

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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

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

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

Form Type <table border="1" style="width: 100%; height: 20px;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>						Department requiring the report <table border="1" style="width: 100%; height: 20px;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>						Secondary License Type, If Applicable <table border="1" style="width: 100%; height: 20px;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>					

**COMPANY INFORMATION**

Company's Email Address <table border="1" style="width: 100%; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-	Company's Telephone Number <table border="1" style="width: 100%; text-align: center;"><tr><td><b>8857-0100</b></td></tr></table>	<b>8857-0100</b>	Mobile Number <table border="1" style="width: 100%; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-
-					
<b>8857-0100</b>					
-					
No. of Stockholders <table border="1" style="width: 100%; text-align: center;"><tr><td><b>1,254</b></td></tr></table>	<b>1,254</b>	Annual Meeting (Month / Day) <table border="1" style="width: 100%; height: 20px;"><tr><td> </td></tr></table>		Fiscal Year (Month / Day) <table border="1" style="width: 100%; text-align: center;"><tr><td><b>03/31</b></td></tr></table>	<b>03/31</b>
<b>1,254</b>					
<b>03/31</b>					

**CONTACT PERSON INFORMATION**

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

Name of Contact Person <table border="1" style="width: 100%; text-align: center;"><tr><td><b>Mr. Franklin C. Gomez</b></td></tr></table>	<b>Mr. Franklin C. Gomez</b>	Email Address <table border="1" style="width: 100%; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-	Telephone Number/s <table border="1" style="width: 100%; text-align: center;"><tr><td><b>8857-0100</b></td></tr></table>	<b>8857-0100</b>	Mobile Number <table border="1" style="width: 100%; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table>	-
<b>Mr. Franklin C. Gomez</b>							
-							
<b>8857-0100</b>							
-							

**CONTACT PERSON'S ADDRESS**

<b>10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300</b>
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**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

SEC Number 16342  
PSE Disclosure Security Code \_\_\_\_\_

**SM INVESTMENTS CORPORATION**

\_\_\_\_\_  
(Company's Full Name)

**10<sup>th</sup> Floor, One E-Com Center, Harbor Drive,  
Mall of Asia Complex, CBP-IA, Pasay City 1300**

\_\_\_\_\_  
(Company's Address)

**8857- 0100**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Year Ending)  
(month & day)

**SEC Form 17-Q  
1<sup>st</sup> Quarter Report**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

**March 31, 2024**

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

**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, 2024**
2. Commission Identification Number **016342**
3. BIR Tax Identification No. **169-020-000**
4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**
5. **PHILIPPINES**  
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City  
1300**  
Address of principal office Postal Code
8. **8857-0100**  
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the  
RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
<b>COMMON STOCK P10 PAR VALUE</b>	<b>1,222,023,358</b>	<b>N.A.</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange.  
Yes  No
12. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);  
  
Yes  No
  - (b) has been subject to such filing requirements for the past 90 days.  
  
Yes  No

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<b>PART I FINANCIAL INFORMATION</b>
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**Item 1. Interim Condensed Consolidated Financial Statements**

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**

Unaudited Interim Condensed Consolidated Financial Statements  
Balance Sheets as at March 31, 2024 (Unaudited) and  
December 31, 2023 (Audited)  
Statements of Income for the Three-Month Periods Ended  
March 31, 2024 and 2023 (Unaudited)

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 5, 20 and 23)	P86,686,132	P103,745,558
Time deposits (Notes 6, 20 and 23)	608,949	602,466
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 24)	754,314	747,840
Receivables and contract assets (Notes 8 and 20)	75,240,771	79,209,522
Inventories (Note 9)	119,586,967	117,474,980
Other current assets (Notes 10 and 20)	55,486,734	57,690,959
<b>Total Current Assets</b>	<b>338,363,867</b>	<b>359,471,325</b>
<b>Noncurrent Assets</b>		
Financial assets at FVOCI - net of current portion (Notes 7 and 24)	25,477,092	26,317,778
Investments in associate companies and joint ventures (Note 11)	375,862,305	361,324,800
Time deposits - net of current portion (Notes 6, 20, 23 and 24)	22,726,482	22,324,681
Property and equipment (Note 12)	54,593,218	52,851,633
Investment properties (Note 13)	548,611,140	537,067,223
Right-of-use assets (Note 22)	48,460,123	48,540,412
Intangibles (Note 14)	40,275,281	40,275,568
Other noncurrent assets (Notes 14, 22, 23 and 24)	144,674,686	138,045,093
<b>Total Noncurrent Assets</b>	<b>1,260,680,327</b>	<b>1,226,747,188</b>
	<b>P1,599,044,194</b>	<b>P1,586,218,513</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Bank loans (Notes 15, 20 and 23)	P25,183,386	P13,414,239
Accounts payable and other current liabilities (Notes 16, 20, and 22)	186,654,361	200,169,027
Income tax payable	4,379,387	3,649,923
Current portion of long-term debt (Notes 17, 20, and 23)	152,930,341	113,528,791
<b>Total Current Liabilities</b>	<b>369,147,475</b>	<b>330,761,980</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Notes 17, 20, 23 and 24)	324,807,471	374,758,859
Lease liabilities - net of current portion (Note 22)	32,058,128	32,342,279
Deferred tax liabilities (Note 21)	18,134,847	18,129,316
Tenants' deposits and others (Notes 22 and 24)	58,194,994	58,025,874
<b>Total Noncurrent Liabilities</b>	<b>433,195,440</b>	<b>483,256,328</b>
<b>Total Liabilities</b>	<b>802,342,915</b>	<b>814,018,308</b>

(Forward)

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
<b>Equity Attributable to Owners of the Parent</b>		
Capital stock (Note 18)	<b>₱12,261,146</b>	₱12,261,146
Additional paid-in capital	<b>71,837,361</b>	71,837,361
Treasury stock	<b>(40,912)</b>	(40,912)
Equity adjustments from common control transactions	<b>(6,660,472)</b>	(6,660,472)
Cost of Parent common shares held by subsidiaries	<b>(25,386)</b>	(25,386)
Cumulative translation adjustment	<b>1,571,650</b>	1,587,205
Fair value changes on cash flow hedges and others	<b>746,051</b>	809,143
Unrealized gain on financial assets at FVOCI (Note 7)	<b>10,391,524</b>	11,075,393
Remeasurement loss on defined benefit asset/obligation	<b>(3,142,350)</b>	(3,150,991)
Share in other comprehensive loss of associate companies and joint ventures - net	<b>(10,987,855)</b>	(11,376,601)
Retained earnings (Note 18):		
Appropriated	<b>37,000,000</b>	37,000,000
Unappropriated	<b>461,682,495</b>	443,288,813
Total Equity Attributable to Owners of the Parent	<b>574,633,252</b>	556,604,699
<b>Non-controlling Interests</b>	<b>222,068,027</b>	215,595,506
Total Equity	<b>796,701,279</b>	772,200,205
	<b>₱1,599,044,194</b>	₱1,586,218,513

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	<b>Three-Month Periods Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>		
Sales:		
Merchandise	<b>₱90,790,486</b>	₱88,433,036
Real estate	<b>8,788,491</b>	8,276,747
Rent (Notes 13, 20 and 22)	<b>16,178,233</b>	14,667,043
Equity in net earnings of associate companies and joint ventures (Note 11)	<b>11,434,715</b>	10,114,044
Others (Note 19)	<b>16,528,260</b>	16,794,762
	<b>143,720,185</b>	138,285,632
<b>COST AND EXPENSES</b> (Note 9)	<b>110,594,083</b>	106,486,393
<b>OTHER INCOME (CHARGES)</b>		
Interest expense (Note 20)	<b>(5,550,455)</b>	(5,185,737)
Interest income (Note 20)	<b>1,123,373</b>	959,905
Gain (loss) from fair value changes on derivatives - net (Note 24)	<b>(243,896)</b>	75,446
Foreign exchange gain - net and others (Note 23)	<b>326,541</b>	112,056
	<b>(4,344,437)</b>	(4,038,330)
<b>INCOME BEFORE INCOME TAX</b>	<b>28,781,665</b>	27,760,909
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 21)		
Current	<b>3,654,466</b>	3,560,586
Deferred	<b>(110,581)</b>	379,205
	<b>3,543,885</b>	3,939,791
<b>NET INCOME</b>	<b>₱25,237,780</b>	₱23,821,118
<b>Attributable to</b>		
Owners of the Parent	<b>₱18,393,682</b>	₱17,303,668
Non-controlling interests	<b>6,844,098</b>	6,517,450
	<b>₱25,237,780</b>	₱23,821,118
<b>Basic/Diluted Earnings Per Common Share</b>		
<b>Attributable to Owners of the Parent</b> (Note 25)	<b>₱15.05</b>	₱14.16

*See accompanying Notes to Condensed Consolidated Financial Statements.*

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

	Three-Month Periods Ended	
	March 31	
	2024	2023
<b>NET INCOME</b>	<b>₱25,237,780</b>	₱23,821,118
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
Cumulative translation adjustment	(39,942)	(1,180,825)
Fair value changes on cash flow hedges	(42,941)	(591,147)
	<b>(82,883)</b>	<b>(1,771,972)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>		
Remeasurement gain on defined benefit obligation	15,089	–
Net unrealized loss on financial assets at FVOCI	(581,883)	(1,066,257)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(266,977)	(345,211)
	<b>(833,771)</b>	<b>(1,411,468)</b>
Share in other comprehensive income of associate companies and joint ventures - net	<b>380,508</b>	1,190,601
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱24,701,634</b>	₱21,828,279
<b>Attributable to</b>		
Owners of the Parent	<b>₱18,028,553</b>	₱16,130,665
Non-controlling interests	<b>6,673,081</b>	5,697,614
	<b>₱24,701,634</b>	₱21,828,279

See accompanying Notes to Condensed Consolidated Financial Statements.

