SAN MIGUEL
CORPORATION

SERVICE THAT MOVES A NATION

2024 ANNUAL REPORT


PETRON AVIATION
JET A-1
AJ-DO15

All over the country, thousands of employees across our various businesses come to work every day to be of service to others. On our 135th year, we recommit ourselves to the job of truly serving Filipinos—working towards achieving national goals, and realizing our collective ambition: A better Philippines.

Ramon S. Ang
Chairman and Chief Executive Officer

MESSAGE TO STOCKHOLDERS

WHAT DOES IT MEAN TO TRULY SERVE THE FILIPINO?

For 135 years, San Miguel Corporation has grown by anticipating and meeting the needs of the Filipino consumer. Our broad portfolio—food and beverage, packaging, fuel and oil, power, infrastructure, and cement—reflects our role in delivering essential products and services to millions nationwide.

But to us, service means more than meeting demand. Over the last two decades, we've deliberately pivoted toward industries that are foundational to national development. These sectors align with the country's long-term growth trajectory and offer our shareholders strong, sustainable value creation.

Our investments are designed to address real bottlenecks in mobility, productivity, and energy and food security. They generate jobs, open up new economic corridors, and enable broader access to opportunity, while creating resilient revenue streams and long-term growth potential for our company.

This dual focus—on nation-building and business sustainability—guides our strategy. As we continue to execute long-term, high-impact projects, we remain committed to delivering both economic and social returns.

In 2024, most of our major businesses delivered robust growth. We generated consolidated revenues of P1.6 trillion, 9% higher than in 2023, with strong volume gains and overall topline growth. Our consolidated operating income amounted to P160.8 billion, 11% higher than the previous year, as core net income improved 22% to P52.3 billion. Our earnings before interest, taxes, depreciation, and amortization were 10% higher at P225.9 billion.

In the food sector, San Miguel Foods' goal is to help address our country's food security concerns by limiting dependence on imports. Thus, we are making a big play in the poultry industry to address growing demand, which is expected to surpass supply by 2027. With poultry consumption still relatively low compared to our regional peers, we see considerable growth potential in this vital segment.

Our San Miguel Integrated Food Complexes (IFC), located in key regions nationwide, aim to bolster food security for the country. Each IFC we are developing follows a vertically integrated business model, enabling a highly efficient value chain. By leveraging modern facilities and adhering to global standards for quality and safety, we will be able to ensure that poultry products remain accessible and affordable for the average consumer.

Next to food production, the availability and stable supply of fuel and power are essential for our economy to grow and for Filipinos to live and thrive. Petron Corporation, our fuel and oil subsidiary, remains focused on increasing volumes through a robust pipeline of initiatives. These include a major depot expansion and an extensive service station network growth program. We are also upgrading and modernizing existing stations while improving our non-fuel retail offerings. In parallel, we are investing in enhanced logistics capabilities to support this growth and ensure greater efficiency across our operations.

San Miguel Global Power Holdings, Inc. is on track with several major initiatives in support of the country's shift to cleaner energy and to address the growing need for stable and cost-efficient sources of power. Supporting the Philippines' energy transition aligns with our long-term decarbonization plan, which involves increasing our renewable energy generation, integrating carbon-neutral technologies, and utilizing battery energy storage technology.

We are closing in on our goal of putting up 1,000 megawatt-hours (MWh) of battery energy storage capacity—with 630 MWh already up across 18 sites. We have also embarked on our first solar project, in partnership with Citicore Renewable Energy Corporation. This will involve a 153.5 megawatt-peak (MWp) solar power plant to be constructed and completed in 2026. This is part of the initial stage of our solar pipeline, which will consist of 1,300 MWp in new capacities to be developed in phases.

With these projects already in motion, we remain focused on a more immediate and pressing priority: ensuring the availability of reliable, affordable baseload power to meet the demand from our growing economy. In line with this, we continue to improve our portfolio, invest in modern technologies, and pursue cleaner energy sources.

Earlier this year, we completed our landmark partnership with Meralco PowerGen Corporation and Therma NatGas Power, Inc., a subsidiary of Aboitiz Power Corporation, for the country's first and largest integrated liquefied natural gas (LNG) facility.

The partnership, which includes the joint acquisition of an LNG port and regasification terminal that will receive, store, and process LNG fuel, integrates the local energy sector into the global gas supply chain. This ensures Filipino consumers can benefit from more reliable supply and competitive power prices.

Meanwhile, we recognize the critical role played by infrastructure and air transport in enabling tourism, trade, and economic development. To further spur regional growth and connectivity, we continue to be focused on the development of our new Manila International Airport (MIA) project in Bulacan.

The Department of Transportation has approved our master plan for the project, and we have now moved to the detailed engineering design phase. Once complete, this airport is seen to create over a million direct and indirect jobs nationwide through the many industries it will support and help develop—including tourism, aviation, logistics, and manufacturing, among others.

John Paul L. Ang
President and Chief Operating Officer

Our participation, together with other partners, in New NAIA Infra Corp. (NNIC), which won the concession to rehabilitate and operate the Ninoy Aquino International Airport (NAIA), enables us to support the expansion and modernization of the 77-year-old gateway.

Our work to complete major road and rail projects also continues. As of the first quarter of this year, our Metro Rail Transit 7 (MRT-7) project reached 80% completion, while the South Luzon Expressway Tollroad 4 (SLEX TR-4) project was 70% workable.

We've also made great progress in widening our toll roads to meet increasing demand and enhance traffic flow. SLEX now has six lanes on both northbound and southbound carriageways, while bridge expansions are still ongoing. Widening of Skyway Stages 1 & 2 and the Southern Tagalog Arterial Road (STAR) is also underway.

Regardless of the sector or industry, the guiding principle across all San Miguel projects is the focus on unlocking our country's economic growth potential, and ultimately serving the long-standing needs of Filipinos.

We take on projects not as passive investors, but as first-movers or committed long-term owner-operators—fully accountable for each project's development and operations.

This has been a feature of our transformation from a food, beverage, and packaging company to a diversified conglomerate.

Also central to our journey is our unwavering drive towards greater sustainability, which we continue to embed into each of our projects, and across more and more aspects of our entire operations. Today, sustainability is at the core of who we are, and we are a better company for it.

This is the "San Miguel way": hands-on, solutions-driven, value-creating, sustainable. And above all—dedicated to service that is attuned to the needs of Filipinos. In the same way we've always endeavored to serve customers the best products, we aim to serve the nation with the same level of excellence, at even more touchpoints.

Service is what drives our core value, *malasakit,* which runs deep in our corporate culture: from our employees volunteering at our Better World Community Centers, to our cleanup teams diligently working to desilt major rivers, to our programs that help feed those in prisons, replant our forests, improve biodiversity, and create livelihood opportunities.

Like any enterprise, we aspire to be a great company. And to be a truly great Filipino company is to dedicate ourselves to service.

What do service and nation-building mean for people in our companies and communities? Scan to find out.

SERVICE THAT MOVES A NATION

At San Miguel, leadership begins with service—a willingness and commitment to ensure that our consumers can provide food for their families, light in their homes, fuel for their journeys, and move from one place to another with ease.

Across our businesses, thousands of employees strive every day to provide the best products and services they can—in the process, delivering economic growth and helping drive our nation forward.

With this culture of service and our clear vision of where we want our country and company to be, San Miguel today is positioned to help bring about unparalleled growth and generational progress.

Here's how each of our businesses is making its mark, and making a difference.

Scan for more on BEER

BEER

Beyond producing beer, SMB has made an enduring mark in Filipino culture.

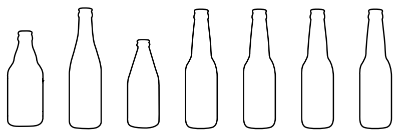
BREWING SUCCESS FOR GENERATIONS

The San Miguel name has always been associated with beer—and in many markets worldwide, the beer is synonymous to the Philippines. Today, San Miguel is no longer just recognized for its iconic brews, but also for projects that drive economic growth. And its thanks, in large part, to its 135-year-old beer business.

In many ways, San Miguel Pale Pilsen is the brew that helped build the dynamic conglomerate we are now.

In the last century, San Miguel Brewery Inc.'s (SMB) nationwide network gave rise to some of our country's first regional growth centers. Today, its vast network of dealers, distributors, and retailers ensures that San Miguel beers are within reach of customers anywhere in the Philippines.

Beyond producing beer, SMB has made an enduring mark in Filipino culture.



92% *Diverted 92% of waste from disposal through recycling*

From major music festivals, iconic fiestas, to everyday celebrations, San Miguel beers are an integral part of Philippine life. As a company, SMB has always endeavored to be a responsible business, pioneering circular economy practices through its nationwide returnable glass bottle system.

All these, together with strong corporate values, a dedicated workforce, and an enduring passion for success, set SMB apart as a unique, truly Filipino company.


Pale Pilsen
Pale Pils


FP 0600

Scan for more on FOOD

FOOD

NOURISHING THE FILIPINO POTENTIAL

A healthy nation is a strong nation. At San Miguel Foods (SMF), the mission goes beyond simply putting food on the table—it's about helping build a better, healthier future for every Filipino.

That's why the company is investing in advanced food production technologies that can keep up with the country's growing needs. From farm to port, plant to market, and market to home, SMF is working to make food more accessible, more efficient, and always ready when and where it's needed.

SMF is growing its capacity to meet long-term demand while simplifying the journey food takes to reach consumers' plates. Because convenience, affordability, variety, and nutrition shouldn't be luxuries—they should be part of everyday life.

Across everything it offers—feeds, poultry and fresh meats, prepared and packaged food, flour, and others—the goal is simple: to make mealtimes easier, healthier, and more enjoyable for Filipino families.

SMF is proud to support Filipino farmers by sharing knowledge, helping them improve their operations, and ensuring they receive fair prices for their products.

Nutrition is also a major concern for the business. In 2018, it launched *"Happy si Mommy, Malusog si Baby,"* a program that supports mothers and babies from pregnancy through a child's crucial first 1,000 days. So far, it has helped over a thousand families in underserved communities, making a lasting difference where it's needed most.

This, along with other nutrition-focused programs, reflects SMF's commitment to help make quality food available to all Filipinos and build a more food-secure Philippines.

SMF is proud to support Filipino farmers by sharing knowledge, helping them improve their operations, and ensuring they receive fair prices for their products.


PUREFOODS

Scan for more on SPIRITS

SPIRITS

The brand's following is strong in large part because, through the decades, GSMI campaigns have mirrored the aspirations, struggles, and triumphs of Filipinos.

42% *Sourced 42% of total energy from renewables*

DISTILLING FILIPINO PRIDE

Few companies in the Philippines can claim to be older than the Republic itself. Fewer still have enjoyed the kind of success and loyal following that Ginebra San Miguel has.

After nearly two centuries, the brand has evolved from being the everyman's drink into a cultural icon, with legions of devoted fans.

In the last 11 years, Ginebra San Miguel, Inc. (GSMI) has been growing consistently, posting record results year after year. Its 2024 volumes are more than double the level they were at just over a decade ago—proving the enduring appeal of its brands.

The brand's following is strong in large part because, through the decades, GSMI campaigns have mirrored the aspirations, struggles, and triumphs of Filipinos.

It all started with the 1969 campaign, "*Ang Inumin ng Tunay na Lalaki,*" a campaign that reflected the *macho* culture of that era. Through the years, this evolved to highlight traits such as industriousness, diligence, strength amid adversity, resilience, and the drive to succeed.

These were showcased in unforgettable campaigns such as *"Ang Inumin ng Tunay na Pilipino," "Walang Katapat," "Ikaw at Ginebra, Magkasangga," "Ginebra ang Hari," "Barangay Ginebra,"* and more recent classics *"Ganado sa Buhay," "Bagong Tapang,"* and *"Lamang ang may Tapang." "Kabayani kita sa One Ginebra Nation,"* its latest campaign, champions modern-day heroes who uplift others.

Throughout its long history, GSMI has only become stronger, reflecting the strength, resilience, and the winning spirit that has become its signature.


G.S.M. BLUE
GINEBRA SAN MIGUEL
PRIMERA

Scan for more on PACKAGING

PACKAGING

PIONEERING SUSTAINABLE SOLUTIONS

By serving some of the most essential industries—food, beverage, pharmaceutical, and other fast-moving consumer goods—SMYPC has become an integral part of the country's value-chain.

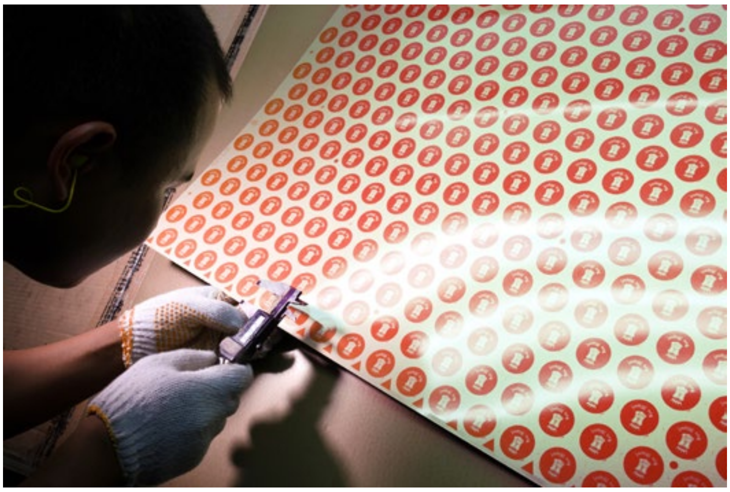
Long before circularity and sustainability were buzzwords in business, the beverage industry had already been using glass as an effective, environment-friendly, and economical packaging solution. Reliable, reusable, and perpetually recyclable, glass is the most sustainable packaging format. In the Philippines, the oldest glass manufacturer and market leader is San Miguel Yamamura Packaging Corporation (SMYPC).

But SMYPC is more than just a producer of glass packaging. At 87 years, it provides total packaging solutions for clients in various formats, including paper, metals, flexibles, and plastics. SMYPC is the Philippines' most diversified packaging company, and one of the largest in the Asia-Pacific.

SMYPC has become an integral part of the value chains of essential industries—food, beverage, pharmaceuticals, and other fast-moving consumer goods.

Eco-friendly processes and a continuing drive towards sustainable packaging solutions, has resulted in major initiatives. Its *"Balik-Bote"* bottle retrieval system, which runs in targeted communities, allows for the return to its facilities of glass bottles, containers, and broken glass, for recycling into new glass.

In the plastics segment, damaged or condemned plastic crates from customers are retrieved for reprocessing as regrinds, which are then turned into new plastic products. This significantly reduces plastic wastes, and minimizes the use of virgin plastic.



100%

100% of glass cullet and jars recycled

Scan for more on FUEL & OIL

FUEL & OIL

FUELING EVERY FILIPINO'S JOURNEY

Petron's fuels power the daily lives of millions and keep entire industries running—from transportation and agriculture, to power, construction, aviation, and manufacturing.

Petron Corporation does more than supply fuel—it helps drive the progress of our nation.

At the center of its mission is the Petron Bataan Refinery (PBR)—the largest, most advanced, and sole operating refinery in the Philippines. With a capacity of 180,000 barrels per day, it supplies nearly 40% of the country's fuel needs. Designed to meet the demands of a fast-growing economy, PBR stands as a key pillar of the nation's energy resilience.

Petron's fuels power the daily lives of millions and keep entire industries running—from transportation and agriculture, to power, construction, aviation, and manufacturing. We deliver the fuel that keeps the Philippines moving.

We reach communities across the country through an extensive network of around 1,800 retail service stations nationwide. Every station is part of its larger mission to provide reliable, high-quality fuel and service wherever it's needed.

Petron also supports the nation's critical logistics network, helping move goods, people, and services throughout the archipelago. And when disasters strike, its stations become hubs for relief efforts.

Filipino talent is an advocacy that Petron has long championed. Since 2002, "*Tulong Aral ng Petron*" has supported more than 18,000 students from elementary school through college. Many of its scholars have gone on to work with the company, and their stories reflect the kind of long-lasting impact we strive for every day.


PETRON
PETRON
SERVICE
SHOP

Scan for more on POWER

POWER

This is SMGP's brand of malasakit: delivering power where and when it is needed most, and doing it in a way that supports a cleaner energy future for all.

POWERING PROGRESS

In the power industry, our goal is to bring reliable, affordable energy to every home, business, and community throughout the Philippines.

San Miguel Global Power (SMGP) has built a diverse energy portfolio that includes traditional and renewable power plants that meet critical demand, and cutting-edge battery energy storage systems that stabilize the grid.

This is SMGP's brand of *malasakit*: delivering power where and when it is needed most, and doing it in a way that supports a cleaner energy future for all.

Its sustainability mindset is one that values responsible capacity growth and meaningful engagement with communities. Through its major reforestation program, Project 747, SMGP rehabilitates upland forests and mangroves by planting and growing millions of trees nationwide. It works with communities and people's organizations to ensure high survival rates.

Through these efforts, SMGP is helping advance equitable access and inclusive growth. When every community is empowered, the whole country moves forward.

6.5 MILLION

6.5 million trees already planted through Project 747.

91% survival rate for seedlings, and 89% for mangrove propagules


M057

Scan for more on INFRASTRUCTURE

INFRASTRUCTURE

Each project we build is a step towards the more competitive, modern, and livable Philippines we aspire to.

BUILDING FOR TOMORROW

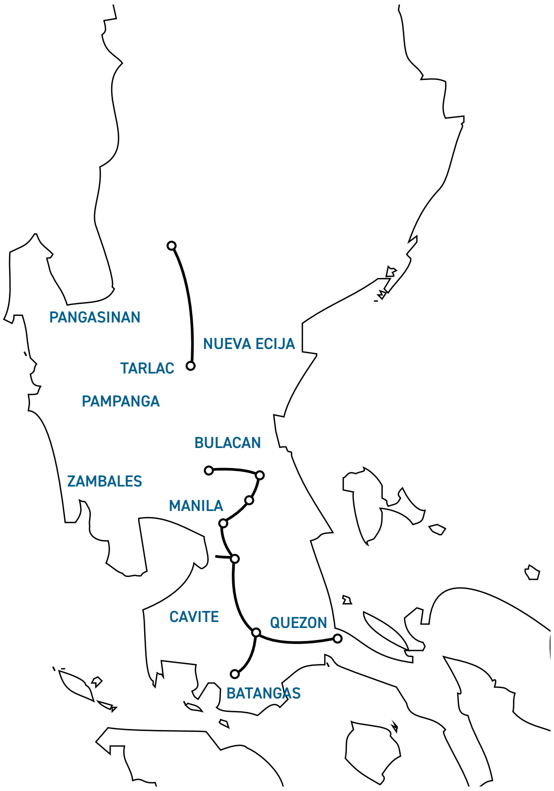
For millions of Filipinos, everyday struggles such as traffic congestion and high transport costs can all be traced to a lack of adequate infrastructure. It's a problem that has held our country back for generations.

We have all paid a steep price for development that has not kept pace with the growth of our economy and population.

SMC Infrastructure is working to change that by investing in infrastructure that will address current bottlenecks and meet future needs.

Each project it builds is a step toward the more competitive, modern, and livable Philippines we aspire to.

By prioritizing investments in expanding expressways, advancing mass transport, and developing our country's new, world-class gateway—we're signaling to the region and the rest of the world that a new Philippines is on the rise.



Scan for more on CEMENT

CEMENT

STRENGTH IN UNITY

The consolidation of Eagle Cement Corporation, Northern Cement Corporation, and Southern Concrete Industries Inc. under SMC Cement, has established the largest Filipino-owned cement manufacturer in the country—reinforcing our long-term commitment to nation-building through strategic infrastructure.

Each brings distinct strengths to this integration. Eagle Cement delivers unmatched scale and production efficiency. Northern Cement contributes deep market insight, operational resilience, and industry credibility. Southern Concrete Industries Inc., the youngest facility, expands the company's presence in southern Philippines.

Together, all three form a consolidated platform capable of supplying much of the nation's needs.

Its fully integrated, strategically located production facilities enable it to operate with end-to-end efficiency, while investments in alternative fuels, waste recovery, rainwater harvesting, and emissions reduction, underscore a commitment to sustainability and responsible growth.

Its campaign, *"Tibay ng Tatlo. Tibay ng Pilipino,"* captures the spirit of its integration: Strength through synergy.

Together, all three form a consolidated platform capable of supplying much of the nation's needs.


ADVANCE


NORTHERN CEMENT CORPORATION
N
PAVING PROGRESS


SOUTHERN
CEMENT
FOR USE IN GENERAL CONSTRUCTION
PORTLAND CEMENT
TYPE 1
Product of the Philippines

MANAGEMENT REPORT

In 2024, the Philippine economy expanded by 5.7%—a testament to its underlying resilience despite macroeconomic and environmental challenges. Disruptions from adverse weather conditions affected agricultural performance. Yet strong fundamentals—driven by rapid urbanization, robust consumer demand, and a young, growing population—ensured the country was ASEAN's second fastest growing economy next to Vietnam.

Easing inflation and low interest rates further fueled a 4.8% rise in household spending, reflecting stable consumer confidence.

San Miguel Corporation (SMC) mirrored the economy's resilience and adaptability. Despite headwinds ranging from severe typhoons to currency fluctuations and oil price volatility, we delivered double-digit growth in operating income. Our performance was underpinned by robust sales volumes across most of our businesses, as well as cost control and efficiency measures implemented group-wide.

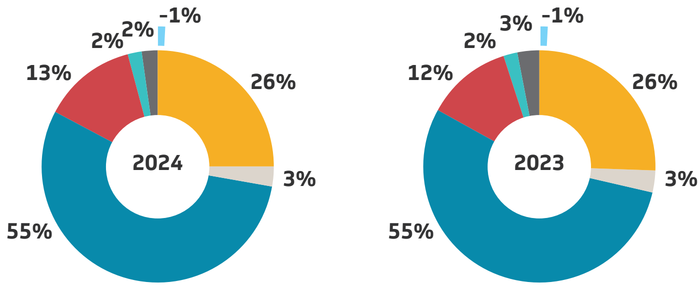
We closed the year with consolidated revenues of P1.6 trillion, a 9% increase over 2023, driven by broad-based topline growth. Strong volume gains in Power, Spirits, and Fuel & Oil coupled with contributions from Beer and Infrastructure reinforced the strength of SMC's diversified portfolio.

Consolidated operating income rose 11% to P160.8 billion, bolstered by improved margins in Power, Food & Beverage, and Infrastructure. These gains were partially offset by compressed margins from the Fuel & Oil segment.

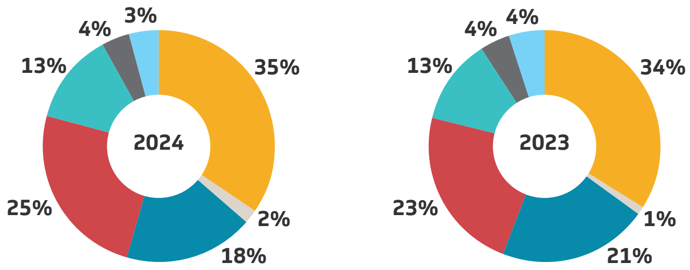
Net income declined as the Philippine peso depreciated against the dollar to P57.845 from P55.37 at the end of 2023. Excluding forex changes, net income would have increased by 22% to P52.3 billion. We also met our EBITDA guidance, achieving a 10% growth to P225.9 billion.

We generated consolidated revenues of P1.6 trillion in 2024, an increase of 9% compared to 2023 as most of our businesses reported topline growth.

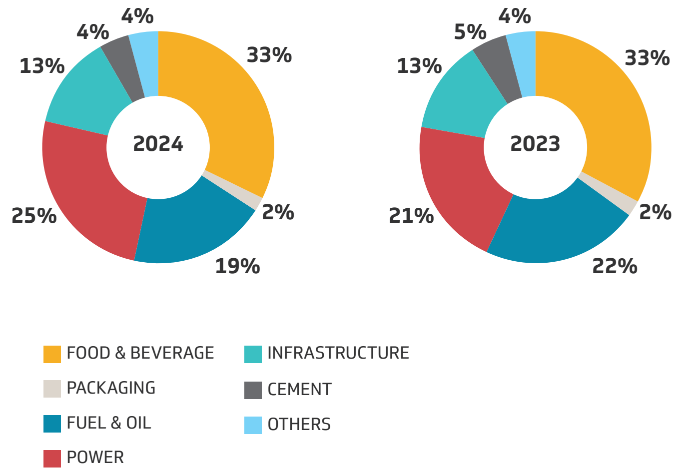
CONTRIBUTION BY REVENUE

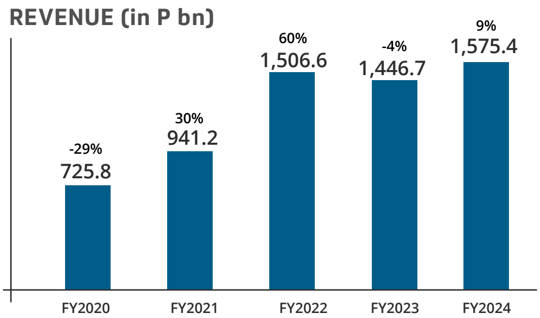


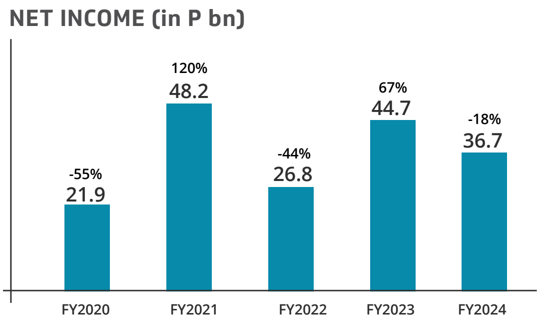
CONTRIBUTION BY OPERATING INCOME

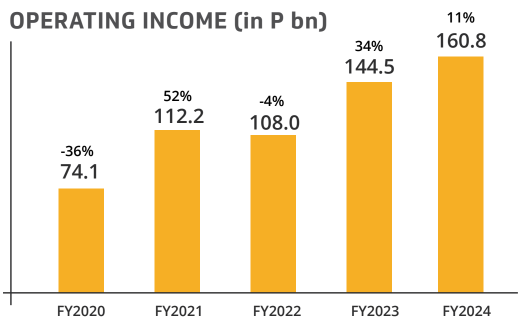


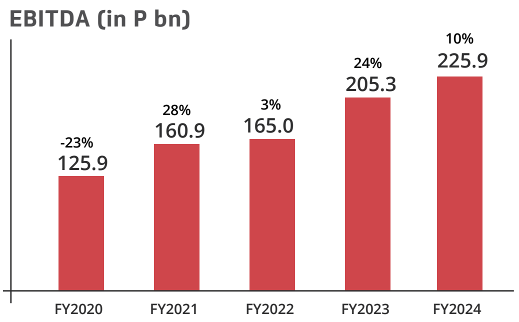
CONTRIBUTION BY EBITDA











Our expansion projects remain on course. Construction of the Manila International Airport is well underway and our toll road and railway projects are advancing on schedule. Simultaneously, we continue to scale up our power generation capacity to meet growing demands.

Sustainability remains a core pillar of our long-term strategy. We have made meaningful progress toward our Net Zero ambition. Our three most carbon-intensive businesses—Power, Fuel & Oil, and Cement—have been reporting reductions in their GHG emissions intensity, driven by continuing improvements in energy efficiency across their facilities. We've also significantly improved our 2024 Carbon Disclosure Project (CDP) scores, indicating our commitment to driving greater environmental sustainability across our businesses.

FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered a 6% increase in consolidated net sales to P400.9 billion, driven by higher volumes and good pricing strategies across its divisions.

Consolidated income from operations rose 15% to P55.8 billion, reflecting disciplined cost management, efficiency improvements, and margin expansion. Consolidated net income grew 7% to P41.0 billion, underscoring SMFB's ability to drive profitability amid a dynamic market environment.

San Miguel Brewery Inc. (SMB) grew in 2024, with consolidated net sales up 4% to P153.4 billion, on stable domestic volumes, price adjustments, and strong consumer engagement. Consolidated operating income grew by 6% to P33.4 billion. Consolidated net income reached P25.6 billion, up by 1%, reflecting disciplined cost management despite a one-time impairment in Hong Kong, combined with a one-time tax benefit in 2023 from the resolution of a 2012 tax refund case. Without these, consolidated net income would have grown 6%.

Domestic revenues increased 4% to P137.6 billion due to brand-building initiatives, targeted promotions, and expanded distribution. Meanwhile, new product innovations, including San Miguel Chocolate Lager, Red Horse 500ml King Can, and premium beer multi-packs, strengthened market presence.

Expanded retail, on-premise availability, and enhanced wholesaler programs drove sales. Operational efficiencies, such as optimized raw material sourcing, improved bottle retrieval, and production capacity expansions, helped sustain margins. SMB intensified outlet conversions, trade promotions, and competitive initiatives to defend its market position.

SMB's international operations reinforced its regional footprint with strategic distribution agreements and expanded on-premise presence in key markets. New distributor partnerships in Taiwan, South China, and Vietnam further strengthened its reach.

Cost-efficiency measures and targeted digital campaigns supported brand visibility while mitigating market challenges.

Ginebra San Miguel, Inc. (GSMI) sustained its momentum in 2024, achieving 11 consecutive years of growth and surpassing the 50-million-case milestone. Net sales rose 17% to P62.5 billion, driven by record volumes, higher prices, and an expanded distribution network.

Key brands performed well. Ginebra San Miguel grew at a high single-digit rate. At the same time, GSM Blue, Vino Kulafu, and Primera Light Brandy all posted double-digit gains, as a result of well-crafted ad campaigns, consumer promos, and localized on-ground marketing activities. Additionally, GSMI launched Archangel Reserve, its most premium gin to date, along with Freedom Island Light Rum, targeted for the Visayas and Mindanao regions.

Gross profit per case increased to a high single-digit level as a price adjustment covered excise tax hikes and input costs. As a result, operating income rose 26% to P8.6 billion, while net income reached a record P7.3 billion. Excluding a one-time gain from an assignment of product rights in 2023, net income would have grown further by 23%.

San Miguel Foods likewise sustained its growth momentum in 2024, reporting consolidated net sales of P185.0 billion, up 3% from the previous year, driven by strong volume growth across most segments, favorable selling prices for Prepared and Packaged Food products, and the sustained recovery of chicken prices.

Consolidated operating income surged by 37% to P13.3 billion, supported by sustained cost reductions in major raw materials and enhanced operational efficiencies at new company-owned facilities.

The Processed Meats and Magnolia segments posted 12% revenue growth because of volume increase. The Feeds segment reported an 8% revenue decline, due to lower hog feed sales caused by sporadic African Swine Fever (ASF) outbreaks around the country.

The Poultry and Fresh Meats segment grew 7%. Poultry volumes increased 8%, supported by improved supply. Fresh Meats sales continued to be hampered by the impact of ASF, resulting in a 30% revenue drop.

PACKAGING

San Miguel Yamamura Packaging Corporation, our packaging business, generated consolidated revenues of P40.2 billion in 2024, up by 5% from 2023 as new products were introduced in both domestic and international operations. Growth was driven by the plastics, beverage filling, flexibles, paper, and metal closures segments and Australia operations, as well as strong demand from beverage, food, and healthcare customers.

Consolidated operating income posted a remarkable 36% growth, reaching P2.6 billion from P1.9 billion in 2023.

POWER

San Miguel Global Power Holdings Corp. (SMGP) reported a 21% revenue growth to P205.1 billion, as offtake volumes rose 45%. Growth is attributed to several factors: First, the signing of new power supply agreements (PSAs) with Meralco and other distribution utilities, which contracted over 90% of available capacity; second, new retail electricity supply customers for the Limay Power Plant; and third, additional revenues from ancillary services from our Battery Energy Storage System (BESS) facilities, delivered to the National Grid Corporation of the Philippines and also offered to the reserve market.

SMGP also increased its power generation output. The 1,200-megawatt Ilijan Power Plant logged its first full year of operations since resuming generation activities starting June 2023, when the adjacent LNG terminal began testing and commissioning. Units 1, 2, and 3 of the Mariveles Greenfield Power Plant, each at 150 MW, started operations on March 28, September 26, and October 26, 2024, respectively. Meanwhile, the fourth unit came online on January 9, 2025.

Consolidated operating income grew by 24% to P40.5 billion as SMPG transitioned to fuel pass-through arrangements for most of its bilateral customers, and with additional margin contributions from our BESS ancillary services. Consolidated net income amounted to P12.4 billion, up 25% from the previous year.

FUEL & OIL

Petron reported consolidated revenues of P868.0 billion in 2024, an 8% increase from P801.0 billion in 2023. Revenue growth was driven by a 10% improvement in consolidated sales volumes, which reached 139.9 million barrels. Petron's Philippine operations and Singapore trading arm recorded a 16% jump from 2023, reaching 92.5 million barrels, on the back of a network expansion program and strong marketing efforts.

Petron Malaysia, however, faced challenges due to policy changes in fuel subsidies in the country, while a maintenance shutdown at the Port Dickson Refinery in the fourth quarter limited production and exports.

Despite volatility in the global oil market driven by geopolitical tensions and weakened demand in China, Petron remained profitable, posting a consolidated operating income of P29.2 billion. Consolidated net income declined to P8.5 billion.

INFRASTRUCTURE

SMC Infrastructure sustained its strong growth momentum in 2024, with combined average daily traffic volume increasing 2% on the continued ramp-up of existing toll road facilities.

Consolidated revenues grew 7% to P37.5 billion, while consolidated operating income increased 12% to P20.3 billion, driven by sustained volume growth at all operating toll roads, and controlled costs.

Major infrastructure projects are in full swing. The Manila International Airport project in Bulacan is also progressing well, with overall land development at about 85% completion as of the end of 2024. The New NAIA Infra Corp. (NNIC) consortium, of which we are part, has started rehabilitation activities for the Ninoy Aquino International Airport, including airside and landside works, after the Concession Agreement (CA) was signed on March 18, 2024.

CEMENT

The Cement business reported 2024 consolidated revenues of P34.9 billion, 6% lower than the previous year. The decline was primarily driven by a significant decrease in the average selling price of cement due to the influx of imported traded cement. However, a 3% increase in sales volume partially offset this. Consolidated operating income grew 10% to P6.6 billion, as lower costs offset the decline in revenues.

FINANCIAL POSITION

San Miguel Corporation's consolidated total assets as of December 31, 2024 amounted to P2.7 trillion, P217.6 billion higher than December 31, 2023, primarily due to the increase in cash and cash equivalents, inventories, prepaid expenses and other current assets, investments and advances; property, plant, and equipment, and other intangible assets, partly offset by the decrease in right-of-use assets.

Cash and cash equivalents increased by P32.3 billion, mainly due to the cash generated from operations, and net proceeds from borrowings and issuance of preferred shares and capital securities. This was partly offset by capital expenditures for ongoing projects of the Infrastructure, Energy, and Food businesses; payment of interests, dividends and distributions, income taxes and lease liabilities, and redemption of preferred shares and capital securities.

Inventories increased by P16.4 billion, attributable mainly to the higher volume of crude oil of Petron and higher materials and supplies, mostly wheat, and lower usage of soybean meal of the Food division. This was reduced by the lower volume of finished products and lower prices of both crude oil and finished products of Petron.

The increase in property, plant and equipment—net by P138.0 billion—was mainly due to the reclassification by Sual Power Inc. (SPI) of the Sual Coal-fired Thermal Power Plant from right-of-use assets, following the turn-over of the plant at the end of its Independent Power Producer Administrator agreement with Power Sector Assets and Liabilities Management Corporation (PSALM) in October 2024, and the costs of the ongoing projects of the Energy business and the Food division.

Deferred tax assets increased by P2.4 billion mainly due to the deferred tax on unrealized losses on the revaluation of foreign currency-denominated long-term debt, partly offset by the reversal of deferred income tax benefit on realized foreign currency losses, as a result of payment of foreign currency-denominated long-term loan of SMC in 2024.

Loans payable increased by P78.3 billion mainly due to the net availment made by SMC and the Energy business.

Total long-term debt, net of debt issue costs, increased by P76.7 billion primarily due to the net loan availment made by the Group.

Deferred tax liabilities increased by P5.4 billion mainly due to the: (a) difference in actual PSALM payments over finance lease liability-related expenses of SPI and San Roque Hydropower Inc. (SRHI); (b) change in the net deferred tax liability position of Petron which resulted from the utilization of Net Operating Loss Carry Over (NOLCO) and write-off of lapsed Minimum Corporate Income Tax (MCIT); and (c) provision for partial impairment of NOLCO and MCIT expiring in 2025 and application of available NOLCO carryforward benefits to income tax liability of South Premiere Power Corp.

Equity attributable to equity holders of the Parent Company decreased by P33.7 billion mainly due to the dividends and distributions declared to common, preferred and Senior Perpetual Capital Securities holders of SMC, and comprehensive loss incurred in 2024.

Equity attributable to Non-Controlling Interest (NCI) increased by P45.0 billion mainly due to the net issuance of capital securities of San Miguel Global Power, issuance of Series 4D and Series 4E Preferred Shares of Petron, and the share of NCI in the net income and other comprehensive income of the Group, net of dividends and distributions declared to NCI, and the redemption of Series 3A Preferred Shares of Petron issued in 2019.

As of December 31, 2024, current ratio stood at 1.22x versus 1.12x in end-2023. Total liabilities to equity registered at 2.96x while Interest bearing debt to equity was at 2.31x.

BOARD OF **DIRECTORS**

Ramon S. Ang
Chairman and CEO
Chairman, Executive Committee

John Paul L. Ang
Vice-Chairman, President and COO
Member, Executive Committee

Aurora T. Calderon
Member, Corporate Governance Committee
Member, Sustainability Committee

Joselito D. Campos, Jr.
Member, Related Party Transactions Committee

Jose C. de Venecia, Jr.

Menardo R. Jimenez
Member, Executive Committee
Member, Corporate Governance Committee

Alexander J. Poblador
Member, Related Party Transactions Committee
Member, Sustainability Committee

Ernesto M. Pernia
Member, Sustainability Committee

Iñigo Zobel
Member, Executive Committee

Felipe M. Medalla

Teresita J. Leonardo-De Castro
Independent Director
Chairman, Related Party Transactions Committee
Chairman, Sustainability Committee
Member, Audit and Risk Oversight Committee

Diosdado M. Peralta
Independent Director
Member, Audit and Risk Oversight Committee
Member, Corporate Governance Committee
Member, Sustainability Committee

Reynato S. Puno
Independent Director
Chairman, Corporate Governance Committee
Member, Audit and Risk Oversight Committee
Member, Related Party Transactions Committee

Margarito B. Teves
Independent Director
Chairman, Audit and Risk Oversight Committee
Member, Corporate Governance Committee
Member, Related Party Transactions Committee

KEY EXECUTIVES

Ramon S. Ang
Chairman and Chief Executive Officer

John Paul L. Ang
President and Chief Operating Officer

Bryan U. Villanueva
Chief Finance Officer

Joseph N. Pineda
Treasurer

Virgilio S. Jacinto
Corporate Secretary and General Counsel

SAN MIGUEL FOOD AND BEVERAGE, INC.
Carlos Antonio M. Berba
Chief Operating Officer - Beer
President, SAN MIGUEL BREWERY INC.

Emmanuel B. Macalalag
Chief Operating Officer - Food
Group General Manager, SAN MIGUEL FOODS

Cynthia M. Baroy
Chief Operating Officer - Spirits
Officer-in-Charge, GINEBRA SAN MIGUEL INC.

SAN MIGUEL YAMAMURA PACKAGING CORPORATION
Ferdinand A. Tumpalan
President

PETRON CORPORATION
Lubin B. Nepomuceno
General Manager

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
Elenita D. Go
General Manager

SAN MIGUEL HOLDINGS CORP.
SMC INFRASTRUCTURE
Lorenzo G. Formoso III
Senior Vice President and Head

SAN MIGUEL PROPERTIES, INC.
Karen V. Ramos
General Manager

CORPORATE **GOVERNANCE**

San Miguel Corporation is committed to the highest standards of corporate governance. Good governance is key in effective decision making and in delivering on corporate strategies that generate shareholder value and safeguard the long-term interests of shareholders.

As a responsible corporate citizen, the Company has in place efficient policies and programs to ensure that we always do what is right when it comes to conducting the everyday business of the Company.

Our Board of Directors, led by our Chairman and Chief Executive Officer (Chairman and CEO) Mr. Ramon S. Ang, believes in conducting our business affairs in a fair and transparent manner and in maintaining the highest ethical standards in all the business dealings of the Company.

SHAREHOLDERS' RIGHTS

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors.

Voting rights
Each common share in the name of the shareholder entitles such shareholder to one vote, which may be exercised in person or by proxy at shareholders' meetings, including the Annual General Stockholders' Meeting (AGSM). Common shareholders have the right to elect, remove, and replace directors, as well as vote on certain corporate acts specified in the Revised Corporation Code.

Preferred shareholders have the right to vote on matters involving certain corporate acts specified in the Revised Corporation Code. They enjoy certain preferences over holders of common shares in terms of dividends and in the event of liquidation of the Company.

Pre-emptive rights
Under the Company's amended articles of incorporation, as approved by the shareholders in a meeting held on May 17, 2009, and as approved by the Securities and Exchange Commission (SEC), shareholders do not have pre-emptive rights to the issuance of shares relating to equity-linked debt or other securities, any class of preferred shares, shares in payment of a previously contracted debt, or shares in exchange for property needed for corporate purposes. This is to give the Company greater flexibility in raising additional capital, managing its financial alternatives, and issuing financing instruments.

On May 31, 2010, the shareholders of the Company approved to amend the articles of incorporation to deny pre-emptive rights to any issuance of common shares. Such amendment of the articles of incorporation was approved by the SEC on August 10, 2010.

Subject to certain conditions, shareholders also do not have pre-emptive rights to shares issued, sold or disposed of by the Company to its officers and/or employees pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans.

Right to Information
Shareholders are provided, through the Investor Relations Group headed by Ms. Niña Frances Therese B. Tenorio, VP and Head of Corporate Financial Planning, disclosures, announcements, and, upon request, periodic reports filed with the SEC.

All disclosures of the Company are likewise immediately available and downloadable at the Company's website upon disclosure to the Philippine Stock Exchange (PSE), the Philippine Dealing & Exchange Corp. (PDEx) and SEC.

Dividends
Shareholders are entitled to receive dividends as the Board, in its discretion, may declare from time to time. However, the Company is required, subject to certain exceptions under the law, to declare dividends when the retained earnings are equal to or exceed its paid-up capital stock.

Cash dividends paid by the Board of Directors of the Parent Company amounted to P1.40 per common share both in 2023 and 2024.

Cash dividends paid by the Board of Directors of the Parent Company to the preferred shareholders in 2023 and 2024 are as follows:

	2023	2024
Series “2-F”	P5.10540000	P5.10540000
Series “2-I”	P4.75162500	P4.75162500
Series “2-J”	P3.56250000	P3.56250000
Series “2-K”	P3.37500000	P3.47812500
Series “2-L”[1]	N/A	P6.26564583
Series “2-M”[2]	P1.57031250	P6.78723958
Series “2-N”[1]	N/A	P6.60767500
Series “2-O”[1]	N/A	P6.80326666

1 Issued on December 1, 2023
2 Issued on August 23, 2023

STAKEHOLDER RELATIONS

San Miguel Corporation exercises transparency when dealing with shareholders, customers, employees, trade partners, creditors, and all other stakeholders. The Company ensures that these transactions adhere to fair business practices in order to establish long-term and mutually beneficial relationships.

Shareholder Meeting and Voting Procedures
Stockholders are informed at least 21 calendar days before the scheduled meeting of the date, time, and place of the validation of proxies, in accordance with the Revised Corporation Code. In 2024, Notices of the 2024 AGSM were sent to the stockholders on May 16, 2024, 26 days prior to the AGSM which was held on June 11, 2024. Voting procedures on matters presented for approval of the stockholders in the AGSM are set out in the Definitive Information Statement distributed to all shareholders of the Company.

Shareholder Meeting and Investor Relations
San Miguel Corporation responds to information requests from the investing community and keeps shareholders informed through timely disclosures to the PSE, PDEx and the SEC and through regular quarterly briefings, AGSMs, investor briefings and conferences, the Company’s website, and responses to email and telephone queries. The Company’s disclosures and other filings with the SEC, PSE and PDEx are available for viewing and download at the Company’s website.

The Company, through the Investor Relations group under Corporate Finance, regularly holds briefings and meetings with investment and financial analysts.

DISCLOSURE AND TRANSPARENCY

San Miguel Corporation adheres to a high level of standard in its corporate disclosure and adopts transparency with respect to the Company’s financial condition and state of corporate governance.

Ownership Structure
The top 20 shareholders of the Company, including the shareholdings of certain record and beneficial owners who own more than 5% of its capital stock, its directors and key officers, are disclosed annually in the Definitive Information Statement distributed to shareholders prior to the AGSM.

Financial Reporting
San Miguel Corporation provides the investing community with regular updates on operating and financial information through adequate and timely disclosures filed with the SEC, the PSE and the PDEx. Consolidated audited financial statements are submitted to the SEC, the PSE and PDEX on or before the prescribed period and are available to the shareholders prior to the AGSM.

San Miguel Corporation’s financial statements conform to Philippine Accounting Standards and Philippine Financial Reporting Standards, which are all in compliance with International Accounting Standards.

Quarterly financial results, on the other hand, are released and are duly disclosed to the SEC, the PSE and PDEX in accordance with the prescribed rules. The results are also presented to financial and investment analysts through a quarterly analysts’ briefing. These disclosures are likewise posted on the Company’s corporate website.

In addition to compliance with structural reportorial requirements, the Company discloses in a timely manner market-sensitive information such as dividend declarations, joint ventures and acquisitions, and the sale and divestment of significant assets that materially affect the share price performance of the Company.

Securities Dealing
The Company has adopted a policy which regulates the acquisition and disposal of Company shares by its directors, officers, and employees, and the use and disclosure of price- sensitive information by such persons. Under the policy, directors, officers, and employees who have knowledge or are in possession of material nonpublic information are prohibited from dealing in the Company’s securities prior to disclosure of such information to the public. The policy likewise prescribes the periods before and after public disclosure of structured and non-structured reports—during which trading in the Company’s securities by persons who, by virtue of their functions and responsibilities, are considered to have knowledge or possession of material non-public information—is not allowed.

ACCOUNTABILITY AND AUDIT

The Audit and Risk Oversight Committee has oversight functions with respect to the external and internal auditors. The role and responsibilities of the Audit and Risk Oversight Committee are clearly defined in the Company's Manual on Corporate Governance and the Audit and Risk Oversight Committee Charter.

External Auditor
The accounting firm of R.G. Manabat & Co., accredited by the SEC, served as the Company's external auditors for the fiscal years 2023 and 2024.

The external auditor is selected and appointed by the shareholders upon the recommendation of the Board and subject to rotation every five years or earlier, in accordance with SEC regulations. The external auditor's main function is to facilitate the environment of good corporate governance, as reflected in the Company's financial records and reports, through the conduct of an independent annual audit on the Company's business, and rendition of an objective opinion on the reasonableness of such records and reports.

The external auditors attend the AGSM of the Company and respond to appropriate questions during the meeting. They also have the opportunity to make a statement if they so desire. In instances when the external auditor suspects fraud or error during its conduct of audit, they are required to disclose and express their findings on the matter.

The Company paid the external auditor Audit Fees amounting to P8 million and P11 million, respectively, in 2023 and 2024.

Internal Audit
Internal audit is carried out by the San Miguel Group Audit (SMGA) which helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The SMGA directly reports to the Audit and Risk Oversight Committee.

The SMGA is responsible for identifying and evaluating significant risk exposures and contributes to the improvement of risk management and control systems by assessing the adequacy and effectiveness of controls covering the organization's governance, operations, and information systems. By evaluating their effectiveness and efficiency, and by promoting continuous improvement, the group maintains effective controls of their responsibilities and functions.

The Board approved and adopted an Internal Audit Charter of the Company on March 16, 2017, in compliance with the requirements of the Securities and Exchange Commission.

BOARD OF DIRECTORS

Compliance with the principles of good corporate governance starts with the Company's Board of Directors. The Board is responsible for oversight of the business affairs and integrity of the Company; determination of the Company's mission, long term strategy, and objectives; the management of the Company's risks through evaluation, and ensuring the adequacy of the Company's internal controls and procedures.

It is the responsibility of the Board to foster and engender the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, exercised in the best interest of the Company, its shareholders, and other stakeholders.

Composition
The Board consists of 15 members, each elected by the common stockholders during the AGSM. The Board members hold office for one year until their successors are duly elected and qualified in accordance with the amended by-laws of the Company

The broad range of skills, expertise, and experience of the directors in the fields of management, economics, business, finance, accounting, and law, ensure comprehensive evaluation of, and sound judgment on, matters relevant to the Company's businesses and related interests. The names, profiles, and shareholdings of each director are found in the Definitive Information Statement, distributed prior to the AGSM.

The Board of Directors and the senior management of the Company have all undergone the requisite training on corporate governance.

Independent and Non-Executive Directors
San Miguel Corporation has five (5) independent directors. Currently, of the 15 directors, Madame (Ret.) Chief Justice Teresita J. Leonardo-De Castro, Messrs. (Ret.) Chief Justice Reynato S. Puno, (Ret.) Chief Justice Diosdado M. Peralta, Margarito B. Teves and Felipe M. Medalla sit as independent and non- executive directors of the Company.

The Company defines an independent director as a person who, apart from their fees and shareholdings, has no business or relationship with the Corporation which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as a director. An Independent Director submits to the Corporate Secretary a certification confirming that they possesses all the qualifications and none of the disqualifications of an Independent Director at the time of their election and/or re-election as an Independent Director.

The Company strictly complies with SEC Memorandum Circular No. 4, Series of 2017 on the term limits of independent directors.

A majority of the members of the Board of Directors of the Company are non-executive directors.

Mr. Ramon S. Ang holds the position of Chairman and CEO, while Mr. John Paul L. Ang is Vice-Chairman, President and Chief Operating Officer (President and COO). These positions are held by separate individuals with their respective roles clearly defined to ensure independence, accountability and responsibility in the discharge of their duties. The Chairman and CEO attended the AGSM for 2024.

Board Performance
The Board holds regular meetings. To assist the directors in the discharge of their duties, each director is given access to the Corporate Secretary and Assistant Corporate Secretary, who serve as counsel to the board of directors and at the same time communicate with the Board, management, the Company's shareholders, and the investing public.

In 2024, the Board held eight meetings. Set out below is the record of attendance of the directors at these meetings and at the AGSM.

Name of Directors	18 Jan	11 Mar	11 Apr	14 May	11 Jun*	08 Aug	08 Nov	05 Dec
Ramon S. Ang	◙	◙	◙	◙	✔	✔	◙	✔
John Paul L. Ang	◙	◙	◙	◙	✔	✔	◙	✔
Aurora T. Calderon	◙	◙	◙	◙	✔	✔	◙	✔
Joselito D. Campos, Jr.	◙	◙	◙	◙	✔	✔	◙	✔
Teresita J. Leonardo-De Castro	◙	◙	◙	◙	✔	✔	◙	✔
Jose C. De Venecia, Jr.	◙	◙	◙	◙	◙	◙	◙	◙
Menardo R. Jimenez	◙	◙	◙	◙	-	✔	◙	✔
Felipe M. Medalla	N/A	N/A	N/A	N/A	N/A	✔	◙	✔
Estelito P. Mendoza	◙	◙	◙	◙	◙	◙	◙	◙
Diosdado M. Peralta	◙	◙	◙	◙	✔	✔	◙	✔
Ernesto M. Pernia	◙	◙	◙	◙	✔	✔	◙	✔
Alexander J. Poblador	◙	◙	◙	◙	✔	✔	◙	✔
Reynato S. Puno	◙	◙	◙	◙	✔	✔	◙	✔
Margarito B. Teves	◙	◙	◙	◙	✔	✔	◙	✔
Ramon V. Villavicencio	◙	◙	◙	◙	✔	N/A	N/A	N/A
Iñigo Zobel	◙	◙	◙	◙	✔	◙	◙	✔

* Annual General Stockholders Meeting and Organizational Board Meeting
◙ (Present) Meeting via zoom videoconference
✔ (Present) Meeting in person
- Absent

Board Remuneration
The amended by-laws of the Company provide that the Board of Directors shall receive as compensation no more than 2% of the profits obtained during the year after deducting general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture, and other properties. Such compensation shall be apportioned among the directors in such manner as the Board deems proper. In 2010, the Board of Directors approved the increase in the per diems for each Board meeting attended by the members of the Board from P10,000 to P50,000, and from P10,000 to P20,000 for each committee meeting attended.

Board Committees
To assist the Board in complying with the principles of good corporate governance, the Board created five committees.

Executive Committee
The Executive Committee is currently composed of five directors, which includes the Chairman and CEO, and the President and COO. The Committee acts within the power and authority granted to it by the Board and is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company—with the exception of the power to appoint any entity as general managers or management or technical consultants; to guarantee obligations of other corporations in which the Company has lawful interest; to appoint trustees who, for the benefit of the Company, may receive and retain such properties of the Company or entities in which it has interests; and to perform such acts as may be necessary to transfer ownership of such properties to trustees of the Company, and such other powers as may be specifically limited by the Board or by law.

In 2024, no meeting was held by the Executive Committee.

Corporate Governance Committee
The Corporate Governance Committee is currently composed of five voting directors—three of whom are independent. Mr. Reynato S. Puno, an independent director, is the Chairman of the Committee.

The Corporate Governance Committee was constituted to aid the Board in the performance of its oversight responsibilities in the development and implementation of the corporate governance principles, policies, structures, and systems of the Corporation, and assist the Board in the performance of its corporate governance responsibilities.

In 2024, the Corporate Governance Committee held three meetings.

Audit and Risk Oversight Committee
The Audit and Risk Oversight Committee is currently composed of five members with four independent directors as members. Mr. Margarito B. Teves, an independent director, sits as Committee Chairman.

The Audit and Risk Oversight Committee performs oversight functions over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations, as well as oversight over the Company's enterprise risk management system to ensure its functionality and effectiveness.

The Audit and Risk Oversight Committee held four meetings in 2024, wherein the Committee reviewed and approved, among others, the Company's 2023 Consolidated Audited Financial Statements as reviewed by the external auditors, and the Company's unaudited financial statements for the first to the third quarters of the year 2024.

The Audit and Risk Oversight Committee has adopted an Audit and Risk Oversight Committee Charter in accordance with the prescribed audit and risk oversight committee charter of the SEC.

Related Party Transactions Committee
The Related Party Transactions Committee is currently composed of five members, three of whom are independent directors. The Related Party Transactions Committee is chaired by independent director, Teresita J. Leonardo-de Castro.

The Related Party Transactions Committee reviews all material related party transactions of the Company. The Committee held one meeting in 2024.

Sustainability Committee
On July 6, 2023, the Board of Directors of the Company approved the creation of the Company's Sustainability Committee and the appointment of its five members. The Sustainability Committee is chaired by independent director, Teresita J. Leonardo- De Castro.

The Sustainability Committee is tasked to assist the Board in fulfilling its oversight responsibilities in relation to the objectives, policies, and practices of the Company pertaining to sustainability. This function includes ensuring that the strategies, goals and principles of the Company are aligned with, promote and encourage its commitment toward sustainability.

In 2024, the Sustainability Committee had two meetings.

Board Committee Members
The members of each Board Committee and their attendance at the Board Committee meetings in 2024 are set out in the tables below. All the respective Chairpersons of the board committees attended the 2024 AGSM.

Executive Committee (no meeting held in 2024)
Ramon S. Ang
John Paul L. Ang
Menardo R. Jimenez
Estelito P. Mendoza
Iñigo Zobel

Audit and Risk Oversight Committee	11 Mar	14 May	08 Aug	07 Nov
Margarito B. Teves (Chairman)	◙	◙	✔	◙
Estelito P. Mendoza	◙	◙	◙	-
Reynato S. Puno	◙	◙	✔	◙
Teresita J. Leonardo-De Castro	◙	◙	✔	◙
Diosdado M. Peralta	◙	◙	✔	◙

Corporate Governance Committee	11 Mar	11 Jun	08 Aug
Reynato S. Puno (Chairman)	◙	✔	✔
Aurora T. Calderon	◙	✔	✔
Menardo R. Jimenez	◙	-	✔
Margarito B. Teves	◙	✔	✔
Diosdado M. Peralta	◙	✔	✔

Related Party Transactions Committee	11 Mar
Teresita J. Leonardo-De Castro (Chairman)	◙
Joselito D. Campos, Jr.	◙
Alexander J. Poblador	◙
Reynato S. Puno	◙
Margarito B. Teves	◙

Sustainability Committee	11 Apr	07 Aug
Teresita J. Leonardo-De Castro (Chairman)	◙	◙
Aurora T. Calderon	◙	◙
Diosdado M. Peralta	◙	◙
Ernesto M. Pernia	◙	◙
Alexander J. Poblador	◙	◙

◙ (Present) Meeting via zoom videoconference
✔ (Present) Meeting in person
- Absent

MANAGEMENT

Management is primarily responsible for the day-to-day operations and business of the Company. The annual compensation of the Chairman and CEO, the President and COO and the top senior executives of the company are set out in the Definitive Information Statement distributed to shareholders.

EMPLOYEE RELATIONS

Employees are provided an Employee Handbook and Code of Ethics which contain the policies and guidelines for the duties and responsibilities of an employee of San Miguel Corporation.

Through internal newsletters and company e-mails all facilitated by the Human Resources Department and the Corporate Affairs Office, employees are updated on material developments within the organization.

Career advancement and development is also provided by the Company through numerous training programs and seminars. The Company has also initiated activities centered on the safety, health and welfare of its employees. Benefits and privileges accruing to all regular employees are similarly discussed in the Employee Handbook.

CODE OF ETHICS

The Company's Code of Ethics sets out the fundamental standards of conduct and values consistent with the principles of good governance and business practices that shall guide and define the actions and decisions of the directors, officers, and employees of the Company. The principles and standards prescribed in the Code of Ethics apply to all directors, senior managers, and employees of the Company.

Procedures are well established for the communication and investigation of concerns regarding the Company's accounting, internal accounting controls, auditing, and financial reporting matters to the Audit and Risk Oversight Committee.

Whistle-blowing policy
The Company has an established whistle-blowing policy aimed at encouraging employees to speak out and call the attention of Management to any suspected wrongdoing which is contrary to the principles of the Code of Ethics and violations of the Company's rules and regulations.

The policy aims to protect the whistle-blower from retribution or retaliation, and provides a disincentive to passively allowing the commission of wrongful conduct.

The Whistle-blowing policy and other policies of the Company are available at the Company's website.

COMPLIANCE MONITORING

The Compliance Officer, Atty. Virgilio S. Jacinto, is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

On April 14, 2010, the Board Directors amended its Manual of Corporate Governance in compliance with the Revised Code of Corporate Governance issued by the Securities and Exchange Commission, under its Memorandum Circular No. 6, Series of 2009. On March 27, 2014, the Board of Directors approved further amendments to the Manual to reflect the requirements of the SEC on the annual training requirement of directors and key officers of the Company, and the requirements on the reporting of compliance with the Manual.

On May 10, 2017, the Board of Directors of the Company approved the adoption of a new Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 19, Series of 2016.

WEBSITE

Up-to-date information on the Company's corporate structure, products and services, results of business operations, financial statements, career opportunities, and other relevant information on the Company may be found at its website https://www.sanmiguel.com.ph.

The Board of Directors
San Miguel Corporation

REPORT OF THE AUDIT AND RISK OVERSIGHT COMMITTEE

For the year ended December 31, 2024

The Audit and Risk Oversight Committee assists the Board of Directors in its corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls and internal and external audit processes and methodologies. In fulfillment of these responsibilities, the Audit and Risk Oversight Committee performed the following in 2024:

- endorsed for approval by the stockholders, and the stockholders approved the appointment of R.G. Manabat & Co. CPAs (formerly Manabat Sanagustin & Co. CPAs) as the Company's independent external auditors for 2024.

