



May 15, 2025

Philippine Dealing & Exchange Corp.  
29th Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza  
Head – Issuer Compliance and Disclosure Department  
Philippine Dealing & Exchange Corp.  
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Re: SEC FORM 17-Q (2025 – 1<sup>ST</sup> quarter)  
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Gentlemen:

We are submitting herewith an electronic copy of the SEC Form 17-Q (2025-1st Quarter) of San Miguel Corporation.

Very truly yours,

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary

# COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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M	A	N	D	A	L	U	Y	O	N	G	C	I	T	Y		
M	E	T	R	O	M	A	N	I	L	A						
P	H	I	L	I	P	P	I	N	E	S						

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

Atty. Mary Rose S. Tan
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Contact Person

(632) 632-3000
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Company Telephone Number

1	2
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Month

3	1
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Day

**SEC FORM (1<sup>st</sup> Quarter-2025)**

		1	7	-	Q		
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FORM TYPE

**2<sup>nd</sup> Tuesday of June**

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Month                      Day  
Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

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To be accomplished by SEC Personnel concerned

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File Number

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q  
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **March 31, 2025**
2. Commission identification number **PW00000227**
3. BIR Tax Identification No. **000-060-741-000**
4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**
5. **Philippines**  
Province, country or other jurisdiction  
of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **No. 40 San Miguel Avenue,**  
**Mandaluyong City, Metro Manila** **1550**  
Address of issuer's principal office Postal Code
8. **(632) 8632-3000**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of Shares of Stock and  
Debt Outstanding as of  
March 31, 2025

<b>Common Shares</b>	2,383,896,588
<b>Series "2-F" Preferred Shares</b>	223,333,500
<b>Series "2-I" Preferred Shares</b>	169,333,400
<b>Series "2-J" Preferred Shares</b>	266,666,667
<b>Series "2-K" Preferred Shares</b>	183,904,900
<b>Series "2-L" Preferred Shares</b>	165,358,600
<b>Series "2-M" Preferred Shares</b>	173,333,325
<b>Series "2-N" Preferred Shares</b>	100,115,100
<b>Series "2-O" Preferred Shares</b>	187,859,700
<b>TOTAL</b>	<b>3,853,801,780</b>
 Total Liabilities	 P1,887,125 million

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes [] No [  ]

If yes, disclose name of the Stock Exchange and class of securities listed therein:

**Philippine Stock Exchange**

- (a) Common Shares
- (b) Series "2" Preferred Shares - 2-F
- (c) Series "2" Preferred Shares - 2-I
- (d) Series "2" Preferred Shares - 2-J
- (e) Series "2" Preferred Shares - 2-K
- (f) Series "2" Preferred Shares - 2-L
- (g) Series "2" Preferred Shares - 2-M
- (h) Series "2" Preferred Shares - 2-N
- (i) Series "2" Preferred Shares - 2-O

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.

Yes [] No [  ]

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

Yes [] No [  ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

The unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended March 31, 2025 (with comparative figures as of December 31, 2024 and for the period ended March 31, 2024) and Selected Notes to the Consolidated Financial Statements is hereto attached as **Annex "A"**.

### **Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.**

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B"**.

## **PART II--OTHER INFORMATION**

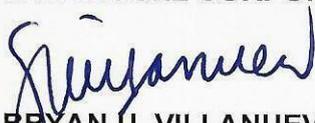
The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

**NONE**

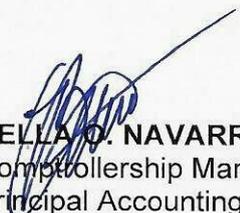
## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **SAN MIGUEL CORPORATION**

Signature and Title   
**BRYAN U. VILLANUEVA**  
Chief Finance Officer

Date May 15, 2025

Signature and Title   
**BELLA O. NAVARRA**  
Comptrollership Manager/  
Principal Accounting Officer

Date May 15, 2025

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2025 AND DECEMBER 31, 2024**  
(In Millions)

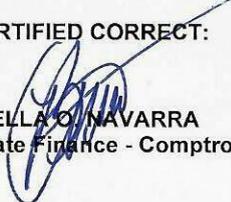
	<i>Note</i>	2025 Unaudited	2024 Audited
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9, 10	P327,927	P293,677
Trade and other receivables - net	5, 9, 10	238,739	266,981
Inventories		171,948	178,355
Current portion of biological assets - net		3,414	3,241
Prepaid expenses and other current assets	5, 9, 10	138,472	158,180
<b>Total Current Assets</b>		<b>880,500</b>	<b>900,434</b>
<b>Noncurrent Assets</b>			
Investments and advances - net	2	104,693	52,948
Investments in equity and debt instruments	5, 9, 10	21,085	21,050
Property, plant and equipment - net	6	798,938	891,450
Right-of-use assets - net		42,697	43,302
Investment property - net		86,881	87,909
Biological assets - net of current portion		2,677	2,652
Goodwill - net		184,913	184,994
Other intangible assets - net		342,822	340,496
Deferred tax assets		20,983	22,045
Other noncurrent assets - net	5, 9, 10	133,363	129,650
<b>Total Noncurrent Assets</b>		<b>1,739,052</b>	<b>1,776,496</b>
		<b>P2,619,552</b>	<b>P2,676,930</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Loans payable	5, 9, 10	P242,641	P293,230
Accounts payable and accrued expenses	5, 9, 10	242,927	289,038
Lease liabilities - current portion	5, 9, 10	5,864	11,736
Income and other taxes payable		40,270	43,628
Dividends and distributions payable	5, 8, 9, 10	5,652	5,160
Current maturities of long-term debt - net of debt issue costs	5, 9, 10	105,853	94,123
<b>Total Current Liabilities</b>		<b>643,207</b>	<b>736,915</b>
<b>Noncurrent Liabilities</b>			
Long-term debt - net of current maturities and debt issue costs	5, 9, 10	1,162,932	1,173,146
Lease liabilities - net of current portion	5, 9, 10	29,130	30,809
Deferred tax liabilities		28,058	34,861
Other noncurrent liabilities	5, 9, 10	23,798	24,758
<b>Total Noncurrent Liabilities</b>		<b>1,243,918</b>	<b>1,263,574</b>
<b>Total Liabilities</b>		<b>1,887,125</b>	<b>2,000,489</b>

Forward

	<i>Note</i>	<b>2025 Unaudited</b>	2024 Audited
<b>Equity</b>			
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock - common		<b>P16,443</b>	P16,443
Capital stock - preferred		<b>10,187</b>	10,187
Additional paid-in capital		<b>177,442</b>	177,442
Capital securities		<b>24,211</b>	24,211
Equity reserves	2	<b>16,223</b>	(5,275)
Retained earnings:			
Appropriated		<b>86,721</b>	79,849
Unappropriated		<b>108,648</b>	89,413
Treasury stock		<b>(109,763)</b>	(109,763)
		<b>330,112</b>	282,507
<b>Non-controlling Interests</b>		<b>402,315</b>	393,934
<b>Total Equity</b>		<b>732,427</b>	676,441
		<b>P2,619,552</b>	P2,676,930

*Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.*

**CERTIFIED CORRECT:**

  
**BELLA O. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**  
(In Millions, Except Per Share Data)

	<i>Note</i>	2025 Unaudited	2024 Unaudited
<b>SALES</b>	3, 5	<b>P360,911</b>	P392,713
<b>COST OF SALES</b>		<b>291,311</b>	328,363
<b>GROSS PROFIT</b>		<b>69,600</b>	64,350
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>		<b>(23,995)</b>	(23,886)
<b>INTEREST EXPENSE AND OTHER FINANCING CHARGES</b>	3, 5	<b>(24,620)</b>	(23,522)
<b>INTEREST INCOME</b>	3, 5	<b>4,007</b>	3,634
<b>EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES</b>		<b>2,015</b>	416
<b>GAIN ON SALE OF PROPERTY AND EQUIPMENT</b>	3	<b>465</b>	13
<b>OTHER INCOME (CHARGES) - Net</b>	2, 3, 4, 9, 10	<b>25,338</b>	(6,847)
<b>INCOME BEFORE INCOME TAX</b>		<b>52,810</b>	14,158
<b>INCOME TAX EXPENSE</b>		<b>9,429</b>	5,271
<b>NET INCOME</b>		<b>P43,381</b>	P8,887
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>P30,215</b>	P509
Non-controlling interests		<b>13,166</b>	8,378
		<b>P43,381</b>	P8,887
<b>Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company</b>	7	<b>P11.67</b>	(P0.78)
<b>Cash Dividends Declared Per Common Share</b>	8	<b>P0.35</b>	P0.35

*Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.*

CERTIFIED CORRECT:

  
**BELLA O. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**  
(In Millions)

	<i>Note</i>	2025 Unaudited	2024 Unaudited
<b>NET INCOME</b>		<b>P43,381</b>	<b>P8,887</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement loss on defined benefit retirement plan		(6)	(1)
Income tax benefit		2	-
Net gain (loss) on financial assets at fair value through other comprehensive income	2	22,953	(7)
Income tax benefit (expense)	2	(690)	1
Share in other comprehensive income of associates and joint ventures - net		-	1
		<b>22,259</b>	<b>(6)</b>
<b>Items that may be reclassified to profit or loss</b>			
Net loss on exchange differences on translation of foreign operations		(524)	(625)
Net gain on financial assets at fair value through other comprehensive income		22	9
Income tax expense		(5)	(2)
Net gain on cash flow hedges	10	178	246
Income tax expense		(45)	(61)
Share in other comprehensive income (loss) of associates and joint ventures - net		49	(51)
		<b>(325)</b>	<b>(484)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax</b>		<b>21,934</b>	<b>(490)</b>
<b>TOTAL COMPREHENSIVE INCOME - Net of tax</b>		<b>P65,315</b>	<b>P8,397</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		P52,503	P197
Non-controlling interests		12,812	8,200
		<b>P65,315</b>	<b>P8,397</b>

*Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.*

CERTIFIED CORRECT:

  
**BELLA C. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**  
(In Millions)

Note	Equity Attributable to Equity Holders of the Parent Company													Non-Controlling Interests	Total Equity	
	Capital Stock			Senior Equity Reserves			Retained Earnings			Treasury Stock			Total			
	Common	Preferred	Additional Paid-in Capital	Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common				Preferred
	P16,443	P10,187	P177,442	P24,211	(P11,767)	(P681)	P671	P5,089	P1,413	P78,849	P89,413	(P67,093)	(P42,670)	P282,507	P393,934	P676,441
As at January 1, 2025 (Audited)																
Net loss on exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(172)	-	-	-	-	-	(172)	(352)	(524)
Share in other comprehensive income (loss) of associates and joint ventures - net	-	-	-	-	-	-	37	17	-	-	-	-	-	54	(5)	49
Net gain on cash flow hedges	-	-	-	-	-	133	-	-	-	-	-	-	-	133	-	133
Net gain on financial assets at fair value through other comprehensive income	2	-	-	-	-	-	15	-	22,262	-	-	-	-	22,277	3	22,280
Remeasurement loss on defined benefit retirement plan	-	-	-	-	(4)	-	-	-	-	-	-	-	-	(4)	-	(4)
Other comprehensive income (loss)	-	-	-	-	(4)	133	52	(155)	22,262	-	-	-	-	22,288	(354)	21,934
Net income	-	-	-	-	-	-	-	-	-	-	30,215	-	-	30,215	13,166	43,381
Total comprehensive income (loss)	-	-	-	-	(4)	133	52	(155)	22,262	-	30,215	-	-	52,503	12,812	65,315
Net addition (reduction) to non-controlling interests and others	-	-	-	-	-	-	-	-	(790)	-	(348)	-	-	(1,138)	5,120	3,982
Appropriations - net	-	-	-	-	-	-	-	-	-	6,872	(6,872)	-	-	-	-	-
Cash dividends and distributions:																
Preferred	-	-	-	-	-	-	-	-	-	-	(835)	-	-	(835)	(4,025)	(4,860)
Common	-	-	-	-	-	-	-	-	-	-	(1,854)	-	-	(1,854)	(100)	(1,954)
Senior perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(1,071)	-	-	(1,071)	(5,426)	(6,497)
As at March 31, 2025 (Unaudited)	P16,443	P10,187	P177,442	P24,211	(P11,771)	(P548)	P723	P4,934	P22,885	P86,721	P108,648	(P67,093)	(P42,670)	P330,112	P402,315	P732,427

Forward

Note	Equity Attributable to Equity Holders of the Parent Company													Non-Controlling Interests	Total Equity	
	Equity Reserves															
	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Transition Reserve	Other Equity Reserve	Retained Earnings Appropriated	Unappropriated	Treasury Stock Common	Treasury Stock Preferred	Total			
	P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P67,093)	(P42,670)	P316,221	P348,945	P665,166
As at January 1, 2024 (Audited)																
Net loss on exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(443)	-	-	-	-	-	(443)	(182)	(625)
Share in other comprehensive income (loss) of associates and joint ventures - net	-	-	-	-	-	-	(50)	(2)	-	-	-	-	-	(52)	2	(50)
Net gain on cash flow hedges	-	-	-	-	-	185	-	-	-	-	-	-	-	185	-	185
Net gain (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(1)	-	-	-	-	-	-	(1)	2	1
Remeasurement loss on defined benefit retirement plan	-	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
Other comprehensive income (loss)	-	-	-	-	(1)	185	(51)	(445)	-	-	-	-	-	(312)	(178)	(490)
Net income	-	-	-	-	-	185	(51)	(445)	-	-	509	-	-	509	8,378	8,887
Total comprehensive income (loss)	-	-	-	-	(1)	185	(51)	(445)	-	-	509	-	-	197	8,200	8,397
Share issuance costs from reissuance of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(26)	-	(26)
Net reduction to non-controlling interests and others	-	-	(26)	-	-	-	-	-	(6)	-	(32)	-	-	(38)	(1)	(39)
Appropriations - net	-	-	-	-	-	-	-	-	-	5,958	(5,958)	-	-	-	-	-
Cash dividends and distributions:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common	-	-	-	-	-	-	-	-	-	-	(834)	-	-	(834)	(3,798)	(4,632)
Preferred	-	-	-	-	-	-	-	-	-	-	(1,854)	-	-	(1,854)	(100)	(1,954)
Senior perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(1,032)	-	-	(1,032)	(1,262)	(2,294)
As at March 31, 2024 (Unaudited)	P16,443	P10,187	P177,442	P24,211	(P10,466)	(P218)	P279	P2,529	P14,912	P93,128	P93,950	(P67,093)	(P42,670)	P312,634	P351,984	P664,618