## SM INVESTMENTS CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands Except Per Share Data)

	Equity Attributable to Owners of the Parent													Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges	Unrealized Gain on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total		
As at December 31, 2023 (Audited)	P12,261,146	P71,837,361	(P40,912)	(P6,660,472)	(P25,386)	P1,587,205	P809,143	P11,075,393	(P3,150,991)	(P11,376,601)	P37,000,000	P443,288,813	P556,604,699	P215,595,506	P772,200,205
Net income	-	-	-	-	-	-	-	-	-	-	-	18,393,682	18,393,682	6,844,098	25,237,780
Other comprehensive income (loss)	-	-	-	-	-	(15,555)	(63,092)	(683,869)	8,641	388,746	-	-	(365,129)	(171,017)	(536,146)
Total comprehensive income	-	-	-	-	-	(15,555)	(63,092)	(683,869)	8,641	388,746	-	18,393,682	18,028,553	6,673,081	24,701,634
Cash dividends received by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(388,505)	(388,505)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	187,945	187,945
As at March 31, 2024	P12,261,146	P71,837,361	(P40,912)	(P6,660,472)	(P25,386)	P1,571,650	P746,051	P10,391,524	(P3,142,350)	(P10,987,855)	P37,000,000	P461,682,495	P574,633,252	P222,068,027	P796,701,279
As at December 31, 2022 (Audited)	P12,261,146	P75,839,217	(P40,912)	(P6,660,472)	(P25,386)	P2,102,782	P1,610,364	P11,823,413	(P1,721,868)	(P10,763,209)	P37,000,000	P375,463,837	P496,888,912	P195,301,099	P692,190,011
Net income	-	-	-	-	-	-	-	-	-	-	-	17,303,668	17,303,668	6,517,450	23,821,118
Other comprehensive income (loss)	-	-	-	-	-	(822,853)	(287,150)	(1,233,704)	-	1,170,704	-	-	(1,173,003)	(819,836)	(1,992,839)
Total comprehensive income	-	-	-	-	-	(822,853)	(287,150)	(1,233,704)	-	1,170,704	-	17,303,668	16,130,665	5,697,614	21,828,279
Transactions with non-controlling interests	-	431	-	-	-	-	-	-	-	-	-	-	431	719	1,150
Cash dividends received by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(162,000)	(162,000)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,604)	(164,604)
As at March 31, 2023	P12,261,146	P75,839,648	(P40,912)	(P6,660,472)	(P25,386)	P1,279,929	P1,323,214	P10,589,709	(P1,721,868)	(P9,592,505)	P37,000,000	P392,767,505	P513,020,008	P200,672,828	P713,692,836

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	<b>Three-Month Periods Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱28,781,665</b>	₱27,760,909
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	<b>(11,434,715)</b>	(10,114,044)
Depreciation and amortization (Notes 12, 13, 14 and 22)	<b>6,293,339</b>	5,890,679
Interest expense	<b>5,550,455</b>	5,185,737
Interest income	<b>(1,123,373)</b>	(959,905)
Loss (gain) from fair value changes on derivatives - net	<b>243,896</b>	(75,446)
Dividend income	<b>(126,258)</b>	(247,751)
Unrealized foreign exchange gain and others - net	<b>(237,373)</b>	(94,276)
Income before working capital changes	<b>27,947,636</b>	27,345,903
Decrease (increase) in:		
Receivables and contract assets	<b>(3,969,521)</b>	(2,544,179)
Inventories	<b>(2,113,295)</b>	(5,193,272)
Other current assets	<b>1,972,879</b>	1,801,748
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>(13,480,085)</b>	(11,437,720)
Tenants' deposits and others	<b>381,008</b>	1,175,232
Net cash generated from operations	<b>10,738,622</b>	11,147,712
Income tax paid	<b>(2,924,768)</b>	(3,032,371)
Net cash provided by operating activities	<b>7,813,854</b>	8,115,341
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of:		
Investments in associate companies and joint ventures	<b>275,000</b>	-
Property and equipment	<b>12,415</b>	6,922
Investment properties	<b>1,939</b>	4,840
Additions to:		
Investment properties (Note 13)	<b>(15,156,955)</b>	(19,182,099)
Investments in associate companies and joint ventures (Note 11)	<b>(5,006,048)</b>	-
Property and equipment (Note 12)	<b>(3,746,964)</b>	(2,312,109)
Decrease (increase) in:		
Time deposits	<b>(102,478)</b>	10,222,683
Other noncurrent assets	<b>1,604,603</b>	(12,599,630)
Dividends received	<b>2,634,886</b>	2,649,616
Interest received	<b>803,913</b>	1,121,040
Net cash used in investing activities	<b>(18,679,689)</b>	(12,599,630)
<i>(Forward)</i>		

	<b>Three-Month Periods Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availments of:		
Bank loans	<b>₱19,331,785</b>	₱13,487,634
Long-term debt	<b>4,932,119</b>	7,228,480
Payments of:		
Long-term debt	<b>(17,598,351)</b>	(32,004,458)
Bank loans	<b>(7,559,774)</b>	(14,373,319)
Interest	<b>(3,879,367)</b>	(4,464,570)
Lease liabilities (Note 22)	<b>(1,261,776)</b>	(1,367,589)
Dividends	<b>(178,586)</b>	(1,855,751)
Net cash used in financing activities	<b>(6,213,950)</b>	(33,349,573)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,079,785)</b>	(37,833,862)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>20,359</b>	27,275
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)</b>	<b>103,745,558</b>	106,561,072
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>₱86,686,132</b>	₱68,754,485

*See accompanying Notes to Consolidated Financial Statements.*

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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**1. Corporate Information**

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960.

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

The accompanying condensed consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on May 6, 2024.

**2. Basis of Preparation and Statement of Compliance**

Basis of Preparation

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

The interim condensed consolidated financial statements have been prepared on the going concern assumption.

Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures 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, 2023.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at March 31, 2024, there were no significant changes in the Parent Company's ownership interest in its subsidiaries.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

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### 3. Summary of Significant Accounting Policies, Changes and Improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

*Effective beginning on or after January 1, 2024*

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

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

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

The amendments are effective on or after January 1, 2024 to be applied retrospectively.

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

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

The amendments are effective on or after January 1, 2024 to be applied retrospectively, with early adoption permitted.

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

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

The amendments are effective on or after January 1, 2024, with early adoption permitted.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

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

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

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (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 (2) years after its effective date as decided by the International Accounting Standards Board (IASB).

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective on or after January 1, 2025, with early adoption permitted.

*Deferred effectivity*

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associates or joint ventures.

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

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#### 4. Segment Information

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

The property segment is involved in mall, residential and commercial development and hotel and convention center operations. The mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers and cinemas within the compound of the shopping centers. The residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

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

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

The portfolio investments segment includes 2GO Group, Inc. (2GO), Philippine Geothermal Production Company, Inc., Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), Goldilocks Bakeshop, Inc. and others.

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

## Operating Results by Segment

Three-Month Period Ended March 31, 2024 (Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
<i>(In Thousands)</i>							
<b>Revenues:</b>							
External customers	₱29,191,507	₱93,575,438	₱9,960,880	₱10,203,178	₱789,182	₱-	₱143,720,185
Revenues from contracts with customers	8,788,491	90,790,486	-	-	-	-	99,578,977
Merchandise sales	-	90,790,486	-	-	-	-	90,790,486
Real estate sales	8,788,491	-	-	-	-	-	8,788,491
Rent	15,215,733	361,492	-	601,008	-	-	16,178,233
Equity in net earnings of associate companies and joint ventures	577,105	396,374	9,960,880	428,789	71,567	-	11,434,715
Others	4,610,178	2,027,086	-	9,173,381	717,615	-	16,528,260
Inter-segment	3,713,875	145,408	-	115,439	928,037	(4,902,759)	-
	<b>₱32,905,382</b>	<b>₱93,720,846</b>	<b>₱9,960,880</b>	<b>₱10,318,617</b>	<b>₱1,717,219</b>	<b>(₱4,902,759)</b>	<b>₱143,720,185</b>
<b>Segment results:</b>							
Income before income tax	₱13,015,900	₱4,361,176	₱9,960,880	₱1,702,158	(₱258,449)	₱-	₱28,781,665
Provision for income tax	2,260,315	1,061,383	-	184,787	37,400	-	3,543,885
Net income after tax	<b>₱10,755,585</b>	<b>₱3,299,793</b>	<b>₱9,960,880</b>	<b>₱1,517,371</b>	<b>(₱295,849)</b>	<b>₱-</b>	<b>₱25,237,780</b>
<b>Net income attributable to:</b>							
Owners of the Parent	₱5,322,245	₱2,297,914	₱9,690,333	₱1,374,639	(₱291,449)	₱-	₱18,393,682
Non-controlling interests	5,433,340	1,001,879	270,547	142,732	(4,400)	-	6,844,098
<b>Three-Month Period Ended March 31, 2023 (Unaudited)</b>							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
<i>(In Thousands)</i>							
<b>Revenues:</b>							
External customers	₱26,513,731	₱91,073,321	₱8,843,895	₱11,267,049	₱587,636	₱-	₱138,285,632
Revenues from contracts with customers	8,276,747	88,433,036	-	-	-	-	96,709,783
Merchandise sales	-	88,433,036	-	-	-	-	88,433,036
Real estate sales	8,276,747	-	-	-	-	-	8,276,747
Rent	13,830,268	312,166	-	524,609	-	-	14,667,043
Equity in net earnings of associate companies and joint ventures	563,789	412,675	8,843,895	354,531	(60,846)	-	10,114,044
Others	3,842,927	1,915,444	-	10,387,909	648,482	-	16,794,762
Inter-segment	3,641,192	127,788	-	148,553	973,210	(4,890,743)	-
	<b>₱30,154,923</b>	<b>₱91,201,109</b>	<b>₱8,843,895</b>	<b>₱11,415,602</b>	<b>₱1,560,846</b>	<b>(₱4,890,743)</b>	<b>₱138,285,632</b>
<b>Segment results:</b>							
Income before income tax	₱12,139,770	₱5,738,267	₱8,843,895	₱2,028,617	(₱989,640)	₱-	₱27,760,909
Provision for income tax	2,412,712	1,314,720	-	193,332	19,027	-	3,939,791
Net income after tax	<b>₱9,727,058</b>	<b>₱4,423,547</b>	<b>₱8,843,895</b>	<b>₱1,835,285</b>	<b>(₱1,008,667)</b>	<b>₱-</b>	<b>₱23,821,118</b>
<b>Net income attributable to:</b>							
Owners of the Parent	₱4,806,413	₱3,126,930	₱8,602,411	₱1,772,253	(₱1,004,339)	₱-	₱17,303,668
Non-controlling interests	4,920,645	1,296,617	241,484	63,032	(4,328)	-	6,517,450

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

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## 5. Cash and Cash Equivalents

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 20)	<b>₱20,788,652</b>	₱22,918,721
Temporary investments (Note 20)	<b>65,897,480</b>	80,826,837
	<b>₱86,686,132</b>	₱103,745,558

Cash in banks and investments earn interest at the prevailing rates. The tenure of temporary investments vary depending on the immediate cash requirements of the Group.