- reviewed and approved the terms of engagement of the external auditors, including the audit, audit-related and any non-audit services provided by the external auditors to the Company and the fees for such services, and ensured that the same did not impair the external auditors' independence and objectivity;

- reviewed and approved the scope of the audit and audit programs of the external auditor as well as the internal audit group of the Company, and have discussed the results of their audit processes and their findings and assessment of the Company's internal controls and financial reporting systems;

- reviewed, discussed and recommended for approval of the Board of Directors the Company's annual and quarterly consolidated financial statements, and the reports required to be submitted to regulatory agencies in connection with such consolidated financial statements, to ensure that the information contained in such statements and reports presents a true and balanced assessment of the Company's position and condition and comply with the regulatory requirements of the Securities and Exchange Commission; and

- reviewed the effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom.

- reported compliance to the Securities and Exchange Commission on the results of the accomplishment by the members of the Audit and Risk Oversight Committee of the Audit and Risk Oversight Committee Self-Rating Form in accordance with the Audit and Risk Oversight Committee Charter and in compliance with the requirements of the SEC Memorandum Circular No. 4, Series of 2012.

All the five members of the Audit and Risk Oversight Committee, four of whom are independent directors, are satisfied with the scope and appropriateness of the Committee's mandate and that the Committee substantially met its mandate in 2024.

Margarito B. Teves
Chairman - Independent Director

Estelito P. Mendoza
Member

Teresita J. Leonardo-De Castro
Member - Independent Director

Reynato S. Puno
Member - Independent Director

Diosdado M. Peralta
Member - Independent Director

SAN MIGUEL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
DECEMBER 31, 2024, 2023 AND 2022
(In Millions, Except Per Share and Statistical Data)

	2024	2023	2022
For the Year			
Sales	**P1,575,379**	P1,446,703	P1,506,591
Net Income	**P36,675**	P44,699	P26,760
Net Income (Loss) Attributable to Equity Holders of the Parent Company	**(P7,411)**	P198	(P12,968)
Basic and Diluted Loss Per Common Share			
Attributable to Equity Holders of the Parent Company[A]	**(P7.10)**	(P2.51)	(P8.15)
Taxes	**P317,274**	P337,766	P280,965
Cash Dividends and Distributions	**P13,119**	P9,125	P9,787
Cash Dividends Per Common Share[B]	**P1.40**	P1.40	P1.40
Cash Dividends Per Preferred Share[B]			
SMC2F	**P5.1054**	P5.1054	P5.1054
SMC2H	**P-**	P-	P4.74165
SMC2I	**P4.751625**	P4.751625	P4.751625
SMC2J	**P3.5625**	P3.5625	P3.5625
SMC2K	**P3.478125**	P3.375	P3.375
SMC2L	**P6.26564583333333**	P-	P-
SMC2M	**P 6.78723958333333**	P1.5703125	P-
SMC2N	**P6.607725**	P-	P-
SMC2O	**P6.80326666666667**	P-	P-
At Year-End			
Working Capital	**P163,519**	P86,178	P156,685
Total Assets	**P2,676,930**	P2,459,365	P2,391,825
Property, Plant and Equipment - net	**P891,450**	P753,472	P708,192
Equity Attributable to Equity Holders of the Parent Company	**P282,507**	P316,221	P284,793
Equity Per Share Attributable to Equity Holders of the Parent Company			
Common	**P61.62**	P75.77	P82.30
Preferred	**P75.00**	P75.00	P75.00
Number of Common Shares Outstanding - Net of Treasury Shares	**2,383,896,588**	2,383,896,588	2,383,896,588
Number of Preferred Shares Outstanding	**1,469,905,192**	1,469,905,192	843,238,467
Number of Common Stockholders	**33,162**	33,379	33,653
Number of Preferred Stockholders	**290**	277	251
Number of Employees	**56,622**	53,184	50,443
Financial Statistics			
% Return on Average Equity Attributable to Equity Holders of the Parent Company	**(2.48%)**	0.07%	(4.24%)
Current Ratio	**1.22**	1.12	1.22
Debt to Equity Ratio[C]	**2.96**	2.70	2.74
Market Price			
Common Shares			
High	**P124.70**	P116.40	P115.00
Low	**P81.00**	P92.75	P92.10
Series "2" Preferred Shares			
Subseries 2-F			
High	**P74.00**	P76.00	P79.75
Low	**P71.50**	P70.00	P74.00
Subseries 2-H			
High	**P-**	P-	P77.40
Low	**P-**	P-	P73.80
Subseries 2-I			
High	**P73.80**	P75.95	P80.00
Low	**P69.50**	P69.00	P72.00
Subseries 2-J			
High	**P73.90**	P72.95	P78.00
Low	**P65.05**	P65.00	P67.50
Subseries 2-K			
High	**P75.00**	P73.90	P77.00
Low	**P65.00**	P62.00	P67.10
Subseries 2-L			
High	**P79.00**	P79.00	P-
Low	**P75.00**	P75.00	P-
Subseries 2-N			
High	**P81.00**	P78.95	P-
Low	**P76.50**	P75.50	P-
Subseries 2-O			
High	**P82.45**	P78.70	P-
Low	**P76.00**	P75.50	P-

[A] *Based on the weighted average number of shares outstanding during the year*
[B] *Based on the number of shares outstanding at the date of each declaration*
[C] *Total debt to equity, where total debt represents total liabilities*

SAN MIGUEL CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of San Miguel Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
Chairman and
Chief Executive Officer

JOHN PAUL L. ANG
President and
Chief Operating Officer

BRYAN U. VILLANUEVA
Chief Finance Officer

Signed this 13th day of March 2025

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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

Opinion

We have audited the consolidated financial statements of San Miguel Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

KPMG

Revenue recognition (P1,575,379 million).
Refer to Notes 6, 25 and 33 of the consolidated financial statements.

The risk
Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. It is accounted for when control of the goods or services is transferred to the customer over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. While revenue recognition and measurement are not complex for the Group, revenues may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement.

Our response
We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We involved our information technology specialists, as applicable, to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- We vouched, on a sampling basis, sales transactions to supporting documentation such as sales invoices and delivery documents to ascertain that the revenue recognition criteria are met.
- We tested, on a sampling basis, sales transactions for the last month of the financial year and also the first month of the following financial year to supporting documentation such as sales invoices and delivery documents to assess whether these transactions are recorded in the appropriate financial year.
- We tested, on a sampling basis, journal entries posted to revenue accounts to identify unusual or irregular items.
- We tested, on a sampling basis, credit notes issued after the financial year, to identify and assess any credit notes that relate to sales transactions recognized during the financial year.

Valuation of Goodwill (P184,994 million).
Refer to Notes 4, 17 and 38 of the consolidated financial statements.

The risk
The Group has embarked on a diversification strategy and has expanded into new businesses through a number of acquisitions and investments resulting in the recognition of a significant amount of goodwill. The goodwill of the acquired businesses are reviewed annually to evaluate whether events or changes in circumstances affect the recoverability of the Group's investments.

The methods used in the annual impairment test of goodwill are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. The assumptions used include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response
We performed the following audit procedures, among others, on the valuation of goodwill:

- We assessed management's determination of the recoverable amounts based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.

- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.

- We performed our own sensitivity analyses on the key assumptions used in the models.

Valuation of Other Intangible Assets with Indefinite Useful Lives (P2,460 million).
Refer to Notes 4, 5, 17, 34 and 38 of the consolidated financial statements.

The risk
The methods used in the annual impairment test for other intangible assets with indefinite useful lives are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. These assumptions include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response
We performed the following audit procedures, among others, on the valuation of other intangible assets with indefinite useful lives:

- We assessed management's determination of the recoverable amounts based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.

- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.

- We performed our own sensitivity analyses on the key assumptions used in the models.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467159
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(In Millions)

	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 5, 7, 38, 39, 40*	**P293,677**	P261,358
Trade and other receivables - net	*4, 5, 8, 33, 35, 38, 39, 40*	**266,981**	263,119
Inventories	*4, 5, 9, 38*	**178,355**	161,986
Current portion of biological assets - net	*4, 16*	**3,241**	3,515
Prepaid expenses and other current assets	*4, 5, 10, 12, 23, 33, 34, 38, 39, 40*	**158,180**	141,424
Total Current Assets		**900,434**	831,402
Noncurrent Assets			
Investments and advances - net	*4, 5, 11, 23, 38*	**52,948**	37,089
Investments in equity and debt instruments	*4, 12, 33, 39, 40*	**21,050**	19,417
Property, plant and equipment - net	*4, 5, 13, 34, 38*	**891,450**	753,472
Right-of-use assets - net	*4, 5, 14, 34*	**43,302**	108,014
Investment property - net	*4, 15, 34, 38*	**87,909**	79,513
Biological assets - net of current portion	*4, 16*	**2,652**	2,667
Goodwill - net	*4, 17, 38*	**184,994**	182,791
Other intangible assets - net	*4, 5, 17, 34, 38*	**340,496**	306,638
Deferred tax assets	*4, 5, 23, 38*	**22,045**	19,633
Other noncurrent assets - net	*4, 5, 18, 33, 34, 35, 39, 40*	**129,650**	118,729
Total Noncurrent Assets		**1,776,496**	1,627,963
		P2,676,930	P2,459,365
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*19, 30, 33, 38, 39, 40*	**P293,230**	P214,881
Accounts payable and accrued expenses	*4, 5, 20, 33, 34, 35, 38, 39, 40*	**289,038**	223,055
Lease liabilities - current portion	*4, 5, 30, 33, 34, 38, 39, 40*	**11,736**	19,631
Income and other taxes payable	*5, 23, 38*	**43,628**	46,254
Dividends and distributions payable	*33, 36, 38, 39, 40*	**5,160**	4,605
Current maturities of long-term debt - net of debt issue costs	*5, 21, 30, 33, 38, 39, 40*	**94,123**	236,798
Total Current Liabilities		**736,915**	745,224
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*5, 21, 30, 33, 38, 39, 40*	**1,173,146**	953,786
Lease liabilities - net of current portion	*4, 5, 30, 33, 34, 38, 39, 40*	**30,809**	36,941
Deferred tax liabilities	*23, 38*	**34,861**	29,503
Other noncurrent liabilities	*4, 5, 22, 33, 35, 38, 39, 40*	**24,758**	28,745
Total Noncurrent Liabilities		**1,263,574**	1,048,975
Total Liabilities		**2,000,489**	1,794,199
Equity	*24, 36, 37*		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock - common		**16,443**	16,443
Capital stock - preferred		**10,187**	10,187
Additional paid-in capital		**177,442**	177,468
Capital securities		**24,211**	24,211
Equity reserves		**(5,275)**	7,354
Retained earnings:			
Appropriated		**79,849**	87,170
Unappropriated		**89,413**	103,151
Treasury stock		**(109,763)**	(109,763)
		282,507	316,221
Non-controlling Interests	*2, 5, 24, 38*	**393,934**	348,945
Total Equity		**676,441**	665,166
		P2,676,930	P2,459,365

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions, Except Per Share Data)

	Note	2024	2023	2022
SALES	*6, 25, 33*	**P1,575,379**	P1,446,703	P1,506,591
COST OF SALES	*26, 34, 40*	**1,312,027**	1,208,410	1,314,607
GROSS PROFIT		**263,352**	238,293	191,984
SELLING AND ADMINISTRATIVE EXPENSES	*27, 34*	**(102,536)**	(93,808)	(83,972)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*19, 21, 30, 33, 34, 35*	**(99,413)**	(91,303)	(60,795)
INTEREST INCOME	*7, 12, 31, 33, 35*	**14,704**	14,027	7,108
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	*11, 23*	**2,364**	1,729	1,197
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	*5, 13, 15, 18*	**2,175**	83	733
OTHER INCOME (CHARGES) - Net	*4, 5, 32, 34, 39, 40*	**(16,479)**	4,086	(16,178)
INCOME BEFORE INCOME TAX		**64,167**	73,107	40,077
INCOME TAX EXPENSE	*23, 42*	**27,492**	28,408	13,317
NET INCOME		**P36,675**	P44,699	P26,760
Attributable to:				
Equity holders of the Parent Company		**(P7,411)**	P198	(P12,968)
Non-controlling interests	*5, 24*	**44,086**	44,501	39,728
		P36,675	P44,699	P26,760
Basic and Diluted Loss Per Common Share Attributable to Equity Holders of the Parent Company	*37*	**(P7.10)**	(P2.51)	(P8.15)

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	Note	**2024**	2023	2022
NET INCOME		**P36,675**	P44,699	P26,760
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement loss on defined benefit retirement plan	*35*	**(2,321)**	(2,271)	(8,158)
Income tax benefit	*23*	**497**	571	2,036
Net gain on financial assets at fair value through other comprehensive income	*12*	**267**	178	65
Income tax expense	*23*	**(24)**	(23)	(15)
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	**33**	(111)	80
		(1,548)	(1,656)	(5,992)
Items that may be reclassified to profit or loss				
Net gain (loss) on exchange differences on translation of foreign operations		**4,430**	(2,602)	4,326
Net gain (loss) on financial assets at fair value through other comprehensive income		**2**	(71)	38
Income tax benefit	*23*	**-**	8	-
Net gain (loss) on cash flow hedges	*40*	**(371)**	(205)	383
Income tax benefit (expense)	*23*	**93**	58	(106)
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	**(24)**	107	(242)
		4,130	(2,705)	4,399
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**2,582**	(4,361)	(1,593)
TOTAL COMPREHENSIVE INCOME - Net of tax		**P39,257**	P40,338	P25,167
Attributable to:				
Equity holders of the Parent Company		**(P6,535)**	(P3,591)	(P14,189)
Non-controlling interests	*5, 24*	**45,792**	43,929	39,356
		P39,257	P40,338	P25,167

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

		Equity Attributable to Equity Holders of the Parent Company															
						Equity Reserves											
		Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock			Non-Controlling Interests	Total Equity
	Note	Common	Preferred								Appro-priated	Unappro-priated	Common	Preferred	Total		
As at January 1, 2024		**P16,443**	**P10,187**	**P177,468**	**P24,211**	**(P10,465)**	**(P403)**	**P330**	**P2,974**	**P14,918**	**P87,170**	**P103,151**	**(P67,093)**	**(P42,670)**	**P316,221**	**P348,945**	**P665,166**
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	**2,117**	-	-	-	-	-	**2,117**	**2,313**	**4,430**
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	-	-	-	-	**18**	-	**(12)**	**(2)**	-	-	-	-	-	**4**	**5**	**9**
Net loss on cash flow hedges	*40*	-	-	-	-	-	**(278)**	-	-	-	-	-	-	-	**(278)**	-	**(278)**
Net gain (loss) on financial assets at fair value through other comprehensive income	*12*	-	-	-	-	-	-	**353**	-	-	-	-	-	-	**353**	**(108)**	**245**
Remeasurement loss on defined benefit retirement plan	*35*	-	-	-	-	**(1,320)**	-	-	-	-	-	-	-	-	**(1,320)**	**(504)**	**(1,824)**
Other comprehensive income (loss)		-	-	-	-	**(1,302)**	**(278)**	**341**	**2,115**	-	-	-	-	-	**876**	**1,706**	**2,582**
Net income (loss)		-	-	-	-	-	-	-	-	-	-	**(7,411)**	-	-	**(7,411)**	**44,086**	**36,675**
Total comprehensive income (loss)		-	-	-	-	**(1,302)**	**(278)**	**341**	**2,115**	-	-	**(7,411)**	-	-	**(6,535)**	**45,792**	**39,257**
Share issuance costs from reissuance of treasury shares	*24*	-	-	**(26)**	-	-	-	-	-	-	-	-	-	-	**(26)**	-	**(26)**
Net addition (reduction) to non-controlling interests and others	*5, 11, 24*	-	-	-	-	-	-	-	-	**(13,505)**	-	**(529)**	-	-	**(14,034)**	**37,561**	**23,527**
Appropriations - net	*24*	-	-	-	-	-	-	-	-	-	**(7,321)**	**7,321**	-	-	-	-	-
Cash dividends and distributions:	*36*																
Common		-	-	-	-	-	-	-	-	-	-	**(3,337)**	-	-	**(3,337)**	**(16,721)**	**(20,058)**
Preferred		-	-	-	-	-	-	-	-	-	-	**(7,680)**	-	-	**(7,680)**	**(3,113)**	**(10,793)**
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	**(2,102)**	-	-	**(2,102)**	**(18,530)**	**(20,632)**
As at December 31, 2024	*24*	**P16,443**	**P10,187**	**P177,442**	**P24,211**	**(P11,767)**	**(P681)**	**P671**	**P5,089**	**P1,413**	**P79,849**	**P89,413**	**(P67,093)**	**(P42,670)**	**P282,507**	**P393,934**	**P676,441**

Forward

		Equity Attributable to Equity Holders of the Parent Company															
						Equity Reserves											
		Capital Stock		Additional Paid-in	Senior Perpetual Capital	Reserve for Retirement	Hedging	Fair Value	Translation	Other Equity	Retained Earnings		Treasury Stock			Non-Controlling	Total
	Note	Common	Preferred	Capital	Securities	Plan	Reserve	Reserve	Reserve	Reserve	Appro-priated	Unappro-priated	Common	Preferred	Total	Interests	Equity
As at January 1, 2023		P16,443	P10,187	P177,719	P24,211	(P9,256)	(P274)	P114	P5,641	P16,528	P71,004	P129,239	(P67,093)	(P89,670)	P284,793	P354,359	P639,152
Net gain (loss) on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(2,654)	-	-	-	-	-	(2,654)	52	(2,602)
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	-	-	-	-	(108)	-	116	(13)	-	-	-	-	-	(5)	1	(4)
Net loss on cash flow hedges	*40*	-	-	-	-	-	(129)	-	-	-	-	-	-	-	(129)	(18)	(147)
Net gain (loss) on financial assets at fair value through other comprehensive income	*12*	-	-	-	-	-	-	100	-	-	-	-	-	-	100	(8)	92
Remeasurement loss on defined benefit retirement plan	*35*	-	-	-	-	(1,101)	-	-	-	-	-	-	-	-	(1,101)	(599)	(1,700)
Other comprehensive income (loss)		-	-	-	-	(1,209)	(129)	216	(2,667)	-	-	-	-	-	(3,789)	(572)	(4,361)
Net income		-	-	-	-	-	-	-	-	-	-	198	-	-	198	44,501	44,699
Total comprehensive income (loss)		-	-	-	-	(1,209)	(129)	216	(2,667)	-	-	198	-	-	(3,591)	43,929	40,338
Reissuance of treasury shares -preferred	*24*	-	-	(251)	-	-	-	-	-	-	-	-	-	47,000	46,749	-	46,749
Net reduction to non-controlling interests and others	*5, 11, 24*	-	-	-	-	-	-	-	-	(1,610)	-	(995)	-	-	(2,605)	(13,756)	(16,361)
Appropriations - net	*24*	-	-	-	-	-	-	-	-	-	16,166	(16,166)	-	-	-	-	-
Cash dividends and distributions:	*36*																
Common		-	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(13,867)	(17,204)
Preferred		-	-	-	-	-	-	-	-	-	-	(3,781)	-	-	(3,781)	(2,586)	(6,367)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(2,007)	-	-	(2,007)	(19,134)	(21,141)
As at December 31, 2023	*24*	P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P67,093)	(P42,670)	P316,221	P348,945	P665,166

Forward

		Equity Attributable to Equity Holders of the Parent Company																
					Capital Securities		Equity Reserves					Retained Earnings		Treasury Stock				
		Capital Stock		Additional Paid-in	Senior Perpetual Capital	Redeemable Perpetual	Reserve for Retirement	Hedging	Fair Value	Translation	Other Equity	Appro-	Unappro-				Non-Controlling	Total
	Note	Common	Preferred	Capital	Securities	Securities	Plan	Reserve	Reserve	Reserve	Reserve	priated	priated	Common	Preferred	Total	Interests	Equity
As at January 1, 2022		P16,443	P10,187	P177,719	P24,211	P3,960	(P4,137)	(P534)	P269	P2,265	P16,273	P66,630	P157,707	(P67,093)	(P77,270)	P326,630	P354,609	P681,239
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	3,802	-	-	-	-	-	3,802	524	4,326
Share in other comprehensive income (loss) of associates and joint ventures - net	*11*	-	-	-	-	-	76	-	(237)	(10)	-	-	-	-	-	(171)	9	(162)
Net gain on cash flow hedges	*40*	-	-	-	-	-	-	260	-	-	-	-	-	-	-	260	17	277
Net gain on financial assets at fair value through other comprehensive income	*12*	-	-	-	-	-	-	-	82	-	-	-	-	-	-	82	6	88
Remeasurement loss on defined benefit retirement plan	*35*	-	-	-	-	-	(5,194)	-	-	-	-	-	-	-	-	(5,194)	(928)	(6,122)
Other comprehensive income (loss)		-	-	-	-	-	(5,118)	260	(155)	3,792	-	-	-	-	-	(1,221)	(372)	(1,593)
Net income (loss)		-	-	-	-	-	-	-	-	-	-	-	(12,968)	-	-	(12,968)	39,728	26,760
Total comprehensive income (loss)		-	-	-	-	-	(5,118)	260	(155)	3,792	-	-	(12,968)	-	-	(14,189)	39,356	25,167
Redemption of preferred shares	*24*	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,300)	(12,300)	-	(12,300)
Acquisition of a subsidiary	*5*	-	-	-	-	(3,960)	-	-	-	-	-	-	-	-	(100)	(4,060)	-	(4,060)
Net addition (reduction) to non-controlling interests and others	*5, 11, 24*	-	-	-	-	-	(1)	-	-	(416)	255	-	(1,339)	-	-	(1,501)	(7,527)	(9,028)
Appropriations - net	*24*	-	-	-	-	-	-	-	-	-	-	4,374	(4,374)	-	-	-	-	-
Cash dividends and distributions:	*36*																	
Common		-	-	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(11,097)	(14,434)
Preferred		-	-	-	-	-	-	-	-	-	-	-	(4,293)	-	-	(4,293)	(1,544)	(5,837)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	-	(1,957)	-	-	(1,957)	(19,438)	(21,395)
Redeemable perpetual securities		-	-	-	-	-	-	-	-	-	-	-	(200)	-	-	(200)	-	(200)
As at December 31, 2022	*24*	P16,443	P10,187	P177,719	P24,211	P -	(P9,256)	(P274)	P114	P5,641	P16,528	P71,004	P129,239	(P67,093)	(P89,670)	P284,793	P354,359	P639,152

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P64,167**	P73,107	P40,077
Adjustments for:				
Interest expense and other financing charges	*30*	**99,413**	91,303	60,795
Depreciation, amortization and others - net	*13, 14, 15, 17, 18, 28, 32*	**59,360**	57,621	50,608
Loss (gain) on foreign exchange - net	*32*	**20,956**	(4,188)	19,494
Interest income	*31*	**(14,704)**	(14,027)	(7,108)
Equity in net earnings of associates and joint ventures	*11*	**(2,364)**	(1,729)	(1,197)
Gain on sale of investments and property and equipment	*5, 13, 15, 18*	**(2,175)**	(83)	(733)
Operating income before working capital changes		**224,653**	202,004	161,936
Changes in noncash current assets, certain current liabilities and others	*38*	**(176)**	(5,386)	(93,769)
Cash generated from operations		**224,477**	196,618	68,167
Interest and other financing charges paid		**(99,203)**	(91,995)	(60,910)
Income taxes paid		**(23,687)**	(21,527)	(19,650)
Net cash flows provided by (used in) operating activities		**101,587**	83,096	(12,393)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	*13*	**(76,707)**	(71,173)	(75,986)
Intangible assets	*17*	**(40,379)**	(64,677)	(58,162)
Investments and advances	*11*	**(16,475)**	(5,271)	(2,432)
Contract assets	*18*	**(12,166)**	(6,571)	(2,899)
Investment property	*15*	**(9,985)**	(5,450)	(4,415)
Advances to contractors and suppliers	*18*	**(5,631)**	(9,448)	(11,449)
Investments in equity and debt instruments	*12*	**(2,107)**	(616)	(12,937)
Increase in other noncurrent assets and others	*18*	**(5,133)**	(9,128)	(3,431)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	*5, 38*	**(1,040)**	-	(97,204)
Interest received		**13,623**	13,396	5,973
Net proceeds of:				
Disposal of subsidiaries, net of cash and cash equivalents disposed of	*5*	**2,537**	418	385
Redemption and disposal of investments in equity and debt instruments	*12*	**1,384**	606	35,454
Sale of property and equipment and other intangible assets	*13, 15, 18*	**1,168**	1,307	253
Dividends received	*11*	**1,510**	1,150	2,452
Collection of advances for investment	*11*	**-**	-	22,870
Net cash flows used in investing activities		**(149,401)**	(155,457)	(201,528)

Forward

	Note	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of:				
Short-term borrowings	38	**P1,334,679**	P1,145,761	P1,148,669
Long-term borrowings	38	**357,390**	292,879	353,451
Payments of:				
Short-term borrowings	38	**(1,256,795)**	(1,197,861)	(1,074,087)
Long-term borrowings	38	**(309,435)**	(190,822)	(115,948)
Net proceeds of issuance of preferred shares and capital securities and reissuance of treasury shares of subsidiaries	24	**81,203**	13,885	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	24	**853**	(3,014)	(2,630)
Repurchase of capital securities and redemption of preferred shares of subsidiaries	24	**(58,443)**	(27,134)	(4,703)
Cash dividends and distributions paid to non-controlling shareholders	38	**(38,527)**	(35,102)	(32,443)
Payments of lease liabilities	38	**(20,195)**	(20,995)	(26,031)
Cash dividends and distributions paid	36, 38	**(12,401)**	(9,043)	(9,680)
Share issuance costs from reissuance of treasury shares	24	**(26)**	-	-
Net proceeds of reissuance of treasury shares	24	**-**	46,749	-
Redemption of preferred shares	24	**-**	-	(12,300)
Net cash flows provided by financing activities		**78,303**	15,303	224,298
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,830**	202	7,807
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**32,319**	(56,856)	18,184
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7	**261,358**	318,214	300,030
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**P293,677**	P261,358	P318,214

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Millions, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Corporation (SMC or the Parent Company), a subsidiary of Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company), was incorporated on August 21, 1913. On March 16, 2012, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and By-Laws of the Parent Company to extend the corporate term for another fifty (50) years from August 21, 2013, as approved on the March 14, 2011 and June 7, 2011 meetings of the Parent Company's Board of Directors (BOD) and stockholders, respectively.

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Parent Company shall have a perpetual corporate life.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed on The Philippine Stock Exchange, Inc. (PSE).

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries and the Group's interests in associates and joint ventures (collectively referred to as the Group).

The Group is engaged in various businesses, including food and beverage, packaging, energy, fuel and oil, infrastructure, cement and real estate property management and development.

The registered office address of the Parent Company is No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 13, 2025.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis at each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

	Percentage of Ownership		Country of Incorporation
	2024	2023	
Food and Beverage Business			
San Miguel Food and Beverage, Inc. (SMFB)	**88.76**	88.76	Philippines
Food			
San Miguel Foods, Inc. (SMFI) and subsidiaries, San Miguel Mills, Inc. (SMMI) and subsidiaries, Magnolia Inc. and subsidiary, PT San Miguel Foods Indonesia[(b)], San Miguel Super Coffeemix Co., Inc., The Purefoods-Hormel Company, Inc. (PF-Hormel), and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary and San Miguel Pure Foods (VN) Co., Ltd.			
Beer and NAB			
San Miguel Brewery Inc. (SMB) and subsidiaries [including Iconic Beverages, Inc. (IBI), Brewery Properties Inc. (BPI) and subsidiary, and San Miguel Brewing International Limited and subsidiaries, San Miguel Brewery Hong Kong Limited (SMBHK) and subsidiaries, San Miguel (Baoding) Brewery Co., Ltd.[(c)], San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited, San Miguel Brewery Vietnam Company Limited[(a)] and PT. Delta Djakarta Tbk and subsidiary]			
Spirits			
Ginebra San Miguel Inc. (GSMI) and subsidiaries [including Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc.]			
Packaging Business			
San Miguel Yamamura Packaging Corporation (SMYPC) and subsidiaries [including SMC Yamamura Fuso Molds Corporation (SYFMC), Can Asia, Inc. and Wine Brothers Philippines Corporation]	**65.00**	65.00	Philippines
San Miguel Yamamura Packaging International Limited (SMYPIL) and subsidiaries [including San Miguel Yamamura Phu Tho Packaging Company Limited[(a)], San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited[(a)], Foshan San Miguel Yamamura Packaging Company Limited and subsidiary[(a)], San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd. and San Miguel Yamamura Australasia Pty Ltd (SMYA) and subsidiaries {including SMYC Pty Ltd and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd, and Vinocor Ltd.}]	**65.00**	65.00	British Virgin Islands (BVI)
Mindanao Corrugated Fibreboard, Inc.	**100.00**	100.00	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2024	2023	
Energy Business			
San Miguel Global Power Holdings Corp. (San Miguel Global Power)[(d)] and subsidiaries [including Sual Power Inc. (SPI)[(e)] and subsidiary, South Premiere Power Corp. (SPPC), San Roque Hydropower Inc. (SRHI)[(f)], San Miguel Electric Corp. (SMELC), SMC PowerGen Inc., SMGP BESS Power Inc. (SMGP BESS)[(g)], Limay Power Inc. (LPI)[(h)], Malita Power Inc. (MPI)[(i)], Central Luzon Premiere Power Corp., Prime Electric Generation Corporation and subsidiary, Lumiere Energy Technologies, Inc. (LETI), PowerOne Ventures Energy Inc. (PVEI), SMCGP Masinloc Power Company Limited, SMCGP Masinloc Partners Company Limited, Masinloc Power Co. Ltd. (MPCL)[(j)], Albay Power and Energy Corp. (APEC), Oceantech Power Generation Corporation and subsidiary, SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan)[(k)], Excellent Energy Resources Inc. (EERI), SMC Power Generation Corp. and Mariveles Power Generation Corporation (MPGC)]	**100.00**	100.00	Philippines
Fuel and Oil Business			
SEA Refinery Corporation (SRC)[(l)]	**100.00**	100.00	Philippines
Petron Corporation (Petron)[(l)] and subsidiaries [including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd.[(a)], New Ventures Realty Corporation (NVRC) and subsidiaries, Mema Holdings Inc. (Mema) and subsidiary, Petron Singapore Trading Pte., Ltd. (PSTPL), Petron Global Limited, Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited[(a)] and subsidiaries, Petron Oil & Gas International Sdn. Bhd. and subsidiaries[(a)], Petron Malaysia Refining & Marketing Bhd (PMRMB), Petron Fuel International Sdn. Bhd. and Petron Oil (M) Sdn. Bhd. (collectively Petron Malaysia)]	**68.26**	68.26	Philippines
Infrastructure Business			
San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure (SMHC) and subsidiaries[(a)] [including SMC TPLEX Holdings Company, Inc. and subsidiary, SMC TPLEX Corporation (SMCTC), TPLEX Operations and Maintenance Corporation, Trans Aire Development Holdings Corp. (TADHC), SMC NAIAX Corporation (SMC NAIAX), Universal LRT Corporation (BVI) Limited (ULC BVI), SMC Mass Rail Transit 7 Inc. (SMC MRT 7), SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation (MMSS4), Luzon Clean Water Development Corporation (LCWDC), Alloy Manila Toll Expressways, Inc. (AMTEX), Pasig River Expressway Corporation (PREC), Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp. (NALEC), SMC Southern Access Link Expressway Corp. (SALEC), South Luzon Toll Road-5 Expressway Inc. (SLEXTR5), SMC NBEX Inc. (SMC NBEX), SMC CBEX Inc. (SMC CBEX), SMC PLEX Inc. (SMC PLEX), SMC TPLEX Extension Infrastructure Corp. (TPLEXE), San Miguel Aerocity Inc. doing business under the name and style of "Manila International Airport" (SMAI)[(a)], Wiselink Investment Holdings, Inc. and subsidiary, Cypress Tree Capital Investments, Inc. and subsidiaries {including Star Infrastructure Development Corporation (SIDC) and Star Tollway Corporation (collectively the Star Tollways Group)}, Atlantic	**100.00**	100.00	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2024	2023	
Aurum Investments B.V. (AAIBV) and subsidiaries{including SMC Tollways Corporation (SMC Tollways) and subsidiaries [including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation (MMSS3) and SMC Skyway Corporation (SMC Skyway) and subsidiary, Skyway O&M Corporation (SOMCO)] and SMC SLEX Holdings Company Inc. (SSHCI) and subsidiaries, Manila Toll Expressway Systems, Inc. (MATES) and SMC SLEX Inc. (SMC SLEX)} and SMC Bulacan Water Services Corporation (SBWSC) and ssubsidiaries {including Obando Water Company, Inc. (OWCI)[(n)] and Bulakan Water Company, Inc. (BWCI)[(n)]}]			
Cement Business			
San Miguel Equity Investments Inc. (SMEII) and subsidiaries[(a)] [including Northern Cement Corporation (NCC), Southern Concrete Industries, Inc. (SCII) and Eagle Cement Corporation (ECC) and subsidiaries]	**100.00**	100.00	Philippines
Real Estate Business			
San Miguel Properties, Inc. (SMPI) and subsidiaries[(a)] [including SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp.[(m)]]	**99.98**	99.98	Philippines
Davana Heights Development Corporation (DHDC) and subsidiaries	**100.00**	100.00	Philippines
Silvertides Holdings Corporation (SHC) and subsidiary	**100.00**	100.00	Philippines
Fonterra Verde Holdings Inc. (FVHI)	**100.00**	100.00	Philippines
Deity Holdings Corporation (DHC)	**100.00**	100.00	Philippines
Worldsummit Holdings Corporation (WHC)	**100.00**	100.00	Philippines
One Verdana Holdings Inc. (OVHI)	**100.00**	100.00	Philippines
Others			
San Miguel International Limited and subsidiary, San Miguel Holdings Limited (SMHL) and subsidiaries [including SMYPIL and San Miguel Insurance Company, Ltd.]	**100.00**	100.00	Bermuda
SMC Shipping and Lighterage Corporation (SMCSLC) and subsidiaries[(a)], including SL Harbor Bulk Terminal Corporation (SLHBTC)	**70.00**	70.00	Philippines
San Miguel Integrated Logistics Services, Inc.	**100.00**	100.00	Philippines
SMC Stock Transfer Service Corporation[(a)]	**100.00**	100.00	Philippines
ArchEn Technologies Inc. (ArchEn)[(a)]	**100.00**	100.00	Philippines
SMITS, Inc. (SMITS) and subsidiaries[(a)]	**100.00**	100.00	Philippines
Petrogen Insurance Corporation (Petrogen)[(o)]	**100.00**	100.00	Philippines
Anchor Insurance Brokerage Corporation (AIBC)[(a)]	**74.27**	58.33	Philippines
SMC Asia Car Distributors Corp. (SMCACDC) and subsidiaries[(a)]	**65.00**	65.00	Philippines
SMC Equivest Corporation (SMCEC)	**100.00**	100.00	Philippines

(a) The financial statements of these subsidiaries were audited by other auditors.

(b) Ceased operations in October 2021 and is in the process of liquidation.

(c) Ceased operations in March 2020 and is in the process of liquidation.

(d) Formerly SMC Global Power Holdings Corp. The change in the corporate name was approved by the SEC on March 22, 2023.

(e) Formerly San Miguel Energy Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.

(f) Formerly Strategic Power Devt. Corp. The change in the corporate name was approved by the SEC on March 31, 2023.

Forward

(g) Formerly Universal Power Solutions, Inc. The change in the corporate name was approved by the SEC on November 3, 2023.

(h) Formerly SMC Consolidated Power Corporation. The change in the corporate name was approved by the SEC on February 7, 2023.

(i) Formerly San Miguel Consolidated Power Corporation. The change in the corporate name was approved by the SEC on March 9, 2023.

(j) Formerly Masinloc Power Partners Co. Ltd. The change in the corporate name was approved by the SEC on November 13, 2023.

(k) Formerly SMCGP Philippines Energy Storage Co. Ltd. The change in the corporate name was approved by the SEC on September 21, 2023.

(l) Petron is 50.10% indirectly owned by SMC through SRC and 18.16% directly owned by SMC.

(m) Formerly Tierra Verdosa Real Estate Services, Inc. The change in the corporate name was approved by the SEC on October 21, 2024.

(n) Consolidated to SBWSC effective October 22, 2024 (Note 5).

(o) Petrogen is 74.94% directly owned by SMC and 25.06% indirectly owned by SMC through Petron.

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continues to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiaries as follows: SMFB, SMYPC, SMYPIL, Petron, SMCTC, TADHC, AMTEX, AAIBV, SMPI, SMCSLC, Petrogen, AIBC and SMCACDC in 2024 and 2023 (Note 24).

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2024 and accordingly changed its accounting policies in the following areas:

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

  - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures).* The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, an entity discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;

  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and

- the type and effect of non-cash changes in the carrying amounts.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

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

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024, and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

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

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

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

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

  The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

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

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:

  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, Fair Value Measurement.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

    - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

  - Enhanced guidance is provided on how to group information in the financial statements.

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

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

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

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

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

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2024 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

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

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

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

Financial Assets

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

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

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category (Notes 7, 8, 10, 12, 18, 33, 39 and 40).

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

The Group's investments in equity and debt instruments at FVOCI are classified under this category (Notes 12, 18, 33, 39 and 40).

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

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

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

The Group's derivative assets that are not designated as cash flow hedge and investments in equity and debt instruments at FVPL are classified under this category (Notes 10, 12, 18, 33, 39 and 40).

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

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

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

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 20, 22, 39 and 40).

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

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

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (Notes 19, 20, 21, 22, 34, 39 and 40).

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

- the rights to receive cash flows from the asset have expired; or

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

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

Impairment of Financial Assets
The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost and investments in debt instruments at FVOCI.

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

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

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

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

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

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

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

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

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

Classification of Financial Instruments between Liability and Equity

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

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

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments and Hedge Accounting
The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

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

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

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

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

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

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

The Group has outstanding derivatives accounted for as cash flow hedge as at December 31, 2024 and 2023 (Note 40).

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

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

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid or combined instrument is not recognized as at FVPL.

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

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

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

The Group has embedded derivatives as at December 31, 2024 and 2023 (Note 40).

<u>Inventories</u>
Finished goods, goods in process, materials and supplies, raw land inventory and real estate projects are valued at the lower of cost and net realizable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods and goods in process	-	at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; finished goods also include unrealized gain (loss) on fair valuation of agricultural produce; costs are determined using the moving-average method.
Petroleum products (except lubes and greases) and crude oil	-	at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the first-in, first-out method.
Lubes and greases, blending components and polypropylene	-	at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the moving-average method.
Raw land inventory	-	at cost, which includes acquisition costs of raw land intended for sale or development and other costs and expenses incurred to effect the transfer of title of the property; costs are determined using the specific identification of individual costs.
Real estate projects	-	at cost, which includes acquisition costs of property and other costs and expenses incurred to develop the property; costs are determined using the specific identification of individual costs.
Materials, supplies and others	-	at cost, using the specific identification method, first-in, first-out method or moving-average method.
Coal and Liquefied Natural Gas (LNG)	-	at cost, using the weighted average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Goods in Process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Petroleum Products, Crude Oil, Lubes and Greases, and Aftermarket Specialties. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and/or market and distribute.

Materials and Supplies, including Coal and LNG. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Real Estate Projects. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw Land Inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the consolidated statements of income as they are consumed or expire with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Biological Assets and Agricultural Produce

The Group's biological assets include breeding stocks, growing hogs, poultry livestock and goods in process which are grouped according to their physical state, transformation capacity (breeding, growing or laying), as well as their particular stage in the production process.

Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably.

The Group's agricultural produce, which consists of grown broilers and marketable hogs harvested from the Group's biological assets, are measured at their fair value less estimated costs to sell at the point of harvest. The fair value of grown broilers is based on the quoted prices for harvested mature grown broilers in the market at the time of harvest. For marketable hogs, the fair value is based on the quoted prices in the market at any given time.

The Group, in general, does not carry any inventory of agricultural produce at any given time as these are either sold as live broilers and hogs or transferred to the different poultry or meat processing plants and immediately transformed into processed or dressed chicken and carcass.

The carrying amounts of the biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Amortization is computed using the straight-line method over the following estimated productive lives of breeding stocks:

	Amortization Period
Hogs - sow	3 years or 6 births, whichever is shorter
Hogs - boar	2.5 - 3 years
Poultry breeding stock	38 - 42 weeks

Contract Assets

A contract asset is the right to consideration that is conditioned on something other than the passage of time, in exchange for goods or services that the Group has transferred to a customer. The contract asset is transferred to receivable when the right becomes unconditional.

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

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

- *Goodwill in a Business Combination*
  Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

  Each unit or group of units to which the goodwill is allocated:

  - represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

  - is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

  Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

- *Intangible Assets Acquired in a Business Combination*
  The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of an intangible asset is assessed to be either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change in accounting estimate. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of income.

Business Combinations under Common Control
The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interests method.

The assets and liabilities of the combining entities are reflected in the consolidated statements of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments are those to align accounting policies between the combining entities.

No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is recognized in equity.

The consolidated statements of income reflect the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities had been combined for the period that the entities were under common control.

Non-controlling Interests
The acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Investments in Shares of Stock of Associates and Joint Ventures
An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represent the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 50
Buildings and improvements	2 - 50
Power plants	5 - 42
Refinery and plant equipment	4 - 30
Service stations and other equipment	3 - 30
Equipment, furniture and fixtures	2 - 50
Mine properties	55
Leasehold improvements	2 - 50 or term of the lease, whichever is shorter

Depreciation of refinery and plant equipment used in production is computed based on the unit of production method (UPM) which considers the expected capacity over the estimated useful lives of these assets. UPM closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

<u>Leases</u>
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and

- the Group has the right to direct the use of the identified asset.

Group as Lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

	Number of Years
Land	2 - 999
Buildings and improvements	2 - 15
Power plants	29 - 43
Service stations and other equipment	10 - 12
Machinery and equipment	2 - 7

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as rent expense on a straight-line basis over the lease term.

Group as Lessor
The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Investment Property
Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land and leasehold improvements	5 - 50 or term of the lease, whichever is shorter
Buildings and improvements	2 - 50
Machinery and equipment	3 - 40
Right-of-use assets	2 - 50

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the consolidated statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Except for mineral rights and evaluation asset, which is amortized using UPM method, amortization of other intangible assets with finite lives is computed using the straight-line method over the following estimated useful lives:

	Number of Years
Toll road concession rights	28 - 36
Airport concession rights	25 - 50
Water concession rights	25 - 30
Computer software and licenses	2 - 10
Other rights	27

The Group assessed the useful lives of licenses and trademarks and brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

Licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

Service Concession Arrangements
Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group can provide with the infrastructure, to whom it can provide them, and at what price; and (b) the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement are accounted for under Philippine Interpretation IFRIC 12*, Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of the Interpretation if the conditions in (a) are met.

The Interpretation applies to both: (i) infrastructure that the entities in the Group construct or acquire from a third party for the purpose of the service arrangement; and (ii) existing infrastructure to which the grantor gives the entities in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of the Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of the contractual arrangements within the scope of the Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the applicable entity has contractual obligations to fulfill as a condition of its license: (i) to maintain the infrastructure to a specified level of serviceability; or (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures the contractual obligations in accordance with PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date.

Borrowing costs attributable to the arrangement are recognized as expenses in the period in which they are incurred unless the applicable entities have a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

The following are the concession rights covered by the service concession arrangements entered into by the Group:

- *Airport Concession Rights*

  Boracay Airport. The airport concession right pertains to the right granted by the Republic of the Philippines (ROP) to TADHC: (i) to operate the Caticlan Airport (the Airport Project or the Boracay Airport); (ii) to design and finance the Airport Project; and (iii) to operate and maintain the Airport Project during the concession period. This also includes the present value of the annual franchise fee, as defined in the Concession Agreement, payable to the ROP over the concession period of 25 years. Except for the portion that relates to the annual franchise fee, which is recognized immediately as intangible asset, the right is earned and recognized by the Group as the project progresses (Note 4).

  The airport concession right is carried at cost less accumulated amortization and any impairment in value. Amortization is computed using the straight-line method over the remaining concession periods and assessed for impairment whenever there is an indication that the asset may be impaired.

  The airport concession right is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss from derecognition of the airport concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

  Manila International Airport (MIA). The airport concession right pertains to the right granted by the ROP to SMAI: (i) to operate; (ii) to design and finance; and (iii) to operate and maintain the MIA during the concession period.

  The airport concession right represents the design and construction costs incurred to obtain the right during the construction period. It is carried at cost less accumulated amortization and any impairment in value. Subsequent expenditures or replacement of parts of it, are normally recognized in profit or loss as these are incurred to maintain the expected future economic benefits embodied in the airport concession right unless it can be demonstrated that the expenditures will contribute to the increase in revenue from airport and toll operations which meet the definition of an intangible asset (Note 4).

  The airport concession right will be amortized on a straight-line basis over the period stated in the Concession Agreement which is approximately 50 years from issuance of the Certificate of Substantial Completion for the First Phase of the Project, and will be assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method are reviewed at least at each reporting year-end or more frequently when an indication of impairment arises during the reporting year. Changes in the term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates.

  The airport concession right will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition as the concession right which is expected to be fully amortized by then and will be handed over to the ROP with no consideration.

- *Toll Road Concession Rights.* The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects:

    - South Luzon Expressway (SLEX);
    - South Luzon Expressway Toll Road-5;
    - Ninoy Aquino International Airport (NAIA) Expressway;
    - Skyway Stages 1 and 2 (Skyway);
    - Skyway Stage 3;
    - Skyway Stage 4;
    - Tarlac-Pangasinan-La Union Toll Expressway (TPLEX);
    - Southern Tagalog Arterial Road (STAR);
    - Pasig River Expressway (PAREX);
    - Northern Access Link Expressway (NALEX);
    - Southern Access Link Expressway (SALEX);
    - Pangasinan Link Expressway (PLEX);
    - Cavite-Batangas Expressway (CBEX);
    - Nasugbu-Bauan Expressway (NBEX); and
    - TPLEX Extension.

    In exchange for the fulfillment of the Group's obligations under the Concession Agreement, the Group is given the right to operate the toll road facilities over the concession period. Toll road concession rights are recognized initially at the fair value of the construction services. Following initial recognition, the toll road concession rights are carried at cost less accumulated amortization and any impairment losses. Subsequent expenditures or replacement of parts of it are normally recognized in the consolidated statements of income as these are incurred to maintain the expected future economic benefits embodied in the toll road concession rights. Expenditures that will contribute to the increase in revenue from toll operations are recognized as an intangible asset.

    The toll road concession rights are amortized using the straight-line method over the term of the Concession Agreement. The toll road concession rights are assessed for impairment whenever there is an indication that the toll road concession rights may be impaired.

    The toll road concession rights will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition of the toll road concession rights as these are expected to be fully amortized upon turnover to the ROP.

- *Water Concession Rights*
    Bulacan Bulk Water Supply. The water concession right pertains to the right granted by the Metropolitan Waterworks and Sewerage System (MWSS) to LCWDC as the concessionaire of the supply of treated bulk water, planning, financing, development, design, engineering and construction of facilities including the management, operation and maintenance in order to alleviate the chronic water shortage and provide potable water needs of the Province of Bulacan. The Concession Agreement is for a period of 30 years and may be extended for up to 50 years. The water concession right represents the upfront fee, cost of design, construction and development of the Bulacan Bulk Water Supply Project. The service concession right is not yet amortized until the construction is completed.

    The carrying amount of the water concession right is reviewed for impairment annually, or more frequently when an indication of impairment arises during the reporting year.

    The water concession right will be derecognized upon turnover to MWSS. There will be no gain or loss upon derecognition of the water concession right, as this is expected to be fully amortized upon turnover to MWSS.

    Obando and Bulakan Water Supply. OWCI and BWCI account for the service concession arrangement with Obando Water District (OWD) and Bulakan Water District (BWD), respectively, under the intangible asset model as it receives the right (license) to charge users of public service. OWCI and BWCI are granted the rights and authority to finance, design, construct, operate and maintain the water and sanitation services inside the Municipality of Obando and Bulakan, respectively.

Service concession rights consist of the present value of the total estimated concession fee payments and the costs of rehabilitation works on the existing facilities pursuant to the Concession Agreement. Amortization commences once it is available for use and calculated on a straight-line basis over the remaining concession period.

The carrying amounts of the concession rights are reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in asset market value, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

- *Metro Rail Transit Line 7 (MRT 7 Project).* The Group's capitalized project costs incurred for the MRT 7 Project is recognized as a financial asset as it does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

  The Group can finance, design, test, commission, construct and operate and maintain the MRT 7 Project on behalf of the ROP in accordance with the terms specified in the Concession Agreement.

  As payment, the ROP shall pay fixed amortization payment on a semi-annual basis in accordance with the scheduled payment described in the Concession Agreement (Note 34).

The amortization period and method are reviewed at least at each reporting date. Changes in the terms of the Concession Agreement or the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible asset.

Mineral Rights and Evaluation Assets
The Group's mineral rights and evaluation assets have finite lives and are carried at cost less accumulated amortization and any accumulated impairment.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statements of income as incurred.

Amortization of mineral rights and evaluation assets is recognized in the consolidated statements of income based on UPM method utilizing only recoverable coal, limestone and shale reserves as the depletion base. In applying the UPM method, amortization is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves.

The Group's mineral rights and evaluation asset is amortized using UPM method over 25 years.

Gain or loss from derecognition of mineral rights and evaluation assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

<u>Deferred Exploration and Development Costs</u>
Deferred exploration and development costs comprise of expenditures which are directly attributable to:

- Researching and analyzing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Compiling pre-feasibility and feasibility studies.

Deferred exploration and development costs also include expenditures incurred in acquiring mineral rights and evaluation assets, entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration assets are reassessed on a regular basis and tested for impairment provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing or planned for the future.

If the project proceeds to the development stage, the amounts included within deferred exploration and development costs are transferred to property, plant and equipment.

Returnable Containers

Returnable bottles, shells, pallets, and Liquefied Petroleum Gas (LPG) cylinders are measured at cost less accumulated depreciation and impairment, if any. These are presented as “Deferred containers - net” under “Other noncurrent assets - net” account in the consolidated statements of financial position and are depreciated over the estimated useful lives of 2 to 15 years. Depreciable amount is equal to cost less estimated residual value, equivalent to the deposit value. Depreciation of deferred containers is included under “Selling and administrative expenses” account in the consolidated statements of income.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from deferred containers.

The carrying amounts of deferred containers are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Refundable containers deposits are collected from customers based on deposit value and refunded when the containers are returned to the Group in good condition. These deposits are presented as part of “Customers’ deposits” under “Accounts payable and accrued expenses” account in the consolidated statements of financial position.

Impairment of Non-financial Assets

The carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

<u>Contract Liabilities</u>
A deferred income is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a deferred income is recognized when the payment is made, or the payment is due (whichever is earlier). Deferred income is recognized as revenue when the Group performs under the contract.

<u>Fair Value Measurements</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

<u>Provisions</u>
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities

Redeemable Perpetual Securities (RPS) and Senior Perpetual Capital Securities (SPCS) are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of RPS and SPCS are recognized as a deduction from equity, net of tax.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividends and distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend and distribution declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Food and Beverage, Packaging, Petroleum Products and Cement and Aggregates
Revenue is recognized at the point in time when control of the goods is transferred to the customer, which is normally upon delivery of the goods. Trade discounts and volume rebate do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each period. Payment is generally due within 30 to 60 days from delivery.

Revenue from sale of petroleum products is allocated between the consumer loyalty program and the other component of the sale. The allocation is based on the relative stand-alone selling price of the points. The amount allocated to the consumer loyalty program is deducted from revenue at the time points are awarded to the consumer.

A deferred liability on consumer loyalty program included under "Accounts payable and accrued expenses" account in the consolidated statements of financial position is set up until the Group has fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The deferred liability is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is an indication of a material change.

Revenue from Power Generation and Trading
Revenue from power generation and trading is recognized over time when actual power or capacity is generated, transmitted and/or made available to the customers, net of related discounts and adjustments.

Revenues from retail and other power-related services are recognized over time upon the supply of electricity to the customers. The Uniform Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001 specified the following bill components: (a) generation charge; (b) transmission charge; (c) system loss charge; (d) distribution charge; (e) supply charge; (f) metering charge; (g) currency exchange rate adjustments; where applicable; and (h) interclass and life subsidies. Feed-in tariffs allowance, Value-added Tax (VAT) and universal charges are billed and collected on behalf of the national and local government and do not form part of the Group's revenue. Generation, transmission and system loss charges, which are part of revenues, are passthrough charges.

Revenue from Sale of Real Estate
Revenue from sale of real estate projects under pre-completion stage is recognized over time based on percentage of completion since the Group does not have an alternative use of the specific real estate property sold as the Group is precluded by the contract from redirecting the use of the property for a different purpose. Further, the Group has the right to payment for the development completed to date as the Group can choose to complete the development and enforce its rights to full payment under the contract even if the customer defaults on amortization payments. The Group determines the stage of completion based on surveys done by the Group's engineers and total costs to be incurred on a per unit basis. Revenue is recognized when 10% of the total contract price has already been collected.

Revenue from sale of completed real estate projects, and undeveloped land or raw land is recognized at a point in time. The Group recognizes in full the revenue and cost from sale of completed real estate projects and undeveloped land when 10% or more of the contract price is received.

If the transaction does not qualify for revenue recognition, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue, payments received from customers are presented as "Customers' deposits" under "Accounts payable and accrued expenses" account in the consolidated statements of financial position.

Cancellation of real estate sales is accounted for on the year of forfeiture. The repossessed real estate projects are recognized at fair value less cost to repossess. Any gain or loss on cancellation is recognized as part of "Other income (charges) - net" account in the consolidated statements of income.

Revenue from Service Concession Arrangements
Revenue from toll operations is recognized upon the use by the road users of the toll road and is paid by way of cash or charge against Radio Frequency Identification account. Toll fees are set and regulated by the Toll Regulatory Board (TRB).

Landing, take-off and parking fees are recognized as the services are rendered over time which is the period from landing up to take-off of aircrafts.

Terminal fees are recognized upon receipt of fees charged to passengers for the use of airport and port terminals.

Revenue from port cargo handling and ancillary services is recognized as the services are rendered over time based on the quantity of items handled during the period multiplied by a predetermined rate.

Revenue from construction contracts is recognized over time based on the percentage of completion, measured by reference to the proportion of costs incurred to date to estimated total costs for each contract.

Revenue from Freight Services
Revenue from freight services is recognized as the services are rendered over time based on every voyage contracted with customers during the period multiplied by a predetermined rate.

Revenue from Other Sources
Revenue from Agricultural Produce. Revenue from initial recognition of agricultural produce is measured at fair value less estimated costs to sell at the point of harvest. Fair value is based on the relevant market price at the point of harvest.

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rent Income. Rent income is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Gain or Loss on Sale of Investments in Shares of Stock. Gain or loss is recognized when the Group disposes of its investment in shares of stock of a subsidiary, associate and joint venture and financial assets at FVPL. Gain or loss is computed as the difference between the proceeds of the disposed investment and its carrying amount, including the carrying amount of goodwill, if any.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Research and Development Costs
Research costs are expensed as incurred. Development costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of development costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. The projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. Independent qualified actuary calculates these amounts periodically.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates on the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Foreign Operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine Peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine Peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in shares of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity.

Taxes
Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Income and other taxes payable" accounts in the consolidated statements of financial position.

<u>Assets Held for Sale</u>
The Group classifies noncurrent assets, or disposal groups comprising assets and liabilities as held for sale or distribution, if their carrying amounts will be recovered primarily through sale or distribution rather than through continuing use. The assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for some assets which are covered by other standards. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statements of income. Gains are not recognized in excess of any cumulative impairment losses.

The criteria for held for sale or distribution is regarded as met only when the sale or distribution is highly probable, and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale, or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision on distribution or sale will be withdrawn. Management must be committed to the sale or distribution within one year from the date of classification.

Intangible assets, property, plant and equipment and investment property once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statements of financial position.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)
Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of RPS and SPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

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

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

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

Measurement of Biological Assets. Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available in the Philippine poultry and hog industries. Further, the existing sector benchmarks are determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of petroleum products such as the provision of technical support and consumer loyalty program and allocates the transaction price into these several performance obligations.

Applicability of Philippine Interpretation IFRIC 12. In accounting for the Group's transactions in connection with its Concession Agreement with the ROP, significant judgment was applied to determine the most appropriate accounting policy to use.

Management used Philippine Interpretation IFRIC 12 as guide and determined that the Concession Agreement is within the scope of the interpretation since it specifically indicated that the ROP will regulate what services the Group must provide, at what prices these services will be offered, and that at the end of the concession period, the entire infrastructure, as defined in the Concession Agreement, will be turned over to the ROP (Note 34).

Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the Group's obligations under the Concession Agreement, may either be an intangible asset in the form of a right (license) to charge fees to users or financial asset in the form of an unconditional right to receive cash or another financial asset. Judgment was further exercised by management in determining the cost components of acquiring the right. Further reference to the terms of the Concession Agreement (Note 34) was made to determine such costs.

a. *Airport Concession Rights*

   Boracay Airport. The airport concession right consists of: (i) Airport Project cost; (ii) present value of infrastructure restoration obligation (IRO); and (iii) present value of total franchise fees over 25 years and its subsequent amortization.

   (i) The Airport Project cost is recognized as part of intangible assets as the construction progresses. The cost-to-cost method was used as management believes that the actual cost of construction is most relevant in determining the amount that should be recognized as cost of the intangible asset at each reporting date as opposed to cost plus and other methods of percentage-of-completion.

   (ii) The present value of the IRO is capitalized as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position (Note 17).

(iii) The present value of the obligation to pay annual franchise fees over 25 years has been immediately recognized as part of intangible assets because the right related to it has already been granted and is already being enjoyed by the Group as evidenced by its taking over the operations of the Boracay Airport during the last quarter of 2010. Consequently, management has started amortizing the related value of the intangible asset and the corresponding obligation has likewise been recognized.

MIA. The airport concession right consists of the pre-design costs, consultancy fees and other directly attributable costs incurred in the development of the project.

b. *Toll Road Concession Rights*. The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects: (i) SLEX; (ii) NAIA Expressway; (iii) Skyway; (iv) TPLEX; (v) STAR; (vi) PAREX; (vii) NALEX; (viii) SALEX; (ix) PLEX; (x) CBEX; (xi) NBEX; and (xii) TPLEX Extension.

   Pursuant to the Concession Agreements, any stage or phase or ancillary facilities thereof, of a fixed and permanent nature, shall be owned by the ROP.

c. *Water Concession Rights.* The Group's water concession rights represent the right to collect charges from water service providers and third-party purchasers availing of a public service, grant control or regulate the price and transfer significant residual interest of the water treatment facilities at the end of the Concession Agreement.

d. *MRT 7 Project.* The Concession Agreement related to the MRT 7 Project does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the obligation under the Concession Agreement, is a financial asset in the form of an unconditional right to receive cash or another financial asset.

Difference in judgment in respect to the accounting treatment of the transactions would materially affect the assets, liabilities and operating results of the Group.

Recognition of Profit Margin on the Airport and Toll Road Concession Arrangements. The Group has not recognized any profit margin on the construction of the airport and toll road projects as it believes that the fair value of the intangible asset reasonably approximates the cost. The Group also believes that the profit margin of its contractors on the rehabilitation of the existing airport and its subsequent upgrade is enough to cover any difference between the fair value and the carrying amount of the intangible asset.

Recognition of Revenue from Sale of Real Estate and Raw Land. The Group recognizes its revenue from sale of real estate projects and raw land in full when 10% or more of the total contract price is received and when development of the real estate property is 100% completed. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history from customers and the number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price was received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of Redeemable Preferred Shares. Based on the features of the preferred shares of TADHC, particularly on mandatory redemption, management determined that the shares are, in substance, financial liabilities. Accordingly, these were presented as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2024 and 2023 (Note 20).

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. Although the Group owns less than 50% of the voting rights of BPI, management has determined that the Group has control in this entity by virtue of its exposure and rights to variable returns from its involvement in this investee and its ability to affect those returns through its power over the investee.

The Group receives substantially all of the returns related to BPI's operations and net assets and has the current ability to direct BPI's activities that most significantly affect the returns. The Group controls BPI since it is exposed, and has rights, to variable returns from its involvement with BPI and has the ability to affect those returns through such power over BPI.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in Angat Hydropower Corporation (Angat Hydro) and KWPP Holdings Corporation (KWPP) as at December 31, 2024 and 2023 as joint ventures (Note 11).

