeding election. Furthermore, non-executive directors meet at least once annually, without any executive directors or representatives of Management present. Board papers and other materials to be used during Board meetings are distributed to the relevant parties at least five (5) business days before the actual meeting.

2024 Meetings & Attendance									
Director	(1) 1/24	(2) 2/28	(3) 3/19	Regular (4) 4/24	Organizational (5) 4/24	(6) 5/8	(7) 8/7	(8) 11/13	Percentage Present %
Amando M. Tetangco, Jr.	√	√	√	√	√	√	√	√	100
Teresita T. Sy	√	√	√	√	√	√	√	√	100
Henry T. Sy, Jr.	√	√	√	√	√	√	√	√	100
Harley T. Sy	√	√	√	√	√	√	√	√	100
Frederic C. DyBuncio	√	√	√	√	√	X	X	√	75
Tomasa H. Lipana	√	√	√	√	√	√	√	√	100
Ramon M. Lopez	√	√	√	√	√	√	√	√	100
Robert G. Vergara	√	√	√	√	√	√	√	√	100
Lily K. Gruba*	-	-	-	-	-	-	√	√	100

**Atty. Lily K. Gruba was elected on April 24, 2024 as Independent Director and her election became effective upon Securities and Exchange Commission (SEC) approval on June 10, 2024 of the increase in number of directors from eight (8) to nine (9).*

BOARD COMMITTEES

To address specific tasks and responsibilities, the Board adopted six (6) board committees, namely the Executive Committee, the Audit Committee, the Related Party Transactions Committee, the Compensation Committee, the Risk Management Committee, and the Corporate Governance and Sustainability Committee.

Each committee has a Charter, which defines its composition, roles and responsibilities in line with the provisions found in the Manual on Corporate Governance and pertinent regulations. The Charters include administrative provisions on the conduct of meetings and proceedings, reportorial responsibilities and provide the standards for evaluation of the respective committee performance. The Charters are posted on the Company's website.

The Executive Committee

The Executive Committee is composed of both executive and non-executive directors and acts on behalf of the Board during the interim periods between Board meetings. The Committee meets, at least, on a monthly basis to assist the Board in overseeing the implementation of strategies, set and monitor the Company's performance goals and foster the sharing and dissemination of best practices in all areas of the business group. The Executive Committee also defines the group-wide policies and action, relating to sustainable development, including environment, health and safety, internal communications, innovation and research and technology and purchasing.

Office	Name
Chairperson (NED)	Teresita T. Sy
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio

The Audit Committee

The Audit Committee exercises the Board's oversight of the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws, rules and regulation. The Committee is composed of three (3) independent directors, including the Chairperson. The Committee members each possess relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance. The Chairperson of the Audit Committee, Ms. Tomasa H. Lipana, is a certified public accountant and does not serve as the chairperson of any of the other board committees. More information on the Committee's roles and activities are discussed in the Audit Committee Report included in this Report.

		2024 Meetings and Attendance				
Office	Name	2/26	5/6	7/11	8/5	11/11
Chairperson (ID)	Tomasa H. Lipana	√	√	√	√	√
Member (ID)	Ramon M. Lopez	√	√	√	√	√
Member (ID)	Amando M. Tetangco, Jr.	√	√	√	√	√

The Related Party Transaction Committee

The Related Party Transaction Committee reviews all material related party transactions of the Company and ensures that said transactions are conducted reasonably and at arms' length. The Committee is composed entirely of independent directors, including the Chairperson.

Office	Name	2024 Meetings and Attendance
		2/26
Chairperson (ID)	Ramon M. Lopez	√
Member (ID)	Robert G. Vergara	√
Member (ID)	Amando M. Tetangco, Jr.	√

The Compensation Committee

The Compensation Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee is composed of three (3) directors, two (2) of whom are independent directors.

Office	Name	2024 Meetings and Attendance	
		4/24	11/11
Chairperson (NED)	Teresita T. Sy	√	√
Member (ID)	Amando M. Tetangco, Jr.	√	√
Member (ID)	Ramon M. Lopez*	√	-
Member (ID)	Lily K. Gruba**	-	√

**Mr. Ramon M. Lopez served as member of the Compensation Committee until April 24, 2024.*
**Atty. Lily K. Gruba was elected as Independent Director and appointed as a member of the Compensation Committee on April 24, 2024, which became effective upon SEC approval on June 10, 2024 of the increase in number of directors from eight (8) to nine (9).*

Board Remuneration

The annual compensation paid to each director is disclosed annually in the Definitive Information Statement sent to shareholders, as publicly disclosed and posted on the company website, together with the Notice of the Annual Stockholders' Meeting. Each member of the Board received Php5,400,000.00 annually except for any outgoing and newly elected Director whose remuneration is pro-rated. As such, Atty. Lily K. Gruba received Php 2,598,450.00 as she was elected on April 24, 2024 as Independent Director and her election became effective upon SEC approval on June 10, 2024 of the increase in number of directors from eight (8) to nine (9).

The Risk Management Committee

The Risk Management Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system. The Committee is composed of non-executive and independent directors, including the Chairman. Per the Committee's charter, at least one (1) of its members must have relevant knowledge and experience on risk and risk management. The Committee Chairman, Mr. Robert G. Vergara does not serve as the chairman of any of the other board committees.

Office	Name	2024 Meetings and Attendance	
		8/5	11/11
Chairperson (ID)	Robert G. Vergara	√	√
Member (ID)	Ramon M. Lopez	√	√
Member (ID)	Amando M. Tetangco, Jr.	√	√
Member (ID)	Lily K. Gruba*	√	√

**Atty. Lily K. Gruba was elected as Independent Director and appointed as a member of the Risk Management Committee on April 24, 2024, which became effective upon SEC approval on June 10, 2024 of the increase in number of directors from eight (8) to nine (9).*

Enterprise Risk Management (ERM)

SMIC's ERM approach begins with the identification and prioritization of risks, followed by the assessment of risk interrelationships and analysis of risk sources. This is followed by the development of risk management strategies and action plans, and ultimately, the monitoring and continuous improvement of the risk management process.

SMIC's business unit heads are responsible for managing operational risks by implementing internal controls and risk management systems within their respective units and ensuring these remain adequate and effectively working in place. The Risk Management Committee is regularly updated on the Company's risk management systems, as well as on improvement plans of SMIC, while the Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company.