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:



BELLA ONAVARRA

SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**  
(In Millions)

	Note	2025 Unaudited	2024 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		P52,810	P14,158
Adjustments for:			
Interest expense and other financing charges		24,620	23,522
Depreciation, amortization and others - net	4, 6	(6,099)	14,705
Interest income		(4,007)	(3,634)
Loss (gain) on foreign exchange - net		(3,682)	7,729
Equity in net earnings of associates and joint ventures		(2,015)	(416)
Gain on sale of property and equipment		(465)	(13)
Operating income before working capital changes		61,162	56,051
Changes in noncash current assets, certain current liabilities and others		(13,011)	16,745
Cash generated from operations		48,151	72,796
Interest and other financing charges paid		(23,952)	(22,676)
Income taxes paid		(3,268)	(2,943)
Net cash flows provided by operating activities		20,931	47,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net proceeds of:			
Redemption of investment in redeemable preferred shares held by a subsidiary	2	78,717	-
Sale of property and equipment		2,063	68
Disposal of investments in debt instruments		89	179
Collection of advances		12,084	-
Dividends received		11,650	350
Interest received		4,757	3,713
Additions to:			
Property, plant and equipment	6	(10,971)	(27,866)
Investments and advances		(8,985)	(6,216)
Intangible assets		(5,929)	(8,282)
Contract assets		(1,282)	(3,420)
Investment property		(1,015)	(2,490)
Advances to contractors and suppliers		(500)	(3,778)
Investments in equity and debt instruments		(82)	(174)
Cash and cash equivalents of deconsolidated subsidiaries	2	(5,668)	-
Increase in other noncurrent assets and others		(5,629)	(3,730)
Net cash flows provided by (used in) investing activities		69,299	(51,646)

Forward

	<b>Note</b>	<b>2025 Unaudited</b>	<b>2024 Unaudited</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of:			
Short-term borrowings		<b>P314,067</b>	P287,274
Long-term borrowings		<b>32,991</b>	24,181
Payments of:			
Short-term borrowings		<b>(359,783)</b>	(270,526)
Long-term borrowings		<b>(25,671)</b>	(14,402)
Net proceeds of issuance of capital securities of a subsidiary		<b>5,750</b>	-
Cash dividends and distributions paid to non-controlling shareholders		<b>(9,069)</b>	(4,843)
Payments of lease liabilities		<b>(7,792)</b>	(5,923)
Cash dividends and distributions paid	8	<b>(3,750)</b>	(3,035)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others		<b>(979)</b>	(32)
Share issuance costs from reissuance of treasury shares		-	(26)
Net cash flows provided by (used in) financing activities		<b>(54,236)</b>	12,668
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		<b>(1,744)</b>	784
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>34,250</b>	8,983
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		<b>293,677</b>	261,358
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		<b>P327,927</b>	P270,341

*Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.*

CERTIFIED CORRECT:

  
**BELIA O. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**TRADE AND OTHER RECEIVABLES**

March 31, 2025  
(In Millions)

	Total	Current		Past Due				
		1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days			
Trade	P 151,709	P 101,511	P 4,014	P 2,365	P 35,540			
Non-trade	80,173	53,516	650	1,079	24,285			
Amounts Owed by Related Parties	21,863	20,253	15	45	1,404			
<b>Total</b>	<b>253,745</b>	<b>175,280</b>	<b>4,679</b>	<b>3,489</b>	<b>61,229</b>			
Less allowance for impairment losses	15,006							
<b>Net</b>	<b>P 238,739</b>							

**San Miguel Corporation**  
**Proceeds of the Offering of Series "O" and Series "P" Fixed-Rate Bonds**  
**March 31, 2025**  
*(Amounts in Millions)*

**i) Gross and Net Proceeds as Disclosed in the Final Prospectus**

Gross Proceeds		P	20,000
Estimated Fees, Commissions and Expenses Relating to the Issue:			
Taxes to be paid by the Company	P	150	
Underwriting fees		80	
Estimated legal and other professional fees		6	
Philippine SEC filing and legal research fee		5	
Estimated other expenses		10	251
Net Proceeds			P <u><u>19,749</u></u>

**ii) Actual Gross and Net Proceeds**

Gross Proceeds		P	20,000
Expenses related to the Offering			<u>268</u> *
Net Proceeds		P	<u><u>19,732</u></u>

**iii) Each Expenditure Item Where the Proceeds were Used**

Partial redemption of Series "I" Fixed-Rate Bonds		P	11,240
Repayment of Series "F" Fixed-Rate Bonds			2,438
Additional investment in the Manila International Airport			<u>2,361</u>
Total Expenditure Where the Proceeds Were Used		P	<u><u>16,039</u></u>

**iv) Balance of the Proceeds as of End of Reporting Period**

	P	<u><u>3,693</u></u>
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\* Expenses of the Offering include: (i) payment of filing fees with the SEC; (ii) other miscellaneous fees (i.e., expenses for publication, marketing and other out-of-pocket expenses); (iii) issue management, underwriting and selling agent fees; (iv) payment of documentary stamp taxes; (v) listing application, listing and maintenance fees with the PDEX; (iv) additional miscellaneous fees; and (vii) registry fees with PDTC.

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Amounts in Millions, Except Per Share Data)**

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**1. Material Accounting Policy Information**

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2024.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 8, 2025.

The interim consolidated financial statements are presented in Philippine Peso and all financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS) Accounting Standards.

*Adoption of Amendments to Standards*

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to standards did not have a material effect on the interim consolidated financial statements.

### *New and Amendments to Standards Not Yet Adopted*

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:
  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

- Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
  - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
  - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1, *Presentation of Financial Statements*. The new standard introduces the following key requirements:
  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss;
  - Management-defined performance measures are disclosed in a single note to the financial statements; and
  - Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

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## **2. Investments and Advances**

On March 1, 2024, Meralco PowerGen Corporation (MGen, a subsidiary of Manila Electric Company) and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power Corporation), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power Holdings Corp. (San Miguel Global Power) and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely: (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas Liquefied Natural Gas (LNG) Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc. (Top Frontier or the ultimate Parent Company) filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling to P52,706, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at March 31, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted to a gain amounting to P21,933, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended March 31, 2025.

The following summarizes the derecognized accounts at the deconsolidation date:

Current assets	<b>P62,420</b>
Noncurrent assets	<b>99,364</b>
Current liabilities	<b>(71,748)</b>
Noncurrent liabilities	<b>(59,263)</b>
<b>Net Assets</b>	<b>P30,773</b>

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at March 31, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling to P78,717. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262, presented under "Equity reserves" account in the consolidated statement of financial position as at March 31, 2025 and under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended March 31, 2025.

### **3. Segment Information**

#### Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure, cement, and real estate.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats, canned meats, ready-to-eat viands, seafood and plant-based food products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as “Prepared and Packaged Food”); (ii) the production and sale of feeds, veterinary medicine and pet care products (“Animal Nutrition and Health”); (iii) poultry and livestock farming, and the processing and sale of poultry and fresh meats (“Protein”); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, foodservice, and international operations (“Others”). It is also engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements, retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company, electric cooperatives, industrial customers and National Grid Corporation of the Philippines) or through the Philippine Wholesale Electricity Spot Market.

The fuel and oil segment is engaged in refining of crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment has investments in companies which hold long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

The real estate segment is primarily engaged in leasing, sale of real estate, management services, and hotel operations.

#### Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, property, plant and equipment and concession rights, net of allowances, accumulated depreciation and amortization and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses and other noncurrent liabilities, excluding interest payable. Segment assets and liabilities do not include deferred taxes.

#### Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

#### Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.



	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024	March 2025	December 2024
Segment liabilities	P84,928	P83,615	P9,567	P10,689	P78,799	P124,537	P77,168	P81,162	P60,604	P59,873	P7,032	P6,805	P121,118	P98,598	(P179,055)	(P157,705)	P260,161	P307,574
Loans payable																	242,641	293,230
Long-term debt																	1,268,785	1,267,269
Lease liabilities																	34,994	42,545
Income and other taxes payable																		
Dividends and distributions payable																	40,270	43,628
and others																		
Deferred tax liabilities																		
Consolidated Total Liabilities																	P1,887,125	P2,000,489

### Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments for the periods ended March 31, 2025 and 2024:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated		
	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	
<b>Timing of recognition</b>																	
Sales recognized at point in time	P98,821	P95,411	P5,729	P6,139	P -	P192,122	P225,016	P -	P8,772	P9,082	P3,970	P4,772	P309,414	P340,420			
Sales recognized over time	2	3	252	181	40,205	42,126	9,532	8,884	-	-	1,506	1,099	51,497	52,293			
<b>Total external sales</b>	<b>P98,823</b>	<b>P95,414</b>	<b>P5,981</b>	<b>P6,320</b>	<b>P40,205</b>	<b>P192,122</b>	<b>P225,016</b>	<b>P9,532</b>	<b>P8,884</b>	<b>P9,082</b>	<b>P5,476</b>	<b>P5,871</b>	<b>P360,911</b>	<b>P392,713</b>			

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#### 4. Other Income (Charges) - Net

Other income (charges) - net consists of:

		March 31	
	Note	2025	2024
Gain on fair valuation of investment	2	<b>P21,933</b>	P -
Construction revenue		<b>8,102</b>	6,453
Gain (loss) on foreign exchange - net	9	<b>4,013</b>	(7,581)
Construction costs		<b>(8,102)</b>	(6,453)
Gain (loss) on derivatives - net	10	<b>(951)</b>	358
Others		<b>343</b>	376
		<b>P25,338</b>	(P6,847)

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The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, port, and water concession rights as at the reporting date.

Gain on fair valuation of the retained investment in SPPC, EERI and IPIEC was recognized, following the dilution of San Miguel Global Power's ownership interest from 100% to 33% (Note 2).

"Others" consist of dividend income, rent income, commission income, insurance claims, changes in fair value of financial assets at fair value through profit or loss (FVPL), impairment, casualty loss and expenses of closed facilities.

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#### 5. Related Party Disclosures

San Miguel Corporation (SMC or the Parent Company), certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/payable in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2025 and December 31, 2024:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	March 31, 2025	P1	P -	P -	P516	Settled on dividend; payment date	Unsecured
	December 31, 2024	9	-	-	516		
	March 31, 2025	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest-bearing	Unsecured; no impairment
	December 31, 2024	-	-	3,037	-		
Retirement plans	March 31, 2025	7	-	2,820	46	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	30	-	3,166	-		
	March 31, 2025	55	-	3,110	-	On demand; Interest-bearing	Unsecured; no impairment
	December 31, 2024	234	-	4,127	-		
Associates	March 31, 2025	665	-	13,347	362	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	1,984	-	940	161		
	March 31, 2025	81	548	9,741	31,658	Less than 1 to 12 years; Interest-bearing	Unsecured and secured; no impairment
	December 31, 2024	637	1,394	9,720	34,208		
Joint ventures	March 31, 2025	22	933	23	706	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	88	1,103	7	456		
	March 31, 2025	14	-	621	-	On demand; Interest-bearing	Unsecured; with impairment
	December 31, 2024	13	-	621	-		
March 31, 2025	20	-	1,763	-	Less than 1 to 10.5 years; interest-bearing	Unsecured; no impairment	
December 31, 2024	81	-	1,746	-			
Shareholder of the Ultimate Parent Company	March 31, 2025	-	-	1,300	-	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	-	-	1,300	-		
Shareholders in subsidiaries	March 31, 2025	14	318	94	1,462	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	43	1,265	96	1,368		
Others	March 31, 2025	125	663	155	146	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	543	1,559	208	126		
<b>Total</b>	<b>March 31, 2025</b>	<b>P1,004</b>	<b>P2,462</b>	<b>P36,011</b>	<b>P34,896</b>		
<b>Total</b>	<b>December 31, 2024</b>	<b>P3,662</b>	<b>P5,321</b>	<b>P24,968</b>	<b>P36,835</b>		

- 1) Revenue consists of sale of power, fuel and other products and services to related parties.
- 2) Purchases consist of purchase of inventories, power and other products and services from related parties.
- 3) Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.
  - a) Amounts owed by related parties include interest-bearing receivable from Top Frontier related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.
    - (i) Amounts owed by the Ultimate Parent Company amounting to P2,312: On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.

- (ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* On September 27, 2019, the parties agreed in writing that the amounts plus 5.75% interest rate per annum of any portion thereof unpaid shall be payable and the interest shall be accrued, upon commencement of commercial operations of the Nonoc Project.

The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., indirect subsidiaries of Clariden. As at March 31, 2025 and December 31, 2024, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at March 31, 2025 and December 31, 2024.

- b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P5,930 and P6,311 as at March 31, 2025 and December 31, 2024, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to P45 and P47 for the periods ended March 31, 2025 and 2024, respectively.
- c) Petron Corporation has advances to Petron Corporation Employee Retirement Plan amounting to P982 as at December 31, 2024, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position, which was fully paid on March 20, 2025. Portion of the advances are subject to interest of 5% per annum. Interest income earned from the advances amounted to P10 and P11 for the periods ended March 31, 2025 and 2024, respectively.
- d) The amounts owed by associates mainly consist of advances granted and management and shared service fees charged to SPPC and EERI amounting to P12,628, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statement of financial position as at March 31, 2025.
- e) Amounts owed by related parties include investments in equity and debt instruments under investment management agreement with Bank of Commerce (BankCom) for a total amount of P9,721 and P9,718 as at March 31, 2025 and December 31, 2024, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position. Interest income earned from investments in equity and debt instruments amounted to P81 and P93 for the periods ended March 31, 2025 and 2024, respectively.
- f) Amounts owed by related parties include interest-bearing receivable from joint ventures amounting to P621 included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at March 31, 2025 and December 31, 2024. Interest income earned from the receivable amounted to P14 and P13 for the periods ended March 31, 2025 and 2024, respectively.