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 40.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (Note 43).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least two years. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL is not material because substantial amount of trade receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information do not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Trade receivables written off amounted to P25 and P87 in 2024 and 2023, respectively. The allowance for impairment losses on trade receivables amounted to P5,924 and P3,801 as at December 31, 2024 and 2023, respectively. The carrying amount of trade receivables amounted to P191,937 and P185,642 as at December 31, 2024 and 2023, respectively (Note 8).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable financial institutions and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2024**	2023
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	*7, 39*	**P287,803**	P256,366
Other current receivables - net (included under "Trade and other receivables - net" account)	*8*	**75,044**	77,477
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	*10, 12, 39, 40*	**12,180**	12,158
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	*18, 39, 40*	**8,797**	9,181
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	*10, 18, 39, 40*	**23,822**	18,519

The allowance for impairment losses on other current receivables, included as part of "Trade and other receivables - net" account and noncurrent receivables and deposits included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position, amounted to P9,419 and P590, respectively, as at December 31, 2024, and P9,319 and P567, respectively, as at December 31, 2023 (Notes 8 and 18).

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 9, 10, 11, 12, 15, 16, 17, 18, 20, 35 and 40.

Write-down of Inventory. The Group writes down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The write-down of inventories amounted to P1,605 and P1,686 as at December 31, 2024 and 2023, respectively (Note 9).

The carrying amounts of inventories amounted to P178,355 and P161,986 as at December 31, 2024 and 2023, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property and Deferred Containers. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on management's review at the reporting date.

Property, plant and equipment, net of accumulated depreciation, amounted to P907,069 and P767,874 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of property, plant and equipment amounted to P332,242 and P295,317 as at December 31, 2024 and 2023, respectively (Note 13).

Right-of-use assets, net of accumulated depreciation, amounted to P43,395 and P108,102 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of right-of-use assets amounted to P12,445 and P24,725 as at December 31, 2024 and 2023, respectively (Note 14).

Investment property, net of accumulated depreciation, amounted to P87,931 and P79,535 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to P26,111 and P22,573 as at December 31, 2024 and 2023, respectively (Note 15).

Deferred containers, net of accumulated depreciation, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P21,188 and P18,412 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of deferred containers amounted to P25,096 and P20,189 as at December 31, 2024 and 2023, respectively (Note 18).

Estimated Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded as having an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, net of accumulated amortization, included as part of "Other intangible assets - net" account in the consolidated statements of financial position amounted to P338,075 and P304,328 as at December 31, 2024 and 2023, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P73,285 and P64,898 as at December 31, 2024 and 2023, respectively (Note 17).

Estimated Useful Lives of Intangible Assets - Concession Rights. The Group estimates the useful lives of toll road, airport, port and water concession rights based on the period over which the assets are expected to be available for use. The Group has not included any renewal period because of uncertainty of the probability of securing renewal contract at the end of the original contract term as at the reporting date.

The amortization period and method are reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset.

The combined carrying amounts of toll road, airport and water concession rights amounted to P305,582 and P272,812 as at December 31, 2024 and 2023, respectively (Note 17).

Impairment of Goodwill, Licenses and Trademarks and Brand Names with Indefinite Useful Lives. The Group determines whether goodwill, licenses and trademarks and brand names are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which goodwill is allocated and the value in use of the licenses and trademarks and brand names. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and from the licenses and trademarks and brand names and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P184,994 and P182,791 as at December 31, 2024 and 2023, respectively (Note 17).

The combined carrying amounts of licenses and trademarks and brand names amounted to P2,460 and P2,349 as at December 31, 2024 and 2023, respectively (Note 17).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired, and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment must be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The carrying amount of goodwill arising from business combinations amounted to P1,488 in 2024. No goodwill was recognized from business combinations in 2023 (Notes 5, 17 and 38).

Assessment of Production Start Date. The Group assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. The criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with construction cost estimate;
- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of mineral reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

No impairment loss on deferred exploration and evaluation costs was recognized in 2024, 2023 and 2022.

Deferred exploration and development costs included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P92 and P76 as at December 31, 2024 and 2023, respectively (Notes 18 and 34).

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P22,045 and P19,633 as at December 31, 2024 and 2023, respectively (Note 23).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment on investments and advances, property, plant and equipment, right-of-use assets, investment property, other intangible assets with finite useful lives and deferred containers amounted to P17,149 and P16,298 as at December 31, 2024 and 2023, respectively (Notes 11, 13, 14, 15, 17 and 18).

The combined carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets amounted to P1,438,328 and P1,305,214 as at December 31, 2024 and 2023, respectively (Notes 11, 13, 14, 15, 16, 17 and 18).

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P42,545 and P56,572 as at December 31, 2024 and 2023 respectively (Notes 34, 38, 39 and 40).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 35 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Group.

The present value of defined benefit retirement obligation amounted to P39,710 and P36,620 as at December 31, 2024 and 2023, respectively (Note 35).

Asset Retirement Obligation. The Group has ARO arising from refinery, power plants, leased service stations, terminals, blending plant and leased properties. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of the ARO by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.24% to 12.64% and 3.29% to 12.64% as at December 31, 2024 and 2023, respectively, depending on the life of the capitalized costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P2,078 and P4,488 as at December 31, 2024 and 2023, respectively (Notes 20 and 22).

Present Value of Annual Franchise Fee and IRO - Airport Concession Arrangement. Portion of the amount recognized as airport concession right of TADHC as at December 31, 2024 and 2023 pertains to the present value of the annual franchise fee payable to the ROP over the concession period. The recognition of the present value of the IRO is capitalized as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position (Note 17).

The present values of the annual franchise fee and IRO were determined based on the future value of the obligations discounted at the Group's internal borrowing rate which is believed to be a reasonable approximation of the applicable credit-adjusted risk-free market borrowing rate.

A significant change in such internal borrowing rate used in discounting the estimated cost would result in a significant change in the amount of liabilities recognized with a corresponding effect in profit or loss.

The present value of the annual franchise fees payable to the ROP over 25 years discounted using the 9% internal borrowing rate in 2024 and 2023, included as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position amounted to P50 and P53 as at December 31, 2024 and 2023, respectively (Note 17).

The cost of infrastructure maintenance and restoration represents the present value of TADHC's IRO recognized and is presented as part of IRO under "Other noncurrent liabilities" account in the consolidated statements of financial position amounting to P100 and P97 as at December 31, 2024 and 2023, respectively (Note 22).

Percentage-of-Completion - Airport and Toll Road Concession Arrangements. The Group determines the percentage-of-completion of the contract by computing the proportion of actual contract costs incurred to date, to the latest estimated total airport and toll road project cost. The Group reviews and revises, when necessary, the estimate of airport and toll road project cost as it progresses, to appropriately adjust the amount of construction cost and revenue recognized at the end of each reporting period. Construction revenue and construction costs, reported as part of "Other income (charges) - net" account in the consolidated statements of income, amounted to P57,772, P60,606 and P60,461 in 2024, 2023 and 2022, respectively (Note 32).

Accrual for Repairs and Maintenance - Toll Road Concession Arrangements. The Group recognizes accruals for repairs and maintenance based on estimates of periodic costs, generally estimated to be every five to ten years as at December 31, 2024 and 2023, or the expected period to restore the toll road facilities to a level of serviceability and to maintain its good condition before the turnover to the ROP. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation, discounted using a pre-tax rate, ranging from 6.00% to 6.18% and 5.88% to 6.00% as at December 31, 2024 and 2023, respectively, that reflects the current market assessment of the time value of money.

The accrual for repairs and maintenance, included as part of "IRO" under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P1,111 and P1,151 as at December 31, 2024 and 2023, respectively (Note 22).

The current portion included as part of "Accounts payable and accrued expenses" account amounted to P581 and P320 as at December 31, 2024 and 2023, respectively (Note 20).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments:

<u>Infrastructure</u>

- SMHC

  On December 17, 2021, SMHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 5,000,000 common shares, out of the increase in authorized capital stock of SMHC, for a total subscription price of P7,500 or P1,500.00 per common share. The Parent Company paid P3,823 and P3,239 in 2021 and 2022, respectively, while the balance of the subscription price amounting to P438 was paid in 2023.

  On April 20 and May 11, 2023, SMHC and the Parent Company executed Subscription Agreements to subscribe to an additional 5,500,000 common shares for a total subscription price of P8,250 or P1,500.00 per common share. The Parent Company paid P7,227 in 2023, while the balance of the subscription price amounting to P1,023 was paid in 2024.

On March 1 and July 17, 2024, SMHC and the Parent Company executed Subscription Agreements to subscribe to an additional 2,500,000 common shares for a total subscription price of P3,750 or P1,500.00 per common share. The Parent Company paid P3,212 in 2024.

- SMAI

On May 12, 2023, the BOD and stockholders of SMAI approved that out of its 45,000,000,000 authorized capital stock, 34,100,000,000 common shares (i) 21,600,000,000 common shares will be converted to Series 1 Preferred Shares on a 1:1 basis and (ii) 12,500,000,000 common shares will be reclassified to Series 2 Preferred Shares.

In the same meeting, the BOD and stockholders of SMAI approved the increase in its authorized capital stock from P45,000 divided into 45,000,000,000 common shares with a par value of P1.00 per common share to P57,850 divided into: (i) 10,900,000,000 common shares with a par value of P1.00 per common share; (ii) 21,600,000,000 Series 1 Preferred Shares with a par value of P1.00 per preferred share; and (iii) 25,350,000,000 Series 2 Preferred Shares with a par value of P1.00 per preferred share.

SMAI approved to offer to all its stockholders the option to convert its common shares to Series 1 Preferred Shares on a 1:1 basis, effective upon the approval by the SEC of the increase in the authorized capital stock of SMAI, the creation of the preferred shares and the corresponding approval of the amendment of the Articles of Incorporation of SMAI reflecting such amendments. Of the two holders of common shares of SMAI at that time, which are the Parent Company and SMHC, only the Parent Company exercised the option to convert its common shares in SMAI into Series 1 Preferred Shares, which SMAI accepted.

On May 12, 2023, SMAI and the Parent Company executed the following: (i) a Subscription Agreement to subscribe to 4,266,672,620 Series 2 Preferred Shares out of the proposed increase in authorized capital stock for a total subscription price of P12,800 or P3.00 per preferred share; and (ii) a Deed of Assignment that the deposit for future stock subscription of P12,800 paid in 2022 be applied as payment by the Parent Company of its subscription to the Series 2 Preferred Shares.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMAI and the creation of the preferred shares was filed with the SEC on June 30, 2023, and was approved on September 7, 2023.

Upon the approval of the increase in the authorized capital stock of SMAI and the creation of the preferred shares, all common shares which were issued to the Parent Company on various dates in 2021 to 2022 were converted to Series 1 Preferred Shares. As a result of the foregoing conversion by the Parent Company of its investment in common shares of SMAI to Series 1 Preferred Shares and subsequent subscription to Series 2 Preferred Shares, the Parent Company has 100% indirect ownership in SMAI through SMHC.

On December 29, 2023, the Parent Company and SMAI entered into a Subscription Agreement wherein the Parent Company subscribed to 8,569,655,398 Series 2 Preferred Shares of SMAI for a total subscription price of P42,848 or P5.00 per preferred share, which was fully paid in 2023.

On December 26, 2024, SMAI and the Parent Company executed a Subscription Agreement to subscribe to an additional 3,960,000,000 Series 2 Preferred Shares for a total subscription price of P23,760 or P6.00 per preferred share, which was fully paid in 2024.

The preferred shares issued by SMAI are non-voting, may be convertible into common shares as determined by the BOD of SMAI, may be redeemable at the sole option of SMAI at a price and at such time that the BOD of SMAI shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMAI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMAI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of SMAI.

- Acquisition of BWCI and OWCI

On October 22, 2024, the Parent Company through SBWSC acquired 135,000,000 common shares and 88,200,000 common shares representing 90% of the outstanding capital stock of BWCI and OWCI, respectively, for a total consideration of P1,025.

As at December 31, 2024, BWCI and OWCI are 90% owned subsidiaries of SBWSC and 10% owned by BWD and OWD, respectively.

BWCI and OWCI (the Concessionaires) were granted by BWD and OWD, respectively, the sole right to manage, operate, maintain, repair, refurbish and expand, and as appropriate, decommission, the facilities in the entire Municipalities of Bulakan and Obando for a period of 25 years. BWD and OWD will monitor and review the performance of the Concessionaires during the concession period.

The acquisition of BWCI and OWCI was accounted for using the acquisition method of accounting in accordance with PFRS 3, *Business Combinations*.

The following summarizes the recognized amount of assets acquired and liabilities assumed at the acquisition date:

	Note	2024
Assets		
Cash and cash equivalents		**P54**
Trade and other receivables - net		**20**
Inventories		**14**
Prepaid expenses and other current assets		**3**
Property, plant and equipment - net	*13*	**35**
Other intangible assets - net	*17*	**950**
Deferred tax assets	*23*	**39**
Liabilities		
Accounts payable and accrued expenses	*20*	**(279)**
Income and other taxes payable		**(4)**
Long-term debt - net	21	**(129)**
Other noncurrent liabilities	*22, 35*	**(848)**
Total Identifiable Net Liabilities at Fair Value		**(P145)**

The fair value of trade and other receivables amounted to P20. The gross amount of the receivables is P25, of which P5 is expected to be uncollectible as at the acquisition date (Note 8).

Provisional goodwill was recognized as a result of the acquisition as follows:

	Note	2024
Total cash consideration transferred		**P1,025**
Non-controlling interest measured at proportionate interest in identifiable net liabilities		**(15)**
Total identifiable net liabilities at fair value		**145**
Provisional goodwill	*17, 38*	**P1,155**

Goodwill arising from the acquisition of BWCI and OWCI is attributable to the benefit of the broader scope of SMHC's waterworks portfolio and expanded current service coverage. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable net assets.

If the foregoing acquisitions occurred on January 1, 2024, management estimates that it would have increased consolidated revenue by P178 and decreased consolidated net income by P11. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2024. From the date of consolidation to December 31, 2024, BWCI and OWCI contributed revenue of P42 and net loss of P1 to the Group's financial performances.

- Argonbay Construction Company, Inc. (ACCI)

  On December 15, 2022, the BOD and stockholders of ACCI approved the increase in its authorized capital stock from P150 divided into 1,500,000 common shares with a par value of P100.00 per common share to P20,150 divided into 1,500,000 common shares with a par value of P100.00 per common share and 200,000,000 Series 1 Preferred Shares with a par value of P100.00 per preferred share. On the same date, ACCI and the Parent Company executed a Subscription Agreement to subscribe to 142,600,000 Series 1 Preferred Shares out of the proposed increase in authorized capital stock for a total subscription price of P14,260 or P100.00 per preferred share.

  The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock was filed with the SEC on June 13, 2023, and was approved on June 14, 2023. The Parent Company paid P3,634 in 2022, while the balance of the subscription price amounting to P10,626 was paid in 2023.

  On June 20, 2023, ACCI and the Parent Company executed a Subscription Agreement to subscribe to 4,887,226 Series 1 Preferred Shares for a total subscription price of P489 or P100.00 per preferred share, which was fully paid in 2023.

  The preferred shares issued by ACCI are non-voting, may be convertible into common shares as determined by the BOD of ACCI, may be redeemable at the sole option of ACCI at a price and at such time that the BOD of ACCI shall determine. The preferred shares are entitled to dividends as declared by the BOD of ACCI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of ACCI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of ACCI.

<u>Cement</u>

- SMEII

  On April 26, 2023, SMEII and the Parent Company executed a Subscription Agreement to subscribe to an additional 1,335,273,000 common shares of SMEII for a subscription price of P2,003 or P1.50 per common share, which was fully paid in 2023.

- Acquisition of Pacific Cement Philippines, Inc. (Pacemphil)

  On September 3, 2024, East Star Cement Phils., Inc. (ESCPI) signed a deed of sale of shares with individual shareholders (collectively, the Selling Shareholders) for the acquisition of a total of 25,012,917 common shares representing 100% of the total outstanding and issued capital stock of Pacemphil for a total consideration of P572.

  The related advances for investments amounting to P572 was reclassified from "Investments and advances" to investment in shares of stock of subsidiaries as part of the total consideration transferred (Note 11).

  The acquisition of Pacemphil was accounted for using the acquisition method of accounting in accordance with PFRS 3.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2024
Assets		
Cash and cash equivalents		**P22**
Prepaid expense and other current assets		**4**
Property, plant and equipment - net	*13*	**1,302**
Investment properties - net	*15*	**390**
Liabilities		
Accounts payable and accrued expenses		**(1,337)**
Income and other taxes payable		**(119)**
Deferred tax liabilities		**(14)**
Other noncurrent liabilities		**(9)**
Total Identifiable Net Assets at Fair Value		**P239**

The provisional goodwill amounting to P333 pertains to the excess of the consideration paid over the fair values of assets acquired and liabilities assumed as of the acquisition date.

Goodwill arising from the acquisition of Pacemphil is attributable to the benefit of expected synergies with the Group's cement business, revenue growth, future development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable net assets.

If the foregoing acquisition occurred on January 1, 2024, management estimates that it would have decreased consolidated net income by P9. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2024. From the date of acquisition to December 31, 2024, Pacemphil has contributed net loss of P9 to the Group's financial performance.

- Consolidation of ECC

On October 5, 2022, SMEII signed a share purchase agreement with Far East Holdings, Inc. (FEHI), the parent company of ECC and three other individual shareholders (collectively, the Selling Shareholders) for the acquisition by SMEII of a total of 4,425,123,001 common shares (the Sale Shares) representing approximately 88.50% of the total outstanding and issued capital stock of ECC for a total consideration of P97,441 or P22.02 per Sale Share.

ECC and its subsidiaries are engaged in manufacturing, marketing, sale, and distribution of cement. ECC owns a cement production facility in San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan.

On October 27, 2022, the Philippine Competition Commission (PCC) issued a notice which states that the transaction is not subject to a review based on the implementing rules and regulations of the Philippine Competition Act and its implementing rules and regulations. Consequently, on November 7, 2022, SMEII proceeded to conduct a mandatory tender offer to acquire a total of 574,877,004 common shares of ECC, representing approximately 11.46% of the outstanding capital stock of ECC held by the minority shareholders, as required by the Securities Regulation Code, which tender offer was likewise considered as the tender offer required for the voluntary delisting of ECC under the relevant rules of the PSE after the required written assent of the stockholders of ECC was secured.

The tender offer period ended on December 5, 2022, with a total of 572,780,677 ECC shares representing approximately 11.46% of the total outstanding capital stock of ECC were tendered (Tendered Shares) for a total consideration of P12,613 or P22.02 per common share (Tender Offer Price). The Tendered Shares were crossed through the PSE on December 14, 2022, upon approval of the PSE of a special block sale of the Tendered Shares. Thereafter, ECC petitioned for a voluntary delisting and was approved by the PSE effective February 28, 2023.

As a result of the transaction, ECC was consolidated effective December 14, 2022. SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding capital stock of ECC as at December 31, 2024 and 2023.

The acquisition of ECC was accounted for using the acquisition method of accounting in accordance with PFRS 3.

The following summarizes the recognized amount of assets acquired and liabilities assumed at the acquisition date:

	Note	2022
Assets		
Cash and cash equivalents		P9,548
Trade and other receivables		118
Inventories		2,299
Prepaid expenses and other current assets	*10, 24*	7,617
Investment and advances	*24*	105
Property, plant and equipment - net	*13*	34,434
Right-of-use assets - net	*14*	26
Other intangible assets - net	*17*	9,052
Deferred tax assets	*23*	102
Other noncurrent assets - net		966
Liabilities		
Accounts payable and accrued expenses	*20*	(3,323)
Income and other taxes payable		(200)
Lease liabilities (including current portion)		(36)
Long-term debt - net		(4,040)
Deferred tax liabilities		(13)
Other noncurrent liabilities	*22, 35*	(168)
Total Identifiable Net Assets at Fair Value		P56,487

The fair value of trade and other receivables amounted to P118. None of the receivables has been impaired and it is expected that the full amount can be collected (Note 8).

Included as part of "Prepaid expenses and other current assets" and "Accounts payable and accrued expenses" accounts of ECC are the net assets of KB Space Holdings, Inc. (KSHI) classified as held for sale as at December 14, 2022, which were disposed on June 16, 2023. ECC completed the sale of 100% outstanding common shares of KSHI for a consideration of P418 and assigned the P1,300 deposit for future subscriptions to the common shares of KSHI to FEHI (Note 33).

The completion of the purchase price allocation exercise resulted in the adjustments to the recognized amounts of assets acquired as at December 31, 2022. The "Property, plant and equipment - net" and "Other intangibles - net" accounts increased by P932 and P747, respectively, and "Prepaid expenses and other current assets" account decreased by P996 (Notes 10, 13 and 17).

The provisional goodwill recognized in 2022 amounted to P54,273. The final assessment resulted in the recognition of final goodwill in the amount of P53,590, recorded after recognition at fair value of the identifiable assets and liabilities.

The prior year comparative information was not restated since the impact of the adjustment is not material.

	Note	2022
Total cash consideration transferred	*11*	P110,054
Non-controlling interest measured at proportionate interest in identifiable net assets		23
Total identifiable net assets at fair value		(56,487)
Goodwill	*17, 38*	P53,590

SMEII incurred acquisition-related costs amounting to P80 in 2022, which were included as part of "Selling and administrative expenses" account in the consolidated statement of income.

Goodwill arising from the acquisition of ECC is attributable to the benefit of expected synergies with the Group's cement business, revenue growth, future development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable net assets.

If the foregoing acquisition occurred on January 1, 2022, management estimates that it would have increased consolidated revenue and consolidated net income by P20,378 and P4,470, respectively. In determining these amounts, management assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022. ECC has made no contribution to the revenue and net income of the Group in 2022.

<u>Fuel and Oil</u>

- Redemption of RPS

  On September 25 and October 2, 2024, Petron partially redeemed US$60 (P3,359) out of the US$70 RPS which were subscribed by the Parent Company on July 22, 2020.

  The RPS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. Petron has the right to defer the distribution under certain conditions.

- Acquisition of Mema

  On February 16, 2022, the Parent Company through Petron acquired 10,000,000 common shares representing 100% of the outstanding capital stock of Mema for an initial consideration of P104. Mema is a company with a subsidiary that provides hauling and logistics services to Petron. On June 30, 2022, control over the investee was transferred to the Group after the resolution of issues was agreed by Petron and the seller. On December 29, 2022, an adjustment in the purchase price of P300 was agreed by Petron and the seller which was settled in February 2023.

  The acquisition of Mema was accounted for using the acquisition method of accounting in accordance with PFRS 3.

  The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2022
Assets		
Cash and cash equivalents		P3,406
Trade and other receivables		2,034
Prepaid expense and other current assets		69
Property, plant and equipment - net	*13*	219
Other noncurrent asset		15
Liabilities		
Accounts payable and accrued expenses		(5,303)
Other noncurrent liabilities		(14)
Total Identifiable Net Assets at Fair Value		P426

  The Group recognized a gain on acquisition amounting to P22, presented as part of "Other income (charges) - net" account in the 2022 consolidated statement of income, representing the excess of total identifiable net assets at fair value of P426 over the total consideration of P404 (Note 32).

  The fair value of trade and other receivables amounted to P2,034. None of the receivables has been impaired and the full amount is expected to be collected. As at December 31, 2024, receivables amounting to P2,034 were already collected and minimal amount is still outstanding.

Accounts payable and accrued expenses amounting to P5,198 was settled as at December 31, 2024 from the existing cash and collected receivable.

The fair value of the acquired property, plant and equipment was measured using depreciated replacement cost by considering the current replacement cost of new assets and adjusted for obsolescence, including physical, functional and economic obsolescence.

Mema and its subsidiaries contributed P26 to the Group's net income from the acquisition date to December 31, 2022. Mema and its subsidiaries have no revenue contribution to the Group in 2022. Had the acquisition occurred on January 1, 2022, the Group's revenue and net income in 2022 would have been P1,506,591 and P26,756, respectively. In determining these amounts, management assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022.

On October 27, 2022, Petron and Mema executed a Subscription Agreement to subscribe to an additional 1,375,000,000 common shares of Mema for a subscription price of P1,375 or P1.00 per common share, of which P899 was paid in 2022, while the remaining balance of the subscription price amounting to P476 was paid in 2023.

On July 19, 2023, Petron and Mema executed another Subscription Agreement to subscribe to an additional 2,770,000,000 common shares of Mema for a subscription price of P2,770 or P1.00 per common share, of which P1,305 and P828 was paid in 2023 and 2024, respectively.

<u>Real Estate</u>

- SMPI

  a) Subscription of Common Shares

  On various dates in 2021, SMPI and the Parent Company executed Subscription Agreements to subscribe to an additional 168,783,058 common shares of SMPI for a total subscription price of P3,375 or P20.00 per common share. The Parent Company paid P3,018 in 2021, while the balance amounting to P357 was paid in 2023.

  On various dates in 2022, SMPI and the Parent Company executed Subscription Agreements to subscribe to an additional 240,381,050 common shares of SMPI for a total subscription price of P4,808 or P20.00 per common share, which was fully paid in 2022.

  On various dates in 2023, SMPI and the Parent Company executed Subscription Agreements to subscribe to an additional 129,446,202 common shares of SMPI for a total subscription price of P2,589 or P20.00 per common share, which was fully paid in 2023.

  b) Sale of Elite Montagne Realty Corp. (Elite) and Rapidshare Realty and Development Corporation (Rapidshare)

  On June 11 and October 7, 2024, SMPI entered into Share Purchase Agreement with third parties for the sale of its investments in Elite and Rapidshare, respectively, for a total consideration of P2,542. Out of the said amount, P2,537 was paid in 2024 and the remaining balance is presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position as at December 31, 2024.

  The Group recognized gain on sale amounting to P1,903, presented as part of "Gain on sale of investments and property and equipment" account in the consolidated statement of income.

- DHDC

  On November 24, 2023, DHDC and the Parent Company executed a Subscription Agreement to subscribe to an additional 67,500,000 common shares of DHDC for a subscription price of P135 or P2.00 per common share. The Parent Company paid P103 and P12 in 2023 and 2024, respectively.

On January 24, 2024, DHDC and the Parent Company executed a Subscription Agreement to subscribe to an additional 24,300,000 common shares of DHDC for a subscription price of P49 or P2.00 per common share, which was fully paid in 2024.

- FVHI

On August 25, 2022, the BOD and stockholders of FVHI approved the additional increase in its authorized capital stock from P1,750 divided into 17,500,000 common shares to P4,250 divided into 42,500,000 common shares, both with a par value of P100.00 per common share. On the same date, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 12,500,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P2,500 or P200.00 per common share.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of FVHI was filed with the SEC on June 27, 2024, and was approved on July 1, 2024. The Parent Company paid P2,430 in 2023, while the remaining balance of the subscription price amounting to P70 was paid in 2024.

On December 16, 2024, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 8,800,000 common shares for a total subscription price of P1,760 or P200.00 per common share. The Parent Company paid P1,747 in 2024.

- SHC

On various dates in 2020, SHC and the Parent Company executed Subscription Agreements to subscribe to an additional 170,000,000 common shares of SHC for a total subscription price of P680 or P4.00 per common share. The Parent Company paid a total of P570 as at December 31, 2024 and 2023.

- DHC

On November 23, 2022, DHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 61,000,000 common shares of DHC for a subscription price of P122 or P2.00 per common share. The Parent Company paid a total of P87 in 2022, while the remaining balance of the subscription price amounting to P35 was paid in 2023.

On December 7, 2023, DHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 27,000,000 common shares of DHC for a subscription price of P54 or P2.00 per common share. The Parent Company paid P33 in 2023, while the remaining balance of the subscription price amounting to P21 was paid in 2024.

On December 16, 2024, DHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 19,000,000 common shares of DHC for a subscription price of P38 or P2.00 per common share, which was fully paid in 2024.

- WHC

On January 21 and February 14, 2022, WHC and the Parent Company executed Subscription Agreements to subscribe to an additional 152,500,000 common shares of WHC for a subscription price of P305 or P2.00 per common share. The Parent Company paid P117 in 2022, while the remaining balance of the subscription price amounting to P188 was paid in 2023.

On December 4, 2023, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 123,500,000 common shares of WHC for a subscription price of P247 or P2.00 per common share. The Parent Company paid P224 in 2023, while the remaining balance of the subscription price amounting to 23 was paid in 2024.

On December 16, 2024, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 177,500,000 common shares of WHC at a subscription price of P355 or P2.00 per common share, which was fully paid in 2024.

On December 16, 2024, the BOD and stockholders of WHC approved the additional increase in its authorized capital stock from P1,000 divided into 1,000,000,000 common shares to P1,300 divided into 1,300,000,000 common shares, both with a par value of P1.00 per common share. On the same date, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 186,560,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P373 or P2.00 per common share, which was fully paid in 2024.

- OVHI

  On August 11, 2022, OVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 500,000 common shares of OVHI for a subscription price of P100 or P200.00 per common share. The Parent Company paid P62 in 2022, while the remaining balance of the subscription price amounting to P38 was paid in 2023.

  On December 14, 2023, OVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 255,000 common shares of OVHI for a subscription price of P51 or P200.00 per common share. The Parent Company paid P49 in 2023, while the remaining balance of the subscription price amounting to P2 was paid in 2024.

  On December 16, 2024, OVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 820,000 common shares of OVHI for a subscription price of P164 or P200.00 per common share. The Parent Company paid P151 in 2024.

Food

- Acquisition of JGT Holdings, Inc. (JGT)

  On July 29, 2024, the BOD of SMFI approved the acquisition of 100% of the outstanding capital stock of JGT from its stockholders for a total consideration of P125.

  JGT has not yet started commercial operations as at December 31, 2024.

  The transaction is accounted for as an asset acquisition since the assets and activities do not constitute a business as defined in PFRS 3.

Energy

- Subscription of Common Shares

  On July 25, 2023, San Miguel Global Power and the Parent Company executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares of San Miguel Global Power for a subscription price of P12,300 or P30.00 per common share, which was fully paid in 2023.

  On July 25, 2023, the BOD of San Miguel Global Power approved the additional increase in its authorized capital stock from P2,000 divided into 2,000,000,000 common shares to P3,774 divided into 3,774,400,000 common shares, both with a par value of P1.00 per common share, as well as the amendment of the Amended Articles of Incorporation of San Miguel Global Power to reflect the said increase. On August 1, 2023, the Parent Company entered into a Subscription Agreement with San Miguel Global Power, whereby the Parent Company subscribed to an additional 443,600,000 common shares of San Miguel Global Power out of the proposed increase in authorized capital stock for a total subscription price of P13,308 or P30.00 per common share. The subscription price was fully paid in 2023. The stockholders of San Miguel Global Power approved the aforementioned increase in authorized capital stock and amendment of the Amended Articles of Incorporation during its Special Stockholders' Meeting held on September 7, 2023.

  The application for the increase in the authorized capital stock of San Miguel Global Power and the amendment of its Amended Articles of Incorporation to reflect the aforementioned increase in authorized capital stock was filed with the SEC on October 20, 2023, and was approved by the SEC on October 24, 2023.

On November 13, 2023, San Miguel Global Power and the Parent Company executed a Subscription Agreement to subscribe to an additional 720,000,000 common shares for a subscription price of P21,600 or P30.00 per common share, which was fully paid in 2023.

- Redemption of RPS

On October 27, 2023, the BOD of SMGP BESS approved the purchase of US$223 (P12,573) and P7,800 RPS or an aggregate face value amount of P20,373, which were issued to the Parent Company on various dates in 2023 and 2022.

The RPS are direct, unconditional, unsecured, and subordinated capital securities with no fixed redemption date. SMGP BESS has the right to defer distribution under certain conditions.

- Acquisition of Ilijan Primeline Industrial Estate, Inc. (IPIEC)

On April 3, 2023, the Parent Company through San Miguel Global Power acquired the 100% outstanding capital stock of IPIEC for a total consideration of P50 (Note 15). IPIEC own and manage various properties located in the province of Batangas.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Acquisition of Blue Eagle Star Corp. (Blue Eagle)

On December 19, 2023, the Parent Company through San Miguel Global Power acquired the 100% outstanding capital stock of Blue Eagle for a total consideration of P25 (Note 15). Blue Eagle owns and manages various properties located in the province of Cavite.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Acquisition of Multi-Ventures Investment Holdings, Inc. (MVHI) and Bluelight Industrial Estate, Inc. (Bluelight)

On August 25, 2022, the Parent Company through San Miguel Global Power acquired 100,000 and 50,000 common shares, equivalent to 100% of the outstanding capital stock of MVHI and Bluelight, respectively, for a total consideration of P16 (Note 13).

MVHI and Bluelight own and manage various properties located in the province of Cavite and Quezon, respectively.

The transaction is accounted for as an asset acquisition since the assets and activities does not constitute a business as defined in PFRS 3.

- Sale of Strategic Energy Development Inc. (SEDI)

On August 26, 2022, San Miguel Global Power sold its 100% shareholdings in SEDI to a third party for P1,200 with 10% downpayment upon signing of the contract. The amount of consideration, which will be collected on installment basis up to 2026 and subject to interest to be agreed by the relevant parties, is presented as part of "Non-trade receivables" under "Trade and other receivables - net" and "Noncurrent receivables and deposits - net" under "Other noncurrent assets - net" accounts in the consolidated statements of financial position as at December 31, 2024 and 2023 (Notes 8 and 18).

The Group recognized a gain on the sale amounting to P555, presented as part of "Gain on sale of investments and property and equipment" account in the 2022 consolidated statement of income.

- Sale of Daguma Agro-Minerals, Inc. (DAMI), Bonanza Energy Resources, Inc. (BERI) and Sultan Energy Phils. Corp. (SEPC)

On December 21, 2022, SPI entered into a Share Purchase Agreement with a third party for the sale of its 100% equity interests in DAMI, BERI and SEPC for a total consideration of P1,818 which was fully paid as at December 31, 2023.

Also on the same date, SPI entered into an agreement with the third party for the assignment of its deposit for future stock subscription amounting to P1,552, payable over a period of five years, subject to interest to be agreed upon by both parties. The amount is presented as part of "Noncurrent receivables and deposits - net" under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2024 and 2023 (Note 18).

DAMI and SEPC have coal mining properties, covered by Coal Operating Contracts issued by the Philippine Department of Energy (DOE), located in the provinces of Sarangani, South Cotabato and Sultan Kudarat (Note 34).

The Group recognized a gain on the sale amounting to P182, presented as part of "Gain on sale of investments and property and equipment" account in the 2022 consolidated statement of income.

Others

- SMCSLC

  On November 28, 2024, SMCSLC and the Parent Company executed a Subscription Agreement to subscribe to an additional 142,940,000 common shares for a total subscription price of P3,002 or P21.00 per common share, which was fully paid in 2024.

- SMITS

  On December 9, 2024, SMITS and the Parent Company executed a Subscription Agreement to subscribe to an additional 442,500 common shares for a total subscription price of P708 or P1,600.00 per common share, which was fully paid in 2024.

- ArchEn

  On December 20, 2023, the BOD and stockholders of ArchEn approved the additional increase in the authorized capital stock from P300 divided into 3,000,000 common shares to P360 divided into 3,600,000 common shares, both with a par value of P100.00 per common share. On the same date, ArchEn and the Parent Company executed a Subscription Agreement to subscribe to an additional 150,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P45 or P300.00 per common share, which was fully paid in 2023.

  The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of ArchEn was filed with the SEC on May 4, 2024 and was approved on May 9, 2024.

  On June 10, 2024, ArchEn and the Parent Company executed a Subscription Agreement to subscribe to an additional 150,000 common shares of ArchEn for a subscription price of P45 or P300.00 per common share, which was fully paid in 2024.

- Globalwise Realty Corporation (GRC)

  On October 10, 2023, the BOD and stockholders of GRC approved the additional increase in the authorized capital stock from P35 divided into 350,000 common shares to P70 divided into 700,000 common shares, both with a par value of P100.00 per common share. On the same date, GRC and the Parent Company executed a Subscription Agreement to subscribe to an additional 120,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P18 or P150.00 per common share, which was fully paid in 2023.

  The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of GRC was filed with the SEC on December 22, 2023 and was approved on February 20, 2024.

  On November 24, 2023, GRC and the Parent Company executed a Subscription Agreement to subscribe to an additional 255,000 common shares of GRC for a subscription price of P38 or P150.00 per common share, which was fully paid in 2023.

On February 8, 2024, the BOD and stockholders of GRC approved the additional increase in its authorized capital stock from P70 divided into 700,000 common shares to P1,450 divided into 14,500,000 common shares, both with a par value of P100.00 per common share. On the same date, GRC and the Parent Company executed a Subscription Agreement for SMC to subscribe to an additional 10,465,000 common shares out of the proposed increase in authorized capital stock for a total subscription price of P1,570 or P150.00 per common share. The Parent Company paid P1,545 as at December 31, 2024.

On March 7, 2024, GRC and the Parent Company executed a Subscription Agreement to subscribe to an additional 230,000 common shares of GRC for a subscription price of P35 or P150.00 per common share. The Parent Company paid P29 in 2024.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of GRC was filed with the SEC on August 8, 2024 and still pending approval as at March 13, 2025.

- AIBC

In October 2024, AIBC bought-back a total of 9,656,250 of its outstanding common shares at a price of P2.87 per share. AIBC paid P28 to the stockholders who exercised the buy-back option over its outstanding common shares. The offer to buy-back was approved by the BOD of AIBC on April 19, 2024.

As a result, AIBC became 74.27% directly owned by the Parent Company as at December 31, 2024.

- SMCACDC

The investment in SMCACDC consists of 1,270,000 redeemable preferred shares of stock amounting to P1,270 as at December 31, 2024 and 2023.

On July 7, 2023, the BOD of SMCACDC approved the redemption of the 700,000 preferred shares held by the Parent Company, which were issued in 2019. On September 29 and December 29, 2023, SMCACDC paid the total redemption price of P700 or P1,000.00 per preferred share corresponding to the par value of such preferred shares.

The preferred shares issued by SMCACDC are non-voting, non-convertible, and redeemable at the sole option of SMCACDC at a price and at such time that the BOD of SMCACDC shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMCACDC. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMCACDC, the holders of preferred stocks that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of SMCACDC.

6. Segment Information

Operating Segments

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

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

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

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

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

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

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

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

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

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

<u>Inter-segment Transactions</u>
Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

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

Operating Segments

Financial information about reportable segments follows:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Eliminations			Consolidated		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Sales																											
External sales	**P400,590**	P379,603	P358,587	**P24,729**	P24,825	P26,794	**P196,593**	P159,693	P212,843	**P858,757**	P785,207	P841,688	**P36,555**	P34,002	P29,004	**P34,208**	P36,588	P8,984	**P23,947**	P26,785	P28,691	**P -**	P -	P -	**P1,575,379**	P1,446,703	P1,506,591
Inter-segment sales	**282**	219	266	**15,433**	13,554	10,245	**8,498**	9,897	8,546	**9,209**	15,820	15,950	**968**	982	1,046	**726**	643	-	**40,814**	37,506	35,723	**(75,930)**	(78,621)	(71,776)	**-**	-	-
Total sales	**P400,872**	P379,822	P358,853	**P40,162**	P38,379	P37,039	**P205,091**	P169,590	P221,389	**P867,966**	P801,027	P857,638	**P37,523**	P34,984	P30,050	**P34,934**	P37,231	P8,984	**P64,761**	P64,291	P64,414	**(P75,930)**	(P78,621)	(P71,776)	**P1,575,379**	P1,446,703	P1,506,591
Result																											
Segment result	**P55,792**	P48,411	P48,711	**P2,600**	P1,915	P1,648	**P40,457**	P32,526	P17,278	**P29,223**	P30,721	P19,213	**P20,291**	P18,164	P14,576	**P6,550**	P5,980	(P599)	**P5,610**	P6,640	P6,301	**P293**	P128	P884	**P160,816**	P144,485	P108,012
Interest expense and other financing charges																									**(99,413)**	(91,303)	(60,795)
Interest income																									**14,704**	14,027	7,108
Equity in net earnings of associates and joint ventures																									**2,364**	1,729	1,197
Gain on sale of investments and property and equipment																									**2,175**	83	733
Other income (charges) - net																									**(16,479)**	4,086	(16,178)
Income tax expense																									**(27,492)**	(28,408)	(13,317)
Net Income																									**P36,675**	P44,699	P26,760
Attributable to:																											
Equity holders of the Parent Company																									**(P7,411)**	P198	(P12,968)
Non-controlling interests																									**44,086**	44,501	39,728
Net Income																									**P36,675**	P44,699	P26,760
Other Information																											
Segment assets	**P317,550**	P297,032	P281,652	**P49,218**	P50,431	P54,672	**P790,293**	P702,778	P637,243	**P457,756**	P432,972	P448,562	**P492,423**	P440,455	P361,128	**P113,340**	P116,185	P117,530	**P366,344**	P339,296	P436,550	**(P193,154)**	(P180,120)	(P204,706)	**P2,393,770**	P2,199,029	P2,132,631
Investments in and advances to associates and joint ventures	**-**	-	-	**-**	-	-	**19,894**	10,953	7,855	**11**	6	11	**9,334**	5,184	5,229	**819**	2,358	2,068	**22,890**	18,588	17,360	**-**	-	-	**52,948**	37,089	32,523
Goodwill and trademarks and brand names																									**185,212**	183,008	184,320
Other assets																									**22,955**	20,606	19,797
Deferred tax assets																									**22,045**	19,633	22,554
Consolidated Total Assets																									**P2,676,930**	P2,459,365	P2,391,825

Forward

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Eliminations			Consolidated		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Segment liabilities	**P83,615**	P73,742	P69,749	**P10,689**	P9,603	P9,802	**P124,537**	P81,870	P73,768	**P81,162**	P66,707	P72,756	**P59,873**	P53,317	P69,783	**P6,805**	P6,974	P39,115	**P98,598**	P102,371	P103,096	**(P157,705)**	(P148,456)	(P189,869)	**P307,574**	P246,128	P248,200
Loans payable																									**293,230**	214,881	267,704
Long-term debt																									**1,267,269**	1,190,584	1,088,196
Lease liabilities																									**42,545**	56,572	75,475
Income and other taxes payable																									**43,628**	46,254	37,694
Dividends and distributions payable and others																									**11,382**	10,277	9,107
Deferred tax liabilities																									**34,861**	29,503	26,297
Consolidated Total Liabilities																									**2,000,489**	1,794,199	1,752,673
Capital expenditures (Note 13)	**15,672**	16,236	11,873	**2,435**	1,860	1,276	**35,093**	36,179	44,580	**9,059**	6,095	5,397	**3,549**	1,762	1,191	**2,645**	3,860	4,876	**8,254**	5,181	6,793	**-**	-	-	**76,707**	71,173	75,986
Depreciation of property, plant and equipment (Notes 13 and 28)	**6,649**	5,962	5,294	**2,125**	2,039	2,107	**10,728**	8,425	7,336	**10,205**	9,980	8,942	**449**	452	363	**2,859**	2,700	754	**2,957**	2,609	2,382	**-**	-	-	**35,972**	32,167	27,178
Noncash items other than depreciation of property, plant and equipment	**6,623**	9,022	8,474	**634**	805	577	**10,351**	2,527	14,230	**3,712**	2,625	6,360	**6,879**	7,614	5,211	**(3)**	14	257	**14,459**	(2,121)	6,704	**-**	-	-	**42,655**	20,486	41,813
Loss on (reversal of) impairment of trade and other receivables, goodwill, property, plant and equipment, trademark and brand names and other noncurrent assets (Notes 8, 13, 17, 18 and 32)	**1,457**	-	(31)	**(3)**	188	910	**35**	35	12	**-**	-	(1)	**-**	-	(1)	**(22)**	(20)	(19)	**221**	577	241	**-**	-	-	**1,688**	780	1,111

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Consolidated		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Timing of Revenue Recognition																								
Sales recognized at point in time	**P400,578**	P379,593	P358,573	**P23,802**	P24,000	P25,894	**P -**	P -	P -	**P858,757**	P785,207	P841,688	**P -**	P -	P -	**P34,208**	P36,588	P8,984	**P19,252**	P22,945	P24,822	**P1,336,597**	P1,248,333	P1,259,961
Sales recognized over time	**12**	10	14	**927**	825	900	**196,593**	159,693	212,843	**-**	-	-	**36,555**	34,002	29,004	**-**	-	-	**4,695**	3,840	3,869	**238,782**	198,370	246,630
Total External Sales	**P400,590**	P379,603	P358,587	**P24,729**	P24,825	P26,794	**P196,593**	P159,693	P212,843	**P858,757**	P785,207	P841,688	**P36,555**	P34,002	P29,004	**P34,208**	P36,588	P8,984	**P23,947**	P26,785	P28,691	**P1,575,379**	P1,446,703	P1,506,591

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	**2024**	2023
Cash in banks and on hand		**P75,153**	P64,282
Short-term investments		**218,524**	197,076
	4, 39, 40	**P293,677**	P261,358

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

The Group's cash and cash equivalents earned interest income amounting to P12,207, P11,397 and P5,958 in 2024, 2023 and 2022, respectively (Note 31).

8. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**2024**	2023
Trade		**P196,886**	P188,447
Non-trade	*5*	**74,600**	76,731
Amounts owed by related parties	*33, 35*	**10,838**	11,061
		282,324	276,239
Less allowance for impairment losses	*4, 5*	**15,343**	13,120
	4, 39, 40	**P266,981**	P263,119

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade receivables include claims from the Government, interest receivable, claims receivable, contracts receivable and others.

a. Claims from the Government consist of duty drawback, VAT and specific tax claims, subsidy receivables from the Government of Malaysia under the Automatic Pricing Mechanism and due from Power Sector Assets and Liabilities Management Corporation (PSALM). Due from PSALM amounting to US$60 pertains to SPPC's performance bond pursuant to the Ilijan Independent Power Producer (IPP) Administration (IPPA) Agreements that was drawn by PSALM in September 2015. The validity of PSALM's action is the subject of an ongoing case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City (Note 43).

b. Receivables recognized by SPI for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

   On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and TeaM Sual Corporation (TSC) that aims to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances, and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant.

   In accordance with the Settlement Agreement, SPI recognized a receivable net of collections from TPEC which amounted to P1,103 and P1,618 as at December 31, 2024 and 2023, respectively. The noncurrent portion of the receivable amounting to P549 and P1,074 as at December 31, 2024 and 2023, respectively, is included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position (Note 18). In 2022, SPI recognized the cost of its full dispatch rights on the capacity of the Sual

Power Plant, amounting to P1,629, included as part of "Other intangible assets - net" account in the consolidated statements of financial position, with a carrying amount of P1,466 and P1,525 as at December 31, 2024 and 2023, respectively (Note 17).

c. Receivables recognized by APEC from ALECO following the termination of the concession agreement on November 21, 2022 amounted to P1,641 as at December 31, 2024 and 2023 (Note 34).

Amounts owed by related parties include trade receivables amounting to P975 and P996 as at December 31, 2024 and 2023, respectively.

The movements in the allowance for impairment losses are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P13,120**	P12,913
Charges for the year	*27, 32*	**2,241**	357
Amounts written off	*4*	**(117)**	(128)
Translation adjustments and others		**99**	(22)
Balance at end of year		**P15,343**	P13,120

9. Inventories

Inventories consist of:

	Note	**2024**	2023
At net realizable value:			
Finished goods and goods in process (including petroleum products)		**P111,765**	P99,489
Materials and supplies (including coal)		**60,800**	56,346
At cost:			
Raw land inventory and real estate projects		**5,790**	6,151
	4	**P178,355**	P161,986

The cost of finished goods and goods in process amounted to P112,395 and P100,035 as at December 31, 2024 and 2023, respectively.

If the Group used the moving-average method (instead of the first-in, first-out method, which is the Group's policy), the cost of petroleum, crude oil and other petroleum products would have increased by P167 and P1,522 as at December 31, 2024 and 2023, respectively.

The cost of materials and supplies amounted to P61,775 and P57,486 as at December 31, 2024 and 2023, respectively.

Inventories (including distribution or transshipment costs) charged to cost of sales amounted to P1,015,168, P929,217 and P1,021,867 in 2024, 2023 and 2022, respectively (Note 26).

The movements in the allowance for write-down of inventories to net realizable value and inventory obsolescence are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P1,686**	P1,542
Provisions - net	*26, 27*	**293**	252
Write-off and others		**(374)**	(108)
Balance at end of year		**P1,605**	P1,686

Provisions for inventory losses amounted to P296 and P272 in 2024 and 2023, respectively. Reversals of provision for inventory losses pertain to inventories sold amounting to P3 and P20 in 2024 and 2023, respectively. Provisions for inventory losses, net of reversals, are included as part of "Cost of sales" and "Selling and administrative expenses" accounts in the consolidated statements of income (Notes 26 and 27).

The fair value of agricultural produce less costs to sell, which formed part of the cost of finished goods inventory, amounted to P138 and P115 as at December 31, 2024 and 2023, respectively, with corresponding costs at point of harvest amounting to P113 and P107, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P25, P8 and P17 in 2024, 2023 and 2022, respectively (Note 25).

The fair values of marketable hogs and grown broilers, which comprise the Group's agricultural produce, are categorized as Level 1 and Level 3, respectively, in the fair value hierarchy based on the inputs used in the valuation techniques.

The valuation model used is based on the following: (a) quoted prices for harvested mature grown broilers at the time of harvest; and (b) quoted prices in the market at any given time for marketable hogs; provided that there has been no significant change in economic circumstances between the date of the transactions and the reporting date. Costs to sell are estimated based on the most recent transaction and is deducted from the fair value to measure the fair value of agricultural produce at point of harvest. The estimated fair value would increase (decrease) if weight and quality premiums increase (decrease) (Note 4).

The net realizable value of raw land inventory and real estate projects is higher than the carrying amount as at December 31, 2024 and 2023, based on management's assessment.

The fair value of raw land inventory amounted to P29,533 and P25,518 as at December 31, 2024 and 2023, respectively. The fair value has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

In estimating the fair value of the raw land inventory, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's raw land inventory is its current use.

The Level 3 fair value of raw land inventory was derived using the observable recent transaction prices for similar raw land inventory in nearby locations adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value (Note 4).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	Note	**2024**	2023
Prepaid taxes and licenses	*23*	**P126,022**	P113,530
Restricted cash - current	*4, 18, 39, 40*	**18,422**	14,076
Advances to contractors and suppliers		**6,731**	4,901
Derivative assets	*39, 40*	**1,198**	2,063
Financial assets at amortized cost - current portion	*4, 12, 39, 40*	**576**	554
Prepaid insurance		**476**	544
Financial assets at FVPL	*5, 12, 33, 39, 40*	**438**	1,012
Prepaid rent		**227**	361
Catalyst		**180**	207
PSALM monthly fee outage credits		**96**	1,142
Others	*34*	**3,814**	3,034
		P158,180	P141,424

Prepaid taxes and licenses consist mainly of real property tax paid in advance, creditable withholding taxes and excess tax credits which can be utilized as a deduction against future income tax payable.

Restricted cash - current represents mainly: (i) cash in banks maintained by SMC NAIAX, SMCTC, SIDC, MMSS3, SMC Tollways, SMC MRT 7, LCWDC, and TADHC in accordance with the specific purposes and terms as required under certain loan and concession agreements. Certain loan agreements provide that the Security Trustee shall have control over and the exclusive right of withdrawal from the restricted bank accounts; and (ii) funds maintained in various financial institutions, as (a) cash flow waterfall accounts required under the respective credit facilities of LPI, MPI, MPCL and SMGP BESS, (b) environmental guarantee fund for remittance to the Department of Environment and Natural Resources (DENR) and (c) financial benefits to host communities, as required by law.

PSALM monthly fee outage credits pertain to the approved reduction in SPI's future monthly fees payable to PSALM resulting from the outages of the Sual Power Plant in 2024 and 2023.

Financial assets at FVPL include investment in debt securities under investment management agreement with Bank of Commerce (BankCom) amounting to P49 as at December 31, 2024 and 2023 (Note 33).

Prepaid rent pertains to advance rent paid for short-term and low valued leases, in accordance with the provision of the lease agreements.

"Others" consist mainly of prepayments for various operating expenses pertaining to the Group's right to consideration for work completed but not billed at the reporting date on the sale of real estate projects.

The methods and assumptions used to estimate the fair values of derivative assets and financial assets at FVPL are discussed in Note 40.

11. Investments and Advances

Investments and advances consist of:

	Note	**2024**	2023
Investments in Shares of Stock of Associates and Joint Ventures - at Equity			
Acquisition Cost			
Balance at beginning of year		**P21,290**	P21,290
Additions		**4,224**	-
Reclassification		**2**	-
Balance at end of year		**25,516**	21,290
Accumulated Equity in Net Earnings			
Balance at beginning of year		**2,421**	1,821
Equity in net earnings		**2,364**	1,729
Share in other comprehensive income (loss)		**9**	(4)
Dividends		**(1,180)**	(1,125)
Reclassification		**(144)**	-
Balance at end of year		**3,470**	2,421
		28,986	23,711
Advances for Investments	*5*	**23,962**	13,378
	4	**P52,948**	P37,089

Investments in Shares of Stock of Associates

a. BankCom

The Parent Company through SMPI and SMCEC owns 31.94% and 4.87% equity interest in BankCom, respectively, as at December 31, 2024 and 2023.

As at December 31, 2024 and 2023, the fair value of the indirect equity investment by the Parent Company in common shares of stock of BankCom amounted to P3,486 and P3,755, respectively.

BankCom provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services.

b. Manila North Harbour Port, Inc. (MNHPI)

The Parent Company through SMHC owns 50% of the outstanding capital stock of MNHPI as at December 31, 2024 and 2023. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 36 berths which can accommodate all types of vessels such as containerized and non-container type vessels.

c. New NAIA Infra Corp. (NNIC)

The Parent Company through SMHC owns 33% of the outstanding capital stock of NNIC as at December 31, 2024. NNIC was incorporated on February 15, 2024 primarily to engage in development, expansion, rehabilitation, operation, management and maintenance activities of international and domestic airports, airfields and facilities appurtenant thereto for passenger and cargo as may be authorized by the Civil Aviation Authority of the Philippines (CAAP) or other appropriate government agency.

On March 18, 2024, NNIC was awarded by the Government of the ROP through the Department of Transportation (DOTr), and MIA Authority to rehabilitate, operate, expand and maintain the country's main international gateway, the NAIA, which covers improvements to its runway, main terminals and other facilities for a term of 15 years, with a ten-year extension subject to performance review.

On September 14, 2024, NNIC took over the management and operations of NAIA upon receipt of Notice to Start Operation and Maintenance and Certificate of Turnover of Existing Assets.

Investments in Shares of Stock of Joint Ventures

Angat Hydro and KWPP
PVEI, a subsidiary of San Miguel Global Power has an existing joint venture agreement with Korea Water Resources Corporation (K-Water), covering the acquisition, rehabilitation, operation and maintenance of the 218 megawatts (MW) Angat Hydroelectric Power Plant (Angat Power Plant) which was previously awarded by PSALM to K-Water.

PVEI holds 30,541,470 shares or 60% of the outstanding capital stock of Angat Hydro and 75 shares representing 60% of KWPP outstanding capital stock. PVEI and K-Water are jointly in control of the management and operation of Angat Hydro and KWPP.

Advances for Investments

a. SMPI made advances to future investees amounting to P139 and P147 as at December 31, 2024 and 2023, respectively. These advances will be applied against future stock subscriptions of SMPI to the investee companies.

   Impairment loss recognized on the advances for investments amounted to P12, P498 and P241 in 2024, 2023 and 2022, respectively (Note 32).

b. San Miguel Global Power and SPI made deposits to certain landholding companies amounting to P14,307 and P5,876 as at December 31, 2024 and 2023, respectively. These deposits will be applied against future stock subscriptions.

San Miguel Global Power bought ownership interests in certain landholding companies. As a result, these landholding companies were consolidated and deposits amounting to P808 in 2023 were eliminated (Note 5).

c. SMEII and its subsidiaries made advances for future investments amounting to P819 and P2,358 as at December 31, 2024 and 2023, respectively. These advances will be applied against future stock subscriptions.

   In 2024, advances for investment paid by ESCPI amounting to P572 were reclassified to investment in shares of stock of subsidiaries as consideration transferred for the acquisition of Pacemphil.

   Advances for investment amounting to P967 were reclassified to receivables, which were eliminated upon consolidation of Pacemphil.

d. The Investment Management Agreement entered into by SMHL and Bryce Canyon Investments Limited (BCIL) for the sale and purchase of assets was terminated on December 16, 2022. Accordingly, the outstanding balance of advances for investment as at December 31, 2021 amounting to US$409 (P22,870) was paid by BCIL.

e. Other advances pertain to deposits made to certain companies which will be applied against future stock subscriptions.

The details of the Group's material investments in shares of stock of associates and joint ventures which are accounted for using the equity method are as follows:

	December 31, 2024						December 31, 2023				
	Angat Hydro and KWPP	**BankCom**	**MNHPI**	**NNIC**	**Others**	**Total**	Angat Hydro and KWPP	BankCom	MNHPI	Others	Total
Country of incorporation	**Philippines**	**Philippines**	**Philippines**	**Philippines**			Philippines	Philippines	Philippines		
Percentage of ownership	**60.00%**	**36.81%**	**50.00%**	**33.00%**			60.00%	36.81%	50.00%		
Share in net income (loss)	**P348**	**P1,022**	**P1,101**	**(P330)**	**P223**	**P2,364**	(P284)	P1,020	P951	P42	P1,729
Share in other comprehensive income (loss)	**4**	**3**	**1**	**-**	**1**	**9**	-	7	2	(13)	(4)
Share in total comprehensive income (loss)	**P352**	**P1,025**	**P1,102**	**(P330)**	**P224**	**P2,373**	(P284)	P1,027	P953	P29	P1,725
Dividends received	**P -**	**P130**	**P1,050**	**P -**	**P -**	**P1,180**	P -	P -	P1,125	P -	P1,125
Carrying amounts of investments in shares of stock of associates and joint ventures	**P4,671**	**P14,135**	**P4,594**	**P3,894**	**P1,692**	**P28,986**	P4,323	P13,385	P4,541	P1,462	P23,711

The following are the audited condensed financial information of the Group's material investments in shares of stock of associates and joint ventures:

	December 31, 2024					December 31, 2023			
	Angat Hydro and KWPP	**BankCom**	**MNHPI**	**NNIC**	**Others**	Angat Hydro and KWPP	BankCom	MNHPI	Others
Current assets	**P1,350**	**P200,400**	**P1,960**	**P15,440**	**P6,355**	P1,531	P107,738	P1,632	P5,461
Noncurrent assets	**16,919**	**65,040**	**8,258**	**48,740**	**3,260**	16,823	123,930	8,898	3,373
Current liabilities	**(2,019)**	**(209,265)**	**(804)**	**(8,320)**	**(6,115)**	(1,757)	(194,530)	(1,135)	(5,211)
Noncurrent liabilities	**(10,636)**	**(22,945)**	**(2,451)**	**(44,097)**	**(268)**	(11,567)	(6,287)	(2,537)	(404)
Net assets	**P5,614**	**P33,230**	**P6,963**	**P11,763**	**P3,232**	P5,030	P30,851	P6,858	P3,219
Sales	**P2,357**	**P13,164**	**P5,848**	**P2,867**	**P6,321**	P1,752	P11,763	P5,399	P4,770
Net income (loss)	**P578**	**P3,025**	**P2,202**	**(P999)**	**P166**	(P481)	P2,802	P1,922	(P48)
Other comprehensive income (loss)	**7**	**9**	**3**	**-**	**4**	-	18	3	(30)
Total comprehensive income (loss)	**P585**	**P3,034**	**P2,205**	**(P999)**	**P170**	(P481)	P2,820	P1,925	(P78)

12. Investments in Equity and Debt Instruments

Investments in equity and debt instruments consist of:

	Note	**2024**	2023
Government and other debt securities		**P13,286**	P13,838
Equity securities		**7,311**	5,989
Proprietary membership shares and others		**1,467**	1,156
	4, 39, 40	**22,064**	20,983
Less current portion	*10*	**1,014**	1,566
		P21,050	P19,417

Government and Other Debt Securities
Government and other debt securities include:

a. Petrogen's investment in government securities classified as financial asset at amortized cost, deposited with the Bureau of Treasury in accordance with the provisions of the Insurance Code, for the benefit and security of its policyholders and creditors amounting to P680 and P658 as at December 31, 2024 and 2023, respectively. The investments in government securities bear fixed annual interest rates ranging from 2.63% to 6.25% in 2024 and 1.94% to 6.25% in 2023 and with maturities up to 2027 (Note 31).

b. Investment in debt securities under investment management agreement with BankCom entered into by SMB and GSMI classified as financial assets at amortized cost amounting to a total of P3,500 as at December 31, 2024 and 2023 and by Petrogen classified as financial assets at FVOCI amounting to P669 and P668 as at December 31, 2024 and 2023, respectively (Note 33).