Actions adopted to mitigate the Company's risks include investments in technology, the provision of continuous training of personnel, the performance of regular audits, the establishment and implementation of policies for strong information technology (IT) governance, and continued partnerships with the Company's various stakeholders. Technological risks are addressed via continuous risk assessments, wherein potential threats to assets, vulnerabilities and likelihood of occurrence are evaluated and possible impacts are estimated in the areas of networks, operating systems, applications and databases in production. Specifically, system vulnerability assessments and penetration testing are regularly conducted to proactively detect and address threats.

The Company's approach to other risks such as environmental risk starts with an assessment of the potential impact it has to the community where it operates. The Sustainability Team regularly reports the group's sustainability road map and progress to the Steering Committee. Relevant updates are also provided to the Board through the Corporate Governance and Sustainability Committee as necessary. The Company is committed to protect the environment by implementing effective and efficient resource utilization measures in its daily operations.

The Company has developed a program and certified an Energy Auditor to help the organization optimize its energy use, reduce cost and improve environmental sustainability. The Company was registered with the Anti-Money Laundering Council (AMLC) as a Designated Non-Financial Business and Profession (DNFBP) on December 1, 2021. As such, SMIC is also committed to strict adherence with the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) rules, laws and regulations and ensures that the Company will not be used as a conduit for the proceeds of unlawful activity to help prevent the country from being used as a money laundering/ terrorism financing site.

The Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee is tasked to assist the Board in its corporate governance and sustainability-related responsibilities, such as but not limited to, economic, environmental, social and governance (EESG) matters, climate change, anti-money laundering act, information technology, risk and social impacts related to sustainability reporting. The committee also performed the review and evaluation of the qualifications of all candidates nominated to the Board of Directors, and those nominated to positions that require Board approval under the Company's By-Laws. The Committee is composed entirely of non-executive and independent directors.

Office	Name	2024 Meetings and Attendance	
		3/12	8/5
Chairperson (ID)	Ramon M. Lopez	√	√
Member (ID)	Tomasa H. Lipana	√	√
Member (ID)	Robert G. Vergara	√	√
Member (ID)	Lily K. Gruba*	-	√

**Atty. Lily K. Gruba was elected on April 24, 2024 as Independent Director and her election became effective upon SEC approval on June 10, 2024 of the increase in number of directors from eight (8) to nine (9).*

Nomination and Election of Directors

SMIC sets a reasonable period of time for the submission of nominations of candidates for election to its Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within the said nomination period are considered valid. Any shareholder of record may be nominated as a board of director. All shareholders, including minority shareholders, are entitled to be notified of the schedule and other details of the Annual Stockholders' Meeting for the election of board of directors and are entitled to vote as such. When searching for candidates for the Board of Directors, the Company engages the services of professional search firms and/or other external sources, such as director databases set up by director or shareholder bodies.

The Corporate Governance and Sustainability Committee meets to screen and check the qualifications of all persons nominated to be a board of director from the pool of candidates submitted by the nominating shareholders. The Manual on Corporate Governance prescribes the following qualifications to be a director of the Company:

- Holder of at least one (1) share of stock of the Corporation;
- Shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- Shall be at least twenty-one (21) years old;
- Shall be proven to possess integrity and probity;
- Shall be diligent, hardworking and reputable;
- Shall be proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company; and
- In addition to the qualifications for membership in the Board required in relevant laws, the Board may provide for additional qualifications which may include practical understanding of the Company's business, membership in good standing in relevant industry, business or professional organizations, and previous business experiences.

The Corporate Governance and Sustainability Committee also determines the number of directorships which a member of the Board may hold simultaneously with their SMIC board seats. No individual independent director holds more than five directorships in other publicly listed companies.

In addition to the aforementioned qualifications, the Corporate Governance and Sustainability Committee also identifies qualifications of directors that are aligned with the Company's strategic direction. Likewise, the Committee ensures that those nominated to the Board possess all the qualifications and none of the disqualifications provided in the Manual on Corporate Governance, applicable law and regulations.

Further to this, the Committee ensures that nominees have attended an orientation or training program related to corporate governance before assuming office pursuant to pertinent regulatory requirements. The committee also recommends continuing education/ training programs for directors and key officers with training providers that are duly accredited by the Securities and Exchange Commission (SEC). In 2024, the members of the Board of Directors and key officers participated in various training programs such as the 2024 CG Seminar on August 27 conducted by the Institute of Corporate Directors (ICD) with partners and subject matter experts from UBS Global Wealth Management, Asia Pacific College, Wiz.Ai, Microsoft Philippines and RedRock IT Security, Inc. Topics included Global Economic and Geopolitical Outlook, Speaker Series on Artificial Intelligence and the Future of Technology, and Cybersecurity. Members of the Board also attended CG Seminars that included topics and discussions on Updated Retail Banking Trends with Generative Artificial Intelligence, the Evolving Cyber Threat Landscape, Managing Cyber Risk, Re-Focusing and Re-Energizing Business Strategy, Organization and Culture for Success, and Building a Data-Driven Business. Attendance of the members of the Board to these seminars and training programs are disclosed.

Evaluation of the Board

Through the Corporate Governance and Sustainability Committee, the Board conducts an annual performance evaluation of the collective Board, Board Committees, individual directors, the Company's Chairman of the Board, President and selected officers. The evaluation criteria are based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors, Chairman of the Board, President and the heads of the control functions (Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer) as provided for by SMIC's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Directors are asked to rate the annual performance of the respective bodies and individuals, as well as identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, their accessibility to Management, the Corporate Secretary and Board Advisors as well as training/continuing education programs or any other forms of assistance that they may need in the performance of their duties. The Board then reviews the results of the evaluation and agree on action plans to address the issues raised. The forms used for the evaluation may be viewed via the Company's website.

Every three (3) years, the annual board evaluation is conducted by a third-party facilitator. SMIC engaged the services of ICD, an accredited service provider, to facilitate our board evaluation for the year 2024.

CORPORATE GOVERNANCE RELATED POLICIES

SMIC regularly reviews and enhances its Manual on Corporate Governance, Code of Ethics, and other corporate governance related policies and programs to promote the continued development of its corporate governance culture. All corporate governance related policies and information are available to the public through the Company's website at www.sminvestments.com.

The Manual on Corporate Governance

The Manual on Corporate Governance institutionalizes the principles and best practices of good corporate governance in the organization and remains a testament to the belief that good corporate governance is a critical component of sound strategic business management. In addition to the provisions relating to the Board of Directors and Management, the Manual also contains the Company's policies on disclosure and transparency, and mandates the conduct of communication, and training programs on corporate governance. It also outlines the rights of all stakeholders, and the protection of the interests of minority stockholders. There have been no deviations from the Manual since it was adopted. SMIC certifies that the Company, its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual.