- g) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydropower Corporation (Angat Hydro) by PowerOne Ventures Energy Inc. (PVEI).

In January 2017, PVEI granted shareholder advances to Angat Hydro amounting to US\$32 (P1,579). The advances are subject to interest of 4.5% per annum and were due on April 30, 2017. The due date of the advances was extended to December 31, 2025, as agreed by the parties. As at March 31, 2025 and December 31, 2024, the remaining balance of the shareholder advances amounted to US\$2 (P131) and US\$2 (P132), respectively.

In February 2023 and June and October 2021, PVEI granted additional shareholder advances to Angat Hydro amounting to P344, P600 and P409, respectively. The advances are subject to interest of 6.125%, 4.6% and 6.125% per annum, respectively, and are due on January 5, 2032.

As at March 31, 2025 and December 31, 2024, the outstanding balance of advances amounted to P1,483 and P1,485, respectively, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statements of financial position. Interest income earned from the advances amounted to P20 for the periods ended March 31, 2025 and 2024.

- h) Amounts owed by related parties include the receivable from the assignment by Eagle Cement Corporation to Far East Holdings, Inc. of the advances for future investment in KB Space Holdings, Inc. amounting to P1,300, presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position as at March 31, 2025 and December 31, 2024.
- 4) Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P7 and P9 as at March 31, 2025 and December 31, 2024, respectively, and as part of "Lease liabilities - net of current portion" amounted to P35 as at March 31, 2025 and December 31, 2024. The amount owed to the Ultimate Parent Company pertains to dividends payable.

The interest-bearing loans payable to BankCom presented as part of "Loans payable" account amounted to P4,654 and P6,941 and "Long-term debt" account amounted to P27,004 and P27,267 in the consolidated statements of financial position as at March 31, 2025 and December 31, 2024, respectively. Interest expense incurred on the loans amounted to P548 and P434 for the periods ended March 31, 2025 and 2024, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P20,205 and P20,584 as at March 31, 2025 and December 31, 2024, respectively, which were secured by certain property, plant and equipment and other intangible assets.

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

## 6. Property, Plant and Equipment

Property, plant and equipment consist of:

### March 31, 2025 and December 31, 2024

	Note	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
<b>Cost</b>										
January 1, 2024 (Audited)		P58,324	P93,452	P225,369	P194,507	P19,845	P260,596	P12,681	P198,417	P1,063,191
Additions		3,757	855	2,741	968	893	7,258	389	78,200	95,061
Acquisition of subsidiaries		1,414	-	-	-	-	22	-	14	1,450
Disposals/retirement		(135)	(110)	-	(36)	(1,459)	(3,689)	(1)	(39)	(5,469)
Reclassifications and others		1,907	8,633	128,627	3,343	122	18,121	4,040	(84,396)	80,397
Currency translation adjustments		215	449	-	1,963	725	1,259	(21)	91	4,681
December 31, 2024 (Audited)		65,482	103,279	356,737	200,745	20,126	283,567	17,088	192,287	1,239,311
Additions		27	8	1,633	132	358	1,249	33	12,908	16,348
Deconsolidation of subsidiaries	2	(1,619)	(422)	(76,260)	-	-	(467)	-	(20,657)	(101,425)
Disposals/retirement		-	(10)	-	-	-	(2,862)	-	-	(2,872)
Reclassifications and others		(332)	(300)	19,206	2,315	59	(4,426)	1,311	(26,656)	(8,823)
Currency translation adjustments		(24)	(103)	-	(146)	(65)	(370)	-	(7)	(705)
<b>March 31, 2025 (Unaudited)</b>		<b>63,534</b>	<b>102,452</b>	<b>299,316</b>	<b>203,046</b>	<b>20,488</b>	<b>276,691</b>	<b>18,432</b>	<b>157,875</b>	<b>1,141,834</b>
<b>Accumulated Depreciation</b>										
January 1, 2024 (Audited)		4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation		585	2,826	10,850	6,536	784	13,609	782	-	35,972
Disposals/retirement		-	(76)	-	(34)	(1,406)	(2,842)	(1)	-	(4,359)
Reclassifications		(773)	89	-	293	293	3,386	(2)	-	2,993
Currency translation adjustments		2	244	-	920	398	762	(7)	-	2,319
December 31, 2024 (Audited)		4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation		134	725	3,916	1,866	240	3,555	207	-	10,643
Deconsolidation of subsidiaries	2	(9)	(38)	(4,260)	-	-	(31)	-	-	(4,338)
Disposals/retirement		-	(3)	-	-	-	(1,257)	-	-	(1,260)
Reclassifications		(164)	(1,841)	(439)	-	-	(7,094)	1	-	(9,537)
Currency translation adjustments		(3)	(51)	-	(68)	(33)	(215)	-	-	(370)
<b>March 31, 2025 (Unaudited)</b>		<b>4,734</b>	<b>26,664</b>	<b>50,375</b>	<b>85,438</b>	<b>15,652</b>	<b>140,195</b>	<b>4,322</b>	<b>-</b>	<b>327,380</b>
<b>Accumulated Impairment</b>										
January 1, 2024 (Audited)		-	3,303	-	-	-	11,008	26	65	14,402
Impairment		-	460	-	-	-	179	-	207	846
Disposals/retirement		-	-	-	-	-	(92)	-	-	(92)
Reclassifications		-	-	-	-	-	-	-	-	(1)
Currency translation adjustments		-	104	-	-	-	361	(1)	-	464
December 31, 2024 (Audited)		-	3,866	-	-	-	11,456	25	272	15,619
Impairment		-	-	-	-	-	58	-	-	58
Disposals/retirement		-	(7)	-	-	-	(3)	-	-	(10)
Currency translation adjustments		-	(39)	-	-	-	(112)	-	-	(151)
<b>March 31, 2025 (Unaudited)</b>		<b>-</b>	<b>3,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,399</b>	<b>25</b>	<b>272</b>	<b>15,516</b>
<b>Carrying Amount</b>										
December 31, 2024 (Audited)		P60,706	P71,541	P305,579	P117,105	P4,681	P126,874	P12,949	P192,015	P891,450
<b>March 31, 2025 (Unaudited)</b>		<b>P58,800</b>	<b>P71,968</b>	<b>P248,941</b>	<b>P117,608</b>	<b>P4,836</b>	<b>P125,097</b>	<b>P14,085</b>	<b>P157,603</b>	<b>P798,938</b>

**March 31, 2024**

Cost	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
January 1, 2024 (Audited)	P58,324	P93,452	P225,369	P194,507	P19,845	P260,596	P12,681	P198,417	P1,063,191
Additions	85	25	488	68	344	1,511	56	25,289	27,866
Disposals/retirement	-	(17)	-	-	(476)	(279)	(1)	-	(773)
Reclassifications and others	152	1,838	19,335	1	(6)	2,569	3,934	(26,988)	835
Currency translation adjustments	(80)	39	-	(258)	(102)	71	(18)	(8)	(356)
March 31, 2024 (Unaudited)	58,481	95,337	245,192	194,318	19,605	264,468	16,652	196,710	1,090,763
Accumulated Depreciation									
January 1, 2024 (Audited)	4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	141	664	2,365	1,838	194	3,458	157	-	8,817
Disposals/retirement	-	(17)	-	-	(451)	(222)	(1)	-	(691)
Reclassifications	(11)	(295)	-	-	2	16	-	-	(288)
Currency translation adjustments	(3)	4	-	(116)	(60)	(43)	(4)	-	(222)
March 31, 2024 (Unaudited)	5,089	25,145	42,673	77,940	15,061	133,531	3,494	-	302,933
Accumulated Impairment									
January 1, 2024 (Audited)	-	3,303	-	-	-	11,008	26	65	14,402
Reversal of impairment	-	-	-	-	-	(5)	-	-	(5)
Currency translation adjustments	-	46	-	-	-	141	(1)	-	186
March 31, 2024 (Unaudited)	-	3,349	-	-	-	11,144	25	65	14,583
Carrying Amount									
March 31, 2024 (Unaudited)	P53,392	P66,843	P202,519	P116,378	P4,544	P119,793	P13,133	P196,645	P773,247

Depreciation charged to operations amounted to P10,643 and P8,817 for the periods ended March 31, 2025 and 2024, respectively.

Reclassifications and others include transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party and reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

As at March 31, 2025 and December 31, 2024, certain property, plant and equipment amounting to P277,648 and P269,015, respectively, are pledged as security for syndicated project finance loans.

## 7. Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of capital securities, by the weighted average number of issued and outstanding common shares during 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 equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	<b>March 31</b>	
	<b>2025</b>	<b>2024</b>
Net income attributable to equity holders of the Parent Company	<b>P30,215</b>	P509
Less: Dividends on preferred shares for the period	<b>1,854</b>	1,854
Distributions on capital securities for the period	<b>536</b>	516
Net income (loss) attributable to common shareholders of the Parent Company (a)	<b>P27,825</b>	(P1,861)
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	<b>2,384</b>	2,384
Basic and diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)	<b>P11.67</b>	(P0.78)

*Earnings (loss) per share is computed based on amounts in nearest Peso.*

The Parent Company has no dilutive debt or equity instruments for the periods ended March 31, 2025 and 2024.

## 8. Dividends and Distributions

### Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

### **2025**

<b>Class of Shares</b>	<b>Date of Declaration</b>	<b>Date of Record</b>	<b>Date of Payment</b>	<b>Dividend per Share</b>
<b>Common</b>	March 13, 2025	March 28, 2025	April 25, 2025	<b>P0.35</b>
<b>Preferred</b>				
SMC2F	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.27635</b>
SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.18790625</b>
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	<b>0.890625</b>
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	<b>0.84375</b>
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.48396875</b>
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.5703125</b>
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.5649875</b>
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.611300</b>

## 2024

<u>Class of Shares</u>	<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Dividend per Share</u>
Common	March 11, 2024	March 27, 2024	April 26, 2024	P0.35
Preferred				
SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	1.27635
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	1.18790625
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	0.890625
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	0.84375
SMC2L	January 18, 2024	March 21, 2024	April 4, 2024	1.48396875
SMC2M	January 18, 2024	March 21, 2024	April 4, 2024	1.5703125
SMC2N	January 18, 2024	March 21, 2024	April 4, 2024	1.5649875
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	1.611300

On May 8, 2025, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at June 20, 2025 on the following shares to be paid on July 4, 2025, as follows:

<u>Class of Shares</u>	<u>Dividend Per Share</u>
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

### Distributions

The Parent Company paid P1,071 and P1,032 for the periods ended March 31, 2025, and 2024, respectively, to the holders of Senior Perpetual Capital Securities, as distributions in accordance with the terms and conditions of their respective separate subscription agreements.

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## **9. Financial Risk and Capital Management Objectives and Policies**

### Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: (a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; (b) performance of the internal auditors; (c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (d) compliance with tax, legal and regulatory requirements; (e) evaluation of management's process to assess and manage the enterprise risk issues; and (f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

## Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

	March 31, 2025	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
<b>Fixed Rate</b>								
Philippine Peso-denominated Interest rate	P65,040 3.284% - 9.635%	P100,598 3.284% - 9.635%	P114,443 3.5483% - 9.635%	P75,847 3.5483% - 9.635%	P80,399 3.5483% - 9.635%	P163,582 4.8356% - 8.6074%	P599,909	
Foreign currency-denominated Interest rate	1,437 8.331%	1,503 8.331%	1,571 8.331%	10,224 6.55% - 8.331%	10,301 6.68% - 8.331%	8,578 8.331%	33,614	
<b>Floating Rate</b>								
Philippine Peso-denominated Interest rate	3,051 Bloomberg Valuation (BVAL) + margin or applicable reference rate, whichever is higher	3,982 BVAL + margin or applicable reference rate, whichever is higher	5,177 BVAL + margin or applicable reference rate, whichever is higher	5,598 BVAL + margin or applicable reference rate, whichever is higher	12,176 BVAL + margin or applicable reference rate, whichever is higher	36,905 BVAL + margin or applicable reference rate, whichever is higher	66,889	
Foreign currency-denominated Interest rate	37,338 Secured Overnight Financing Rate (SOFR)/ applicable reference rate + margin	131,657 SOFR/ applicable reference rate + margin	150,691 SOFR/ applicable reference rate + margin	181,398 SOFR/ applicable reference rate + margin	18,549 SOFR/ applicable reference rate + margin	63,412 SOFR/ applicable reference rate + margin	583,045	
	P106,866	P237,740	P271,882	P273,067	P121,425	P272,477	P1,283,457	
<b>December 31, 2024</b>								
<b>Fixed Rate</b>								
Philippine Peso-denominated Interest rate	P69,559 3.284% - 9.635%	P75,072 3.284% - 9.635%	P111,758 3.5483% - 9.635%	P93,032 3.5483% - 9.635%	P81,440 3.5483% - 9.635%	P172,129 4.8356% - 9.635%	P602,990	
Foreign currency-denominated Interest rate	1,453 8.331%	1,519 8.331%	1,588 8.331%	10,338 6.55% - 8.331%	10,416 6.68% - 8.331%	8,674 8.331%	33,988	
<b>Floating Rate</b>								
Philippine Peso-denominated Interest rate	1,895 BVAL + margin or applicable reference rate, whichever is higher	2,923 BVAL + margin or applicable reference rate, whichever is higher	4,045 BVAL + margin or applicable reference rate, whichever is higher	4,383 BVAL + margin or applicable reference rate, whichever is higher	10,936 BVAL + margin or applicable reference rate, whichever is higher	29,632 BVAL + margin or applicable reference rate, whichever is higher	53,814	
Foreign currency-denominated Interest rate	22,207 SOFR/ applicable reference rate + margin	105,707 SOFR/ applicable reference rate + margin	115,771 SOFR/ applicable reference rate + margin	146,395 SOFR/ applicable reference rate + margin	138,428 SOFR/ applicable reference rate + margin	63,382 SOFR/ applicable reference rate + margin	591,890	
	P95,114	P185,221	P233,162	P254,148	P241,220	P273,817	P1,282,682	

