

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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Form Type <input style="width: 100%; height: 20px;" type="text"/>	Department requiring the report <input style="width: 100%; height: 20px;" type="text"/>	Secondary License Type, If Applicable <input style="width: 100%; height: 20px;" type="text"/>
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COMPANY INFORMATION

Company's Email Address <input style="width: 100%; height: 20px;" type="text" value="—"/>	Company's Telephone Number <input style="width: 100%; height: 20px;" type="text" value="8857-0100"/>	Mobile Number <input style="width: 100%; height: 20px;" type="text" value="—"/>
No. of Stockholders <input style="width: 100%; height: 20px;" type="text" value="1,258"/>	Annual Meeting (Month / Day) <input style="width: 100%; height: 20px;" type="text"/>	Fiscal Year (Month / Day) <input style="width: 100%; height: 20px;" type="text" value="06/30"/>

CONTACT PERSON INFORMATION

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

Name of Contact Person <input style="width: 100%; height: 20px;" type="text" value="Mr. Franklin C. Gomez"/>	Email Address <input style="width: 100%; height: 20px;" type="text" value="—"/>	Telephone Number/s <input style="width: 100%; height: 20px;" type="text" value="8857-0100"/>	Mobile Number <input style="width: 100%; height: 20px;" type="text" value="—"/>
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CONTACT PERSON'S ADDRESS

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

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

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

SEC Number 16342
PSE Disclosure Security Code _____

SM INVESTMENTS CORPORATION

(Company's Full Name)

**10th Floor, OneE-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
2nd Quarter Report**

Form Type

Amendment Designation (If applicable)

June 30, 2025

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 June 30, 2025
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. 10th Floor, OneE-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
COMMON STOCK P10 PAR VALUE	1,228,381,580	N.A.

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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PART I FINANCIAL INFORMATION

Item 1. Interim Condensed Consolidated Financial Statements

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

**Interim Condensed Consolidated Financial Statements
As at June 30, 2025 (Unaudited), June 30, 2024 (Unaudited) and
December 31, 2024 (Audited)**

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 20 and 23)	₱87,093,361	₱112,528,047
Time deposits (Notes 6, 20 and 23)	115,141	221,096
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 24)	821,378	794,433
Receivables and contract assets (Notes 8 and 20)	95,078,242	92,268,970
Inventories (Note 9)	123,295,161	119,676,110
Other current assets (Notes 10 and 20)	55,677,178	58,311,536
Total Current Assets	362,080,461	383,800,192
Noncurrent Assets		
Financial assets at FVOCI - net of current portion (Notes 7 and 24)	25,654,702	26,361,789
Investments in associate companies and joint ventures (Note 11)	417,967,910	399,483,760
Time deposits - net of current portion (Notes 6, 20, 23 and 24)	3,062,521	3,113,470
Property and equipment (Note 12)	57,402,286	57,356,628
Investment properties (Note 13)	621,246,413	592,949,802
Right-of-use assets (Note 22)	50,018,935	49,185,455
Intangibles (Note 14)	40,386,288	40,386,475
Other noncurrent assets (Notes 14, 22, 23 and 24)	148,184,658	146,414,611
Total Noncurrent Assets	1,363,923,713	1,315,251,990
	₱1,726,004,174	₱1,699,052,182
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 15, 20 and 23)	₱28,364,842	₱24,074,356
Accounts payable and other current liabilities (Notes 16, 20, and 22)	200,198,024	210,372,577
Income tax payable	2,935,002	4,093,222
Current portion of long-term debt (Notes 17, 20, and 23)	119,022,124	104,627,839
Total Current Liabilities	350,519,992	343,167,994
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 20, 23 and 24)	356,698,002	371,872,181
Lease liabilities - net of current portion (Note 22)	34,459,459	33,191,553
Deferred tax liabilities (Note 21)	19,801,110	19,444,899
Tenants' deposits and others (Notes 22 and 24)	66,400,901	64,950,764
Total Noncurrent Liabilities	477,359,472	489,459,397
Total Liabilities	827,879,464	832,627,391

(Forward)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Equity Attributable to Owners of the Parent Company		
Capital stock (Note 18)	₱12,331,541	₱12,261,146
Additional paid-in capital	77,762,438	71,752,158
Treasury stock	(385,906)	(40,912)
Equity adjustments from common control transactions	(6,948,729)	(6,948,729)
Cost of Parent Company common shares held by subsidiaries	(6,225,386)	(25,386)
Cumulative translation adjustment	1,672,878	1,821,115
Fair value changes on cash flow hedges and others	130,616	557,052
Unrealized gain on financial assets at FVOCI (Note 7)	9,375,634	9,898,983
Remeasurement loss on defined benefit asset/obligation	(2,094,389)	(2,099,656)
Share in other comprehensive loss of associate companies and joint ventures - net	(10,663,625)	(11,772,684)
Retained earnings (Note 18):		
Appropriated	30,000,000	30,000,000
Unappropriated	548,587,336	521,900,993
Total Equity Attributable to Owners of the Parent Company	653,542,408	627,304,080
Non-controlling Interests	244,582,302	239,120,711
Total Equity	898,124,710	866,424,791
	₱1,726,004,174	₱1,699,052,182

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)

	Six-Month Periods Ended		Three-Month Periods Ended	
	June 30		June 30	
	2025	2024	2025	2024
REVENUES				
Sales:				
Merchandise	₱205,433,522	₱190,314,267	₱108,334,110	₱99,523,781
Real estate	20,016,127	19,591,097	10,799,500	10,802,606
Rent (Notes 13, 20 and 22)	35,409,393	32,908,214	17,789,079	16,729,981
Equity in net earnings of associate companies and joint ventures (Note 11)	24,977,266	24,644,113	12,897,057	13,209,398
Others (Note 19)	33,362,780	33,974,569	17,365,645	17,446,309
	319,199,088	301,432,260	167,185,391	157,712,075
COST AND EXPENSES (Note 9)	243,643,742	231,011,061	127,683,998	120,416,978
OPERATING INCOME	75,555,346	70,421,199	39,501,393	37,295,097
OTHER INCOME (CHARGES)				
Interest expense (Note 20)	(10,634,660)	(10,920,330)	(4,925,597)	(5,369,875)
Interest income (Note 20)	2,215,531	2,402,815	1,056,204	1,279,442
Gain (loss) from fair value changes on derivatives - net (Note 24)	(33,624)	(99,936)	39,026	143,960
Foreign exchange gain - net and others (Note 23)	246,981	881,181	127,706	554,640
	(8,205,772)	(7,736,270)	(3,702,661)	(3,391,833)
INCOME BEFORE INCOME TAX	67,349,574	62,684,929	35,798,732	33,903,264
PROVISION FOR INCOME TAX (Note 21)				
Current	8,480,713	7,535,446	4,447,696	3,880,980
Deferred	81,035	43,488	168,922	154,069
	8,561,748	7,578,934	4,616,618	4,035,049
NET INCOME	₱58,787,826	₱55,105,995	₱31,182,114	₱29,868,215
Attributable to				
Owners of the Parent Company	₱42,565,038	₱40,201,806	₱22,510,270	₱21,808,124
Non-controlling interests	16,222,788	14,904,189	8,671,844	8,060,091
	₱58,787,826	₱55,105,995	₱31,182,114	₱29,868,215
Basic/Diluted Earnings Per Common Share				
Attributable to Owners of the Parent				
Company (Note 25)	₱34.84	₱32.90	₱18.43	₱17.85

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six-Month Periods Ended		Three-Month Periods Ended	
	June 30		June 30	
	2025	2024	2025	2024
NET INCOME	₱58,787,826	₱55,105,995	₱31,182,114	₱29,868,215
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	(277,534)	1,127,167	(89,024)	1,167,109
Fair value changes on cash flow hedges	(972,500)	(500,665)	(271,018)	(457,724)
	(1,250,034)	626,502	(360,042)	709,385
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on defined benefit obligation	6,376	(51,065)	12,195	(66,154)
Net unrealized loss on financial assets at FVOCI	(615,218)	(1,930,931)	(520,449)	(1,349,048)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(24,732)	(280,375)	(13,915)	(13,398)
	(633,574)	(2,262,371)	(522,169)	(1,428,600)
Share in other comprehensive income (loss) of associate companies and joint ventures - net	1,164,167	353,257	(44,733)	(27,251)
TOTAL COMPREHENSIVE INCOME	₱58,068,385	₱53,823,383	₱30,255,170	₱29,121,749
Attributable to				
Owners of the Parent Company	₱42,581,342	₱38,930,960	₱21,877,564	₱20,902,407
Non-controlling interests	15,487,043	14,892,423	8,377,606	8,219,342
	₱58,068,385	₱53,823,383	₱30,255,170	₱29,121,749