   The investments in debt securities bear annual average interest rates ranging from 5.78% to 7.85% in 2024 and 7.45% to 7.85% in 2023 and with maturities up to 2029 (Notes 31 and 33).

   Income earned from the investments in government and other debt securities amounted to P974, P964 and P141 in 2024, 2023 and 2022, respectively (Notes 31, 32 and 33).

Equity Securities
Equity securities include:

a. Parent Company's investment in the shares of stock of Top Frontier, consists of 2,561,031 common shares amounting to P162 and P246 as at December 31, 2024 and 2023, respectively.

   On December 20, 2022, the BOD of Top Frontier approved the redemption of the remaining 1,904,540 preferred shares held by the Parent Company. On December 21, 2022, Top Frontier redeemed the preferred shares at the redemption price of P35,424, corresponding to the original issue price, plus unpaid cash dividend amounting to P267.

   Total dividend income from the investment in preferred shares of stock of Top Frontier amounted to P1,328 in 2022 presented as part of "Dividend income" under "Other income (charges) - net" account in the consolidated statements of income (Notes 32 and 33).

b. Parent Company's investment in BankCom through SMCEC, consists of 416,666,670 Series 1 Preferred Shares amounting to P132.00 per preferred share or P5,500 as at December 31, 2024 and 2023 (Note 33).

   Dividend income from the investment in preferred shares of stock of BankCom amounted to P303 in 2024 presented as part of "Dividend income" under "Other income (charges) - net" account in the consolidated statements of income (Notes 32 and 33).

   The preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of BankCom and subject to the other terms and conditions as may be fixed by the BOD of BankCom, required under regulations, and to the extent permitted by applicable law.

The Group has irrevocably elected to classify these investments as financial assets at FVOCI as it intends to hold these investments for strategic purposes.

The Group recognized gain on financial assets at FVOCI amounting to P243, P155 and P50 in 2024, 2023 and 2022, respectively, in the consolidated statements of comprehensive income.

The movements in investments in equity and debt instruments are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P20,983**	P20,802
Additions		**2,107**	616
Fair value gain		**340**	158
Amortization of premium		**15**	14
Redemption/disposals		**(1,384)**	(606)
Currency translation adjustments and others		**3**	(1)
Balance at end of year	*4, 10, 39, 40*	**P22,064**	P20,983

The investments in equity and debt instruments are classified as follows:

	Note	**2024**	2023
Noncurrent			
Financial assets at amortized cost	*4*	**P11,604**	P11,604
Financial assets at FVOCI		**8,988**	7,424
Financial assets at FVPL		**458**	389
		21,050	19,417
Current			
Financial assets at amortized cost	*4*	**576**	554
Financial assets at FVPL		**438**	1,012
	10	**1,014**	1,566
		P22,064	P20,983

The methods and assumptions used to estimate the fair value of investments in equity and debt instruments are discussed in Notes 3, 4 and 40.

13. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost										
January 1, 2023		P53,863	P80,797	P203,466	P194,444	P20,482	P233,513	P9,971	P194,022	P990,558
Additions		320	734	1,728	394	514	7,698	173	59,612	71,173
Acquisition of a subsidiary	*5,11*	448	-	-	-	-	-	-	-	448
Disposals/retirement		(6)	(168)	(76)	(1)	(918)	(2,943)	(14)	(14)	(4,140)
Reclassifications and others	*5, 15*	3,801	12,365	20,251	948	261	23,101	2,549	(55,165)	8,111
Currency translation adjustments		(102)	(276)	-	(1,278)	(494)	(773)	2	(38)	(2,959)
December 31, 2023		58,324	93,452	225,369	194,507	19,845	260,596	12,681	198,417	1,063,191
Additions	*14*	3,757	855	2,741	968	893	7,258	389	78,200	95,061
Acquisition of subsidiaries	*5, 11*	1,414	-	-	-	-	22	-	14	1,450
Disposals/retirement		(135)	(110)	-	(36)	(1,459)	(3,689)	(1)	(39)	(5,469)
Reclassifications and others	*15*	1,907	8,633	128,627	3,343	122	18,121	4,040	(84,396)	80,397
Currency translation adjustments		215	449	-	1,963	725	1,259	(21)	91	4,681
December 31, 2024		**65,482**	**103,279**	**356,737**	**200,745**	**20,126**	**283,567**	**17,088**	**192,287**	**1,239,311**
Accumulated Depreciation										
January 1, 2023		4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	*6, 28*	560	2,518	8,760	6,336	950	12,496	547	-	32,167
Disposals/retirement		(6)	(117)	(13)	(1)	(818)	(1,980)	(14)	-	(2,949)
Reclassifications	*5*	(11)	(477)	-	31	14	467	(8)	-	16
Currency translation adjustments		1	(129)	-	(553)	(320)	(444)	-	-	(1,445)
December 31, 2023		4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	*6, 28*	585	2,826	10,850	6,536	784	13,609	782	-	35,972
Disposals/retirement		-	(76)	-	(34)	(1,406)	(2,842)	(1)	-	(4,359)
Reclassifications		(773)	89	-	-	293	3,386	(2)	-	2,993
Currency translation adjustments		2	244	-	920	398	762	(7)	-	2,319
December 31, 2024		**4,776**	**27,872**	**51,158**	**83,640**	**15,445**	**145,237**	**4,114**	**-**	**332,242**
Accumulated Impairment										
January 1, 2023		-	3,417	-	-	-	11,395	26	-	14,838
Impairment	*32*	-	-	-	-	-	15	-	65	80
Disposals/retirement		-	(42)	-	-	-	(84)	-	-	(126)
Reclassifications		-	-	-	-	-	(122)	-	-	(122)
Currency translation adjustments		-	(72)	-	-	-	(196)	-	-	(268)
December 31, 2023		-	3,303	-	-	-	11,008	26	65	14,402
Impairment	*32*	-	460	-	-	-	179	-	207	846
Disposals/retirement		-	-	-	-	-	(92)	-	-	(92)
Reclassifications		-	(1)	-	-	-	-	-	-	(1)
Currency translation adjustments		-	104	-	-	-	361	(1)	-	464
December 31, 2024		**-**	**3,866**	**-**	**-**	**-**	**11,456**	**25**	**272**	**15,619**
Carrying Amount										
December 31, 2023		P53,362	P65,360	P185,061	P118,289	P4,469	P119,266	P9,313	P198,352	P753,472
December 31, 2024		**P60,706**	**P71,541**	**P305,579**	**P117,105**	**P4,681**	**P126,874**	**P12,949**	**P192,015**	**P891,450**

"Equipment, furniture and fixtures" includes machinery, transportation equipment, office equipment and tools and small equipment.

Total depreciation and impairment losses recognized in the consolidated statements of income amounted to P36,818, P32,247 and P27,283 in 2024, 2023 and 2022, respectively (Notes 28 and 32). These amounts include annual amortization of capitalized borrowing costs amounting to P1,252, P1,213 and P767 in 2024, 2023 and 2022, respectively.

Reclassifications and others mainly pertain to: (a) the Sual Coal-fired Thermal Power Plant, which was reclassified from "Right-of-use assets - net" account following the expiration of its IPPA Agreement with PSALM and its turnover to SPI in October 2024 (Note 34); (b) transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party (Note 15); and (c) reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

In 2024, Petron recognized the reversal of the conveyance of land declared as property dividends in 1993 amounting to P143 equivalent to the net book value of the land at the time of dividend declaration. The land were recognized as part of "Property, plant and equipment" and "Investment property" accounts at P110 and P33, respectively, presented as part of "Additions" (Notes 15 and 43).

The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the year. The difference from the total additions to property, plant and equipment represents noncash or unpaid portion, which is included as part of the increase in accounts payable and accrued expenses under operating activities in the statements of cash flows.

The Group has capitalized borrowing costs amounting to P6,117 and P3,881 in 2024 and 2023, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.81% to 9.43% and 2.83% to 9.52% in 2024 and 2023, respectively. The unamortized capitalized borrowing costs amounted to P31,238 and P25,860 as at December 31, 2024 and 2023, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P116,544 and P104,277 as at December 31, 2024 and 2023, respectively are still being used in the Group's operations.

As at December 31, 2024 and 2023, certain property, plant and equipment amounting to P269,015 and P165,263, respectively, are pledged as security for syndicated project finance loans (Note 21).

14. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Service Stations and Other Equipment	Machinery and Equipment	Total
Cost							
January 1, 2023		P17,026	P1,242	P113,399	P71	P685	P132,423
Additions		624	291	-	-	62	977
Disposals/retirement		(129)	(364)	-	-	(104)	(597)
Remeasurement, reclassifications and others		82	(1)	-	-	1	82
Currency translation adjustments		(55)	(5)	-	(2)	4	(58)
December 31, 2023		17,548	1,163	113,399	69	648	132,827
Additions		7,470	208	-	-	61	7,739
Disposals/retirement		(313)	(291)	-	-	(1)	(605)
Remeasurement, reclassifications and others	*13, 43*	(5,063)	(30)	(78,935)	-	(2)	(84,030)
Currency translation adjustments		(98)	12	-	4	(9)	(91)
December 31, 2024		**19,544**	**1,062**	**34,464**	**73**	**697**	**55,840**
Accumulated Depreciation							
January 1, 2023		4,561	837	14,283	15	572	20,268
Depreciation	*28*	977	293	3,571	4	54	4,899
Disposals/retirement		(95)	(337)	-	-	(104)	(536)
Remeasurement, reclassifications and others		107	13	-	-	-	120
Currency translation adjustments		(23)	(3)	-	-	-	(26)
December 31, 2023		5,527	803	17,854	19	522	24,725
Depreciation	*28*	955	185	3,143	4	64	4,351
Disposals/retirement		(86)	(227)	-	-	(1)	(314)
Remeasurement, reclassifications and others	*13, 43*	(1,237)	(61)	(14,974)	-	-	(16,272)
Currency translation adjustments		(45)	5	-	-	(5)	(45)
December 31, 2024		**5,114**	**705**	**6,023**	**23**	**580**	**12,445**
Accumulated Impairment							
December 31, 2023		88	-	-	-	-	88
Currency translation adjustments		5	-	-	-	-	5
December 31, 2024		**93**	**-**	**-**	**-**	**-**	**93**
Carrying Amount							
December 31, 2023		P11,933	P360	P95,545	P50	P126	P108,014
December 31, 2024		**P14,337**	**P357**	**P28,441**	**P50**	**P117**	**P43,302**

The Group recognized right-of-use assets for leases of office space, warehouse, factory facilities and parcels of land. The leases typically run for a period of 2 to 50 years. Some leases contain an option to renew the lease at the end of the lease term and are subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group.

Total depreciation recognized in the consolidated statements of income amounted to P4,351, P4,899 and P5,614 in 2024, 2023 and 2022, respectively (Note 28).

The remeasurements pertain mainly to the change in the estimated dismantling costs of ARO during the year (Note 4).

The reclassifications and others in 2024 mainly relates to the Sual Coal-fired Thermal Power Plant which was reclassified to "Property, plant and equipment - net" account following the expiration of the IPPA Agreement between SPPC and PSALM and its turnover to SPI in October 2024 (Notes 13 and 34) and the reversal of right-of-use assets recognized previously by Petron due to pretermination of the lease contracts with PNOC as a result of the conveyance of the landholdings (Note 43).

No impairment loss was recognized in 2024, 2023 and 2022.

The Group recognized interest expense related to these leases amounting to P2,803, P3,772 and P4,785 in 2024, 2023 and 2022, respectively (Note 30).

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate amounted to P169, P18 and P3,622, respectively, in 2024, P194, P8 and P3,326, respectively, in 2023, and P82, P6 and P3,415, respectively, in 2022 (Notes 26 and 27).

The Group had total cash outflows for leases of P26,610, P28,222 and P34,237 in 2024, 2023 and 2022, respectively.

15. Investment Property

The movements in investment property are as follows:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-Use Asset	Total
Cost							
January 1, 2023		P53,752	P20,895	P18	P1,233	P20,037	P95,935
Additions		2,919	143	-	914	1,474	5,450
Acquisition of subsidiaries	*5*	214	-	-	916	-	1,130
Reclassifications	*13*	1,388	(272)	50	(99)	14	1,081
Disposals/retirement		(20)	(14)	-	-	(268)	(302)
Currency translation adjustments		(173)	(532)	-	(10)	(471)	(1,186)
December 31, 2023		58,080	20,220	68	2,954	20,786	102,108
Additions		4,873	171	-	3,230	1,744	10,018
Acquisition of a subsidiary	*5*	390	-	-	-	-	390
Reclassifications	*13*	268	225	(4)	(385)	(150)	(46)
Disposals/retirement		(21)	(59)	-	-	(274)	(354)
Currency translation adjustments		297	864	-	14	751	1,926
December 31, 2024		**63,887**	**21,421**	**64**	**5,813**	**22,857**	**114,042**
Accumulated Depreciation							
January 1, 2023		886	12,294	10	-	8,077	21,267
Depreciation	*28*	31	708	7	-	1,300	2,046
Reclassifications		(62)	387	-	-	(227)	98
Disposals/retirement		-	(10)	-	-	(268)	(278)
Currency translation adjustments		-	(538)	-	-	(22)	(560)
December 31, 2023		855	12,841	17	-	8,860	22,573
Depreciation	*28*	17	714	6	-	1,403	2,140
Reclassifications		759	81	(2)	-	(65)	773
Disposals/retirement		(1)	(57)	-	-	(262)	(320)
Currency translation adjustments		-	567	-	-	378	945
December 31, 2024		**1,630**	**14,146**	**21**	**-**	**10,314**	**26,111**
Accumulated Impairment							
January 1, 2023		8	-	-	-	-	8
Impairment	*32*	-	-	-	14	-	14
December 31, 2023		8	-	-	14	-	22
Impairment	*32*	-	-	-	2	-	2
Reclassifications and others		-	-	-	(2)	-	(2)
December 31, 2024		**8**	**-**	**-**	**14**	**-**	**22**
Carrying Amount							
December 31, 2023		P57,217	P7,379	P51	P2,940	P11,926	P79,513
December 31, 2024		**P62,249**	**P7,275**	**P43**	**P5,799**	**P12,543**	**P87,909**

Total depreciation recognized in the consolidated statements of income amounted to P2,140, P2,046 and P2,082 in 2024, 2023 and 2022, respectively (Note 28).

The reclassification relates to the change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party which was reclassified from "Property, plant and equipment - net" account mainly by SMPI and MVHI (Note 13).

Additions include land recognized by Petron arising from the reversal of the reconveyance of land declared as property dividends in 1993 amounting to P33 (Notes 13 and 43).

Impairment loss of P2 and P14 was recognized in 2024 and 2023, respectively. No impairment loss was recognized in 2022.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2024, 2023 and 2022.

The fair value of investment property amounting to P187,191 and P143,726 as at December 31, 2024 and 2023, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs
The valuation of investment property applied the following approaches:

Cost Approach. This approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of this approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of investment property.

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics; size; time element; quality and prospective use; bargaining allowance and marketability.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then the proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined based on what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment range from 3.00% to 5.82%.

16. Biological Assets

Biological assets consist of:

	Note	**2024**	2023
Current:			
Growing stocks		**P2,446**	P2,608
Goods in process		**795**	907
		3,241	3,515
Noncurrent:			
Breeding stocks - net		**2,652**	2,667
	4	**P5,893**	P6,182

Growing stocks pertain to growing hogs and poultry livestock, while goods in process pertain to hatching eggs.

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P3,339, P4,054 and P3,303 in 2024, 2023 and 2022, respectively (Note 28).

The movements in biological assets are as follows:

	Note	**2024**	2023
Cost			
Balance at beginning of year		**P6,210**	P6,116
Increase (decrease) due to:			
Production		**61,112**	62,668
Purchases		**897**	607
Mortality		**(338)**	(320)
Harvest		**(58,580)**	(58,792)
Retirement		**(3,394)**	(4,069)
Balance at end of year		**5,907**	6,210
Accumulated Amortization			
Balance at beginning of year		**28**	27
Amortization	*28*	**3,339**	4,054
Retirement		**(3,353)**	(4,053)
Balance at end of year		**14**	28
Carrying Amount		**P5,893**	P6,182

The Group harvested approximately 574.0 million and 540.4 million kilograms of grown broilers in 2024 and 2023, respectively, and 0.03 million and 0.04 million heads of marketable hogs in 2024 and 2023, respectively.

The aggregate fair value less estimated costs to sell of agricultural produce harvested during the year, determined at the point of harvest, amounted to P61,738 and P51,664 in 2024 and 2023, respectively.

17. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	2024	2023
Goodwill	**P184,994**	P182,791
Other intangible assets	**340,496**	306,638
	P525,490	P489,429

The movements in goodwill are as follows:

	Note	2024	2023
Gross Carrying Amount			
Balance at beginning of year		**P184,660**	P185,771
Additions	*5, 38*	**1,488**	-
Purchase price allocation adjustment	*5*	**-**	(683)
Cumulative translation adjustments		**666**	(428)
Balance at end of year		**186,814**	184,660
Accumulated Impairment			
Balance at beginning of year		**1,869**	1,671
Impairment	*32*	**-**	188
Cumulative translation adjustments		**(49)**	10
Balance at end of year		**1,820**	1,869
	4	**P184,994**	P182,791

The movements in other intangible assets with indefinite useful lives are as follows:

	Licenses	Trademarks and Brand Names	Total
Cost			
January 1, 2023	P2,125	P445	P2,570
Currency translation adjustments	7	(5)	2
December 31, 2023	2,132	440	2,572
Currency translation adjustments	111	12	123
December 31, 2024	**2,243**	**452**	**2,695**
Accumulated Impairment			
January 1, 2023	-	225	225
Currency translation adjustments	-	(2)	(2)
December 31, 2023	-	223	223
Currency translation adjustments	-	12	12
December 31, 2024	**-**	**235**	**235**
Carrying Amount			
December 31, 2023	P2,132	P217	P2,349
December 31, 2024	**P2,243**	**P217**	**P2,460**

The movements in other intangible assets with finite useful lives are as follows:

	Note	Concession Rights: Toll Road	Concession Rights: Airport	Concession Rights: Water	Mineral Rights and Evaluation Assets	Computer Software and Licenses and Others	Total
Cost							
January 1, 2023		P200,053	P74,831	P6,951	P12,800	P9,162	P303,797
Additions	*8*	7,019	44,163	27	2	13,466	64,677
Reclassifications and others		128	(141)	-	748	47	782
Currency translation adjustments		-	-	-	-	(30)	(30)
December 31, 2023		207,200	118,853	6,978	13,550	22,645	369,226
Additions	*8*	10,927	27,753	4	51	1,644	40,379
Acquisition of subsidiaries	*5*	-	-	950	-	-	950
Reclassifications and others		392	363	23	(3)	(15)	760
Currency translation adjustments		-	-	-	-	45	45
December 31, 2024		**218,519**	**146,969**	**7,955**	**13,598**	**24,319**	**411,360**
Accumulated Amortization							
January 1, 2023		49,710	2,091	977	507	3,497	56,782
Amortization	*28*	6,825	358	258	341	362	8,144
Reclassifications and others		-	-	-	2	-	2
Currency translation adjustments		-	-	-	-	(30)	(30)
December 31, 2023		56,535	2,449	1,235	850	3,829	64,898
Amortization	*28*	6,977	371	271	334	380	8,333
Reclassifications and others		-	-	23	(1)	(13)	9
Currency translation adjustments		-	-	-	-	45	45
December 31, 2024		**63,512**	**2,820**	**1,529**	**1,183**	**4,241**	**73,285**
Accumulated Impairment							
January 1, 2023		-	-	-	-	39	39
December 31, 2024 and 2023		**-**	**-**	**-**	**-**	**39**	**39**
Carrying Amount							
December 31, 2023		P150,665	P116,404	P5,743	P12,700	P18,777	P304,289
December 31, 2024		**P155,007**	**P144,149**	**P6,426**	**P12,415**	**P20,039**	**P338,036**

The Group has capitalized borrowing costs amounting to P30 and P75 in 2024 and 2023, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 8.81% to 8.91% and 5.87% to 9.20% in 2024 and 2023, respectively. The unamortized capitalized borrowing costs amounted to P39 and P42 as at December 31, 2024 and 2023, respectively.

Goodwill, licenses and trademarks and brand names with indefinite lives acquired through business combinations, have been allocated to individual cash-generating units, for impairment testing as follows:

	2024		2023	
	Goodwill	**Licenses, Trademarks and Brand Names**	Goodwill	Licenses, Trademarks and Brand Names
Energy	**P69,944**	**P -**	P69,944	P -
Cement	**53,923**	**-**	53,590	-
Fuel and oil	**30,757**	**-**	30,118	-
Infrastructure	**23,105**	**-**	21,950	-
Food and beverage	**3,639**	**2,460**	3,639	2,349
Packaging	**3,552**	**-**	3,476	-
Others	**74**	**-**	74	-
Total	**P184,994**	**P2,460**	P182,791	P2,349

The recoverable amount of goodwill has been determined based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit to arrive at its terminal value. The growth rates used, which range from 1.00% to 10.19% and 2.88% to 8.82% in 2024 and 2023, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 6% to 10% and 6% to 11% in 2024 and 2023, respectively. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

No impairment loss was recognized for goodwill in 2024. Impairment loss recognized in 2023 and 2022 amounted to P188 and P789, respectively (Note 32).

The recoverable amount of licenses, trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates used, which range from 2% to 12% and 2% to 5% in 2024 and 2023, respectively are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 7% to 12% in 2024 and 2023. The recoverable amount of trademarks and brand names has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Management's calculations are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make.

No impairment loss was recognized for licenses, trademarks and brand names in 2024, 2023 and 2022.

Other than the items on which impairment losses were already recognized, management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

- *Gross Margins*. Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.

- *Discount Rates*. The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

- *Raw Material Price Inflation*. Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

As at December 31, 2024 and 2023, certain other intangible assets amounting to P96,021 and P97,715, respectively, were pledged as security for syndicated project finance loans (Note 21).

18. Other Noncurrent Assets

Other noncurrent assets consist of:

	Note	**2024**	2023
Contract assets		**P56,028**	P39,138
Advances to contractors and suppliers		**27,005**	33,053
Deferred containers - net	*4*	**20,643**	17,484
Noncurrent receivables and deposits - net	*4, 5, 8, 33, 34, 39, 40*	**8,797**	9,181
Restricted cash	*4, 39, 40*	**5,400**	4,443
Deposits on land for future development		**4,987**	5,311
Derivative assets - noncurrent	*3, 39, 40*	**1,584**	301
Idle assets	*4*	**1,296**	2,610
Noncurrent prepaid expense		**527**	1,498
Catalyst		**515**	629
Noncurrent prepaid rent		**299**	180
Deferred exploration and development costs	*4*	**92**	76
Retirement assets	*35*	**77**	39
Noncurrent prepaid input tax		**66**	115
Others		**2,334**	4,671
		P129,650	P118,729

The movements in deferred containers - net are as follows:

	Note	**2024**	2023
Gross Carrying Amount			
Balance at beginning of year		**P38,601**	P35,240
Additions		**11,355**	5,563
Disposals/retirement/reclassifications		**(3,673)**	(2,235)
Currency translation adjustments		**1**	33
Balance at end of year		**46,284**	38,601
Accumulated Depreciation			
Balance at beginning of year		**20,189**	16,691
Depreciation	*28*	**4,834**	4,128
Disposals/retirement/reclassifications		**69**	(623)
Currency translation adjustments		**4**	(7)
Balance at end of year		**25,096**	20,189
Accumulated Impairment			
Balance at beginning of year		**928**	1,092
Impairment	*27, 32*	**-**	487
Disposals/reclassifications		**(383)**	(652)
Currency translation adjustments		**-**	1
Balance at end of year		**545**	928
		P20,643	P17,484

Contract assets mainly represent costs related to the development of the MRT 7 Project (Note 34). The difference between the additions in contract assets presented in the consolidated statements of cash flows and additions to contract assets represent noncash items such as capitalized borrowing cost, amortization of right-of-use assets and interest on lease liabilities.

In 2024, Petron reassessed its accounting policy for LPG cylinders which had previously been recognized as an outright expense. Petron considered its legal ownership of LPG cylinders, compliance with regulatory requirements under the LPG Industry Regulation Act and alignment with the recent interpretation of the SEC on the matter. The LPG cylinders were recognized as part of "Deferred containers - net" account amounting to P3,176, presented as part of "Additions".

Noncurrent receivables and deposits include amounts owed by related parties amounting to P4,412 and P4,410 as at December 31, 2024 and 2023, respectively (Note 33) and are presented net of allowance for impairment losses amounting to P590 and P567 as at December 31, 2024 and 2023, respectively (Note 4).

Restricted cash represents:

i. MPCL's cash flow waterfall accounts and environmental guarantee fund amounting to P2,974 and P2,645 as at December 31, 2024 and 2023, respectively;

ii. LPI's cash flow waterfall accounts amounting to P1,654 and P1,204 as at December 31, 2024 and 2023, respectively;

iii. Cash in bank maintained by NCC and SCII in accordance with the specific purpose and term as required under its loan agreement, amounting to P554 and P273 as at December 31, 2024 and 2023, respectively;

iv. Deposit in escrow by ESCPI to settle the remaining unpaid creditors under the Court-approved Rehabilitation Plan with Final Registry of Claims amounting to P141 as at December 31, 2023. On May 6, 2024, the escrow fund has been closed;

v. Rehabilitation funds established by NCC, ECC and EERI in compliance with DENR Administrative Order No. 2005-07 for environmental protection and enhancement amounting to P162 and P130 as at December 31, 2024 and 2023, respectively; and

vi. Deposit in escrow by ECC for a pending legal case amounting to P56 and P50 as at December 31, 2024 and 2023, respectively.

The methods and assumptions used to estimate the fair values of noncurrent receivables and deposits, and restricted cash are discussed in Note 40.

"Others" include marketing assistance to dealers and other noncurrent prepaid expenses.

19. Loans Payable

Loans payable consist of:

	Note	**2024**	2023
Parent Company			
Peso-denominated		**P49,903**	P21,300
Foreign currency-denominated		**17,323**	-
Subsidiaries			
Peso-denominated		**201,697**	180,123
Foreign currency-denominated		**24,307**	13,458
	38, 39, 40	**P293,230**	P214,881

Loans payable mainly represent unsecured Peso and foreign currency-denominated amounts obtained from local and foreign banks. Interest rates per annum for Peso-denominated loans ranged from 3.96% to 8.32% and from 3.50% to 7.85% in 2024 and 2023, respectively. Interest rates per annum for foreign currency-denominated loans ranged from 3.96% to 8.00% and 3.71% to 7.53% in 2024 and 2023, respectively (Note 30).

Loans payable include interest-bearing amounts payable to BankCom amounting to P6,941 and P6,382 as at December 31, 2024 and 2023, respectively (Note 33).

20. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2024	2023
Non-trade	*5*	**P135,297**	P94,354
Trade	*34*	**120,062**	102,717
Customers' deposits		**14,101**	9,245
Accrued interest payable		**6,215**	5,653
Accrued payroll		**6,105**	6,245
Amounts owed to related parties	*33*	**2,066**	1,555
Derivative liabilities	*39, 40*	**1,890**	908
Deferred liability on consumer loyalty program		**831**	747
Current portion of IRO	*4*	**581**	320
Retention payable		**406**	249
Retirement liabilities	*35*	**170**	101
Deferred rent income		**77**	58
Redeemable preferred shares	*4*	**19**	19
Others		**1,218**	884
	39, 40	**P289,038**	P223,055

Trade payables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade payables include guarantee deposits, utilities, rent and other expenses payable to third parties.

Redeemable Preferred Shares. These represent the preferred shares of TADHC issued in 2010. The preferred shares are cumulative, non-voting, redeemable and with liquidation preference. The shares are preferred as to dividends, which are given in the form of coupons, at the rate of 90% of the applicable base rate (i.e., one year Bloomberg Valuation or BVAL). The dividends are cumulative from and after the date of issue of the preferred shares, whether or not in any period the amount is covered by available unrestricted retained earnings.

The preferred shares are required to be redeemed at the end of the ten-year period from and after the issuance of the preferred shares by paying the principal amount, plus all unpaid coupons (at the sole option of TADHC, the preferred shares may be redeemed earlier in whole or in part).

In the event of liquidation, dissolution, bankruptcy or winding up of the affairs of TADHC, the holders of the preferred shares are entitled to be paid in full, an amount equivalent to the issue price of such preferred shares plus all accumulated and unpaid dividends up to the current dividend period or proportionately to the extent of the remaining assets of TADHC, before any assets of TADHC will be paid or distributed to the holders of the common shares.

As at December 31, 2024 and 2023, the preferred shares remain outstanding as other requirements prior to redemption are pending from the shareholders.

"Others" include ARO, accruals for materials, repairs and maintenance, advertising, handling, contracted labor, supplies and various other payables.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 40.

21. Long-term Debt

Long-term debt consists of:

	2024	2023
Parent Company		
Peso-denominated Bonds:		
Fixed interest rate of 7.4458%, 7.8467% and 8.4890% maturing in 2028, 2029 and 2032, respectively (a)	**P59,446**	P59,299
Fixed interest rate of 5.2704% and 5.8434% maturing in 2027 and 2029, respectively (b)	**29,758**	29,699
Fixed interest rate of 7.2584% and 7.7197% maturing in 2031 and 2034, respectively (c)	**19,748**	-
Fixed interest rate of 7.465% maturing in 2027 (d)	**18,652**	29,762
Fixed interest rate of 6.625%, 5.7613% and 7.125% maturing in 2025, 2027 and 2028, respectively (e)	**12,835**	30,087
Peso-denominated Term Notes:		
Fixed interest rate of 6.9375% with maturities up to 2026 (f)	**15,089**	15,231
Fixed interest rate of 7.4998% with maturities up to 2029 (g)	**5,104**	5,148
Foreign currency-denominated Term Notes:		
Fixed interest rate of 6.55% maturing in 2028 (h)	**8,630**	8,247
Fixed interest rate of 6.68%, maturing in 2029 (i)	**8,619**	-
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2029 (j)	**112,973**	-
Floating interest rate based on SOFR plus margin, with maturities up to 2035 (k)	**108,534**	81,332
Floating interest rate based on SOFR plus margin, maturing in 2028 (l)	**75,553**	71,892
Floating interest rate based on SOFR plus margin, maturing in 2026 (m)	**51,564**	49,074
Floating interest rate based on SOFR plus margin, maturing in 2027 (n)	**40,016**	38,099
Floating interest rate based on SOFR plus margin, maturing in 2028 (o)	**17,054**	16,244
Floating interest rate based on SOFR plus margin, maturing in 2028 (p)	**16,987**	16,166
Floating interest rate based on SOFR plus margin, maturing in 2028 (q)	**11,369**	10,837
Floating interest rate based on SOFR plus margin, maturing in 2026 (r)	**5,751**	5,488
Floating interest rate based on SOFR plus margin, maturing in 2027 (s)	**5,748**	5,487
Floating interest rate based on SOFR plus margin, maturing in 2029 (t)	**2,864**	-
Floating interest rate based on SOFR plus margin (u)	**-**	110,301
	626,294	582,393

Forward

	2024	2023
Subsidiaries		
Peso-denominated Bonds:		
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (v)	**P39,650**	P39,560
Fixed interest rate of 6.4783%, 6.7026% and 6.9331% maturing in 2030, 2031 and 2034, respectively (w)	**34,529**	-
Fixed interest rate of 3.4408% and 4.3368% maturing in 2025 and 2027, respectively (x)	**17,917**	17,869
Fixed interest rate of 5.05% and 5.25% maturing in 2025 and 2027, respectively (y)	**14,963**	14,927
Fixed interest rate of 7.60% maturing in 2026 (z)	**6,902**	16,111
Fixed interest rate of 8.0551% maturing in 2025 (aa)	**6,788**	19,948
Fixed interest rate of 5.1792% maturing in 2026 (ab)	**4,746**	4,740
Fixed interest rate of 6.625% maturing in 2027 (ac)	**3,594**	10,056
Fixed interest rate of 6.4872% maturing in 2025 (ad)	**2,498**	2,494
Fixed interest rate of 6.00% (ae)	**-**	2,537
Peso-denominated Term Notes:		
Fixed interest rate of 8.2104% and 7.7497% with maturities up to 2033 (af)	**38,503**	27,538
Fixed interest rate of 7.5758% and 8.0808% with maturities up to 2034 (ag)	**31,854**	-
Fixed interest rate of 6.2836%, 6.5362% and 7.3889% with maturities up to 2029 (ah)	**29,415**	32,497
Fixed interest rate of 7.1913% with maturities up to 2033 (ai)	**28,625**	29,791
Fixed interest rate of 8.7118% with maturities up to 2027 (aj)	**17,731**	22,832
Fixed interest rate of 8.2443% with maturities up to 2030 (ak)	**13,410**	14,643
Fixed interest rate of 3.80%, 3.875%, 3.95% and 4.15% with maturities up to 2028 (al)	**11,894**	11,897
Fixed interest rate of 4.8356% with maturities up to 2031 (am)	**11,246**	12,239
Fixed interest rate of 6.8412% and 6.5323% maturing in 2027 (an)	**9,951**	9,937
Fixed interest rate of 6.5716% and 6.5719% with maturities up to 2031 (ao)	**9,925**	-
Fixed interest rate of 7.5758% with maturities up to 2032 (ap)	**9,883**	-
Fixed interest rate of 7.3232% maturing in 2032 (aq)	**9,873**	-
Fixed interest rate of 7.7632% with maturities up to 2029 (ar)	**9,684**	-
Fixed interest rate of 3.5483% with maturities up to 2029 (as)	**9,662**	9,804
Fixed interest rate of 5.6276% with maturities up to 2029 (at)	**8,173**	9,355
Fixed interest rate of 7.968% and 8.541% maturing in 2028 (au)	**7,451**	7,439
Fixed interest rate of 4.6332% and 5.7513% maturing in 2025 and 2027, respectively (av)	**6,986**	6,972
Fixed interest rate of 3.846% maturing in 2026 (aw)	**6,981**	6,970
Fixed interest rate of 7.4941% with maturities up to 2029 (ax)	**6,959**	-
Fixed interest rate of 5.00% with maturities up to 2025 (ay)	**4,819**	4,854
Fixed interest rate of 7.1663% with maturities up to 2027 (az)	**4,483**	4,975

Forward

	2024	2023
Fixed interest rate of 7.4206% with maturities up to 2027 (ba)	**P3,114**	P4,356
Fixed interest rate of 7.5496% with maturities up to 2027 (bb)	**3,114**	4,355
Fixed interest rate of 8.1711%, 8.449%, 9.028% and 9.635% with maturities up to 2030 (bc)	**3,011**	3,342
Fixed interest rate of 6.492% maturing in 2025 (bd)	**2,370**	2,366
Fixed interest rate of 4.20% maturing in 2026 (be)	**1,995**	1,992
Fixed interest rate of 3.284% with maturities up to 2026 (bf)	**1,889**	1,940
Fixed interest rate of 5.1657% with maturities up to 2025 (bg)	**1,500**	2,232
Fixed interest rate of 4.59% with maturities up to 2025 (bh)	**625**	1,873
Fixed interest rate of 6.8672% maturing in 2025 (bi)	**624**	622
Fixed interest rate of 7.3725%, 7.0071%, 6.8047% and 6.6224% maturing in 2033 (bj)	**129**	-
Fixed interest rate of 5.556%, 5.825% and 5.997% (bk)	**-**	32,809
Fixed interest rate of 6.9265% (bl)	**-**	14,091
Fixed interest rate of 4.63% (bm)	**-**	9,983
Fixed interest rate of 5.5276% (bn)	**-**	1,606
Floating interest rate based on BVAL plus margin, with maturities up to 2038 (bo)	**30,255**	14,086
Floating interest rate based on BVAL plus margin, or Bangko Sentral ng Pilipinas (BSP) Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, with maturities up to 2029 (as)	**7,729**	7,842
Floating interest rate based on BVAL plus margin, with maturities up to 2030 (bp)	**6,050**	7,187
Floating interest rate based on BVAL plus margin, with maturities up to 2029 (bq)	**4,969**	-
Floating interest rate based on BVAL plus margin, or BSP Overnight Lending Facility Rate plus margin, whichever is higher, with maturities up to 2030 (br)	**4,199**	3,852
Floating interest rate based on BVAL plus margin (bs)	**-**	19,877
Floating interest rate based on BVAL plus margin (bt)	**-**	586
Foreign currency-denominated Term Notes:		
Fixed interest rate of 8.331% with maturities up to 2030 (bu)	**16,494**	17,079
Floating interest rate based on SOFR plus margin, with maturities up to 2029 (bv)	**28,347**	-
Floating interest rate based on SOFR plus margin, with maturities up to 2027 (bw)	**27,118**	36,245
Floating interest rate based on SOFR plus margin, maturing in 2026 (bx)	**17,249**	16,421
Floating interest rate based on SOFR plus margin, maturing in 2027 (by)	**17,085**	16,249
Floating interest rate based on SOFR plus margin, maturing in 2027 (bz)	**16,954**	-
Floating interest rate based on SOFR plus margin, with maturities up to 2028 (ca)	**10,227**	12,172
Floating interest rate based on SOFR plus margin, maturing in 2025 (cb)	**5,770**	5,484
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (bu)	**5,428**	5,621

Forward

	Note	2024	2023
Floating interest rate based on SOFR plus margin, maturing in 2025 (cc)		**P2,880**	P2,719
Floating interest rate based on Bank Bill Swap Rate (BBSY) plus margin, with maturities up to 2027 (cd)		**1,603**	-
Floating interest rate based on Tokyo Overnight Average Rate (TONA) plus margin, with maturities up to 2025 (ce)		**788**	2,512
Floating interest rate based on BBSY plus margin, with maturities up to 2027 (cf)		**324**	359
Floating interest rate based on BBSY plus margin, with maturities up to 2026 (cg)		**40**	77
Floating interest rate based on SOFR plus margin (ch)		**-**	10,993
Floating interest rate based on SOFR plus margin (ci)		**-**	5,487
Floating interest rate based on BBSY plus margin (cj)		**-**	1,791
		640,975	608,191
	38, 39, 40	**1,267,269**	1,190,584
Less current maturities		**94,123**	236,798
		P1,173,146	P953,786

a. The amount represents the P60,000 fixed rate bonds issued by the Parent Company consisting of: (i) five-year and three months Series L Bonds, due in 2028 with an interest rate of 7.4458% per annum; (ii) seven-year Series M Bonds, due in 2029 with an interest rate of 7.8467% per annum; and (iii) ten-year Series N Bonds, due in 2032 with an interest rate of 8.4890% per annum. The Bonds were listed on the Philippine Dealing & Exchange Corp. (PDEx). Interest is payable every 14th of March, June, September and December of each year.

   The proceeds of the issuance of the bonds were used for: (i) the optional redemption of the Parent Company's Series "2" Preferred Shares - Subseries "2-H"; (ii) the repayment of the Peso-denominated short-term loan facilities that were used to pay the Series A and Series D Bonds; (iii) the payment of Series E Bonds; and (iv) the refinancing of certain US Dollar-denominated obligations.

   Unamortized debt issue costs amounted to P554 and P701 as at December 31, 2024 and 2023, respectively.

b. The amount represents the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P30,000. The Bonds were listed on the PDEx.

   The first tranche of the fixed rate bonds listed on March 4, 2022, consists of: (i) five-year Series J Bonds, due in 2027 with an interest rate of 5.2704% per annum; and (ii) seven-year Series K Bonds, due in 2029 with an interest rate of 5.8434% per annum. Interest is payable every 4th of March, June, September and December of each year.

   The proceeds of the issuance of the bonds were used for refinancing the Parent Company's short-term loan facilities and other general corporate purposes.

   Unamortized debt issue costs amounted to P242 and P301 as at December 31, 2024 and 2023, respectively.

c. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P20,000. The Bonds were listed on the PDEx.

   The first tranche of the fixed rate bonds listed on July 3, 2024, consists of: (i) six-year and six months Series O Bonds, due in 2031 with an interest rate of 7.2584% per annum; and (ii) ten-year Series P Bonds, due in 2034 with an interest rate of 7.7197% per annum. Interest is payable every 3rd of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used for the partial payment of Series I Bonds and the remaining balance will be used for additional investment in the Manila International Airport (MIA) Project and other airport-related projects in Bulacan and the repayment of Series F Bonds on March 19, 2025.

Unamortized debt issue costs amounted to P252 as at December 31, 2024.

d. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P30,000. The Bonds were listed on the PDEx.

The first tranche of the fixed rate bonds listed on July 8, 2021, comprises six-year Series I Bonds, due in 2027 with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used to repay existing obligations.

The Parent Company partially paid P11,240 on July 8, 2024, as a result of the Put Option Exercise by the exercising Series I Bondholders. The remaining balance of the Series I Fixed Rate Peso-denominated Bonds was repriced at 7.465% per annum from 3.3832% per annum effective July 8, 2024, until maturity on July 8, 2027.

Unamortized debt issue costs amounted to P108 and P238 as at December 31, 2024 and 2023, respectively.

e. The amount represents the first, second, third and fourth tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P20,000, P10,000, P20,000 and P10,000, respectively. The Bonds were listed on the PDEx.

- The first tranche of the fixed rate bonds listed on March 1, 2017 amounting to P20,000 consists of: (i) five-year Series A Bonds, due in 2022 with an interest rate of 4.8243% per annum; (ii) seven-year Series B Bonds, due in 2024 with an interest rate of 5.284% per annum; and (iii) ten-year Series C Bonds, due in 2027 with an interest rate of 5.7613% per annum. Interest is payable every 1st of March, June, September and December of each year.

- The second tranche of the fixed rate bonds listed on April 7, 2017 amounting to P10,000 comprises five-year Series D Bonds, due in 2022 with an interest rate of 5.1923% per annum. Interest is payable every 7th of January, April, July and October of each year.

- The third tranche of the fixed rate bonds listed on March 19, 2018 amounting to P20,000 consists of: (i) five-year Series E Bonds, due in 2023 with an interest rate of 6.25% per annum; (ii) seven-year Series F Bonds, due in 2025 with an interest rate of 6.625% per annum; and (iii) ten-year Series G Bonds, due in 2028 with an interest rate of 7.125% per annum. Interest is payable every 19th of March, June, September and December of each year.

- The fourth tranche of the fixed rate bonds listed on October 4, 2019 amounting to P10,000 comprises five-year Series H Bonds, due in 2024 with an interest rate of 5.55% per annum. Interest is payable every 4th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used to partially refinance various loans.

The Parent Company paid the P6,683 Series A Bonds, P10,000 Series D Bonds, P13,146 Series E Bonds, P7,294 Series B Bonds and P10,000 Series H Bonds on March 1, 2022, April 7, 2022, March 20, 2023, March 1, 2024 and October 4, 2024, respectively.

Unamortized debt issue costs amounted to P42 and P84 as at December 31, 2024 and 2023, respectively.

f. The amount represents the drawdown by the Parent Company on June 24, 2019 from its term loan facility amounting to P16,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9375% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

The Parent Company paid the scheduled amortizations amounting to P880 and P720 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P31 and P49 as at December 31, 2024 and 2023, respectively.

g. The amount represents the drawdown by the Parent Company on June 30, 2023 from its term loan facility amounting to P5,200. The loan is amortized over six years and is subject to a fixed interest rate of 7.4998% per annum payable semi-annually and with a put option on the part of the lender on the third anniversary of the first drawdown date. The proceeds of the loan were used for the refinancing of Corona Virus Disease 2019 response activities during the period 2020 to 2022.

   The Parent Company paid the scheduled amortization amounting to P52 as at December 31, 2024.

   Unamortized debt issue costs amounted to P44 and P52 as at December 31, 2024 and 2023, respectively.

h. The amount represents the drawdown by the Parent Company on July 31, 2023 from its term loan facility amounting to US$150. The term of the loan is for five years and is subject to a fixed interest rate of 6.55% per annum, payable quarterly. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

   Unamortized debt issue costs amounted to P47 and P59 as at December 31, 2024 and 2023, respectively.

i. The amount represents the drawdown by the Parent Company on May 17, 2024 from its term loan facility amounting to US$150. The term of the loan is for five years and is subject to a fixed interest rate of 6.68% per annum, payable quarterly. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P58 as at December 31, 2024.

j. The amount represents the drawdown by the Parent Company on September 27, 2024 from its term loan facility amounting to US$2,000. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance the matured loans drawn by the Parent Company amounting to US$50 and US$1,950 on December 27, 2019 and March 19, 2020, respectively.

   Unamortized debt issue costs amounted to P2,717 as at December 31, 2024.

k. The amount represents the drawdown by the Parent Company of US$1,903 on various dates in 2024, 2023 and 2022 from its US$2,165 term loan facility. The term of the loan is for 13 years and is subject to a floating interest rate. The proceeds of the loan were used to fund the land development works of the MIA Project in Bulacan.

   Unamortized debt issue costs amounted to P1,535 and P1,348 as at December 31, 2024 and 2023, respectively.

l. The amount represents the drawdown by the Parent Company of US$1,330 on various dates in 2023 from its term loan facility. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

   Unamortized debt issue costs amounted to P1,381 and P1,750 as at December 31, 2024 and 2023, respectively.

m. The amount represents the drawdown by the Parent Company on various dates in 2022 and 2021 from its term loan facility amounting to US$900. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P497 and P759 as at December 31, 2024 and 2023, respectively.

n. The amount represents the drawdown by the Parent Company on various dates in 2022 from its term loan facility amounting to US$700. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P475 and P660 as at December 31, 2024 and 2023, respectively.

o. The amount represents the drawdown by the Parent Company on September 20, 2023 from its term loan facility amounting to US$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance a total of US$300 term loans availed in 2018.

   Unamortized debt issue costs amounted to P300 and P367 as at December 31, 2024 and 2023, respectively.

p. The amount represents the drawdown by the Parent Company of US$200 and US$100 on November 15 and 24, 2023, respectively, from its term loan facility amounting to US$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

   Unamortized debt issue costs amounted to P367 and P445 as at December 31, 2024 and 2023, respectively.

q. The amount represents the drawdown by the Parent Company on July 10, 2023 from its term loan facility amounting to US$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

   Unamortized debt issue costs amounted to P200 and P237 as at December 31, 2024 and 2023, respectively.

r. The amount represents the drawdown by the Parent Company on December 23, 2021 from its term loan facility amounting to US$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P33 and P49 as at December 31, 2024 and 2023, respectively.

s. The amount represents the drawdown by the Parent Company on August 2, 2022 from its term loan facility amounting to US$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P36 and P50 as at December 31, 2024 and 2023, respectively.

t. The amount represents the drawdown by the Parent Company on August 2, 2024 from its term loan facility amounting to US$50. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

   Unamortized debt issue costs amounted to P28 as at December 31, 2024.

u. The amount represents the drawdown by the Parent Company of US$50 and US$1,950 on December 27, 2019 and March 19, 2020, respectively, from its term loan facility amounting to US$2,000. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin. Effective June 30, 2023 the benchmark rate of US Dollar-denominated loans was changed from London Interbank Offered Rate (LIBOR) to SOFR. The proceeds of the loan were used for general corporate purposes.

   The loan was fully paid on September 27, 2024.

   Unamortized debt issue costs amounted to P439 as at December 31, 2023.

v. The amount represents the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power amounting to P40,000 on July 26, 2022. The Bonds were listed on the PDEX.

The Bonds consists of: (i) three-year Series K Bonds due in 2025 with an interest rate of 5.9077% per annum; (i) five-year and nine months Series L Bonds due in 2028 with an interest rate of 7.1051% per annum; and, (iii) ten-year Series M Bonds due in 2032 with an interest rate of 8.0288% per annum. Interest is payable every 26th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used: (i) to partially finance San Miguel Global Power's investments in power-related assets, particularly the LNG projects and related assets, coal power plant projects, Battery Energy Storage Systems (BESS) and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

Unamortized debt issue costs amounted to P350 and P440 as at December 31, 2024 and 2023, respectively.

w. The amount represents the P35,000 fixed rate bonds issued by SMC Tollways on December 5, 2024, divided into: (i) five-year and three months Series A Bonds, due in 2030 with an interest rate of 6.4783% per annum; (ii) seven-year Series B Bonds, due in 2031 with an interest rate of 6.7026% per annum; and, (iii) ten-year Series C Bonds, due 2034 with an interest rate of 6.9331% per annum. Interest is payable every 5th of March, June, September and December of each year. The Bonds were listed on the PDEx.

The proceeds of the issuance of the bonds were used for the prepayment of existing indebtedness and to fund capital expenditure requirements of the Skyway Project and the SMC Skyway Stage 3 Project.

Unamortized debt issue costs amounted to P471 as at December 31, 2024.

x. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by Petron on October 12, 2021 amounting to P18,000. The Bonds were listed on the PDEx.

The first tranche of the fixed rate bonds amounting to P18,000, consist of four-year Series E Bonds, due in 2025 with an interest rate of 3.4408% per annum and six-year Series F Bonds, due in 2027 with an interest rate of 4.3368% per annum. Interest is payable every 12th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used primarily for the redemption of its outstanding Series A Bonds, partial financing of the power plant project and payment of existing indebtedness.

Unamortized debt issue costs amounted to P83 and P131 as at December 31, 2024 and 2023, respectively.

y. The amount represents the P15,000 fixed rate bonds issued by SMFB on March 10, 2020, divided into five-year Series A Bonds, due in 2025 with an interest rate of 5.05% per annum, and seven-year Series B Bonds, due in 2027 with an interest rate of 5.25% per annum. Interest is payable every 10th of March, June, September and December of each year. The Bonds were listed on the PDEx.

The proceeds of the issuance of the bonds were used to redeem the outstanding Series "2" Perpetual Preferred Shares of SMFB and payment of transaction-related fees, costs and expenses.

Unamortized debt issue costs amounted to P37 and P73 as at December 31, 2024 and 2023, respectively.

z. The amount represents the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power amounting to P30,000 on April 24, 2019. The Bonds were listed on the PDEx.

The Bonds consist of: (i) three-year Series H Bonds, due in 2022 with an interest rate of 6.8350% per annum; (ii) five-year Series I Bonds, due in 2024 with an interest rate of 7.1783% per annum; and, (iii) seven-year Series J Bonds, due in 2026 with an interest rate of 7.60% per annum. Interest is payable every 24th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used for refinancing of maturing long-term and short-term loans, investments in power-related assets and payment of transaction-related expenses.

San Miguel Global Power paid the P13,845 Series H Bonds and P9,232 Series I Bonds on April 25, 2022 and April 24, 2024, respectively.

Unamortized debt issue costs amounted to P21 and P44 as at December 31, 2024 and 2023, respectively.

aa. The amount represents the first and second tranche of the P40,000 Shelf Registered Fixed Rate Bonds issued by Petron amounting to P20,000 and P20,000 on October 27, 2016 and October 19, 2018, respectively. The Bonds were listed on the PDEx.

- The first tranche of the fixed rate bonds listed on October 27, 2016 amounting to P20,000, consists of: (i) five-year Series A Bonds, due in 2021 with an interest rate of 4.0032% per annum; and, (ii) seven-year Series B Bonds, due in 2023 with an interest rate of 4.5219% per annum. Interest is payable every 27th of January, April, July and October of each year.

- The second tranche of the fixed rate bonds listed on October 19, 2018 amounting to P20,000, consists of: (i) five-year and six months Series C Bonds, due in 2024 with an interest rate of 7.8183% per annum; and, (ii) seven-year Series D Bonds, due in 2025 with an interest rate of 8.0551% per annum. Interest is payable every 19th of January, April, July and October of each year.

The proceeds of the first tranche were used to partially settle the US$475 and US$550 Term Loan, repay short-term loans and for general corporate purposes.

The proceeds of the second tranche were used for the payment of short-term loans, redemption of a portion of Petron's Undated Subordinated Capital Securities (USCS) and for general corporate purposes.

Petron paid the P13,000 Series A Bonds, P7,000 Series B Bonds, and P13,200 Series C Bonds on October 27, 2021, October 27, 2023 and April 19, 2024, respectively.

Unamortized debt issue costs amounted to P12 and P52 as at December 31, 2024 and 2023, respectively.

ab. The amount represents the P15,000 fixed rate bonds issued by San Miguel Global Power on July 11, 2016, divided into: (i) five-year Series A Bonds, due in 2021 with an interest rate of 4.3458% per annum; (ii) seven-year Series B Bonds, due in 2023 with an interest rate of 4.7575% per annum; and, (iii) ten-year Series C Bonds, due in 2026 with an interest rate of 5.1792% per annum. Interest is payable every 11th of January, April, July and October of each year. The Bonds were listed on the PDEx.

The proceeds of the issuance of the bonds were used to refinance the US$300 short-term loan that matured on July 25, 2016, which were used for the redemption of the US$300 bond in January 2016.

San Miguel Global Power paid the P6,154 Series A Bonds and P4,090 Series B Bonds on July 12, 2021 and July 11, 2023, respectively.

Unamortized debt issue costs amounted to P10 and P16 as at December 31, 2024 and 2023, respectively.

ac. The amount represents the first and second tranche of the P35,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power amounting to P20,000 and P15,000 on December 22, 2017 and August 17, 2018, respectively. The Bonds were listed on the PDEx.

- The first tranche of the fixed rate bonds listed on December 22, 2017 amounting to P20,000, consists of: (i) five-year Series D Bonds, due in 2022 with an interest rate of 5.375% per annum; (ii) seven-year Series E Bonds, due in 2024 with an interest rate of 6.25% per annum; and (iii) ten-year Series F Bonds, due in 2027 with an interest rate of 6.625% per annum. Interest is payable every 22nd of March, June, September and December of each year.

- The second tranche of the fixed rate bonds listed on August 17, 2018 amounting to P15,000 pertains to the five-year Series G Bonds, due in 2023 with an interest rate of 6.75% per annum. Interest is payable every 17th of February, May, August and November of each year.

The proceeds of the first tranche were used to refinance Peso-denominated short-term loans.

The proceeds of the second tranche were used to refinance the outstanding shareholder advances and partially refinance existing US Dollar-denominated loan obligations and payment of transaction-related expenses.

San Miguel Global Power paid the P9,913 Series D Bonds, P15,000 Series G Bonds, and P6,478 Series E Bonds on December 22, 2022, August 17, 2023, and December 23, 2024, respectively.

Unamortized debt issue costs amounted to P15 and P31 as at December 31, 2024 and 2023, respectively.

ad. The amount represents the P7,300 fixed rate bonds issued by SMC SLEX on May 22, 2015, divided into: (i) five-year and three months Series A Bonds, due in 2020 with an interest rate of 4.9925% per annum; (ii) seven-year Series B Bonds, due in 2022 with an interest rate of 5.5796% per annum; and, (iii) ten-year Series C Bonds, due in 2025 with an interest rate of 6.4872% per annum. Interest is payable every 22nd of February, May, August and November of each year. The Bonds were listed on the PDEx.

The proceeds of the issuance of bonds were used to prepay the Peso-denominated Corporate Notes drawn in 2012.

SMC SLEX paid the P2,400 Series B Bonds and the P2,400 Series A Bonds on May 22, 2022 and August 24, 2020, respectively.

Unamortized debt issue costs amounted P2 and P6 as at December 31, 2024 and 2023, respectively.

ae. The amount represents the P15,000 fixed rate bonds issued by SMB on April 2, 2014, divided into: (i) seven-year Series G Bonds, due in 2021 with an interest rate of 5.50% per annum; and (ii) ten-year Series H Bonds, due in 2024 with an interest rate of 6.00% per annum. Interest is payable every 2nd of April and October of each year. The Bonds were listed on the PDEx.

The proceeds of the issuance of Series G Bonds and Series H Bonds were used to partially refinance the payment of Series B Bonds.

SMB paid the P12,462 Series G Bonds and the P2,538 Series H Bonds on April 5, 2021 and April 2, 2024, respectively.

Unamortized debt issue costs amounted to P1 as at December 31, 2023.

af. The amount represents the drawdown by SMGP BESS from its P40,000 term loan facility on October 27, 2023, and March 25, 2024 amounting to P28,000 and P12,000, respectively. The loan is subject to a fixed interest rate of 8.2104% and 7.7497% per annum and payable quarterly up to October 2033. The proceeds of the loan were used for the purchase of outstanding perpetual securities issued to the Parent Company and reimbursement or repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payments for interest, design, construction and the operation of its BESS projects, and cover transaction-related costs, fees and expenses.

Payments made amounted to P1,000 as December 31, 2024.

The drawdown includes payable to BankCom amounting to P5,655 and P4,060 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P497 and P462 as at December 31, 2024 and 2023, respectively.

ag. The amount represents the drawdown by MPGC from its P32,500 Omnibus Loan and Security Agreement (OLSA) with various banks dated December 17, 2024. The loan is subject to a fixed interest rate of 7.5758% and 8.0808% per annum and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant project.

The drawdown includes payable to BankCom amounting to P7,500 as at December 31, 2024 (Note 33).

Unamortized debt issue costs amounted to P646 as at December 31, 2024.

ah. The amount represents the drawdown by LPI from its P44,000 OLSA with various banks dated June 22, 2017. The loan consists of Tranche A amounting to P42,000 and Tranche B amounting to P2,000 drawn on June 28, 2017 and January 31, 2018, respectively. The loan is payable quarterly up to June 2029.

The proceeds of the loan were used for the settlement of the US$360 short-term loan, acquisition of the Phase II Limay Greenfield Power Plant, repayment of shareholder advances and payment of transaction-related fees and expenses.

Payments made amounted to P14,338 and P11,185 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P247 and P318 as at December 31, 2024 and 2023, respectively.

ai. The amount represents the drawdown by SMEII on July 14, 2023 from its term loan facility amounting to P30,000. The loan is amortized over ten years up to May 2033 and is subject to a fixed interest rate of 7.1913% per annum. The proceeds of the loan were used for refinancing of existing short-term loan and/or other general corporate purposes.

Payment made amounted to P1,200 as at December 31, 2024.

Unamortized debt issue costs amounted to P175 and P209 as at December 31, 2024 and 2023, respectively.

aj. The amount represents the loan drawn by MMSS3 from its P31,000 OLSA with various banks dated December 15, 2014.

The proceeds of the loan were used to partially finance the design, construction and operation and maintenance of the Skyway Stage 3 Project. The loan is payable in 35 unequal consecutive quarterly installments starting on the earlier of March 30, 2020 or one quarter after issuance of toll operation certificate by TRB. Final repayment date is 12 years after initial drawdown date.

Payments made amounted to P13,203 and P8,057 as at December 31, 2024 and 2023, respectively.

The drawdown includes payable to BankCom amounting to P2,124 and P2,738 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P66 and P111 as at December 31, 2024 and 2023, respectively.

ak. The amount represents the loan drawn by MPI from its P21,300 12-year OLSA with various banks dated August 9, 2018.

The proceeds of the loan were used by MPI for the repayment of the short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant and payment of transaction-related fees and expenses. On August 17, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 6.5077% and 7.7521% to 8.2443% per annum, pursuant to the terms of the OLSA.

Payments made amounted to P7,778 and P6,481 as at December 31, 2024 and 2023, respectively.

The drawdown includes payable to BankCom amounting to P2,031 and P2,226 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P112 and P176 as at December 31, 2024 and 2023, respectively.

al. The amount represents the loans drawn by SMB on March 30, 2021 from its loan facilities amounting to P12,000 with various banks. The loans are subject to fixed interest rates, where P10,000 and P2,000 will mature on March 30, 2026 and March 30, 2028, respectively. The proceeds of the loans were used for the payment of Series G Bonds.