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P1,625 and P6,457 for the period ended March 31, 2025 and for the year ended December 31, 2024, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

#### Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and
- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	March 31, 2025		December 31, 2024	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<b>Assets</b>				
Cash and cash equivalents	<b>US\$2,838</b>	<b>P162,472</b>	US\$1,619	P93,731
Trade and other receivables	<b>813</b>	<b>46,488</b>	952	55,088
Prepaid expenses and other current assets	<b>47</b>	<b>2,657</b>	18	1,046
Noncurrent receivables	<b>39</b>	<b>2,333</b>	37	2,184
	<b>3,737</b>	<b>213,950</b>	2,626	152,049
<b>Liabilities</b>				
Loans payable	<b>474</b>	<b>27,055</b>	720	41,630
Accounts payable and accrued expenses	<b>2,990</b>	<b>170,992</b>	2,405	139,067
Long-term debt (including current maturities)	<b>10,779</b>	<b>616,659</b>	10,820	625,878
Lease liabilities (including current portion)	<b>252</b>	<b>14,404</b>	369	21,417
Other noncurrent liabilities	<b>9</b>	<b>513</b>	30	1,775
	<b>14,504</b>	<b>829,623</b>	14,344	829,767
Net foreign currency-denominated monetary liabilities	<b>US\$10,767</b>	<b>P615,673</b>	US\$11,718	P677,718

The Group reported net gain (loss) on foreign exchange amounting to P4,013 and (P7,581) for the periods ended March 31, 2025 and 2024, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 4). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
<b>March 31, 2025</b>	<b>P57.210</b>
December 31, 2024	57.845
March 31, 2024	56.240
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.



### Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

*Commodity Swaps, Futures and Options.* Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

*Commodity Forwards.* The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

### Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

<b>March 31, 2025</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>1 Year or Less</b>	<b>&gt; 1 Year - 2 Years</b>	<b>&gt; 2 Years - 5 Years</b>	<b>Over 5 Years</b>
<b>Financial Assets</b>						
Cash and cash equivalents	P327,927	P327,927	P327,927	P -	P -	P -
Trade and other receivables - net	238,739	238,739	238,739	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	4,805	4,805	2,584	322	1,899	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	899	899	442	-	-	457
Financial assets at fair value through other comprehensive income (FVOCI) (included under "Investments in equity and debt instruments" account)	9,024	9,230	79	5	875	8,271
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,168	15,056	1,396	895	12,719	46
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,753	8,788	35	3,457	1,666	3,630
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	25,932	25,932	20,475	3,616	1,674	167
<b>Financial Liabilities</b>						
Loans payable	242,641	243,863	243,863	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO) and deferred income)	238,124	238,124	238,124	-	-	-
Dividends and distributions payable	5,652	5,652	5,652	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	3,117	3,117	2,857	-	260	-
Long-term debt (including current maturities)	1,268,785	1,617,708	189,992	311,382	787,758	328,576
Lease liabilities (including current portion)	34,994	47,083	6,272	8,860	16,280	15,671
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	6,375	6,375	-	2,310	1,322	2,743

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
<b>Financial Assets</b>						
Cash and cash equivalents	P293,677	P293,677	P293,677	P -	P -	P -
Trade and other receivables - net	266,981	266,981	266,981	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,782	2,782	1,198	275	1,309	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	896	896	438	-	-	458
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	8,988	9,239	54	54	821	8,310
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,180	15,245	1,345	846	12,731	323
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,797	9,000	35	3,669	141	5,155
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	23,822	23,822	18,422	3,578	2	1,820
<b>Financial Liabilities</b>						
Loans payable	293,230	295,002	295,002	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	285,456	285,456	285,456	-	-	-
Dividends and distributions payable	5,160	5,160	5,160	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,017	2,017	1,890	-	127	-
Long-term debt (including current maturities)	1,267,269	1,627,846	178,609	260,245	857,456	331,536
Lease liabilities (including current portion)	42,545	52,752	12,655	8,750	16,299	15,048
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	7,068	7,068	-	2,824	1,738	2,506

### Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

#### Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

#### Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

#### Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprise of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	March 31, 2025	December 31, 2024
Cash and cash equivalents (excluding cash on hand)	P325,619	P287,803
Trade and other receivables - net	238,739	266,981
Derivative assets	4,805	2,782
Investment in debt instruments at FVPL	442	438
Investment in debt instruments at FVOCI	691	669
Investment in debt instruments at amortized cost	12,168	12,180
Noncurrent receivables and deposits - net	8,753	8,797
Restricted cash	25,932	23,822
	<b>P617,149</b>	<b>P603,472</b>

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month expected credit loss (ECL) or lifetime ECL. Assets that are credit-impaired are separately presented.

	March 31, 2025					
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P325,619	P -	P -	P -	P -	P325,619
Trade and other receivables	-	238,739	15,006	-	-	253,745
Derivative assets	-	-	-	2,611	2,194	4,805
Investment in debt instruments at FVPL	-	-	-	442	-	442
Investment in debt instruments at FVOCI	-	-	-	-	691	691
Investment in debt instruments at amortized cost	12,168	-	-	-	-	12,168
Noncurrent receivables and deposits	-	8,753	268	-	-	9,021
Restricted cash	25,932	-	-	-	-	25,932

	December 31, 2024					
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P287,803	P -	P -	P -	P -	P287,803
Trade and other receivables	-	266,981	15,343	-	-	282,324
Derivative assets	-	-	-	1,230	1,552	2,782
Investment in debt instruments at FVPL	-	-	-	438	-	438
Investment in debt instruments at FVOCI	-	-	-	-	669	669
Investment in debt instruments at amortized cost	12,180	-	-	-	-	12,180
Noncurrent receivables and deposits	-	8,797	590	-	-	9,387
Restricted cash	23,822	-	-	-	-	23,822

The aging of receivables is as follows:

<b>March 31, 2025</b>	<b>Amounts Owed by Related Parties</b>			<b>Total</b>
	<b>Trade</b>	<b>Non-trade</b>		
Current	<b>P101,511</b>	<b>P53,516</b>	<b>P20,253</b>	<b>P175,280</b>
Past due:				
1 - 30 days	<b>8,279</b>	<b>643</b>	<b>146</b>	<b>9,068</b>
31 - 60 days	<b>4,014</b>	<b>650</b>	<b>15</b>	<b>4,679</b>
61 - 90 days	<b>2,365</b>	<b>1,079</b>	<b>45</b>	<b>3,489</b>
Over 90 days	<b>35,540</b>	<b>24,285</b>	<b>1,404</b>	<b>61,229</b>
	<b>P151,709</b>	<b>P80,173</b>	<b>P21,863</b>	<b>P253,745</b>

December 31, 2024	<b>Amounts Owed by Related Parties</b>			<b>Total</b>
	<b>Trade</b>	<b>Non-trade</b>		
Current	P130,568	P40,453	P9,120	P180,141
Past due:				
1 - 30 days	23,898	2,197	105	26,200
31 - 60 days	5,447	5,572	38	11,057
61 - 90 days	2,309	151	30	2,490
Over 90 days	34,664	26,227	1,545	62,436
	P196,886	P74,600	P10,838	P282,324

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

#### Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken and hogs in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

#### Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

#### Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the Bangko Sentral ng Pilipinas, is not subject to externally imposed capital requirements.

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## 10. Financial Assets and Financial Liabilities

*Recognition and Initial Measurement.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

### Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost; financial assets at FVOCI (with or without recycling of cumulative gains and losses); and financial assets at FVPL.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

*Financial Assets at FVOCI.* Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category.

*Financial Assets at FVPL.* All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments and debt instruments at FVPL are classified under this category.

#### Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

*Financial Liabilities at FVPL.* Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

*Financial Liabilities at Amortized Costs.* This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial recognition, financial liabilities at amortized costs are measured using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

#### Derecognition of Financial Assets and Financial Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

### Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

#### Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

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

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	<b>P327,927</b>	<b>P327,927</b>	P293,677	P293,677
Trade and other receivables - net	<b>238,739</b>	<b>238,739</b>	266,981	266,981
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	<b>4,805</b>	<b>4,805</b>	2,782	2,782
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	<b>899</b>	<b>899</b>	896	896
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	<b>9,024</b>	<b>9,024</b>	8,988	8,988
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	<b>12,168</b>	<b>12,168</b>	12,180	12,180
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	<b>8,753</b>	<b>8,753</b>	8,797	8,797
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	<b>25,932</b>	<b>25,932</b>	23,822	23,822
<i>Forward</i>				

	March 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities</b>				
Loans payable	<b>P242,641</b>	<b>P242,641</b>	P293,230	P293,230
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	<b>238,124</b>	<b>238,124</b>	285,456	285,456
Dividends and distributions payable	<b>5,652</b>	<b>5,652</b>	5,160	5,160
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	<b>3,117</b>	<b>3,117</b>	2,017	2,017
Long-term debt (including current maturities)	<b>1,268,785</b>	<b>1,310,490</b>	1,267,269	1,306,606
Lease liabilities (including current portion)	<b>34,994</b>	<b>34,994</b>	42,545	42,545
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	<b>6,375</b>	<b>6,375</b>	7,068	7,068

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash.* The carrying amount of cash and cash equivalents, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

*Derivatives.* The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

*Financial Assets at FVPL and Financial Assets at FVOCI.* The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted, using the applicable discount rates of comparable instruments quoted in active markets.

*Loans Payable, Accounts Payable and Accrued Expenses, and Dividends and Distributions Payable.* The carrying amount of loans payable, accounts payable and accrued expenses and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

*Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities.* The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.1% to 6.8% and 4.7% to 7.8% as at March 31, 2025 and December 31, 2024, respectively. The discount rates used for foreign currency-denominated loans range from 3.9% to 4.3% and 4.2% to 4.4% as at March 31, 2025 and December 31, 2024, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

### Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date 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. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

#### *Freestanding Derivatives*

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

*Cash Flow Hedge.* When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the "Hedging reserve" account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has outstanding derivatives accounted for as cash flow hedge as at March 31, 2025 and December 31, 2024.

*Embedded Derivatives*

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

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

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has embedded derivatives as at March 31, 2025 and December 31, 2024.

Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

	Maturity		Total
	> 1 Year - 2 Years	> 2 Years - 5 Years	
<b>March 31, 2025</b>			
Foreign currency risk:			
Call spread swaps:			
Notional amount	US\$80	US\$875	US\$955
Average strike rate	P51.35 to P59.00	P55.35 to P61.85	
Interest rate risk:			
Interest rate options:			
Notional amount	US\$225	US\$1,050	US\$1,275
Interest rate	0.39% to 2.91%	0.50% to 6.25%	
	Maturity		
December 31, 2024	> 1 Year - 2 Years	> 2 Years - 5 Years	Total
Foreign currency risk:			
Call spread swaps:			
Notional amount	US\$40	US\$515	US\$555
Average strike rate	P51.35 to P55.40	P54.30 to P61.62	
Interest rate risk:			
Interest rate options:			
Notional amount	US\$225	US\$1,050	US\$1,275
Interest rate	0.39% to 2.91%	0.50% to 6.25%	

The following are the amounts relating to hedged items:

<b>March 31, 2025</b>	<b>Change in Fair Value Used for Measuring Hedge Ineffectiveness</b>	<b>Hedging Reserve</b>	<b>Cost of Hedging Reserve</b>
Foreign currency risk:			
US Dollar-denominated borrowings	<b>P285</b>	<b>P -</b>	<b>(P491)</b>
Interest rate risk:			
US Dollar-denominated borrowings	<b>40</b>	<b>324</b>	<b>(381)</b>
<hr/>			
<b>December 31, 2024</b>	<b>Change in Fair Value Used for Measuring Hedge Ineffectiveness</b>	<b>Hedging Reserve</b>	<b>Cost of Hedging Reserve</b>
Foreign currency risk:			
US Dollar-denominated borrowings	(P880)	P -	(P752)
Foreign currency and interest rate risks:			
US Dollar-denominated borrowings	(75)	-	-
Interest rate risk:			
US Dollar-denominated borrowings	(516)	380	(309)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

	Notional Amount	Carrying Amount Assets	Liabilities	Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
<b>March 31, 2025</b>									
Foreign currency risk: Call spread swaps	US\$955	P2,011	P -	Other noncurrent assets - net	(P285)	P273	P285	P114	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options	1,275	183	(260)	Other noncurrent assets - net, and Other noncurrent liabilities	(40)	(134)	(35)	-	Interest expense and other financing charges
<b>December 31, 2024</b>									
Foreign currency risk: Call spread swaps	US\$555	P1,297	P -	Other noncurrent assets - net	P880	(P892)	(P880)	P276	Interest expense and other financing charges, and Other income (charges) - net
Foreign currency and interest rate risks: Cross currency swap	-	-	-		75	(27)	(44)	-	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options	1,275	255	(127)	Other noncurrent assets - net, and Other noncurrent liabilities	516	(68)	(207)	-	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized for the periods ended March 31, 2025 and 2024 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	March 31, 2025		December 31, 2024	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	P380	(P1,061)	P125	(P528)
Changes in fair value:				
Foreign currency risk	(285)	273	880	(892)
Foreign currency risk and interest rate risks	-	-	75	(27)
Interest rate risk	(40)	(134)	516	(68)
Amount reclassified to profit or loss	250	114	(1,131)	276
Tax effect	19	(64)	(85)	178
Ending balance	P324	(P872)	P380	(P1,061)

#### Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

#### *Freestanding Derivatives*

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

#### *Interest Rate Swap*

The Group has outstanding interest rate swap with notional amount of US\$75 as at March 31, 2025 and December 31, 2024. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P26 and P32 as at March 31, 2025 and December 31, 2024, respectively.