The Code of Ethics

SMIC's Code of Ethics provides the Company with the backbone for its culture of corporate governance. All directors, officers and employees are required to adhere to the Code in the performance of their duties and responsibilities. The Code highlights the importance of integrity in all the dealings with investors, creditors, customers, contractors, suppliers, regulators, co-employees, and the Company's other various stakeholders. It also highlights the Company's duties to its employees, shareholders, and the importance of corporate social responsibility.

The Sustainability Policy

SMIC is committed and complies with all applicable laws and regulations in all aspects of its operations pertaining to human and labor rights and environmental responsibility. It also aims to minimize the Company's risks and impacts through the development of a robust and documented system of implementation, measurement, monitoring, dissemination, and evaluation of globally accepted standards of social development and environmental sustainability performance both within its scope of operations and to the broader community. We are focused on enhancing the sustainability of our business ecosystem and are actively addressing the climate adaptability and mitigation of our businesses. Our sustainability policy is complemented by a Sustainability Management System with operating policies and implementing procedures on 11 material topics that include, among others, climate action, resource management, sustainable supply chain and equal opportunity. Management performance is linked to sustainability metrics. SMIC's sustainability policy, management system and programs are discussed further in the SMIC Sustainability Report and the SMIC Sustainability Notes aligned with the International Financial Reporting Standards (IFRS) S1, S2 and Global Reporting Initiative (GRI). All of these are publicly accessible through our Company website.

Other CG Related Policies	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading in the Company's shares during the period within which a material non-public information is obtained, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. SMIC issues reminders of the "trading ban", before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. All directors, officers and employees are required to report their dealings in company shares within three (3) business days of the transaction. Reports indicate the date of the trade/s and number of shares traded, at least, and should be submitted to the Company's Compliance Officer.
Related Party Transactions Policy	SMIC discloses in detail the nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports. The Company ensures that its related party transactions are conducted at fair market prices and at arms' length. The full policy may be found in SMIC's website and describes the process by which the Company handles its related party transactions, particularly those that cross the Company's materiality threshold.
Conflict of Interest Policy	SMIC's Conflict of Interest Policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him/ her from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose annually said conflict to the Company.
Guidelines on Gifts/Hospitality and Entertainment	Based on the provisions of the Code of Ethics, SMIC's directors, officers and employees are prohibited from soliciting or accepting gifts, hospitality, and/ or entertainment in any form from any business partner. The term gift covers anything of value, such as but not limited to cash or cash equivalent. The guidelines provide exceptions such as corporate giveaways, tokens or promotional items of nominal value. In the same manner, accepting travel sponsored by any current or prospective business partner is prohibited.

Guidelines on Placement of Advertisements	SMIC issued a policy to prohibit the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where an SM company or director, officer or employee is one of the nominees vying for the award. SMIC may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.
Policy on Accountability, Integrity, and Vigilance (Whistleblowing Policy)	SMIC's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any SMIC director, officer or employee may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable law or regulation. Upon receipt of an incident report, Management investigates on its merit, subject to due process and applicable penalties and sanctions thereafter. Furthermore, the policy invokes a "No Retaliation" section for those that have reported in good faith.
Policy for Vendor Selection and Purchase of Goods and Services	Existing and potential vendors and suppliers are required to conform to the Company's Code of Ethics as a pre-requisite for the accreditation process.
Alternative Dispute Resolution System	Ensures that the Company maintains an alternative dispute resolution system to settle conflicts between the Company and its stockholders or other third parties, including regulatory authorities.
Human Rights Policy	SMIC respects and promotes human rights in accordance with the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. We are committed to the principles that all persons should be treated with respect.
Anti-Bribery and Anti-Corruption Policy	SMIC is committed to conducting business in an ethical and honest manner. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.
Anti-Discrimination and Anti-Harassment Policy	SMIC is committed to providing a working environment that is safe and free from harassment (including sexual harassment) for all its employees and will not tolerate any form of behavior that is based upon an individual's sex, sexual orientation, race, ethnicity, national origin, age and religion.
Operational Health and Safety Policy	SMIC is committed to the protection of health, safety and wellbeing of all members of the organization including its subsidiaries. The Company strives to promote a strong and sustainable culture that will facilitate the awareness of risk and the prevention of injury and illness.
Privacy Policy	Our Company collects, uses, protects or otherwise handles our data subjects' personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations and other issuances (collectively known as "Data Privacy Act").

DISCLOSURE AND TRANSPARENCY

SMIC ensures that its stakeholders receive timely and accurate information on all facets of its business through its website and disclosures. SMIC's website has a separate corporate governance section that has subsections where its policies, programs and other relevant developments may be found. The Company also ensures that shareholders are provided with periodic reports that include relevant information on its directors and officers and their shareholdings and dealings with the Company.

SMIC regularly discloses its top shareholders and its beneficial owners who own more than 5% of its shares. Shareholdings of directors and senior management are disclosed in the Definitive Information Statement sent to shareholders prior to the Annual Stockholders' Meeting.

The Company also uses non-financial performance indicators discussed in this Report.

The Investor Relations Department

SMIC's Investor Relations (IR) Department is the main avenue of communication and engagement between the Company and its various stakeholders, including minority shareholders. The IR Department

engages its stakeholders, through a range of activities such as, but not limited to, quarterly earnings briefings, site visits, participation in investor conferences, annual roadshows, press releases, and timely company disclosures. In 2024, the IR Department and senior management conducted roadshows across Asia, UK, the Middle East and North America. The SMIC IR Department also coordinates stakeholder engagement activities with the different IR departments of the Company's subsidiaries and affiliates to maximize impact and align messaging. SMIC's various stakeholders may reach out to the Company for information or details on the Company, its operations, directors and/or officers, to provide feedback and/or make other relevant suggestions/recommendations to the Company:

Investor Relations Department
10/F, OneE-Com Center
Ocean Drive, Mall of Asia Complex
Pasay City, 1300 Philippines
ir@sminvestments.com

The Annual Stockholders' Meeting

The Annual Stockholders' Meeting (ASM) provides SMIC shareholders, including minority shareholders, the opportunity to raise concerns, give suggestions, and vote on relevant issues. Voting methods, including real time secure electronic voting *in absentia*, are clearly defined and explained to shareholders before the ASM to ensure the observance of their voting rights and continued participation in the voting process in accordance with pertinent regulatory requirements and CG standards.