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						Fair Value	Unrealized
	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	Changes on Cash Flow Hedges and Others	Gain (Loss) on Financial Assets at FVOCI
As at December 31, 2024 (Audited)	₱12,261,146	₱71,752,158	(₱40,912)	(₱6,948,729)	(₱25,386)	₱1,821,115	₱557,052	₱9,898,983
Net income	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	-	(148,237)	(426,436)	(523,349)
Total comprehensive income	-	-	-	-	-	(148,237)	(426,436)	(523,349)
Issuance of common shares (Note 18)	70,395	6,129,605	-	-	(6,200,000)	-	-	-
Purchase of treasury shares (Note 18)	-	-	(344,994)	-	-	-	-	-
Transactions with non-controlling interests	-	(119,325)	-	-	-	-	-	-
Cash dividends - ₱13.00 per share (Note 18)	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-
Net change in non-controlling interests	-	-	-	-	-	-	-	-
As at June 30, 2025	₱12,331,541	₱77,762,438	(₱385,906)	(₱6,948,729)	(₱6,225,386)	₱1,672,878	₱130,616	₱9,375,634
As at December 31, 2023 (Audited)	₱12,261,146	₱71,837,361	(₱40,912)	(₱6,660,472)	(₱25,386)	₱1,587,205	₱809,143	₱11,075,393
Net income	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	-	580,068	(311,640)	(1,863,183)
Total comprehensive income	-	-	-	-	-	580,068	(311,640)	(1,863,183)
Cash dividends - ₱9.00 per share (Note 18)	-	-	-	-	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-
Net change in non-controlling interests	-	-	-	-	-	-	-	-
As at June 30, 2024	₱12,261,146	₱71,837,361	(₱40,912)	(₱6,660,472)	(₱25,386)	₱2,167,273	₱497,503	₱9,212,210

Forward

Equity Attributable to Owners of the Parent

	Remeasurement Gain (Loss) on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Income (Loss) of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at December 31, 2024 (Audited)	(₱2,099,656)	(₱11,772,684)	₱30,000,000	₱521,900,993	₱627,304,080	₱239,120,711	₱866,424,791
Net income	-	-	-	42,565,038	42,565,038	16,222,788	58,787,826
Other comprehensive income (loss)	5,267	1,109,059	-	-	16,304	(735,745)	(719,441)
Total comprehensive income	5,267	1,109,059	-	42,565,038	42,581,342	15,487,043	58,068,385
Issuance of common shares (Note 18)	-	-	-	-	-	-	-
Purchase of treasury shares (Note 18)	-	-	-	-	(344,994)	-	(344,994)
Transactions with non-controlling interests	-	-	-	-	(119,325)	(150,277)	(269,602)
Cash dividends - ₱13.00 per share (Note 18)	-	-	-	(15,878,695)	(15,878,695)	-	(15,878,695)
Cash dividends paid to non-controlling interests	-	-	-	-	-	(9,964,711)	(9,964,711)
Net change in non-controlling interests	-	-	-	-	-	89,536	89,536
As at June 30, 2025	(₱2,094,389)	(₱10,663,625)	₱30,000,000	₱548,587,336	₱653,542,408	₱244,582,302	₱898,124,710
As at December 31, 2023 (Audited)	(₱3,150,991)	(₱11,376,601)	₱37,000,000	₱443,288,813	₱556,604,699	₱215,595,506	₱772,200,205
Net income	-	-	-	40,201,806	40,201,806	14,904,189	55,105,995
Other comprehensive income (loss)	(23,482)	347,391	-	-	(1,270,846)	(11,766)	(1,282,612)
Total comprehensive income	(23,482)	347,391	-	40,201,806	38,930,960	14,892,423	53,823,383
Cash dividends - ₱9.00 per share (Note 18)	-	-	-	(10,996,880)	(10,996,880)	-	(10,996,880)
Cash dividends paid to non-controlling interests	-	-	-	-	-	(6,909,071)	(6,909,071)
Net change in non-controlling interests	-	-	-	-	-	306,083	306,083
As at June 30, 2024	(₱3,174,473)	(₱11,029,210)	₱37,000,000	₱472,493,739	₱584,538,779	₱223,884,941	₱808,423,720

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six-Month Periods Ended	
	June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱67,349,574	₱62,684,929
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	(24,977,266)	(24,644,113)
Depreciation and amortization (Notes 12, 13, 14 and 22)	13,449,046	12,829,134
Interest expense	10,634,660	10,920,330
Interest income	(2,215,531)	(2,402,815)
Dividend income	(320,691)	(408,007)
Loss from fair value changes on derivatives - net	33,624	99,936
Unrealized foreign exchange gain and others - net	(48,914)	(33,120)
Income before working capital changes	63,904,502	59,046,274
Decrease (increase) in:		
Receivables and contract assets	(6,433,620)	(5,330,584)
Inventories	(3,298,646)	(5,454,231)
Other current assets	3,474,333	2,268,318
Increase (decrease) in:		
Accounts payable and other current liabilities	(13,936,335)	(4,967,979)
Tenants' deposits and others	1,176,614	2,484,470
Net cash generated from operations	44,886,848	48,046,268
Income tax paid	(9,637,164)	(8,455,725)
Net cash provided by operating activities	35,249,684	39,590,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property and equipment	27,900	39,291
Investment properties	4,932	270,885
Investments in associate companies and joint ventures	–	1,585,469
Additions to:		
Investment properties (Note 13)	(35,544,504)	(30,348,224)
Property and equipment (Note 12)	(4,512,313)	(6,390,786)
Investments in associate companies and joint ventures (Note 11)	(20,727)	(5,288,548)
Financial assets at FVOCI	(13,328)	(274,060)
Decrease (increase) in:		
Time deposits	156,904	19,588,360
Other noncurrent assets	(2,802,102)	392,630
Dividends received	13,165,869	7,662,496
Interest received	2,267,653	2,358,794
Net cash used in investing activities	(27,269,716)	(10,403,693)

(Forward)

	Six-Month Periods Ended	
	June 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt	₱72,615,756	₱32,888,899
Bank loans	47,848,827	79,582,679
Payments of:		
Long-term debt	(70,766,123)	(92,316,515)
Bank loans	(43,537,737)	(38,993,063)
Dividends	(26,585,814)	(19,211,083)
Interest	(10,156,238)	(10,326,746)
Lease liabilities (Note 22)	(2,680,367)	(2,635,748)
Purchase of treasury shares (Note 18)	(344,994)	-
Proceeds from matured derivatives - net	199,376	2,502,438
Net cash used in financing activities	(33,407,314)	(48,509,139)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,427,346)	(19,322,289)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(7,340)	50,928
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)	112,528,047	103,745,558
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱87,093,361	₱84,474,197

See accompanying Notes to Consolidated Financial Statements.

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

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 August 6, 2025.

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) Accounting Standards. All values are rounded to the nearest thousand Pesos 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, 2024.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at June 30, 2025, 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.

3. Summary of Material 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 2025. 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, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

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

The amendments include:

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

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

- Annual Improvements to PFRS Accounting Standards -Volume 11

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

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

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

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

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

- Amendments to PFRS 9

- a. Lessee Derecognition of Lease Liabilities

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

- b. Transaction Price

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

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

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

- Amendments to PAS 7, *Cost Method*

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

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments clarify the application of ‘own-use’ requirements for nature-dependent electricity contracts, allow an entity to designate these contracts as hedging instruments, and add new disclosure requirements on the impact of these contracts on the financial performance and cash flows.

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

Effective beginning on or after January 1, 2027

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

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

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

- Guidance on aggregation and disaggregation within the primary financial statements and in the notes to financial statements.

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

Deferred effectivity

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

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

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

4. Segment Information

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

The property segment is involved in the operation of malls, hotels and convention centers, residential and, commercial and integrated commercial developments.

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 (Chinabank).

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

Six-Month Period Ended June 30, 2025 (Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
	<i>(In Thousands)</i>						
Revenues:							
External customers	₱63,598,623	₱211,202,963	₱21,897,477	₱21,150,869	₱1,349,156	₱-	₱319,199,088
Revenues from contracts with customers	20,016,127	205,433,522	-	-	-	-	225,449,649
Merchandise sales	-	205,433,522	-	-	-	-	205,433,522
Real estate sales	20,016,127	-	-	-	-	-	20,016,127
Rent	33,303,961	794,162	-	1,309,056	2,214	-	35,409,393
Equity in net earnings of associate companies and joint ventures	1,449,890	1,180,274	21,897,477	446,572	3,053	-	24,977,266
Others	8,828,645	3,795,005	-	19,395,241	1,343,889	-	33,362,780
Inter-segment	8,033,014	325,868	-	366,514	2,334,653	(11,060,049)	-
	₱71,631,637	₱211,528,831	₱21,897,477	₱21,517,383	₱3,683,809	(₱11,060,049)	₱319,199,088
Segment results:							
Income before income tax	₱30,173,534	₱11,964,110	₱21,897,477	₱3,595,923	(₱281,470)	₱-	₱67,349,574
Provision for income tax	5,368,136	2,692,987	-	413,965	86,660	-	8,561,748
Net income after tax	₱24,805,398	₱9,271,123	₱21,897,477	₱3,181,958	(₱368,130)	₱-	₱58,787,826
Net income attributable to:							
Owners of the Parent	₱12,273,492	₱6,539,035	₱21,303,904	₱2,805,769	(₱357,162)	₱-	₱42,565,038
Non-controlling interests	12,531,906	2,732,088	593,573	376,189	(10,968)	-	16,222,788