Payments made amounted to P79 and P58 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P27 and P45 as at December 31, 2024 and 2023, respectively.

am. The amount represents the loan drawn by NCC on various dates in 2023, 2022 and 2021 from the P12,500 OLSA with various banks dated June 22, 2021.

The loan is subject to a fixed interest rate of 4.8356% per annum and is payable in 34 unequal quarterly installments commencing on the seventh quarter from initial advance. Final repayment date is ten years from initial advance.

The proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement plant in Sison, Pangasinan, repay the reimbursable sponsor advances and finance the transaction costs, other taxes, costs and operation expenses and other financing costs incurred in availing the loan.

Payments made amounted to P1,125 and P100 as at December 31, 2024 and 2023, respectively.

The drawdown includes payable to BankCom amounting to P2,002 and P2,183 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P129 and P161 as at December 31, 2024 and 2023, respectively.

an. The amount represents the loan drawn by SMB amounting to P5,000 and P5,000 on December 20, 2022 and February 21, 2023 from its P10,000 term loan facility executed with a local bank on December 19, 2022. The loan is subject to fixed interest rates of 6.8412% and 6.5323% per annum for two years for loan drawn in 2022 and 2023, respectively, subject to repricing thereafter. The loan is payable in five years and four years and ten months and will mature in December 2027.

The proceeds of the loan were used to partially finance capital expenditures.

Unamortized debt issue costs amounted to P49 and P63 as at December 31, 2024 and 2023, respectively.

ao. The amount represents the loans drawn by SMB amounting to P7,000 and P3,000 from its P10,000 unsecured term loan facility executed with various local banks on December 10, 2024. The loan is subject to a fixed interest rate of 6.5716% and 6.5719% per annum for one year, subject to repricing thereafter. The loan will mature in December 2029 and December 2031.

Unamortized debt issue costs amounted to P75 as at December 31, 2024.

ap. The amount represents the drawdown by SSHCI on December 12, 2024 from its term loan facility amounting to P10,000. The loan is subject to a fixed interest rate of 7.5758% per annum and will mature on June 11, 2032. The proceeds of the loan were used to partially finance its existing debt obligations under the original loan facility.

The drawdown includes payable to BankCom amounting to P500 as at December 31, 2024 (Note 33).

Unamortized debt issue costs amounted to P117 as at December 31, 2024.

aq. The amount represents the drawdown by SMC SLEX on December 12, 2024, from its term loan facility amounting to P10,000. The loan is subject to a fixed interest rate of 7.3232% per annum and will mature on June 11, 2032. The proceeds of the loan were used to refinance existing debt obligations.

The drawdown includes payable to BankCom amounting to P500 as at December 31, 2024 (Note 33).

Unamortized debt issue costs amounted to P127 as at December 31, 2024.

ar. The amount represents the drawdown by San Miguel Global Power on July 19, 2024 amounting to P9,750 from its P10,000 term loan facility. The loan is subject to a fixed interest rate of 7.531% per annum and will mature in June 2029. The proceeds of the loan were used to refinance an existing loan.

Unamortized debt issue costs amounted to P66 as at December 31, 2024.

as. The amount represents the loan drawn by SMFI amounting to P8,000 and P10,000 in 2020 and 2019, respectively, from its term loan facility amounting to P18,000. The loan is amortized for ten years and is subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to a fixed interest rate. The proceeds of the loan were used to refinance its existing short-term obligations, fund capital expansion projects and for other general corporate purposes.

On December 14, 2020, SMFI exercised its one-time option to convert its P10,000 loan to a fixed interest rate of 3.5483% per annum.

Payments made for the fixed interest loan amounted to P298 and P149 as at December 31, 2024 and 2023, respectively.

Payments made for the floating interest loan amounted to P238 and P119 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs for the fixed interest loan amounted to P40 and P47 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs for the floating interest loan amounted to P33 and P39 as at December 31, 2024 and 2023, respectively.

at. The amount represents the drawdown by SMCTC on December 19, 2019 amounting to P12,000 from its P42,000 Second Amendment to the OLSA with various local banks dated December 16, 2019.

The proceeds of the loan were used for consolidation of project loans, re-leveraging the project, repayment of certain shareholder advance and partial financing of operation and maintenance of the project. The loan is payable in 39 quarterly installments commencing on the third month from initial drawdown. Final repayment date shall be ten years after receipt.

The loan is subject to repricing on the fifth year from date of initial drawdown.

Payments made amounted to P3,780 and P2,580 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P47 and P65 as at December 31, 2024 and 2023, respectively.

au. The amount represents the drawdown by San Miguel Global Power from its P10,000 term loan facility on June 15 and August 8, 2023 amounting to P5,000 and P2,500, respectively. The loan is subject to a fixed interest rate of 7.968% per annum and will mature in June 2028. The proceeds of the loan were used to: (a) partially refinance maturing debt obligations; (b) fund general corporate purposes, including investments in LNG and BESS; and (c) cover transaction-related costs, fees and expenses.

Unamortized debt issue costs amounted to P49 and P61 as at December 31, 2024 and 2023, respectively.

av. The amount represents the loans drawn by SMB from a local bank on April 1, 2022 amounting to P4,000 with a term of three years subject to a fixed interest rate of 4.6332% per annum and P3,000 with a term of five years subject to a fixed interest rate of 5.7513% per annum, payable quarterly. The proceeds of the loan were used to pay the Series F Bonds which matured on April 2, 2022.

Unamortized debt issue costs amounted to P14 and P28 as at December 31, 2024 and 2023, respectively.

aw. The amount represents the drawdown by PF-Hormel on September 29, 2021 from its loan facilities with various banks amounting to P7,000. The loan will mature on September 29, 2026 and is subject to a fixed interest rate of 3.846% per annum. The proceeds of the loan were used for refinancing of existing indebtedness and general corporate purposes.

Unamortized debt issue costs amounted to P19 and P30 as at December 31, 2024 and 2023, respectively.

ax. The amount represents the drawdown by Petron on March 6, 2024 from its term loan facility amounting to P7,000. The loan is amortized over five years with two years grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning March 6, 2026. The loan is subject to interest payable in semi-annual amortizations with fixed interest rate of 7.4941% per annum for the first two years and will thereafter be repriced to a new fixed rate until maturity on March 6, 2029. The proceeds of the loan were used to partially redeem Series C Offer Bonds on April 19, 2024.

Unamortized debt issue costs amounted to P41 as at December 31, 2024.

ay. The amount represents the drawdown by San Miguel Global Power on May 28, 2021 from its term loan facility amounting to P5,000. The principal repayment is in semi-annual installments up to May 2025 and is subject to a fixed interest rate of 5.00% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

Payments made amounted to P175 and P125 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P6 and P21 as at December 31, 2024 and 2023, respectively.

az. The amount represents the drawdown by Petron on May 19, 2022 from its term loan facility amounting to P5,000. The facility is subject to a fixed interest rate of 7.1663% per annum and amortized over five years with a two-year grace period, after which the total principal will be amortized in seven semi-annual payments beginning May 19, 2024. The proceeds of the loan were used for partial financing of the power plant project.

Unamortized debt issue costs amounted to P17 and P25 as at December 31, 2024 and 2023, respectively.

ba. The amount represents the drawdown by Petron on June 15, 2022 from its term loan facility amounting to P5,000. The facility is subject to a fixed interest rate of 7.4206% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 15, 2023. The proceeds of the loan were used to partially pay its US Dollar-denominated term loan.

Payments made amounted to P1,875 and P625 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P11 and P19 as at December 31, 2024 and 2023, respectively.

bb. The amount represents the drawdown by Petron on June 16, 2022 from its term loan facility amounting to P5,000. The facility is subject to a fixed interest rate of 7.5496% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 16, 2023. The proceeds of the loan were used to pay its US Dollar-denominated term loan and various loan facilities.

Payments made amounted to P1,875 and P625 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P11 and P20 as at December 31, 2024 and 2023, respectively.

bc. The amount represents the drawdown by LCWDC in 2018 amounting to P4,200 from its P5,400 OLSA with various local banks dated September 16, 2016. The loan is subject to repricing on the seventh year from the initial drawdown date. The proceeds of the loan were used for the Bulacan Bulk Water Supply Project.

Payments made amounted to P1,176 and P840 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P13 and P18 as at December 31, 2024 and 2023, respectively.

bd. The amount represents the drawdown by Petron on September 8, 2022 from its term loan facility amounting to P2,375. The loan is subject to a fixed interest rate of 6.4920% per annum and will be fully paid on September 8, 2025. The proceeds of the loan were used to pay existing indebtedness.

Unamortized debt issue costs amounted to P5 and P9 as at December 31, 2024 and 2023, respectively.

be. The amount represents the drawdown by SMCSLC on July 14, 2021 from its term loan facilities with various banks amounting to P2,000. The loan will mature on July 14, 2026, and is subject to a fixed interest rate of 4.20% per annum payable quarterly. The proceeds of the loan were used to refinance existing indebtedness and for general corporate purposes.

Unamortized debt issue costs amounted to P5 and P8 as at December 31, 2024 and 2023, respectively.

bf. The amount represents the P2,000 seven-year term loan availed by SMMI on December 19, 2019. The loan is amortized for seven years and is subject to a floating interest rate based on BVAL plus margin with a one-time option to convert to a fixed interest rate within two years. The proceeds of the loan were used to refinance existing short-term loans, fund its capital expenditure requirements for the upgrade or expansion of its production facilities and/or finance other general corporate requirements.

On December 19, 2020, SMMI exercised its option to convert the interest rate from floating to fixed. As a result, the interest rate was fixed at 3.284% per annum.

Payments made amounted to P107 and P54 as at December 31, 2024 and December 31, 2023, respectively.

Unamortized debt issue costs amounted to P4 and P6 as at December 31, 2024 and 2023, respectively.

bg. The amount represents the drawdown by SMYPC on January 30, 2020, from its term loan facility amounting to P5,000. The loan matured on January 30, 2025 and is subject to a fixed interest rate of 5.1657% per annum payable quarterly. The proceeds of the loan were used to refinance existing short-term loans.

Payments made amounted to P3,500 and P2,763 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P5 as at December 31, 2023.

bh. The amount represents the drawdown by Petron on April 27, 2020 from its term loan facility amounting to P5,000. The loan is amortized over five years and is subject to a fixed interest rate of 4.59% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

Payments made amounted to P4,375 and P3,124 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P3 as at December 31, 2023.

bi. The amount represents the drawdown by Petron on September 30, 2022 from its term loan facility amounting to P625. The loan is subject to a fixed interest rate of 6.8672% per annum and will be fully paid on September 8, 2025. The proceeds of the loan were used to pay existing indebtedness.

Unamortized debt issue costs amounted to P1 and P3 as at December 31, 2024 and 2023, respectively.

bj. The amount represents the drawdown by BWCI on various dates in 2023 amounting to a total of P130 from its P200 OLSA. The loan is amortized over ten years and is subject to a fixed interest rate payable quarterly. The loan will mature on January 31, 2033.

Unamortized debt issue costs amounted to P1 as at December 31, 2024.

bk. The amount represents the loan drawn by SMC Tollways from its P41,200 Corporate Notes Facility Agreement with various local banks dated December 9, 2019.

The proceeds of the loan were mainly used to refinance existing debt obligations, invest and/or advance for infrastructure projects, for general corporate purposes and to finance transaction-related fees, taxes and expenses. The loan is payable in 40 quarterly installments commencing on the third month from initial issue date. Final repayment date is ten years from initial issue date.

The Notes are subject to repricing on the fifth year from initial issue date.

Payment made amounted to P8,097 as at December 31, 2023 and was fully paid on December 31, 2024.

Unamortized debt issue costs amounted P294 as at December 31, 2023.

bl. The amount represents the drawdown by San Miguel Global Power on April 26, 2017 from its term loan facility amounting to P15,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9265% per annum, payable quarterly. The proceeds of the loan were used for debt refinancing.

Payments made amounted to P15,000 and P900 as at December 31, 2024 and 2023, respectively.

The loan was fully paid on April 26, 2024.

Unamortized debt issue costs amounted to P9 as at December 31, 2023.

bm. The amount represents the drawdown by SMB on December 19, 2019 from its term loan facility amounting to P10,000. The loan matured on December 26, 2024 and is subject to a fixed interest rate of 4.63% per annum. The proceeds of the loan were used for general corporate purposes.

The loan was fully paid on December 26, 2024.

Unamortized debt issue costs amounted to P17 as at December 31, 2023.

bn. The amount represents the drawdown by Petron on July 25, 2017, from its term loan facility amounting to P15,000. The loan is amortized over seven years and is subject to a fixed interest rate of 5.5276% per annum payable quarterly. The proceeds of the loan were used to refinance the bridge loan availed on December 23, 2016, for the acquisition of the Refinery Solid Fuel-fired Power Plant.

Payment made amounted to P13,393 as at December 31, 2023 and was fully paid on December 31, 2024.

Unamortized debt issue costs amounted to P1 as at December 31, 2023.

bo. The amount represents the drawdown by SMC MRT 7 on various dates in 2023 and 2024 amounting to P14,300 and P16,400, respectively, from the P100,000 OLSA with various banks dated May 18, 2023. The loan is subject to a floating interest rate and with a term of 15 years. The proceeds of the loan were used to finance the MRT 7 Project.

The drawdown includes payable to BankCom amounting to P1,996 and P930 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P445 and P214 as at December 31, 2024 and 2023, respectively.

bp. The amount represents the outstanding balance from the amended Omnibus Refinancing Agreement (ORA) executed by MPCL with local banks on January 17, 2023 (the "Amended ORA") amounting to P8,155. The loan is subject to a floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary as allowed under the terms of the agreement.

Payments made amounted to P2,041 and P877 as at December 31, 2024 and 2023, respectively.

The drawdown includes payable to BankCom amounting to P3,687 and P4,389 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P64 and P91 as at December 31, 2024 and 2023, respectively.

bq. The amount represents the drawdown by Petron on April 18, 2024 from its unsecured term loan facility amounting to P5,000. The loan is amortized over five years with two-year and six months grace period, after which the total principal will be amortized in six equal semi-annual installments beginning October 18, 2026. The loan is subject to a floating interest rate payable in semi-annual amortizations. The proceeds of the loan were used to partially redeem Series C Bonds on April 19, 2024.

Unamortized debt issue costs amounted to P31 as at December 31, 2024.

br. The amount represents the drawdown by SMC NAIAX on various dates in 2022 to 2023 amounting to P4,311 and in 2024 amounting to P761, from the P5,656 OLSA with various banks dated December 21, 2022. Proceeds of the loan were used mainly to refinance the remaining balance of the old loan facility, finance its investments, expansion, and capital expenditure programs in the Projects; and cover transaction costs, fees and expenses in connection with or arising from the making of the term loan facility. The loan is payable in 30 equal quarterly installments commencing on the third month from initial drawdown date. Final repayment date is seven years and six months from the signing date of the OLSA.

The loan is subject to annual repricing from the date of initial drawdown.

Payments made amounted to P834 and P417 as at December 31, 2024 and 2023, respectively.

The drawdown includes payable to BankCom amounting to P1,272 and P1,168 as at December 31, 2024 and 2023, respectively (Note 33).

Unamortized debt issue costs amounted to P39 and P42 as at December 31, 2024 and 2023, respectively.

bs. The amount represents the drawdown by SSHCI on various dates in 2023 and 2022 amounting to P4,200 and P15,800, respectively, from its P20,000 term loan facility. The term of the loan is for three years and is subject to a floating interest rate based on BVAL plus margin payable quarterly. The proceeds of the loan were used to partially finance investments, expansion and capital expenditure programs in toll roads, other infrastructure and infrastructure-related projects and other related and/or allied businesses which provide service to the toll roads and other infrastructure-related projects.

The loan was fully paid on December 13, 2024.

The drawdown includes payable to BankCom amounting to P1,000 as at December 31, 2023 (Note 33).

Unamortized debt issue costs amounted to P123 as at December 31, 2023.

bt. The amount represents drawdowns by SMYPC of P1,449 and P551 in 2020 and 2019, respectively from its term loan facility amounting to P2,000. The loan is amortized for five years and is subject to a floating interest rate payable quarterly. The proceeds of the loan were used to finance the capital expenditure in relation to Line 3 of the glass manufacturing plant project.

Payment made amounted to P1,413 as at December 31, 2023 and was fully paid as at December 31, 2024.

Unamortized debt issue costs amounted to P1 as at December 31, 2023.

bu. The amount represents total outstanding loan drawn in various tranches by MPCL from its Omnibus Expansion Financing Agreement with various local banks dated December 1, 2015, to finance the construction of the additional 335 MW Coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche amounting to US$395 as at December 31, 2024 and 2023, and floating interest tranche based on six-month SOFR plus margin amounting to US$130 as at December 31, 2024 and 2023. The loan has maturities up to December 15, 2030. On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 5.5959% to 8.331%, pursuant to the terms of the agreement.

Payments made for the fixed interest tranche amounted to US$107 and US$83 as at December 31, 2024 and 2023, respectively, while the payments made for the floating interest tranche amounted to US$35 and US$27 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs for the fixed interest tranche amounted to P140 and P173 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs for the floating interest tranche amounted to P46 and P57 as at December 31, 2024 and 2023, respectively.

bv. The amount represents the drawdown by Petron on various dates in 2024 from its term loan facility amounting to a total of US$500. The loan is amortized over five years with two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning July 11, 2026. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds of the loan were used to partially repay outstanding debt obligations and settle liabilities for crude oil importations.

Unamortized debt issue costs amounted to P575 as at December 31, 2024.

bw. The amount represents the drawdowns by Petron in November and December 2022 amounting to US$267 and US$228 loans, respectively, from its US$550 term loan facility. The loan is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning November 8, 2024. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds of the loan were used to partially prepay the US$800 term loan facility availed in 2019 and the US$150 term loan availed in 2020.

In 2023, Petron drew an additional US$55 to partially prepay JPY15,000 and US$800 term loan facilities.

On February 17, 2023, Petron increased its term loan facility from $550 to US$669 and availed US$88 from the additional US$119 loan facility in May 2023 to fully pre-terminate the US$800 term loan facility. In August 2023, the remaining US$31 was drawn to pay Petron's P7,000 Series B Bonds on October 27, 2023.

Payments made amounted to US$192 as at December 31, 2024.

Unamortized debt issue costs amounted to P474 and P797 as at December 31, 2024 and 2023, respectively.

bx. The amount represents the balance of the US$300 five-year term loan availed in tranches by San Miguel Global Power on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021 which amended the Facility Agreement dated March 9, 2021, increasing the loan facility from US$200 to US$300. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in March 2026. The proceeds of the loan were used as repayment of Facility A Loan that matured on March 12, 2021, and the payment of Series A Bonds in July 2021.

Unamortized debt issue costs amounted to P105 and P190 as at December 31, 2024 and 2023, respectively.

by. The amount represents the drawdown of San Miguel Global Power on August 26, 2022, from its term loan facility amounting to US$300. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027. The proceeds of the loan were used for general corporate purposes, including capital expenditures and refinancing of loans, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P269 and P362 as at December 31, 2024 and 2023, respectively.

bz. The amount represents the drawdown of San Miguel Global Power on September 9, 2024 from its term loan facility amounting to US$200. The initial loan amount under the facility agreement was increased from US$200 to US$300 on October 9, 2024. The term of the loan is for three years and is subject to a floating interest rate based on SOFR plus margin and will mature on August 30, 2027. The proceeds of the loan were used to refinance existing loan obligations.

Unamortized debt issue costs amounted to P400 as at December 31, 2024.

ca. The amount represents the drawdown of Petron on July 13, 2023 from its term loan facility amounting to US$225. The facility was signed on March 28, 2023, which subsequently increased from US$150 to US$225 on June 8, 2023. The facility is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning on March 28, 2025. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every 1, 3 or 6 months. The proceeds of the US$225 Facility were used to partially refinance the redemption of US$500 SPCS.

Payments made amounted to US$45 as at December 31, 2024.

Unamortized debt issue costs amounted to P185 and P286 as at December 31, 2024 and 2023, respectively.

cb. The amount represents drawdown by San Miguel Global Power on May 24, 2022 from its term loan facility amounting to US$100. The term of the loan is three years and is subject to a floating interest rate based on SOFR plus margin and will mature in May 2025. The proceeds of the loan were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P15 and P53 as at December 31, 2024 and 2023, respectively.

cc. The amount represents drawdown by San Miguel Global Power on October 31, 2023, from its term loan facility amounting to US$50. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in April 2025. The proceeds of the loan were used for loan refinancing and payment of other transaction related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P12 and P50 as at December 31, 2024 and 2023, respectively.

cd. The amount represents the drawdown by SMYA amounting to AU$45 on July 22, 2024 from its syndicated facility agreement executed with various banks. The loan is subject to a floating interest rate and will mature in July 2027 but has an option to extend until July 2029. The proceeds of the loan were used to refinance existing indebtedness.

Unamortized debt issue costs amounted to P14 as at December 31, 2024.

ce. The amount represents the drawdown by Petron on April 22, 2020 from its term loan facility amounting to JPY15,000 with various banks. The loan is amortized over five years and is subject to a floating interest rate based on JPY LIBOR plus a spread payable every 1, 3 or 6 months as selected by the borrower. Due to the global discontinuation of JPY LIBOR by December 31, 2021, an amendment was made to the JPY Facility adopting the TONA as the new benchmark rate. Beginning December 29, 2021, the floating interest rate on the JPY15,000 facility is based on TONA plus a spread, repriced every 1, 3, or 6 months. The proceeds of the loan were used to partially prepay its US$1,000 term loan facility.

Payments made amounted to JPY12,857 and JPY8,571 as at December 31, 2024 and 2023, respectively.

Unamortized debt issue costs amounted to P2 and P17 as at December 31, 2024 and 2023, respectively.

cf. The amount represents the drawdown by SMYA on November 11, 2022 amounting to AU$10. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. The proceeds of the loan were used to finance short-term obligations and general corporate purposes.

Payments made amounted to AU$2 and AU$1 as at December 31, 2024 and 2023, respectively.

cg. The amount represents the loan drawn by SMYA on February 25, 2021 amounting to AU$5. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. The proceeds of the loan were used to refinance maturing short-term obligations and general corporate purposes.

Payments made amounted to AU$4 and AU$3 as at December 31, 2024 and 2023, respectively.

ch. The amount represents the drawdown of San Miguel Global Power on January 21, 2022 from its term loan facility amounting to US$200. The initial loan amount under the facility agreement was increased from US$100 to US$200 on December 16, 2021. The term of the loan is for three years and is subject to a floating interest rate based on SOFR plus margin and matured in September 2024. The proceeds of the loan were used for capital expenditures relating to expansion projects and payment of other transaction related fees, costs and expenses of the facility.

The loan was fully paid on October 10, 2024.

Unamortized debt issue costs amounted to P81 as at December 31, 2023.

ci. The amount represents drawdown by San Miguel Global Power on March 16, 2023 from its term loan facility amounting to US$100. The loan is subject to a floating interest rate based on SOFR plus margin and matured in September 2024. The proceeds of the loan were used for general corporate purposes, capital expenditures, refinancing of loan, and payment of other transaction related fees, costs and expenses of the facility.

The loan was fully paid on October 10, 2024.

Unamortized debt issue costs amounted to P50 as at December 31, 2023.

cj. The amount represents the drawdown by SMYA on July 31, 2019 amounting to AU$80 from AU$100 syndicated facility agreement entered into by SMYA on July 23, 2019. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. The proceeds of the loan were used to refinance maturing short-term obligations and general corporate purposes.

Payments made amounted to AU$81 and AU$33 as at December 31, 2024 and 2023, respectively.

The loan was fully paid on July 31, 2024.

Unamortized debt issue costs amounted to P6 as at December 31, 2023.

The gross amount of long-term debt payable to BankCom amounted to P27,267 and P18,694 as at December 31, 2024 and 2023, respectively (Note 33).

The debt agreements contain, among others, covenants relating to merger and consolidation, negative pledge, maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries, payments of dividends and redemption of capital stock.

The Group is required to comply with the following financial ratios:

Parent Company	Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated total interest expense	Not less than 2.00:1.00
	Consolidated net debt to consolidated total equity	Does not exceed 2.10:1.00
Major subsidiaries:		
Petron	Net leverage	Not to exceed 6.50
	Consolidated gross debt to consolidated net worth	Not to exceed 2.75
San Miguel Global Power	Net debt to equity	Not more than 3.25x
	Interest coverage	Not less than 2.25x
SMFB	Consolidated debt to consolidated equity	Not more than 3.50x
	Consolidated total EBITDA to consolidated interest expense	Not less than 2.00x

The Group is in compliance with the covenants of the debt agreements as at December 31, 2024 and 2023.

Long-term debt includes syndicated project finance loans amounting to P141,287 and P138,481 as at December 31, 2024 and 2023, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 13 and 17).

On February 28, 2025, Petron made a full drawdown from the P5,000 unsecured term loan facility signed and executed on February 26, 2025. This facility is subject to a financial covenant ratio of consolidated gross debt to consolidated net worth, which must not exceed 2.75x.

The movements in debt issue costs are as follows:

	Note	2024	2023
Balance at beginning of year		**P13,250**	P11,507
Additions		**6,310**	5,525
Amortization	30	**(3,821)**	(3,717)
Reclassification, capitalized and others		**(326)**	(65)
Balance at end of year		**P15,413**	P13,250

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2025	P95,114	P991	P94,123
2026	185,221	2,401	182,820
2027	233,162	2,405	230,757
2028	254,148	3,416	250,732
2029 and thereafter	515,037	6,200	508,837
Total	**P1,282,682**	**P15,413**	**P1,267,269**

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 39.

22. Other Noncurrent Liabilities

Other noncurrent liabilities consist of:

	Note	2024	2023
Retirement liabilities - noncurrent	5, 35	**P12,380**	P10,652
Retention payable - noncurrent		**4,109**	8,934
ARO	4	**2,021**	4,442
IRO	4	**1,211**	1,248
Obligation to ROP - service concession agreement	4, 34	**713**	46
Cash bonds		**426**	439
Customers' deposits	39, 40	**418**	381
Mine rehabilitation obligation (MRO) and decommissioning	4, 5	**142**	103
Derivative liabilities - noncurrent	4, 39, 40	**127**	269
Amounts owed to related parties	33	**2**	2
Cylinder deposits		**-**	748
Others	5	**3,209**	1,481
	39, 40	**P24,758**	P28,745

"Others" include deferred rent income and liability to contractor and supplier.

23. Income Taxes

The components of income tax expense are shown below:

	2024	2023	2022
Current	**P24,386**	P21,678	P19,442
Deferred	**3,106**	6,730	(6,125)
	P27,492	P28,408	P13,317

The movements of deferred tax assets and liabilities are accounted for as follows:

2024	**Balance at January 1**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Others**	**Balance at December 31**
Allowance for impairment losses on trade and other receivables and inventory	**P2,108**	**(P272)**	**P -**	**P 6**	**P1,842**
MCIT	**1,174**	**304**	**-**	**-**	**1,478**
NOLCO	**7,855**	**191**	**-**	**-**	**8,046**
Undistributed net losses (earnings) of foreign subsidiaries	**(846)**	**(882)**	**-**	**23**	**(1,705)**
Leases	**(24,266)**	**2,211**	**-**	**(22)**	**(22,077)**
Unrealized intercompany charges and others	**4,105**	**(4,658)**	**566**	**(413)**	**(400)**
	(P9,870)	**(P3,106)**	**P566**	**(P406)**	**(P12,816)**

2023	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade and other receivables and inventory	P2,017	P92	P -	(P1)	P2,108
MCIT	808	366	-	-	1,174
NOLCO	14,816	(6,961)	-	-	7,855
Undistributed net earnings of foreign subsidiaries	(846)	-	-	-	(846)
Leases	(22,404)	(105)	-	(1,757)	(24,266)
Unrealized intercompany charges and others	1,866	(122)	614	1,747	4,105
	(P3,743)	(P6,730)	P614	(P11)	(P9,870)

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	**2024**	2023
Deferred tax assets	*4*	**P22,045**	P19,633
Deferred tax liabilities		**(34,861)**	(29,503)
		(P12,816)	(P9,870)

As at December 31, 2024, the NOLCO of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statement of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO
2020	December 31, 2025	**P5,414**
2021	December 31, 2026	**544**
2022	December 31, 2025	**2,988**
2023	December 31, 2026	**464**
2024	December 31, 2027	**28,728**
		P38,138

As at December 31, 2024, the MCIT of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statement of financial position, that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	MCIT
2022	December 31, 2025	**P94**
2023	December 31, 2026	**988**
2024	December 31, 2027	**396**
		P1,478

As at December 31, 2024 and 2023, deferred tax assets in respect of NOLCO and others amounting to P58,182 and P14,284, respectively, has not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of Republic Act (RA) No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

For taxable years 2024, 2023 and 2022, the expiration period of NOLCO reverted to three years.

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2024	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subject to final tax	**(5.73%)**	(4.80%)	(4.43%)
Equity in net earnings of associates and joint ventures	**(0.92%)**	(0.59%)	(0.75%)
Gain on sale of investments subject to final or capital gains tax	**(0.85%)**	(0.03%)	(0.46%)
Others, mainly income subject to different tax rates - net	**25.34%**	19.28%	13.87%
Effective income tax rate	**42.84%**	38.86%	33.23%

**Percentages are computed based on amounts in nearest peso.*

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. The rate of MCIT reverted to 2% based on gross income starting July 1, 2023.

Accordingly, current and deferred taxes as at and for the year ended December 31, 2024 and 2023 were computed and measured using the applicable income tax rates. MCIT was computed using 2% and 1.5% tax rates in 2024 and 2023, respectively.

RA No. 12066 or the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act
The CREATE MORE Act, which seeks to improve the country's fiscal incentives policies by clarifying issues in the implementation of the CREATE Act, took effect on November 28, 2024. Key provisions of the CREATE MORE Act which have an impact on the Group are: (i) reduction of RCIT rate from 25% to 20% and expanded deductions for Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime; and (ii) broadened eligibility and extended period of incentives for RBEs.

International Tax Reform - Pillar Two Model Rules
The Top Frontier Group has applied the amendments to PAS 12, *Income Taxes* (International Tax Reform - Pillar Two Model Rules), which provide a mandatory temporary exception from accounting for deferred taxes arising from Pillar Two income taxes. No deferred tax assets or liabilities have been recognized in relation to Pillar Two legislation.

'Pillar Two legislation' has been enacted or substantively enacted in certain jurisdictions where the Top Frontier Group operates. For Australia, Japan, Vietnam and the Netherlands, the legislation is effective beginning January 1, 2024. For Hong Kong, Indonesia, Malaysia, New Zealand, and Singapore, the legislation is not yet effective as at December 31, 2024.

As part of the Top Frontier Group, the Group is in scope of the enacted or substantively enacted legislation and has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to determine jurisdictions that can be excluded from the full Pillar Two calculations. The test was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities. Except for Malaysia and Singapore, all jurisdictions passed the TCSH test.

Top Frontier Group is in the process of performing full Pillar Two calculations for Malaysia and Singapore and does not expect exposure to 'Pillar Two income taxes' since the enacted legislations in these jurisdictions are not yet effective as at December 31, 2024.

24. Equity

a. *Amendments to the Articles of Incorporation*

On July 23, 2009, during the annual stockholders' meeting of the Parent Company, the stockholders approved the amendments to the Articles of Incorporation for the declassification of the common shares of the Parent Company. The authorized capital stock of the Parent Company amounting to P22,500 was divided into 2,034,000,000 Class "A" common shares, 1,356,000,000 Class "B" common shares with a par value of P5.00 per share and 1,110,000,000 Series "1" Preferred Shares with a par value of P5.00 per share, and defined the terms and features of the Series "1" Preferred Shares. The SEC approved the amendments to the Amended Articles of Incorporation of the Parent Company on August 20, 2009.

During the April 18, 2012 and June 14, 2012 meetings of the BOD and stockholders of the Parent Company, respectively, the BOD and stockholders approved the amendments to the Articles of Incorporation of the Parent Company, to increase the authorized capital stock of the Parent Company from P22,500 to P30,000 as follows: (a) the increase in the number of the common shares from 3,390,000,000 common shares to 3,790,000,000, or an increase of 400,000,000 common shares; and (b) the creation and issuance of 1,100,000,000 Series "2" Preferred Shares with a par value of P5.00 per share.

On September 21, 2012, the SEC approved the amendment to the Articles of Incorporation of the Parent Company to increase the authorized capital stock, and consequently creating the Series "2" Preferred Shares.

On June 9, 2015, during the annual stockholders meeting of the Parent Company, the stockholders approved the amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares, consisting of 691,099,686 Series "1" preferred treasury shares to Series "2" preferred treasury shares and 118,900,314 Series "1" preferred unissued shares to Series "2" preferred unissued shares. With the approved reclassification, the resulting distribution of the preferred shares of the Parent Company was 300,000,000 for Series "1" Preferred Shares and 1,910,000,000 for Series "2" Preferred Shares. The stockholders also approved the issuance of the Series "2" Preferred Shares subject to the passage of Enabling Resolutions containing the details of the terms and conditions of the issuance.

The amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares was approved by the SEC on July 14, 2015.

b. *Capital Stock*

Common Shares

On July 27, 2010, the BOD of the Parent Company approved the offer to issue approximately 1,000,000,000 common shares (from the unissued capital stock and treasury shares) at a price of not less than P75.00 per share.

Effective August 26, 2010, all Class "A" common shares and Class "B" common shares of the Parent Company were declassified and are considered as common shares without distinction, as approved by the SEC. Both are available to foreign investors, subject to the foreign ownership limit.

The Parent Company has a total of 33,162 and 33,379 common shareholders as at December 31, 2024 and 2023, respectively.

The number of issued and outstanding shares of common stock are as follows:

	2024	2023	2022
Issued shares	**3,288,649,125**	3,288,649,125	3,288,649,125
Less treasury shares	**904,752,537**	904,752,537	904,752,537
Issued and outstanding shares	**2,383,896,588**	2,383,896,588	2,383,896,588

Preferred Shares

i. Series "1" Preferred Shares

Series "1" Preferred Shares have a par value of P5.00 per share and are entitled to receive cash dividends upon declaration by and at the sole option of the BOD of the Parent Company at a fixed rate of 8% per annum calculated in respect of each Series "1" Preferred Share by reference to the Issue Price thereof in respect of each dividend period.

Series "1" Preferred Shares are non-voting except as provided for under the Corporation Code. The Series "1" Preferred Shares are redeemable in whole or in part, at the sole option of the Parent Company, at the end of three years from the issue date at P75.00 plus any accumulated and unpaid cash dividends.

All shares rank equally with regard to the residual assets of the Parent Company, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On July 23, 2009, the stockholders of the Parent Company approved the Offer by the Parent Company to exchange existing common shares of up to approximately 35% of the issued and outstanding capital stock of the Parent Company with Series "1" Preferred Shares. The exchange ratio was one common share for one Series "1" Preferred Share and the qualified shareholders of record as at July 2, 2009, were vested with the right to participate on the exchange.

On October 5, 2009, the Parent Company completed the exchange of 476,296,752 Class "A" Common Shares and 396,876,601 Class "B" Common Shares for Series "1" Preferred Shares.

On October 15, 2009, the BOD of the Parent Company approved the issuance, through private placement, of up to 226,800,000 Series "1" Preferred Shares.

On December 22, 2009, the Parent Company issued 97,333,000 Series "1" Preferred Shares to qualified buyers and by way of private placement to not more than 19 non-qualified buyers at the issue price of P75.00 per Series "1" Preferred Share.

On December 8, 2010 and October 3, 2011, the Parent Company listed 873,173,353 and 97,333,000 Series "1" Preferred Shares worth P65,488 and P7,300, respectively.

On August 13, 2012, the BOD of the Parent Company approved the redemption of Series "1" Preferred Shares at a redemption price of P75.00 per share.

On October 5, 2012, 970,506,353 Series "1" Preferred Shares were reverted to treasury.

On April 14, 2015, the Parent Company reissued 279,406,667 Series "1" Preferred Shares held in treasury in the name of certain subscribers at P75.00 per share. The Series "1" Preferred Shares became tradable on the PSE beginning June 10, 2015.

On March 12, 2020, the BOD of the Parent Company approved the redemption of Series "1" Preferred Shares at a redemption price of P75.00 per share.

On April 14, 2020, 279,406,667 Series "1" Preferred Shares were reverted to treasury.

On June 11, 2024, the BOD of the Parent Company approved the amendment of the Articles of Incorporation of the Parent Company to reclassify 300,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares. The purpose of the reclassification is to allow the Parent Company to issue additional preferred shares as a new subseries of Series "2" Preferred Shares under the more flexible terms and conditions of the Series "2" Preferred Shares.

As at December 31, 2024, the Parent Company has 300,000,000 Series "1" Preferred Shares of which 279,406,667 are treasury shares, and 20,593,333 are unissued. As stated in the Amended Articles of Incorporation of the Parent Company, the Series "1" Preferred Shares may be issued at a dividend rate based on a specific formula, shall have a maturity of five years, with an early redemption option of three years. On the other hand, the Series "2" Preferred Shares allow for more flexibility for the Parent Company, through the approval of the BOD of Enabling Resolutions, to determine the terms and conditions of the issuance based on prevailing market condition.

The Amended Articles of Incorporation of the Parent Company reflecting the amendments was approved by the SEC on February 25, 2025.

The Parent Company has 279,406,667 Series "1" Preferred Shares held in treasury as at December 31, 2024 and 2023.

The Parent Company has no outstanding Series "1" Preferred Shares as at December 31, 2024 and 2023.

ii. Series “2” Preferred Shares

Subseries 2-A, Subseries 2-B and Subseries 2-C
In September 2012, the Parent Company issued 1,067,000,000 Series “2” Preferred Shares at the issue price of P75.00 per share. The said Series “2” Preferred Shares worth P80,025 were listed on the PSE on September 28, 2012. The SEC approved the registration and issued a permit to sell on August 10, 2012.

The Series “2” Preferred Shares were issued in three subseries (Subseries “2-A”, Subseries “2-B” and Subseries “2-C”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting.

The Parent Company has the redemption option starting on the third, fifth and seventh year and every dividend payment thereafter, with a step-up rate effective on the fifth, seventh and tenth year, respectively, if the shares are not redeemed. Dividend rates are 7.500%, 7.625% and 8.000% per annum for Subseries “2-A”, Subseries “2-B” and Subseries “2-C” Preferred Shares, respectively.

On September 21, 2015, the Parent Company redeemed its 721,012,400 Series “2” Preferred Shares - Subseries “2-A” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P54,076 to the holders of Subseries “2-A” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 20, 2015.

On September 23, 2019, the Parent Company redeemed its 90,428,200 Series “2” Preferred Shares - Subseries “2-B” at a redemption price of P75.00 per share. The Parent Company paid P6,782 to the holders of Subseries “2-B” Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 12, 2019.

On September 21, 2021, the Parent Company redeemed its outstanding 255,559,400 Series “2” Preferred Shares - Subseries “2-C” at a redemption price of P75.00 per share. The Parent Company paid P19,167 to the holders of Subseries “2-C” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

The Parent Company has no outstanding Series “2” Subseries “2-A”, Subseries “2-B” and Subseries “2-C” Preferred Shares as at December 31, 2024 and 2023.

Subseries 2-D, Subseries 2-E and Subseries 2-F
On September 21, 2015, the Parent Company issued and listed on the PSE 446,667,000 Series “2” Preferred Shares held in treasury in three subseries (Subseries “2-D”, Subseries “2-E” and Subseries “2-F”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting. Dividend rates are 5.9431%, 6.3255% and 6.8072% per annum for Subseries “2-D”, Subseries “2-E” and Subseries “2-F” Preferred Shares, respectively. The SEC approved the registration and issued a permit to sell on August 6, 2015.

On September 21, 2020, the Parent Company redeemed its 89,333,400 Series “2” Preferred Shares - Subseries “2-D” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P6,700 to the holders of Subseries “2-D” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 6, 2020.

On September 21, 2021, the Parent Company redeemed its 134,000,100 Series “2” Preferred Shares - Subseries “2-E” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P10,050 to the holders of Subseries “2-E” Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

The Subseries “2-F” Preferred Shares include 1,333,500 shares amounting to P100 held by a subsidiary, which were reclassified to treasury shares upon consolidation of the subsidiary on December 14, 2022 (Note 5).

As at December 31, 2024 and 2023, only the 223,333,500 Series “2” Preferred Shares - Subseries “2-F” remain outstanding.

Subseries 2-G, Subseries 2-H and Subseries 2-I
On February 24, 2016, the BOD of PSE approved the listing application of the Parent Company of up to 975,571,800 shares of Series "2" Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 400,000,000 shares of Series "2" Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved the Shelf Registered Shares and issued a permit to sell on March 8, 2016.

The Parent Company offered the "First Tranche" of up to: (i) 280,000,000 shares of Series "2" Preferred Shares consisting of Subseries "2-G", Subseries "2-H" and Subseries "2-I"; and (ii) 120,000,000 shares of Series "2" Preferred Shares to cover the oversubscription option. The First Tranche was re-issued and offered from the Series "2" Preferred Shares Subseries held in treasury. The First Tranche was issued on March 30, 2016 which was also the listing date of the Shelf Registered Shares.

Dividend rates are 6.5793%, 6.3222% and 6.3355% per annum for Subseries "2-G", Subseries "2-H" and Subseries "2-I" Preferred Shares, respectively.

Following the completion of the Parent Company's follow-on offering of 280,000,000 Series "2" Preferred Shares, with an oversubscription option of 120,000,000 Series "2" Preferred Shares, the Parent Company re-issued the Series "2" Preferred Shares held in treasury, as follows: (i) 244,432,686 Series "2" Preferred Shares; and (ii) 155,567,314 Subseries "2-A" Preferred Shares (collectively, the "Offer Shares"). The Series "2" Preferred Shares were Series "1" Preferred Shares held in treasury that were reclassified to Series "2" Preferred Shares on June 9, 2015.

The remaining 575,571,800 Shelf Registered Shares were no longer issued due to the expiration of the shelf registration, which is a period of three years from the date of approval.

On March 30, 2021, the Parent Company redeemed its 66,666,600 Series "2" Preferred Shares - Subseries "2-G" at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P5,000 to the holders of Subseries "2-G" Preferred Shares. The redemption was approved by the BOD of the Parent Company on March 11, 2021.

On December 21, 2022, the Parent Company redeemed its 164,000,000 Series "2" Preferred Shares - Subseries "2-H" at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P12,300 to the holders of Subseries "2-H" Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 22, 2022.

As at December 31, 2024 and 2023, only the 169,333,400 Series "2" Preferred Shares - Subseries "2-I" remain outstanding.

Subseries 2-J and Subseries 2-K
On September 30, 2020, the BOD of the PSE approved the listing application of the Parent Company of up to 533,333,334 Series "2" Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 266,666,667 Series "2" Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on October 9, 2020 and issued a permit to sell the First Tranche on the same date.

The Parent Company offered the First Tranche consisting of: (i) 133,333,400 Subseries "2-J" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-J" Preferred Shares at an offer price of P75.00 per share. The First Tranche consisting of 266,666,667 Subseries "2-J" Preferred Shares was issued on October 29, 2020, which was also the date when the First Tranche was listed on the PSE.

The Parent Company offered a Second Tranche of the Shelf Registered Shares, consisting of: (i) 133,333,400 Subseries "2-K" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-K" Preferred Shares at an offer price of P75.00 per share. The Second Tranche consisting of 183,904,900 Subseries "2-K" was issued and listed on the PSE on December 10, 2020.

The First and Second Tranche were re-issued and offered from the Subseries "2-A" Preferred Shares held in treasury.

Dividend rates are 4.75% and 4.50% per annum for Subseries "2-J" and Subseries "2-K" Preferred Shares, respectively.

Subseries 2-M
On August 23, 2023, the Parent Company issued via private placement 173,333,325 Subseries "2-M" Preferred Shares at an offer price of P75.00 per share, with a fixed dividend rate of 8.375% per annum. Subseries "2-M" Preferred Shares were listed on the PSE on August 29, 2023. The Subseries "2-M" Preferred Shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of the Parent Company.

Subseries 2-L, Subseries 2-N and Subseries 2-O
On October 17, 2023, the BOD of the PSE approved the shelf registration application of the Parent Company of up to 866,666,700 Series "2" cumulative, non-voting, non-participating, non-convertible, redeemable and re-issuable (the Shelf Registered Shares) and with an offer Supplement for the First Tranche of 400,000,000 Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares (the "Base Offer Shares") and an Oversubscription Option of up to 266,666,700 Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares, with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on November 9, 2023 and issued a permit to sell the First Tranche on the same date.

On December 1, 2023, the First Tranche consisting of 165,358,600 Subseries "2-L" Preferred Shares, 100,115,100 Subseries "2-N" Preferred Shares, and 187,859,700 Subseries "2-O" Preferred Shares was issued and listed on the PSE.

Dividend rates are 7.9145%, 8.3466% and 8.5936% per annum for Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares, respectively.

The Parent Company has 288,194,494, including the 1,333,500 preferred shares held by a subsidiary (Note 5), Series "2" Preferred Shares held in treasury as at December 31, 2024 and 2023.

The Parent Company has 1,469,905,192 outstanding Series "2" Preferred Shares as at December 31, 2024 and 2023.

The Parent Company has a total of 290 and 277 preferred shareholders as at December 31, 2024 and 2023, respectively.

c. *Treasury Shares*

Treasury shares consist of:

	2024	2023	2022
Common	**P67,093**	P67,093	P67,093
Preferred	**42,670**	42,670	89,670
	P109,763	P109,763	P156,763

Common Shares
The Parent Company has 904,752,537 common shares held in treasury as at December 31, 2024, 2023 and 2022.

1. In the Entry of Judgment received on January 27, 2015, the Supreme Court entered in the Book of Entries of Judgments the Resolution of September 4, 2012 in G.R. Nos. 177857-58 and 178193 wherein the Supreme Court clarified that the 753,848,312 SMC Series "1" Preferred Shares of the Coconut Industry Investment Fund (CIIF) companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising therefrom shall now be the subject matter of the January 29, 2012 Decision and declared owned by the Government and used only for the benefit of all coconut farmers and for the development of the coconut industry. Thus, the fallo of the Decision dated January 24, 2012 was accordingly modified.

On October 5, 2016, the Supreme Court of the Philippines in G.R. Nos. 177857-58 and 178193 issued a Judgment denying the "Manifestation and Omnibus Motion" filed by the Presidential Commission on Good Government to amend the Resolution Promulgated on September 4, 2012 to Include the "Treasury Shares" Which are Part and Parcel of the 33,133,266 CIIF Block of SMC Shares of 1983 Decreed by the Sandiganbayan, and Sustained by the Honorable Court, as Owned by the Government. The denial of the motion is without prejudice to the right of the ROP to file the appropriate action or proceeding to determine the legal right of the Parent Company to the 25,450,000 treasury shares of the Parent Company. On November 29, 2016, the Supreme Court denied with finality the motion for reconsideration of the ROP. To date, no such further action or proceeding has been filed by the ROP relating to the 25,450,000 Treasury Shares of the Parent Company.

2. In 2009, 873,173,353 common shares reverted to treasury were acquired through the exchange of common shares to preferred shares, on a one-for-one basis, at P75.00 per share amounting to P65,488.

3. On May 5, 2011, the Parent Company completed the secondary offering of its common shares. The offer consists of 110,320,000 shares of stock of the Parent Company consisting of 27,580,000 common shares from the treasury shares of the Parent Company and 82,740,000 SMC common shares held by Top Frontier, priced at P110.00 per share.

4. Also on May 5, 2011, US$600 worth of exchangeable bonds of the Parent Company sold to overseas investors were simultaneously listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The exchangeable bonds have a maturity of three years, a coupon of 2% per annum and a conversion premium of 25% of the offer price. The exchangeable bonds are exchangeable for common shares to be re-issued from the treasury shares of the Parent Company. The initial exchange price for the exchange of the exchangeable bonds into common shares is P137.50 per share.

   On December 5, 2011, 765,451 common shares were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at an exchange price of P113.24 per share. Subsequently on December 8, 2011 and February 10 and 16, 2012, the delivered common shares of stock of the Parent Company were transacted and crossed on the PSE via a special block sale in relation to the issuance of common shares pursuant to the US$600 exchangeable bonds of the Parent Company.

   In 2014, 2013 and 2012, additional 1,077,573, 6,540,959 and 1,410,604 common shares, respectively, were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at exchange prices ranging from P80.44 to P113.24 per share. The additional common shares of stock of the Parent Company were transacted and crossed on the PSE on various dates via special block sales.

   A total of 9,794,587 common shares were issued to the bondholders of the Parent Company's exchangeable bonds as at December 31, 2014.

5. In 2014 and 2013, 68,150 common shares and 3,410,250 common shares, respectively, under the Parent Company's Employee Stock Purchase Plan (ESPP) were cancelled and held in treasury shares.

   In 2016, the Parent Company discontinued the ESPP.

d. Capital Securities

SPCS

On December 5, 2019, the BOD approved the establishment of a medium term note programme amounting to US$3,000 (the "Programme"), and the issuance of US$500 perpetual securities out of the Programme. The Programme and the initial issuance of perpetual securities were both registered on the SGX-ST.

The Programme will be available for a medium term and will allow the Parent Company to tap the financial market for funding through the issuance of securities, including but not limited to corporate notes, bonds, and perpetual securities and other similar instruments at different currencies (other than Philippine Peso). The establishment of the Programme will give the Parent Company ready access to funding and will give the Parent Company the flexibility to fund its contemplated investments and projects such as the MRT 7 construction, the MIA, as well as the refinancing of its existing obligations and for other general corporate purposes. All instruments and securities that will be issued out of the Programme shall be exempt securities and shall not be required to be registered with the PSE.

On July 29, 2020, the Parent Company issued US$500 (P24,595) SPCS at an issue price of 100%, with a rate of distribution of 5.5% per annum, payable every January 29 and July 29 of each year. The securities were issued under the Programme. The net proceeds were used to finance investments and various projects, to refinance existing obligations and for general corporate purposes.

<u>RPS</u>
On July 1, 2020, the Parent Company issued P4,000 RPS to a related party, with a rate of distribution of 5% per annum, payable every January 1, April 1, July 1 and October 1 of each year. The RPS was purchased at an amount equivalent to its face value on May 25, 2023.

On August 4, 2020, the Parent Company issued US$100 (P4,909) RPS to a related party at an issue price of 100%, with a rate of distribution of 2.5% per annum, payable every February 5, May 5, August 5 and November 5 of each year.

The RPS are capital securities with no fixed redemption date. The security holders have the right to receive distribution payable quarterly in arrears. The Parent Company has the right to defer this distribution under certain conditions.

The net proceeds of RPS were used by the Parent Company for general corporate purposes.

e. *Unappropriated Retained Earnings*

The unappropriated retained earnings of the Parent Company are restricted in the amount of P67,093 in 2024, 2023 and 2022, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

f. *Appropriated Retained Earnings*

The BOD of certain subsidiaries approved additional appropriations amounting to P30,222, P34,817 and P23,602 in 2024, 2023 and 2022, respectively, to finance future capital expenditure projects. Reversal of appropriations amounted to P37,543, P18,651 and P19,228 in 2024, 2023 and 2022, respectively.

g. *Non-controlling Interests*

Non-controlling interests consist of:

	2024	2023
Capital securities of subsidiaries	**P222,343**	P189,484
Share in the net assets of subsidiaries	**126,768**	117,964
Preferred shares of subsidiaries	**44,823**	41,497
	P393,934	P348,945

The following are the developments relating to the capital securities and preferred shares of subsidiaries:

Energy

- San Miguel Global Power

a) Issuance of SPCS

The outstanding SPCS of San Miguel Global Power are as follows:

Date of Issuance	**Initial Rate of Distribution Per Annum**	**Balance as at December 31, 2024**	
December 2, 2024	**8.125%**	**US$500**	**P28,882**
September 12 and 30, 2024	**8.75%**	**900**	**49,849**
June 9 and September 15, 2021	**5.45%**	**684**	**32,417**
October 21 and December 15, 2020	**7.00%**	**194**	**9,613**
January 21, 2020	**5.70%**	**493**	**24,807**
November 5, 2019	**5.95%**	**113**	**5,627**
		US$2,884	**P151,195**

Date of Issuance	Initial Rate of Distribution Per Annum	Balance as at December 31, 2023	
June 9 and September 15, 2021	5.45%	US$684	P32,416
October 21 and December 15, 2020	7.00%	724	34,884
January 21, 2020	5.70%	593	29,836
November 5, 2019	5.95%	492	24,445
April 25 and July 3, 2019	6.50%	783	40,187
		US$3,276	P161,768

On August 27 and November 14, 2024, San Miguel Global Power announced on the SGX-ST website the following:

a. that it will undertake to invite eligible holders of San Miguel Global Power's outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the "Existing Securities"): (i) 7.00% SPCS issued on October 21 and December 15, 2020; (ii) 5.70% SPCS issued on January 31, 2020; and (iii) 5.95% SPCS issued on November 5, 2019

   (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by San Miguel Global Power (the "Exchange Offers"); and

   (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by San Miguel Global Power (the "Tender Offers", and together with the Exchange Offers, the "Offers"); and

b. that it will undertake the offer and issuance of up to US$600 in SPCS or such other amount as San Miguel Global Power may later determine (collectively together with the Tender Offers, the "Additional New Securities").

On September 12, 2024, San Miguel Global Power completed the issuance of US$800 SPCS (P44,300, net of directly attributable transaction costs amounting to P660) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US$800 SPCS consist of the following:

(i) US$532 (P29,456, net of directly attributable transaction costs amounting to P439) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801) pursuant to the Exchange Offers; and

(ii) US$268 (P14,844, net of directly attributable transaction costs amounting to P221) in aggregate principal amount of Additional New Securities. The proceeds of the issuance of SPCS covered the purchase of Existing Securities, amounting to US$157 (with a carrying value equivalent to P7,679), accepted pursuant to the Tender Offers.

On September 30, 2024, San Miguel Global Power completed the issuance of US$100 SPCS (P5,549, net of directly attributable transaction costs amounting to P54) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US$100 SPCS is consolidated into and form a single series with the US$800 SPCS issued on September 12, 2024, bringing the total securities to US$900. The US$800 SPCS and US$100 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, San Miguel Global Power completed the issuance of US$500 SPCS (P28,882, net of directly attributable transaction costs amounting to P445) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US$500 SPCS consist of the following:

(i) US$274 (P15,823, net of directly attributable transaction costs amounting to P244) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,402) pursuant to the Exchange Offers; and

(ii) US$226 (P13,059, net of directly attributable transaction costs amounting to P201) in aggregate principal amount of Additional New Securities. The proceeds of the issuance of SPCS partly covered the purchase of Existing Securities, amounting to US$46 (with a carrying value equivalent to P2,236), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	**Principal of Existing Securities**	**Accepted Exchange Offers**	**Accepted Tender Offers**	**Remaining Principal of Existing Securities**	**Amount in Philippine Peso***
7.00% SPCS issued on October 21 and December 15, 2020	US$724	(US$436)	(US$94)	US$194	P9,613
5.70% SPCS issued on January 31, 2020	593	(100)	-	493	24,807
5.95% SPCS issued on November 5, 2019	492	(270)	(109)	113	5,627
	US$1,809	**(US$806)**	**(US$203)**	**US$800**	**P40,047**

**Net of transaction costs.*

The difference between the price and net carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,574 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds of the issuances of the Additional New Securities and the US$100 SPCS were applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US$800, US$100 and US$500 SPCS were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The Securities were offered to holders of Existing Securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the Securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the Securities Regulation Code were required to be filed with the SEC.

The holders of the Securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. San Miguel Global Power has a right to defer this distribution under certain conditions.

The Securities constitute direct, unconditional, unsecured and unsubordinated obligations of San Miguel Global Power with no fixed redemption date and are redeemable in whole, but not in part, at San Miguel Global Power's option on the step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

b) Repurchase of SPCS

On October 26, 2022, the BOD of San Miguel Global Power authorized the conduct of tender offer to the holders of its US Dollar-denominated SPCS listed on the SGX-ST to purchase for cash said SPCS up to a total aggregate principal amount of US$400. The conduct of the tender offer commenced on October 26, 2022, and expired on November 4, 2022 (the "Expiration Deadline"). All valid tender offers from security holders, representing an aggregate of US$124 in principal amount of SPCS were accepted by San Miguel Global Power. Security holders that validly tendered their securities at or prior to the Expiration Deadline and which San Miguel Global Power accepted for purchase from such security holders were paid the applicable purchase price amounting to US$81 (P4,703, inclusive of transaction costs of P25) and the relevant accrued distribution amounting to US$2 (P102) on November 9, 2022.

The difference between the price paid and the net carrying value of the SPCS repurchased amounting to P1,297, net of transaction costs, was recognized as part of "Equity reserves" account in the consolidated statements of financial position.

The payment for the repurchased SPCS was funded by San Miguel Global Power's issuance of RPS to SMC.

c) Redemption of SPCS

On April 23, 2024, San Miguel Global Power completed the redemption of its US$783 remaining securities (with a net carrying value of P40,187) out of the US$800 SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The difference between the price paid and the net carrying value of the US$783 securities amounted to P4,853 and was recognized as part of the "Equity reserves" account in the consolidated statement of financial position as at December 31, 2024.

The US$783 securities were redeemed using in part the proceeds of the RPS issued in April 2024 and cash generated from operations.

d) Issuance of Redeemable Perpetual Capital Securities (RPCS)

On April 19, 2024, San Miguel Global Power issued US$800 RPCS to a third party (P43,432, net of directly attributable transaction costs amounting to P2,688) at an issue price of 100%. Proceeds of the issuance were used for general corporate purposes, including capital expenditures and refinancing of maturing obligations.

Fuel and Oil

- Petron

a) Redemption of SPCS

On January 19, 2023, Petron redeemed US$22 (P1,118) from US$500 SPCS issued in 2018 at a purchase price of US$927.00 per US$1,000.00 in principal amount.

On July 19, 2023, the remaining outstanding SPCS with an aggregate amount of US$478 (P23,763) was fully redeemed at a purchase price of US$1,000.00 per US$1,000.00 in principal amount. Following such redemption, distributions ceased to accrue and the redeemed securities were cancelled and delisted from the SGX-ST.

The difference between the price paid and the net carrying amount of the SPCS redeemed amounting to P1,538, net of transaction costs, was recognized as part of "Equity reserves" account in the consolidated statements of financial position as at December 31, 2024 and 2023.

b) Redemption of Series 3A Preferred Shares

On December 26, 2024, Petron redeemed its 13,403,000 Series 3A Preferred Shares issued on June 25, 2019 at a redemption price of P1,000.00 per share or a total of P13,403. The redemption was approved by the BOD of Petron on June 26, 2024.

c) Issuance of Series 4 Preferred Shares

On July 7, 2023, Petron issued and listed on the PSE 5,000,000 Series 4A, 2,995,000 Series 4B, and 6,005,000 Series 4C Preferred Shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P14,000. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the SEC on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares. The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US$478 SPCS issued in 2018.

Petron has the redemption option starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C Preferred Shares, respectively. Dividend rates are 6.7079%, 6.7972% and 7.0861% per annum for Series 4A, Series 4B and Series 4C Preferred Shares, respectively.

On September 23, 2024, Petron issued and listed on the PSE additional 16,830,000 Series 4 Preferred Shares at an offer price of P1,000.00 per share for a total amount of P16,830. The additional Series 4 Preferred Shares were issued in two sub-series: (i) 8,500,000 Series 4D Preferred Shares; and (ii) 8,330,000 Series 4E Preferred Shares. The Series 4D and 4E Preferred Shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares.