Under the Company's By-Laws and Manual on Corporate Governance, and in accordance with applicable law and pertinent regulations, shareholders may cumulatively vote for the election or replacement of members of the Board of Directors. Prior to the ASM, shareholders are furnished a copy of the annual report, including financial statements, and all relevant information about the current and nominated directors and key officers. Elected directors hold office for one (1) year until their successors are elected following the procedures set forth in SMIC's By-Laws. SMIC also includes rationales and explanations for each agenda item which requires shareholder approval in the Notice of the Annual Stockholders' Meeting. Furthermore, the Company appoints an independent party to count and validate votes made during the ASM.

Proxy voting is permitted and facilitated through proxy forms, which are distributed to shareholders prior to the ASM. Proxy forms may also be downloaded from the Company's website. To encourage shareholders to exercise their right to vote through the proxy forms, notarization of such is not required. Shareholders are also given the opportunity to vote on certain corporate acts in accordance with the law. These resolutions, along with shareholder questions and the corresponding responses are recorded in the minutes of the ASM, which are posted on the Company's website immediately following the ASM. To ensure that all shareholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairpersons and Members, Management, the Corporate Secretary, Compliance Officer, Internal Auditor and the External Auditors are always present during the ASM.

RIGHTS, ROLES AND PROTECTION OF STAKEHOLDERS

Based on its Manual on Corporate Governance, Code of Ethics and other relevant rules, laws and regulations, SMIC is required to recognize and protect the rights and interests of its key stakeholders, namely its shareholders, employees, customers, business partners, creditors, as well as the communities it operates in and the environment.

Rights of Shareholders

The Manual on Corporate Governance protects the shareholders' appraisal right as well as their rights to vote, inspect corporate books and records, gain access to material information and receive an equitable share of the Company's profits.

The exercise of a shareholder's voting right is encouraged by SMIC to ensure meaningful participation in all shareholders' meetings. Voting methods and vote counting systems employed by the Company are clearly explained to ensure the effective exercise of shareholders' right to vote. SMIC follows the system of cumulative voting for the election of directors to allow shareholders an opportunity to elect each member of the Board of Directors individually. Shareholders maintain the right to receive dividends subject to the discretion of the Board. They may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares in accordance with the Corporate Code.

Minority shareholders are given the right to propose the holding of a meeting as well as the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes and in accordance with the law, jurisprudence and best practice. Minority shareholders are also given access to information relating to matters for which Management is accountable.

Dividend Policy

The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs and debt servicing requirements. Dividends shall be paid within thirty (30) days from the date of declaration.

Employee Welfare

SMIC strives to be an employer of choice and provides for the health, safety and welfare of its employees. Through the efforts of its Human Resources Department (HRD), the Company has established policies and programs that promote a safe and healthy work environment that caters to all cultures and creeds and encourages employee development and growth.

SMIC encourages good health and wellness through its various sports and fitness programs. There are courts and fitness facilities in the workplace where the employees can use and participate in HRD supported aerobic and dance activities. The pandemic from 2020 to 2021 temporarily suspended these activities, which were resumed in 2022.

Work from home arrangement is being implemented for the health and safety of the employees. SMIC provides a fully functioning clinic and employs the services of a 24-hour roving ambulance service in case of an emergency.

The Company continues to conduct seminars and various learning sessions via online platform, such as training on Integration of New Employees in SM, the use of Microsoft word, Excel and PowerPoint and various technological applications, health and wellness seminars, proper business email writing skills to name a few. The Company believes that a happy and healthy workforce promotes business sustainability.

Emergency Preparedness Program

As part of ERM, SMIC implements an emergency preparedness program that aims to safeguard its workforce, operations, and customers against emergencies, whether natural or human-caused incidents such as, but not limited to, fire and other security threats. Led by our Administrative and Facilities Department, and in coordination with fire and security agents, the Company conducts regular safety or fire drills and first aid orientation and training throughout the SMIC workplace. These drills are conducted to establish a structured approach for responding to an emergency and ensure that the Company has competent, composed and efficient response from SMIC's workforce to handle such an emergency.

The Company has implemented an emergency text blast system for emergency announcements and a hotline where employees can call for an update and/or instruction.

The Company has also developed and maintained Business Continuity Planning that will be activated in case of an emergency in order that business operations can be carried out as usual. Critical functions of each departments are identified to prevent business disruption. Regular table-top exercises are conducted to ensure preparedness and that the protocols will be implemented as planned when the need arises.

Training and Employee Development

Awareness and understanding of the principles of good corporate governance are essential to the continued development of SMIC's corporate governance culture. Through the Orientation for New Employees of SM (ONE SM), new employees are given an overview of SMIC's corporate governance framework, including all the different corporate policies and its various components. A substantial portion of the orientation is devoted to the discussion of SM's core values and the Code of Ethics, and highlights the roles that each individual can play in the overall development of the corporate governance culture. Skills and Leadership development courses are also conducted regularly, covering topics such as Basics of Customer Service, Effective Listening, Guidelines for Writing Effective Business Emails and Value Formations.

For issues or concerns, all stakeholders may refer to:

Ms. Maria Virginia A. Tolentino-Uy
SAVP – Head of Compliance
Governance, Risk and Compliance
10/F OneE-Com Center
Ocean Drive, Mall of Asia Complex, Pasay City, 1300 Philippines
+63 2 8857-0100
marvi.tolentino-uy@sminvestments.com

Financial Statements



Statement of Management's Responsibility for Financial Statements

The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal controls as management determines are 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 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 auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Amando M. Tetangco, Jr.
Chairman of the Board

Frederic C. DyBuncio
President and
Chief Executive Officer

Erwin G. Pato
Treasurer and
Executive Vice President

Signed this 28th day of February 2025

Report of the Audit Committee

The Audit Committee ("Committee") assists the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of SM Investments Corporation's (SMIC or the "Company") financial reporting, internal control system, internal and external audit processes, and compliance with relevant laws and regulations. Likewise, the Committee oversees special investigations as may be necessary.

The Committee is composed of three (3) independent directors. The Committee members have relevant background, knowledge, skill and/or experience in the areas of finance and accounting, audit, risk management, information technology, and corporate governance. In 2024, they attended an annual corporate governance training program approved by the Securities and Exchange Commission (SEC). The Committee also performed the annual self-assessment/evaluation and reviewed its performance against its Charter and other regulatory mandates to ensure its satisfactory performance.