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## 6. Time Deposits

This account consists of time deposits as follows:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Current	<b>₱608,949</b>	₱602,466
Noncurrent	<b>22,726,482</b>	22,324,681
	<b>₱23,335,431</b>	₱22,927,147

The time deposits bear interest ranging from 0.1% to 5.5% and 1.3% to 4.5% for the three-month periods ended March 31, 2024 and 2023, respectively.

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

## 7. Financial Assets at FVOCI

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(In Thousands)</i>		
Shares of stock		
Listed	P24,656,937	P25,505,874
Unlisted	1,545,769	1,534,894
Club shares	28,700	24,850
	<b>26,231,406</b>	27,065,618
Less current portion	754,314	747,840
Noncurrent portion	<b>P25,477,092</b>	P26,317,778

## 8. Receivables and Contract Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(In Thousands)</i>		
Trade:		
Real estate buyers*	P137,004,178	P132,187,696
Third-party tenants	10,233,331	10,714,323
Shipping and logistics**	3,108,755	2,753,168
Related party tenants (Note 20)	462,825	533,448
Others	2,787,842	2,922,100
Royalty and service fees (Note 20)	2,451,295	2,980,499
Dividends (Note 20)	732,946	1,003,114
	<b>156,781,172</b>	153,094,348
Less allowance for expected credit loss (ECL)	3,274,177	3,284,523
	<b>153,506,995</b>	149,809,825
Less noncurrent portion of receivables from real estate buyers (Note 14)	<b>78,266,224</b>	70,600,303
Current portion	<b>P75,240,771</b>	P79,209,522

\* Includes unbilled revenues from sales of real estate of P124.1 billion and P114.9 billion as at March 31, 2024 and December 31, 2023, respectively.

\*\* Includes contract assets representing shipping and logistics services delivered but not yet invoiced of P455.9 million and P616.8 million as at March 31, 2024 and December 31, 2023, respectively.

Allowance for ECL is provided for receivables from sales of real estate and revenues from rental, shipping and logistics, and other receivables which were identified to be impaired based on specific and collective assessment.

Receivable from sales of real estate pertain mostly to sale of condominium and residential units at various terms of payment that are not subject to interest. Portions of these receivables have been assigned to local banks: on without recourse basis, ₱1.2 billion and ₱4.1 billion as of March 31, 2024 and December 31, 2023, respectively (Note 20), and on with recourse basis, ₱0.2 billion and ₱0.2 billion as at March 31, 2024 and December 31, 2023, respectively. The corresponding liability from the assignment of receivables with recourse bears interest at 6.5% and 5.0% to 6.5% as at March 31, 2024 and December 31, 2023, respectively.

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

## 9. Inventories

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Real estate inventories	<b>₱78,046,020</b>	₱77,892,908
Merchandise inventories	<b>40,918,512</b>	38,869,576
Processed food and others	<b>622,435</b>	712,496
	<b>₱119,586,967</b>	₱117,474,980

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

### Real Estate Inventories

The movements in this account follow:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
	<i>(In Thousands)</i>		
Balance as at January 1, 2023	₱43,780,861	₱26,725,642	₱70,506,503
Development cost incurred	22,141,007	–	22,141,007
Cost of real estate sold	(13,166,921)	(3,494,522)	(16,661,443)
Transfers	(1,902,929)	1,902,929	–
Reclassifications from investment properties	1,807,712	–	1,807,712
Translation adjustment and others	98,608	521	99,129
Balance as at December 31, 2023 (Audited)	52,758,338	25,134,570	77,892,908
Development cost incurred	3,939,159	–	3,939,159
Cost of real estate sold	(1,866,382)	(1,918,357)	(3,784,739)
Transfers	(1,777,934)	1,777,934	–
Translation adjustment and others	–	(1,308)	(1,308)
<b>Balance as at March 31, 2024 (Unaudited)</b>	<b>₱53,053,181</b>	<b>₱24,992,839</b>	<b>₱78,046,020</b>

Contract fulfillment assets included in land and development represent the unamortized portion of land cost of ₱1.9 billion and ₱1.8 billion as at March 31, 2024 and December 31, 2023, respectively.

The estimated cost to complete ongoing projects amounted to ₱114.0 billion and ₱103.6 billion as at March 31, 2024 and December 31, 2023, respectively.

The details of cost of sales and services follow:

	<b>Three-Month Periods Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<i>(In Thousands)</i>	
Cost of sales:		
Merchandise	<b>₱66,842,040</b>	₱64,473,208
Real estate	<b>3,784,739</b>	3,366,067
Processed food and others	<b>3,245,735</b>	4,007,294
Cost of shipping, logistics and other services	<b>3,616,722</b>	3,461,178
	<b>₱77,489,236</b>	₱75,307,747

## 10. Other Current Assets

This account consists of:

	<b>March 31,</b>	December 31,
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	<b>₱20,569,397</b>	₱20,539,740
Bonds and deposits	<b>10,918,401</b>	10,845,768
Input tax	<b>6,774,579</b>	7,226,317
Nontrade receivables (Note 20)	<b>6,086,330</b>	6,233,033
Receivables from banks	<b>4,560,028</b>	7,207,447
Derivative assets	<b>2,618,651</b>	3,167,911
Uniform and supplies inventory	<b>1,928,836</b>	1,724,324
Accrued interest receivable (Note 20)	<b>645,323</b>	325,863
Others	<b>1,385,189</b>	420,556
	<b>₱55,486,734</b>	₱57,690,959

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## 11. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱361,324,800</b>	₱328,271,536
Additions	<b>5,006,048</b>	288,227
Disposal	<b>(35,715)</b>	(1,186,682)
Equity in net earnings	<b>11,434,715</b>	44,945,113
Dividends received and others	<b>(2,238,460)</b>	(10,622,941)
Share in other comprehensive income (loss) of associate companies	<b>380,508</b>	(641,624)
Reversal of impairment loss	-	320,206
Translation adjustment	<b>(9,591)</b>	(49,035)
<b>Balance at end of period</b>	<b>₱375,862,305</b>	<b>₱361,324,800</b>

\* Investment in associate companies amounted to ₱365.0 billion and ₱350.8 billion as at March 31, 2024 and December 31, 2023, respectively.

## 12. Property and Equipment

The movements in this account follow:

	Land	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Vessels in Operation	Containers and Reefer Vans	Construction in Progress	Total
<i>(In Thousands)</i>												
<b>Cost</b>												
As at January 1, 2023	₱1,718,794	₱19,892,747	₱3,349,277	₱10,622,599	₱12,611,163	₱21,456,447	₱30,307,204	₱1,657,255	₱14,707,557	₱1,625,035	₱4,771,166	₱122,719,244
Additions	–	697,001	201,286	1,614,927	1,059,198	851,219	2,347,796	67,955	762,647	34	4,759,700	12,361,763
Reclassifications	–	762,184	(443,822)	26,868	(39,013)	2,268,988	427,755	98,278	(13,530)	301	(3,406,915)	(318,906)
Disposals/retirements	–	(579,239)	(143,433)	(410,945)	(849,258)	(170,268)	(260,104)	(100,567)	(102,792)	(21,660)	–	(2,638,266)
As at December 31, 2023 (Audited)	1,718,794	20,772,693	2,963,308	11,853,449	12,782,090	24,406,386	32,822,651	1,722,921	15,353,882	1,603,710	6,123,951	132,123,835
Additions	–	<b>112,758</b>	<b>21,236</b>	<b>251,492</b>	<b>357,300</b>	<b>499,033</b>	<b>414,744</b>	<b>150,802</b>	<b>133,890</b>	<b>154,393</b>	<b>1,651,316</b>	<b>3,746,964</b>
Reclassifications	–	<b>337,334</b>	<b>194,110</b>	<b>64,958</b>	<b>(126,738)</b>	<b>105,825</b>	<b>(150,634)</b>	<b>1,329</b>	<b>1,319,425</b>	–	<b>(1,967,307)</b>	<b>(221,698)</b>
Disposals/retirements	–	–	(5,497)	(11,654)	(2,476)	(1,229)	(34,602)	(3,977)	(17,346)	–	–	(76,781)
<b>As at March 31, 2024 (Unaudited)</b>	<b>₱1,718,794</b>	<b>₱21,222,785</b>	<b>₱3,173,157</b>	<b>₱12,158,245</b>	<b>₱13,010,176</b>	<b>₱25,010,015</b>	<b>₱33,052,159</b>	<b>₱1,871,075</b>	<b>₱16,789,851</b>	<b>₱1,758,103</b>	<b>₱5,807,960</b>	<b>₱135,572,320</b>
<b>Accumulated Depreciation and Amortization</b>												
As at January 1, 2023	₱–	₱7,756,779	₱2,623,730	₱8,387,765	₱10,000,055	₱12,253,720	₱23,324,307	₱1,219,539	₱7,862,443	₱1,409,892	₱–	₱74,838,230
Depreciation and amortization	–	922,703	226,928	1,307,897	767,376	1,501,025	1,479,149	86,398	961,991	48,134	–	7,301,601
Reclassifications	–	19,324	(587,914)	(280,871)	262,420	(83,810)	275,569	102,087	–	–	–	(293,195)
Disposals/retirements	–	(544,403)	(140,809)	(403,861)	(822,584)	(181,623)	(256,732)	(99,970)	(102,792)	(21,660)	–	(2,574,434)
As at December 31, 2023 (Audited)	–	<b>8,154,403</b>	<b>2,121,935</b>	<b>9,010,930</b>	<b>10,207,267</b>	<b>13,489,312</b>	<b>24,822,293</b>	<b>1,308,054</b>	<b>8,721,642</b>	<b>1,436,366</b>	–	<b>79,272,202</b>
Depreciation and amortization	–	<b>245,739</b>	<b>56,242</b>	<b>223,976</b>	<b>166,739</b>	<b>390,385</b>	<b>392,973</b>	<b>20,210</b>	<b>263,774</b>	<b>10,963</b>	–	<b>1,771,001</b>
Reclassifications	–	(2,746)	111,946	12,844	(151,122)	(3,201)	–	–	–	–	–	(31,874)
Disposals/retirements	–	–	(4,122)	(253)	(433)	(1,229)	(4,868)	(3,976)	(17,346)	–	–	(32,227)
<b>As at March 31, 2024 (Unaudited)</b>	<b>₱–</b>	<b>₱8,397,396</b>	<b>₱2,286,001</b>	<b>₱9,247,496</b>	<b>₱10,222,451</b>	<b>₱13,875,267</b>	<b>₱25,210,803</b>	<b>₱1,324,289</b>	<b>₱8,968,070</b>	<b>₱1,447,329</b>	<b>₱–</b>	<b>₱80,979,102</b>
<b>Net Book Value</b>												
As at March 31, 2024 (Unaudited)	₱1,718,794	₱12,825,389	₱887,156	₱2,910,749	₱2,787,725	₱11,134,748	₱7,841,356	₱546,786	₱7,821,781	₱310,774	₱5,807,960	₱54,593,218
As at December 31, 2023 (Audited)	1,718,794	12,618,290	841,373	2,842,519	2,574,823	10,917,074	8,000,358	414,867	6,632,240	167,344	6,123,951	52,851,633