Petron has the redemption option starting on the third and fifth year from listing date or on any dividend payment date thereafter for Series 4D and 4E Preferred Shares, respectively. Series 4D and 4E Preferred Shares have dividend rates of 6.8364% and 7.1032% per annum, respectively. Cash dividends are payable quarterly every March 23, June 23, September 23 and December 23 of each year, as and if declared by Petron's BOD. The net proceeds were used to fully redeem Petron's Series 3A Preferred Shares on December 26, 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

The details of material share in the net assets of subsidiaries are as follows:

	December 31, 2024		December 31, 2023	
	Petron	**SMFB**	Petron	SMFB
Percentage of non-controlling interests	**31.74%**	**11.24%**	31.74%	11.24%
Carrying amount of non-controlling interests	**P17,232**	**P75,254**	P15,462	P70,402
Net income attributable to non-controlling interests	**P1,031**	**P18,010**	P1,836	P17,636
Other comprehensive income (loss) attributable to non-controlling interests	**P1,251**	**P553**	(P1,068)	(P545)
Dividends paid to non-controlling interests	**P511**	**P13,778**	P510	P12,229

The following are the audited condensed financial information of subsidiaries with material non-controlling interests:

	December 31, 2024		December 31, 2023	
	Petron	**SMFB**	Petron As restated	SMFB
Current assets	**P255,873**	**P144,192**	P233,007	P135,889
Noncurrent assets	**212,929**	**232,914**	212,762	219,886
Current liabilities	**(252,259)**	**(116,706)**	(237,293)	(103,008)
Noncurrent liabilities	**(112,333)**	**(80,211)**	(108,816)	(83,652)
Net Assets	**P104,210**	**P180,189**	P99,660	P169,115
Sales	**P867,966**	**P400,872**	P801,027	P379,822
Net income	**P8,471**	**P40,933**	P10,112	P38,105
Other comprehensive income (loss)	**2,926**	**899**	(2,493)	(1,672)
Total Comprehensive Income	**P11,397**	**P41,832**	P7,619	P36,433
Cash flows provided by operating activities	**P13,208**	**P58,055**	P20,316	P71,388
Cash flows used in investing activities	**(10,216)**	**(25,349)**	(7,550)	(27,690)
Cash flows used in financing activities	**(1,285)**	**(32,080)**	(21,753)	(27,751)
Effect of exchange rate changes on cash and cash equivalents	**1,163**	**588**	(677)	(39)
Net increase (decrease) in cash and cash equivalents	**P2,870**	**P1,214**	(P9,664)	P15,908

25. Sales

Sales consist of:

	Note	**2024**	2023	2022
Goods		**P1,532,679**	P1,408,087	P1,472,886
Services		**42,700**	38,616	33,705
	6, 33	**P1,575,379**	P1,446,703	P1,506,591

26. Cost of Sales

Cost of sales consist of:

	Note	**2024**	2023	2022
Inventories	*9, 40*	**P1,015,168**	P929,217	P1,021,867
Taxes and licenses		**125,643**	115,944	106,351
Depreciation and amortization	*28*	**46,427**	43,390	37,846
Power purchases	*34*	**29,665**	25,250	57,089
Fuel and oil		**19,725**	21,850	23,212
Personnel	*29*	**17,720**	15,347	12,791
Contracted services		**16,610**	14,932	12,794
Freight, trucking and handling		**14,204**	13,728	12,367
Repairs and maintenance		**9,019**	7,614	5,328
Communications, light and water		**6,143**	9,846	4,406
Tolling fees	*34*	**5,777**	5,825	6,692
Energy fees	*34*	**1,574**	1,641	10,452
Rent		**812**	839	879
Others	*9, 34*	**3,540**	2,987	2,533
		P1,312,027	P1,208,410	P1,314,607

27. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	2024	2023	2022
Selling	**P48,517**	P46,871	P43,469
Administrative	**54,019**	46,937	40,503
	P102,536	P93,808	P83,972

Selling expenses consist of:

	Note	2024	2023	2022
Personnel	29	**P15,081**	P13,769	P12,454
Freight, trucking and handling		**9,756**	9,833	10,247
Depreciation and amortization	28	**8,138**	7,611	6,801
Advertising and promotions		**7,934**	7,015	5,885
Rent		**2,306**	2,179	2,017
Repairs and maintenance		**2,069**	2,171	1,783
Taxes and licenses		**1,101**	1,056	949
Supplies		**950**	1,219	916
Professional fees		**603**	575	561
Communications, light and water		**498**	491	717
Others		**81**	952	1,139
		P48,517	P46,871	P43,469

Administrative expenses consist of:

	Note	2024	2023	2022
Personnel	29	**P19,732**	P18,002	P16,783
Contracted services		**7,242**	6,375	4,523
Depreciation and amortization	28	**4,767**	4,856	4,595
Taxes and licenses		**4,711**	4,673	3,845
Travel, entertainment and representation		**4,641**	4,680	3,119
Professional fees		**3,162**	2,899	2,605
Repairs and maintenance		**2,624**	1,908	1,855
Impairment loss	8, 9, 13, 15, 18	**2,323**	319	115
Supplies		**1,208**	945	916
Communications, light and water		**885**	930	948
Rent		**690**	478	408
Research and development		**89**	80	45
Others		**1,945**	792	746
		P54,019	P46,937	P40,503

28. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2024	2023	2022
Cost of sales:				
Property, plant and equipment	13	**P31,048**	P27,091	P22,435
Other intangible assets	17	**7,985**	7,813	7,178
Right-of-use assets	14	**3,575**	3,950	4,532
Biological assets and others	15, 16, 18	**3,819**	4,536	3,701
	26	**46,427**	43,390	37,846
Selling and administrative expenses:				
Property, plant and equipment	13	**4,924**	5,076	4,743
Right-of-use assets	14	**776**	949	1,082
Investment property, deferred containers and others	15, 17, 18	**7,205**	6,442	5,571
	27	**12,905**	12,467	11,396
		P59,332	P55,857	P49,242

"Others" include depreciation of investment property and amortization of catalyst in cost of sales, and depreciation of idle assets and amortization of computer software and licenses in selling and administrative expenses.

29. Personnel Expenses

Personnel expenses consist of:

	Note	**2024**	2023	2022
Salaries and wages		**P33,229**	P29,863	P26,543
Retirement costs	*35*	**2,088**	1,787	2,028
Other employee benefits		**17,216**	15,468	13,457
		P52,533	P47,118	P42,028

Personnel expenses are distributed as follows:

	Note	**2024**	2023	2022
Cost of sales	*26*	**P17,720**	P15,347	P12,791
Selling expenses	*27*	**15,081**	13,769	12,454
Administrative expenses	*27*	**19,732**	18,002	16,783
		P52,533	P47,118	P42,028

30. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	Note	**2024**	2023	2022
Interest expense		**P91,505**	P83,083	P54,269
Other financing charges	*21, 35*	**7,908**	8,220	6,526
		P99,413	P91,303	P60,795

Amortization of debt issue costs included as part of "Other financing charges" amounted to P3,821, P3,717 and P2,824 in 2024, 2023 and 2022, respectively (Note 21).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	Note	**2024**	2023	2022
Loans payable	*19*	**P17,713**	P15,400	P7,718
Long-term debt	*21*	**70,989**	63,911	41,766
Lease liabilities	*14, 34*	**2,803**	3,772	4,785
		P91,505	P83,083	P54,269

31. Interest Income

Interest income consists of:

	Note	2024	2023	2022
Interest from short-term investments, cash in banks and others	*7, 12, 35*	**P14,042**	P13,206	P6,761
Interest from amounts owed by related parties	*12, 33, 35*	**662**	821	347
		P14,704	P14,027	P7,108

32. Other Income (Charges)

Other income (charges) consists of:

	Note	2024	2023	2022
Construction costs (a)	*4, 17, 34*	**(P57,772)**	(P60,606)	(P60,461)
Gain (loss) on foreign exchange - net	*39*	**(20,514)**	2,485	(21,518)
Provision on impairment (b)	*8, 11, 13, 17, 18*	**(1,688)**	(780)	(1,111)
Construction revenue (a)	*4, 17, 34*	**57,772**	60,606	60,461
Miscellaneous gain (c)	*5, 43*	**3,509**	2,291	22
Gain (loss) on derivatives - net	*40*	**614**	(1,379)	2,920
Dividend income	*12, 33*	**330**	25	1,352
Others - net (d)	*4 ,34*	**1,270**	1,444	2,157
		(P16,479)	P4,086	(P16,178)

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

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

b. Provision on impairment mainly consists of:

   SMBHK
   In 2024, SMBHK identified a shortfall in the actual results against previous forecasts due to various factors, including but not limited to, a decline in demand for its own brewed products in light of fierce market competition and more outbound travel spending. Indicators of impairment existed for the noncurrent assets employed in the manufacturing operations in Hong Kong, comprising primarily the production plant and machinery.

   SMBHK determined the recoverable amount of the cash-generating unit to which these assets belong to be P1,706 as at December 31, 2024, which is lower than the carrying amount. Based on SMBHK management's assessment, impairment loss of P673 was recognized in property, plant and equipment employed in SMBHK's production plant.

   SMFI
   In 2024, impairment loss amounting to P784 was recognized by SMFI due to discontinued hog farm operations and indefinitely suspended capital projects. This was based on management's assessment that the recoverable amount of certain idle assets consisting of buildings and improvements, and machinery and equipment is lower than the carrying amount.

SMYA
The Group's packaging operations in Australia particularly the wine filling and bottling operations is being challenged by the ongoing restrictions imposed by China on importations from Australia, including wines. In 2021, China imposed a punitive tariff on Australian wines which severely impacted the Australian wine industry. The ongoing trade restriction and the lingering effect of COVID-19 led to the decline in demand for products of SMYA compared to forecasted revenues. Management has determined that the carrying amount of the cash generating unit is higher than the recoverable value. Accordingly, impairment loss of P188 and P789 in 2023 and 2022, respectively, were recognized by SMYA.

SMPI
SMPI made advances to future investees that will be applied against future stock subscriptions. Management assessed that the carrying amount of advances for investments may not be recoverable in full. Accordingly, additional impairment losses amounting to P12, P498 and P241 were recognized in 2024, 2023 and 2022, respectively (Note 12).

c. Miscellaneous gain represents the income recognized in 2024 by Petron from the reversal of ARO and pretermination of lease related to the reconveyance of landholdings from Philippine National Oil Company (PNOC) amounting to P1,794 and P1,715, respectively. GSMI recognized income from the assignment of products rights amounting to P1,530 in 2023. The Group recognized income from the Tax Credit Certificates (TCC) issued by the BIR in relation to the claims for refund filed for overpayment of excise taxes for San Mig Light amounting to P761 in 2023 (Note 43) and gain from the consolidation of Mema amounting to P22 in 2022 (Note 5).

d. "Others" consist of rent income, commission income, changes in fair value of financial assets at FVPL, insurance claims, casualty loss, loss on retirement of breeding stocks and expenses of closed facilities.

33. Related Party Disclosures

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

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

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

	Note	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	*8, 36*	**2024**	**P9**	**P -**	**P -**	**P516**	Settled on dividend payment date	Unsecured
		2023	7	-	-	516		
	18	**2024**	**-**	**-**	**3,037**	**-**	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
		2023	-	-	3,037	-		
Retirement plans	*8, 35*	**2024**	**30**	**-**	**3,166**	**-**	On demand; non-interest bearing	Unsecured; no impairment
		2023	29	-	3,332	-		
	8, 31, 35	**2024**	**234**	**-**	**4,127**	**-**	On demand; interest bearing	Unsecured; no impairment
		2023	239	-	4,129	9		
Associates	*8, 18, 20, 22*	**2024**	**1,984**	**-**	**940**	**161**	On demand; non-interest bearing	Unsecured; no impairment
		2023	2,466	-	1,119	73		
	8, 10, 12, 18, 19, 21, 31	**2024**	**637**	**1,394**	**9,720**	**34,208**	Less than 1 to 12 years; interest bearing	Unsecured; secured; no impairment
		2023	469	1,447	9,717	25,076		
Joint ventures	*8,18, 20, 22*	**2024**	**88**	**1,103**	**268**	**456**	On demand; non-interest bearing	Unsecured; no impairment
		2023	74	65	197	18		
	8	**2024**	**13**	**-**	**621**	**-**	On demand; interest bearing	Unsecured; with impairment
		2023	40	-	621	-		
	8, 18, 31	**2024**	**81**	**-**	**1,485**	**-**	Less than 1 to 10.5 years; interest bearing	Unsecured; no impairment
		2023	77	-	1,479	-		
Shareholder of the Ultimate Parent Company	*8, 20*	**2024**	**-**	**-**	**1,300**	**-**	On demand; non-interest bearing	Unsecured; no impairment
		2023	-	-	1,300	-		
Shareholders in subsidiaries	*8, 20*	**2024**	**43**	**1,265**	**96**	**1,368**	On demand; non-interest bearing	Unsecured; no impairment
		2023	30	990	100	1,304		
Others	*8, 20, 22*	**2024**	**543**	**1,559**	**208**	**126**	On demand; non-interest bearing	Unsecured; no impairment
		2023	452	2,965	157	161		
Total		**2024**	**P3,662**	**P5,321**	**P24,968**	**P36,835**		
Total		2023	P3,883	P5,467	P25,188	P27,157		

1. Revenue consists of sale of power, fuel and other products and services to related parties.

2. Purchases consist of purchase of inventories, power and other products and services from related parties.

3. Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.

   a) Amounts owed by related parties include interest bearing receivable from the Ultimate Parent Company related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.

      (i) *Amounts owed by the Ultimate Parent Company amounting to P2,312:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% interest rate per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.

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

   The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., indirect subsidiaries of Clariden. As at December 31, 2024 and 2023, the Nonoc Project has not yet started commercial operations.

   These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2024 and 2023 (Note 18).

b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan (SMCRP) amounting to P6,311 and P6,522 as at December 31, 2024 and 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8). Portion of the advances are subject to interest rate of 5.75% per annum. Interest income earned from the advances amounted to P189 in 2024 and P188 in 2023 and 2022 (Note 35).

c) Petron has advances to Petron Corporation Employee Retirement Plan (PCERP) amounting to P982 and P937 as at December 31, 2024 and 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8). Portion of the advances are subject to interest rate of 5% per annum. Interest income earned from the advances amounted to P45 in 2024 and 2023 and P58 in 2022 (Note 35).

d) Amounts owed by related parties include investments in equity and debt instruments under investment management agreement with BankCom for a total amount of P9,718 and P9,717 as at December 31, 2024 and 2023, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position (Notes 10 and 12). Income earned from investments in equity and debt instruments amounted to P627, P466 and P1,369 in 2024, 2023 and 2022, respectively (Notes 31 and 32).

e) Amounts owed by related parties include interest-bearing receivable from joint ventures amounting to P621 included as part of "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8). Allowance for impairment losses pertaining to these receivables amounted to P621 as at December 31, 2024 and 2023. Interest income earned from the receivable amounted to P13 and P40 in 2024 and 2023, respectively (Note 31).

f) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydro by PVEI.

In January 2017, PVEI granted shareholder advances to Angat Hydro amounting to US$32 (P1,579). The advances are subject to interest of 4.5% per annum and were due on April 30, 2017. The due date of the advances was extended to December 31, 2025, as agreed by the parties. As at December 31, 2024 and 2023, the remaining balance of the shareholder advances amounted to US$2 (P132) and US$2 (P126), respectively.

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

As at December 31, 2024 and 2023, the outstanding balance of advances amounted to P1,485 and P1,479, respectively, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statements of financial position (Notes 8 and 18). Interest income earned from the advances amounted to P81, P77 and P59 in 2024, 2023 and 2022, respectively (Note 31).

g) Amounts owed by related parties include the receivable from the assignment by ECC to FEHI of the advances for future investment in KSHI amounting to P1,300, presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position as at December 31, 2024 and 2023 (Notes 5 and 8).

4. Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P9 and P4 as at December 31, 2024 and 2023, respectively, and as part of "Lease liabilities - net of current portion" amounted to P35 and P5 as at December 31, 2024 and 2023, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable (Note 36).

5. The amounts owed to associates include interest bearing loans payable to BankCom presented as part of "Loans payable" account amounting to P6,941 and P6,382 and "Long-term debt" account amounting to P27,267 and P18,694 in the consolidated statements of financial position as at December 31, 2024 and 2023, respectively (Notes 19 and 21). Interest expense incurred on the loans amounted to P1,394, P1,447, and P1,004 in 2024, 2023 and 2022, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P20,584 and P12,375 as at December 31, 2024 and 2023, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 13 and 17).

The compensation of key management personnel of the Group, by benefit type, follows:

	Note	**2024**	2023	2022
Short-term employee benefits		**P659**	P544	P631
Retirement benefits	*35*	**57**	47	17
		P716	P591	P648

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

34. Significant Agreements and Lease Commitments

Significant Agreements

- Energy

  - *IPPA Agreements*

As a result of the biddings conducted by PSALM for the appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

SPPC also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC in June 2022.

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of RA No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;

ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;

iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;

iv. for SPI and previously for SPPC, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts;

v. the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;

vi. maintain the performance bond in full force and effect with a qualified bank; and

vii. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024 (Notes 13 and 14).

Relative to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028, SPPC for 12 years until June 26, 2022 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,574, P1,641 and P10,452 in 2024, 2023 and 2022, respectively (Note 26). SPI and SRHI renewed their performance bonds amounting to US$58 and US$20 which expired on November 2, 2024 and January 25, 2025, respectively. Subsequently, the performance bond of SRHI was renewed up to January 25, 2026.

On June 16, 2015, SPPC renewed its performance bond amounting to US$60 with a validity period of one year. This performance bond was subsequently drawn by PSALM on September 4, 2015, which is subject to an ongoing case (Note 43).

The SRHI's lease liabilities are carried at amortized cost using 3.30% and 7.90% US Dollar and Philippine Peso discount rates, respectively.

The discount determined at the inception of the agreement is amortized over the period of the IPPA Agreements and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P1,347, P2,421 and P3,462 in 2024, 2023 and 2022, respectively (Note 30).

In October 2024, the IPPA Agreement between SPI and PSALM ended. Accordingly, the Sual Power Plant was reclassified from "Right-of-use assets" to "Property, plant and equipment" account pursuant to the terms and conditions of the IPPA Agreement.

The power plants under the remaining IPPA lease arrangements with PSALM, presented under "Right-of-use assets - net" account in the consolidated statements of financial position, amounted to P28,441 and P95,545 as at December 31, 2024 and 2023, respectively (Note 14).

- *Land Lease Agreement with PSALM*

  SPPC
  On April 4, 2022, SPPC entered into a long-term lease agreement with PSALM for parcels of land with an aggregate area of 242,445.50 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Ilijan Power Plant. The lease term is for a period of 25 years, which commenced upon the expiration of the IPPA Agreement between PSALM and SPPC in June 2022 and is subject to renewal upon mutual agreement of both parties.

  Subsequently, upon the request of SPPC, PSALM issued a certification for the inclusion in the lease agreement of certain parcels of land, with an aggregate area of 24,116 square meters, where the Ilijan switchyard is located.

  In 2022, SPPC paid in advance the total lease charges amounting to P1,823 covering the entire leased premises and whole duration of the lease term.

On April 17, 2023, SPPC paid a consent fee amounting to P104 to PSALM for the planned lease of 37,870 square meters of land to NGCP.

On July 26, 2024, an agreement was executed with PSALM for the purchase by SPPC of 258,701 square meters out of the leased premises for a total consideration of P1,210 (inclusive of the unamortized balance of the advance rental paid in 2022). Consequently, the total area covered by the long-term lease agreement was reduced to 7,860.50 square meters.

SPI
On October 25, 2024, SPI entered into a long-term lease agreement with PSALM covering certain parcels of land with an aggregate area of 2,887,329 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Sual Power Plant. The lease term is for 25 years commencing in October 2024, upon expiration of the IPPA Agreement between SPI and PSALM, and is subject to renewal upon mutual agreement of both parties.

In 2024, SPI partially paid in advance the total lease charges amounting to P6,604 covering the entire leased premises and whole duration of the lease term. The remaining balance to be paid in full in March 2025.

MPCL
MPCL has an existing lease agreement with PSALM for the lease of the 183,791 square meters land located in Barangay Bani, Masinloc, Zambales. The lease agreement will expire on April 11, 2028.

o *Market Participation Agreements (MPA)*

SPI, SRHI, SPPC, LPI, MPI, and MPCL each entered into separate MPAs with the Philippine Electricity Market Corporation (PEMC) to satisfy the conditions contained in the Philippine WESM Rules on WESM membership and to set forth the rights and obligations of a WESM member.

The relevant parties in each of the MPAs acknowledged that PEMC was entering into the agreement in its capacity as both governing arm and autonomous group market operator of the WESM, and that in due time the market operator functions shall be transferred to an independent market operator (IMO) pursuant to RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA). The parties further agreed that upon such transfer, all rights, obligations, and authority of PEMC under the MPA shall also pertain to the IMO and that all references to PEMC shall also refer to such IMO.

Upon the initiative of the DOE and PEMC, Independent Electricity Market Operator of the Philippines (IEMOP) was incorporated and assumed the functions and obligations as the market operator of the WESM commencing on September 26, 2018. Consequently, SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate Supplemental MPAs with PEMC and IEMOP for the transfer of rights of the market operator to IEMOP. SMGP Kabankalan, SMGP BESS, MPGC and EERI also entered into separate MPAs with IEMOP upon commencement of their commercial operations.

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to the relevant subsidiaries amounted to P1,102, P372 and P201 in 2024, 2023 and 2022, respectively (Note 26).

EERI, MPCL and LPI each has a guarantee, in the form of surety bond or standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM, which is valid until June 10, 2025, July 21, 2025 and October 24, 2025, respectively.

o *PSAs and RSCs*

SPI, SPPC, SRHI, MPI, LPI, MPCL, MPGC and EERI have offtake contracts such as PSAs and RSCs with various counterparties to sell electricity produced by the power plants. Counterparties for PSAs include DUs, electric cooperatives, third party Retail Electricity Suppliers (RES) and other entities.

Counterparties for RSCs are contestable customers, or large industrial users who have been certified contestable by the ERC.

Majority of the consolidated sales of the Group are through long-term offtake contracts, which may have provisions for take-or-pay, passing on fuel costs, foreign exchange differentials or certain other fixed costs and minimum offtake level. Most of the agreements provide for renewals or extensions subject to mutually agreed terms and conditions by the parties and applicable rules and regulations. Tariff structures vary depending on the customer and their needs, with some having structures based on energy-based pricing or capacity-based pricing.

For capacity-based contracts, the customers are charged with the capacity fees based on the contracted capacity plus the energy fees for the associated energy taken during the month. As stipulated in the contracts, energy-based contracts on the other hand are based on the actual energy consumption of customers using the basic energy charge and/or adjustments.

SPI, SPPC, SRHI, MPI, LPI, MPCL and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers' power requirements. Power purchases amounted to P29,665, P25,250 and P57,089 in 2024, 2023 and 2022, respectively (Note 26).

On March 2, 2021, EERI and MPCL executed long-term PSAs with Meralco for the supply and delivery of 1,200 MW and 600 MW contract capacity starting in November 2024 and April 2025, respectively.

On March 17, 2023, EERI and MPCL each submitted a Notice of Termination to Meralco due to the non-occurrence of the acceptance date of ERC's Final Approvals on or before the longstop date prescribed in the respective agreements. The termination of the agreements took effect upon the lapse of 15 days from the receipt of the notice and will not result in any liability on the part of EERI and MPCL.

SPPC and Meralco also executed two separate emergency PSAs in 2023, (i) dated March 23, 2023, for the supply of 300 MW from March 26, 2023, which increased to 480 MW from April 1, 2023; and (ii) dated August 7, 2023, for the supply of 330 MW, both with terms expiring on March 25, 2024. These agreements were executed as a result of the termination of the PSA dated September 30, 2019, between SPPC and Meralco effective December 7, 2022, for the supply of 670 MW baseload capacity.

On February 5, 2024, the following contracts were executed: (i) the PSA of EERI with Meralco for the supply and delivery of 1,200 MW contract capacity; and (ii) the PSA of MPGC with Meralco for the supply and delivery of 300 MW contract capacity commencing not later than April 26, 2025. Both PSAs have a term of 15 years. With the issuance by the ERC of a Notice of Resolution on December 10, 2024, providing for the approval of the PSA of EERI, commercial operations for Unit 1 of the Batangas Combined Cycle Power Plant (BCCPP) commenced on December 29, 2024, for the supply of 400 MW to Meralco.

Also on February 5, 2024, SPPC executed a 15-year PSA with Meralco for the supply and delivery of contract capacity of 810 MW commencing on December 26, 2023, to be increased to 1,010 MW on February 26, 2024, and to be further increased to 1,200 MW on March 26, 2024 (the "2024 SPPC PSA"). Given that the ERC has yet to issue a provisional authority and/or interim relief to the joint application filed by Meralco and SPPC for approval of the 2024 SPPC PSA at that time, Meralco and SPPC executed an emergency PSA on March 25, 2024 to supply 810 MW from March 26, 2024, to March 31, 2024, which increased to 1,200 MW (net) from April 1, 2024 until the earlier of the implementation of the 2024 SPPC PSA and March 25, 2025. On May 9, 2024, the ERC granted provisional authority to implement the 2024 SPPC PSA which commenced on June 20, 2024.

On March 20, 2024, LPI also executed a PSA with Meralco for the supply of 400 MW until February 25, 2025, pursuant to a competitive selection process conducted by Meralco for its 400 MW baseload power requirements. As at the report date, an interim relief on the PSA with LPI was issued by the ERC on July 11, 2024 is in effect.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit supply capacity to be sourced from the San Roque Hydroelectric Power Plant for a term of ten years.

On September 2, 2024, Meralco awarded in favor of MPCL a PSA for the supply of 500 MW baseload capacity to be sourced from Units 3 and 4 of the Masinloc Coal-fired Thermal Power Plant for a term of 15 years effective September 2025. As at the report date, the application for the approval of the PSA of MPCL has been filed with and has yet to be approved by the ERC.

The PSAs of Meralco with MPGC and SRHI have been approved by the ERC on November 26, 2024, and December 3, 2024, respectively. However, MPGC and SRHI are still awaiting for the issuance and receipt of the respective orders of approval from the ERC.

- *ASPA*

  i. On September 8, 2017, MPCL entered into an ASPA with the NGCP for a period of five years effective from May 26, 2018 allocating the entire capacity of its 10 MW Masinloc Phase I BESS as frequency regulating reserve for the NGCP to maintain power quality, reliability and security of the grid. This ASPA expired on May 25, 2023.

     On May 2, 2023, MPCL entered into an ASPA with NGCP for a period of five years to allocate the 8 MW capacity of the Masinloc Phase 1 BESS as contingency reserve. On August 15, 2023, the ERC granted provisional authority to MPCL for the implementation of the ASPA which commenced on September 9, 2023.

  ii. On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of five years commencing on January 26, 2022, allocating its 20 MW Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC.

  iii. On May 2, 2023, SMGP BESS entered into several ASPAs with NGCP for its 330 MW BESS located in various sites nationwide, to provide ancillary services for a period of five years, of which 220 MW and 110 MW commenced operations in 2023 and March 2024, respectively, following the Provisional Authority granted by the ERC on the relevant ASPA.

- *Coal Supply Agreements*

  SPI, MPI, LPI, MPCL and MPGC have supply agreements with various coal suppliers for the coal requirements of the power plants.

- *LNG Supply Agreements*

  SPPC and EERI have supply agreements with various LNG suppliers for the natural gas requirements of the Ilijan Power Plant and BCCPP.

- *Engineering, Procurement, and Construction (EPC) Contracts*

  EERI, MPGC, MPCL and SMGP BESS have EPC agreements with various third-party contractors for the ongoing construction of its respective power plants and BESS projects.

- *Distribution Wheeling Service (DWS) Agreements*

  As RES, LPI and MPCL each entered into DWS Agreements with certain DUs for the conveyance of electricity through its distribution systems in order to supply the power requirements of their respective contestable customers. The agreements are valid and binding upon execution unless terminated by either party.

  The DWS charges from the DUs are passed on to the contestable customers who have opted for a single billing arrangement as provided in the ERC Supplemental Switching Rules.

- *Agreement for the use of LNG Terminal*

  On May 26, 2023, SPPC entered into a Novation Agreement with SMCGP Transpower Pte. Ltd. (SMCGP Transpower). This agreement involved the transfer and assignment to SPPC of all the rights and obligations held by SMCGP Transpower under its Terminal Use Agreement (TUA) with Linseed Field Corporation (LFC) dated April 11, 2022.

EERI, LFC, and SPPC, entered into an Amendment Agreement dated October 22, 2024, wherein EERI was made a party to the TUA and shall have the same rights, obligations, and liabilities granted to SPPC under the TUA.

- Fuel and Oil

    - *Supply Agreements*

    Petron has assigned all its rights and obligations to PSTPL (as Assignee) to have a term contract to purchase Petron's crude oil requirements from Saudi Arabian Oil Company (Saudi Aramco) and Kuwait Petroleum Corporation (KPC), Abu Dhabi National Oil Company (ADNOC), Chevron USA Inc. Singapore Branch (Chevron) and Shell International Eastern Trading Company (SIETCO). The contract with Saudi Aramco is from January 1, 2024 to December 31, 2024 with automatic annual extension thereafter unless terminated at the option of either party, upon at least 60 days written notice. The contract with Saudi Aramco has been extended for another year. The contract with KPC from July 1, 2023 to December 31, 2024 was renewed from January 1, 2025 to December 31, 2025 while the contract from ADNOC from January 1, 2024 to December 31, 2024 has been terminated. Lastly, the contract with Chevron is from December 1, 2024 to November 30, 2025 and the contract with SIETCO is for three years from November 6, 2023.

    PMRMB acquires crude oil and condensate for the Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. ("EMEPMI") for a period of two years until March 2026 supplemented by other short-term supply contracts and spot crude purchases. As at December 31, 2024, about 45% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. PMRMB also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

    Outstanding liabilities of the Group for such purchases are shown as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2024 and 2023 (Note 20).

    - *Lease Agreement with PNOC*

    On September 30, 2009, Petron through NVRC entered into a 30-year lease with PNOC without rent-free period, covering a property which it shall use as site for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Based on the latest valuation of the property conducted by a third-party appraiser acceptable to both parties, the annual rental shall be P238 retroactive to year 2022, payable on the 15th day of January each year without the necessity of demand. This lease is subject to renewal options and annual escalation clauses of 3% per annum to be applied starting 2018 until the next re-appraisal is conducted. The leased premises shall be reappraised every fifth year in which the new rental rate shall be determined equivalent to 5% of the reappraised value, and still subject to annual escalation clause of 3% for the four years following the re-appraisal.

    As at December 31, 2024, said lease contract along with the lease contracts for its bulk plants and service stations which are the subject landholdings of the rescinded deeds of conveyance were considered deemed canceled with the Supreme Court's ruling in favor of Petron (Note 43). As at December 31, 2024 and 2023, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

- Infrastructure

  - *Airport Concession Agreement*

    i. Boracay Airport

    The ROP awarded TADHC the Airport Project through a Notice of Award (NOA) issued on May 15, 2009. The Airport Project is proposed to be implemented through a Contract-Add-Operate and Transfer Arrangement, a variant of the Build-Operate-Transfer (BOT) contractual arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations.

    On June 22, 2009, TADHC entered into a Concession Agreement with the ROP, through the DOTr and CAAP. Based on the Concession Agreement, TADHC has been granted with the concession of the Airport Project which includes the development and upgrade of the Caticlan Airport (marketed and promoted as Boracay Airport) as an international airport. Subject to existing law, the Concession Agreement also grants to TADHC the franchise to operate and maintain the Boracay Airport up to the end of the concession period, which is for a period of 25 years (as may be renewed or extended for another 25 years upon written agreement of the parties), and to collect the fees, rentals and other charges as may be determined in accordance with the Concession Agreement.

    The salient features of the Concession Agreement are presented below:

    1. The operations and management of the Boracay Airport shall be transferred to TADHC, provided that the ROP shall retain the operations and control of air traffic services, national security matters, immigration, customs and other governmental functions and the regulatory powers insofar as aviation security, standards and regulations are concerned at the Boracay Airport.

    2. As concessionaire, TADHC shall have full responsibility in all aspect of the operation and maintenance of the Boracay Airport and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the Boracay Airport, TADHC shall post in favor of the ROP, an Operations and Maintenance Performance Security (OMPS) amounting to P25, which must be valid for the entire concession period of 25 years. As at December 31, 2024, TADHC has yet to pay the OMPS as the Airport Project has not yet entered the In-Service Date.

    3. Immediately upon receiving the Notice to Commence Implementation (NCI) and provided all conditions precedent in the Concession Agreement are fulfilled or waived, TADHC shall start all the activities necessary to upgrade and rehabilitate the Boracay Airport into a larger and more technologically advanced aviation facility to allow international airport operations.

    4. TADHC shall finance the cost of the Airport Project, while maintaining a debt-to-equity ratio of 70:30, with debt pertaining to a loan with BankCom. TADHC's estimated capital commitment to develop the Airport Project amounts to P2,500, including possible advances to the ROP for the right of way up to the amount of P466. Such ratio is complied with as TADHC fully issued its authorized capital stock as a leverage to the loan obtained (Notes 21 and 33).

    5. TADHC shall also post a P250 Work Performance Security in favor of the ROP as guarantee for faithful performance by TADHC of the works required to be carried out in connection with the construction and completion of civil, structural, sanitary, mechanical, electrical and architectural infrastructure. This performance security shall be partially released by the ROP from time to time to the extent of the percentage-of-completion of the Airport Project. TADHC has paid P0.8 premiums in 2024 and 2023 for the Work Performance Security and is included as part of "Airport concession rights" under "Other intangible assets" account in the consolidated statements of financial position (Note 17). The unamortized portion is included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position (Note 10).

6. In consideration for allowing TADHC to operate and manage the Boracay Airport, TADHC shall pay the ROP P8 annually. The first payment shall be made immediately upon the turnover by the ROP of the operations and management of the Boracay Airport to TADHC, and every year thereafter until the end of the concession period. The operations and management of the Boracay Airport was turned over to TADHC on October 16, 2010.

After fulfillment of all contractual and legal requirements, the Concession Agreement became effective on December 7, 2009. The NCI issued to TADHC by the DOTr was accepted by TADHC on December 18, 2009.

In accordance with the license granted by the ROP, as expressly indicated in the Concession Agreement, TADHC presently operates the Boracay Airport. TADHC completed the rehabilitation of the existing airport terminal building and facilities on June 25, 2011. Construction work for the extension of runway has been completed in 2016. The construction of the new terminal building is ongoing and expected to be completed in 2025.

ii. MIA

On August 14, 2019, the ROP, through the DOTr, issued a NOA to SMHC, awarding the MIA Project. In accordance with the NOA, SMAI was registered by SMHC as the concessionaire.

The MIA Project shall create a gateway for international and domestic travel, with the necessary ancillary facilities to support the creation of a new airport city outside Metro Manila to decongest the existing road networks and provide an alternative higher capacity airport facility.

A. Concession Agreement

On September 18, 2019, SMAI entered into a Concession Agreement with the ROP, through the DOTr, for the right to finance, design, construct, supply, complete, test, commission and eventually operate and maintain the MIA Project for a period of 50 years from the issuance of the Certificate of Substantial Completion for the first phase.

The salient features of the Concession Agreement are presented below:

1. The MIA shall consist of airfield facilities, passenger and cargo terminal buildings, airport support facilities and an airport toll road facility which will connect the MIA to the North Luzon Expressway and will be implemented in three phases, with increasing capacity for each phase completed.

2. The implementation of the first phase shall be completed within a period of five years from the date of commencement of construction, with the remaining phases subject to the timely submission and approval of the required documentation for each phase.

3. SMAI shall turnover 100 hectares of land to the ROP as government center land area and execute the necessary documents to transfer full ownership in favor of the ROP.

4. SMAI shall be responsible for the acquisition of right-of-way and possession of sufficient title to the facilities of the site of the MIA and the removal or abatement of all liens, encumbrances and hazardous substances within the MIA's vicinities as the case may be.

5. SMAI shall provide proper maintenance of the MIA's facilities and ensure that all airport facilities and airport toll road are in the condition required upon turnover to the ROP at the end of the concession period.

6. All revenues derived from the operations, maintenance and management of the MIA shall accrue to SMAI, including the lease or sublease of all business or commercial ventures and activities consistent with the MIA's operations.

B. Legislative Franchise

On December 20, 2020, RA No. 11506 lapsed into law, granting SMAI a franchise to construct, develop, establish, operate and maintain a domestic and international airport in the municipality of Bulakan and to construct, develop, establish, operate and maintain an adjacent Airport City (the MIA Project). The franchise is for a period of 50 years. RA No. 11506 became effective on January 15, 2021 and enhances the earlier Concession Agreement.

The salient features of RA No. 11506 are as follows:

1. SMAI shall be exempt from any and all direct and indirect taxes of any kind, nature and description, including but not limited to income taxes, value-added taxes, excise taxes, customs duties and tariffs, business taxes, among others during a ten-year construction period beginning from the effectivity of RA No. 11506. After the construction period, SMAI shall be exempt from income and real estate taxes until SMAI has fully recovered the costs incurred in the construction of the MIA Project.

2. After SMAI has fully recovered the costs, SMAI shall be entitled to generate income from its operations equivalent to an internal rate of return of 12% per annum. Any amount in excess shall be remitted to the national government.

3. SMAI is also required to offer at least 20% of its outstanding capital stock to any securities exchange in the Philippines for public participation within 5 years upon full recovery of costs incurred in the construction of the MIA Project.

- *MRT 7 Concession Agreement*

The ROP awarded ULC BVI the financing, design, construction, supply, completion, testing, commissioning and operation and maintenance of the MRT 7 Project through a NOA issued on January 31, 2008. The MRT 7 Project is an integrated transportation system, under a Build-Gradual Transfer-Operate, Maintain and Manage scheme, which is a modified Build-Transfer-Operate arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations, to address the transportation needs of passengers and to alleviate traffic in Metro Manila, particularly traffic going to and coming from North Luzon.

On June 18, 2008, ULC BVI entered into the MRT 7 Agreement or Concession Agreement with the ROP through the DOTr, for a 25-year concession period, subject to extensions as may be provided for under the Concession Agreement and by law. Based on the Concession Agreement, ULC BVI has been granted the right to finance, design, test, commission, construct and operate and maintain the MRT 7 Project, which consists of a highway, Intermodal Transport Terminal and Metro Rail Transit System including the depot and rolling stock.

The ROP through the DOTr granted ULC BVI the following rights under the Concession Agreement:

- To finance, design, construct, supply, complete and commission the MRT 7 Project;
- To designate a Facility Operator and/or a Maintenance Provider to Operate and Maintain the MRT 7 Project;
- To receive the Amortization Payments and the Revenue Share as specified in the Concession Agreement;
- To charge and collect the Agreed Fares or the Actual Fares and/or to receive the Fare Differential, if any;
- Development Rights as specified in the Concession Agreement; and
- To do any and all acts which are proper, necessary or incidental to the exercise of any of the above rights and the performance of its obligations under the Concession Agreement.

The salient features of the Concession Agreement are presented below:

1. The MRT 7 Project cost shall be financed by ULC BVI through debt and equity at a ratio of approximately 75:25 and in accordance with existing BSP regulations on foreign financing components, if any. Based on the Concession Agreement, ULC BVI's estimated capital commitment to develop the MRT 7 Project amounts to US$1,236, adjusted to 2008 prices at US$1,540 per National Economic and Development Authority Investment Coordination Committee approval on July 14, 2014.

2. ULC BVI shall post a Performance Security for Construction and Operations and Maintenance in favor of the ROP as guarantee for faithful performance by ULC BVI to develop the MRT 7 Project. This performance security for operations and maintenance shall be reduced every year of the concession period to the amounts as specified in the Concession Agreement.

3. All rail-based revenues above 11.90% internal rate of return of ULC BVI for the MRT 7 Project over the cooperation period, which means the period covering the construction and concession period, shall be shared equally by ULC BVI and the ROP at the end of the concession period. All rail-based revenues above 14% internal rate of return shall wholly accrue to the ROP.

4. As payment for the gradual transfer of the ownership of the assets of the MRT 7 Project, the ROP shall pay ULC BVI a fixed amortization payment on a semi-annual basis in accordance with the schedule of payment described in the Concession Agreement. The ROP's amortization payment to ULC BVI shall start when the MRT 7 Project is substantially completed.

5. For every semi-annual full payment made by the ROP through the DOTr, and actually received by ULC BVI, the latter shall issue a Certificate of Transfer of Ownership, in favor of the former representing a pro-indiviso interest in the assets of the MRT 7 Project in proportion to the amortization payment made over the total amortization payment to be made during the concession period. After the end of the concession period but provided that all the amortization payment and other amounts due to ULC BVI under the Concession Agreement shall have been fully paid, settled and otherwise received by ULC BVI, full ownership of the assets of the MRT 7 Project shall be transferred to it, free from all liens and encumbrances.

6. The amortization payments shall be adjusted pursuant to the escalation formula based on parametric formula for price adjustment reflecting changes in the prices of labor, materials and equipment necessary in the implementation/completion of the MRT 7 Project both local and at the country where the equipment/components shall be sourced.

7. Net passenger revenue shall be shared by the ROP and ULC BVI on a 30:70 basis.

8. The ROP grants ULC BVI the exclusive and irrevocable commercial Development Rights (including the right to lease or sublease or assign interests in, and to collect and receive any and all income from, but not limited to, advertising, installation of cables, telephone lines, fiber optics or water mains, water lines and other business or commercial ventures or activities over all areas and aspects of the MRT 7 Project with commercial development potentials) from the effectivity date of the Concession Agreement until the end of the concession period, which can be extended for another 25 years, subject to the ROP's approval. In consideration of the Development Rights granted, ULC BVI or its assignee shall pay the ROP 20% of the net income before tax actually realized from the exercise of the Development Rights.

9. Upon the expiration of the concession period and payment in full of the amortization payments and the other obligations of the ROP through the DOTr, the Concession Agreement shall be deemed terminated, and all the rights and obligations thereunder shall correspondingly cease to exist, other than all rights and obligations accrued prior to the date of such expiration including, without limitation, the obligations of ROP through the DOTr to make termination payments in accordance with the Concession Agreement and following expiration of the concession period, the Development Rights of ULC BVI pursuant to the Concession Agreement shall survive.

10. If ULC BVI and ROP through the DOTr are not able to agree on the solution to be adopted in an appropriate Variation Order within the period specified in the Concession Agreement, then ULC BVI may proceed to terminate the Concession Agreement. Also, if either of ULC BVI and ROP through the DOTr intends to terminate the Concession Agreement, by mutual agreement under the Concession Agreement, it shall give a notice of intention to terminate to the other. Following receipt of the Intent Notice, the parties shall meet for a period of up to eight weeks and endeavor to agree on the terms, conditions arrangements, and the necessary payments for such termination. If at the expiration of the said period, ULC BVI and ROP through the DOTr are unable to agree on and execute an agreement for the mutual termination of the Concession Agreement, the same shall remain valid and in effect.

On July 23, 2014, the ROP through the DOTr confirmed their obligations under the MRT 7 Agreement dated June 18, 2008 through the Performance Undertaking issued by the Department of Finance (DOF), which was received by ULC BVI on August 19, 2014. The Performance Undertaking is a recognition of the obligations of the ROP through the DOTr under the Concession Agreement, particularly the remittance of semi-annual amortization payment in favor of ULC BVI. The issuance of the Performance Undertaking triggers the obligation of ULC BVI to achieve financial closure within 18 months from the date of the receipt of the Performance Undertaking. Within the aforementioned period, ULC BVI achieved Financial Closure, as defined in the MRT 7 Agreement. There were no changes in the terms of the Concession Agreement in 2024.

On April 20, 2016, ULC BVI through the Parent Company, led the ground breaking ceremony for the MRT 7 Project.

Pursuant to Section 19.1 of the Concession Agreement, on September 30, 2016, ULC BVI sent a request letter to the ROP through the DOTr to secure the latter's prior approval in relation to the intention of ULC BVI to assign all its rights and obligations under the Concession Agreement to SMC MRT 7, the designated special purpose company for the MRT 7 Project. The assignment of the rights and obligations from ULC BVI to SMC MRT 7 will be achieved through execution of the Accession Agreement. Based on the Concession Agreement, ULC BVI may assign its rights, title, interests or obligations therein, provided that the following conditions are met:

- The assignment will not in any way diminish ULC BVI's principal liability under the Concession Agreement; and

- ULC BVI secures from ROP, through the DOTr, its prior approval, which shall not be unreasonably withheld.

In addition, the letter dated September 30, 2016 from ULC BVI also requested that upon submission by SMC MRT 7 of the lenders' recognition that the Financing Agreements for the MRT 7 Project is for its benefit, the DOTr shall cause the amendment of the Performance Undertaking dated July 23, 2014 by changing the addressee and beneficiary thereof from ULC BVI to SMC MRT 7.

On December 12, 2016, the ROP through the DOTr gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC MRT 7.

Following the DOTr's approval, SMC MRT 7 and ULC BVI carried out the Accession Agreement on January 12, 2017.

- *Toll Road Concession Agreements*

  i. *SLEX*

  SMC SLEX. On February 1, 2006, SMC SLEX executed the Supplemental Toll Operation Agreement (STOA) with MATES, Philippine National Construction Corporation (PNCC) and the ROP through the TRB. The STOA authorizes SMC SLEX by virtue of a joint venture to carry out the rehabilitation, construction and expansion of the SLEX, comprising of: Toll Road (TR)1 (Alabang viaduct); TR2 (Filinvest to Calamba, Laguna); TR3 (Calamba, Laguna to Sto. Tomas, Batangas) and TR4 (Sto. Tomas, Batangas to Lucena City). The concession granted shall expire 30 years from February 1, 2006.

On December 14, 2010, the TRB issued the Toll Operations Certificate for Phase 1 of the SLEX i.e., TR1, TR2 and TR3, and approved the implementation of the initial toll rate starting April 1, 2011.

In 2012, SMC SLEX received a letter from the DOF informing SMC SLEX of the conveyance by PNCC to the ROP of its shares of stock in SMC SLEX, by way of deed of assignment. Moreover, SMC SLEX also received the Declarations of Trust signed by the individual nominees of PNCC, in favor of the ROP, in which each nominee affirmed their holding of single, qualifying share in SMC SLEX in favor of the ROP.

On July 21, 2015, SMC SLEX entered into a MOA with Ayala Corporation (AC), on the inter-operability of the SLEX and Muntinlupa-Cavite Expressway (MCX) (formerly known as the Daang Hari-SLEX Connector Road). AC is the concession holder of MCX while MCX Tollway, Inc. is the facility operator of MCX.

The MOA on inter-operability provides the framework that will govern the interface and integration of the technical operations and toll operation systems between the MCX and the SLEX, to ensure seamless travel access into MCX and SLEX for road users. MCX opened and operated as a toll expressway on July 24, 2015.

In 2019, SMC SLEX commenced the construction of TR4 and is ongoing as at December 31, 2024.

SLEXTR5. On June 3, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, SLEXTR5 as the Investor, and MATES as the Operator, wherein the SLEXTR5 was granted the exclusive right, privilege, responsibility, and obligation to design and construct the TR5 Project, and to finance the same, while MATES was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the TR5 Project.

The TR5 Project is a 420-kilometer (km) extension of SLEX from Lucena City, Quezon to Matnog, Sorsogon.

The TR5 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of SLEXTR5 and MATES under the STOA. The legal transfer of ownership of the TR5 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the TR5 Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire TR5 Project to SLEXTR5 and/or MATES.

ii. NAIA Expressway

On July 8, 2013, SMC NAIAX entered into a Concession Agreement with the ROP, through the Department of Public Works and Highways (DPWH), wherein SMC NAIAX was granted the right to finance, design, construct, operate and maintain the NAIA Expressway Project. The NAIA Expressway Project links the three NAIA terminals to the Skyway, the Manila-Cavite Toll Expressway and the Entertainment City of the Philippine Amusement and Gaming Corporation.

On September 22, 2016, SMC NAIAX started commercial operations of NAIA Expressway upon receipt of the Toll Operations Permit from the TRB. The Toll Operations Permit for Phase II A and B was issued on September 9, 2016 and December 19, 2016, respectively.

At the end of the concession period, SMC NAIAX shall turnover the NAIA Expressway to the DPWH in the condition required for turnover as described in the Minimum Performance Standards Specifications of the Concession Agreement.

iii. *Skyway*

On June 10, 1994, PNCC, the franchise holder for the construction, operations and maintenance of the Metro Manila Expressway, including any and all extensions, linkages or stretches thereof, such as the proposed Skyway, and PT Citra Lamtoro Gung Persada (Citra), as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering not only the proposed Skyway but also the planned Metro Manila Tollways. The Joint Investment Proposal embodied, among others, that Citra in cooperation with PNCC committed itself to finance, design and construct the Skyway in three stages, consisting of: (a) South Metro Manila Skyway (SMMS) as Stages 1 and 2; (b) North Metro Manila Skyway and the Central Metro Manila Skyway as Stage 3; and (c) Metro Manila Tollways as Stage 4. The Joint Investment Proposal was approved by the TRB on November 27, 1995.

- Skyway Stages 1 and 2

  The STOA for SMMS was executed on November 27, 1995 by and among SMC Skyway, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the SMMS and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of SMC Skyway as investor. On the other hand, the operations and maintenance of the SMMS shall be the primary and exclusive privilege, responsibility and obligation of PNCC, through its wholly-owned subsidiary, the PNCC Skyway Corporation (PSC).

  On July 18, 2007, the STOA was amended, to cover among others, the implementation of Stage 2 of the SMMS (Stage 2); the functional and financial integration of Stage 1 of the SMMS (Stage 1) and Stage 2 upon the completion of the construction of Stage 2; and the grant of right to SMC Skyway to nominate to the TRB a qualified party to perform the operations and maintenance of the SMMS to replace PSC. SMC Skyway, PNCC and PSC then entered into a MOA for the successful and seamless turnover of the operations and maintenance responsibilities for the SMMS from PSC to SOMCO.

  The SMMS shall be owned by the ROP, without prejudice to the rights and entitlement of SMC Skyway and SOMCO under the STOA. The legal transfer of ownership of the SMMS to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed among SMC Skyway, SOMCO and PNCC for the operations and maintenance of the SMMS.

  The 30-year franchise period for the Integrated Stage 1 and Stage 2 commenced on April 25, 2011.

  Under the STOA, SMC Skyway may file an application to adjust the toll rates which shall be of two kinds, namely periodic and provisional adjustments. Periodic adjustments for the Integrated Stage 1 and Stage 2 may be applied for every year. SMC Skyway may file an application for provisional adjustment upon the occurrence of a force majeure event or significant currency devaluation. A currency devaluation shall be deemed significant if it results in a depreciation of the value of the Philippine Peso relative to the US Dollar by at least five percent. The applicable exchange rate shall be the exchange rate between the currencies in effect as at the date of approval of the prevailing preceding toll rate.

- Skyway Stage 3

  The Stage 3 STOA was executed on July 8, 2013 by and among the ROP as the Grantor, acting by and through the TRB, PNCC, MMSS3 as the Investor, and Central Metro Manila Skyway Corporation (CMMSC) as the Operator, wherein MMSS3 was granted the primary and exclusive privilege, responsibility and obligation to design and construct the Skyway Stage 3 Project, and to finance the same, while CMMSC was granted the primary and exclusive privilege, responsibility and obligation to operate and maintain the Skyway Stage 3 Project.

The Skyway Stage 3 Project is an elevated roadway with the entire length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and will connect to the existing Skyway Stage 1 and 2. This is envisioned to inter-connect the northern and southern areas of Metro Manila to help decongest traffic in Metro Manila and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

The Skyway Stage 3 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS3 and CMMSC under the Stage 3 STOA. The legal transfer of ownership of the Skyway Stage 3 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the Skyway Stage 3 Project is 30 consecutive years commencing from the issuance of the Toll Operation Certificate for the entire Skyway Stage 3 Project to MMSS3 and/or CMMSC.

MMSS3 and CMMSC shall enter into a revenue sharing agreement to set forth the terms and conditions of their sharing of the toll revenues from the Skyway Stage 3 Project.

On December 29, 2020, the Skyway Stage 3 Project was partially opened to the public. It was formally inaugurated and opened to motorists on January 14, 2021, free of toll fee. On July 1, 2021, MMSS3 received the Toll Operation Permit and started its full toll operation.

o Skyway Stage 4

On July 14, 2014, the Stage 4 STOA was executed by and among the ROP as the Grantor, acting through the TRB, PNCC, MMSS4 as the Investor, and Metro O&M Corporation (MOMCO) as the Operator. MMSS4 was granted the primary and exclusive privilege, responsibility and obligation to finance the design and construction of Skyway Stage 4 Project, while MOMCO was granted the primary and exclusive privilege, responsibility, and obligation to operate and maintain the same.

The Skyway Stage 4 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS4 and MOMCO under the Stage 4 STOA. The legal transfer of ownership shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof. The 30-year concession period shall commence from the date of issuance of the Toll Operation Certificate by the TRB to MMSS4 and/or MOMCO.

As at December 31, 2024, the Skyway Stage 4 Project is in the inception of its construction stage.

iv. TPLEX

SMCTC entered into a Concession Agreement with the ROP through the DPWH and the TRB to finance, design, construct, operate and maintain and impose and collect tolls from the users of the TPLEX Project. The TPLEX Project is a toll expressway from La Paz, Tarlac to Rosario, La Union which is approximately 89.21 km and consists of four-lane expressway with nine toll plazas from start to end.

The TPLEX Project shall be owned by the ROP without prejudice to the rights and entitlement of SMCTC. The legal transfer of ownership of the TPLEX Project shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction and upon issuance of the Certificate of Substantial Completion for each segment of the TPLEX Project.

The toll revenue collected from the operation of the TPLEX Project is the property of SMCTC. SMCTC shall have the right to assign or to enter into such agreements with regard to the toll revenue and its collection, custody, security and safekeeping.

The concession period shall be for a term of 35 years starting from the effective date of the Concession Agreement and may be extended.

On October 31, 2013, SMCTC opened the first section of the TPLEX Project from Tarlac to Gerona. The Section 1B from Gerona to Rosales was opened to motorists on December 23, 2013. The 30.31 km stretch from Gerona to Carmen was fully operational on April 16, 2014. The 14.91 km stretch from Carmen (Tomana) to Urdaneta was fully operational starting February 17, 2015.

On July 28, 2016, the Segment 7A (Urdaneta to Binalonan) was opened. Segment 7B (Binalonan to Pozorrubio) was opened to motorists on December 7, 2017, while Segment 8 (Pozorrubio to Rosario), which is the final phase of the TPLEX Project, was completed and became operational on July 15, 2020.

v. STAR

On June 18, 1998, SIDC and the ROP, individually and collectively through the DPWH and the TRB, entered into a Toll Concession Agreement covering the STAR Project. The STAR Project consists of two stages as follows:

Stage	Project Description
Stage I	Operations and maintenance of the 22.16 km toll road from Sto. Tomas, Batangas to Lipa City, Batangas
Stage II (Phases I and II)	Finance, design, construction, operations and maintenance of the 19.74 km toll road from Lipa City, Batangas to Batangas City, Batangas

Under the Toll Concession Agreement, the STAR Project and any stage or phase or ancillary facilities thereof of a fixed and permanent nature shall be owned by the ROP, without prejudice to the rights and entitlements of SIDC. The legal transfer of ownership of the STAR Project and/or any stage, phase or ancillary thereof shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction and upon the ROP's issuance of the Certificate of Substantial Completion. The right of way shall be titled in the ROP's name regardless of the construction.

In December 2006, the Toll Concession Agreement was amended to extend the original concession period from 30 years beginning January 1, 2000, to 36 years and shall be valid until December 31, 2035.

The TRB issued the Toll Operations Certificate for Stage II Phase II on December 13, 2016.

vi. PAREX

On November 29, 2019, the PNCC and SMHC, as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering the PAREX Project. The said proposal embodied, among others, that SMHC in cooperation with PNCC committed itself to finance, design and construct the PAREX Project in three segments. The Joint Investment Proposal was approved by the TRB on March 4, 2020 and the STOA was executed on September 21, 2021 by and among PREC, SOMCO, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the PAREX Project and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of PREC as investor. Whereas the operations and maintenance of the PAREX Project shall be the primary and exclusive privilege, responsibility, and obligation of SOMCO as operator.

The PAREX Project shall consist of three segments:

Segment I	-	Radial Road No. 10 to Skyway Stage 3 to Plaza Azul, approximately 5.740 km
Segment II	-	Skyway Stage 3 to San Juan River Circumferential Road No. 5 (C-5), approximately 7.325 km
Segment III	-	C-5 to Southeast Metro Manila Expressway or (C-6), approximately 6.300 km

The PAREX shall be owned by the ROP, without prejudice to the rights and entitlement of PREC and SOMCO under the STOA. The legal transfer of ownership of the PAREX to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed between PREC and SOMCO for the operations and maintenance of the PAREX.

The 30-year franchise period shall commence from the issuance of the Toll Operation Certificate.

Under the STOA, PREC may file an application to adjust the toll rates which shall be of two kinds, namely periodic and contingency. Periodic adjustments can be applied every two years of the existing toll rate to a new toll rate on the respective toll review date. On the other hand, contingency adjustment can be applied upon the occurrence of a force majeure event and/or additional cost of any required repair or reconstruction works arising out of force majeure to the extent not covered by insurance.

vii. NALEX

On March 21, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, NALEC as the Investor, and SOMCO as the Operator, wherein NALEC was granted the exclusive right, privilege, responsibility and obligation to design and construct the NALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the NALEX Project.

The NALEX Project is a mixed at-grade and elevated viaduct expressway, with the entire length of approximately 136.4 km from Balintawak, Quezon City to Tarlac City, that will link the existing Skyway Stage 3 to TPLEX.

The NALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of NALEC and SOMCO under the STOA. The legal transfer of ownership of the NALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the NALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire NALEX Project to NALEC and/or SOMCO.

viii. SALEX

On June 20, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, SALEC as the Investor, and SOMCO as the Operator, wherein SALEC was granted the exclusive right, privilege, responsibility and obligation to design and construct the SALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the SALEX Project.

The SALEX Project is a mixed at-grade and elevated viaduct expressway, with an entire length of approximately 40.65 km, that will link the existing Skyway Stage 3, PAREX, NAIA Expressway to the MIA.

The SALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of SALEC and SOMCO under the STOA. The legal transfer of ownership of the SALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the SALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire SALEX Project to SALEC and/or SOMCO.

ix. PLEX

On October 19, 2023, SMC PLEX entered into a Tollway Concession Agreement (TCA) with the Provincial Government of Pangasinan (PGP). Under the TCA, the PLEX Project will include the financing, engineering, design, construction, operation, and maintenance of a 76.8 km toll road. Subject to existing law, the TCA also grants to SMC PLEX the franchise to operate and maintain the PLEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. The PLEX Phase 1 involves the financing, engineering, design, construction, operation, and maintenance of a 42.76 km toll road. The PLEX Project covers the construction of a four-lane expressway composing of three Segments and a spur road as follows: (a) Segment 1: Binalonan - Manaoag (6.90 km); (b) Segment 2: Manaoag - Calasiao (11.30 km); (c) Segment 2-A: Calasiao Spur (2.39 km); and (d) Segment 3: Calasiao - Lingayen (22.17 km).

2. PLEX Phase 2 is approximately a 34.04 km toll road, from Lingayen, Pangasinan to Alaminos, Pangasinan. PLEX Phase 2 covers the construction of a four-lane expressway beginning from the end of PLEX Phase 1.

3. SMC PLEX shall have the right to designate an operator, with prior consent of the PGP, to operate and maintain the PLEX Project. As at December 31, 2024, SMC PLEX has not yet designated an operator.

4. To guarantee the faithful performance by SMC PLEX of the construction of the PLEX Project, PLEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGP from time to time to the extent of the percentage-of-completion of the PLEX Project.

5. As concessionaire, SMC PLEX shall have full responsibility for all aspects of the Operation and Maintenance of the PLEX Project and shall collect, for its own account, the fees generated from the PLEX Project. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the PLEX Project, SMC PLEX shall post in favor of the PGP an OMPS amounting to P56, which must be valid for at least one year, and shall be renewed every year thereafter until the end of concession period.

6. SMC PLEX shall finance the cost of the PLEX Project, while maintaining a debt-to-equity ratio of 70:30.

7. SMC PLEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects, one year prior to the start of Operation and Maintenance.

8. The PGP shall be entitled to a five percent share in the Toll Revenue and Commercial Development Revenue of PLEX Phase 1 from the start of the concession period and shall terminate at the end of the concession period.