The profiles and qualifications of the Committee members are as follows:

- **Tomasa H. Lipana** (Chair) is a Lead Independent Director of SMIC. She is a former Chairperson and Senior Partner of Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers. She is also an independent director and Audit Committee Chairperson of Flexo Manufacturing Corporation and OceanaGold (Philippines), Inc.. Previously, she was an independent director of Rural Bank of Silay City, Inc., Goldilocks Bakeshop Inc., Inter-Asia Development Bank, and QBE Seaboard Insurance Philippines. She was also an appointive Director of Trade and Investment Development Corporation (Philippine Guarantee Corporation, formerly Philippine Export-Import Credit Agency), the entity in-charge of the government guarantee system, for more than 5 years. She is a Fellow and Trustee of the Institute of Corporate Directors, and a Trustee of the Shareholders' Association of the Philippines, Inc., among other non-profit organizations. Ms. Lipana attended Executive Education/ Management Development Programs at Harvard Business School, University of Western Ontario, and Asian Institute of Management. She was bestowed the Accountancy Centennial Award for Excellence by the Professional Service Commission – Board of Accountancy. She also received the Outstanding CPA in the Public Practice Award from the Philippine Institute of Certified Public Accountants and the Outstanding Alumna Award from the University of the East where she graduated Cum Laude. She is also a CPA Board placer.

- **Ramon M. Lopez** is an Independent Director of SMIC. He also currently serves as an Independent Director of the AIC Group of Companies Holding Corporation (a subsidiary of SMIC in the Logistics sector). He also serves as Independent Director of Monde Nissin Corporation. He is also a Board Trustee and Vice-Chairman of the Valenzuela City Technological College (ValTech) that provides education and training for industrial workforce advancement. Mr. Lopez was recently appointed as Chairman of the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA). He also serves as Independent Director in the Boards of unlisted companies, namely New Marketlink Pharmaceuticals Corporation; Pilmico Foods and Agribusiness Corp.; Seedbox Securities Inc., which provides an online financial investment platform; and, Asian Consulting Group (ACG), a tax consulting services/advocacy for SMEs, top corporations in the Asia-Pacific. Mr. Lopez is also a Member of the Board of Advisors in Packworks Venture PTE. LTD., a start-up venture that provides a digital operations systems for micro-entrepreneurs. Mr. Lopez is also a Board Trustee in Bayan Family of Foundations, a non-profit organization providing entrepreneurship education and SMEs/social enterprise development. Mr. Lopez was the former Secretary of the Philippine Department of Trade and Industry (DTI). He has served for the full term of the administration of former President Rodrigo Roa Duterte. He chaired during his term the DTI institutions such as the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, and Philippine International Trading Corp. He also supervised attached agencies such as the Intellectual Property Office of the Philippines, Technical Education and Skills Development Authority, and the Cooperative Development Authority, among others. He has received several awards such as the 2016 Nation Builders Award for Government Service and the Philippine Innovation Man of the Year Award in 2017. In 2018, he received from former President Duterte the Presidential Award, Order of Sikatuna, with a rank of Datu, one of the senior honors one can receive in the Philippines. He was also named by People Asia as one of the 2020 People of the Year, for the re-opening of the economy during the pandemic. In June 2022, he was also awarded the Presidential Medal of Merit for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also received The Asia CEO Awards 2022 "Lifetime Contributor of the Year Award". Mr. Lopez has a Master's Degree in Development Economics 1988 class at Williams College, Massachusetts USA and an AB Degree in Economics (1981) from the University of the Philippines School of Economics.

- **Amando M. Tetangco, Jr.** is an Independent Director and Chairman of the Board of SMIC (effective June 16, 2023). He is also an Independent Director and Vice Chairman of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorates in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Master's in Public Policy and Administration (Development Economics) at the University of Wisconsin at

Madison, Wisconsin, USA, as a BSP scholar. He was conferred the Honorary Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance. Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015.

Presented below are the dates of Committee meetings and the attendance of each member.

Audit Committee					
Office	Name	2024 Meetings and Attendance			
		2/26	5/6	8/5	11/11
Chairperson (ID)	Tomasa H. Lipana	√	√	√	√
Member (ID)	Ramon M. Lopez	√	√	√	√
Member (ID)	Amando M. Tetangco, Jr.	√	√	√	√

In compliance with the Audit Committee Charter, the Manual of Corporate Governance, and relevant laws and regulations, the Audit Committee performed the following activities relating to the three (3) major areas of concern:

Internal Audit

1. The Committee provided oversight of the Internal Audit.

   Under SMIC's Internal Audit Charter, the primary purpose of Internal Audit is to strengthen SMIC's ability to create, protect, and sustain value by providing the Board of Directors and Senior Management with independent, risk-based, objective, and reasonable assurance, advice, insight, and foresight through systematic and disciplined evaluation of SMIC's governance system, risk management, and internal control environment.

   To maintain the independence of the Internal Audit, the Chief Audit Executive (CAE) administratively reports to the Chief Executive Officer and functionally reports to the Board of Directors, through the Audit Committee.

   The CAE has direct and free access to communicate with the Management and Audit Committee. The entire Internal Audit Team has full and unrestricted access to all records, documents, systems, and information required for the effective and efficient audit process.

2. The Committee reviewed and approved the 2024 Internal Audit plan, including the scope, methodology, organization structure and staffing.

3. The Committee monitored the implementation of the Internal Audit plan and reviewed the periodic reports of the CAE, summarizing the overall assessment of the Company's control environment, significant audit findings and areas of concern as well as the corresponding management responses and action plans.

External Audit

The Audit Committee has the primary responsibility to make a well-informed recommendation regarding the appointment, re-appointment or removal of the External Auditor.

The External Auditor is tasked to undertake an independent audit and provide and perform an objective assurance on the preparation and presentation of the financial statements.

4. The Committee reviewed/discussed with the External Auditor, SGV & Co., the following:

   - The annual audit plan for 2024, including scope, approach, risk-based methods, focus areas and time table;
   - The results of its examination and action plan to address pending audit issues; and
   - The assessment of internal controls and quality of financial reporting.

5. The Committee reviewed/discussed the report of SGV & Co. on significant accounting issues, changes in accounting policies/ standards, and major pending tax legislations, which would impact the Company and its subsidiaries.

6. The Committee discussed with SGV & Co. the matters required to be disclosed under the prevailing applicable Auditing Standards, and obtained from said Firm a letter confirming its independence, as required by prevailing applicable Independence Standards.

7. The Committee reviewed and approved all audit and non-audit services provided by SGV & Co. to the Company. The Committee also reviewed the significance of non-audit related fees in relation to the annual fees.

Financial Statements

8. The Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements.

9. The Committee reviewed and endorsed to the Board for approval the unaudited consolidated financial statements of SM Investments Corporation and its subsidiaries for the first quarter ended March 31, 2024, second quarter ended June 30, 2024, and third quarter ended September 30, 2024.