As at March 31, 2024 and December 31, 2023, a passenger/cargo ship was used as collateral for a subsidiary's long-term debt (see Note 17).

### 13. Investment Properties

The movements in this account follow:

	Land Held for Future Development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Thousands)</i>						
<b>Cost</b>						
As at January 1, 2023	₱83,846,727	₱87,712,636	₱313,956,225	₱55,344,683	₱68,562,497	₱609,422,768
Additions	4,442,123	11,637,554	2,421,367	3,121,210	46,583,698	68,205,952
Reclassifications	(89,781)	2,683,563	24,423,632	2,482,213	(31,251,512)	(1,751,885)
Translation adjustment	–	(61,972)	(1,756,871)	(170,289)	(391,352)	(2,380,484)
Disposals	(3,594)	(312,626)	(109,550)	(530,451)	–	(956,221)
As at December 31, 2023 (Audited)	88,195,475	101,659,155	338,934,803	60,247,366	83,503,331	672,540,130
Additions	<b>1,155,087</b>	<b>677,762</b>	<b>437,671</b>	<b>607,360</b>	<b>12,279,075</b>	<b>15,156,955</b>
Reclassifications	–	(7,780)	3,122,798	374,439	(3,489,457)	–
Translation adjustment	–	(34)	(85,208)	(7,210)	(11,580)	(104,032)
Disposals	–	(17,400)	(31,711)	(11,529)	–	(60,640)
<b>As at March 31, 2024 (Unaudited)</b>	<b>₱89,350,562</b>	<b>₱102,311,703</b>	<b>₱342,378,353</b>	<b>₱61,210,426</b>	<b>₱92,281,369</b>	<b>₱687,532,413</b>
<b>Accumulated Depreciation, Amortization and Impairment Loss</b>						
As at January 1, 2023	₱–	₱3,126,825	₱84,927,678	₱35,385,964	₱–	₱123,440,467
Depreciation and amortization	–	265,404	9,071,500	3,983,725	–	13,320,629
Reclassifications	–	45	4,475	9,427	–	13,947
Translation adjustment	–	(42,708)	(431,780)	(86,870)	–	(561,358)
Disposals	–	(301,936)	(65,033)	(373,809)	–	(740,778)
As at December 31, 2023 (Audited)	–	3,047,630	93,506,840	38,918,437	–	135,472,907
Depreciation and amortization	–	<b>58,735</b>	<b>2,468,475</b>	<b>975,237</b>	–	<b>3,502,447</b>
Reclassifications	–	–	49	–	–	49
Translation adjustment	–	2,415	(24,445)	(2,472)	–	(24,502)
Disposals	–	(11,638)	(7,153)	(10,837)	–	(29,628)
<b>As at March 31, 2024 (Unaudited)</b>	<b>₱–</b>	<b>₱3,097,142</b>	<b>₱95,943,766</b>	<b>₱39,880,365</b>	<b>₱–</b>	<b>₱138,921,273</b>
<b>Net Book Value</b>						
<b>As at March 31, 2024 (Unaudited)</b>	<b>₱89,350,562</b>	<b>₱99,214,561</b>	<b>₱246,434,587</b>	<b>₱21,330,061</b>	<b>₱92,281,369</b>	<b>₱548,611,140</b>
As at December 31, 2023 (Audited)	88,195,475	98,611,525	245,427,963	21,328,929	83,503,331	537,067,223

Rent income from investment properties, which is primarily attributable to SM Prime Holdings, Inc. (SM Prime), amounted to ₱15.8 billion and ₱14.4 billion for the three-month periods ended March 31, 2024 and 2023, respectively. The corresponding direct operating expenses amounted to ₱8.6 billion and ₱7.8 billion for the three-month periods ended March 31, 2024 and 2023, respectively.

Construction in progress includes construction costs incurred for new shopping malls, commercial building and landbanking amounting to ₱90.8 billion and ₱82.0 billion as at March 31, 2024 and December 31, 2023, respectively.

Portions of investment properties located in China with carrying value of ₱1.4 billion and ₱1.5 billion as at March 31, 2024 and December 31, 2023, respectively, are used as collateral to secure domestic borrowings (see Notes 15 and 17).

The outstanding construction contracts with various contractors amounted to ₱70.1 billion and ₱78.4 billion as at March 31, 2024 and December 31, 2023, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of works.

Interest capitalized to investment properties amounted to ₱2.0 billion and ₱5.8 billion as at March 31, 2024 and December 31, 2023, respectively. Capitalization rates used range from 2.8% to 5.7% and 2.3% to 5.4% as at March 31, 2024 and December 31, 2023, respectively.

The fair value of investment properties is categorized under Level 3 since valuation is based on unobservable inputs.

As at December 31, 2023, the fair value of substantially all investment properties amounting to ₱2.1 trillion was determined by accredited independent appraisers with appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date.

There is no restriction on the realizability of investment properties and no obligation to purchase, construct or develop, repair, maintain and/or enhance any of these properties.

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#### 14. Intangibles and Other Noncurrent Assets

##### Intangible Assets

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Goodwill	<b>₱34,320,712</b>	₱34,320,712
Less accumulated impairment loss	<b>172,213</b>	172,213
Net book value	<b>34,148,499</b>	34,148,499
Trademarks, brand names and copyright	<b>6,126,782</b>	6,127,069
	<b>₱40,275,281</b>	₱40,275,568

##### Other Noncurrent Assets

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Receivables from sales of real estate (Note 8)*	<b>₱78,266,224</b>	₱70,600,303
Bonds and deposits	<b>49,225,842</b>	50,388,596
Deferred tax assets (Note 21)	<b>6,311,244</b>	6,462,108
Derivative assets (Note 24)	<b>3,890,628</b>	3,611,478
Deferred input VAT	<b>1,403,115</b>	1,559,521
Escrow fund (Note 20)	<b>1,000,795</b>	843,732
Defined benefit asset	<b>88,977</b>	110,831
Others	<b>4,487,861</b>	4,468,524
	<b>₱144,674,686</b>	₱138,045,093

\* Pertains to the noncurrent portion of unbilled revenues from sales of real estate (see Note 8).

## 15. Bank Loans

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Parent Company:		
U.S. dollar-denominated loans	P421,800	P415,275
Peso-denominated loans	–	4,200,000
Subsidiaries:		
U.S. dollar-denominated loans*	16,710,121	–
China Yuan renminbi-denominated loans	2,132,465	2,288,964
Peso-denominated loans	5,919,000	6,510,000
	<b>P25,183,386</b>	<b>P13,414,239</b>

\*Hedged against foreign exchange risks using derivative instruments

The interest rates of Peso-denominated loans for the three-month periods ended March 31, 2024 and 2023 ranged from 5.9% to 6.9% and 4.0% to 6.8%, respectively. The interest rates of U.S. dollar-denominated loans for the three-month periods ended March 31, 2024 and 2023 ranged from 3.2% to 6.2% and nil, respectively. The China Yuan renminbi-denominated loans bear the China Loan Prime Rate (LPR) in both periods.

These loans have maturities of less than one year.

## 16. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Trade	P101,269,943	P116,681,582
Accrued expenses	27,153,667	23,778,417
Tenants and customers' deposits*	17,462,888	14,595,837
Nontrade (Note 20)	14,972,705	17,528,203
Payables to government agencies	5,185,820	7,046,388
Accrued interest (Note 20)	5,086,473	3,690,975
Lease liabilities (Note 22)	3,245,465	2,977,457
Payable arising from acquisition of land	3,029,691	4,502,475
Dividends payable	2,696,339	2,486,420
Subscriptions payable	1,966,477	1,966,477
Gift checks redeemable and others	4,584,893	4,914,796
	<b>P186,654,361</b>	<b>P200,169,027</b>

\* Includes unearned revenues from shipping and logistics of P30.0 million and P54.1 million as at March 31, 2024 and December 31, 2023, respectively, and unearned revenues from sales of real estate of P10.5 billion and P7.0 billion as at March 31, 2024 and December 31, 2023, respectively.