#### *Currency Forwards*

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,528 and US\$1,259 as at March 31, 2025 and December 31, 2024, respectively, and with various maturities in 2025. The net negative fair value of these currency forwards amounted to P583 and P991 as at March 31, 2025 and December 31, 2024, respectively.

#### *Currency Options*

The Group has outstanding currency options with an aggregate notional amount of US\$1,508 and US\$50 as at March 31, 2025 and December 31, 2024, respectively, and with various maturities in 2025. The net negative fair value of these currency options amounted to P140 and P5 as at March 31, 2025 and December 31, 2024, respectively.

#### *Commodity Swaps*

The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities in 2025 and 2026. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil was 66.7 million barrels and 100.6 million barrels as at March 31, 2025 and December 31, 2024, respectively. The net positive fair value of these swaps amounted to P472 and P339 as at March 31, 2025 and December 31, 2024, respectively.

#### Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

#### *Embedded Currency Forwards*

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$187 and US\$170 as at March 31, 2025 and December 31, 2024, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P21 and P35 as at March 31, 2025 and December 31, 2024, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to (P951), P358 and P614 for the periods ended March 31, 2025 and 2024, and December 31, 2024, respectively (Note 4).

#### Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	<b>March 31, 2025</b>	December 31, 2024
Balance at beginning of year	<b>P765</b>	P1,187
Net change in fair value of derivatives:		
Designated as accounting hedge	<b>651</b>	1,751
Not designated as accounting hedge	<b>(951)</b>	614
	<b>465</b>	3,552
Less fair value of settled instruments	<b>(1,223)</b>	2,787
Balance at end of period	<b>P1,688</b>	P765

#### Fair Value Measurements

The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

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: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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 reassessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The table below analyzes financial instruments carried at fair value by valuation method:

	March 31, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
Derivative assets	P -	P4,805	P4,805	P -	P2,782	P2,782
Financial assets at FVPL	442	457	899	438	458	896
Financial assets at FVOCI	1,636	7,388	9,024	1,635	7,353	8,988
<b>Financial Liabilities</b>						
Derivative liabilities	-	3,117	3,117	-	2,017	2,017

The Group has no financial instruments valued based on Level 3 as at March 31, 2025 and December 31, 2024. For the period ended March 31, 2025 and for the year ended December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

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## 11. Other Matters

### a. Commitments

The outstanding purchase commitments of the Group amounted to P210,525 and P245,288 as at March 31, 2025 and December 31, 2024, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- c. There were no material changes in estimates of amounts reported in prior financial years.

- d. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period.

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**FINANCIAL SOUNDNESS INDICATORS**

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of March 31, 2025 and December 31, 2024 for liquidity, solvency and profitability ratios and for the periods ending March 31, 2025 and 2024 for operating efficiency ratios.

	<b>March 31, 2025</b>	December 31, 2024
<u>Liquidity:</u>		
Current Ratio	<b>1.37</b>	1.22
Quick Ratio	<b>0.88</b>	0.76
<u>Solvency:</u>		
Debt to Equity Ratio	<b>2.58</b>	2.96
Asset to Equity Ratio	<b>3.58</b>	3.96
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	<b>7.28%</b>	(2.48%)
Interest Rate Coverage Ratio	<b>3.15</b>	1.65
Return on Assets	<b>2.69%</b>	1.43%
	<b>Period Ended March 31</b>	
	<b>2025</b>	2024
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	<b>(9%)</b>	21%
Revenue Growth (Decline)	<b>(8%)</b>	13%
Operating Margin	<b>13%</b>	10%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$

*Forward*

KPI	Formula
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left( \frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left( \frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

\* Annualized for quarterly reporting.



**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

**INTRODUCTION**

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation (“SMC” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended March 31, 2025 (with comparative figures as at December 31, 2024 and for the period ended March 31, 2024). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2025, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

**I. 2025 SIGNIFICANT TRANSACTIONS**

The following are the major developments in 2025:

**INVESTING ACTIVITIES**

**Joint Investments with Manila Electric Company (Meralco) and Aboitiz Power Corporation (AboitizPower) into the Country’s First Integrated Liquefied Natural Gas (LNG)-to-Power Facility Projects in Batangas City**

On March 1, 2024, Meralco PowerGen Corporation (MGen, a subsidiary of Meralco) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power Holdings Corp. (San Miguel Global Power) and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power’s gas-fired power plants, namely: (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC’s Ilijan Power Plant and for EERI’s BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc., the ultimate Parent Company, filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling to P52,706 million, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at March 31, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted to a gain amounting to P21,933 million, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended March 31, 2025.

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340 million, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at March 31, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling to P78,717 million. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262 million, presented under "Equity reserves" account in the consolidated statement of financial position as at March 31, 2025 and under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended March 31, 2025.

In 2025, the Group has undertaken various financing activities. The significant transactions are as follows:

#### **AVAILMENT OF LONG-TERM DEBT**

##### **FOREIGN CURRENCY-DENOMINATED LOANS**

###### **▪ SMC**

On March 28, 2025, SMC drew US\$23 million from the US\$2,165 million loan facility executed on March 31, 2022. The loan is subject to a floating interest rate and with a term of 13 years. The proceeds of the loan were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.

##### **PESO TERM LOANS**

###### **▪ Mariveles Power Generation Corporation (MPGC)**

On March 27, 2025, MPGC drew a total of P9,400 million from its Omnibus Loan and Security Agreement (OLSA) executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant Project.

- **Petron Corporation (Petron)**

On February 28, 2025, Petron availed of a P5,000 million term loan, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used to refinance the bridge loan availed on September 3, 2024, which had been used to fund working capital requirements and the payment of existing indebtedness.

- **San Miguel Yamamura Packaging Corporation (SMYPC)**

On January 30, 2025, SMYPC availed of a P5,000 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds of the loan were used to partially refinance maturing obligations and fund general corporate requirements.

- **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On various dates in 2025, SMC MRT 7 drew a total of P4,500 million from the P100,000 million OLSA executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 15 years. The proceeds of the loans will be used to partially finance the Mass Rail Transit 7 (MRT 7) Project.

#### **PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS**

- **Series A Bonds by San Miguel Food and Beverage, Inc. (SMFB)**

On March 10, 2025, SMFB paid the P8,000 million Series A Fixed Rate Peso-denominated Bonds. The Series A Bonds, which formed part of the P15,000 million Series A and Series B Fixed Rate Bonds were issued in March 2020.

The payment was funded by the P4,000 million term loan subject to a floating interest rate and another P4,000 million term loan subject to a fixed interest rate. The loans were availed on March 7, 2025, with a term of seven years.

- **Series F Bonds by SMC**

On March 19, 2025, SMC paid the P2,439 million Series F Fixed Rate Peso-denominated Bonds, from the proceeds of Series O and Series P Bonds issued in July 2024.

The Series F Bonds, which formed part of the third tranche of the P20,000 million Series E, Series F and Series G Fixed Rate Peso-denominated Bonds were issued in March 2018.

#### **PAYMENT OF OTHER MATURING OBLIGATIONS**

For the first quarter of 2025, the Group paid a total of P13,733 million of its scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and from cash generated from operations.

### **ISSUANCE OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS) BY SAN MIGUEL GLOBAL POWER**

On February 19, 2025, San Miguel Global Power completed the issuance of US\$100 million SPCS (the "Additional US\$100 million SPCS"), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distributions from, and including, December 2, 2024 to, but excluding, February 19, 2025. The Additional US\$100 million SPCS was consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, bringing the total securities to US\$600 million. The Additional US\$100 million SPCS are identical in all respects to the US\$500 million SPCS, except for the date of issuance and issue price.

The US\$500 million SPCS issued on December 2, 2024, has an initial rate of distribution of 8.125% per annum with step-up date of March 2, 2030.

The net proceeds will be used for the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

### **ACQUISITION OF COMMON TREASURY SHARES BY PETRON**

On March 17, 2025, Petron repurchased and held as treasury shares all of the 459,156,097 common shares held by Petron Corporation Employees' Retirement Plan via a block sale based on the simple average of the three-day close prior to the execution date aggregating to P1,119 million.

### **EQUITY TRANSACTION**

#### **Approval by the Stockholders of SMC of the Reclassification of the Common Shares Held in Treasury to Series "2" Preferred Shares Held in Treasury**

On March 27, 2025, the stockholders of the Parent Company, in a special stockholders meeting called for its purpose, approved the following: (1) the amendment to Article VII of the Amended Articles of Incorporation of SMC to reclassify the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; (2) the amendment of the authorized capital stock of the Parent Company from P30,000 million with a par value of P5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares; and (3) the issuance of the common and Series "2" Preferred Shares of the Parent Company, subject to such terms and conditions determined by management, with the approval and conformity of the Board of Directors and stockholders. The effectivity of the amendment shall be upon the approval by the Securities and Exchange Commission of the amendment of the Articles of Incorporation of the Parent Company.

## II. FINANCIAL PERFORMANCE

### 2025 vs. 2024

<i>(Amounts in Millions)</i>	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	<b>P360,911</b>	P392,713	(P31,802)	(8%)	<b>100%</b>	100%
Cost of sales	<b>(291,311)</b>	(328,363)	(37,052)	(11%)	<b>(81%)</b>	(84%)
Gross profit	<b>69,600</b>	64,350	5,250	8%	<b>19%</b>	16%
Selling and administrative expenses	<b>(23,995)</b>	(23,886)	109	0%	<b>(6%)</b>	(6%)
Operating income	<b>45,605</b>	40,464	5,141	13%	<b>13%</b>	10%
Interest expense and other financing charges	<b>(24,620)</b>	(23,522)	1,098	5%	<b>(7%)</b>	(6%)
Interest income	<b>4,007</b>	3,634	373	10%	<b>1%</b>	1%
Equity in net earnings of associates and joint ventures	<b>2,015</b>	416	1,599	384%	<b>1%</b>	0%
Gain on sale of property and equipment	<b>465</b>	13	452	3,477%	<b>0%</b>	0%
Other income (charges) - net	<b>25,338</b>	(6,847)	32,185	470%	<b>7%</b>	(2%)
Income before income tax	<b>52,810</b>	14,158	38,652	273%	<b>15%</b>	3%
Income tax expense	<b>(9,429)</b>	(5,271)	4,158	79%	<b>(3%)</b>	(1%)
<b>Net Income</b>	<b>P43,381</b>	P8,887	P34,494	388%	<b>12%</b>	2%
Net income attributable to:						
Equity holders of the Parent Company	<b>P30,215</b>	P509	P29,706	5836%	<b>8%</b>	0%
Non-controlling interests	<b>13,166</b>	8,378	4,788	57%	<b>4%</b>	2%
<b>Net Income</b>	<b>P43,381</b>	P8,887	P34,494	388%	<b>12%</b>	2%

The Group's consolidated sales of P360,911 million in the first quarter of 2025 decreased by 8% compared to last year primarily due to lower sales volume and average selling prices of Petron as well as to a lesser extent, lower sales from San Miguel Brewery Inc. (SMB), the Cement business, and the Energy business following the deconsolidation of SPPC effective January 27, 2025. The decrease was partially offset by strong performance of the Food division and Ginebra San Miguel Inc. (GSMI) driven by higher average selling prices and volumes as well as steady traffic growth and price increase of the Infrastructure business.

The Group's cost of sales decreased by P37,052 million or 11% mainly due to: (a) Petron on account of decrease in volume sold and lower average cost per liter of petroleum products; and (b) Energy business on account of: (i) deconsolidation of SPPC; (ii) lower pass-on fuel cost of Sual Power Inc. (SPI), Limay Power Inc. and Masinloc Power Co. Ltd. as a result of the decrease in global coal prices in 2025, partially offset by the costs of the BCCPP of EERI prior to its deconsolidation and full quarter operations of Units 1, 2 and 3 of MPGC.

Consolidated operating income increased by 13% to P45,605 million from last year mainly driven by: (a) increase in gross profit of the Food and Beverage business due to improved sales and managed costs and expenses; (b) improved margins of the Energy business from contracted capacities with fuel passthrough arrangements for most bilateral customers and additional margins contributed by ancillary services rendered to the National Grid Corporation of the Philippines (NGCP) and offered to the reserve market through battery energy storage system (BESS); and (c) sustained growth in tollway revenue and continued cost management initiatives of the Infrastructure business, all of which more than compensated for the operating income decline experienced by Petron and the Cement business.

The increase in interest expense and other financing charges by P1,098 million was mainly due to higher average level of loans of the Energy business and from the additional short-term loans of SMC.

The increase in interest income by P373 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of short-term placements of the Infrastructure business.

The increase in equity in net earnings of associates and joint ventures by P1,599 million was mainly due to the share in the net income of SPPC, EERI and IPIEC for about two months and from the share in higher net income of Angat Hydropower Corporation (Angat Hydro).

The increase in gain on sale of property and equipment by P452 million pertains mainly to the disposal of transportation equipment.

Other income - net of P25,338 million was a turnaround from the other charges - net of P6,847 million in the three-month period in 2024. This mainly pertains to the P21,933 million gain recognized from the fair valuation of the 33% equity interests retained in SPPC, EERI and IPIEC and the gain on foreign exchange of P4,013 million in 2025, compared to the foreign exchange loss recognized in the same period in 2024 from the revaluation of foreign currency-denominated long-term debt of SMC, the Energy business and Petron. In March 2025, the Philippine Peso appreciated by P0.635 against the US Dollar while in March 2024, the Philippine Peso depreciated by P0.870 against the US Dollar.