Six-Month Period Ended June 30, 2024 (Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
	<i>(In Thousands)</i>						
Revenues:							
External customers	₱60,869,768	₱196,225,265	₱21,003,914	₱21,849,874	₱1,483,439	₱-	₱301,432,260
Revenues from contracts with customers	19,591,097	190,314,267	-	-	-	-	209,905,364
Merchandise sales	-	190,314,267	-	-	-	-	190,314,267
Real estate sales	19,591,097	-	-	-	-	-	19,591,097
Rent	31,016,863	700,456	-	1,190,161	734	-	32,908,214
Equity in net earnings of associate companies and joint ventures	1,244,400	1,100,519	21,003,914	1,223,713	71,567	-	24,644,113
Others	9,017,408	4,110,023	-	19,436,000	1,411,138	-	33,974,569
Inter-segment	7,601,284	340,363	-	222,445	2,108,267	(10,272,359)	-
	₱68,471,052	₱196,565,628	₱21,003,914	₱22,072,319	₱3,591,706	(₱10,272,359)	₱301,432,260
Segment results:							
Income before income tax	₱27,313,613	₱10,829,789	₱21,003,914	₱4,397,848	(₱860,235)	₱-	₱62,684,929
Provision for income tax	4,664,287	2,438,934	-	398,009	77,704	-	7,578,934
Net income after tax	₱22,649,326	₱8,390,855	₱21,003,914	₱3,999,839	(₱937,939)	₱-	₱55,105,995
Net income attributable to:							
Owners of the Parent	₱11,204,606	₱5,756,466	₱20,427,086	₱3,733,774	(₱920,126)	₱-	₱40,201,806
Non-controlling interests	11,444,720	2,634,389	576,828	266,065	(17,813)	-	14,904,189

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

5. Cash and Cash Equivalents

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 20)	₱30,628,229	₱30,550,319
Temporary investments (Note 20)	56,465,132	81,977,728
	₱87,093,361	₱112,528,047

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

6. Time Deposits

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Current	₱115,141	₱221,096
Noncurrent	3,062,521	3,113,470
	₱3,177,662	₱3,334,566

The time deposits bear interest ranging from 2.0% to 5.3% and 0.1% to 6.1% for the six-month periods ended June 30, 2025 and 2024, 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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Shares of stock		
Listed	₱23,402,999	₱24,027,269
Unlisted	3,043,631	3,100,303
Club shares	29,450	28,650
	26,476,080	27,156,222
Less current portion	821,378	794,433
Noncurrent portion	₱25,654,702	₱26,361,789

8. Receivables and Contract Assets

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Trade:		
Sales of real estate*	₱160,506,998	₱152,501,732
Rent from third-party tenants	10,823,715	11,844,430
Shipping and logistics**	3,848,932	3,360,120
Rent from related party tenants (Note 20)	407,562	586,247
Others	2,652,380	2,920,532
Royalty and service fees (Note 20)	1,540,857	2,205,401
Dividends (Note 20)	111,337	1,269,818
	179,891,781	174,688,280
Less allowance for expected credit loss (ECL)	3,295,687	3,355,289
	176,596,094	171,332,991
Less noncurrent portion of receivables from sales of real estate (Note 14)	81,517,852	79,064,021
Current portion	₱95,078,242	₱92,268,970

* Includes unbilled revenues from sales of real estate of ₱146.0 billion and ₱133.5 billion as at June 30, 2025 and December 31, 2024, respectively.

** Includes contract assets representing shipping and logistics services delivered but not yet invoiced of ₱1,010.4 million and ₱799.7 million as at June 30, 2025 and December 31, 2024, respectively.

An allowance for ECL is provided for receivables from sales of real estate, receivables from tenants, shipping and logistics, and other receivables identified as impaired based on specific and collective assessment.

As at June 30, 2025 and December 31, 2024, receivables from sales of real estate assigned to local banks on without recourse basis amounted to ₱3.1 billion and ₱7.0 billion, respectively (Note 20).

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

9. Inventories

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Real estate inventories	₱75,594,647	₱76,932,923
Merchandise inventories	47,028,089	41,998,432
Processed food and others	672,425	744,755
	₱123,295,161	₱119,676,110

Inventories are stated at cost as at June 30, 2025 and December 31, 2024.

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, 2024	₱52,758,338	₱25,134,570	₱77,892,908
Development cost incurred	17,918,601	103,948	18,022,549
Cost of real estate sold	(11,962,498)	(7,178,085)	(19,140,583)
Transfers	(3,074,344)	3,074,344	-
Translation adjustment and others	142,698	15,351	158,049
Balance as at December 31, 2024 (Audited)	55,782,795	21,150,128	76,932,923
Development cost incurred	6,733,266	8,293	6,741,559
Cost of real estate sold	(5,274,398)	(3,215,613)	(8,490,011)
Transfers	(524,505)	524,505	-
Reclassifications from investment properties	327,512	-	327,512
Translation adjustment and others	35,960	46,704	82,664
Balance as at June 30, 2025 (Unaudited)	₱57,080,630	₱18,514,017	₱75,594,647

Contract fulfillment assets included in land and development represent the unamortized portion of land cost of ₱2.2 billion and ₱2.0 billion as at June 30, 2025 and December 31, 2024, respectively.

The details of cost of sales and services follow:

	Six-Month Periods Ended	
	2025	June 30
	(Unaudited)	(Unaudited)
	<i>(In Thousands)</i>	
Cost of sales:		
Merchandise	₱149,592,878	₱139,566,877
Real estate	8,490,011	8,275,456
Processed food and others	5,444,835	6,070,266
Cost of shipping, logistics and other services	8,127,003	7,717,762
	₱171,654,727	₱161,630,361

10. Other Current Assets

This account consists of:

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	₱18,184,290	₱17,359,207
Bonds and deposits	12,240,395	11,704,812
Input tax	8,994,235	7,599,800
Nontrade receivables (Note 20)	8,092,753	8,495,167
Uniform and supplies inventory	2,621,189	1,919,268
Receivables from banks	2,266,161	8,303,336
Derivative assets	2,060,787	1,159,210
Accrued interest receivable (Note 20)	372,305	424,427
Others	845,063	1,346,309
	₱55,677,178	₱58,311,536

11. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	₱399,483,760	₱361,324,800
Additions	4,031,899	5,336,879
Disposal	–	(1,386,440)
Equity in net earnings	24,977,266	50,001,804
Dividends received and others	(11,686,697)	(15,140,346)
Share in other comprehensive income (loss) of associate companies	1,164,167	(561,848)
Impairment reversal (provision)	–	(115,965)
Translation adjustment	(2,485)	24,876
Balance at end of period	₱417,967,910	₱399,483,760

* Investment in associate companies amounted to ₱406.1 billion and ₱388.1 billion as at June 30, 2025 and December 31, 2024, 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>												
Cost												
As at January 1, 2024	₱1,718,794	₱20,772,693	₱2,963,308	₱11,853,449	₱12,782,090	₱24,406,386	₱32,822,651	₱1,722,921	₱15,353,882	₱1,603,710	₱6,123,951	₱132,123,835
Additions	–	532,896	214,277	1,367,609	1,121,135	1,672,274	2,365,261	217,352	2,545,706	188,745	2,523,532	12,748,787
Reclassifications	–	1,519,108	165,369	83,670	(34,825)	1,640,154	(4,644)	(10,196)	–	–	(3,583,153)	(224,517)
Disposals/retirements	–	(73)	(84,424)	(231,183)	(246,295)	(200,099)	(623,278)	(94,638)	(2,439,808)	(22,163)	(9,666)	(3,951,627)
As at December 31, 2024 (Audited)	1,718,794	22,824,624	3,258,530	13,073,545	13,622,105	27,518,715	34,559,990	1,835,439	15,459,780	1,770,292	5,054,664	140,696,478
Additions	–	240,167	85,094	516,818	547,392	537,933	842,460	43,157	121,061	–	1,578,231	4,512,313
Reclassifications	354,317	506,273	27,256	55,436	(43,713)	1,028,404	112,777	(24,042)	410	–	(2,477,249)	(460,131)
Disposals/retirements	(4,731)	(5,343)	(6,960)	(77,970)	(106,817)	(58,170)	(137,711)	(13,774)	(14,043)	(233,749)	–	(659,268)
As at June 30, 2025 (Unaudited)	₱2,068,380	₱23,565,721	₱3,363,920	₱13,567,829	₱14,018,967	₱29,026,882	₱35,377,516	₱1,840,780	₱15,567,208	₱1,536,543	₱4,155,646	₱144,089,392
Accumulated Depreciation and Amortization												
As at January 1, 2024	₱–	₱8,154,403	₱2,121,935	₱9,010,930	₱10,207,267	₱13,489,312	₱24,822,293	₱1,308,054	₱8,721,642	₱1,436,366	₱–	₱79,272,202
Depreciation and amortization	–	1,061,691	243,288	942,794	814,053	1,673,424	1,874,220	94,411	987,764	56,040	–	7,747,685
Reclassifications	–	(14,154)	145,228	10,497	(75,810)	1,488	(51,050)	(13,215)	(5,112)	–	–	(2,128)
Disposals/retirements	–	(7)	(81,204)	(224,451)	(237,342)	(196,379)	(590,879)	(94,594)	(2,231,152)	(21,901)	–	(3,677,909)
As at December 31, 2024 (Audited)	–	9,201,933	2,429,247	9,739,770	10,708,168	14,967,845	26,054,584	1,294,656	7,473,142	1,470,505	–	83,339,850
Depreciation and amortization	–	581,672	115,690	580,550	441,844	909,882	914,080	43,286	390,940	30,133	–	4,008,077
Reclassifications	–	11,072	20,642	15,277	(39,489)	657	26,635	(60,995)	–	–	–	(26,201)
Disposals/retirements	–	(3,761)	(6,884)	(73,936)	(103,499)	(50,006)	(135,015)	(13,727)	(14,043)	(233,749)	–	(634,620)
As at June 30, 2025 (Unaudited)	₱–	₱9,790,916	₱2,558,695	₱10,261,661	₱11,007,024	₱15,828,378	₱26,860,284	₱1,263,220	₱7,850,039	₱1,266,889	₱–	₱86,687,106
Net Book Value												
As at June 30, 2025 (Unaudited)	₱2,068,380	₱13,774,805	₱805,225	₱3,306,168	₱3,011,943	₱13,198,504	₱8,517,232	₱577,560	₱7,717,169	₱269,654	₱4,155,646	₱57,402,286
As at December 31, 2024 (Audited)	1,718,794	13,622,691	829,283	3,333,775	2,913,937	12,550,870	8,505,406	540,783	7,986,638	299,787	5,054,664	57,356,628