## 17. Long-term Debt

This account consists of:

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)	
	Availment	Maturity	Interest Rate/Term	Security	Amount	Amount
<i>(in Thousands)</i>						
<b>Parent Company</b>						
U.S. dollar-denominated*	June 2014 - August 2023	June 2024 - August 2028	Fixed 4.9%-6.2%; ROP reference rate + margin; Three-Month SOFR + margin; semi-annual and quarterly	Unsecured	₱35,712,400	₱35,159,950
GBP-denominated*	April 2023 - July 2023	April 2025 - July 2028	Fixed 4.2%-5.3%; quarterly	Unsecured	6,432,136	6,403,683
Peso-denominated	September 2017 - March 2024	April 2024 - May 2031	Fixed 3.4%-5.2%; Three-Month and Two-year PHP BVAL + margin; semi-annual and quarterly	Unsecured	68,129,400	65,156,900
<b>Subsidiaries</b>						
U.S. dollar-denominated*	September 2020 - June 2022	April 2024 - June 2027	LIBOR + spread; SOFR + spread; quarterly	Unsecured	68,612,829	84,350,144
China Yuan Renminbi-denominated**	May 2021 - March 2024	April 2026 - June 2037	Fixed 3.7%; LPR, SOFR; annually	Secured	10,779,444	10,590,461
Peso-denominated***	September 2014 - March 2024	April 2024 - April 2032	Fixed 2.9%-7.0%; BVAL + margin	Unsecured /Secured	290,190,186	288,983,232
					479,856,394	490,644,370
Less debt issue cost					2,118,582	2,356,720
					477,737,812	488,287,650
Less current portion					152,930,341	113,528,791
					₱324,807,471	₱374,758,859

LIBOR – London Interbank Offered Rate

ROP – Republic of the Philippines

BVAL – Bloomberg Valuation

SOFR – Secured Overnight Financing Rate

\*Hedged against foreign exchange and interest rate risks using derivative instruments (see Notes 23 and 24)

\*\*Secured by portions of investment properties located in China (see Note 13)

\*\*\*Secured by portions of property and equipment (see Note 12)

### Repayment Schedule

The repayment schedule of long-term debt as at March 31, 2024 follows:

	Gross Debt	Debt Issue Cost	Net
<i>(In Thousands)</i>			
Within 1 year	₱153,724,541	₱794,200	₱152,930,341
Over 1 year to 5 years	282,842,488	1,217,148	281,625,340
Over 5 years	43,289,365	107,234	43,182,131
	₱479,856,394	₱2,118,582	₱477,737,812

### Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. As at March 31, 2024 and December 31, 2023, the Group is in compliance with the terms of its debt covenants with the exception of 2GO. This exception is covered with a waiver from its creditor bank.

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## 18. Equity

### Capital Stock

a. Common stock

	Number of Shares	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized - ₱10 par value per share	<b>2,790,000,000</b>	2,790,000,000
Issued and subscribed	<b>1,226,114,578</b>	1,226,114,578

As at March 31, 2024 and December 31, 2023, the Parent Company is compliant with the minimum public float as required by the PSE.

The total number of shareholders of the Parent Company is 1,254 and 1,242 as at March 31, 2024 and December 31, 2023, respectively.

b. Redeemable preferred shares

	Number of Shares	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized - ₱10 par value per share	<b>10,000,000</b>	10,000,000

There are no issued and subscribed preferred shares as at March 31, 2024 and December 31, 2023.

### Retained Earnings

- Appropriated

Retained earnings appropriated as at March 31, 2024 is intended for the payment of certain long-term debts and new investments as follows:

	Timeline	Amount
		<i>(In Thousands)</i>
Debt service	2024	₱27,000,000
Investments	2024	10,000,000
		<b>₱37,000,000</b>

- Unappropriated

The Parent Company's cash dividend declarations in 2024 and 2023 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
				<i>(In Thousands)</i>
<b>April 24, 2024</b>	<b>May 9, 2024</b>	<b>May 23, 2024</b>	<b>₱9.00</b>	<b>₱10,998,210</b>
April 26, 2023	May 11, 2023	May 25, 2023	7.50	9,165,175

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱410.5 billion and ₱393.8 billion as at March 31, 2024 and December 31, 2023, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures.

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## 19. Other Revenues

This account consists of:

	<b>Three-Month Periods Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
		<i>(In Thousands)</i>
Sales - processed food and others	<b>₱4,553,040</b>	₱6,230,369
Shipping, logistics and other services	<b>4,402,230</b>	3,995,872
Cinema and event ticket sales and others	<b>2,163,917</b>	2,138,654
Royalty and service fees	<b>1,967,236</b>	1,531,665
Food and beverage	<b>619,222</b>	563,432
Dividends	<b>126,258</b>	247,751
Others	<b>2,696,357</b>	2,087,019
	<b>₱16,528,260</b>	₱16,794,762

Others include membership revenues, sponsorship income and related items, commission income, as well as miscellaneous income from the various business operations of the Group.

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## 20. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group has a policy that requires approval of related party transaction by the Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

The significant transactions with related parties follow:

- Rent

The Group has existing lease agreements for office and commercial spaces with related companies (retail and banking group and other related parties under common stockholders).

- Royalty and Service Fees

The Parent Company and SM Retail receive service fees from retail entities under common stockholders for management, consultancy, manpower and other services. In addition to service fees, the Parent Company also receives royalty fees from related parties.

- Dividend Income

The Group earns dividend income from certain related parties under common stockholders.

- Cash Placements and Loans

The Group has certain bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

- Others

The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount		Terms	Conditions
	Three-Month Periods Ended		March 31, 2024 (Unaudited)	December 31, 2023 (Audited)		
	2024 (Unaudited)	2023 (Unaudited)				
<i>(In Thousands)</i>						
<b>Banking Group</b>						
Cash placement and investment in marketable securities	₱-	₱-	₱96,887,834	₱112,090,550	Interest-bearing at prevailing rates	Unsecured; no impairment
Interest receivable	-	-	525,542	122,166	-	-
Interest income	1,008,191	688,294	-	-	-	-
Interest-bearing debt	-	-	67,246,352	63,521,896	Interest-bearing	Unsecured
Interest payable	-	-	393,285	365,746	-	-
Interest expense	996,655	779,002	-	-	-	-
Rent receivable	-	-	157,177	162,982	Noninterest-bearing	Unsecured; no impairment
Rent income	323,548	327,402	-	-	-	-
Receivable financed	1,177,769	-	-	-	Without recourse	Unsecured
Dividends receivable	-	-	-	40,386	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee receivable	-	-	8,458	8,458	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	17,348	47,683	-	-	-	-
Escrow fund	-	-	998,335	841,272	Interest-bearing at prevailing rates	Unsecured; no impairment
<b>Retail and Other Entities</b>						
Rent receivable	-	-	305,648	370,466	Noninterest-bearing	Unsecured; no impairment
Rent income	609,771	563,762	-	-	-	-
Royalty and service fee receivable	-	-	2,346,959	2,851,529	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	655,361	560,026	-	-	-	-
Nontrade receivable	-	-	63,034	87,007	Noninterest-bearing	Unsecured; no impairment
Nontrade payable	-	-	87,224	1,166,297	Noninterest-bearing	Unsecured
Dividends receivable	-	-	676,688	746,019	Noninterest-bearing	Unsecured; no impairment

**Terms and Conditions of Transactions with Related Parties**

Outstanding balances at the end of the period are unsecured and are normally settled in cash. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

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## 21. Income Tax

Deferred tax assets of ₱6.3 billion and ₱6.5 billion as at March 31, 2024 and December 31, 2023, respectively, consist of the tax effects of unrealized gain on intercompany sale of investment properties, unamortized past service cost and defined benefit liability, provision for doubtful accounts and others, accrued leases, minimum corporate income tax (MCIT), deferred rent expense and net operating loss carryover (NOLCO).

Deferred tax liabilities of ₱18.1 billion as at March 31, 2024 and December 31, 2023, consist of the tax effects of appraisal increment on investment property and property and equipment, trademarks and brand names, capitalized interest, unrealized gross profit on sales of real estate, accrued/deferred rent income and unamortized past service cost and defined benefit asset. The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as interest income already subjected to final tax, non-deductible interest expense, equity in net earnings of associates, and dividend income that are exempt from tax.

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## 22. Lease Agreements

*As Lessor.* The Group's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for a few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

*As Lessee.* The Group leases certain parcels of land where some of its malls are situated as well as retail store, office spaces, warehouses, containers, reefer vans, ISO tanks, cargo handling equipment, transportation equipment and container yards. The terms of the lease are for periods ranging from one to 65 years, renewable for the same period under the same terms and conditions. Lease payments are generally computed based on a certain percentage of gross rental income or a certain fixed amount, whichever is higher.

There are also non-cancellable operating lease commitments with lease periods ranging from two to thirty years, mostly containing renewal options and those that provide for the payment of additional rental based on a certain percentage of sales of the sub-lessees.

The rollforward analysis of ROU assets follows:

March 31, 2024 (Unaudited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	P32,165,006	P32,820,909	P64,985,915
Additions	–	921,489	921,489
Translation adjustment	(27,463)	–	(27,463)
Reclassifications	–	(85,966)	(85,966)
Retirements	(7,454)	(58,284)	(65,738)
As at end of period	32,130,089	33,598,148	65,728,237
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	3,064,465	13,381,038	16,445,503
Depreciation and amortization	198,371	821,234	1,019,605
Translation adjustment	(1,185)	–	(1,185)
Reclassifications	–	(164,051)	(164,051)
Retirements	(7,454)	(24,304)	(31,758)
As at end of period	3,254,197	14,013,917	17,268,114
<b>Net Book Value</b>	<b>P28,875,892</b>	<b>P19,584,231</b>	<b>P48,460,123</b>
December 31, 2023 (Audited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	P26,917,044	P30,106,402	P57,023,446
Additions	10,558	3,561,726	3,572,284
Translation adjustment	(460,661)	–	(460,661)
Reclassifications	5,708,623	(40,779)	5,667,844
Retirements	(10,558)	(806,440)	(816,998)
As at end of year	32,165,006	32,820,909	64,985,915
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	2,368,428	10,516,210	12,884,638
Depreciation and amortization	718,839	3,365,765	4,084,604
Translation adjustment	(23,937)	–	(23,937)
Reclassifications	3,282	(98,804)	(95,522)
Retirements	(2,147)	(402,133)	(404,280)
As at end of year	3,064,465	13,381,038	16,445,503
<b>Net Book Value</b>	<b>P29,100,541</b>	<b>P19,439,871</b>	<b>P48,540,412</b>

The rollforward analysis of lease liabilities follows:

	<b>March 31, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱35,319,736</b>	₱35,389,448
Additions	<b>921,489</b>	3,572,284
Interest expense	<b>496,966</b>	1,999,342
Terminations	<b>(37,571)</b>	(491,683)
Payments	<b>(1,261,776)</b>	(5,219,712)
Reclassification and others	<b>(135,251)</b>	70,057
Balance at end of period	<b>35,303,593</b>	35,319,736
Less current portion (Note 16)	<b>3,245,465</b>	2,977,457
Noncurrent portion	<b>₱32,058,128</b>	₱32,342,279

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Included in “Tenants’ deposits and others” in the consolidated balance sheets are Tenant’s deposits of ₱24.2 billion and ₱23.7 billion as at March 31, 2024 and December 31, 2023, respectively.