The increase in income tax expense by P4,158 million mainly pertains to the deferred income tax on unrealized gains from the revaluation of foreign currency-denominated long-term debt, which was a turnaround from income tax benefit in the same period in 2024 mainly from unrealized losses on the revaluation of foreign currency-denominated long-term debt of SMC.

Consolidated net income significantly increased by 388% to P43,381 million in the first quarter of 2025, from P8,887 million in the same period in 2024. The increase was primarily due to the: (a) improved operations of businesses, mainly the Energy and Food and Beverage businesses; (b) income recognized from the fair valuation of the investment in SPPC, EERI and IPIEC due to the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (c) gain on foreign exchange in the first quarter of 2025, a turnaround from the loss recognized in the same period last year.

The increase in the income attributable to equity holders of the Parent Company by P29,706 million was primarily due to higher consolidated net income, partially reduced by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P4,788 million was mainly due to the distribution on Redeemable Perpetual Securities of San Miguel Global Power.

The following are the highlights of the performance of the individual business segments:

## 1. FOOD AND BEVERAGE

SMFB started the year with strong performance across its divisions. Consolidated sales reached P98,878 million, a 4% increase from the same period last year. Consolidated operating income reached P15,204 million, up by 16% from last year.

Consolidated net income for the quarter stood at P11,582 million, reflecting a 16% increase. This performance highlights the continued resilience of the diversified portfolio.

### a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB posted consolidated revenues of P36,297 million, down by 3% year-on-year, primarily due to a decline in volumes. Despite the decline in volumes, the Beer division maintained strong profitability.

Consolidated operating income stood at P8,215 million, a 1% increase, reflecting disciplined cost control. Consolidated net income grew to P6,572 million, a modest 1% increase.

#### Domestic Operations

SMB's domestic operations reported consolidated revenues of P31,965 million, reflecting the impact of softer consumer demand and shifting Lenten holidays.

#### International Operations

SMB's international operations generated a slight decline in consolidated revenues by 3% as it navigated challenges in some key markets. However, SMB's international operations saw growth in strategic areas due to targeted brand initiatives and pricing adjustments.

### b) Spirits Division

GSMI delivered strong results, with revenues rising by 8% to P16,270 million, driven by higher selling prices to offset higher excise taxes and input costs. Despite these price adjustments, GSMI achieved a 1% increase in volumes, reflecting solid consumer demand.

Consolidated operating income reached P2,464 million, an 8% increase, as it managed higher marketing and distribution expenses to defend its market share and expand their reach. Consolidated net income rose by 11% to P2,112 million, underscoring the strength of GSMI's brand portfolio and efficient operations.

GSMI's performance was bolstered by strategic brand campaigns that reinforced consumer engagement. *Ginebra San Miguel* maintained strong visibility and *Vino Kulafu* reinforced recovery through impactful marketing initiatives. Regionally, it continued to strengthen their presence with targeted programs in Visayas and Mindanao, supported by localized marketing and consumer events. The premium brands also gained greater visibility through exclusive events catering to high-end consumers.

### c) Food Division

The Food division continued to deliver robust results, with consolidated revenues reaching P46,313 million, an 8% increase year-on-year, reflecting the strength of its diversified portfolio. This strong performance was driven by solid volume expansion across most business segments, alongside the sustained recovery of the Poultry business and favorable pricing in its branded business.

Strategic initiatives in brand marketing, particularly for *Purefoods* and *Magnolia*, which is celebrating its 100th anniversary this year, spurred offtake and reinforced consumer loyalty.

The Protein segment comprised of Poultry and Fresh Meats. The Poultry business registered double-digit revenue growth, fueled by strong demand from food service and favorable chicken selling prices, which remained on the high side amidst tight industry supply. On the other hand, the prolonged impact of the African Swine Fever (ASF) on pork supply continued to weigh on Fresh Meats. Nevertheless, this was more than offset by the strong performance of the Poultry, which remains the primary contributor to Protein segment.

The Animal Nutrition and Health segment's revenue was lower year-on-year due to the continued weakness of hog feed sales which remains affected by low hog population due to ASF. This was partially offset by higher poultry feed sales but strategic pricing actions aimed at protecting market share tempered overall revenue.

The Prepared and Packaged Food segment's revenue growth remained steady, bolstered by strong volume performance, coupled with effective pricing initiatives.

The Prepared and Packaged Food segment, which consists of Processed Meats, Dairy, Spreads, and Coffee businesses, posted single-digit volume growth on the back of strong demand for *Purefoods Corned Beef* and *Luncheon Meat*, supported by additional production capacity from its new cannery. Meanwhile, *Magnolia Dairy* delivered strong double-digit volume growth, with Butter, Margarine, Cheese, and emerging categories like Salad Aids, Flour Mixes, All Purpose Cream, and Ice Cream, gaining traction. Coffee continued to deliver a healthy volume growth, led by the original variant and *Essenso*. Flour posted modest revenue growth despite double-digit volume expansion, as competitive pricing, made possible by lower wheat costs, was strategically implemented.

Consolidated operating income surged by 70% to P4,419 million, reflecting margin expansion. Consolidated net income of the Food division jumped by 83% to P3,029 million.

## 2. PACKAGING

The Packaging business grew its consolidated revenues by 7% in the first quarter of 2025 to P8,971 million. This was generated from the demand of Glass, Plastics, Beverage Filling, Metal, and Paper products from its food and beverage customers.

Higher revenue combined with improvements in productivity and the implementation of cost saving programs led to a double-digit increase in consolidated operating income to P788 million.

### 3. ENERGY

San Miguel Global Power reported a slight decline in consolidated revenues and offtake volumes to P42,497 million and 7,496 gigawatt hours, respectively, primarily due to the deconsolidation of the 1,200 MW Ilijan Power Plant effective January 27, 2025. The effect of the deconsolidation was compensated by the revenue contributions from: (a) Units 1 and 2 of EERI's 1,320 MW new gas power plant which commenced commercial operations on December 29, 2024 and January 7, 2025, respectively, thereby contributing a month's worth of revenues prior to its deconsolidation; (b) the full quarter operations of the 4x150MW Mariveles Greenfield Power Plant Units 1, 2, 3 and 4 and the additional three BESS facilities with a combined capacity of 110 MW hours which started commercial operations in March 2024; (c) improved average realization price for Masinloc Power Plant's new and renewed bilateral contracts; and (d) the 400 MW power supply agreement (PSA) with Meralco of Limay Power Plant which took effect from August 2024 to February 2025.

Consolidated operating income increased by 21% to P10,688 million mainly driven by improved margins from contracted capacities with fuel passthrough arrangements for most bilateral customers, including the PSAs with Meralco, as well as the additional margins contributed from ancillary services rendered to the NGCP and offered to the reserve market through its BESS facilities.

Consolidated net income soared to P26,386 million primarily on the P21,933 million gain recognized from the fair valuation of investment in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%.

### 4. FUEL AND OIL

Petron reported consolidated revenues amounting to P194,376 million for the first quarter of the year, a decline of 15% from the same period last year. The drop in consolidated revenues was mainly attributable to lower prices of crude oil and petroleum products and limited trading volumes registered by Petron's Singapore trading office.

Sales volume from Petron's Philippine operations totaled 19.0 million barrels, slower than the same period last year due to the aforementioned decline in trading volumes. Nevertheless, a notable 14% volume increase was registered in the highly profitable retail segment, sales derived in its expansive network of service stations throughout the archipelago.

Petron Malaysia on the other hand, recorded sales volume of about 11.7 million barrels, as the new subsidy program imposed by the national government, and flooding in East Malaysia dampened retail demand. This was partially offset by the sales in its commercial segment, which still recorded double digit growth of 11%.

Despite of the aforementioned headwinds as well as continued volatility in prices, Petron remained profitable with consolidated operating income reaching P9,472 million, and consolidated net income at P4,025 million, sustaining first quarter of last year's notable performance.

## **5. INFRASTRUCTURE**

The Infrastructure business delivered a strong start to the year with consolidated revenue amounting to P9,732 million, a 7% year-on-year increase. This was driven by the continued ramp-up of existing toll roads, with combined average daily traffic volumes rising by 4% compared to the same period last year.

Consolidated operating income grew by a solid 10% to P5,343 million, primarily due to effective cost management.

## **6. CEMENT**

The Cement business reported consolidated revenues of P8,934 million in the first quarter this year, a 4% decline year-on-year, primarily driven by lower average selling price as it implemented competitive pricing strategies to safeguard market share due to the influx of imported traded cement. This strategy supported a 1% increase in sales volume despite subdued market demand. Consolidated operating income declined by 10% to P1,626 million.

**2024 vs. 2023**

	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
<i>(Amounts in Millions)</i>						
Sales	P392,713	P346,725	P45,988	13%	100%	100%
Cost of sales	(328,363)	(290,182)	38,181	13%	(84%)	(84%)
Gross profit	64,350	56,543	7,807	14%	16%	16%
Selling and administrative expenses	(23,886)	(21,490)	2,396	11%	(6%)	(6%)
Operating income	40,464	35,053	5,411	15%	10%	10%
Interest expense and other financing charges	(23,522)	(21,803)	1,719	8%	(6%)	(6%)
Interest income	3,634	3,453	181	5%	1%	1%
Equity in net earnings of associates and joint ventures	416	652	(236)	(36%)	0%	0%
Gain (loss) on sale of property and equipment	13	(45)	58	129%	0%	0%
Other income (charges) - net	(6,847)	10,072	(16,919)	(168%)	(2%)	3%
Income before income tax	14,158	27,382	(13,224)	(48%)	3%	8%
Income tax expense	(5,271)	(9,643)	(4,372)	(45%)	(1%)	(3%)
<b>Net Income</b>	<b>P8,887</b>	<b>P17,739</b>	<b>(P8,852)</b>	<b>(50%)</b>	<b>2%</b>	<b>5%</b>
Net income attributable to:						
Equity holders of the Parent Company	P509	P8,832	(P8,323)	(94%)	0%	2%
Non-controlling interests	8,378	8,907	(529)	(6%)	2%	3%
<b>Net Income</b>	<b>P8,887</b>	<b>P17,739</b>	<b>(P8,852)</b>	<b>(50%)</b>	<b>2%</b>	<b>5%</b>

Consolidated sales of P392,713 million for the first quarter of 2024 increased by 13% compared to 2023, mainly on account of higher sales volume of Petron, the Energy business, the Food division and GSMI, and the higher average selling prices of SMB and GSMI.

The Group's cost of sales increased by P38,181 million or 13%, mainly due to: (a) higher volume sold reduced by the lower cost per liter of petroleum products of Petron; and (b) higher LNG and coal consumption resulting from the resumption of operations of the Ilijan Power Plant in June 2023 and commissioning activities of the Mariveles Greenfield Power Plant starting April 2023 and higher volume of power purchases in 2024 due to the increased demand from bilateral customers and the spot market, partially offset by lower cost of coal due to the decline in Newcastle coal price indices of the Energy business.

The increase in selling and administrative expenses by P2,396 million or 11% was attributable mainly to higher salaries and employee benefits of the Group, distribution costs, and advertising and promotion expenses primarily from the Food and Beverage business and higher real property taxes paid by the Energy business.

Consolidated operating income increased by P5,411 million or 15% from the same period in 2023, mainly driven by the: (a) growth in volume from effective volume strategy and efficiency measures implemented by Petron; (b) higher sales volume of the Food division and GSMI; (c) improved margins on contracted volumes, as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and margin contributed by SMGP BESS Power Inc. through ancillary services; (d) strong margins focusing on cost control initiatives implemented by the Cement business; and (e) sustained growth in traffic volumes backed by continued cost management initiatives of the Infrastructure business.

The increase in interest expense and other financing charges by P1,719 million was mainly due to higher interest rates and increased average level of loans of Petron and the Energy business.

The increase in interest income by P181 million was primarily due to higher interest rates and average balance of short-term investments of the Infrastructure and Food and Beverage businesses. The increase was partially offset by the lower interest income from the reduced average balance of cash and cash equivalents of SMC and lower average interest rates on short-term investments of the Energy business.

The decrease in equity in net earnings of associates and joint ventures by P236 million was mainly due to the share on the lower net income of Angat Hydro, partially offset by the share in higher net income of Bank of Commerce (BankCom) for the first quarter in 2024 compared to the same period in 2023.

The gain on sale of property and equipment of P13 million in 2024 pertains mainly to the sale of demo units of SMC Asia Car Distributors Corp. and foreclosed properties of SMC, while the loss of P45 million in 2023 resulted mainly from the retirement of certain equipment of Malita Power Inc.

Other charges - net of P6,847 million was a reversal from other income - net of P10,072 million in the same period in 2023. This primarily pertains to the loss on foreign exchange in 2024 compared to the gain recognized in 2023 mainly by SMC and the Energy business resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents and the income recognized from the assignment of product rights by GSMI in 2023. In March 2024, the Philippine Peso depreciated by P0.870 against the US Dollar, while in 2023, the Philippine Peso appreciated by P1.395 against the US Dollar.

The decrease in income tax expense by P4,372 million was mainly due to the deferred income tax benefit recognized in 2024 by SMC, a turnaround from the deferred income tax expense in 2023. The deferred income tax recognized pertains to unrealized foreign exchange loss in 2024 compared to unrealized foreign exchange gain in 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income declined by 50% to P8,887 million, from P17,739 million in 2023, mainly on account of the loss on foreign exchange in the first quarter of 2024, a reversal from the gain recognized in the same period in 2023 resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents mainly of SMC and the Energy business, partially offset by the improved operations of most businesses mainly Petron, the Energy and Infrastructure businesses, the Food division and GSMI.

The net income attributable to equity holders of the Parent Company decreased by P8,323 million mainly due to lower net income on account of the foreign exchange loss as compared to foreign exchange gain in the same period in 2023.

The decrease in the net income attributable to NCI by P529 million was mainly due to the distribution on SPCS of Petron in 2023, partially offset by the higher net income of Petron in 2024.