10. Based on its review and discussion, and subject to the limitations on the roles and responsibilities referred to above, the Committee recommended for Board approval, and the Board approved, the audited consolidated financial statements of SM Investments Corporation and its subsidiaries for the year ended December 31, 2024.

11. The Committee reviewed and discussed the performance, independence and qualifications of the External Auditor, SGV & Co., in the conduct of their audit of the consolidated financial statements of SM Investments Corporation and its subsidiaries for the year. Based on the review of their performance and qualifications, the Committee also recommended the re-appointment of SGV & Co. as the Company's External Auditor for 2025.

28 February 2025

Tomasa H. Lipana	**Ramon M. Lopez**	**Amando M. Tetangco, Jr.**	**Atty. Elmer B. Serrano**
Chairperson	Member	Member	Corporate Secretary

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	**₱112,528,047**	₱103,745,558
Time deposits	**221,096**	602,466
Financial assets at fair value through other comprehensive income (FVOCI)	**794,433**	747,840
Receivables and contract assets	**92,268,970**	79,209,522
Inventories	**119,676,110**	117,474,980
Other current assets	**58,311,536**	57,690,959
Total Current Assets	**383,800,192**	359,471,325
Noncurrent Assets		
Financial assets at FVOCI - net of current portion	**26,361,789**	26,317,778
Investments in associate companies and joint ventures	**399,483,760**	361,324,800
Time deposits - net of current portion	**3,113,470**	22,324,681
Property and equipment	**57,356,628**	52,851,633
Investment properties	**592,949,802**	537,067,223
Right-of-use assets	**49,185,455**	48,540,412
Intangibles	**40,386,475**	40,275,568
Other noncurrent assets	**146,414,611**	138,045,093
Total Noncurrent Assets	**1,315,251,990**	1,226,747,188
	₱1,699,052,182	₱1,586,218,513
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱24,074,356**	₱13,414,239
Accounts payable and other current liabilities	**210,372,577**	200,169,027
Income tax payable	**4,093,222**	3,649,923
Current portion of long-term debt	**104,627,839**	113,528,791
Total Current Liabilities	**343,167,994**	330,761,980
Noncurrent Liabilities		
Long-term debt - net of current portion	**371,872,181**	374,758,859
Lease liabilities - net of current portion	**33,191,553**	32,342,279
Deferred tax liabilities	**19,444,899**	18,129,316
Tenants' deposits and others	**64,950,764**	58,025,874
Total Noncurrent Liabilities	**489,459,397**	483,256,328
Total Liabilities	**832,627,391**	814,018,308

(Forward)

	December 31	
	2024	2023
Equity Attributable to Owners of the Parent Company		
Capital stock	**₱12,261,146**	₱12,261,146
Additional paid-in capital	**71,752,158**	71,837,361
Treasury stock	**(40,912)**	(40,912)
Equity adjustments from common control transactions	**(6,948,729)**	(6,660,472)
Cost of Parent common shares held by subsidiaries	**(25,386)**	(25,386)
Cumulative translation adjustment	**1,821,115**	1,587,205
Fair value changes on cash flow hedges and others	**557,052**	809,143
Unrealized gain on financial assets at FVOCI	**9,898,983**	11,075,393
Remeasurement loss on defined benefit asset/obligation	**(2,099,656)**	(3,150,991)
Share in other comprehensive loss of associate companies and joint ventures - net	**(11,772,684)**	(11,376,601)
Retained earnings:		
Appropriated	**30,000,000**	37,000,000
Unappropriated	**521,900,993**	443,288,813
Total Equity Attributable to Owners of the Parent	**627,304,080**	556,604,699
Non-controlling Interests	**239,120,711**	215,595,506
Total Equity	**866,424,791**	772,200,205
	₱1,699,052,182	₱1,586,218,513

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

(Amounts in Thousands Except Per Share Data)

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Sales:			
Merchandise	**₱421,756,981**	₱401,725,529	₱367,318,577
Real estate	**45,910,195**	42,124,088	39,046,514
Rent	**67,965,715**	61,784,742	49,167,565
Equity in net earnings of associate companies and joint ventures	**50,001,804**	44,945,113	35,825,734
Others	**69,142,303**	65,672,415	61,640,188
	654,776,998	616,251,887	552,998,578
COSTS AND EXPENSES	**502,951,230**	474,083,864	435,430,927
OPERATING INCOME	**151,825,768**	142,168,023	117,567,651
OTHER INCOME (CHARGES)			
Interest expense	**(23,710,242)**	(24,084,744)	(21,547,070)
Interest income	**4,576,755**	4,048,278	3,042,370
Gain (loss) from fair value changes on derivatives - net	**(480,038)**	(30,731)	866,500
Impairment reversal (provision)	**(475,721)**	320,206	(787,166)
Foreign exchange gain (loss) - net and others	**1,174,760**	396,174	(2,092)
	(18,914,486)	(19,350,817)	(18,427,458)
INCOME BEFORE INCOME TAX	**132,911,282**	122,817,206	99,140,193
PROVISION FOR INCOME TAX			
Current	**16,928,773**	16,209,025	14,248,182
Deferred	**1,329,603**	423,118	546,638
	18,258,376	16,632,143	14,794,820
NET INCOME	**₱114,652,906**	₱106,185,063	₱84,345,373
Attributable to			
Owners of the Parent	**₱82,608,707**	₱76,989,043	₱61,653,665
Non-controlling interests	**32,044,199**	29,196,020	22,691,708
	₱114,652,906	₱106,185,063	₱84,345,373
Basic/Diluted Earnings Per Common Share Attributable to Owners of the Parent	**₱67.60**	₱63.00	₱50.88

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱114,652,906**	₱106,185,063	₱84,345,373
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**521,599**	(1,035,219)	27,928
Fair value changes on cash flow hedges	**(490,854)**	(1,758,911)	4,608,383
	30,745	(2,794,130)	4,636,311
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation	**1,677,267**	(2,503,907)	(1,274,242)
Net unrealized loss on financial assets at FVOCI	**(1,072,817)**	(599,993)	(2,478,988)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	**(751,690)**	344,024	(269,602)
	(147,240)	(2,759,876)	(4,022,832)
Share in other comprehensive loss of associate companies and joint ventures - net	**(457,876)**	(641,624)	(4,336,268)
TOTAL COMPREHENSIVE INCOME	**₱114,078,535**	₱99,989,433	₱80,622,584
Attributable to			
Owners of the Parent	**₱82,069,721**	₱72,881,710	₱56,987,529
Non-controlling interests	**32,008,814**	27,107,723	23,635,055
	₱114,078,535	₱99,989,433	₱80,622,584