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### 23. Financial Risk Management Objectives and Policies

The main risks arising from the Group’s financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.
- *Foreign currency risk.* The Group’s exposure to foreign currency risk arises as the Parent Company and SM Prime have investments and debt issuances which are denominated in U.S. Dollars and China Yuan Renminbi.
- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.
- *Equity price risk.* The Group’s exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets. Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing these risks.

### Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 17).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount.

After taking into account the effect of the swaps, approximately 75.3% and 78.8% of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates as at March 31, 2024 and December 31, 2023, respectively.

### Foreign Currency Risk

The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options and non-deliverable forwards.

As at March 31, 2024, the Group's foreign currency-denominated assets and liabilities amounted to ₱22.9 billion (\$406.9 million) and ₱20.9 billion (\$371.3 million), respectively.

As at December 31, 2023, the Group's foreign currency-denominated assets and liabilities amounted to ₱20.8 billion (\$375.1 million) and ₱20.3 billion (\$366.5 million), respectively.

As at March 31, 2024 and December 31, 2023, approximately 27.9% and 27.6%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The following exchange rates were used in translating foreign currency-denominated assets and liabilities into Pesos.

	<b>March 31, 2024</b>	December 31, 2023
Philippine Peso to U.S. Dollar	<b>₱56.240</b>	₱55.370

### Liquidity Risk

The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or sales of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fundraising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

### Credit Risk

The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Group which consist of cash and cash equivalents, time deposits, and certain derivative instruments, the Group's credit risk arises

from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables from sales of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the real estate properties are not transferred to the buyers until full payment is made.

As at March 31, 2024 and December 31, 2023, the financial assets, except for some receivables, are generally viewed by the management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

#### Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

#### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or payoff existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

The Group's gearing ratios follow:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Gross	<b>39%</b>	39%
Net	<b>33%</b>	33%

## 24. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

March 31, 2024 (Unaudited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	P24,656,937	P24,656,937	P24,656,937	P-	P-
Unlisted shares of stock	1,545,769	1,545,769	-	-	1,545,769
Club shares	28,700	28,700	-	28,700	-
Derivative assets	6,509,279	6,509,279	-	6,509,279	-
	<b>32,740,685</b>	<b>32,740,685</b>	<b>24,656,937</b>	<b>6,537,979</b>	<b>1,545,769</b>
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	22,726,482	22,681,614	-	22,681,614	-
	<b>P55,467,167</b>	<b>P55,422,299</b>	<b>P24,656,937</b>	<b>P29,219,593</b>	<b>P1,545,769</b>
Liabilities Measured at Fair Value					
Derivative liabilities	P150,882	P150,882	P-	P150,882	P-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	324,807,471	314,116,596	-	-	314,116,596
Tenants' deposits and others*	37,341,170	35,868,354	-	-	35,868,354
	<b>362,148,641</b>	<b>349,984,950</b>	<b>-</b>	<b>-</b>	<b>349,984,950</b>
	<b>P362,299,523</b>	<b>P350,135,832</b>	<b>P-</b>	<b>P150,882</b>	<b>P349,984,950</b>

\*Excluding nonfinancial liabilities of P20.7 billion and noncurrent derivative liabilities of P119.3 million.

December 31, 2023 (Audited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	P25,505,874	P25,505,874	P25,505,874	P-	P-
Unlisted shares of stock	1,534,894	1,534,894	-	-	1,534,894
Club shares	24,850	24,850	-	24,850	-
Derivative assets	6,779,389	6,779,389	-	6,779,389	-
	<b>33,845,007</b>	<b>33,845,007</b>	<b>25,505,874</b>	<b>6,804,239</b>	<b>1,534,894</b>
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	22,324,681	22,657,988	-	22,657,988	-
	<b>P56,169,688</b>	<b>P56,502,995</b>	<b>P25,505,874</b>	<b>P29,462,227</b>	<b>P1,534,894</b>
Liabilities Measured at Fair Value					
Derivative liabilities	P317,081	P317,081	P-	P317,081	P-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	374,758,859	362,191,802	-	-	362,191,802
Tenants' deposits and others*	36,941,440	35,731,981	-	-	35,371,981
	<b>411,700,299</b>	<b>397,923,783</b>	<b>-</b>	<b>-</b>	<b>397,923,783</b>
	<b>P412,017,380</b>	<b>P398,240,864</b>	<b>P-</b>	<b>P317,081</b>	<b>P398,240,864</b>

\*Excluding nonfinancial liabilities of P20.8 billion and noncurrent derivative liabilities of P306.6 million.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at March 31, 2024 and December 31, 2023.

*Long-term Debt.* The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Future cash flows were discounted using prevailing market rates.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Future cash flows were discounted using prevailing market rates.

*Derivative Instruments.* The fair values are based on quotes obtained from counterparties. The rollforward analysis of the fair value changes of derivative instruments follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱6,462,308</b>	₱9,373,106
Net changes in fair value*	<b>1,050,665</b>	(1,194,648)
Fair value on settled derivatives	<b>(1,154,577)</b>	(1,716,150)
Balance at end of period	<b>₱6,358,396</b>	₱6,462,308

\* Includes fair value changes in OCI.

## 25. EPS Computation

	Three-Month Periods Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
	<i>(In Thousands Except Per Share Data)</i>	
Net income attributable to owners of the Parent (a)	<b>₱18,393,682</b>	₱17,303,668
Weighted average number of common shares outstanding (b)	<b>1,222,023</b>	1,222,023
<b>EPS (a/b)</b>	<b>₱15.05</b>	₱14.16

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**26. Subsequent Event**

SMIC SG Holdings Pte. Ltd., a wholly-owned subsidiary of SMIC, and SMPHI SG Holdings Pte. Ltd., a wholly-owned subsidiary of SM Prime, jointly established a US\$3.0 Billion Multi-Issuer European Medium Term Note (EMTN) Programme.

This EMTN Programme will allow SMIC and SM Prime to tap the offshore bond market to fund its continued growth and expansion.

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**27. Reclassification**

The Group reclassified certain asset, liability, income and expense accounts in 2023 to conform to the 2024 presentation and classification. The reclassification has no impact on the 2024 and 2023 consolidated profit or loss and equity.

**PART 1 FINANCIAL INFORMATION**

**Management’s Discussion and Analysis or Plan of Operation**

**Results of Operation**

**For the Three Months Ended March 31, 2024 and 2023**

*(amounts in billion pesos)*

	YTD March		% Change
	2024 (Unaudited)	2023 (Unaudited)	
<b>Revenues</b>	<b>₱ 143.7</b>	<b>₱ 138.3</b>	<b>3.9%</b>
Cost and Expenses	110.6	106.5	3.9%
<b>Income from Operations</b>	<b>33.1</b>	<b>31.8</b>	<b>4.2%</b>
Other Charges	4.3	4.1	7.6%
Provision for Income Tax	3.6	3.9	-10.0%
<b>Net Income After Tax</b>	<b>25.2</b>	<b>23.8</b>	<b>5.9%</b>
Non-controlling Interests	6.8	6.5	5.0%
<b>Net Income Attributable to Owners of the Parent</b>	<b>₱ 18.4</b>	<b>₱ 17.3</b>	<b>6.3%</b>

*SM Investments Corporation and Subsidiaries (the Group)* reported ₱18.4 billion *Net Income Attributable to Owners of the Parent* on ₱143.7 billion *Revenues*.

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

	Revenues		Net Income	
	2024	2023	2024	2023
<b>Retail</b>	<b>65%</b>	66%	<b>12%</b>	17%
<b>Property</b>	<b>21%</b>	19%	<b>29%</b>	26%
<b>Banks</b>	<b>7%</b>	7%	<b>52%</b>	47%
<b>Portfolio</b>	<b>7%</b>	8%	<b>7%</b>	10%

### Retail

SM Retail reported Revenues of ₱93.8 billion, 3% higher than 2023. Net income is lower at ₱3.1 billion.

The Food Stores reported Revenues of ₱57.0 billion, 6% higher than 2023. Bulk of the increase is from SM Markets with Sales of ₱40.0 billion, 4% growth and Alfamart with ₱7.7 billion sales, 19% growth. Alfamart opened 134 new stores.

The SM Stores reported Revenues of ₱22.4 billion, 4% lower than 2023, on moderated consumer spend on fashion categories.

The Specialty Stores reported Revenues of ₱20.4 billion, 1% lower than 2023.

Sales of discretionary categories, including SM Home, Appliances and Ace Hardware were impacted by moderated consumer spend.

### Property

SM Prime reported ₱10.5 billion *Net income* on Revenues of ₱30.7 billion, 11% and 7% higher than 2023, respectively.

The mall business, which accounts for 59% of consolidated Revenues reported a 7% growth in Revenues to ₱18.2 billion in 2024. Philippine malls rental income increased by 9% to ₱14.1 billion.

The residential business reported a 10% growth in Revenues of ₱8.5 billion in 2024, with reservation sales of ₱26.5 billion.

### Banking

BDO reported ₱18.5 billion *Net income*, 12% higher than 2023 on sustained performance of its core businesses. *Net interest income* increased 13% to ₱49.0 billion as *Gross customer loans* grew by 13% to ₱2.9 trillion.

*Total deposits* increased 13% to ₱3.6 trillion. Asset quality is stable with non-performing loan (NPL) ratio at 1.88% and NPL coverage at 181%.