The following are the highlights of the performance of the individual business segments:

## 1) FOOD AND BEVERAGE

SMFB sustained its steady performance in the first quarter of 2024, posting a 2% growth in consolidated revenues from the same period in 2023 at P95,432 million on the back of robust volume growth from GSMI and the Food division.

Consolidated income from operations amounted to P13,119 million, up by 13% from 2023, while consolidated net income reflected a 1% increase to P9,974 million from the same period in 2023.

### a) Beer and NAB Division

SMB reported first quarter of 2024 consolidated sales volume at 58.9 million cases, 6% lower than the comparable period in 2023 due to higher base and trade build-up from price adjustments in 2023. As a result, SMB's consolidated sales amounted to P37,367 million, slightly down by 3% from the same period in 2023.

Similarly, consolidated operating income and consolidated net income ended slightly lower than in 2023 at P8,131 million and P6,514 million, respectively.

#### Domestic Operations

SMB's domestic beer and NAB sales amounted to P33,055 million, down 3% compared to 2023 due to the aforementioned trade build-up for the March 2023 price adjustment slowing down the sales volume growth of beer by 7% to 51.3 million cases.

#### International Operations

SMB's international sales volume reported a slight decline of 1% in volumes due to market mix changes. However, global San Miguel brands continued to deliver strong volumes, growing 4% in first quarter of 2024.

### b) Spirits Division

GSMI continued its growth momentum in the first quarter of 2024, delivering a robust 17% growth in consolidated revenues to P15,117 million against the comparable period in 2023, primarily brought by the sustained volume growth of 8% to 12.5 million cases compared to 2023.

GSMI's strong volume growth was secured by the strength of its core brands and its implemented initiatives to sustain strong brand equity, coupled with supply chain improvements developed over the years.

Consolidated income from operations, likewise, surged by 40% to P2,278 million, on the back of operating efficiencies in imported alcohol purchase, second-hand bottle use and biogas generation at the distillery.

Consolidated net income stood at P1,907 million.

### **c) Food Division**

The Food division delivered P42,950 million in revenues, 2% higher than the same period in 2023. This was mainly driven by higher volumes across most segments, resulting from aggressive marketing efforts to boost demand.

The Prepared and Packaged Food segment led topline growth, with a 9% revenue increase, attributed to better selling prices and sustained volume growth.

The Protein segment saw a 2% revenue improvement, fueled by strong chicken volume growth, which offset the impact of lower chicken prices caused by the proliferation of imported frozen chicken, and the lingering effects of ASF on the hog industry.

The Animal Nutrition and Health segment experienced a 3% decline in revenue as it strategically aligned prices with lower raw material costs, maintaining a competitive edge amidst continuing challenges in the hog industry due to ASF.

The Flour segment revenue showed a slight 1% decrease due to strategic competitive pricing aimed at increasing volume.

Consolidated operating income recorded an 86% improvement to P2,605 million versus the same three-month period in 2023, buoyed by higher gross profits as key raw material prices eased and efficiencies from company-owned facilities were optimized.

Similarly, consolidated net income surged by 150% to P1,655 million versus the relative period in 2023.

## **2) PACKAGING**

The Packaging business recorded consolidated revenues of P8,407 million in the first quarter of 2024. The 18% decline was on account of the record-high volume requirements mainly from the Beer division reported in the comparable period in 2023.

Consequently, consolidated operating income saw a 13% decrease to P696 million versus 2023.

## **3) ENERGY**

San Miguel Global Power reported a remarkable 7% rebound in first quarter of 2024 consolidated revenues amounting to P44,123 million from P41,124 million in first quarter of 2023. This was mainly attributable to the 71% increase in offtake volume brought by higher bilateral volumes from SPPC's emergency PSAs with Meralco and the new retail supply customers of Limay Power Plant.

Moreover, ancillary services rendered by ten BESS facilities of San Miguel Global Power, with a combined capacity of 330 MW and commencing operations on various dates from August 2023 up to March 2024, contributed to the revenue growth.

In addition, the Energy business successfully transitioned to fuel passthrough arrangements for most of its bilateral customers.

Consolidated net income ended lower at P1,547 million, dragged by the net loss on foreign exchange of P1,436 million, a reversal from gain of P3,695 million in 2023.

Consolidated operating income, however, reached P8,840 million a significant 17% increase from 2023.

The Energy business accomplished another key milestone on its BESS Project with an additional three BESS facilities, with a combined capacity of 110 MW, located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, commencing operations on March 18, 2024.

The remaining BESS capacities of 630 MW were gearing up for the anticipated competitive selection process (CSP) for additional grid ancillary services requirements of NGCP as well as for peak power supply applications that would help ensure energy security for the local power industry in the near term. Alternative to the CSP was the reserve market where power reserves could be traded under the operation of Independent Electricity Market Operator of the Philippines (IEMOP).

On February 26, 2024, the Energy Regulatory Commission (ERC) granted a Provisional Authority to Operate (PAO) in favor of MPGC's Unit 1. Following the receipt of the PAO from the ERC, MPGC declared the commercial operations of its 150 MW Unit 1 with the IEMOP starting March 28, 2024.

#### **4) FUEL AND OIL**

Petron marked a robust performance for the first three months of 2024, posting consolidated revenues of P227,637 million, 21% higher than the level in comparable period in 2023 primarily driven by its strong volume growth.

Consolidated volumes reached 35.3 million barrels, up by 23% versus the same period in 2023 backed by the recorded broad-based growth across all its business segments. This was also attributable to the higher production at its refineries in Bataan and Port Dickson in Malaysia.

Consolidated operating income amounted to P10,210 million, up by 20% from the same period in 2023 on the back of efficiency measures and volume strategies, as well as its resilience and response to macroeconomic volatility. Benchmark Dubai crude climbed by 9% to US\$84.15 per barrel in March 2024 compared to \$77.33 per barrel in December 2023.

Moreover, consolidated net income jumped by 14% versus the same period in 2023 to P3,949 million.

#### **5) INFRASTRUCTURE**

The Infrastructure business sustained its strong performance in the first quarter of 2024, posting consolidated revenues of P9,080 million, 9% higher than 2023 on the back of the solid performance of its major operating toll roads.

Total average daily traffic volumes were up by 3% from 2023 level to 1,022,521 vehicles complemented by the continued increase in travel activities. This, coupled by cost management initiatives and tollway maintenance and improvement works, resulted in a 6% increase in consolidated operating income to P4,870 million versus the same quarter in 2023.

Consolidated net income rose by 38% to P3,590 million driven by its higher interest income.

The land development works of the MIA Project were ongoing and progressing well. Overall progress for the land development works was at 79.49% while airport development works were estimated to commence in 2025.

The railway component percentage accomplishment for the MRT 7 was at 72.82% while the detailed engineering design and site development for the depot was still ongoing. In addition, 17 out of 36 trainsets were delivered on-site.

## **6) CEMENT**

The Cement business recorded consolidated revenues of P9,276 million, down by 10% from the comparable period in 2023. The Cement business was able to maintain its volume versus the same period in 2023, however, revenue declined due to market constriction coupled with the influx of cheaper imports resulting in declining prices of local cement.

Consolidated operating income, despite a challenging market environment, leaped by 36% versus the same three-month period in 2023 to P1,811 million due to lower cost of inputs on the back of the cost containment initiatives and operating efficiencies.

The Cement business nearly doubled its consolidated net income to P1,199 million from P631 million in the comparable quarter in 2023 supported by lower net financing charges.

### III. FINANCIAL POSITION

#### 2025 vs. 2024

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	March 31 2025	December 31 2024	Increase (Decrease) Amount	%	2025	2024
Cash and cash equivalents	<b>P327,927</b>	P293,677	P34,250	12%	<b>13%</b>	11%
Trade and other receivables - net	<b>238,739</b>	266,981	(28,242)	(11%)	<b>9%</b>	10%
Inventories	<b>171,948</b>	178,355	(6,407)	(4%)	<b>7%</b>	7%
Current portion of biological assets - net	<b>3,414</b>	3,241	173	5%	<b>0%</b>	0%
Prepaid expenses and other current assets	<b>138,472</b>	158,180	(19,708)	(12%)	<b>5%</b>	6%
<b>Total Current Assets</b>	<b>880,500</b>	900,434	(19,934)	(2%)	<b>34%</b>	34%
Investments and advances - net	<b>104,693</b>	52,948	51,745	98%	<b>4%</b>	2%
Investments in equity and debt instruments	<b>21,085</b>	21,050	35	0%	<b>1%</b>	1%
Property, plant and equipment - net	<b>798,938</b>	891,450	(92,512)	(10%)	<b>30%</b>	33%
Right-of-use assets - net	<b>42,697</b>	43,302	(605)	(1%)	<b>2%</b>	1%
Investment property - net	<b>86,881</b>	87,909	(1,028)	(1%)	<b>3%</b>	3%
Biological assets - net of current portion	<b>2,677</b>	2,652	25	1%	<b>0%</b>	0%
Goodwill - net	<b>184,913</b>	184,994	(81)	(0%)	<b>7%</b>	7%
Other intangible assets - net	<b>342,822</b>	340,496	2,326	1%	<b>13%</b>	13%
Deferred tax assets	<b>20,983</b>	22,045	(1,062)	(5%)	<b>1%</b>	1%
Other noncurrent assets - net	<b>133,363</b>	129,650	3,713	3%	<b>5%</b>	5%
<b>Total Noncurrent Assets</b>	<b>1,739,052</b>	1,776,496	(37,444)	(2%)	<b>66%</b>	66%
<b>Total Assets</b>	<b>P2,619,552</b>	P2,676,930	(P57,378)	(2%)	<b>100%</b>	100%
Loans payable	<b>P242,641</b>	P293,230	(P50,589)	(17%)	<b>9%</b>	11%
Accounts payable and accrued expenses	<b>242,927</b>	289,038	(46,111)	(16%)	<b>9%</b>	11%
Lease liabilities - current portion	<b>5,864</b>	11,736	(5,872)	(50%)	<b>0%</b>	0%
Income and other taxes payable	<b>40,270</b>	43,628	(3,358)	(8%)	<b>2%</b>	2%
Dividends and distributions payable	<b>5,652</b>	5,160	492	10%	<b>0%</b>	0%
Current maturities of long-term debt - net of debt issue costs	<b>105,853</b>	94,123	11,730	12%	<b>4%</b>	4%
<b>Total Current Liabilities</b>	<b>643,207</b>	736,915	(93,708)	(13%)	<b>24%</b>	28%
Long-term debt - net of current maturities and debt issue costs	<b>1,162,932</b>	1,173,146	(10,214)	(1%)	<b>45%</b>	44%
Lease liabilities - net of current portion	<b>29,130</b>	30,809	(1,679)	(5%)	<b>1%</b>	1%
Deferred tax liabilities	<b>28,058</b>	34,861	(6,803)	(20%)	<b>1%</b>	1%
Other noncurrent liabilities	<b>23,798</b>	24,758	(960)	(4%)	<b>1%</b>	1%
<b>Total Noncurrent Liabilities</b>	<b>1,243,918</b>	1,263,574	(19,656)	(2%)	<b>48%</b>	47%
<b>Total Liabilities</b>	<b>1,887,125</b>	2,000,489	(113,364)	(6%)	<b>72%</b>	75%

Forward

<i>(Amounts in Millions)</i>	Horizontal Analysis				Vertical Analysis	
	March 31 2025	December 31 2024	Increase (Decrease) Amount %		2025	2024
Capital stock - common	<b>P16,443</b>	P16,443	P -	0%	<b>1%</b>	1%
Capital stock - preferred	<b>10,187</b>	10,187	-	0%	<b>0%</b>	0%
Additional paid-in capital	<b>177,442</b>	177,442	-	0%	<b>7%</b>	6%
Capital securities	<b>24,211</b>	24,211	-	0%	<b>1%</b>	1%
Equity reserves	<b>16,223</b>	(5,275)	21,498	408%	<b>1%</b>	(0%)
Retained earnings:						
Appropriated	<b>86,721</b>	79,849	6,872	9%	<b>3%</b>	3%
Unappropriated	<b>108,648</b>	89,413	19,235	22%	<b>4%</b>	3%
Treasury stock	<b>(109,763)</b>	(109,763)	-	0%	<b>(4%)</b>	(4%)
<b>Equity Attributable to:</b>						
Equity holders of						
the Parent Company	<b>330,112</b>	282,507	47,605	17%	<b>13%</b>	10%
Non-controlling interests	<b>402,315</b>	393,934	8,381	2%	<b>15%</b>	15%
<b>Total Equity</b>	<b>732,427</b>	676,441	55,986	8%	<b>28%</b>	25%
<b>Total Liabilities and Equity</b>	<b>P2,619,552</b>	P2,676,930	(P57,378)	(2%)	<b>100%</b>	100%

Consolidated total assets as at March 31, 2025 amounted to P2,619,552 million, P57,378 million lower than December 31, 2024. This was primarily due to the decrease in trade and other receivables, prepaid expenses and other current assets and property, plant and equipment, partially offset by the increase in cash and cash equivalents and investments and advances.

The increase in cash and cash equivalents by P34,250 million to P327,927 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC issued to San Miguel Global Power, collection of advances and dividends received. This was partially reduced by the capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, net payment of short-term loans and payment of interests, dividends and distributions, taxes and lease liabilities.

The decrease in trade and other receivables - net by P28,242 million was mainly attributable to the: (a) net effect of deconsolidation of SPPC and EERI's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025; (b) lower trade receivable balance brought by lower volume sold by Petron; and (c) lower receivable from the Malaysian Government due to subsidy payment received. The decrease was partially offset by the higher receivable of Petron from the Philippine Government due to increased excise tax refund claims.

The increase in total biological assets - net by P198 million was mainly attributable to increase in volume of flocks loaded as compared to December 31, 2024 balances, in anticipation of growth in demand.