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

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

(Amounts in Thousands Except Per Share Data)

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2024	**₱12,261,146**	**₱71,837,361**	**(₱40,912)**	**(₱6,660,472)**	**(₱25,386)**	**₱1,587,205**
Net income	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**233,910**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**233,910**
Realized gain on sale of financial assets at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**
Effect of business combination	**–**	**–**	**–**	**(288,257)**	**–**	**–**
Transactions with non-controlling interests	**–**	**(85,203)**	**–**	**–**	**–**	**–**
Cash dividends - ₱9.00 per share	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
Reversal of appropriations - net	**–**	**–**	**–**	**–**	**–**	**–**
Net change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
As at December 31, 2024	**₱12,261,146**	**₱71,752,158**	**(₱40,912)**	**(₱6,948,729)**	**(₱25,386)**	**₱1,821,115**
As at January 1, 2023	₱12,261,146	₱75,839,217	(₱40,912)	(₱6,660,472)	(₱25,386)	₱2,102,782
Net income	–	–	–	–	–	–
Other comprehensive loss	–	–	–	–	–	(515,577)
Total comprehensive income	–	–	–	–	–	(515,577)
Transactions with non-controlling interests	–	(4,001,856)	–	–	–	–
Cash dividends - ₱7.50 per share	–	–	–	–	–	–
Cash dividends paid to non-controlling interests	–	–	–	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–
As at December 31, 2023	₱12,261,146	₱71,837,361	(₱40,912)	(₱6,660,472)	(₱25,386)	₱1,587,205

Equity Attributable to Owners of the Parent								
Fair Value Changes on Cash Flow Hedges and Others	**Unrealized Gain (Loss) on Financial Assets at FVOCI**	**Remeasurement Gain (Loss) on Defined Benefit Asset/ Obligation**	**Share in Other Comprehensive Loss of Associates - Net**	**Appropriated Retained Earnings**	**Unappropriated Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
₱809,143	**₱11,075,393**	**(₱3,150,991)**	**(₱11,376,601)**	**₱37,000,000**	**₱443,288,813**	**₱556,604,699**	**₱215,595,506**	**₱772,200,205**
–	**–**	**–**	**–**	**–**	**82,608,707**	**82,608,707**	**32,044,199**	**114,652,906**
(252,091)	**(1,176,057)**	**1,051,335**	**(396,083)**	**–**	**–**	**(538,986)**	**(35,385)**	**(574,371)**
(252,091)	**(1,176,057)**	**1,051,335**	**(396,083)**	**–**	**82,608,707**	**82,069,721**	**32,008,814**	**114,078,535**
–	**(353)**	**–**	**–**	**–**	**353**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**(288,257)**	**–**	**(288,257)**
–	**–**	**–**	**–**	**–**	**–**	**(85,203)**	**9,296**	**(75,907)**
–	**–**	**–**	**–**	**–**	**(10,996,880)**	**(10,996,880)**	**–**	**(10,996,880)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(9,279,231)**	**(9,279,231)**
–	**–**	**–**	**–**	**(7,000,000)**	**7,000,000**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**	**786,326**	**786,326**
₱557,052	**₱9,898,983**	**(₱2,099,656)**	**(₱11,772,684)**	**₱30,000,000**	**₱521,900,993**	**₱627,304,080**	**₱239,120,711**	**₱866,424,791**
₱1,610,364	₱11,823,413	(₱1,721,868)	(₱10,763,209)	₱37,000,000	₱375,463,837	₱496,888,912	₱195,301,099	₱692,190,011
–	–	–	–	–	76,989,043	76,989,043	29,196,020	106,185,063
(801,221)	(748,020)	(1,429,123)	(613,392)	–	–	(4,107,333)	(2,088,297)	(6,195,630)
(801,221)	(748,020)	(1,429,123)	(613,392)	–	76,989,043	72,881,710	27,107,723	99,989,433
–	–	–	–	–	–	(4,001,856)	174,174	(3,827,682)
–	–	–	–	–	(9,164,067)	(9,164,067)	–	(9,164,067)
–	–	–	–	–	–	–	(7,459,930)	(7,459,930)
–	–	–	–	–	–	–	472,440	472,440
₱809,143	₱11,075,393	(₱3,150,991)	(₱11,376,601)	₱37,000,000	₱443,288,813	₱556,604,699	₱215,595,506	₱772,200,205

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2022	₱12,045,829	₱75,827,181	₱–	(₱6,298,551)	(₱25,386)	₱2,253,475
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	–	(150,693)
Total comprehensive income	–	–	–	–	–	(150,693)
Effect of business combination	215,317	–	(40,912)	(361,921)	–	–
Transactions with non-controlling interests	–	12,036	–	–	–	–
Cash dividends - ₱6.25 per share	–	–	–	–	–	–
Cash dividends paid to non-controlling interests	–	–	–	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–
As at December 31, 2022	₱12,261,146	₱75,839,217	(₱40,912)	(₱6,660,472)	(₱25,386)	₱2,102,782

Equity Attributable to Owners of the Parent								
Fair Value Changes on Cash Flow Hedges and Others	Unrealized Gain (Loss) on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Noncontrolling Interests	Total Equity
(₱1,201,352)	₱14,289,319	(₱1,026,650)	(₱6,597,174)	₱37,000,000	₱321,337,891	₱447,604,582	₱176,003,603	₱623,608,185
–	–	–	–	–	61,653,665	61,653,665	22,691,708	84,345,373
2,811,716	(2,465,906)	(695,218)	(4,166,035)	–	–	(4,666,136)	943,347	(3,722,789)
2,811,716	(2,465,906)	(695,218)	(4,166,035)	–	61,653,665	56,987,529	23,635,055	80,622,584
–	–	–	–	–	–	(187,516)	239,695	52,179
–	–	–	–	–	–	12,036	21,245	33,281
–	–	–	–	–	(7,527,719)	(7,527,719)	–	(7,527,719)
–	–	–	–	–	–	–	(5,273,377)	(5,273,377)
–	–	–	–	–	–	–	674,878	674,878
₱1,610,364	₱11,823,413	(₱1,721,868)	(₱10,763,209)	₱37,000,000	₱375,463,837	₱496,888,912	₱195,301,099	₱692,190,011