China Bank reported ₱5.9 billion *Net income*, 18% higher than 2023. *Net interest income* increased 18% to ₱15.0 billion driven by higher asset yields and loan volume. *Gross loans* increased 11% to ₱805.0 billion.

*Total deposits* increased 13% to ₱1.2 trillion. Asset quality is stable with non-performing loan (NPL) ratio at 1.8% and NPL coverage at 143%.

### Portfolio Investments

The businesses with significant contribution to consolidated net income growth are Atlas Mining and NEO Group.

### Profit & Loss Statement - Account Analysis

*Merchandise Sales*, which increased by 2.7% to ₱90.8 billion, accounted for 63% of total revenues in 2024. This is attributable mainly to Food Stores which delivered 6.6% growth.

*Real Estate Sales* increased to ₱8.8 billion while Reservation sales is at ₱26.5 billion in the first quarter of 2024.

*Rent Revenues*, derived mainly from the mall operations of SM Prime, increased by 10.3% to ₱16.2 billion. This is attributable to increased mall traffic and general improvement in tenant sales.

*Equity in Net Earnings of Associate Companies and Joint Ventures* increased by 13.1% to ₱11.4 billion, mainly from the bank associates.

*Costs and Expenses*, which includes the impact of additional costs from newly-opened malls and retail stores as well as real estate projects, increased by 3.9% to ₱110.6 billion. This increase is relative to the increase in revenues.

*Income from Operations* increased by 4.2% to ₱33.1 billion. *Operating Margin* and *Net Margin* in 2024 is at 23.0% and 17.6%, respectively.

*Other Charges (net)* increased by 7.6% to ₱4.3 billion. *Interest Expense* increased by 7.0% to ₱5.6 billion due to higher outstanding debt vs. YTD March 2023. *Interest Income* increased by 17.0% to ₱1.1 billion due mainly to increase in average balance of cash and time deposits. *Forex Exchange Gain and Others - Net and Others* increased by 158% to ₱326.5 million. The increase includes ₱190.5 million gain on disposal of investments and properties.

*Provision for Income Tax* decreased to ₱3.6 billion, mainly deferred income tax.

*Non-controlling Interests* increased by 5.0% to ₱6.8 billion due to the improved net income of partly-owned subsidiaries.

**Financial Position**  
(amounts in billion pesos)

	<b>03 / 31 / 2024 (Unaudited)</b>	<b>12 / 31 / 2023 (Audited)</b>	<b>% Change</b>
Current Assets	₱ 338.3	₱ 359.5	-5.9%
Noncurrent Assets	1,260.7	1,226.7	2.8%
<b>Total Assets</b>	<b>₱ 1,599.0</b>	<b>₱ 1,586.2</b>	<b>0.8%</b>
Current Liabilities	₱ 369.1	₱ 330.8	11.6%
Noncurrent Liabilities	433.2	483.2	-10.4%
<b>Total Liabilities</b>	<b>802.3</b>	<b>814.0</b>	<b>-1.4%</b>
<b>Total Equity</b>	<b>796.7</b>	<b>772.2</b>	<b>3.2%</b>
<b>Total Liabilities and Equity</b>	<b>₱ 1,599.0</b>	<b>₱ 1,586.2</b>	<b>0.8%</b>

Total *Assets* increased by 0.8% to ₱1,599.0 billion while Total *Liabilities* decreased by 1.4% to ₱802.3 billion.

Assets

*Current Assets* decreased by 5.9% to ₱338.3 billion.

*Cash and Cash Equivalents* decreased by 16.4% to ₱86.7 billion: ₱6.2 billion used for financing activities, ₱18.7 billion used for investments in property, plant and equipment, investment properties and others, partially offset by ₱7.8 billion cash generated from operations.

*Receivables and Contract Assets* decreased by 5.0% to ₱75.2 billion due mainly to collections of receivables from real estate buyers, tenants, and royalty and service fees.

*Inventories* increased by 1.8% to ₱119.6 billion. SM Prime's real estate inventory increased to ₱78.0 billion and Retail's merchandise inventory increased to ₱40.9 billion.

*Other Current Assets* decreased by 3.8% to ₱55.5 billion due mainly to collections of receivable from banks.

*Noncurrent Assets* increased by 2.8% to ₱1,260.7 billion.

*Financial Assets at FVOCI (current and noncurrent)* decreased by 3.1% to ₱26.2 billion due mainly to the decline in market value of certain investments in shares of stock.

*Investments in Associate Companies and Joint Ventures* increased by 4.0% to ₱375.9 billion. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, and investment in a new associate, partly offset by dividends received.

*Investment Properties* increased by 2.1% to ₱548.6 billion due mainly to SM Prime's landbanking and land reclamation project, ongoing new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased by 4.8% to ₱144.7 billion, mainly receivables from real estate sales.

Liabilities

*Interest-bearing Debt* increased by 0.2% to ₱502.9 billion due mainly to net availments, particularly by the Parent Company and SM Prime.

*Accounts payable and other current liabilities* decreased by 6.8% to ₱186.6 billion due mainly to payments of obligations for trade, nontrade, and land acquisitions.

Equity

Total *Equity* increased by 3.2% to ₱796.7 billion.

*Equity Attributable to Owners of the Parent* increased by 3.2% to ₱574.6 billion due mainly to the ₱18.4 billion net income for the period.

*Non-controlling Interests* increased by 3.0% to ₱222.1 billion, mainly increases in net assets of subsidiaries that are not wholly owned.

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

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

## Key Performance Indicators

The key financial ratios of the Group follow:

	03 / 31 / 2024 (Unaudited)	12 / 31 / 2023 (Audited)
Current Ratio	0.9	1.1
Acid Test Ratio	0.4	0.6
Solvency Ratio	16.5%	16.1%
Asset to Equity	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	39 : 61	39 : 61
On Net Basis	33 : 67	33 : 67
Return on Equity	14.3%	14.5%
Return on Assets	6.9%	7.0%
	<b>Unaudited YTD March</b>	
	<b>2024</b>	<b>2023</b>
Revenue Growth	3.9%	21.5%
Net Margin	17.6%	17.2%
Net Income Growth	6.3%	33%
EBITDA ( <i>In Billions of Pesos</i> )	39.4B	37.7B
Interest Cover	7.1x	7.3x

*Current ratio* slightly decreased to 0.9 due to the 5.9% decrease in *Current assets* vs 11.6% increase in *Current liabilities*.

*Acid Test Ratio* slightly decreased to 0.4 due to the 11.4% decrease in quick assets, mainly *Cash and Cash Equivalents* and *Receivables and Contract Assets* vs. 11.6% increase in *Current Liabilities*.

*Solvency Ratio* increased to 16.5% due to the 1.4% increase in *Net Income After Tax* and depreciation vs. 1.4% decrease in *Total Liabilities*.

*Return on Equity* slightly decreased to 14.3% due to the 1.4% increase in net income attributable to owners of the parent vs. 2.9% increase in average equity.

*Return on Assets* slightly decreased to 6.9% due to the 1.3% increase in *Net Income After Tax* vs 2.2% increase in average assets.

*Revenue Growth* decreased to 3.9% due mainly to lower growth in 2024 of *Merchandise Sales, Rent Revenues, Equity in Net Earnings of Associate Companies and Joint Ventures* and *Other Revenues*.

*EBITDA* increased by 4.6% due to the 4.2% increase in income from operations and 6.8% increase in depreciation.

*Interest Cover* decreased to 7.1x due to the 4.6% increase in EBITDA vs. 7.0% increase in interest expense.

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

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

### Expansion Plans / Prospects in 2024

For the rest of 2024, the Group would continue with the opening of new stores, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties.

SM Prime will open 4 new malls in the Philippines namely *SM City Caloocan*, *SM City J Mall*, *SM City La Union* and *SM City Laoag*.

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

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

### Results of Operation For the Three Months Ended March 31, 2023 and 2022 (amounts in billion pesos)

	YTD March		% Change
	2023 (Unaudited)	2022 (Unaudited)	
<b>Revenues</b>	<b>P 138.3</b>	<b>P 113.9</b>	<b>21%</b>
Cost and Expenses	106.5	89.9	18.5%
<b>Income from Operations</b>	<b>31.8</b>	<b>24.0</b>	<b>32%</b>
Other Charges	4.1	3.4	18.2%
Provision for Income Tax	3.9	2.8	39%
<b>Net Income After Tax</b>	<b>23.8</b>	<b>17.8</b>	<b>34%</b>
Non-controlling Interests	6.5	4.8	37%
<b>Net Income Attributable to Owners of the Parent</b>	<b>P 17.3</b>	<b>P 13.0</b>	<b>33%</b>

For YTD March 2023, *SM Investments Corporation and Subsidiaries (the Group)* reported ₱17.3 billion *Net Income Attributable to Owners of the Parent* on ₱138.3 billion *Revenues*.

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

	YTD March			
	Revenues		Net Income	
	2023	2022	2023	2022
<b>Retail</b>	<b>66%</b>	66%	<b>17%</b>	15%
<b>Property</b>	<b>19%</b>	20%	<b>26%</b>	27%
<b>Banks</b>	<b>7%</b>	6%	<b>47%</b>	45%
<b>Portfolio</b>	<b>8%</b>	8%	<b>10%</b>	13%

### Retail

For YTD March 2023, SM Retail reported ₱3.9 billion *Net income* on *Revenues* of ₱91.2 billion, 51% and 22% higher than 2022, respectively.

The SM Stores reported ₱22.0 billion *Sales*, 47% higher than 2022.

The Food Stores reported ₱52.7 billion *Sales*, 14% higher than 2022. The SM Markets reported ₱38.4 million *Sales*, 13% higher than 2022. Alfamart reported ₱6.5 billion *Sales*, 28% higher than 2022.

The Specialty Stores reported ₱19.6 billion *Sales*, 25% higher than 2022. This growth is attributable to Toy Kingdom/Pet Express, Kultura, Ace Hardware, Sports stores and SM Appliances.

The general improvement in profitability is attributable to the strong sales growth across all store formats, margin management, and cost optimization.