The decrease in prepaid expenses and other current assets by P19,708 million was primarily due to the deconsolidation of SPPC, EERI and IPIEC.

The increase in investments and advances - net by P51,745 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest from 100% and the investment in 32.98% equity interest in LFC.

The decrease in property, plant and equipment - net by P92,512 million was mainly due to the deconsolidation of SPPC, EERI and IPIEC, partially reduced by the costs of the ongoing projects of the Energy business.

The decrease in deferred tax assets by P1,062 million was mainly due to the deferred tax on unrealized gains on the revaluation of foreign currency-denominated long-term debt, net of unrealized losses on the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The decrease in loans payable by P50,589 million was mainly due to the net payment made by Petron, the Energy and Packaging businesses.

The decrease in accounts payable and accrued expenses by P46,111 million was mainly due to net settlement made by the Energy business to the contractors of its ongoing projects and the deconsolidation of SPPC, EERI and IPIEC.

The decrease in income and other taxes payable and deferred tax liabilities by P3,358 million and P6,803 million, respectively, was mainly due to the deconsolidation of SPPC, EERI and IPIEC.

The increase in dividends and distributions payable by P492 million was mainly due to the declaration by The Purefoods-Hormel Company, Inc. (PF-Hormel) of dividends to common shareholders in March 2025, payable in December 2025.

The increase in total long-term debt, net of debt issue costs, by P1,516 million was primarily due to the availment of Peso term loans mainly by Petron, the Energy, Packaging and Infrastructure businesses and foreign currency-denominated term loan by SMC. The increase was partially offset by the payment of Series F Bonds by SMC and other maturing obligations of the Group and translation adjustments for the period.

The decrease in total lease liabilities by P7,551 million was primarily due to payments made to Power Sector Assets and Liabilities Management (PSALM) by SPI for the lease agreement pertaining to the land where the Sual Power Plant is situated and by San Roque Hydropower Inc. under the Independent Power Producer Administration (IPPA) Agreement.

The increase in equity reserves by P21,498 million was mainly due to the gain recognized on the redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC issued to San Miguel Global Power.

The increase in appropriated retained earnings by P6,872 million was attributable to the appropriations made for the SLEX Widening Project by SMC SLEX Inc. (SMC SLEX) and for payment of loans in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P19,235 million was mainly due to net income attributable to equity holders of the Parent Company, partially offset by the net appropriations of retained earnings and dividends and distributions declared during the period.

The increase in equity attributable to equity holders of the Parent Company by P47,605 million was mainly due to the net gain on financial assets at fair value through other comprehensive income and net income earned in 2025, reduced by the dividends and distributions declared to common, preferred and SPCS holders of SMC.

**2024 vs. 2023**

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	March 31 2024	December 31 2023	Increase (Decrease) Amount	%	2024	2023
Cash and cash equivalents	P270,341	P261,358	P8,983	3%	11%	11%
Trade and other receivables - net	264,992	263,119	1,873	1%	10%	11%
Inventories	149,937	161,986	(12,049)	(7%)	6%	6%
Current portion of biological assets - net	3,307	3,515	(208)	(6%)	0%	0%
Prepaid expenses and other current assets	148,287	141,424	6,863	5%	6%	6%
<b>Total Current Assets</b>	<b>836,864</b>	<b>831,402</b>	<b>5,462</b>	<b>1%</b>	<b>33%</b>	<b>34%</b>
Investments and advances - net	43,321	37,089	6,232	17%	2%	2%
Investments in equity and debt instruments	19,426	19,417	9	0%	1%	1%
Property, plant and equipment - net	773,247	753,472	19,775	3%	31%	31%
Right-of-use assets - net	106,830	108,014	(1,184)	(1%)	4%	4%
Investment property - net	81,436	79,513	1,923	2%	3%	3%
Biological assets - net of current portion	2,512	2,667	(155)	(6%)	0%	0%
Goodwill - net	182,723	182,791	(68)	(0%)	7%	7%
Other intangible assets - net	312,878	306,638	6,240	2%	13%	12%
Deferred tax assets	21,124	19,633	1,491	8%	1%	1%
Other noncurrent assets - net	127,167	118,729	8,438	7%	5%	5%
<b>Total Noncurrent Assets</b>	<b>1,670,664</b>	<b>1,627,963</b>	<b>42,701</b>	<b>3%</b>	<b>67%</b>	<b>66%</b>
<b>Total Assets</b>	<b>P2,507,528</b>	<b>P2,459,365</b>	<b>P48,163</b>	<b>2%</b>	<b>100%</b>	<b>100%</b>
Loans payable	P231,538	P214,881	P16,657	8%	9%	9%
Accounts payable and accrued expenses	236,480	223,055	13,425	6%	9%	9%
Lease liabilities - current portion	15,491	19,631	(4,140)	(21%)	1%	1%
Income and other taxes payable	49,335	46,254	3,081	7%	2%	2%
Dividends and distributions payable	5,607	4,605	1,002	22%	0%	0%
Current maturities of long-term debt - net of debt issue costs	266,626	236,798	29,828	13%	11%	9%
<b>Total Current Liabilities</b>	<b>805,077</b>	<b>745,224</b>	<b>59,853</b>	<b>8%</b>	<b>32%</b>	<b>30%</b>
Long-term debt - net of current maturities and debt issue costs	943,186	953,786	(10,600)	(1%)	38%	39%
Lease liabilities - net of current portion	35,515	36,941	(1,426)	(4%)	1%	2%
Deferred tax liabilities	30,219	29,503	716	2%	1%	1%
Other noncurrent liabilities	28,913	28,745	168	1%	1%	1%
<b>Total Noncurrent Liabilities</b>	<b>1,037,833</b>	<b>1,048,975</b>	<b>(11,142)</b>	<b>(1%)</b>	<b>41%</b>	<b>43%</b>
<b>Total Liabilities</b>	<b>1,842,910</b>	<b>1,794,199</b>	<b>48,711</b>	<b>3%</b>	<b>73%</b>	<b>73%</b>

Forward

<i>(Amounts in Millions)</i>	<b>Horizontal Analysis</b>				<b>Vertical Analysis</b>	
	<b>March 31</b>	<b>December 31</b>	<b>Increase (Decrease)</b>		<b>2024</b>	<b>2023</b>
	2024	2023	Amount	%		
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	7,036	7,354	(318)	(4%)	0%	0%
Retained earnings:						
Appropriated	93,128	87,170	5,958	7%	4%	4%
Unappropriated	93,950	103,151	(9,201)	(9%)	4%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
<b>Equity Attributable to:</b>						
Equity Holders of						
the Parent Company	312,634	316,221	(3,587)	(1%)	13%	13%
Non-controlling Interests	351,984	348,945	3,039	1%	14%	14%
<b>Total Equity</b>	<b>664,618</b>	<b>665,166</b>	<b>(548)</b>	<b>(0%)</b>	<b>27%</b>	<b>27%</b>
<b>Total Liabilities and Equity</b>	<b>P2,507,528</b>	<b>P2,459,365</b>	<b>P48,163</b>	<b>2%</b>	<b>100%</b>	<b>100%</b>

Consolidated total assets as at March 31, 2024 amounted to P2,507,528 million, P48,163 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, prepaid expenses and other current assets, investments and advances, property, plant and equipment, other intangible assets and other noncurrent assets, offset by the decrease in inventories.

The decrease in inventories by P12,049 million was attributable mainly to: (a) Petron's lower volume of crude oil, partially offset by higher volume of finished products and higher prices of both crude oil and finished products; (b) utilization of spare parts for combustor and turbine inspection conducted during the first quarter of 2024 and decline in LNG stockpile of Ilijan Power Plant; and (c) decline in coal inventory of the Sual, Masinloc, Limay and Malita Power Plants as a result of higher consumption.

The decrease in total biological assets of P363 million was mainly due to lower feed costs and decrease in volume of flocks loaded in March 31, 2024 as compared to December 31, 2023.

The increase in prepaid expenses and other current assets by P6,863 million was primarily due to: (a) higher input taxes of Petron, SMC Shipping and Lighterage Corporation and the Energy business; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) higher excise tax claims and unused creditable withholding taxes of Petron. The increase was partially offset by the application of fixed fee reduction credits by SPI.

The increase in investments and advances - net by P6,232 million was mainly due to the: (a) advances for future investment to certain companies by SMC and the Energy business; (b) investment in New NAIA Infra Corp. by San Miguel Holdings Corp.; and (c) Group's share in the net income of BankCom and Manila North Harbour Port, Inc. (MNHPI) in the first quarter of 2024. The increase was partially offset by the dividend received from MNHPI.

The increase in deferred tax assets by P1,491 million was primarily due to the recognition by SMC of deferred tax on unrealized losses on foreign exchange mainly from the revaluation of foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P8,438 million was mainly due to the higher amount of: (a) contract assets for the MRT 7 Project; (b) advances paid to contractors and suppliers of the ongoing projects of the Infrastructure and Energy businesses; and (c) transaction costs incurred by SMC for the US\$2,000 million term loan facility but not yet drawn as at March 31, 2024.

The increase in loans payable by P16,657 million was mainly due to the net loan availment made by SMC and the Food division, reduced by the net payment made by Petron.

The increase in accounts payable and accrued expenses by P13,425 million was mainly due to higher payables for capital expenditures of the Energy business and outstanding liabilities to the contractors and suppliers of Petron, partially offset by the settlements made for fuel supplies, energy fees and power purchases of the Energy business.

The increase in income and other taxes payable by P3,081 million was mainly due to the higher: (a) income tax payable of SMB, GSMI and Petron; and (b) excise duties on the inventory of Petron.

The increase in dividends and distributions payable by P1,002 million was mainly due to the: (a) declaration by SMC of dividends to Subseries "2-L", "2-N" and "2-O" preferred shareholders on January 19, 2024, which were paid on April 4, 2024; and (b) declaration by PF-Hormel of dividends to common shareholders in March 2024, paid in July and December 2024.

The increase in total long-term debt, net of debt issue costs of P19,228 million was primarily due to the availment of Peso term loans mainly by the Energy business and Petron and foreign currency-denominated term loan by SMC, and translation adjustments for the period. The increase was partially offset by the payment of Series B Bonds by SMC and other maturing obligations of the Group.

The decrease in total lease liabilities by P5,566 million was primarily due to the payments made to PSALM by the entities of the Energy business under the IPPA Agreements.

The increase in appropriated retained earnings by P5,958 million was mainly due to the net appropriations made by: (a) SMC SLEX for the capital expenditures of South Luzon Expressway-Toll Road 4 Project in 2024 and 2025; and (b) PF-Hormel for the expansion of the Battered, Breaded and Fried capacity, storage and distribution capability and Plant 3 line automation.

The decrease in unappropriated retained earnings by P9,201 million was mainly due to the net appropriations of retained earnings and dividends and distributions declared.

#### IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	<b>For the Periods Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Net cash flows provided by operating activities	<b>P20,931</b>	P47,177
Net cash flows provided by (used in) investing activities	<b>69,299</b>	(51,646)
Net cash flows provided by (used in) financing activities	<b>(54,236)</b>	12,668

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in noncash current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

Net cash flows provided by (used in) investing activities included the following:

<i>(In Millions)</i>	<b>For the Periods Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Net proceeds of:		
Redemption of investment in redeemable preferred shares held by a subsidiary	<b>P78,717</b>	P -
Sale of property and equipment	<b>2,063</b>	68
Disposal of investments in debt instruments	<b>89</b>	179
Collection of advances	<b>12,084</b>	-
Dividends received	<b>11,650</b>	350
Interest received	<b>4,757</b>	3,713
Additions to:		
Property, plant and equipment	<b>(10,971)</b>	(27,866)
Investments and advances	<b>(8,985)</b>	(6,216)
Intangible assets	<b>(5,929)</b>	(8,282)
Contract assets	<b>(1,282)</b>	(3,420)
Investment property	<b>(1,015)</b>	(2,490)
Advances to contractors and suppliers	<b>(500)</b>	(3,778)
Investments in equity and debt instruments	<b>(82)</b>	(174)
Cash and cash equivalents of deconsolidated subsidiaries	<b>(5,668)</b>	-
Increase in other noncurrent assets and others	<b>(5,629)</b>	(3,730)

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	<b>For the Periods Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Net proceeds (payments) of short-term loans	<b>(P45,716)</b>	P16,748
Cash dividends and distributions paid	<b>(12,819)</b>	(7,878)
Payments of lease liabilities	<b>(7,792)</b>	(5,923)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	<b>(979)</b>	(32)
Net proceeds of long-term debt	<b>7,320</b>	9,779
Net proceeds of issuance of capital securities of a subsidiary	<b>5,750</b>	-
Share issuance costs from reissuance of treasury shares	<b>-</b>	(26)

The effect of exchange rate changes on cash and cash equivalents amounted to (P1,744 million) and P784 million in March 2025 and 2024, respectively.

## V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II “Financial Performance” and III “Financial Position” for the discussion of certain Key Performance Indicators.

	<b>March 31, 2025</b> December 31, 2024	
<u>Liquidity:</u>		
Current Ratio	<b>1.37</b>	1.22
Quick Ratio	<b>0.88</b>	0.76
<u>Solvency:</u>		
Debt to Equity Ratio	<b>2.58</b>	2.96
Asset to Equity Ratio	<b>3.58</b>	3.96
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	<b>7.28%</b>	(2.48%)
Interest Rate Coverage Ratio	<b>3.15</b>	1.65
Return on Assets	<b>2.69%</b>	1.43%
	<b>Periods Ended March 31</b>	
	<b>2025</b>	2024
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	<b>(9%)</b>	21%
Revenue Growth (Decline)	<b>(8%)</b>	13%
Operating Margin	<b>13%</b>	10%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left( \frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left( \frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

\* Annualized for quarterly reporting.

## VI. OTHER MATTERS

### a. Commitments

The outstanding purchase commitments of the Group amounted to P210,525 million as at March 31, 2025.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2024.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicalities on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.