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱132,911,282**	₱122,817,206	₱99,140,193
Adjustments for:			
Equity in net earnings of associate companies and joint ventures	**(50,001,804)**	(44,945,113)	(35,825,734)
Depreciation and amortization	**26,507,988**	24,706,691	23,653,863
Interest expense	**23,710,242**	24,084,744	21,547,070
Interest income	**(4,576,755)**	(4,048,278)	(3,042,370)
Provisions - net	**4,176,204**	4,400,289	5,099,217
Dividend income	**(870,899)**	(911,619)	(1,177,340)
Loss (gain) on fair value changes on derivatives - net	**480,038**	30,731	(866,500)
Impairment provision (reversal)	**475,721**	(320,206)	787,166
Gain on disposal of investments and properties - net	**(445,287)**	(66,131)	(209,206)
Unrealized foreign exchange loss (gain) - net	**(96,596)**	44,431	1,132,078
Income before working capital changes	**132,270,134**	125,792,745	110,238,437
Increase in:			
Receivables and contract assets	**(21,278,847)**	(16,882,660)	(7,501,824)
Other current assets	**(2,514,083)**	(1,436,571)	(635,950)
Inventories	**(2,185,107)**	(24,275,052)	(40,685,904)
Increase in:			
Accounts payable and other current liabilities	**9,732,351**	14,194,998	34,081,718
Tenants' deposits and others	**8,113,221**	9,233,692	2,544,753
Net cash generated from operations	**124,137,669**	106,627,152	98,041,230
Income tax paid	**(16,487,998)**	(15,747,502)	(13,356,765)
Net cash provided by operating activities	**107,649,671**	90,879,650	84,684,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investment in associate companies and joint ventures	**1,585,559**	–	50,000
Investment properties	**605,913**	74,855	84,863
Property and equipment	**318,000**	52,738	241,913
Additions to:			
Investment properties	**(67,568,789)**	(68,205,952)	(33,990,435)
Property and equipment	**(12,748,787)**	(12,361,763)	(9,678,003)
Investments in associate companies and joint ventures	**(5,336,879)**	(288,227)	(73,500)
Financial assets at FVOCI	**(1,508,238)**	(692,125)	–
Decrease (increase) in:			
Time deposits	**19,592,582**	9,857,111	(27,518,818)
Other noncurrent assets	**(254,128)**	14,679,276	8,794,846
Dividends received	**15,727,366**	11,240,255	8,136,996
Interest received	**4,478,192**	4,289,389	2,846,341
Purchase consideration net of cash, from acquisition of subsidiaries	**–**	–	(88,608)
Net cash used in investing activities	**(45,109,209)**	(41,354,443)	(51,194,405)

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt	**₱112,875,555**	₱107,590,529	₱100,256,801
Bank loans	**105,535,009**	45,599,966	66,878,421
Payments of:			
Long-term debt	**(131,653,274)**	(103,343,041)	(72,630,533)
Bank loans	**(94,961,213)**	(52,906,823)	(73,264,105)
Interest	**(22,223,651)**	(22,834,339)	(19,909,588)
Dividends	**(20,434,530)**	(17,335,101)	(12,714,420)
Lease liabilities	**(5,308,424)**	(5,219,712)	(4,853,925)
Proceeds from matured derivatives - net	**2,404,388**	–	–
Acquisition of non-controlling interest in a subsidiary	**–**	(5,169,476)	–
Partial sale of shares in a subsidiary	**–**	1,294,623	–
Net cash used in financing activities	**(53,766,140)**	(52,323,374)	(16,237,349)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,774,322**	(2,798,167)	17,252,711
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**8,167**	(17,347)	(44,273)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**103,745,558**	106,561,072	89,352,634
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱112,528,047**	₱103,745,558	₱106,561,072

Scan this QR code to view or download the complete Audited Financial Statements and accompanying Notes to Consolidated Financial Statements

Report Index

The 2024 Integrated Report of SM Investments Corporation is part of our comprehensive suite of disclosures, aligning with the Integrated Reporting <IR> Framework. It provides a clear view of our strategy, governance, performance, and long-term value creation.

Our Full Suite of Disclosures

We provide a range of reports to ensure transparency and accessibility:

Report	Access via QR Code	Link
Integrated Report Microsite A dedicated website where you can view and download the full 2024 Integrated Report		https://www.sminvestments.com/2024smicintegratedreport/
Sustainability Report A comprehensive report of our sustainability strategies, initiatives and impact		https://www.sminvestments.com/2024smicintegratedreport/sustainability_report_2024/
Financial Report A full, detailed disclosure of our financial statements and performance		https://www.sminvestments.com/2024smicintegratedreport/financial_report_2024/

Sustainability Notes & Indices

We are also subscribed to multiple indices that detail our double materiality approach and alignment with IFRS S1 and S2, the Global Reporting Initiative (GRI) and industry-specific Sustainability Accounting Standards Board (SASB) and European Sustainability Reporting Standards (ESRS) disclosures.

Key indices and frameworks:

- IFRS S1 Index
- IFRS S2 Index
- GRI Index
- SASB Disclosures
- Sustainability & Climate Risk Management Framework
- SM GHG Management Plan
- Equal Opportunity Framework
- Sustainability Policy & Management System (SMIC & SM Retail)

Scan to view our Sustainability Notes and Report Indices here:

All resources are available on our website www.sminvestments.com

List of Member Associations

ARISE Philippines Network

Asia Business Council

Asia Society Philippine Foundation

Association of Certified Public Accountants in Commerce and Industry

Carbon PH

Certified Internal Auditors Philippines

Employers Confederation of the Philippines

Financial Executives Institute of the Philippines

Good Governance Advocates and Practitioners of the Philippines

Information Systems Audit and Control Association

Institute of Corporate Directors

Institute of Internal Auditors Philippines

Internet and Mobile Marketing Association of the Philippines

Makati Business Club

Management Association of the Philippines

NextGen Organization of Women

People Management Association of the Philippines

Philippine Alliance for Recycling and Materials Sustainability

Philippine Association of Management Accountants

Philippine Association of National Advertisers

Philippine Business for Social Progress

Philippine Chamber of Commerce and Industry

Philippine Institute of Certified Public Accountants

Tax Management Association of the Philippines

United Nations Global Compact Network Philippines

United Nations Women's Empowerment Principles (WEPs)

US Philippine Society, Inc.

World Economic Forum

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Pasay City, 1300 Philippines

Stockholder Inquiries
SM Investments Corporation's common stock is listed and traded in the Philippine Stock Exchange under the symbol 'SM.' Inquiries regarding dividend payments, account status, address change, stock certificate and other pertinent matters may be addressed to the company's transfer agent:

BDO Unibank, Inc.
Trust & Investments Group
- Securities Services (Stock Transfer)
44th Floor, BDO Corporate Center Ortigas, East Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City
Trunkline: (632) 8840-7000
Direct Line: (632) 8878-4961; (632) 8878-4105
Email address: bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries
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