### Property

For YTD March 2023, SM Prime reported ₱9.4 billion *Net income* on *Revenues* of ₱28.7 billion, 27% and 20% higher than 2022, respectively.

The Philippine malls reported *Revenues* of ₱15.4 billion, 88% higher than 2022. Local mall rental income increased by 72% to ₱13.0 billion.

SM Prime's residential business led by SMDC reported *Revenues* of ₱8.5 billion and reservation sales of ₱35.8 billion.

### Banking

The banks delivered robust growth across its core businesses. For YTD March 2023, BDO reported ₱16.5 billion *Net income*, 41% higher than 2022. China Bank reported ₱5.0 billion *Net income*, 3% higher than 2022.

### Portfolio Investments

The strong performance of the Portfolio Investments is attributable to PGPC, Belle and 2GO.

### Profit & Loss Statement - Account Analysis

*Merchandise Sales*, which increased by 22% to ₱88.4 billion, accounted for 64% of total revenues in 2023. All store formats delivered double digit sales growth: The SM Store with 48%, Food with 14% and Special stores with 25%.

*Real Estate Sales* decreased by 30% to ₱8.3 billion due partly to sales cancellations as an effect of high inflation, rising domestic interest rates and timing difference in the project pipeline. Reservation sales increased by 15% to ₱35.8 billion.

*Rent Revenues*, derived mainly from the mall operations of SM Prime, increased by 53% to ₱14.7 billion. This is attributable to increased mall traffic.

*Equity in Net Earnings of Associate Companies and Joint Ventures* increased by 32% to ₱10.1 billion. The increase is attributable mainly to BDO.

*Other Revenues* increased by 37% to ₱16.8 billion due to the following:

- *Sales - Processed Food and Others* increased by 17.5% to ₱6.2 billion, attributable to GBI, PGPC, and 2GO.
- *Shipping, Logistics and Other Services* increased by 38% to ₱4.0 billion, contributed mainly by 2GO from its passenger travel, sea freight and distribution operations.
- *Cinema Ticket Sales, Amusement and Others* increased by 314% to ₱2.1 billion due to high cinema ticket sales.
- *Royalty and Service Fees* increased by 40% to ₱1.5 billion, attributable to the higher sales base of various retail affiliated stores.

*Selling, General and Administrative Expenses* increased by 26% to ₱31.2 billion. This increase is relative to the increase in revenue.

*Income from Operations* increased by 32% to ₱31.8 billion. *Operating Margin* and *Net Margin* in 2023 is at 23.0% and 17.2%, respectively.

*Other Charges (net)* increased by 18% to ₱4.1 billion. *Interest Expense* increased to ₱5.2 billion due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 47% to ₱1.0 billion due mainly to the increase in average balance of cash and time deposits. *Foreign Exchange Gain - Net and Others* decreased by 37% to ₱112 million. The PHP to USD foreign exchange rate amounted to PHP54.36 : USD1.00 in 2023 and PHP55.76 : USD1.00 in 2022.

*Provision for Income Tax* increased by 39% to ₱3.9 billion due mainly to higher taxable income in 2023.

*Non-controlling Interests* increased by 37% to ₱6.5 billion due mainly to the improved net income of partly-owned subsidiaries.

**Financial Position**  
(amounts in billion pesos)

	<b>03 / 31 / 2023</b> <b>(Unaudited)</b>	<b>12 / 31 / 2022</b> <b>(Audited)</b>	<b>% Change</b>
Current Assets	₱ 317.7	₱ 361.5	-12.1%
Noncurrent Assets	1,142.1	1,117.9	2.2%
<b>Total Assets</b>	<b>₱ 1,459.8</b>	<b>₱ 1,479.4</b>	<b>-1.3%</b>
Current Liabilities	₱ 263.4	₱ 293.0	-10.1%
Noncurrent Liabilities	482.7	494.2	-2.3%
<b>Total Liabilities</b>	<b>746.1</b>	<b>787.2</b>	<b>-5.2%</b>
<b>Total Equity</b>	<b>713.7</b>	<b>692.2</b>	<b>3.1%</b>
<b>Total Liabilities and Equity</b>	<b>₱ 1,459.8</b>	<b>₱ 1,479.4</b>	<b>-1.3%</b>

Total Assets and Liabilities decreased by 1.3% to ₱1,459.8 billion and 5.2% to ₱746.1 billion, respectively.

Current Assets

Current Assets decreased by 12.1% to ₱317.7 billion.

Cash and Cash Equivalents decreased by 36% to ₱68.8 billion: ₱33.3 billion used for net debt payments and ₱12.6 billion for investing activities, partially offset by ₱8.1 billion cash generated from operations.

Inventories increased by 4.9% to ₱111.6 billion, mainly merchandise inventories of the Retail Group.

Other Current Assets decreased by 5.2% to ₱52.1 billion due mainly to collections of receivable from banks and non-trade receivables, and maturity of certain non-deliverable forward transactions of the Group.

Noncurrent Assets

Noncurrent Assets increased by 2.2% to ₱1,142.1 billion.

Financial Assets at FVOCI (current and noncurrent) decreased by 5.5% to ₱24.5 billion due mainly to the decline in market value of certain investments in shares of stock.

Investments in Associate Companies and Joint Ventures increased by 2.7% to ₱337.3 billion. The increase mainly represents the Group's equity in net earnings of its associate companies, particularly BDO and share in net comprehensive income of its associate companies, partly offset by dividends received.

Time Deposits (current and noncurrent) decreased by 33% to ₱22.2 billion as these were used to pay maturing obligations.

Investment Properties increased by 3.1% to ₱500.8 billion due mainly to SM Prime's landbanking, ongoing new mall and commercial projects, redevelopment and expansion of existing malls, and capitalized interest.

### Liabilities

*Interest-bearing Debt* decreased by 5.7% to ₱476.7 billion due mainly to loan payments net of availments, particularly by the Parent Company and SM Prime.

*Accounts Payable and Other Current Liabilities* decreased by 7.8% to ₱167.9 billion due mainly to the settlement of trade and dividends payable.

*Tenants' Deposits and Others* increased by 2.5% to ₱48.5 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

### Equity

Total *Equity* increased by 3.1% to ₱713.7 billion.

*Equity Attributable to Owners of the Parent* increased by 3.2% to ₱513.0 billion. This increase resulted mainly from the ₱17.3 billion net income that is reflected in *Retained Earnings* and the ₱1.2 billion decrease in the *Share in Other Comprehensive Loss of Associates - net* in the first quarter of 2023. The increase is partly offset by the ₱0.8 billion decrease in *Cumulative Translation Adjustment* to ₱1.3 billion, ₱0.3 billion decrease in *Fair value changes on cash flow hedges* to ₱1.3 billion and ₱1.2 billion decrease in *Unrealized Gain on Financial Assets at FVOCI* to ₱10.6 billion due to lower market valuation of certain investments.

*Non-controlling Interests* increased by 2.8% to ₱200.7 billion due mainly to the increase in net assets of subsidiaries that are not wholly owned.

## Key Performance Indicators

The key financial ratios of the Group follow:

	03 / 31 / 2023 (Unaudited)	12 / 31 / 2022 (Audited)
Current Ratio	1.2	1.2
Acid Test Ratio	0.6	0.7
Solvency Ratio	15.3%	13.7%
Asset to Equity Ratio	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	40 : 60	42 : 58
On Net Basis	35 : 65	35 : 65
Return on Equity	13.6%	13.1%
Return on Assets	6.2%	5.9%
	<b>Unaudited YTD March</b>	
	<b>2023</b>	<b>2022</b>
Revenue Growth	21.4%	15.7%*
Net Margin	17.2%	15.6%
Net Income Growth	33%	27%*
EBITDA ( <i>In Billions of Pesos</i> )	37.7B	29.8B
Interest Cover	7.3x	6.7x

\*Not restated

*Acid Test Ratio* slightly decreased to 0.6 due to the 23% decrease in quick assets vs. 10% decrease in *Current Liabilities*.

*Solvency Ratio* increased to 15.3% due to the 6% increase in *Net Income After Tax* and depreciation vs. 5% decrease in *Total Liabilities*.

*Asset to Equity Ratio* decreased to 2.0 due to the 1% decrease in *Total Assets* vs 3% increase in *Total Equity*.

*Gross Debt - Equity Ratio* improved to 40:60 due to the 6% decrease in gross debt with 3% increase in equity. *Net Debt - Equity Ratio* remained at 35:65.

*Return on Equity* improved to 13.6% due to the 7% increase in net income attributable to owners of the parent vs. 3% increase in average equity.

*Return on Assets* improved to 6.2% due to the 7% increase in *Net Income After Tax* vs 1% increase in average assets.

*EBITDA* increased by 27% due to the 32% increase in income from operations and 3% increase in depreciation.

*Interest Cover* improved to 7.3x due to the 27% increase in EBITDA vs. 17% increase in interest expense.

The indicators were derived using the computation below:

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

### **Expansion Plans / Prospects in 2023**

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

SM Prime will launch 3 new malls in the Philippines, namely SM City Bataan, SM Center San Pedro and SM City Sto. Tomas, and one new mall in Yangzhou China in 2023.

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

**PART I FINANCIAL INFORMATION**

**Item 3. Aging of Accounts Receivable - Trade**

As of March 31, 2024 (Unaudited)

*In Thousands*

Real estate buyers - net of noncurrent portion	₱	58,737,954
Third-party tenants		10,233,331
Shipping and logistics		3,108,755
Related party tenants		462,825
Others		<u>2,787,842</u>
Total	₱	<u><u>75,330,707</u></u>

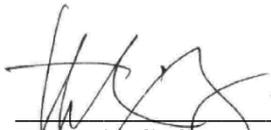
*Aging:*

Neither past due nor impaired	₱	62,308,081
Less than 30 days		3,413,965
31-90 days		2,043,180
91-120 days		1,842,474
Over 120 days		2,448,830
Impaired		<u>3,274,177</u>
Total	₱	<u><u>75,330,707</u></u>

**PART II - SIGNATURE**

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.

Registrant: **SM INVESTMENTS CORPORATION**



**Franklin C. Gomez**  
**Senior Vice President - Finance**  
**Corporate Information Officer**

Date: 05-14-2024