To secure a ₱500.0 million term loan facility, 2GO used one of its passenger/cargo ships as collateral. The carrying value of this ship in the Group's consolidated balance sheets is ₱2.3 billion as at June 30, 2025 and December 31, 2024 (see Note 17).

Gain and/or loss from disposal of certain properties and equipment as at June 30, 2025 and 2024 are recognized in the consolidated statements of income under “Foreign exchange gain - net and others”.

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>						
Cost						
As at January 1, 2024	₱88,195,475	₱101,659,155	₱338,934,803	₱60,247,366	₱83,503,331	₱672,540,130
Additions	2,000,404	3,191,982	4,129,942	3,632,904	54,613,557	67,568,789
Reclassifications	2,836,443	(1,275,292)	14,710,993	2,788,244	(16,223,945)	2,836,443
Translation adjustment	–	22,612	895,382	77,636	124,704	1,120,334
Disposals	(121,802)	(207,676)	(366,746)	(222,151)	–	(918,375)
As at December 31, 2024 (Audited)	92,910,520	103,390,781	358,304,374	66,523,999	122,017,647	743,147,321
Additions	66,333	3,375,910	2,759,394	1,698,878	28,553,624	36,454,139
Reclassifications	(314,906)	4,366,747	2,186,816	402,831	(6,927,819)	(286,331)
Translation adjustment	–	(12,052)	(455,579)	(42,253)	(62,488)	(572,372)
Disposals	–	(110,442)	(93,831)	(18,551)	–	(222,824)
As at June 30, 2025 (Unaudited)	₱92,661,947	₱111,010,944	₱362,701,174	₱68,564,904	₱143,580,964	₱778,519,933
Accumulated Depreciation, Amortization and Impairment Loss						
As at January 1, 2024	₱–	₱3,047,630	₱93,506,840	₱38,918,437	₱–	₱135,472,907
Depreciation and amortization	–	269,338	10,067,237	4,253,973	–	14,590,548
Provision for impairment loss	–	359,756	–	–	–	359,756
Reclassifications	–	–	49	–	–	49
Translation adjustment	–	15,353	196,752	45,221	–	257,326
Disposals	–	(32,359)	(250,505)	(200,203)	–	(483,067)
As at December 31, 2024 (Audited)	–	3,659,718	103,520,373	43,017,428	–	150,197,519
Depreciation and amortization	–	128,780	5,073,385	2,186,615	–	7,388,780
Reclassifications	–	18,355	(13,760)	(4,700)	–	(105)
Translation adjustment	–	(8,611)	(112,654)	(16,448)	–	(137,713)
Disposals	–	(110,385)	(46,507)	(18,069)	–	(174,961)
As at June 30, 2025 (Unaudited)	₱–	₱3,687,857	₱108,420,837	₱45,164,826	₱–	₱157,273,520
Net Book Value						
As at June 30, 2025 (Unaudited)	₱92,661,947	₱107,323,087	₱254,280,337	₱23,400,078	₱143,580,964	₱621,246,413
As at December 31, 2024 (Audited)	92,910,520	99,731,063	254,784,001	23,506,571	122,017,647	592,949,802

Rent income from investment properties, which is primarily attributable to SM Prime Holdings, Inc. (SM Prime), amounted to ₱34.6 billion and ₱32.1 billion for the six-month periods ended June 30, 2025 and 2024, respectively. The corresponding direct operating expenses amounted to ₱17.3 billion and ₱17.0 billion for the six-month periods ended June 30, 2025 and 2024, respectively.

Construction in progress includes construction costs incurred for integrated commercial development, new malls as well as redevelopment of existing malls amounting to ₱142.0 billion and ₱120.5 billion as at June 30, 2025 and December 31, 2024, respectively.

Portions of investment properties located in China amounting to ₱1.5 billion as at June 30, 2025 and December 31, 2024 are used as collateral to secure domestic borrowings (see Note 17).

The outstanding contracts with various contractors amounted to ₱48.6 billion and ₱63.4 billion as at June 30, 2025 and December 31, 2024, respectively, inclusive of overhead, labor, materials, and all other costs necessary for the proper execution of works.

Additions to investment properties include capitalized interest of ₱4.4 billion and ₱7.4 billion as at June 30, 2025 and December 31, 2024, respectively. Capitalization rates used range from 2.2% to 6.3% and 2.5% to 5.8% as at June 30, 2025 and December 31, 2024, respectively.

There is no restriction on the realizability of investment properties other than those used as collateral for certain borrowings.

Gain or loss from disposal of investment properties as of June 30, 2025 and 2024 are recognized in the consolidated statements of income under “Foreign exchange gain - net and others”.

14. Intangibles and Other Noncurrent Assets

Intangible Assets

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Goodwill	₱34,340,023	₱34,340,023
Less accumulated impairment loss	80,594	80,594
Net book value	34,259,429	34,259,429
Trademarks and brand names	6,126,859	6,127,046
	₱40,386,288	₱40,386,475

Other Noncurrent Assets

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Receivables from sales of real estate (Note 8)*	₱81,517,852	₱79,064,021
Bonds and deposits	47,442,960	46,127,306
Deferred exploration costs	6,814,460	5,568,965
Deferred tax assets (Note 21)	5,520,100	5,459,041
Deferred input VAT	1,306,403	1,461,087
Escrow fund (Note 20)	1,030,188	822,019
Derivative assets (Note 24)	691,128	4,219,004
Defined benefit asset	272,221	250,818
Others	3,589,346	3,442,350
	₱148,184,658	₱146,414,611

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

15. Bank Loans

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Subsidiaries:		
China yuan renminbi-denominated loans	₱937,842	₱1,282,356
Peso-denominated loans	27,427,000	22,792,000
	₱28,364,842	₱24,074,356

The interest rates of Peso-denominated loans for the six-month periods ended June 30, 2025 and 2024 ranged from 5.2% to 6.6% and 5.9% to 7.0%, 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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Trade	₱112,103,290	₱125,209,282
Accrued expenses	29,524,494	26,937,423
Nontrade (Note 20)	19,311,045	18,687,078
Tenants' and customers' deposits*	13,846,846	12,907,302
Payables to government agencies	4,785,609	6,397,844
Accrued interest (Note 20)	4,067,380	4,072,405
Payable arising from acquisition of land	3,916,959	3,004,397
Lease liabilities (Note 22)	3,305,849	3,196,427
Subscriptions payable	1,959,344	1,966,477
Dividends payable	1,492,159	2,328,001
Others	5,885,049	5,665,941
	₱200,198,024	₱210,372,577

* Includes unearned revenues from shipping and logistics of ₱138.0 million and ₱154.3 million as at June 30, 2025 and December 31, 2024, respectively, and unearned revenues from sales of real estate of ₱6.8 billion and ₱9.0 billion as at June 30, 2025 and December 31, 2024, respectively.