9. Ten years after the date of issuance of the Toll Operations Certificate for the PLEX Phase 1 and every year thereafter until the end of the concession period, SMC PLEX shall submit to the PGP its actual historical cash flows from Revenues based on the audited financial statements to test if the Project Internal Rate of Return has exceeded ten percent as of the relevant testing date. If the Project Internal Rate of Return has not exceeded ten percent as of the relevant testing date, the PGP shall not be entitled to any Province Earnings Share. If it exceeded ten percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to thirty percent of the Earnings before Taxes of the concessionaire. The amount of the Province Earnings Share shall be determined every quarter of the relevant calendar year where the PGP is entitled for such share. If it has exceeded twelve percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to seventy percent of the Earnings before Taxes of the concessionaire.

10. At the end of the concession period, SMC PLEX shall transfer the ownership and all its rights, title to, and interest in the PLEX Phase 1 to the PGP, free from any lien and encumbrance and in consideration of the sum of One Peso. On the transfer date, SMC PLEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

x. CBEX

On February 7, 2023, SMC CBEX entered into a TCA with the Provincial Government of Cavite (PGC). Under the TCA, the CBEX Project will include the financing, engineering, design, construction, operation and maintenance of a 27.06 km toll road. Subject to existing law, the TCA also grants to SMC CBEX the franchise to operate and maintain the CBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC CBEX shall have the right to designate an operator, with prior consent of the PGC, to operate and maintain the CBEX Project. As at December 31, 2024, SMC CBEX has not yet designated an operator.

2. To guarantee the faithful performance by SMC CBEX of the construction of the CBEX Project, SMC CBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGC from time to time to the extent of the percentage-of-completion of the CBEX Project.

3. As concessionaire, SMC CBEX shall have full responsibility in all aspects of the operation and maintenance of the CBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the CBEX Project, SMC CBEX shall post in favor of the PGC an OMPS amounting to P100, which must be valid for the entire concession period of 35 years.

4. SMC CBEX shall finance the cost of the CBEX Project, while maintaining a debt-to-equity ratio of 70:30.

5. SMC CBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.

6. SMC CBEX shall remit to the PGC the Province Earnings Share of 70% of the net income of the CBEX Project after SMC CBEX has achieved Return of Investment based on the CBEX Project's free cash flows. The Province Earnings Share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.

7. At the end of the concession period, SMC CBEX shall transfer ownership to the PGC without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC CBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

xi. NBEX

On July 31, 2023, SMC NBEX entered into a TCA with the Provincial Government of Batangas (PGB), following the issuance of a NOA on March 22, 2023. Under the TCA, the NBEX Project will include the financing, engineering, design, construction, operation and maintenance of a 60.9 km toll road. Subject to existing law, the TCA also grants to SMC NBEX the franchise to operate and maintain the NBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC NBEX shall have the right to designate an operator, with prior consent of the PGB, to operate and maintain the project. As at December 31, 2024, SMC NBEX has not designated an operator.

2. To guarantee the faithful performance by SMC NBEX of the construction of the NBEX Project, SMC NBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGB from time to time to the extent of the percentage-of-completion of the NBEX Project.

3. As concessionaire, SMC NBEX shall have full responsibility in all aspects of the operation and maintenance of the NBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the NBEX Project, SMC NBEX shall post in favor of the PGB an OMPS amounting to P100, which must be valid for the entire concession period of 35 years. As at December 31, 2024, SMC NBEX has yet to pay the OMPS as the NBEX Project has not yet entered the In-Service Date.

4. SMC NBEX shall finance the cost of the NBEX Project, while maintaining a debt-to-equity ratio of 70:30.

5. SMC NBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.

6. SMC NBEX shall remit to the PGB the Province Earnings Share of 70% of the net income of the NBEX Project after SMC NBEX has achieved Return of Investment based on the NBEX Project's free cash flows. The Province Earnings Share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.

7. At the end of the concession period, SMC NBEX shall transfer the ownership to the PGB without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC NBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

xii. TPLEX Extension

On July 3, 2024, TPLEXE was awarded by the Government of the ROP, through the DPWH, rights to the financing, design, construction, operation and maintenance of the TPLEX Extension Project under a BOT scheme under RA No. 6957, as amended by the RA No. 7718, and its Implementing Rules and Regulations.

The TPLEX Extension Project is comprised of a 59.4 km toll road from Rosario, La Union to San Juan, La Union, with four travel lanes, divided into three segments: (1) Rosario-Tubao; (2) Tubao-Naguilian and (3) Naguilian-San Juan. There shall be five interchanges located at: (1) Rosario, La Union; (2) Tubao, La Union; (3) Naguilian, La Union; (4) Bauang, La Union and (5) San Juan, La Union; inclusive of civil works, toll facilities and toll system of the toll road.

The TPLEX Extension Project is owned by the ROP without prejudice to the rights and entitlement of TPLEXE. The legal transfer of ownership of the TPLEX Extension Project shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction and upon issuance of the Certificate of Substantial Completion for each segment of the TPLEX Extension Project.

The concession period for the TPLEX Extension Project shall be 34 years commencing from the effectivity date of the STOA.

o *Water Concession Agreements*

i. Bulacan Bulk Water Supply Project

On December 7, 2015, MWSS issued a NOA to SMC - K-water Consortium (the Consortium) awarding the Bulacan Bulk Water Supply Project. In accordance with the NOA, the LCWDC was registered by the Consortium as the concessionaire.

On January 15, 2016, a Concession Agreement was executed between MWSS and LCWDC for a 30-year period, subject to extensions as may be provided for under the Concession Agreement. The Bulacan Bulk Water Supply Project shall comprise of the supply of treated bulk water, planning, financing, development, design, engineering and construction of facilities including the management, operation and maintenance in order to alleviate the chronic water shortage and provide potable water needs of the province of Bulacan.

On January 24, 2019, LCWDC commenced operations upon issuance of the Certificate of Final Acceptance by the MWSS for the completion of all works required under Stage 1 of the Bulacan Bulk Water Supply Project.

On April 25, 2019, MWSS issued the Certificate of Final Acceptance for Stage 2 of the Bulacan Bulk Water Supply Project.

Upon issuance of the Certificate of Final Acceptance by MWSS for completion of all works for Stage 1, LCWDC officially commenced its operations and started delivery of potable bulk water to the first seven Water Districts of Bulacan. Thereafter, on 24 April 2020, LCWDC successfully completed Stages 1 & 2 of the Project and delivered bulk water to a total of 12 Water Districts.

Other salient features of the Concession Agreement are as follows:

1. LCWDC shall pay annual water rights fee to the Provincial Government of Bulacan amounting to P5 for the first five years of operation, subject to adjustment based on the Concession Agreement starting on the sixth contract year onwards.

2. LCWDC shall pay an annual Concession Fee and Operation and Maintenance Fee to MWSS amounting to the equivalent of 2.5% of the Annual Gross Revenue of LCWDC and P5, respectively.

3. MWSS and the Water Service Providers (WSPs) of the Province of Bulacan entered into a Memoranda of Understanding where the parties agreed to cooperate with each other towards the successful implementation of the Bulacan Bulk Water Service Project. Pursuant thereto, MWSS, LCWDC, and the individual WSPs for Stages 1 & 2 has entered into individual MOA where the MWSS, through LCWDC, has committed to supply the potable bulk water and the WSPs have agreed to accept the water and/or pay the Bulk Water Charges at the rate of Eight Pesos and Fifty Centavos plus VAT, subject to certain adjustments as provided under the Concession Agreement and the MOA.

4. LCWDC utilized the National Housing Authority (NHA) site for the water treatment facility. The NHA site is the 5.5 hectares located at Pleasant Hills, San Jose Del Monte, Bulacan intended as the site for the water treatment facility. LCWDC paid in staggered cash in the aggregate amount of P165.

5. At the end of the concession period, LCWDC shall transfer the facilities to MWSS in the condition required for turnover as described in the Minimum Performance Standards and Specifications of the Concession Agreement.

ii. Obando Water Project

On October 12, 2017, OWCI entered into a Concession Agreement with OWD. The Concession Agreement sets forth the rights and obligations of OWCI as Concessionaire throughout the 25-year concession period. The OWD will monitor and review the performance of the concessionaire during the concession period.

Under the Agreement, OWD grants OWCI (as contractor to perform certain functions and as agent for the exercise of certain rights and powers under PD No. 564), the sole right to manage, operate, maintain, repair, refurbish and expand the fixed and movable assets required to provide water and sanitation services in the entire Municipality of Obando for a period of 25 years commencing on January 1, 2018 until December 31, 2042 or the early termination date as the case may be. While OWCI has the right to manage, operate, repair and refurbish specified OWD facilities in the service area, legal title to these assets remains with the OWD. The legal title to all fixed assets contributed to the existing OWD system by OWCI during the concession remains with OWCI until the Expiration Date (or the early termination date) at which time all rights, titles and interest in such assets will automatically vest in OWD.

The initial water tariff, exclusive of VAT and/or any applicable tax, to be charged to the customers for the first three years of the Concession Agreement shall be based on the 2005 Local Water Utilities Administration (LWUA) approved tariff table of OWD. Under the Concession Agreement, in the event that one or more grounds for extraordinary price adjustment has occurred or is expected to occur, an appropriate price adjustment to be applied to the tariff or an appropriate adjustment to the service obligations of the concessionaire will be determined by OWD.

Grounds for extraordinary price adjustment means any of the following circumstances:

a. Change in law or change in the interpretation of the terms of the Concession Agreement;

b. Extraordinary cost incurred due to prolonged force majeure;

c. A material change has been made to the basis of calculation or definition of the Consumer Price Index or replacement index agreed;

d. Change in assumptions at the time of the execution of the Agreement; and

e. The concessionaire has incurred significant additional costs as a result of an event of force majeure which are not covered by insurance.

In 2023, the following provisions in the Concession Agreement were amended:

- Deferral of certain service obligations on continuity of supply, water availability and pressure, non-revenue water reduction, and supply of sanitation services and septage management system;
- Exclusion of the island barangays from the service area;
- Correction on provision of water other than through a water main and base and additional concession fee;
- Adjustment on the disconnection, performance security, tariff schedule and amendment on the extraordinary price adjustment;
- Adjustment for failure to meet service obligations and addition of formula for the early termination amount; and
- Basis of franchise tax has shifted from OWCI's gross receipt to OWD's gross receipt to align with BIR regulations.

iii. Bulakan Water Project

On June 14, 2019, BWCI entered into a Concession Agreement with BWD. The Concession Agreement sets forth the rights and obligations of BWCI as concessionaire throughout the 25-year concession period. BWD will monitor and review the performance of the concessionaire during the concession period.

Under the Concession Agreement, BWD grants BWCI, (as contractor to perform certain functions and as agent for the exercise of certain rights and powers), the sole right to manage, operate, maintain, repair, refurbish and expand, and as appropriate, decommission, the facilities in the entire Municipality of Bulakan for a period of 25 years commencing on June 14, 2019 until June 13, 2044 or the early termination date as the case may be.

While BWCI has the right to manage, operate, repair and refurbish specified BWD facilities in the service area, legal title to these assets remains with the BWD. The legal title to all fixed assets contributed to the existing BWD system by BWCI during the concession remains with BWCI until the Expiration Date (or the early termination date) at which time all rights, titles and interest in such assets will automatically vest in BWD.

The water tariff, exclusive of VAT and/or any applicable tax, to be charged to the customers is based on the agreed tariff escalation clause under the Concession Agreement.

Under the Concession Agreement, in the event that one or more grounds for extraordinary price adjustment has occurred or is expected to occur, an appropriate price adjustment to be applied to the tariff or an appropriate adjustment to the service obligations of the concessionaire will be determined by BWD.

Grounds for extraordinary price adjustment means any of the following circumstances:

- Change in law or change in the interpretation of the terms of the Concession Agreement;
- Any event of force majeure;
- A material change has been made to the basis of calculation or definition of the Consumer Price Index or replacement index;
- The business assumptions of the concessionaire have proven to be incorrect in a material way; or
- The concessionaire has incurred significant additional costs as a result of an event of force majeure which are not covered by insurance.

On November 21, 2022, BWD received tariff approval letter from LWUA approving the 43% tariff increase effective December 2022 (December 2022 consumption; January 2023 Billing) this is in accordance with the LWUA Board Resolution no. 55, Series of 2022 dated November 11, 2022).

As a result of the above terms of the Concession Agreement, BWCI recognized service concession asset and service concession obligation, on the commencement date.

On August 14, 2024, through its Board Resolution No. 030, series 2024, BWD approved the adjusted timeline for the fulfillment of the service obligations of BWCI under the Concession Agreement.

- Food and Beverage

  - *Toll Agreements*

    The significant subsidiaries of SMFB have entered into toll processing with various contract growers, breeders, contractors and processing plant operators (collectively referred to as the "Parties"). The terms of the agreements include the following, among others:

    - The Parties have the qualifications to provide the contracted services and have the necessary manpower, facilities and equipment to perform the services contracted.

    - Tolling fees paid to the Parties are based on the agreed rate per acceptable output or processed product. The fees are normally subject to review in cases of changes in costs, volume and other factors.

    - The periods of the agreement vary. Negotiations for the renewal of any agreement generally commence six months before expiry date.

    Total tolling expenses included as part of "Cost of sales" account in the consolidated statements of income amounted to P5,777, P5,825 and P6,692 in 2024, 2023 and 2022, respectively (Note 26).

- Cement

  - *Mineral Production Sharing Agreement (MPSA)*

    NCC, ECC and its subsidiaries have the following existing MPSAs granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) and the DENR. Details of the MPSA are as follows:

    i. NCC

MPSA No.	Location	Date of Issuance
106-98-1	Labayug, Sison, Pangasinan	March 12, 1998

    The MPSA has an initial term of 25 years from the date of issuance and an approved renewal of another 25 years or until March 12, 2048.

    NCC has the following key commitments under its MPSA:

    - The Philippine Government share shall be the excise tax on mineral products at the time of removal and at the rate provided for in RA No. 7729 amending Section 151 (a) of the Revised National Internal Revenue Code, as well as other taxes, duties and fees levied by existing laws.

      Excise taxes paid to the Philippine Government aggregated to P15, P14 and P11 in 2024, 2023 and 2022, respectively.

    - Allotment of a minimum of 1.50% of the direct drilling and milling costs necessary to implement the activities for community development.

      Allotment made amounted to P8 in 2024 and P6 in 2023 and 2022.

On July 23, 2021, NCC filed its MPSA renewal to the DENR, as part of the covenants of the OLSA. The application was consequently received by the Office of the Regional Director, Mines and Geoscience Bureau Region I on July 26, 2021.

ii. ECC and subsidiaries

MPSA No.	Location	Date of Issuance
245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007
181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002
161-00-III	Akle, San Ildefonso, Bulacan	September 12, 2000
100-97-VII	Ginatilan, Cebu	December 29, 1997
101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997
059-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020
060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020
083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997

The MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII in Cebu sites for a period of nine years until November 18, 2030.

In 2024, ECC secured a 25-year extension for its MPSA 181-2002-III. Furthermore, ECC began commercial operations under MPSA 245-2007-III after receiving approval for its mining plan. Consequently, additional provision for MRO amounting to P34 was recognized (Note 13).

In August 2022, ECC applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites. As at December 31, 2024, ECC has not yet received the approval for the extension.

ECC and subsidiaries have the following key commitments under the MPSAs:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.

  Excise taxes paid to the Philippine Government amounted to P48, P61, and P13 in 2024, 2023 and 2022, respectively.

- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

  Pursuant to Administrative Order No. 2010-21: “Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995,” the allotment for community development activities was revised to 1.5% of the operating costs.

  Allotment for community development activities amounted to P14, P7, and P13 in 2024, 2023 and 2022, respectively.

As at December 31, 2024, ECC and subsidiaries are compliant with the foregoing commitments and obligations.

Lease Commitments

- Group as Lessor

The Group has entered into operating leases on its investment property portfolio, consisting of certain service stations and other related structures, machinery and equipment, surplus office spaces as well as leased property (Note 15). These non-cancellable leases will expire up to year 2038. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2024	2023
Within one year	**P1,609**	P1,370
More than one to two years	**787**	657
More than two to three years	**533**	402
More than three to four years	**532**	361
More than four to five years	**365**	342
More than five years	**4,073**	2,486
	P7,899	P5,618

Rent income recognized in the consolidated statements of income amounted to P2,284, P2,004 and P1,766 in 2024, 2023 and 2022, respectively (Note 32). Income from sub-leasing recognized in the consolidated statements of income amounted to P1,696, P1,608 and P1,275 in 2024, 2023 and 2022, respectively.

35. Retirement Plans

The Parent Company and majority of its subsidiaries have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Parent Company and majority of its subsidiaries pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined by using the projected unit credit method. Majority of the Group's latest actuarial valuation date is December 31, 2024. Valuations are obtained on a periodic basis.

Majority of the Retirement Plans are registered with the BIR as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Group's Retirement Plans are vested in the Board of Trustees of each Retirement Plan. The majority of the Board of Trustees of the Group's Retirement Plans who exercises voting rights over the shares and approves material transactions are employees and/or officers of the Parent Company and its subsidiaries. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of the Parent Company.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Retirement Obligation		Effect of Asset Ceiling		Net Defined Benefit Retirement Liability	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Balance at beginning of year	**P25,908**	P22,249	**(P36,620)**	(P31,873)	**(P2)**	(P6)	**(P10,714)**	(P9,630)
Benefit obligation of consolidated subsidiaries	**-**	-	**(4)**	-	**-**	-	**(4)**	-
Recognized in Profit or Loss								
Current service costs	**-**	-	**(2,068)**	(1,785)	**-**	-	**(2,068)**	(1,785)
Past service costs	**-**	-	**(9)**	(2)	**-**	-	**(9)**	(2)
Interest expense	**-**	-	**(2,236)**	(2,264)	**-**	-	**(2,236)**	(2,264)
Interest income	**1,598**	1,632	**-**	-	**-**	-	**1,598**	1,632
Settlement loss	**-**	-	**(11)**	-	**-**	-	**(11)**	-
	1,598	1,632	**(4,324)**	(4,051)	**-**	-	**(2,726)**	(2,419)
Recognized in Other Comprehensive Income								
Remeasurements								
Actuarial gains (losses) arising from:								
Experience adjustments	**-**	-	**(1,644)**	(1,612)	**-**	-	**(1,644)**	(1,612)
Changes in financial assumptions	**-**	-	**(286)**	(1,249)	**-**	-	**(286)**	(1,249)
Changes in demographic assumptions	**-**	-	**19**	(710)	**-**	-	**19**	(710)
Return on plan assets excluding interest income	**(401)**	1,296	**-**	-	**-**	-	**(401)**	1,296
Changes in the effect of asset ceiling	**-**	-	**-**	-	**(9)**	4	**(9)**	4
	(401)	1,296	**(1,911)**	(3,571)	**(9)**	4	**(2,321)**	(2,271)
Others								
Contributions	**3,318**	3,301	**-**	-	**-**	-	**3,318**	3,301
Benefits paid	**(3,252)**	(2,567)	**3,479**	2,802	**-**	-	**227**	235
Transfers from other plans	**71**	19	**(71)**	(19)	**-**	-	**-**	-
Transfers to other plans	**(23)**	(19)	**23**	19	**-**	-	**-**	-
Other adjustments	**29**	(3)	**(282)**	73	**-**	-	**(253)**	70
	143	731	**3,149**	2,875	**-**	-	**3,292**	3,606
Balance at end of year	**P27,248**	P25,908	**(P39,710)**	(P36,620)	**(P11)**	(P2)	**(P12,473)**	(P10,714)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the Parent Company amounted to P113, P89 and P87 in 2024, 2023 and 2022, respectively (Note 29).

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the subsidiaries amounted to P1,975, P1,698 and P1,941 in 2024, 2023 and 2022, respectively (Note 29). Certain subsidiaries made amendments to their respective Retirement Plans in terms of the percentage of final pay based on the adjusted credited years of service. As a result, the Group recognized past service costs amounting to P9, P2 and P258 in 2024, 2023 and 2022, respectively.

The net interest income (expense) on the defined benefit retirement asset (liability) recognized as part of "Interest expense and other financing charges" and "Interest income" accounts in the consolidated statements of income by the Parent Company amounted to (P14), (P75) and P191 in 2024, 2023 and 2022, respectively (Notes 30 and 31).

The net interest expense on the defined benefit retirement liability recognized as part of "Interest expense and other financing charges" and "Interest income" accounts in the consolidated statements of income by the subsidiaries amounted to P624, P557 and P310 in 2024, 2023 and 2022, respectively (Notes 30 and 31).

As at December 31, 2024, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P77 (Note 18) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P170 and P12,380, respectively (Notes 20 and 22).

As at December 31, 2023, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P39 (Note 18) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P101 and P10,652, respectively (Notes 20 and 22).

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2024 and 2023.

The Group's plan assets consist of the following:

	In Percentages	
	2024	2023
Investments in marketable securities and shares of stock	**80.51**	79.53
Investments in pooled funds:		
Fixed income portfolio	**3.59**	4.11
Stock trading portfolio	**0.74**	0.74
Investments in real estate	**2.60**	2.74
Others	**12.56**	12.88

Investments in Marketable Securities

As at December 31, 2024, the plan assets include:

- 45,227,625 common shares and 9,252,860 Subseries "2-F", 9,782,770 Subseries "2-I", 3,900,620 Subseries "2-J", 4,008,450 Subseries "2-K", 2,995,200 Subseries "2-L", 7,441,600 Subseries "2-N" and 3,873,600 Subseries "2-O" Preferred Shares of the Parent Company with fair market value per share of P86.00, P73.30, P72.25, P71.90, P70.00, P77.65, P79.70 and P82.30, respectively;

- 832,357,597 common shares and 474,160 Series 3B, 136,500 Series 4B, 736,500 Series 4C, 235,000 Series 4D and 286,000 Series 4E Preferred Shares of Petron with fair market value per share of P2.43, P1,030.00, P1,020.00, P1,043.00, P1,050.00 and P1,050.00, respectively;

- 33,635,700 common shares of SMB with fair market value per share of P20.00;

- 19,154,430 common shares of GSMI with fair market value per share of P275.00;

- 25,304,900 common shares of SMFB with fair market value per share of P52.75;
- 300 common shares of SMPI with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P63.10;
- 435,246,060 common shares of BankCom with fair market value per share of P6.75; and
- investment in shares of stock of the PSE, other equity securities and bonds which amounted to P8,233.

As at December 31, 2023, the plan assets include:

- 43,044,317 common shares and 9,151,060 Subseries "2-F", 9,782,770 Subseries "2-I", 3,900,620 Subseries "2-J", 4,008,450 Subseries "2-K", 2,680,200 Subseries "2-L", 7,441,600 Subseries "2-N" and 3,873,600 Subseries "2-O" Preferred Shares of the Parent Company with fair market value per share of P102.10, P72.50, P70.50, P67.95, P68.00, P78.00, P77.00 and P78.00, respectively;
- 821,600,597 common shares and 12,960 Series 3A, 474,160 Series 3B, 136,500 Series 4B and 736,500 Series 4C Preferred Shares of Petron with fair market value per share of P3.55, P970.00, P980.00, P1,000.00 and P973.00, respectively;
- 33,635,700 common shares of SMB with fair market value per share of P20.00;
- 19,154,430 common shares of GSMI with fair market value per share of P168.70;
- 24,179,970 common shares of SMFB with fair market value per share of P51.00;
- 300 common shares of SMPI with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P101.90;
- 435,246,060 common shares of BankCom with fair market value per share of P7.27; and
- investment in shares of stock of the PSE, other equity securities and bonds which amounted to P7,348.

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as at the reporting date (Note 4).

The Group's Retirement Plans recognized a gain (loss) on the investment in marketable securities of Top Frontier, Parent Company and its subsidiaries amounting to P382, P2,180 and (P9,544) in 2024, 2023 and 2022, respectively.

Dividend income from the investment in shares of stock of the Parent Company and its subsidiaries amounted to P956, P618 and P395 in 2024, 2023 and 2022, respectively.

Investments in Shares of Stock
The Group's plan assets also include San Miguel Brewery Inc. Retirement Plan's investment in 8,608,494 preferred shares of stock of BPI (inclusive of nominee shares), accounted for under the cost method since cost approximates fair value, amounting to P859 as at December 31, 2024 and 2023.

Investments in Pooled Funds
Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investment in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Approximately 86% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2024 and 2023.

Approximately 58% and 64% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2024 and 2023, respectively.

Investments in Real Estate
The Retirement Plans of the Group have investments in real estate properties as at December 31, 2024 and 2023. The fair value of investment property amounted to P989 as at December 31, 2024 and 2023.

Others
Others include the Retirement Plans' investments in trust account, government securities, bonds and notes, cash and cash equivalents and receivables which earn interest. Investment in trust account represents funds entrusted to a financial institution for the purpose of maximizing the yield on investible funds.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation. The Group is expected to contribute P2,940 to the Retirement Plans in 2025.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participant; and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2024	2023
Discount rate	**3.50 - 7.00**	3.00 - 7.00
Salary increase rate	**3.00 - 8.00**	3.00 - 8.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation ranges from 2.30 to 19.40 years and 1.50 to 20.10 years as at December 31, 2024 and 2023, respectively.

As at December 31, 2024 and 2023, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below:

	Defined Benefit Retirement Obligation			
	2024		2023	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P1,972)**	**P2,326**	(P1,862)	P2,081
Salary increase rate	**2,640**	**(2,333)**	2,324	(2,129)

The outstanding balances of the Group's receivable from the retirement plans are as follows:

a. The Parent Company has advances to and receivables from SMCRP amounting to P6,311 and P6,522 as at December 31, 2024 and 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 8 and 33). Portion of the advances are subject to interest per annum of 5.75% in 2024 and 2023. Interest income earned from the advances amounted to P189 in 2024 and P188 in 2023 and 2022 (Notes 31 and 33).

b. Petron has advances to PCERP amounting to P982 and P937 as at December 31, 2024 and 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 8 and 33). The advances are subject to interest per annum of 5% in 2024 and 2023. Interest income earned from the advances amounted to P45 in 2024 and 2023 and P58 in 2022 (Notes 31 and 33).

   In 2022, portion of Petron's advances to PCERP were converted into contribution to the retirement plan (Note 33).

Transactions with the Retirement Plans are made at normal market prices and terms. Outstanding balances as at December 31, 2024 and 2023 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivable. The Group has not made any provision for impairment losses relating to the receivables from the Retirement Plans in 2024, 2023 and 2022.

36. Dividends and Distributions

Dividends

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

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common				
	March 11, 2024	March 27, 2024	April 26, 2024	**P0.35**
	June 11, 2024	June 28, 2024	July 26, 2024	**0.35**
	November 7, 2024	November 22, 2024	December 2, 2024	**0.35**
	December 5, 2024	January 3, 2025	January 24, 2025	**0.35**
Preferred				
SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	**1.27635**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.27635**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.27635**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.27635**
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	**1.18790625**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.18790625**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.18790625**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.18790625**

Forward

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	**P0.890625**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.890625**
	August 8, 2024	September 20, 2024	October 4, 2024	**0.890625**
	November 7, 2024	December 20, 2024	January 3, 2025	**0.890625**
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	**0.84375**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.84375**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.1031250**
	August 8, 2024	September 20, 2024	October 4, 2024	**0.84375**
	November 7, 2024	December 20, 2024	January 3, 2025	**0.84375**
SMC2L	January 18, 2024	March 21, 2024	April 4, 2024	**1.48396875**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.48396875**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.329770833333333**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.48396875**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.48396875**
SMC2M	January 18, 2024	March 21, 2024	April 4, 2024	**1.5703125**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.5703125**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.505989583333333**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.5703125**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.5703125**
SMC2N	January 18, 2024	March 21, 2024	April 4, 2024	**1.5649875**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.5649875**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.347775**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.5649875**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.5649875**
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	**1.611300**
	May 14, 2024	June 21, 2024	July 4, 2024	**1.611300**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.358066666666667**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.611300**
	November 7, 2024	December 20, 2024	January 3, 2025	**1.611300**

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common				
	March 9, 2023	March 31, 2023	April 28, 2023	P0.35
	June 13, 2023	June 30, 2023	July 26, 2023	0.35
	September 7, 2023	October 6, 2023	October 27, 2023	0.35
	December 7, 2023	January 5, 2024	January 26, 2024	0.35
Preferred				
SMC2F	January 26, 2023	March 21, 2023	April 4, 2023	1.27635
	May 11, 2023	June 21, 2023	July 5, 2023	1.27635
	August 3, 2023	September 21, 2023	October 5, 2023	1.27635
	November 9, 2023	December 21, 2023	January 4, 2024	1.27635
SMC2I	January 26, 2023	March 21, 2023	April 4, 2023	1.18790625
	May 11, 2023	June 21, 2023	July 5, 2023	1.18790625
	August 3, 2023	September 21, 2023	October 5, 2023	1.18790625
	November 9, 2023	December 21, 2023	January 4, 2024	1.18790625
SMC2J	January 26, 2023	March 21, 2023	April 4, 2023	0.890625
	May 11, 2023	June 21, 2023	July 5, 2023	0.890625
	August 3, 2023	September 21, 2023	October 5, 2023	0.890625
	November 9, 2023	December 21, 2023	January 4, 2024	0.890625
SMC2K	January 26, 2023	March 21, 2023	April 4, 2023	0.84375
	May 11, 2023	June 21, 2023	July 5, 2023	0.84375
	August 3, 2023	September 21, 2023	October 5, 2023	0.84375
	November 9, 2023	December 21, 2023	January 4, 2024	0.84375
SMC2M	November 9, 2023	December 21, 2023	January 4, 2024	1.5703125

On January 16, 2025, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at March 21, 2025 on the following shares to be paid on April 4, 2025, as follows:

Class of Shares	Dividends Per Share
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

On March 13, 2025, the BOD of the Parent Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 28, 2025 to be paid on April 25, 2025.

Distributions
The Parent Company paid P2,102 and P2,007 to the holders of SPCS in 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Parent Company.

37. Basic and Diluted Earnings Per Common Share

Basic and diluted EPS is computed as follows:

	Note	**2024**	2023	2022
Net income (loss) attributable to equity holders of the Parent Company		**(P7,411)**	P198	(P12,968)
Dividends on preferred shares	*24, 36*	**(7,416)**	(4,185)	(4,293)
Distributions on capital securities	*24, 36*	**(2,102)**	(2,007)	(2,157)
Net loss attributable to common shareholders of the Parent Company (a)		**(P16,929)**	(P5,994)	(P19,418)
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)		**2,384**	2,384	2,384
Basic and diluted loss per common share attributable to equity holders of the Parent Company (a/b)		**(P7.10)**	(P2.51)	(P8.15)

As at December 31, 2024, 2023 and 2022, the Parent Company has no dilutive debt or equity instruments.

38. Supplemental Cash Flow Information

Supplemental information with respect to the consolidated statements of cash flows is presented below:

a. Changes in noncash current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the consolidated statements of financial position):

	2024	2023	2022
Trade and other receivables - net	**(P1,561)**	(P24,104)	(P66,502)
Inventories	**(16,046)**	27,789	(43,902)
Prepaid expenses and other current assets	**(13,154)**	(13,928)	(19,926)
Accounts payable and accrued expenses	**41,388**	(2,026)	16,744
Income and other taxes payable and others	**(10,803)**	6,883	19,817
	(P176)	(P5,386)	(P93,769)

b. Acquisition of subsidiaries, net of cash and cash equivalents acquired.

	2024	2022
Cash and cash equivalents	**P110**	P12,957
Trade and other receivables - net	**20**	2,155
Inventories	**14**	2,299
Prepaid expenses and other current assets	**9**	4,724
Investments and advances - net	**-**	165
Property, plant and equipment - net	**1,450**	36,969
Right-of-use assets - net	**-**	26
Investment property - net	**390**	-
Other intangible assets - net	**950**	1,346
Deferred tax assets	**42**	103
Other noncurrent assets - net	**-**	1,108
Accounts payable and accrued expenses	**(1,642)**	(9,505)
Income and other taxes payable	**(123)**	(205)
Long-term debt - net of debt issue costs	**(129)**	(4,040)
Deferred tax liabilities	**(14)**	(13)
Other noncurrent liabilities	**(857)**	(170)
Lease liabilities	**-**	(36)
Non-controlling interests	**15**	(23)
Net assets	**235**	47,860
Cash and cash equivalents	**(110)**	(12,957)
Goodwill in subsidiaries	**1,488**	54,273
Other intangible assets - net	**-**	6,960
Investments in equity and debt instruments	**-**	4,077
Investments and advances - net	**(573)**	(2,987)
Gain on consolidation	**-**	(22)
Net cash flows	**P1,040**	P97,204

c. Changes in liabilities arising from financing activities

	Loans Payable	**Long-term Debt**	**Lease Liabilities**	**Dividends and Distributions Payable**
Balance at January 1, 2024	**P214,881**	**P1,190,584**	**P56,572**	**P4,605**
Changes from Financing Cash Flows				
Proceeds of borrowings	**1,334,679**	**357,390**	**-**	**-**
Payments of borrowings	**(1,256,795)**	**(309,435)**	**-**	**-**
Payments of lease liabilities	**-**	**-**	**(20,195)**	**-**
Dividends and distributions paid	**-**	**-**	**-**	**(50,928)**
Total Changes from Financing Cash Flows	**77,884**	**47,955**	**(20,195)**	**(50,928)**
Effect of Changes in Foreign Exchange Rates	**495**	**24,454**	**506**	**-**
Other Changes	**(30)**	**4,276**	**5,662**	**51,483**
Balance at December 31, 2024	**P293,230**	**P1,267,269**	**P42,545**	**P5,160**

	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance at January 1, 2023	P267,704	P1,088,196	P75,475	P4,037
Changes from Financing Cash Flows				
Proceeds of borrowings	1,145,761	292,879	-	-
Payments of borrowings	(1,197,861)	(190,822)	-	-
Payments of lease liabilities	-	-	(20,995)	-
Dividends and distributions paid	-	-	-	(44,145)
Total Changes from Financing Cash Flows	(52,100)	102,057	(20,995)	(44,145)
Effect of Changes in Foreign Exchange Rates	(1,007)	(3,328)	(234)	-
Other Changes	284	3,659	2,326	44,713
Balance at December 31, 2023	P214,881	P1,190,584	P56,572	P4,605

39. Financial Risk and Capital Management Objectives and Policies

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

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

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

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

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

- changes in the timing of the hedged transactions.

Interest Rate Risk Table

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

December 31, 2024	**<1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P69,559**	**P75,072**	**P111,758**	**P93,032**	**P81,440**	**P172,129**	**P602,990**
Interest rate	**3.284% - 9.635%**	**3.284% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	**4.8356% - 9.635%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,453**	**1,519**	**1,588**	**10,338**	**10,416**	**8,674**	**33,988**
Interest rate	**8.331%**	**8.331%**	**8.331%**	**6.55% - 8.331%**	**6.68% - 8.331%**	**8.331%**	
Floating Rate							
Philippine Peso-denominated	**1,895**	**2,923**	**4,045**	**4,383**	**10,936**	**29,632**	**53,814**
Interest rate	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	
Foreign currency-denominated (expressed in Philippine Peso)	**22,207**	**105,707**	**115,771**	**146,395**	**138,428**	**63,382**	**591,890**
Interest rate	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	
	P95,114	**P185,221**	**P233,162**	**P254,148**	**P241,220**	**P273,817**	**P1,282,682**

December 31, 2023	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P98,099	P73,303	P75,000	P118,771	P87,199	P142,861	P595,233
Interest rate	3.284% - 9.635%	3.284% - 9.635%	3.284% - 9.635%	3.3832% - 9.635%	3.5483% - 9.635%	3.5483% - 9.635%	
Foreign currency-denominated (expressed in Philippine Peso)	1,330	1,391	1,454	1,520	9,895	9,967	25,557
Interest rate	8.331%	8.331%	8.331%	8.331%	6.55% - 8.331%	8.331%	
Floating Rate							
Philippine Peso-denominated	2,286	21,819	1,938	1,938	2,398	23,561	53,940
Interest rate	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	
Foreign currency-denominated (expressed in Philippine Peso)	136,617	23,802	88,505	73,884	120,336	85,960	529,104
Interest rate	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	
	P238,332	P120,315	P166,897	P196,113	P219,828	P262,349	P1,203,834

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P6,457, P5,830 and P4,916 in 2024, 2023 and 2022, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

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

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

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

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

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

- changes in the timing of the hedged transactions.

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

	December 31, 2024		December 31, 2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$1,619**	**P93,731**	US$1,720	P95,227
Trade and other receivables	**952**	**55,088**	1,322	73,163
Prepaid expenses and other current assets	**18**	**1,046**	21	1,165
Noncurrent receivables	**37**	**2,184**	33	1,857
	2,626	**152,049**	3,096	171,412
Liabilities				
Loans payable	**720**	**41,630**	243	13,458
Accounts payable and accrued expenses	**2,405**	**139,067**	2,497	138,309
Long-term debt (including current maturities)	**10,820**	**625,878**	10,018	554,661
Lease liabilities (including current portion)	**369**	**21,417**	434	24,066
Other noncurrent liabilities	**30**	**1,775**	25	1,447
	14,344	**829,767**	13,217	731,941
Net foreign currency - denominated monetary liabilities	**US$11,718**	**P677,718**	US$10,121	P560,529

The Group reported net gain (loss) on foreign exchange amounting to (P20,514), P2,485 and (P21,518) in 2024, 2023 and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 32). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2024	**P57.845**
December 31, 2023	55.370
December 31, 2022	55.755

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

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
December 31, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P1,454)**	**(P1,307)**	**P1,454**	**P1,307**
Trade and other receivables	**(431)**	**(898)**	**431**	**898**
Prepaid expenses and other current assets	**(10)**	**(15)**	**10**	**15**
Noncurrent receivables	**(34)**	**(28)**	**34**	**28**
	(1,929)	**(2,248)**	**1,929**	**2,248**
Loans payable	**425**	**612**	**(425)**	**(612)**
Accounts payable and accrued expenses	**1,874**	**2,387**	**(1,874)**	**(2,387)**
Long-term debt (including current maturities)	**10,786**	**8,123**	**(10,786)**	**(8,123)**
Lease liabilities (including current portion)	**277**	**301**	**(277)**	**(301)**
Other noncurrent liabilities	**28**	**23**	**(28)**	**(23)**
	13,390	**11,446**	**(13,390)**	**(11,446)**
	P11,461	**P9,198**	**(P11,461)**	**(P9,198)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P1,238)	(P1,425)	P1,238	P1,425
Trade and other receivables	(429)	(1,076)	429	1,076
Prepaid expenses and other current assets	(10)	(19)	10	19
Noncurrent receivables	(31)	(25)	31	25
	(1,708)	(2,545)	1,708	2,545
Loans payable	-	242	-	(242)
Accounts payable and accrued expenses	1,338	2,054	(1,338)	(2,054)
Long-term debt (including current maturities)	9,977	7,775	(9,977)	(7,775)
Lease liabilities (including current portion)	341	349	(341)	(349)
Other noncurrent liabilities	16	21	(16)	(21)
	11,672	10,441	(11,672)	(10,441)
	P9,964	P7,896	(P9,964)	(P7,896)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

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

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

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

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

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

Liquidity Risk

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

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

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

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

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

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P261,358	P261,358	P261,358	P -	P -	P -
Trade and other receivables - net	263,119	263,119	263,119	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,364	2,364	2,063	-	301	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	1,401	1,401	1,012	-	-	389
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	7,424	7,738	54	54	1,970	5,660
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,158	16,822	1,333	846	2,636	12,007
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	9,181	10,613	843	1,541	2,156	6,073
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	18,519	18,519	14,076	3,111	-	1,332
Financial Liabilities						
Loans payable	214,881	217,073	217,073	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, and deferred income)	220,952	220,952	220,952	-	-	-
Dividends and distributions payable	4,605	4,605	4,605	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,177	1,177	908	-	269	-
Long-term debt (including current maturities)	1,190,584	1,521,481	312,675	181,041	699,563	328,202
Lease liabilities (including current portion)	56,572	69,146	20,878	6,467	22,334	19,467
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	11,023	11,023	-	5,577	3,671	1,775

Credit Risk

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

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

Trade and Other Receivables

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

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

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

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

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

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

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

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

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

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

	Note	**December 31, 2024**	December 31, 2023
Cash and cash equivalents (excluding cash on hand)	*4, 7*	**P287,803**	P256,366
Trade and other receivables - net	*8*	**266,981**	263,119
Derivative assets	*10, 18*	**2,782**	2,364
Investments in debt instruments at FVPL	*10, 12*	**438**	1,012
Investments in debt instruments at FVOCI	*12*	**669**	668
Investments in debt instruments at amortized cost	*4, 10, 12*	**12,180**	12,158
Noncurrent receivables and deposits - net	*4, 18*	**8,797**	9,181
Restricted cash	*4, 10, 18*	**23,822**	18,519
		P603,472	P563,387

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

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

	December 31, 2023					
	Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents (excluding cash on hand)	P256,366	P -	P -	P -	P -	P256,366
Trade and other receivables	-	263,119	13,120	-	-	276,239
Derivative assets	-	-	-	1,270	1,094	2,364
Investments in debt instruments at FVPL	-	-	-	1,012	-	1,012
Investments in debt instruments at FVOCI	-	-	-	-	668	668
Investments in debt instruments at amortized cost	12,158	-	-	-	-	12,158
Noncurrent receivables and deposits	-	9,181	567	-	-	9,748
Restricted cash	18,519	-	-	-	-	18,519

The aging of receivables is as follows:

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

December 31, 2023	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P127,332	P42,108	P8,709	P178,149
Past due:				
1 - 30 days	17,482	8,071	66	25,619
31 - 60 days	5,049	282	14	5,345
61 - 90 days	3,322	1,331	14	4,667
Over 90 days	35,262	24,939	2,258	62,459
	P188,447	P76,731	P11,061	P276,239

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

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

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

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

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

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

Financial and Other Risks Relating to Livestock

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

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken and hogs in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.

- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.

- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

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

Capital Management

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

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

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

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

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

40. Financial Assets and Financial Liabilities

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

	December 31, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P293,677**	**P293,677**	P261,358	P261,358
Trade and other receivables - net	**266,981**	**266,981**	263,119	263,119
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**2,782**	**2,782**	2,364	2,364
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**896**	**896**	1,401	1,401
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	**8,988**	**8,988**	7,424	7,424
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,180**	**12,180**	12,158	12,158
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**8,797**	**8,797**	9,181	9,181
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**23,822**	**23,822**	18,519	18,519
Financial Liabilities				
Loans payable	**293,230**	**293,230**	214,881	214,881
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	**285,456**	**285,456**	220,952	220,952
Dividends and distributions payable	**5,160**	**5,160**	4,605	4,605
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**2,017**	**2,017**	1,177	1,177
Long-term debt (including current maturities)	**1,267,269**	**1,306,606**	1,190,584	1,211,878
Lease liabilities (including current portion)	**42,545**	**42,545**	56,572	56,572
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**7,068**	**7,068**	11,023	11,023

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

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

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

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

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

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.7% to 7.8% and 5.1% to 6.0% as at December 31, 2024 and 2023, respectively. The discount rates used for foreign currency-denominated loans range from 4.2% to 4.4% and 3.9% to 5.3% as at December 31, 2024 and 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency, interest rate and commodity derivative contracts to manage its exposure on foreign currency, interest rate and commodity price risks. The portfolio is a mixture of instruments including forwards, swaps and options.

Derivative Instruments Accounted for as Cash Flow Hedges

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

	Maturity			
December 31, 2024	**1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Total**
Foreign currency risk:				
Call spread swaps:				
Notional amount	**US$ -**	**US$40**	**US$515**	**US$555**
Average strike rate	**-**	**P51.35 to P55.40**	**P54.30 to P61.62**	
Interest rate risk:				
Interest rate options:				
Notional amount	**US$ -**	**US$225**	**US$1,050**	**US$1,275**
Interest rate	**-**	**0.39% to 2.91%**	**0.50% to 6.25%**	

	Maturity			
December 31, 2023	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Total
Foreign currency risk:				
Call spread swaps:				
Notional amount	US$190	US$ -	US$80	US$270
Average strike rate	P48.00 to P53.70	-	P51.35 to P59.00	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US$30	US$ -	US$ -	US$30
Average strike rate	P50.635	-	-	
Fixed interest rate	3.60% to 4.01%	-	-	
Interest rate risk:				
Interest rate options:				
Notional amount	US$ -	US$ -	US$525	US$525
Interest rate	-	-	0.39% to 6.35%	

The following are the amounts relating to hedged items:

December 31, 2024	**Change in Fair Value Used for Measuring Hedge Ineffectiveness**	**Hedging Reserve**	**Cost of Hedging Reserve**
Foreign currency risk:			
US Dollar-denominated borrowings	**(P880)**	**P -**	**(P752)**
Foreign currency and interest rate risks:			
US Dollar-denominated borrowings	**(75)**	**-**	**-**
Interest rate risk:			
US Dollar-denominated borrowings	**(516)**	**380**	**(309)**

December 31, 2023	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	P4	P -	(P290)
Foreign currency and interest rate risks:			
US Dollar-denominated borrowings	(142)	(23)	20
Interest rate risk:			
US Dollar-denominated borrowings	59	148	(258)

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

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

December 31, 2024	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Call spread swaps	**US$555**	**P1,297**	**P -**	Other noncurrent assets - net	**P880**	**(P892)**	**(P880)**	**P276**	Interest expense and other financing charges, and Other income (charges) - net
Foreign currency and interest rate risks:									
Cross currency swap	**-**	**-**	**-**	Prepaid expenses and other current assets	**75**	**(27)**	**(44)**	**-**	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate options	**1,275**	**255**	**(127)**	Other noncurrent assets – net, and Other noncurrent liabilities	**516**	**(68)**	**(207)**	**-**	Interest expense and other financing charges

December 31, 2023	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Call spread swaps	US$270	P832	P -	Prepaid expenses and other current assets, and Other noncurrent assets - net	(P4)	P10	P4	P197	Interest expense and other financing charges, and Other income - net
Foreign currency and interest rate risks:									
Cross currency swap	30	137	-	Prepaid expenses and other current assets	142	105	(291)	(9)	Interest expense and other financing charges, and Other income - net
Interest rate risk:									
Interest rate options	525	125	(269)	Other noncurrent assets - net, and Other noncurrent liabilities	(59)	(202)	(77)	(21)	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized in the 2024, 2023 and 2022 consolidated statements of income.

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

	2024		2023	
	Hedging Reserve	**Cost of Hedging Reserve**	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	**P125**	**(P528)**	P339	(P595)
Changes in fair value:				
Foreign currency risk	**880**	**(892)**	(4)	10
Foreign currency and interest rate risks	**75**	**(27)**	142	105
Interest rate risk	**516**	**(68)**	(59)	(202)
Amount reclassified to profit or loss	**(1,131)**	**276**	(364)	167
Tax effect	**(85)**	**178**	71	(13)
Ending balance	**P380**	**(P1,061)**	P125	(P528)

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

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

Interest Rate Swap
The Group has outstanding interest rate swap with notional amount of US$75 and US$90 as at December 31, 2024 and 2023, respectively. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P32 and P47 as at December 31, 2024 and 2023, respectively.

Currency Forwards
The Group has outstanding foreign currency forward contracts with aggregate notional amount of US$1,066 and US$978 as at December 31, 2024 and 2023, respectively, and with various maturities in 2025 and 2024. The net negative fair value of these currency forwards amounted to P991 and P385 as at December 31, 2024 and 2023, respectively.

Currency Options
The Group has outstanding currency options with aggregate notional amount of US$50 and US$200 as at December 31, 2024 and 2023, respectively, and with various maturities in 2025 and 2024. The net negative fair value of these currency options amounted to P5 and P18 as at December 31, 2024 and 2023, respectively.

Commodity Swaps
The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities in 2024 and 2025. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil was 100.6 million barrels and 51.1 million barrels as at December 31, 2024 and 2023, respectively. The net positive fair value of these swaps amounted to P339 and P738 as at December 31, 2024 and 2023, respectively.

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

Embedded Currency Forwards
The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$170 and US$145 as at December 31, 2024 and 2023, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P35 and P20 as at December 31, 2024 and 2023, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to P614, (P1,379) and P2,920 in 2024, 2023 and 2022, respectively (Note 32).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	2024	2023
Balance at beginning of year	**P1,187**	P792
Net change in fair value of derivatives:		
Designated as accounting hedge	**1,751**	43
Not designated as accounting hedge	**614**	(1,379)
	3,552	(544)
Less fair value of settled instruments	**2,787**	(1,731)
Balance at end of year	**P765**	P1,187

Fair Value Hierarchy
Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

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

	December 31, 2024			December 31, 2023		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial Assets						
Derivative assets	**P -**	**P2,782**	**P2,782**	P -	P2,364	P2,364
Financial assets at FVPL	**438**	**458**	**896**	1,012	389	1,401
Financial assets at FVOCI	**1,635**	**7,353**	**8,988**	1,407	6,017	7,424
Financial Liabilities						
Derivative liabilities	**-**	**2,017**	**2,017**	-	1,177	1,177

The Group has no financial instruments valued based on Level 3 as at December 31, 2024 and 2023. In 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

41. Events After the Reporting Date

Parent Company

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

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

San Miguel Global Power

Joint Investments with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their joint venture entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely: (i) the brownfield 1,200 MW Ilijan Power Plant owned by SPPC; (ii) the greenfield 1,320 MW BCCPP owned by EERI; and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

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

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

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

- Investment by CGHI of 67% equity interests in: (i) SPPC; (ii) EERI; and (iii) IPIEC.

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

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, the Group derecognized the assets and liabilities of SPPC, EERI and IPIEC and recognized the 33% equity interests at their fair market values and a revaluation gain estimated at P52,706 and P21,724, respectively.

Issuance of Capital Securities

On February 19, 2025, San Miguel Global Power issued US$100 SPCS (the "Additional Securities") and obtained the approval in-principle from the SGX-ST for the listing and quotation of the Additional Securities.

The Additional Securities shall be consolidated with and shall form a single series with the US$500 SPCS issued on December 2, 2024. The net proceeds of the Additional Securities shall be applied primarily for the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued on October 21, 2020 and December 15, 2020.

Petron

Issuance of Series G, Series H and Series I Fixed Rate Peso-denominated Bonds

On March 4, 2025, the BOD of Petron approved the public offer and issuance of up to P25,000 Peso-denominated Retail Bonds with an oversubscription option of up to P7,000, to be taken from the bond shelf registration rendered effective by the SEC and valid until September 2025.

The net proceeds of the issuance of the bonds will be used for repayment of Series D and Series E Bonds due in 2025 and other existing debt, for capital expenditures and for general corporate purposes.

Common Share Buyback Program of up to 620,000,000 Common Shares

On March 4, 2025, the BOD of Petron approved the common share buyback of up to 620,000,000 shares as follows, with terms and conditions to be determined by Management: (a) up to 167,000,000 shares (the “Maximum Volume” or about P400 (the “Maximum Amount”) and during a period of up to six months or until the Maximum Volume or the Maximum Amount is exhausted or unless earlier terminated by Management; and (b) repurchase of all of the 459,156,097 common shares held by PCERP via a block sale based on the simple average of the three-day close prior to the execution date.

42. Registration with the Board of Investments (BOI) and Others

a. San Miguel Global Power

- In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for six years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987 [Executive Order (EO) No. 226], the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or one month from the date of such commissioning or testing, whichever comes earlier as certified by NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI’s request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations’ specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.

- On September 20, 2016, LETI was registered with the BOI under EO No. 226 as expanding operator of 2 x 150 MW Circulating Fluidized Bed Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for three years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI’s BOI registrations.

  In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted the request of LPI to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

- On October 12, 2012, MPCL received the BOI approval for the application as expanding operator of 600 MW Coal-fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for three years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

- On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for six years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

  On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a four-year ITH reckoned from the start of commercial operations.

  On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

- On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for six years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan Storage for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.

- On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility (R-Hub) covering various sites across the Philippines. The BOI has also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act.

- On February 23, 2021, EERI received the BOI approval for the applications as the new operator of 850 MW BCCPP Phase 1 and 850 MW BCCPP Phase 2 located in Barangay Dela Paz Proper, Batangas City, Batangas. Each registered activity is entitled to a four-year ITH reckoned from April 2023 and October 2026, for Phase 1 and Phase 2, respectively, or the date of the actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

  On December 19, 2023, the BOI approved EERI's request to move the start of commercial operations from April 2023 to August 2024 for Phase 1. The BOI further granted EERI's request to amend the registered capacity from 850 MW to 1,320 MW for Phase 1 and 850 MW to 440 MW for Phase 2.

  On December 19, 2024, EERI requested to transfer its registration from EO No. 226 to CREATE Act.

- On November 29, 2022, the BOI approved the application of SMC Global Light and Power Corp. (SGLPC) as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a seven-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

Registration with the Authority of the Freeport Area of Bataan (AFAB)
On April 24, 2019, MPGC was registered with the AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). MPGC has been granted a renewed certificate of registration with AFAB for the year 2022, issued on December 13, 2021. On October 7, 2022, the AFAB issued an Advisory to FAB registered enterprises on the renewal of registration and issuance of certificate of entitlement to tax incentives stating that the registration issued for the year 2022 will no longer be renewed and shall be valid and in effect as long as the FAB registered enterprise remains in good standing or until revoked or cancelled.

As a FAB registered enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of 4 years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances beyond its control, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

License Granted by the ERC
On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of five years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another five years valid from September 30, 2023 until September 29, 2028.

b. SMFB

SMFI
SMFI is registered with the BOI and AFAB for certain feedmill, poultry, meats and ready-to-eat meals projects. In accordance with the provisions of EO No. 226 otherwise known as "The Omnibus Investment Code of 1987" and the RA No. 9728, also known as "The Freeport Area of Bataan Act of 2009", pursuant to RA No. 11534, the projects are entitled, among others, to fiscal incentives described as follows:

- *New Producer of Animal Feeds (Pellet, Crumble and Mash).* The San Ildefonso, Bulacan Feedmill project (Bulacan Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-074. The Bulacan Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI until 2027, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal and Aqua Feeds*. The Sta. Cruz, Davao feedmill project (Davao Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-073. The Davao Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  On May 24, 2019, the BOI approved SMFI's request to move the Davao Feedmill Project's start of commercial operations and ITH reckoning date to April 2019.

Notwithstanding the expiration of ITH benefit in 2023, SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal Feeds (Pellet, Crumble and Mash).* The Mandaue, Cebu feedmill project (Cebu Feedmill Project) was registered with the BOI on a non-pioneer status on November 10, 2015 under Certificate of Registration No. 2015-251. The Cebu Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  On May 24, 2019, the BOI approved SMFI's request to move the Cebu Feedmill Project's start of commercial operations and ITH reckoning date to December 2019.

  Notwithstanding the expiration of ITH benefit in 2023, SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- SMFI's Bataan feedmill project (Bataan Feedmill Project) was registered with the AFAB as a *Manufacturer of Feeds for Poultry, Livestock and Marine Species* on January 6, 2017 under Certificate of Registration No. 2017-057, valid for a period of one year, renewable annually subject to qualifications as determined by AFAB.

  Said AFAB registration of the Bataan Feedmill Project has been renewed accordingly as follows:

Registration Renewal Date	Certificate of Registration No.	Annual Period Covered
March 6, 2018	2018-096	2018
February 14, 2019	2019-079	2019
December 10, 2019	2020-047	2020
December 29, 2020	2021-081	2021
May 30, 2022	2022-111	2022

  Under the terms of SMFI's AFAB registration, the Bataan Feedmill Project is entitled to incentives which include, among others, ITH for four years from May 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Phividec, Tagoloan, Misamis Oriental feedmill project (CDO Feedmill Project) was registered with the BOI on a pioneer status on May 27, 2020 under Certificate of Registration No. 2020-075. The CDO Feedmill Project is entitled to ITH for four years from June 2020 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  Notwithstanding the expiration of ITH benefit in 2024, SMFI is still required to continue the submission of annual reports to the BOI until 2029, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Barangay Soyung, Echague, Isabela feedmill project (Echague Feedmill Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on June 5, 2023 under Certificate of Registration No. 2023-100. The Echague Feedmill Project is entitled to ITH for six years from June 5, 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins).* The Barangay Darong, Sta. Cruz, Davao del Sur Magnolia Poultry Processing Plant project (MPPP Davao del Sur Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-006. The MPPP Davao del Sur Project is entitled to ITH for five years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins).* The Barangay Ilaya, Palsabangon, Pagbilao, Quezon Magnolia Poultry Processing Plant project (MPPP Pagbilao Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on June 20, 2024 under Certificate of Registration No. 2024-133. The MPPP Pagbilao Project is entitled to ITH for six years from June 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Animal Feeds.* The Barangay Pulong Balibaguhan, Mabini, Batangas feedmill project (Mabini Feedmill Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on July 16, 2024 under Certificate of Registration No. 2024-201. The Mabini Feedmill Project is entitled to ITH for six years from July 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

With the current provisions of RA No. 11534, registered investment projects prior to CREATE granted with ITH are entitled to finish their ITH entitlement as scheduled and are given an option to reapply for new tax incentives for the same activity as provided under Section 294 (B) of the same Act.

<u>SMMI</u>
SMMI was registered with the BOI under Registration No. 2016-035 on a non-pioneer status as an Expanding Producer of Wheat Flour and its By-Products (Bran and Pollard) for its flour mill expansion project in Mabini, Batangas on February 16, 2016.

Under the terms of SMMI's BOI registration and subject to certain requirements as provided in EO No. 226, SMMI is entitled to incentives which include, among others, ITH for three years from July 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On October 25, 2017, the BOI approved SMMI's request to adjust the ITH reckoning date to December 2018 or actual start of commercial operations, whichever is earlier.

On July 25, 2019, the BOI approved SMMI's subsequent request to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier. The ITH period of the project commenced on December 1, 2019.

On August 7, 2020, by virtue of Resolution No. 15-19, Series of 2020, the BOI approved SMMI's request for amendment of ITH Base Figure from Peso sales value of P9,582 to sales volume of 388,447 metric tons.

The three-year ITH incentive ended on June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMMI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

<u>PF-Hormel</u>
PF-Hormel was registered with the BOI under Registration No. 2017-033 on a non-pioneer status as an Expanding Producer of Processed Meat (Hotdog) for its project in General Trias, Cavite on January 31, 2017.

Under the terms of PF-Hormel's BOI registration and subject to certain requirements as provided in EO No. 226, PF-Hormel is entitled to incentives which include, among others, ITH for three years from December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project commenced on December 1, 2017 until November 2020.

Notwithstanding the expiration of ITH benefit in 2020, PF-Hormel is still required to submit the annual reports to the BOI until 2025, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

Domestic Producer of Canned Meat Products. The Sitio de Fuego, Barangay San Francisco, General Trias, Cavite cannery project (PHC Cannery Project) was registered with the BOI pursuant to CREATE Act on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-005. The PHC Cannery Project is entitled to ITH for six years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

c. Petron

Petron Bataan Refinery
In December 2021, the Petron Bataan Refinery (PBR) renewed its registration with the AFAB as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, PBR, under Sec. 311 of RA No. 11534 is granted duty-free importation of merchandise including capital equipment, raw materials, spare parts, and accessories subject to compliance with the conditions specified under the CREATE Act. Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, PBR's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon the withdrawal of finished products sourced from the crude oil importation.

Petron Solid Fuel-Fired Power Plant
On October 11, 2019, the BOI approved Petron's application under EO No. 226 as a New Operator of its 44.4 MW Solid Fuel-Fired Power Plant. The BOI is extending the following major incentives:

a. ITH for four years from January 2024 or actual start of commercial operations, whichever is earlier, but availment shall in no case earlier than the date of registration. Income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the net capacity of the registered project; with optional bonus year on specific cases provided that the aggregate ITH availment (regular and bonus year) shall not exceed eight years.

b. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 85 and its Implementing Rules and Regulations; provided that such capital equipment shall be for the direct and exclusive use of the registered activity.

c. Importation of consigned equipment for a period of ten years from date of registration subject to posting of the appropriate re-export bond.

The project commenced its commercial operation in January 2023 and Petron availed of the ITH in 2024.

Certificate of entitlement has been timely obtained by Petron to support its ITH incentive.

d. Packaging

SMYPC
On December 7, 2018, the BOI issued the certificate of registration to SMYPC's Plastic Caps Plant in Laguna as an expanding producer of injection plastic caps on a non-pioneer status under EO No. 226. The registration entitles SMYPC to certain tax and other incentives including but not limited to a three-year ITH starting June 1, 2019 when it started its commercial operations and will expire on May 31, 2022. On May 13, 2022, the BOI approved SMYPC's request for the deferment of its ITH availment for the year 2021. SMYPC is therefore entitled for the remaining ITH entitlement period from January 2022 to May 31, 2023.