17. Long-term Debt

This account consists of:

	June 30, 2025 (Unaudited)			December 31, 2024 (Audited)	
	Availment	Maturity	Interest Rate/Term	Amount	Amount
<i>(in Thousands)</i>					
Parent Company					
U.S. dollar-denominated*	June 2023 - April 2025	June 2027 - April 2032	Fixed 4.9%; ROP reference rate + margin; quarterly	₱7,753,369	₱4,627,600
GBP-denominated*	July 2023	July 2028	Fixed 5.3%; quarterly	3,248,148	6,541,214
Peso-denominated	March 2021 - March 2023	June 2026 - May 2031	Fixed 4.0%-4.8%; Two-year PHP BVAL + margin; semi-annual and quarterly	34,235,000	45,574,500
Subsidiaries					
U.S. dollar-denominated*	January 2021 - August 2024	January 2026 - August 2029	Fixed 5.4%; SOFR + spread; semi-annual and quarterly	90,998,658	104,978,877
China yuan renminbi-denominated**	May 2021 - June 2025	April 2026 - June 2037	Fixed 3.7%; LPR; annually	11,001,765	10,830,711
Peso-denominated***	November 2015 - June 2025	July 2025 - February 2035	Fixed 3.8%-7.0%; BVAL + margin	330,629,164	306,004,020
				477,866,104	478,556,922
Less debt issue cost				2,145,978	2,056,902
				475,720,126	476,500,020
Less current portion				119,022,124	104,627,839
				₱356,698,002	₱371,872,181

BVAL – Bloomberg Valuation

ROP – Republic of the Philippines

SOFR – Secured Overnight Financing Rate

**Includes loans hedged against foreign exchange and interest rate risks using derivative instruments and loans unconditionally and irrevocably guaranteed by the Parent.*

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

****Includes loans secured by portions of property and equipment (see Note 12)*

Repayment Schedule

The repayment schedule of long-term debt as at June 30, 2025 follows:

	Gross Debt	Debt Issue Cost	Net
<i>(In Thousands)</i>			
Within 1 year	₱119,676,850	₱654,726	₱119,022,124
Over 1 year to 5 years	278,900,181	1,321,715	277,578,466
Over 5 years	79,289,073	169,537	79,119,536
	₱477,866,104	₱2,145,978	₱475,720,126

Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios and certain restrictions with respect to material change in ownership or control. As at June 30, 2025 and December 31, 2024, the Group is compliant with the terms of its debt covenants.

18. Equity

Capital Stock

a. Common stock

	Number of Shares	
	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Authorized - ₱10 par value per share	2,790,000,000	2,790,000,000
Issued and subscribed	1,233,154,140	1,226,114,578

As at June 30, 2025 and December 31, 2024, the Parent Company is compliant with the minimum public float as required by the PSE.

In August 2024, the BOD approved the property-for-share swap between the Parent Company and ICDC. The confirmation of valuation of the subject properties was approved by the SEC in February 2025. In March 2025, the Parent Company issued 7,039,562 new SMIC common shares to ICDC in exchange for land valued at ₱6.2 billion.

As at June 30, 2025 and December 31, 2024, the total number of shareholders of the Parent Company is 1,258.

b. Redeemable preferred shares

	Number of Shares	
	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Authorized - ₱10 par value per share	10,000,000	10,000,000

There are no issued and subscribed preferred shares as at June 30, 2025 and December 31, 2024.

Treasury Stock

In February 2025, the BOD approved the creation and implementation of a share buyback program involving up to ₱60.0 billion of the Parent Company's common shares.

As at June 30, 2025, the Parent Company has purchased a total of 437,500 common shares at an average price of ₱788.56, totaling ₱345.0 million. As at June 30, 2025 and December 31, 2024, the Parent Company held 4,528,720 and 4,091,220 treasury shares, respectively.

Retained Earnings

▪ Appropriated

Retained earnings appropriated as at June 30, 2025 is intended for new investments for the years 2025 to 2027.

▪ Unappropriated

The Parent Company's cash dividend declarations in 2025 and 2024 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
<i>(In Thousands)</i>				
<i>Regular</i>				
April 30, 2025	May 16, 2025	May 29, 2025	₱11.00	₱13,514,879
April 24, 2024	May 09, 2024	May 23, 2024	9.00	10,998,210
<i>Special</i>				
April 30, 2025	May 16, 2025	May 29, 2025	2.00	2,457,251

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱471.3 billion and ₱454.4 billion as at June 30, 2025 and December 31, 2024, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

19. Other Revenues

This account consists of:

	Six-Month Periods Ended	
	2025	2024
	(Unaudited)	(Unaudited)
	<i>(In Thousands)</i>	
Shipping, logistics and other services	₱9,880,228	₱9,632,365
Sales - processed food and others	8,739,523	9,299,704
Cinema and event ticket sales and others	4,677,585	4,709,517
Royalty and service fees	3,845,793	3,886,754
Food and beverage	1,534,974	1,232,297
Dividends	320,691	408,007
Others	4,363,986	4,805,925
	₱33,362,780	₱33,974,569

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

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 (banking group and retail and other related parties under common stockholders).

- Royalty and Service Fees

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

- Dividend Income

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

- Cash Placements and Loans

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

- Tenants' deposits

The Group holds lease security deposits from related parties for its leasable investment properties. These are refundable upon termination of the lease agreements.

- Others

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

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount	
	Six-Month Periods Ended		June 30, 2025	December 31, 2024
	2025	2024		
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>(In Thousands)</i>				
Banking Group				
Cash placement and investment in marketable securities ^{a, b}	₱–	₱–	₱80,746,154	₱100,089,605
Interest receivable	–	–	172,952	206,309
Interest income	1,909,169	2,142,736	–	–
Interest-bearing debt ^{a, b}	–	–	65,600,422	63,857,393
Interest payable	–	–	536,156	349,742
Interest expense	1,174,525	1,997,450	–	–
Rent receivable	–	–	60,665	169,052
Rent income	708,366	685,404	–	–
Receivable financed	3,111,036	1,177,783	–	–
Royalty and service fee receivable	–	–	8,354	8,523
Royalty and service fee income	56,811	19,324	–	–
Escrow fund ^a	–	–	1,027,728	819,559
Tenants' deposits	–	–	713,537	731,713
Retail and Other Entities				
Rent receivable	–	–	346,897	417,195
Rent payable	–	–	–	4,361
Rent income	1,413,661	1,262,309	–	–
Royalty and service fee receivable	–	–	1,502,477	2,133,325
Royalty and service fee income	1,450,101	1,334,327	–	–
Shipping, logistics and other services	56,669	–	–	–
Service fees	26,132	–	–	–
Trade receivable	–	–	26,755	43,726
Nontrade receivable	–	–	116,336	247,131
Trade payable	–	–	10,494	109,847
Nontrade payable	–	–	222,792	1,003,461
Dividends receivable	–	–	97,267	973,044
Bonds and deposits	–	–	2,631	3,339
Tenants' deposits	–	–	877,901	841,517

^a Interest-bearing

^b Partially secured

Terms and Conditions of Transactions with Related Parties

Outstanding balances at the end of the period are normally settled in cash. No provision for impairment losses was recognized by the Group in relation to amounts due from related parties.

21. Income Tax

Deferred tax assets of ₱5.5 billion as at June 30, 2025 and December 31, 2024 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 ₱19.8 billion and ₱19.4 billion as at June 30, 2025 and December 31, 2024, respectively, 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.

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 spaces, 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:

June 30, 2025 (Unaudited)			
	Land Use Rights	Retail Store Spaces, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱32,551,594	₱34,717,012	₱67,268,606
Additions	2,926	3,234,674	3,237,600
Translation and other adjustments	(143,230)	(527,424)	(670,654)
Retirements	–	(2,280,206)	(2,280,206)
As at end of period	32,411,290	35,144,056	67,555,346
Accumulated Depreciation and Amortization			
As at beginning of year	3,858,877	14,224,274	18,083,151
Depreciation and amortization	386,391	1,665,577	2,051,968
Translation and other adjustments	(8,009)	(492,733)	(500,742)
Retirements	–	(2,097,966)	(2,097,966)
As at end of period	4,237,259	13,299,152	17,536,411
Net Book Value	₱28,174,031	₱21,844,904	₱50,018,935

December 31, 2024 (Audited)			
	Land Use Rights	Retail Store Spaces, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱32,165,006	₱32,820,909	₱64,985,915
Additions	98,291	4,540,387	4,638,678
Translation and other adjustments	288,297	146,073	434,370
Retirements	–	(2,790,357)	(2,790,357)
As at end of year	32,551,594	34,717,012	67,268,606
Accumulated Depreciation and Amortization			
As at beginning of year	3,064,465	13,381,038	16,445,503
Depreciation and amortization	789,958	3,378,723	4,168,681
Translation and other adjustments	4,454	(159,643)	(155,189)
Retirements	–	(2,375,844)	(2,375,844)
As at end of year	3,858,877	14,224,274	18,083,151
Net Book Value	₱28,692,717	₱20,492,738	₱49,185,455

The rollforward analysis of lease liabilities follows:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	₱36,387,980	₱35,319,736
Additions	3,237,600	4,638,678
Interest expense	1,085,699	2,066,436
Terminations	(260,538)	(572,054)
Payments	(2,680,367)	(5,308,424)
Reclassification and others	(5,066)	243,608
Balance at end of period	37,765,308	36,387,980
Less current portion (Note 16)	3,305,849	3,196,427
Noncurrent portion	₱34,459,459	₱33,191,553

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 tenants’ deposits of ₱27.4 billion and ₱28.5 billion as at June 30, 2025 and December 31, 2024, respectively, and deferred output VAT of ₱17.5 billion and ₱16.6 billion as at June 30, 2025 and December 31, 2024, respectively.

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 significant investments and debt issuances which are denominated in U.S. Dollars and China yuan renminbi.
- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.
- *Equity price risk.* The Group’s exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets.

Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing 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 60.9% and 72.8% of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates as at June 30, 2025 and December 31, 2024, 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 June 30, 2025, the Group's foreign currency-denominated assets and liabilities amounted to ₱0.8 billion (\$13.8 million) and ₱1.6 billion (\$29.2 million), respectively.

As at December 31, 2024, the Group's foreign currency-denominated assets and liabilities amounted to ₱1.3 billion (\$23.0 million) and ₱1.6 billion (\$28.1 million), respectively.

As at June 30, 2025 and December 31, 2024, approximately 22.5% and 25.5%, 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.

	June 30, 2025	December 31, 2024
Philippine Peso to U.S. Dollar	₱56.330	₱57.845

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 June 30, 2025 and December 31, 2024, 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 pay off existing debts, return capital to shareholders or issue new shares.

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

The Group's gearing ratios follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Gross	36%	37%
Net	32%	31%

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:

June 30, 2025 (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	₱23,402,999	₱23,402,999	₱23,402,999	₱-	₱-
Unlisted shares of stock	3,043,631	3,043,631	-	-	3,043,631
Club shares	29,450	29,450	-	29,450	-
Derivative assets	2,751,915	2,751,915	-	2,751,915	-
	29,227,995	29,227,995	23,402,999	2,781,365	3,043,631
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,062,521	3,157,819	-	3,157,819	-
	₱32,290,516	₱32,385,814	₱23,402,999	₱5,939,184	₱3,043,631
Liabilities Measured at Fair Value					
Derivative liabilities	₱1,092,965	₱1,092,965	₱-	₱1,092,965	₱-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	356,698,002	352,219,398	-	-	352,219,398
Tenants' deposits and others*	35,711,222	32,667,314	-	-	32,667,314
	392,409,224	384,886,712	-	-	384,886,712
	₱393,502,189	₱385,979,677	₱-	₱1,092,965	₱384,886,712

*Excluding nonfinancial liabilities of ₱30.2 billion and noncurrent derivative liabilities of ₱474.4 million.

December 31, 2024 (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	₱24,027,269	₱24,027,269	₱24,027,269	₱-	₱-
Unlisted shares of stock	3,100,303	3,100,303	-	-	3,100,303
Club shares	28,650	28,650	-	28,650	-
Derivative assets	5,378,214	5,378,214	-	5,378,214	-
	32,534,436	32,534,436	24,027,269	5,406,864	3,100,303
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,113,470	3,197,356	-	3,197,356	-
	₱35,647,906	₱35,731,792	₱24,027,269	₱8,604,220	₱3,100,303
Liabilities Measured at Fair Value					
Derivative liabilities	₱156,080	₱156,080	₱-	₱156,080	₱-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	371,872,181	364,608,918	-	-	364,608,918
Tenants' deposits and others*	42,863,199	36,741,071	-	-	36,741,071
	414,735,380	401,349,989	-	-	401,349,989
	₱414,891,460	₱401,506,069	₱-	₱156,080	₱401,349,989

*Excluding nonfinancial liabilities of ₱22.0 billion and noncurrent derivative liabilities of ₱56.7 million.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at June 30, 2025 and December 31, 2024.

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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	P5,222,134	P6,462,308
Net changes in fair value*	(2,521,352)	2,598,426
Fair value change from settled derivatives	(1,041,832)	(3,838,600)
Balance at end of period	P1,658,950	P5,222,134

* Includes fair value changes in OCI.

25. EPS Computation

	Six-Month Periods Ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
	<i>(In Thousands Except Per Share Data)</i>	
Net income attributable to owners of the Parent Company (a)	P42,565,038	P40,201,806
Weighted average number of common shares outstanding (b)	1,221,647	1,222,023
EPS (a/b)	P34.84	P32.90

PART I FINANCIAL INFORMATION

Item 2. Aging of Accounts Receivable - Trade

As of June 30, 2025 (Unaudited)

In Thousands

Sales of real estate - net of noncurrent portion	₱	78,989,146
Rent from third-party tenants		10,823,715
Shipping and logistics		3,848,932
Rent from related party tenants		407,562
Others		<u>2,652,380</u>
Total	₱	<u><u>96,721,735</u></u>

Aging:

Neither past due nor impaired	₱	82,095,046
Less than 30 days		2,449,361
31-90 days		2,830,688
91-120 days		1,767,357
Over 120 days		4,283,596
Impaired		<u>3,295,687</u>
Total	₱	<u><u>96,721,735</u></u>

PART 1 FINANCIAL INFORMATION

Management’s Discussion and Analysis or Plan of Operation

Results of Operation

For the Six Months Ended June 30, 2025 and 2024

(amounts in billion pesos)

	YTD June		
	2025 (Unaudited)	2024 (Unaudited)	% Change
Revenues	₱319.2	₱301.4	5.9%
Cost and Expenses	243.6	231.0	5.5%
Income from Operations	75.6	70.4	7.3%
Other Charges	8.2	7.7	6.1%
Provision for Income Tax	8.6	7.6	13.0%
Net Income After Tax	58.8	55.1	6.7%
Non-controlling Interests	16.2	14.9	8.8%
Net Income Attributable to Owners of the Parent	₱42.6	₱40.2	5.9%

SM Investments Corporation and Subsidiaries (the Group) reported ₱42.6 billion Net Income Attributable to Owners of the Parent Company on ₱319.2 billion Revenues.

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

	Revenues		Net Income	
	YTD June-25	YTD June-24	YTD June-25	YTD June-24
Retail	66%	65%	15%	14%
Property	20%	21%	28%	27%
Banks	7%	7%	50%	50%
Portfolio	7%	7%	7%	9%

Retail

SM Retail reported ₱8.4 billion *Net income* on *Revenues* of P211.8 billion, 10% and 8% higher than 2024, respectively.

- Non-Food store sales rose by 7.5%, driven by a 10.7% sales growth in *SM Stores* boosted by the shift in school opening to the 2nd quarter and a 5.3% increase in *Specialty Stores*, primarily from back-to-school items, fashion and health and beauty categories.
- Food store sales up 8.3%, driven by volume growth and continued store expansion.

Property

SM Prime reported P24.5 billion *Net income* on *Revenues* of ₱68.0 billion, 11% and 5% higher than 2024, respectively.

- Malls with ₱17.4 billion net income after tax (NIAT), 13% higher than 2024 and comprising 70% of consolidated NIAT.
- Residential with ₱5.1 billion NIAT, up 2% from 2024.
- Commercial and Integrated Commercial Developments with ₱1.7 billion NIAT, up 9% from 2024.
- Hotels with ₱635 million NIAT, up 20% from 2024.

Banking

BDO reported ₱40.6 billion *Net income*, 3% higher than 2024 while Chinabank reported ₱13.0 billion *Net income*, 14% higher than 2024. Both BDO and Chinabank attribute their results to the strong performance of their core businesses.

Portfolio Investments

The Portfolio Investments Group contributed ₱2.8 billion to YTD June 2025 consolidated net income, 35% from PGPC, 30% from NEO, and 16% from 2GO.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased 8% to ₱205.4 billion, accounted for 64% of total revenues in 2025. This is attributable to SM Markets with 6% growth to ₱88.7 billion, Non-Food Stores with 8% growth to ₱80.9 billion, Waltermart with 12% growth to ₱19.3 billion and Alfarmart with 14% growth.

Real Estate Sales increased 2.2% to ₱20.0 billion from SMDC's various projects including *Calm Residences* in Laguna, *Gold Towers Residential-Offices* in Paranaque, *Glade Residences* in Iloilo and *Joy Residences* in Bulacan.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 7.6% to ₱35.4 billion.

Equity in Net Earnings of Associate Companies and Joint Ventures increased 1.4% to ₱25.0 billion. The increase is mainly with the banks.

Cost and Expenses increased 5.5% to ₱243.6 billion. *Cost of Sales and Services* increased 6% whereas *Selling, General and Administrative Expenses (SGAE)* increased 3.8%. Bulk of the increase in *SGAE* is from the new retail stores.

Income from Operations increased 7.3% to ₱75.6 billion. *Operating Margin* and *Net Margin* in 2025 is at 23.7% and 18.4%, respectively.

Other Charges (net) increased 6.1% to ₱8.2 billion: *Interest Expense* increased 2.6% to ₱10.6 billion and *Interest Income* decreased 7.8% to ₱2.2 billion as a result of significant debt repayments particularly the Parent Company. In 2024, there is a ₱0.2 billion one-off gain from the disposal of investments as well as ₱0.1 billion investment impairment reversal.

Provision for Income Tax increased 13.0% to ₱8.6 billion due mainly to higher taxable income in 2025, mainly of SM Prime and SM Retail.

Non-controlling Interests increased 8.8% to ₱16.2 billion due mainly to the improved net income of partly-owned subsidiaries of SM Prime.