On June 19, 2019, the BOI issued the certificate of registration to SMYPC's Plastics Plant in Cebu as a new producer of plastic products such as but not limited to crates and poultry flooring on a non-pioneer status. The registration entitles SMYPC to a four-year ITH starting July 1, 2019 when its commercial operations started and expired on June 30, 2023.

In addition to the ITH, SMYPC is entitled to the following benefits:

i. Importation of capital equipment, spare parts and accessories at zero duty from the date of effectivity of EO No. 85 and its Implementing Rules and Regulations for a period of three years from the effectivity of the EO or on July 25, 2019 and until July 24, 2022.

ii. Exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Custom Bonded Manufacturing Warehouse (CBMW) exporting at least 70% of production.

iii. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.

iv. Additional deduction for labor expense for a period of five years from registration an amount equivalent to 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five years from the date of registration but not simultaneously with ITH.

v. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.

vi. Employment of foreign nationals.

vii. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

viii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from the date of registration.

ix. Access to CBMW subject to the Customs rules and regulations.

The BOI issued a certificate of registration for SMYPC's Glass Plant in Cavite for its Glass Expansion Project under EO No. 226 was transferred to SMYPC. The registration entitles SMYPC to certain tax and other incentives including but not limited to ITH incentive starting March 1, 2019 and will expire on February 28, 2022. On May 13, 2022, the BOI approved SMYPC's request for the deferment of its ITH availment for the year 2021. SMYPC is therefore entitled for the remaining ITH entitlement period from January 2022 to February 28, 2023.

<u>SYFMC</u>
On December 3, 2019, the BOI issued the certificate of registration to SYFMC's project as a new producer of molds for glass on a pioneer status under EO No. 226. The registration entitles SYFMC to certain tax and other incentives.

The ITH incentive is for a period of six years starting May 1, 2020 when it started its commercial operations. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue granted from the registered project.

e. Cement

<u>ECC</u>
On July 31, 2017, the BOI approved the application of ECC as an expanding producer of cement (Line 3) in Bulacan on a non-pioneer status. ECC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

i. ITH for income directly attributable to Line 3 for three years from May 2018 or actual start of commercial operations, whichever is earlier.

ii. Importation of capital equipment, spare parts and accessories at zero duty.

iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.

iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.

v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of ten years from start of commercial operation.

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.

viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In April 2022, the ITH incentive for Line 3 expired.

On September 14, 2022, the BOI approved the application of ECC as an expanding producer of cement in under Tier 1, "All Qualified Manufacturing Activities including Agro-Processing" of the 2022 Strategic Investment Priority Plan (SIPP). ECC's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- ITH for income directly attributable to Finishing Mill 5 for two years from December 2022 or actual start of commercial operations, whichever is earlier.

- After ITH, enhanced deductions for five years.

- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the SIPP.

- Employment of foreign nationals.

- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In December 2024, the ITH incentive for Finish Mill 5 expired.

In 2024 and 2023, ECC availed benefits from ITH amounting to P398 and P327, respectively.

<u>NCC</u>
Lines A and B Cement Plant and Grinding Facility registration entitles NCC to the following benefits:

i. ITH for four years from January 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its Implementing Rules and Regulation.

iii. Additional deduction from taxable income of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.

iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.

v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.

viii. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

NCC requested for the amendment of project timetable, movement of start of commercial operation and ITH Reckoning date and amendment of Line B from fully integrated cement manufacturing line to cement grinding facility.

On January 18, 2024, the BOI approved NCC’s request for the amendment of project timetable, including the movement of start of commercial operation and ITH reckoning date and the amendment of Line B from fully integrated cement manufacturing line to cement grinding facility only.

Solid North Mineral Corp. (SNMC)
On March 23, 2018, the BOI approved the application of SNMC as a new producer of good, fine and coarse limestone on a non-pioneer status. SNMC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

i. Four-year ITH incentive, starting April 1, 2019, for activities directly attributable in producing good, fine and coarse limestone.

ii. Importation of capital equipment, spare parts and accessories at zero duty.

iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.

iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.

v. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

vi. Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities.

On October 5, 2020, the BOI granted the deferment of SNMC’s ITH availment for taxable year 2020 due to the adverse effects of the COVID-19 pandemic. SNMC is entitled to its remaining ITH entitlement equivalent to three years and three months or from January 1, 2021 to March 31, 2024.

In 2024 and 2023, ITH incentives availed by SNMC amounted to P16 and P64, respectively.

South Western Cement Corporation (SWCC)
On August 23, 2017, SWCC was registered with the BOI as a new producer of cement on a non-pioneer status but with pioneer incentives (the project being located in a less-developed area) under the heading "All Qualified Manufacturing Activities including Agro-Processing" of the 2017 Investment Priorities Plan under EO No. 226. SWCC's registration with BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

i. ITH for six years from May 2020 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.

ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its implementing rules and regulations. Only equipment directly needed and exclusively used in its operation shall be entitled to capital equipment incentives.

iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI. This may be availed of for the first five years from date of registration but not simultaneously with ITH.

iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.

v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and suppliers and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

vii. Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five years from date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not subject to the foregoing limitations.

viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

ix. Additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure and facilities.

On August 26, 2020, the BOI approved the request of SWCC for the movement of start of commercial operation and ITH reckoning date of its registered activity from May 2020 to December 2023 due to ongoing processing of permits in the Cebu site.

On September 6, 2022, the BOI approved the request of SWCC for the movement of start of commercial operation from December 2023 to January 2027 and partially granted the request for the movement of ITH reckoning date of December 2023 to December 2025 noting that its operation has been affected by the COVID-19 pandemic for two years. Accordingly, no tax benefits from ITH incentives have been availed of in 2024 and 2023.

Ionic Cementworks Industries Inc. (ICII)

- *New Producer of Cement (Barangay Ilayang Palsabangon, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status on April 17, 2018, under Certificate of Registration No. 2018-086. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

  i. ITH

    - ITH for four years from May 2021 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

    - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.

  ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its Implementing Rules and Regulation.

  iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.

iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.

v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.

vi. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

- *New Producer of Cement (Malicboy Cement Plant Project, Barangay Kanlurang Malicboy, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status under Certificate of Registration No. 2021-095 on May 21, 2021. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

  i. ITH

     - ITH for four years from January 2026 or actual start of commercial operations of Line 1, whichever is earlier, but in no case earlier than the date of registration.

     - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.

  ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 85 and its Implementing Rules and Regulation.

  iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.

  iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.

  v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.

  vi. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

  vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

ICII has not started commercial operations as at December 31, 2024. Thus, ICII has not availed yet of any tax incentives.

<u>Armstrong Fly-Ash and Logistics Company, Inc. (AFALCI)</u>
On December 1, 2017, the BOI approved the application of AFALCI as a new producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (ProAsh) on a non-pioneer status. AFALCI's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

i. ITH for income directly attributable to the revenue generated from the registered project Ecotherm and ProAsh for four years from May 2018 or actual start of commercial operations, whichever is earlier.

ii. Importation of capital equipment, spare parts and accessories at zero duty.

iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.

iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.

v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export products and forming part thereof for a period of ten years from start of commercial operation.

vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.

viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On May 1, 2018, AFALCI started its commercial operations.

On September 17, 2020, the BOI granted the deferment of AFALCI's ITH availment for taxable year 2020 up to April 2023 due to the adverse effects of the COVID-19 pandemic.

In April 2023, AFALCI's ITH with the BOI as a New Producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (Pro-ash) on a non-pioneer status expired.

AFALCI has availed ITH incentive amounting to P10 in 2023.

<u>SCII</u>
SCII is registered with the BOI as a new producer of cement on a non-pioneer status under Certificate of Registration No. 2022-044 on April 8, 2022. In accordance with the provisions of EO No. 226, also known as the Omnibus Investments Code of 1987, SCII is eligible to the grant of several incentives.

SCII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

i. ITH

   a) ITH for two years from July 2022 for income directly attributable to the eligible revenue generated from the registered project.

   b) Enhanced deductions for five years, after ITH, as follows:

      o Additional depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) - additional 10% for buildings; and additional 25% for machinery and equipment;

      o Additional 50% deduction on the labor expense incurred in the taxable year;

      o Additional 50% deduction on power expense incurred in the taxable year;

      o Deduction for reinvestment allowance to manufacturing industry;

      o Enhanced NOLCO; and

      o Other types of enhanced deductions that shall be determined relevant and applicable to the registered project under SIPP.

ii. Importation of capital equipment, raw materials, spare parts and accessories at zero duty.

iii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.

iv. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On November 26, 2022, SCII requested the BOI to defer the start of its ITH availment period from July 1, 2022 to January 1, 2023 due to the delay in its commencement of commercial operations brought about by COVID-19 pandemic and the corresponding implementation of lockdowns and mobility restrictions.

On June 1, 2023, the BOI approved and confirmed the deferment of SCII's ITH. The entitlement period is January 1, 2023 to December 31, 2024. In December 31, 2024, the ITH for the Cement Grinding Plant-Line 1 has expired.

In compliance with the SCII's BOI COR Specific Terms and Conditions no. 7, SCII has incurred P2,239 domestic spending on capital equipment and raw materials in 2024.

f. SMCSLC

<u>SMCSLC</u>
SMCSLC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers, where SMCSLC is entitled to the following incentives:

i. *Employment of Foreign Nationals*. This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The president, general manager and treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.

ii. *Additional Deduction for Labor Expense*. For the first five years from registration, SMCSLC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.

iii. *Importation of Capital Equipment, Spare Parts and Accessories*. For the *operation* of motor tankers, SMCSLC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its implementing rules and regulations.

On November 19, 2024, SMCSLC applied for the cancellation of the BOI registration for its vessels' Kalusugan 2, SL Tanglad, SL Banaba, SL Yakal, Katarungan 2, SL Bignay and Katapatan 2 under the provision of BOI Circular 2014-01 Section 2 par. d, Voluntary surrender of certificate of registration after a period of five years from the last year of ITH availment. BOI approved the cancellation on January 23, 2025.

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

<u>SLHBTC</u>
In 2014, SLHBTC's registration with the BOI as an oil terminal for storage and bulk marketing of petroleum products in its Main Office located at Tondo Manila was granted with registration number 2013-068. In 2015, SLHBTC registered its own fuel storage facilities at Limay, Bataan under Registration No. 2015-027. In 2016, its newly built oil terminal located at Tagoloan, Cagayan de Oro was also registered with the BOI under Registration No. 2016-145. With the registration, SLHBTC is entitled to the following incentives under RA No. 8479 from date of registration or date of actual start of commercial operations, whichever is earlier, and upon fulfillment of the terms enumerated below:

i. *Additional Deduction from Taxable Income*. SLHBTC shall be allowed an additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI and provided that this incentive shall not be availed of simultaneously with the ITH.

ii. *Minimum Duty of 3% and VAT on Imported Capital Equipment.* Importation of brand new capital equipment, machinery and accompanying spare parts, shall be entitled to this incentive subject to the following conditions:

- they are not manufactured domestically in sufficient quantity of comparable quality and at reasonable prices;
- the equipment is reasonably needed and will be exclusively used in the registered activity; and
- prior BOI approval is obtained for the importation as endorsed by the DOE.

iii. *Tax Credit on Domestic Capital Equipment.* This shall be granted on locally fabricated capital equipment equivalent to the difference between the tariff rate and the three percent duty imposed on the imported counterpart.

iv. *Importation of Consigned Equipment.* SLHBTC is entitled for importation of consigned equipment for a period of five years from the date of registration subject to posting of the appropriate bond, provided that such consigned equipment shall be for the exclusive use of the registered activity.

v. *Exemption from Taxes and Duties on Imported Spare Parts for Consigned Equipment with Bonded Manufacturing Warehouse.* SLHBTC is entitled to this exemption upon compliance with the following requirements:

- at least 70% of production is imported;
- such spare parts and supplies are not locally available at reasonable prices, sufficient quantity and comparable quality; and
- all such spare and supplies shall be used only on bonded manufacturing warehouse on the registered enterprise under such requirements as the Bureau of Customs may impose.

vi. *Exemption from Real Property Tax on Production Equipment or Machinery.* Equipment and machinery shall refer to those reasonably needed in the operations of the registered enterprise and will be used exclusively in its registered activity. BOI Certification to the appropriate Local Government Unit will be issued stating therein the fact of the applicant's registration with the BOI.

vii. *Exemption from the Contractor's Tax.* BOI certification to the BIR will be issued stating therein the fact of the applicant's registration with the BOI.

viii. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from date of registration. The President, General Manager and Treasurer of foreign-owned registered enterprise or their equivalent shall not be subject to the foregoing limitations.

The incentives with no specific number of years of entitlement above may be enjoyed for a maximum period of ten years from the start of commercial operation and/or date of registration.

No ITH incentive was availed in 2024 and 2023 because entitlements were already expired.

<u>Molave Tanker Corporation (MTC)</u>
MTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where MTC is entitled to the following incentives:

i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.

ii. *Importation of Consigned Equipment.* For the operation of cargo vessels, MTC is entitled to importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.

iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, MTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its implementing rules and regulations.

iv. *Additional Deduction for Labor Expense*. For the first five years from registration, MTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.

v. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No ITH incentive was availed in 2024 and 2023 because entitlements were already expired.

Balyena Tanker Corporation (BTC)
BTC is registered with the BOI under the Omnibus Investments Code of 1987, as amended, for the operation of domestic cargo vessels and motor tankers where BTC is entitled to the following incentives:

i. *ITH*

- *New Domestic Shipping Operator (One Cargo Vessel - BTC Mt. Samat, 1,685 GT)*. The project was registered on July 30, 2018, where BTC is entitled to ITH for four years until July 29, 2022.

- *New Domestic Shipping Operator (Cargo Vessel BTC - Harina, 872 GT)*. The project was registered on November 9, 2018, where BTC is entitled to ITH for four years until November 8, 2022.

- *New Domestic Shipping Operator (Deck Cargo Vessel - BTC Mount Makiling, 1,685 GT)*. The project was registered on November 9, 2018, where BTC is entitled to ITH for four years until November 8, 2022. On December 14, 2023, BOI approved BTC's request for deferment of ITH incentive availment period until November 8, 2023 noting that its operation has been affected by COVID-19 pandemic and it has not fully enjoyed the incentives granted.

- *New Domestic Shipping Operator (Cargo Vessel - BTC Soya, 2,426 GT).* The project was registered on July 19, 2019, where BTC is entitled to ITH for four years until July 18, 2023.

- *New Domestic Shipping Operator* (*Cargo Vessel - BTC Cassava, 2,426 GT*). The project was registered on July 19, 2019, where BTC is entitled to ITH for four years until July 18, 2023.

The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

ii. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.

iii. *Importation of Consigned Equipment.* For the operation of cargo vessels, BTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.

iv. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, BTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its implementing rules and regulations.

v. *Additional deduction for labor expense*. For the first five years from registration, BTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.

vi. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.*

vii. *Exemption from wharfage dues and any export tax, duty, impost and fees for a period of ten years from date of registration.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No ITH incentive was availed in 2024 because entitlements were already expired. ITH incentives availed in 2023 amounted to P0.4.

Narra Tanker Corporation (NTC)
NTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where NTC is entitled to the following incentives:

i. *ITH*

- *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Haribon, 2,467 GT).* The project was registered on May 15, 2019, where NTC is entitled to ITH for four years from May 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

- *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Falcon, 2,467 GT).* The project was registered on May 15, 2019, where NTC is entitled to ITH for four years from May 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

- *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Heron, 2,219 GT).* The project was registered on October 3, 2019, where NTC is entitled to ITH for four years from October 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

- *New Domestic Shipping Operator (Oil Tanker Vessel/Barge Ship - NTC Flamingo, 2,219 GT).* The project was registered on October 3, 2019, where NTC is entitled to ITH for four years from October 2019 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The 100% ITH incentives shall be limited only to the revenue generated by the registered project.

ii. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.

iii. *Importation of Consigned Equipment.* For the operation of cargo vessels, NTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.

iv. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, NTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its implementing rules and regulations.

v. *Additional deduction for labor expense*. For the first five years from registration, NTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.

vi. *Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No incentive was availed in 2024 because entitlements were already expired. ITH incentives availed in 2023 amounted to P28.

<u>Batangas Shipyard Corporation (BtSC)</u>
BtSC is registered with Philippine Economic Zone Authority (PEZA) as an Ecozone Export Enterprise to engage in oil rig construction, shipbuilding, ship repair and conversion, and leasing activity taken over from Seatrium Philippines Marine, Inc. the Batangas Shipyard Special Economic Zone since June 10, 2024. Under its registration, BtSC is entitled to the following incentives:

i. Income generated from its registered activities is subject to 5% GIT under the provisions of RA No. 11534 until December 31, 2034.

ii. BtSC is exempted from Expanded Withholding Taxes on payments received from its registered activities until December 31, 2034.

iii. BtSC is exempted from paying national and local taxes including local business tax, permits, fees and licenses until December 31, 2034.

iv. BtSC is entitled to duty exemption on importation of capital equipment, raw materials, spare parts and accessories until December 31, 2024 and shall continue to avail of the said incentives thereafter, in accordance with Title IV of this CREATE More Law, the provisions of RA 10863 or Customs Modernization and Tariff Act, as amended, and other applicable laws

v. BtSC is exempted from wharfage dues on exportation of its registered export products until December 31, 2024.

The availment of the foregoing incentives is subject to all evaluation and processing requirements of PEZA.

<u>SMC Cebu Shipyard Land, Inc (SCSLI)</u>
Effective September 2, 2024, SCSLI is registered with the PEZA as an Ecozone Developer/Operator to develop, administer, manage and operate the Batangas Shipyard Special Economic Zone.

SCSLI is liable to pay 5% final tax on gross taxable income in accordance with RA No. 11534.

43. Other Matters

a. Contingencies

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group.

- Excess Excise Tax Payments

  Filed by the Parent Company

  In 2004, the Parent Company was assessed excise taxes by the BIR on "San Mig Light" which at that time was one of its products. These assessments were contested by the Parent Company but nonetheless made the corresponding payments. Consequently, the Parent Company filed three claims for refund for overpayments of excise taxes with the BIR.

  The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of the Parent Company. On September 8, 2020, the BIR issued TCC Nos. 121-20-00012 and 121-20-00013 amounting to P782 and P926, respectively in favor of SMC. TCC amounting to P782 were applied in full, while TCC amounting to P569 out of P926 were applied partially to SMC's tax obligations as at December 31, 2024.

  The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, the Parent Company had spun off its domestic beer business. The claim was also favorably resolved in favor of the Parent Company and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of SMC, which was applied in full to the Parent Company's tax obligations as at December 31, 2021.

  Filed by SMB

  SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review. Five of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591 and 8748) were decided by the Supreme Court in favor of SMB and TCC amounting to P1,430, P1,569 and P761 were received in 2019, 2020 and 2023, respectively. One claim (CTA Case No. 10241) was withdrawn with the issuance of a TCC in the amount of P162 in 2021. The remaining seven claims for refund are still pending before the courts, as follows:

  (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);

  (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);

  (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);

  (d) Claim for refund of overpayments for the period from January 1, 2016 to December 31, 2016 - First Division docketed as CTA Case No. 9743 (December 29, 2017);

  (e) Claim for refund of overpayments for the period from January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);

  (f) Claim for refund of overpayments for the period from January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and

  (g) Claim for refund for overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB's claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the RTC rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB's Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA *En Banc* by way of a Petition for Review. On September 19, 2018, the CTA *En Banc* reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA EB Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA *En Banc* in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review on Certiorari, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records were remanded to the CTA Third Division and the case is now submitted for the CTA Third Division's decision.

CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light' removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

On March 20, 2024, the BIR elevated the case to the CTA *En Banc* by way of Petition for Review dated March 15, 2024 which was docketed as CTA EB No. 2890. On November 26, 2024, the CTA *En Banc* rendered its Decision denying the BIR's Petition for Review in CTA EB No. 2890. On December 11, 2024, the BIR filed a Motion for Reconsideration on the said Decision to which SMB filed an Opposition on January 30, 2025.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc*. On February 21, 2022, the CTA *En Banc* rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB filed a Petition for Review to the Supreme Court, where it was docketed as G.R. No. 258812. The BIR also elevated the CTA *En Banc's* Decision to the Supreme Court which was docketed as G.R. No. 261197. In G.R. No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition to which the Office of the Solicitor General filed a Comment dated February 19, 2024. In a Resolution dated June 3, 2024, the Supreme Court required SMB and the BIR to file their respective Replies on each other's Comment. SMB filed the required Reply on October 24, 2024 while the BIR filed its Reply on November 5, 2024.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc.* On February 4, 2021, the CTA *En Banc* affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA *En Banc's* Decision. In its October 22, 2021 Resolution, the CTA *En Banc* denied the parties' motion for reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court, after which the BIR filed its comment to SMB's Petition as directed by the court. On September 11, 2023, SMB received the Supreme Court's Resolution dated March 22, 2023 requiring the former to file its Comment on the BIR's Petition for Review in G.R. No. 259263. SMB filed the required Comment on September 18, 2023.

CTA Case No. 9743, SMB's claim for refund for P30, was partially decided in favor of SMB by the CTA First Division. The Motion for Partial New Trial of SMB and Motion for Reconsideration filed by SMB and the BIR were denied. Both parties filed their respective Petition for Review with the CTA *En Banc*. On February 10, 2022, the CTA *En Banc* rendered a Decision denying the Petitions for Review. The BIR moved for reconsideration while SMB filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 258813. Upon denial by the CTA *En Banc* of the BIR's motion for reconsideration, the BIR also filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 261196 which the Supreme Court denied in a Resolution dated April 19, 2023 for failure to sufficiently show that the CTA committed any reversible error.

In G.R. No. 258813, the Supreme Court issued a Resolution dated October 2, 2023 ordering the BIR to refund or issue a TCC in the amount P3.

The Supreme Court issued an Entry of Judgment stating that its Resolution dated April 19, 2023 in G.R. No. 261196 had become final and executory, and another Entry of Judgment stating that its Resolution dated October 2, 2023 in G.R. No. 258813 had likewise become final and executory.

Following SMB's Motion for Execution, the CTA First Division issued a Writ of Execution dated September 9, 2024 in CTA Case No. 9743 ordering the BIR to refund to SMB the total amount of P30.

CTA Case No. 10000, SMB's claim for refund for P123, was filed on December 27, 2018 and is pending with the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a motion for reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA *En Banc* docketed as CTA *En Banc* No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA *En Banc* promulgated its Decision in CTA EB No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA *En Banc* on January 8, 2024.The BIR then filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA Second Division. In its Resolution dated July 19, 2022, the case was submitted for decision. On July 5, 2023, the CTA Second Division promulgated its Decision which ordered the Commissioner of Internal Revenue (CIR) to refund or to issue a TCC in favor of SMB in the amount of P147 representing erroneously, excessively, and/or illegally collected excise taxes due on the removals of its subject beer products for the period covering January 1, 2018 to December 31, 2018.

On July 25, 2023, the CIR filed a Motion for Reconsideration on the aforesaid Decision, to which SMB filed an Opposition. In a Resolution dated October 9, 2023, the Court denied the Motion for Reconsideration of the CIR.

On December 14, 2023, the CIR appealed the Decision and Resolution of the CTA Second Division to the CTA *En Banc* by way of a Petition for Review, which was docketed as CTA EB No. 2834. On February 28, 2025, the CTA En Banc promulgated its Decision in CTA EB No. 2834 affirming the decision of the CTA Second Division in favor of SMB.

CTA Case No. 10745, SMB's claim for refund for P1,069, was personally filed on February 2, 2022 and is pending with the CTA First Division. The case is a consolidation of two claims, to wit:

i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on Revenue Memorandum Circular (RMC) No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the National Internal Revenue Code (NIRC), as amended by RA No. 10351 beginning January 1, 2020.

ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

On November 18, 2024, the CTA First Division rendered a Decision ordering the BIR to refund or issue a TCC in favor of SMB in the amount of P1,069. On December 11, 2024, the BIR filed a Motion for Partial Reconsideration of the said Decision.

Filed by GSMI

GSMI filed two claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review as follows:

(a) CTA Case Nos. 8953 and 8954: These cases pertain to GSMI's Claims for Refund with the BIR, in the amounts of P582 in Case No. 8953, and P133 in Case No. 8954, or in the total amount of P715, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the periods from January 1, 2013 up to May 31, 2013 in Case No. 8953, and from January 8, 2013 up to March 31, 2013 in Case No. 8954.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on said ethyl alcohol.

After several hearings and presentation of evidence, both parties filed their respective Formal Offers of Evidence.

On July 28, 2020, the CTA Third Division rendered its Decision and denied GSMI's Petition for Review. GSMI received the said Decision on August 24, 2020, for which it timely filed a Motion for Reconsideration on the aforementioned Decision on September 2, 2020, to which the CIR filed its Opposition.

The CTA Third Division issued an Amended Decision dated February 1, 2021 which partially granted GSMI's Motion for Reconsideration and ruled that GSMI is entitled to a partial refund of its erroneously and excessively paid excise taxes in the amount of P320 out of its original claim of P715.

GSMI and CIR subsequently filed Motions for Reconsideration on the aforesaid Amended Decision and Oppositions to each other's Motion for Reconsideration. In a Resolution dated October 28, 2021, the CTA Third Division denied for lack of merit GSMI's Motion for Reconsideration and CIR's Motion for Partial Reconsideration of the Amended Decision.

On January 4, 2022, GSMI elevated to the CTA *En Banc* the Decision dated July 28, 2020, Amended Decision dated February 1, 2021, and Resolution dated October 28, 2021 of the CTA Third Division, by way of a Petition for Review, which was docketed as CTA EB No. 2555.

Earlier, the CIR also filed a Petition for Review with the CTA *En Banc* elevating thereto the Amended Decision dated February 1, 2021 and Resolution dated October 28, 2021 of the CTA Third Division, and the same was docketed as CTA EB No. 2544.

On March 28, 2022, the Court *En Banc* ordered the Parties to file their respective Comments/Oppositions to the Petitions for Review. On April 7, 2022, GSMI filed a Motion for Extension of Time to File Comment on the Petition for Review in CTA EB No. 2544.

On April 21, 2022, GSMI filed its Comment on the Petition for Review. On May 30, 2022, the Court *En Banc* promulgated a Resolution which denied GSMI's Motion for Extension and submitted the Petitions for Review for decision. On June 13, 2022, GSMI filed its Motion for Reconsideration assailing the said Resolution.

On October 4, 2022, the Court *En Banc* promulgated a Resolution which set aside the May 30, 2022 Resolution insofar as the Petitions for Review were submitted for decision. The Resolution likewise directed the CIR to file a Comment to GSMI's Motion for Reconsideration, to which the CIR failed despite due notice.

On January 18, 2023, the CTA *En Banc* granted GSMI's Motion for Extension of Time to File Comment on the Petition for Review in CTA E.B. No. 2544 and admitted GSMI's Comment as part of the records of the case.

In a Decision dated January 18, 2024 received by GSMI on January 23, 2024, the CTA *En Banc* denied both the Petitions for Review of GSMI and the CIR, and affirmed the Amended Decision of the CTA Third Division dated October 28, 2021 awarding GSMI a partial refund of P320 only.

GSMI had 15 days from January 23, 2024, or until February 7, 2024, within which to file a Petition for Review on Certiorari with the Supreme Court. On January 30, 2024, GSMI filed a Motion for Extension of Time to File Petition for Review on Certiorari, praying for an extension of 30 days from February 7, 2024, or until March 8, 2024 within which to file a Petition for Review on Certiorari.

On March 4, 2024, GSMI filed with the Supreme Court a Petition for Review on Certiorari dated March 1, 2024, and the same was docketed as Supreme Court G.R. No. 271363.

(b) CTA Case No. 11052: This case is a judicial claim for refund of alleged deficiency taxes paid under protest by GSMI in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020, in the aggregate amount of P66.

On July 22, 2020, GSMI received a Notice of Discrepancy dated July 6, 2020 issued by the BIR (the "Original NOD"), which enjoined GSMI to pay alleged deficiency excise taxes in the amount of P40, inclusive of interests, for the period covering January 27, 2020 to February 9, 2020.

On August 6, 2020, GSMI submitted to the BIR its Letter-Reply to the Original NOD, where it emphasized that it is not liable to pay the alleged deficiency excise tax liability, and thus, requested its cancellation and withdrawal.

On October 13, 2020, GSMI received from the BIR a Letter dated September 18, 2020 with an attached Amended Notice of Discrepancy, which modified the amount of the alleged deficiency excise tax liability to P72, inclusive of interests, for the period covering January 23, 2020 to February 9, 2020.

On October 28, 2020, GSMI submitted to the BIR its Letter-Reply to the Amended NOD, where it reiterated its position that it is not liable for the alleged deficiency excise taxes.

On November 11, 2020, GSMI received from the BIR a Letter dated November 6, 2020 which reiterated the finding of alleged deficiency excise tax under the Amended NOD.

On December 29, 2020, GSMI paid under protest the amount of P66, representing the deficiency excise tax portion under the Amended NOD, through the BIR Electronic Filing and Payment System (eFPS).

On January 8, 2021, GSMI submitted to the BIR a Letter-Reply to the BIR's Letter dated November 6, 2020. GSMI reiterated its position that it is not liable for the alleged deficiency excise tax liability under the Amended NOD and informed the BIR that it paid under protest the amount of P66 through eFPS on December 29, 2020. In the same Letter-Reply, GSMI explained that with respect to the assessed penalties from the alleged late payment of the deficiency excise tax, it would avail the remedies available under Revenue Regulations No. 13-2001, as amended.

On July 16, 2021, GSMI received a copy of Letter of Authority (LOA) No. LOA-121-2021-00000109 dated July 1, 2021 issued by the BIR, authorizing its revenue officers to examine GSMI's books of accounts and other accounting records for all internal revenue taxes except for value-added tax for taxable year 2020.

On August 3, 2021, GSMI filed with the CIR an administrative claim for refund of the erroneously or illegally collected deficiency excise tax for the period covering January 23, 2020 to February 9, 2020, in the amount of P66, which GSMI paid under protest on December 29, 2020.

On March 7, 2022, the BIR issued a letter notifying GSMI on the transmittal of the entire docket to CIR's Legal Service Division for its resolution and issuance of a clarificatory ruling on the administrative claim for refund.

Prior to the expiry of the two-year statutory period to file judicial action for the recovery of erroneously or illegally collected internal revenue taxes, GSMI filed a Petition for Review with the CTA on December 28, 2022 pursuant to Section 204(C) and 229, Tax Code, and Section 3(a), Rule 8, Revised Rules of the Court of Tax Appeals in order to preserve its right to claim by judicial action its claims for refund of its erroneously or illegally collected deficiency excise taxes, in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020.

The case was docketed as CTA Case No.11052, and was raffled to the CTA's First Division. In a Resolution dated May 29, 2023, the CTA First Division ordered the transfer of the case to the CTA Third Division.

Upon service of Summons to the CIR and the filing of the CIR's Answer dated March 24, 2023, pre-trial conference was held on July 26, 2023. Pursuant to the CTA's Order, the parties filed their Joint Stipulation of Facts and Issues on August 29, 2023. Pre-trial was terminated upon the issuance of the CTA's Pre-Trial Order on September 5, 2023.

GSMI presented its lone witness during the hearing on October 4, 2023. At the same hearing, the CTA ordered GSMI to file its Formal Offer of Evidence within ten days therefrom, or not later than October 13, 2023.

GSMI filed its Formal Offer of Evidence on October 13, 2023. Respondent CIR filed his Comment with Manifestation on GSMI's Formal Offer of Evidence on November 17, 2023. Respondent CIR's counsel manifested that they will no longer present testimonial evidence since there was no report of the investigation on GSMI's refund claim forwarded to their office.

On January 25, 2024, GSMI received the CTA's Resolution dated January 23, 2024, which admitted its Exhibits "P-1" to "P-17" and "P-19" to "P-21", inclusive of sub-markings. Moreover, the CTA's Resolution noted the manifestation of Respondent CIR that he will no longer present evidence, constraining the CTA to direct the parties to submit their respective memorandum within 30 days from receipt of the Resolution.

GSMI filed its Memorandum on 23 February 2024.

(c) CTA Case No. 9059: This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the period from June 1, 2013 up to July 31, 2013.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on the said ethyl alcohol.

After the presentation of its testimonial and documentary evidence, GSMI filed its Formal Offer of Evidence and Supplemental Offer of Evidence, which were all admitted by the CTA. BIR's presentation of evidence was set to January 23, 2019.

In a decision dated February 6, 2020, the CTA denied GSMI's Claim for refund for insufficiency of evidence. On February 20, 2020, GSMI filed a Motion for Reconsideration of the said Decision. However, the Motion for Reconsideration was denied by the CTA on June 9, 2020. On August 28, 2020, GSMI elevated the case to the CTA *En Banc* by way of a Petition for Review.

In a Decision dated November 10, 2021, the CTA *En Banc* denied the Petition for Review filed by GSMI. The Decision dated February 6, 2020 and the Resolution dated June 9, 2020 of the CTA Second Division were affirmed.

On December 10, 2021, GSMI elevated the Decision of the CTA *En Banc* to the Supreme Court by way of a Petition for Review, which was docketed as Supreme Court G.R. No. 25839.

This case is still pending resolution before the Supreme Court as at December 31, 2024.

- Deficiency Tax Liabilities

IBI

On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax (DST) and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, DST and compromise penalty are cancelled and set aside. However, the assessment for deficiency expanded withholding tax is affirmed, and IBI was ordered to pay deficiency expanded withholding tax including interest and surcharges amounting to P5.

On October 29, 2020, the BIR filed a Petition for Review with CTA *En Banc*. On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA *En Banc* denied the BIR's Petition for Review. Thereafter, the BIR filed for a motion for reconsideration which was also denied by the CTA *En Banc*.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

SMFI

(a) SMFI vs. Office of the City Treasurer, City of Davao

SMFI filed several protests against the assessments issued by the City Treasurer of Davao City imposing permit fees to slaughter against its poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District both located in Davao City.

Following the dismissal of the appeals filed by SMFI with the Davao RTC, the following Petitions for review were filed with the CTA:

- CTA Case AC No. 209, filed on August 23, 2018
- CTA Case AC No. 210, filed on November 12, 2018
- CTA Case AC No. 249, filed on February 26, 2021

It is SMFI's position that Section 367 (a) of the 2005 Revenue Code of the City of Davao (Revenue Code of Davao City) on the imposition of permit fee to slaughter is applicable only to slaughterhouses operated by the City Government of Davao City. SMFI's poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District, being privately owned and operated slaughterhouses, are beyond the coverage of Section 357 (a) of the Revenue Code of Davao City. In addition, given that SMFI is already paying ante and post-mortem fees for the slaughter of poultry products pursuant to Section 367 (d) of the same Revenue Code, the assessment of permit fee to slaughter would constitute double taxation.

In CTA Case AC No. 209, the CTA First Division dismissed SMFI's Petition on May 29, 2020, and denied the Motion for Reconsideration on February 22, 2021. A Petition for Review was filed on May 12, 2021 with the CTA *En Banc* and docketed as CTA Case EB No. 2474. On January 31, 2023, the CTA *En Banc* denied SMFI's Petition. SMFI filed for a Motion for Reconsideration which was likewise denied on August 4, 2023. Following the denial, SMFI elevated and filed a Petition for Review with the Supreme Court on December 27, 2023.

Moreover, the CTA First Division also dismissed on July 3, 2020 the Petition docketed as CTA Case AC No. 210, and on July 28, 2021, SMFI's Motion for Reconsideration was denied. On October 8, 2021, SMFI filed a Petition for Review with the CTA *En Banc* docketed as CTA Case EB No. 2535, which was likewise denied on May 18, 2023. Thus, a Motion for Reconsideration was filed on September 15, 2023, with the same being denied on March 4, 2024.

Lastly, the CTA Special Third Division on October 12, 2022, dismissed the Petition for Review docketed as CTA Case AC No. 249 on the ground of lack of jurisdiction on permit fees as it is not a tax, therefore outside the CTA's jurisdiction. On December 22, 2022, SMFI filed a Motion for Reconsideration but was denied on November 9, 2023.

On April 2, 2024, SMFI Management decided not to pursue the above cases as the poultry dressing plants were already closed, therefore SMFI will no longer have future economic benefit from winning the cases.

- Oil Spill Incident in Guimaras

  On August 11, 2006, MT Solar I, a third-party vessel contracted by Petron to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Philippine Department of Justice (DOJ) and the Special Board of Marine Inquiry (SBMI), both agencies found the owners of MT Solar I liable. The DOJ found Petron not criminally liable, but the SBMI found Petron to have overloaded the vessel. Petron has appealed the findings of the SBMI to the DOTr and is awaiting its resolution. Petron believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as Petron, which are charterers.

  Complaints for damages for non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at December 31, 2024. In the course of plaintiffs' presentation of evidence, they moved for trial by the commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a petition for certiorari to the Court of Appeals in Cebu City. On January 9, 2020, the Court of Appeals issued a Resolution granting plaintiffs' motion for reconsideration of the earlier resolution denying their petition and ordering Petron to file its comment on plaintiffs' petition within 10 days. On February 6, 2020, Petron filed a motion for reconsideration of said Resolution which remains pending as at December 31, 2024. On September 25, 2024, the Court of Appeals denied the motion for reconsideration of another respondent International Oil Pollution Compensation ("IOPC") Funds and directed IOPC to file its comment. The Court of Appeals held in abeyance any further action on the petition pending compliance with the directives of the said resolution. In the meantime, proceedings before the trial court continue. In one of the cases, the plaintiffs have already rested its case and trial dates have been set for the presentation of defendants' evidence. In the other case, plaintiffs are already expected to complete the presentation of their evidence testified so far. As at December 31, 2024 and 2023, the Group has not set up any provision related to this case because while the case is still pending, Petron believes the resolution will be in its favor.

- Lease Agreements with PNOC

  On October 20, 2017, Petron filed with the RTC of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of Petron.

  The subject landholdings consisted of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and Petron executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, Petron, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

  The complaint alleged that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Petron's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting Petron from possession of the subject properties until the case is decided.

The court-mandated mediation in 2018 and the judicial dispute resolution proceedings before the court in 2019 were likewise terminated, after the parties failed to agree to a settlement. Petron filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted Petron's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to Petron's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993; (ii) the reconveyance by PNOC to Petron of all such properties; and (iii) the payment by Petron to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a motion for reconsideration. Petron also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to Petron all lease payments the latter had paid to PNOC since 1993.

Following the trial court's denial of their separate motions for reconsideration, both PNOC and Petron filed their respective notices of appeal with the trial court. In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of Petron and PNOC and affirmed the resolution of the trial court as described above. In a resolution promulgated on October 6, 2022, the Court of Appeals denied the respective motions for reconsideration of Petron and PNOC. The PNOC filed a Petition for Review on Certiorari with the Supreme Court in December 2022 which the Supreme Court denied on July 25, 2023 on the ground that PNOC failed to sufficiently show that the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the Supreme Court's exercise of its discretionary appellate jurisdiction.

In a resolution dated November 25, 2024, the Supreme Court denied with finality the motion for reconsideration and the motion to refer to the Supreme Court *En Banc* that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second motion for reconsideration. A second motion for reconsideration is generally prohibited under the Internal Rules of the Supreme Court. As at March 4, 2025, Petron has not received any notice from the Supreme Court on its action on PNOC's second motion for reconsideration.

Given the finality of the Supreme Courts's ruling, Petron recognized in its books the reversal of the conveyance of the land declared as property dividends in 1993 at P143 equivalent to the net book value of the land at the time of dividend declaration and instead recognized a liability for cash dividends to PNOC of the same amount plus legal interest of P267 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" amounting to P110 and P33, respectively (Notes 13 and 15). Correspondingly, all accruals related to the lease contracts with PNOC on the subject landholdings of the rescinded deeds of conveyance, namely, lease liabilities amounting to P3,629 (Note 19), ARO amounting to P2,600 (Note 22) for the cost of land restoration and remediation at the end of lease term, and the corresponding right-of-use assets amounting to P2,720 (Note 14) recognized previously were reversed which resulted in the recognition of gain on lease termination of P3,509 (Note 32).

- Generation Payments to PSALM

  SPPC and PSALM are parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

  SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour Temporary Restraining Order (TRO) be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended for until September 28, 2015.

On September 28, 2015, the RTC issued an order granting a Preliminary Injunction enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending. PSALM sought for reconsideration of the said order but was later on denied by the RTC. PSALM filed with the Court of Appeals a Petition for Review on Certiorari assailing the RTC's order of denial. The Court of Appeals ruled in favor of SPPC and affirmed the RTC's issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named Meralco as intervenor (the "2017 Court of Appeals Decision").

PSALM filed a Motion for Reconsideration of the 2017 Court of Appeals Decision but it was denied by the Court of Appeals in its resolution dated July 12, 2018 (the "2018 Court of Appeals Resolution").

On September 19, 2018, PSALM filed a Petition for Certiorari with urgent prayer for the issuance of a TRO and/or Writ of Preliminary Injunction before the Supreme Court praying for the reversal and nullification of the 2017 Court of Appeals Decision and the 2018 Court of Appeals Resolution but was denied by the Supreme Court in its resolution dated March 4, 2019 (the "March 4, 2019 Supreme Court Resolution"). PSALM filed a Motion for Reconsideration thereof and was denied by the Supreme Court in a resolution dated August 5, 2019 which became final and executory on the same date.

After years of resolving other related issues, pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

On August 30, 2024, SPPC filed its Formal Offer of Evidence. On September 12, 2024, in compliance with a directive from the court, SPPC submitted additional hard copies of its exhibits. The court admitted SPPC's documentary evidence through an Order dated October 11, 2024.

On November 22, 2024, PSALM filed its Formal Offer of Evidence. In an Order dated December 19, 2024, the trial court admitted PSALM's exhibits and directed the parties to submit their respective closing Memoranda. SPPC filed its Memorandum on February 3, 2025.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

- Intellectual Property Rights

  i. G.R. No. 196372: This case pertains to GSMI's application for the registration of the trademark "GINEBRA" under Class 33 covering gin with the Intellectual Property Office of the Philippines (IPOPHL). The IPOPHL rejected GSMI's application on the ground that "GINEBRA" is a Spanish word for gin and is a generic term incapable of appropriation.

     When the Court of Appeals affirmed the IPOPHL's ruling, GSMI filed a Petition for Review on Certiorari (the Petition) with the Supreme Court. The Supreme Court denied GSMI's Petition. GSMI moved for a reconsideration thereof and likewise filed a Motion to Refer its Motion for Reconsideration to the Supreme Court *En Banc*. The Supreme Court denied GSMI's Motion for Reconsideration with finality, as well as GSMI's Motion to Refer to its Motion for Reconsideration to the Supreme Court *En Banc*.

Subsequently, GSMI filed a Manifestation with Motion for Relief from Judgment (the "Manifestation") and invoked the case of "*League of Cities vs. Commission of Elections*" (G.R. Nos. 176951, 177499 and 178056) to invite the Supreme Court *En Banc* to re-examine the case. The Office of the Solicitor General filed its Comment Opposition to the Manifestation.

On June 26, 2018, the Supreme Court *En Banc* issued a Resolution which resolves to: (a) Accept the subject case which was referred to it by the Third Division in the latter's resolution dated August 7, 2017; (b) Treat as a Second Motion for Reconsideration (of the resolution dated June 22, 2011) GSMI's Manifestation with Motion for Relief from Judgment dated November 28, 2011; (c) Reinstate the Petition; and (d) Require the respondents to Comment on the Petition within a non-extendible period of ten days from notice thereof.

Respondents, through the Office of the Solicitor General, filed their Comment dated July 31, 2018 while GSMI filed its Reply with Leave on August 20, 2018.

On January 4, 2019, the Supreme Court Third Division issued a Resolution ordering the consolidation of the previously consolidated cases (G.R Nos. 216104, 210224 and 219632) with the *En Banc* case (G.R. No. 196372), stating that "considering that all these cases involve identical parties and raise interrelated issues which ultimately stemmed from the registration of trademark of Tanduay Distillers, Inc. (TDI) and GSMI before the IPOPHL.

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*, where this case which has the lowest docket number, i.e. G.R. No. 196372, was originally assigned, hence, all four cases are now consolidated and pending before the Supreme Court *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court *En Banc* promulgated a Decision in the four consolidated Petitions. For G.R. No. 196372, GSMI's Petition for Review was granted. The Director of the Bureau of Trademarks was directed to reinstate GSMI's trademark application for "GINEBRA", cause its publication and give it due course.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022. On August 29, 2023, the Supreme Court *En Banc* issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

ii. G.R. Nos. 210224 and 219632: These cases pertain to GSMI's Complaint for Unfair Competition, Trademark Infringement and Damages against TDI filed with the RTC, arising from TDI's distribution and sale of its gin product bearing the trademark "Ginebra Kapitan" and use of a bottle design, which general appearance was nearly identical and confusingly similar to GSMI's product. The RTC dismissed GSMI's complaint.

When GSMI elevated the case to the Court of Appeals, due to technicalities, two cases were lodged in the Court of Appeals: 1.) Petition for Review (CA-G.R. SP No. 127255), and 2.) Appeal (CA-G.R. SP No. 100332).

Acting on GSMI's Petition for Review, the Court of Appeals reversed, set aside the RTC's Decision, and ruled that "GINEBRA" is associated by the consuming public with GSMI. Giving probative value to the surveys submitted by GSMI, the Court of Appeals ruled that TDI's use of "GINEBRA" in "Ginebra Kapitan" produces a likelihood of confusion between GSMI's "Ginebra San Miguel" gin product and TDI's "Ginebra Kapitan" gin product. The Court of Appeals likewise ruled that "TDI knew fully well that GSMI has been using the mark/word "GINEBRA" in its gin products and that GSMI's "Ginebra San Miguel" has already obtained, over the years, a considerable number of loyal customers who associate the mark "GINEBRA" with GSMI.

On the other hand, upon GSMI's Appeal, the Court of Appeals also set aside the RTC's Decision and ruled that "GINEBRA" is not a generic term, there being no evidence to show that an ordinary person in the Philippines would know that "GINEBRA" is a Spanish word for "gin". According to the Court of Appeals, because of GSMI's use of the term in the Philippines since the 1800s, the term "GINEBRA" now exclusively refers to GSMI's gin products and to GSMI as a manufacturer. The Court of Appeals added that "the mere use of the word 'GINEBRA' in "Ginebra Kapitan" is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product", and that TDI "has designed its bottle and label to somehow make a colorable similarity with the bottle and label of Ginebra S. Miguel".

TDI filed separate Petitions for Review on Certiorari with the Supreme Court, docketed as G.R. Nos. 210224 and 219632, which were eventually consolidated by the Supreme Court on April 18, 2016.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation.

On August 9, 2022, the Supreme Court *En Banc* promulgated a Decision in the four consolidated Petitions. For G.R. Nos. 210224 and 219632, TDI's Petitions for Review were denied, with modification, such that TDI shall pay GSMI temperate damages of P0.3 and attorney's fees of P0.2; other awards of damages against TDI are deleted.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022. On August 29, 2023, the Supreme Court *En Banc* issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

iii. G.R. No. 216104: This case pertains to TDI's application for the registration of the trademark "GINEBRA KAPITAN" for Class 33 covering gin with the IPOPHL.

GSMI opposed TDI's application, alleging that it would be damaged by the registration of "GINEBRA KAPITAN" because the term "GINEBRA" has acquired secondary meaning and is now exclusively associated with GSMI's gin products. GSMI argued that the registration of "GINEBRA KAPITAN" for use in TDI's gin products will confuse the public and cause damage to GSMI. TDI countered that "GINEBRA" is generic and incapable of exclusive appropriation, and that "GINEBRA KAPITAN" is not identical or confusingly similar to GSMI's mark.

The IPOPHL ruled in favor of TDI and held that: (a) "GINEBRA" is generic for "gin"; (b) GSMI's products are too well known for the purchasing public to be deceived by a new product like "GINEBRA KAPITAN"; and (c) TDI's use of "GINEBRA" would supposedly stimulate market competition.

On July 23, 2014, the Court of Appeals reversed and set aside the IPOPHL's ruling and disapproved the registration of "GINEBRA KAPITAN". The Court of Appeals ruled that "GINEBRA" could not be considered as a generic word in the Philippines considering that, to the Filipino gin-drinking public, it does not relate to a class of liquor/alcohol but rather has come to refer specifically and exclusively to the gin products of GSMI.

TDI filed a Petition for Review on Certiorari with the Supreme Court, which was subsequently consolidated with the case of "*Tanduay Distillers, Inc. vs. Ginebra San Miguel Inc.*", docketed as G.R. No. 210224 on August 5, 2015.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPOPHL Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPOPHL Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court *En Banc* resolved to transfer the consolidated cases from the Third Division to the *En Banc*. Furthermore, the Supreme Court *En Banc* also noted GSMI's Manifestation dated February 3, 2020 on the IPOPHL Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court *En Banc* promulgated a Decision in the four consolidated Petitions. For, G.R. No. 216104, TDI's Petition for Review for the rejection of TDI's trademark application for "GINEBRA KAPITAN" was denied.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated 9 August 2022. On August 29, 2023, the Supreme Court *En Banc* issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

- Imported Industrial Fuel Oil

  SLHBTC has an on-going case with the CTA against the Commissioner of Customs (the Commissioner). On January 16, 2016, a Warrant of Seizure and Detention was issued against the 44,000 metric tons of fuel imported by SLHBTC with approximate value of P751. The Commissioner alleged that SLHBTC discharged fuel directly from the vessel carrying SLHBTC's imported fuel to another vessel via loop loading without paying duties and taxes and therefore, violating the Customs Modernization Tariff Act and other customs regulations. On January 20, 2017, the District Collector of Customs issued a decision forfeiting the fuel in favor of the government.

  Subsequently on March 23, 2017, SLHBTC filed with the CTA a petition seeking the lifting and termination of the Warrant of Seizure and Detention and the reversal of the decision issued by the District Collector of Customs.

On April 19, 2017, SLHBTC filed with the CTA a Motion for Special Order to release the 44,000 metric tons of fuel, which was granted on January 28, 2018 subject to the posting of a surety bond amounting to P123 or one and one-half times of the assessed amount of P82 representing VAT. SLHBTC posted the surety bond and the 44,000 metric tons of fuel were released.

On December 1, 2021, the customs officer representing the District Collector of Customs was cross-examined by the SLHBTC legal counsel. He admitted that he did not examine the imported documents prior to recommending the issuance of a Writ of Seizure and Detention.

On February 24, 2022, the CTA decided to lift and terminate the Warrant of Seizure and Detention issued by the Commissioner and reversed the decision issued by the District Collector of Customs in January 2017 to forfeit the fuel in favor of the government. Moreover, the order granted by the CTA in January 2018 to release the 44,000 metric tons of fuel is now permanent and the surety bond of P123 shall be released and discharged to SLHBTC upon finality of judgment.

On October 5, 2022, the Commissioner filed a Petition for Review with the CTA *En Banc*. After technical issues were clarified, SLHBTC filed its comment on January 30, 2023. There has been no action from the CTA since then. As at March 11, 2024, the Commissioner has not appealed the decision of the CTA.

On April 16, 2024, the Commissioner filed a Motion for Reconsideration that seeks to reverse the CTA *En Banc's* decision on denying the Commissioner's petition for review last October 2022. Subsequently, on October 15, 2024, CTA *En Banc* released its Notice for Resolution, denying the Commissioner's Motion for Reconsideration last April 16, 2024 due to lack of merit.

On January 23, 2025, the SLHBTC's legal counsel received a copy of the Petition for Certiorari under Rule 45 of the Rules of Court, filed by the Commissioner before the Supreme Court. In this petition, the Commissioner now seeks to annul the CTA *En Banc*'s decision dated March 8, 2024 and Resolution October 15, 2024. SLHBTC's legal counsel have yet to receive an order to comment, or any other action from the Supreme Court since the filing of the Commissioner's petition.

SLHBTC and its legal counsel assessed that it has a meritorious case and the final outcome will not have a material adverse effect on the SLHBTC's business financial condition and results of operations.

- Criminal Cases

SPPC

On September 29, 2015, SPPC filed a criminal complaint for estafa and for violation of Section 3(e) of RA No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act, before the DOJ, against certain officers of PSALM, in connection with the termination of SPPC's Ilijan IPPA Agreement, which was made by PSALM with manifest partiality and evident bad faith. Further, it was alleged that PSALM fraudulently misrepresented its entitlement to draw on the performance bond posted by SPPC, resulting in actual injury to SPPC in the amount of US$60. On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action.

On a related matter, on November 14, 2018, SPPC filed with the Office of the Ombudsman-Field Investigation Office, an administrative complaint against an executive officer of PSALM and several unidentified persons for violation of the Ombudsman Act and the Revised Administrative Code, in the performance of their functions as public officers.

In a Resolution dated March 10, 2021, which was approved by the Ombudsman on February 15, 2022, the Graft Investigation and Prosecution Officer ("GIPO") dismissed the criminal complaint against the Respondents. In a Decision of the same date, approved by the Ombudsman also on February 15, 2022, the GIPO also dismissed the administrative complaint against the Respondents.

On March 21, 2022, SPPC filed a Motion for Reconsideration of the resolution dismissing the criminal complaint. In an Order dated May 25, 2022, the Office of the Ombudsman denied SPPC's Motion for Reconsideration. SPPC has decided not to question the dismissal of the criminal complaint.

SPI

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019 (the "July 29, 2016 DOJ Resolution"). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. Respondents have respectively appealed said DOJ's Resolution of July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation. On November 17, 2017, SPI filed a motion for partial reconsideration of said October 25, 2017 DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration is pending, SPI and the Respondents filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn.

- Civil Case

On June 17, 2016, SPI filed with the RTC Pasig a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds of the sale on the WESM for electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant ("Sale of the Excess Capacity"). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds of the sale on the WESM of electricity generated from the capacity in excess of 1,000 MW of the Sual Plant and that the consignation should belong to TPEC as it is rightfully entitled to the 200 MW and to the payments which SPI made consequent therewith.

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. After this, SPI continuously consigned additional proceeds of Sale of the Excess Capacity for succeeding billing periods.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement.

On July 4, 2018, SPI filed its Motion for Reconsideration to the May 22, 2018 order which dismissed the consignation case.

After the case was later re-raffled to RTC Branch 268, in an Order dated September 30, 2021, the RTC Branch 268: (a) granted SPI's Motion for Reconsideration of the Order of May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint (the "September 30, 2021 Order").

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, consistent with its representation and acknowledgment in its Answer that the consigned amounts rightfully belong to TPEC, agreed to the release of the said amounts to TPEC and SPI, relying on PSALM's representation and acknowledgment, did not object to the release of the consigned amounts to TPEC.

On October 10, 2022, the RTC issued an Order granting the Omnibus Motion and authorized TPEC's named representative in the Omnibus Motion to withdraw the consigned amounts.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to the Excess Capacity issues, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2024, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491 was released to TPEC on December 20, 2022.

- TRO Issued to Meralco

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh. The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the Supreme Court issued an order treating the Counter-Petition as in the nature of a third party and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the Supreme Court extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the Supreme Court extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the Supreme Court was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "*ERC Order Voiding WESM Prices*"), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions; and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court *En Banc* on August 3, 2021 (the "Supreme Court Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the Supreme Court Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the Supreme Court Decision by filing separate Motions for Reconsideration where they prayed that the Supreme Court Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the Supreme Court Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the Supreme Court *En Banc*, in its resolution dated October 11, 2022, which also directed the entry of judgment of the Supreme Court Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the Supreme Court *En Banc* dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the Supreme Court Decision as at December 31, 2024. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,276 included under "Trade and other receivables" account in the condensed consolidated statements of financial position as at December 31, 2024.

- ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, SMELC and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the Supreme Court to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, while on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals through their respective Petitions for Review.

After consolidating the cases, the Court of Appeals, in its decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the Court of Appeals through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the Supreme Court through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the Supreme Court certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the Court of Appeals, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the Supreme Court directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the petition filed by Meralco to the Third Division of the Supreme Court handling the petition by the ERC.

The ERC filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The Supreme Court has not yet promulgated a decision as at December 31, 2024. However, on August 3, 2021, a decision was rendered by the Supreme Court *En Banc* in a separate case (as discussed under "*TRO Issued to Meralco*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the Supreme Court *En Banc* covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,322 will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant SMGP subsidiaries.

b. *EPIRA*

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which San Miguel Global Power was selected winning bidder of the IPPA Agreements (Note 34).

The EPIRA requires generation and DU companies to undergo public offering within five years from the effective date and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed on the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2024 and 2023.

c. *Claims for Price Adjustments on the Meralco PSAs*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of ten years (collectively, the "PSAs"). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of six months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of six months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC Court of Appeals Petition
On November 10, 2022, SPPC filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC Court of Appeals Petition").

In a Resolution dated November 23, 2022, the 14th Division of the Court of Appeals granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50,000 (the "TRO Bond"). The Court of Appeals later issued a TRO on December 2, 2022, after posting by SPPC of the TRO Bond, and the writ of preliminary injunction for the SPPC CA Petition on February 23, 2023.

On July 10, 2023, SPPC received the Court of Appeals' Joint Decision dated June 27, 2023 (the "June 27, 2023, Court of Appeals Decision") which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. On January 16, 2024, SPPC received, through its external counsel, a copy of the Resolution issued by the Court of Appeals dated December 28, 2023, denying the separate Motions for Reconsideration filed by National Association of Electricity Consumers for Reforms (NASECORE) and the ERC.

The June 27, 2023 Court of Appeals Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the Supreme Court Resolution was also denied with finality in another Supreme Court Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 Court of Appeals Decision. The motion is pending with the ERC to date. On February 6, 2025, SPPC filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPPC also filed with the Court of Appeals separate Motions to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 Court of Appeals Decision.

Related thereto, pursuant to the June 27, 2023 Court of Appeals Decision, SPPC issued a Notice of Change in Circumstances (CIC) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA, with its claims anchored on essentially the same legal bases established or ruled on by the Court of Appeals in its Joint Decision and confirmed by the Supreme Court with finality. The motion remains pending to date with the ERC.

On January 15, 2025, SPPC and San Miguel Global Power executed an agreement wherein SPPC assigned in favor of San Miguel Global Power all of its rights of action under the above claims for price adjustments from Meralco, in contemplation of the imminent dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%.

SPI Court of Appeals Petition
On November 10, 2022, SPI also filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI Court of Appeals Petition"). This was raffled to the 17th Division of the Court of Appeals which was subsequently transferred to its 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC Court of Appeals Petition pending before the 13th Division.

On July 10, 2023, SPI received the Court of Appeals Joint Decision dated June 27, 2023 (the "June 27, 2023 Court of Appeals Decision") which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 Court of Appeals Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. On January 16, 2024, SPI received, through its external counsel, a copy of the Resolution issued by the Court of Appeals dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 Court of Appeals Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 Court of Appeals Decision. The motion is pending with the ERC. On March 11, 2025, SPI also filed with the Court of Appeals separate Motions to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 Court of Appeals Decision.

Related thereto, pursuant to the June 27, 2023 Court of Appeals Decision, SPI issued a Notice of Change in Circumstances on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to SPI PSA with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the Supreme Court with finality. The motion remains pending to date with the ERC.

d. Joint Agreement with Citicore Renewable Energy Corporation (CREC) for the Group's Solar Projects

On June 28, 2024, San Miguel Global Power through its subsidiary, SGLPC, signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed next year. The solar power plant shall be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

e. *Investment Agreement*

The Parent Company entered into an Investment Agreement with Cerulean Infrastructure Investments Limited subject to terms and conditions defined in the Investment Agreement.

f. *Commitments*

The outstanding purchase commitments of the Group amounted to P245,288 and P248,484 as at December 31, 2024 and 2023, respectively.

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

g. *Foreign Exchange Rates*

The foreign exchange rates used in translating the US Dollar accounts of foreign subsidiaries, associates and joint ventures to Philippine Peso were closing rates of P57.845 and P55.370 in 2024 and 2023, respectively, for consolidated statements of financial position accounts; and average rates of P57.279, P55.632 and P54.502 in 2024, 2023 and 2022, respectively, for income and expense accounts.

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

Design Matchbox
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