Financial Position
(amounts in billion pesos)

	06 / 30 / 2025 (Unaudited)	12 / 31 / 2024 (Audited)	% Change
Current Assets	₱362.1	₱383.8	-5.7%
Noncurrent Assets	1,363.9	1,315.3	3.7%
Total Assets	₱1,726.0	₱1,699.1	1.6%
Current Liabilities	₱350.5	₱343.2	2.1%
Noncurrent Liabilities	477.4	489.5	-2.5%
Total Liabilities	827.9	832.7	-0.6%
Total Equity	898.1	866.4	3.7%
Total Liabilities and Equity	₱1,726.0	₱1,699.1	1.6%

Total *Assets* increased 1.6% to ₱1,726.0 billion while Total *Liabilities* decreased 0.6% to ₱827.9 billion.

Assets

Current Assets decreased 5.7% to ₱362.1 billion.

Cash and Cash Equivalents decreased 23% to ₱87.1 billion: ₱33.4 billion used for financing activities, ₱27.3 billion used for investments in property and equipment, investment properties and others, partly offset by the ₱35.2 billion cash generated from operations.

Receivables and Contract Assets increased 3.0% to ₱95.1 billion attributable mainly to receivables from real estate sales.

Inventories increased 3.0% to ₱123.3 billion attributable mainly to Retail's merchandise inventory which increased 12.0% to ₱47.0 billion, partially offset by the 1.7% decrease in Real estate inventory to ₱75.6 billion.

Other Current Assets decreased 4.5% to ₱55.7 billion due mainly to collections of Retail's receivables from banks for its sales on credit.

Noncurrent Assets increased 3.7% to ₱1,363.9 billion.

Investments in Associate Companies and Joint Ventures increased 4.6% to ₱418.0 billion. The increase mainly represents the Group's ₱25.0 billion equity in net earnings of its associate companies particularly the banks, partly offset by ₱11.7 billion dividends received.

Investment Properties increased 4.8% to ₱621.2 billion due mainly to SM Prime's land banking and integrated property developments, new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased 1.2% to ₱148.2 billion representing mainly the increase in noncurrent receivables from real estate sales.

Liabilities

Interest-bearing Debt increased 0.7% to ₱504.1 billion, ₱17.0 billion net availment by SM Prime offset by ₱11.5 billion net payment by the Parent Company.

Accounts Payable and Other Current Liabilities decreased 4.8% to ₱200.2 billion due mainly to the payment of huge yearend 2024 trade payables of the Retail Group.

Tenants' Deposits and Others increased 2.2% to ₱66.4 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 3.7% to ₱898.1 billion.

Equity Attributable to Owners of the Parent Company increased 4.2% to ₱653.5 billion due mainly to the ₱26.7 billion addition in Retained Earnings representing the ₱42.6 billion net income for YTD June 2025, net of ₱15.9 billion dividend declaration.

Non-controlling Interests increased 2.3% to ₱244.6 billion representing the increase in net assets of subsidiaries that are not wholly owned.

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

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

Key Performance Indicators

The key financial ratios of the Group follow:

	06 / 30 / 2025 (Unaudited)	12 / 31 / 2024 (Audited)
Current Ratio	1.0	1.1
Acid Test Ratio	0.5	0.6
Solvency Ratio	17.6%	17.0%
Asset to Equity	1.9	2.0
Debt - Equity Ratios:		
On Gross Basis	36 : 64	37 : 63
On Net Basis	32 : 68	31 : 69
Return on Equity	13.4%	13.8%
Return on Assets	7.0%	7.0%

	Unaudited YTD June	
	2025	2024
Revenue Growth	5.9%	5.1%
Net Margin	18.4%	18.3%
Net Income Growth	5.9%	10.0%
EBITDA <i>(In Billions of Pesos)</i>	89.0B	83.3B
Interest Cover	8.4x	7.6x

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

		<u>06/30/2025 (Unaudited)</u>		<u>12/31/2024 (Audited)</u>	
		<i>(In thousand pesos)</i>		<i>(In thousand pesos)</i>	
1. Current Ratio	<u>Current Assets</u>	362,080,461	1.0 : 1	383,800,192	1.1 : 1
	Current Liabilities	350,519,992		343,167,994	
2. Acid Test Ratio	<u>Current Assets less Inventories and Other Current Assets</u>	183,108,122	0.5 : 1	205,812,546	0.6 : 1
	Current Liabilities	350,519,992		343,167,994	
3. Solvency Ratio	<u>Net Income After Tax (Annualized) + Depreciation and Amortization (Annualized)</u>	145,462,637	17.6%	141,160,894	17.0%
	Total Liabilities	827,879,464		832,627,391	
4. Asset to Equity Ratio	<u>Total Assets</u>	1,726,004,174	1.92	1,699,052,182	1.96
	Total Equity	898,124,710		866,424,791	
5. Debt - Equity Ratio a. Gross Basis	<u>Total Interest-Bearing Debt</u>	504,084,968	36 : 64	500,574,376	37 : 63
	Total Equity + Total Interest-Bearing Debt	1,402,209,678		1,366,999,167	
b. Net Basis	<u>Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds</u>	415,197,694	32 : 68	386,923,918	31 : 69
	Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds	1,313,322,404		1,253,348,709	
6. Return on Equity	<u>Net Income Attributable to Owners of the Parent (Annualized)</u>	84,971,939	13.4%	82,608,707	13.8%
	Average Equity Attributable to Owners of the Parent	634,793,544		599,257,047	
7. Return on Assets	<u>Net Income After Tax (Annualized)</u>	118,334,737	7.0%	114,652,906	7.0%
	Average Assets	1,698,205,829		1,638,346,915	

		<u>Unaudited YTD June 2025</u>			<u>Unaudited YTD June 2024</u>		
		<i>(In thousand pesos)</i>			<i>(In thousand pesos)</i>		
8. Revenue Growth	<u>Total Revenues (Current Period) -1</u>	319,199,088	- 1	5.9%	301,432,260	- 1	5.1%
	Total Revenues (Prior Period)	301,432,260			286,683,262		
9. Net Margin	<u>Net Income After Tax</u>	58,787,826		18.4%	55,105,995		18.3%
	Total Revenues	319,199,088			301,432,260		
10. Net Income Growth	<u>Net Income Attributable to Owners of the Parent (Current Period) -1</u>	42,565,038	- 1	5.9%	40,201,806	- 1	10.0%
	Net Income Attributable to Owners of the Parent (Prior Period)	40,201,806			36,533,048		
11. EBITDA	Income from Operations	75,555,346			70,421,199		
	Add Depreciation and Amortization	13,449,046			12,829,134		
		<u>89,004,392</u>			<u>83,250,333</u>		
12. Interest Cover	<u>EBITDA</u>	89,004,392		8.4x	83,250,333		7.6x
	Interest Expense	10,634,660			10,920,330		

Expansion Plans / Prospects in 2025

In 2025, SM Prime plans to invest ₱100 billion for the construction and/or expansion of malls, development of integrated communities including commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties.

SM Retail would continue with the opening of new stores as well as store refresh and improvement.

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.

The Group has no material commitments for capital expenditures other than those disclosed in Note 13 for Investment Properties.

Results of Operation
For the Six Months Ended June 30, 2024 and 2023
(amounts in billion pesos)

	YTD June		
	2024 (Unaudited)	2023 (Unaudited)	% Change
Revenues	₱301.4	₱286.7	5.1%
Cost and Expenses	231.0	220.5	4.8%
Income from Operations	70.4	66.2	6.3%
Other Charges	7.7	8.3	6.6%
Provision for Income Tax	7.6	7.9	-4.2%
Net Income After Tax	55.1	50.0	10.2%
Non-controlling Interests	14.9	13.5	10.5%
Net Income Attributable to Owners of the Parent	₱40.2	₱36.5	10.0%

SM Investments Corporation and Subsidiaries (the Group) reported ₱40.2 billion *Net Income Attributable to Owners of the Parent Company* on ₱301.4 billion *Revenues*.

Following is the revenue and net income contribution by business segment to YTD June (Unaudited) consolidated revenues and net income:

	Revenues		Net Income	
	YTD June-24	YTD June-23	YTD June-24	YTD June-23
Retail	65%	66%	14%	17%
Property	21%	19%	27%	26%
Banks	7%	7%	50%	47%
Portfolio	7%	8%	9%	10%

Retail

SM Retail reported Revenues of ₱196.9 billion, 4% higher than YTD June 2023, and Net income of ₱7.6 billion. These results reflect the high base effect, that is, very strong revenues due to the lifting of mobility restrictions in 2023 vs. YTD June 2022.

The Revenues of SM Stores and Specialty Stores showed marked improvement in Quarter 2 (Q2) while Food Stores sales growth remained consistent. Details follow:

	Q1	Q2	YTD Jun-24	Q2-24 vs. Q2-23	YTD Jun- 24 vs. YTD Jun-23
SM Stores	22.4	25.8	48.2	4%	0%
Food Stores	57.0	60.4	117.4	7%	7%
Specialty Stores	20.4	23.2	43.6	5%	2%
SM Retail	93.8	103.1	196.9	6%	4%

Bulk of the Food Stores YTD June 2024 revenue growth is sales of SM Markets which grew 4%, and Alfamart which grew 20%, attributable to its 243 new stores in 2024.

The strong Q2 revenues of Specialty Stores is attributable to Home which grew 5% and Fashion at 11%.

Property

SM Prime reported ₱22.1 billion *Net income* on *Revenues* of ₱64.7 billion, 13% and 8% higher than YTD June 2023, respectively.

The mall business, which accounts for 58% of consolidated *Revenues* reported an 8% growth to ₱37.5 billion in 2024. Malls rental revenues income increased by 9% to ₱32.1 billion.

The primary residential business reported an 8% growth in *Revenues* to ₱18.9 billion in 2024, with reservation sales of ₱40.2 billion.

Banking

BDO reported ₱39.4 billion *Net income*, 12% higher than YTD June 2023, on the stronger momentum from its core intermediation and fee-based service businesses.

Gross customer loans grew by 13% across all market segments, while *Total deposits* increased 3%.

Non-interest income grew by 13%, supported by healthy growth in fee income, treasury and the continued recovery in life insurance premiums.

Asset quality is stable despite elevated interest rates with non-performing loan (NPL) ratio at 2.06% and NPL coverage at 169%, better than the industry average.

Chinabank reported ₱11.4 billion *Net income*, 6% higher than YTD June 2023. *Net interest income* increased 19% to ₱30.4 billion as higher interest income offset the rise in interest expense.

Gross loans increased 10% to ₱816.7 billion. *Total deposits* increased 14% to ₱1.3 trillion.

Asset quality is stable with non-performing loan (NPL) ratio at 1.9% and NPL coverage at 141%.

Portfolio Investments

The businesses with significant contribution to YTD June 2024 consolidated net income growth are Atlas Mining and NEO Group.

Atlas Mining reported a 154% increase in *Net income* to ₱2.1 billion on *Revenues* of ₱12.5 billion which grew 23%, as a result of higher copper metal prices.

The NEO Group reported an 8% increase in *Net income* to ₱1.1 billion on *Revenues* of ₱2.3 billion which grew 15%, as a result of very good occupancy rates that averaged 95%.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased by 4.2% to ₱190.3 billion, accounted for 63% of total revenues in 2024. This is attributable mainly to Food Stores which delivered 6.7% growth.

Real Estate Sales increased to ₱19.6 billion while Reservation sales is at ₱40.2 billion in the first half of 2024.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased by 11.3% to ₱32.9 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 14.1% to ₱24.6 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 4.8% to ₱231.0 billion. This increase is relative to the increase in revenues.

Income from Operations increased by 6.3% to ₱70.4 billion. *Operating Margin* and *Net Margin* in 2024 is at 23.4% and 18.3%, respectively.

Other Charges (net) decreased by 6.6% to ₱7.7 billion. *Interest Expense* increased by 6.4% to ₱10.9 billion while *Interest Income* increased by 28.6% to ₱2.4 billion. *Foreign Exchange Gain - Net and Others* increased to ₱881.2 million. The increase includes ₱297.7 million gain on disposal of investments and properties and ₱105.5 million investment impairment reversal.

Non-controlling Interests increased by 10.5% to ₱14.9 billion due to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	06 / 30 / 2024 (Unaudited)	12 / 31 / 2023 (Audited)	% Change
Current Assets	₱337.3	₱359.5	-6.2%
Noncurrent Assets	1,265.9	1,226.7	3.2%
Total Assets	₱1,603.2	₱1,586.2	1.1%
Current Liabilities	₱342.1	₱330.8	3.4%
Noncurrent Liabilities	452.7	483.2	-6.3%
Total Liabilities	794.8	814.0	-2.4%
Total Equity	808.4	772.2	4.7%
Total Liabilities and Equity	₱1,603.2	₱1,586.2	1.1%

Total *Assets* increased by 1.1% to ₱1,603.2 billion while Total *Liabilities* decreased by 2.4% to ₱794.8 billion.

Assets

Current Assets decreased by 6.2% to ₱337.3 billion.

Cash and Cash Equivalents decreased by 18.6% to ₱84.5 billion: ₱48.5 billion used for financing activities, ₱10.4 billion used for investments in property, plant and equipment, investment properties and others, partially offset by ₱39.6 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 and rent receivable.

Inventories increased by 4.7% to ₱123.0 billion. SM Prime's real estate inventory increased by 2.4% to ₱79.7 billion and Retail's merchandise inventory increased by 9.6% to ₱42.6 billion.

Other Current Assets decreased by 7.0% to ₱53.6 billion due mainly to collections of receivable from banks for debit/credit card transactions in the various retail stores as well as prepaid taxes and other prepayments.

Noncurrent Assets increased by 3.2% to ₱1,265.9 billion.

Financial Assets at FVOCI (current and noncurrent) decreased by 7.1% to ₱25.2 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 6.2% to ₱383.9 billion. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by disposals and dividends received.

Time Deposits (current and noncurrent) decreased by 85% to P3.3 billion. These time deposits were used to settle debt that matured during the period.

Investment Properties increased by 4.6% to ₱561.8 billion due mainly to SM Prime's land banking and coastal development, ongoing new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased by 14.1% to ₱147.6 billion, mainly receivables from real estate sales.

Liabilities

Interest-bearing Debt decreased by 2.2% to ₱490.5 billion due mainly to net debt payments, particularly by the Parent Company and SM Prime.

Accounts Payable and Other Current Liabilities decreased by 5.0% to ₱190.2 billion due mainly to payments of obligations for trade, nontrade, and land acquisitions.

Equity

Total *Equity* increased by 4.7% to ₱808.4 billion.

Equity Attributable to Owners of the Parent Company increased by 5.0% to ₱584.5 billion due mainly to the ₱40.2 billion net income for the period.

Non-controlling Interests increased by 3.8% to ₱223.9 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:

	06 / 30 / 2024 (Unaudited)	12 / 31 / 2023 (Audited)
Current Ratio	1.0	1.1
Acid Test Ratio	0.5	0.6
Solvency Ratio	17.2%	16.1%
Asset to Equity	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	38 : 62	39 : 61
On Net Basis	33 : 67	33 : 67
Return on Equity	14.3%	14.5%
Return on Assets	7.0%	7.0%

	Unaudited YTD June	
	2024	2023
Revenue Growth	5.1%	18.0%
Net Margin	18.3%	17.4%
Net Income Growth	10.0%	32%
EBITDA (<i>In Billions of Pesos</i>)	83.3B	78.1B
Interest Cover	7.6x	7.6x

Current Ratio slightly decreased to 1.0 due to the 6.2% decrease in *Current assets* vs. 3.4% increase in *Current liabilities*.

Acid Test Ratio slightly decreased to 0.5 due to the 12.8% decrease in quick assets, mainly *Cash and Cash Equivalents* and *Receivables and Contract Assets* vs. 3.4% increase in *Current Liabilities*.

Solvency Ratio increased to 17.2% due to the 4.6% increase in *Net Income After Tax* and depreciation vs. 2.4% decrease in *Total Liabilities*.

Asset to Equity slightly decreased to 2.0 due to the 1.1% increase in *Total Assets* vs. 4.7% increase in *Total Equity*.

Gross Debt - Equity Ratio improved to 38:62 due to the 2.2% decrease in gross debt.

Return on Equity slightly decreased to 14.3% due to the 4.8% increase in net income attributable to owners of the Parent Company vs. 6.1% increase in average equity.

Revenue Growth and *Net income Growth* for YTD June 2024 are lower than YTD June 2023 as 2023 reflects the high base effect, that is, very strong revenues due to the lifting of mobility restrictions in 2023 vs. YTD June 2022.

EBITDA increased by 6.6% due to the 6.3% increase in income from operations and 8.0% increase in depreciation.

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 $\frac{\text{Net Income After Tax (annualized) + Depreciation and Amortization (annualized)}}{\text{Total Liabilities}}$
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 $\frac{\text{Net Income Attributable to Owners of the Parent Company (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent Company (Prior Period)}}$
9. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent Company (annualized)}}{\text{Average Equity Attributable to Owners of the Parent Company}}$
10. Return on Assets $\frac{\text{Net Income after Tax (annualized)}}{\text{Total Assets}}$
11. EBITDA $\text{Income from Operations} + \text{Depreciation \& Amortization}$
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 be opening 2 new malls in the Philippines located in Cebu and Laoag. Alfamart will have 157 additional stores bringing its total store count to 400 by yearend. There will also be new store openings for the other retail formats including SM Markets, Pet Express, Miniso, Watsons and Uniqlo.

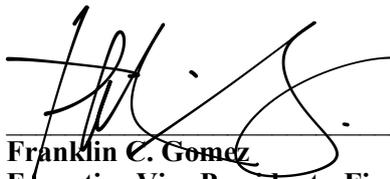
Investments in new business ventures would be pursued as opportunities arise.

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

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
Executive Vice President - Finance
Corporate Information Officer

Date: 08-14-2025