COVER SHEET

PW-277
S. E. C. Registration Number

SAN MIGUEL CORPORATION
(Company's Full Name)

NO. 40 SAN MIGUEL AVE
MANDALUYONG CITY
METRO MANILA
PHILIPPINES
(Business Address: No. Street City/Town/Province)

Atty. Mary Rose S. Tan	(632) 632-3000
Contact Person	Company Telephone Number

12	31	SEC FORM (3rd Quarter-2024) 17-Q	2nd Tuesday of June
Month	Day	FORM TYPE	Month Day Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

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

1. For the quarterly period ended **September 30, 2024**

2. Commission identification number **PW00000227**

3. BIR Tax Identification No. **000-060-741-000**

4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**

5. **Philippines**
   Province, country or other jurisdiction
   of incorporation or organization

6. Industry Classification Code: ____ (SEC Use Only)

7. **No. 40 San Miguel Avenue,**
   Mandaluyong City, Metro Manila — **1550**
   Address of issuer's principal office — Postal Code

8. **(632) 8632-3000**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Number of Shares of Stock and debt Outstanding as of September 30, 2024
Common Shares	2,383,896,588
Series "2-F" Preferred Shares	223,333,500
Series "2-I" Preferred Shares	169,333,400
Series "2-J" Preferred Shares	266,666,667
Series "2-K" Preferred Shares	183,904,900
Series "2-L" Preferred Shares	165,358,600
Series "2-M" Preferred Shares	173,333,325
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	187,859,700
TOTAL	**3,853,801,780**

Total Liabilities	P1,899,262 million

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

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

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.
Yes [√] No [ ]

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

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended September 30, 2024 (with comparative figures as of December 31, 2023 and for the period ended September 30, 2023) and Selected Notes to the Consolidated Financial Statements is hereto attached as **Annex "A"**.

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

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

PART II--OTHER INFORMATION

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

NONE

SIGNATURES

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

Issuer	**SAN MIGUEL CORPORATION**
Signature and Title	**FERDINAND K. CONSTANTINO** Chief Finance Officer and Treasurer
Date	November 14, 2024
Signature and Title	**BELLA O. NAVARRA** Comptrollership Manager/ Principal Accounting Officer
Date	November 14, 2024

ANNEX "A"

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(In Millions)

	Note	**2024 Unaudited**	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*8, 9*	**P281,162**	P261,358
Trade and other receivables - net	*4, 8, 9*	**242,304**	263,119
Inventories		**175,658**	161,986
Current portion of biological assets - net		**3,215**	3,515
Prepaid expenses and other current assets	*4, 8, 9*	**165,829**	141,424
Total Current Assets		**868,168**	831,402
Noncurrent Assets			
Investments and advances - net		**43,926**	37,089
Investments in equity and debt instruments	*4, 7, 8, 9*	**21,070**	19,417
Property, plant and equipment - net	*5*	**811,698**	753,472
Right-of-use assets - net		**105,147**	108,014
Investment property - net		**86,586**	79,513
Biological assets - net of current portion		**2,460**	2,667
Goodwill - net		**187,199**	182,791
Other intangible assets - net		**330,831**	306,638
Deferred tax assets		**18,746**	19,633
Other noncurrent assets - net	*4, 8, 9*	**123,590**	118,729
Total Noncurrent Assets		**1,731,253**	1,627,963
		P2,599,421	P2,459,365

LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*4, 8, 9*	**P251,136**	P214,881
Accounts payable and accrued expenses	*4, 8, 9*	**265,153**	223,055
Lease liabilities - current portion	*4, 8, 9*	**6,792**	19,631
Income and other taxes payable		**46,332**	46,254
Dividends and distributions payable	*4, 7, 8, 9*	**3,685**	4,605
Current maturities of long-term debt - net of debt issue costs	*4, 8, 9*	**131,998**	236,798
Total Current Liabilities		**705,096**	745,224
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*4, 8, 9*	**1,094,134**	953,786
Lease liabilities - net of current portion	*4, 8, 9*	**34,735**	36,941
Deferred tax liabilities		**33,174**	29,503
Other noncurrent liabilities	*4, 8, 9*	**32,123**	28,745
Total Noncurrent Liabilities		**1,194,166**	1,048,975

Forward

	2024 Unaudited	2023 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**P16,443**	P16,443
Capital stock - preferred	**10,187**	10,187
Additional paid-in capital	**177,442**	177,468
Capital securities	**24,211**	24,211
Equity reserves	**68**	7,354
Retained earnings:		
Appropriated	**89,799**	87,170
Unappropriated	**95,811**	103,151
Treasury stock	**(109,763)**	(109,763)
	304,198	316,221
Non-controlling Interests	**395,961**	348,945
Total Equity	**700,159**	665,166
	P2,599,421	P2,459,365

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Millions, Except Per Share Data)

				For the Quarter Ended	
	Note	**2024 Unaudited**	2023 Unaudited	**2024 Unaudited**	2023 Unaudited
SALES	*2*	**P1,179,521**	P1,061,088	**P390,500**	P375,859
COST OF SALES		**983,803**	884,199	**328,608**	312,984
GROSS PROFIT		**195,718**	176,889	**61,892**	62,875
SELLING AND ADMINISTRATIVE EXPENSES		**(73,864)**	(66,703)	**(25,127)**	(22,610)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		**(72,693)**	(66,086)	**(25,048)**	(21,239)
INTEREST INCOME		**11,063**	10,372	**3,739**	3,841
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES		**1,612**	1,392	**375**	294
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT		**142**	136	**84**	176
OTHER INCOME (CHARGES) - Net	*3*	**(2,336)**	(6,439)	**22,051**	(12,659)
INCOME BEFORE INCOME TAX		**59,642**	49,561	**37,966**	10,678
INCOME TAX EXPENSE		**22,548**	18,374	**14,450**	2,816
NET INCOME		**P37,094**	P31,187	**P23,516**	P7,862
Attributable to:					
Equity holders of the Parent Company		**P4,978**	P146	**P13,681**	(P611)
Non-controlling interests		**32,116**	31,041	**9,835**	8,473
		P37,094	P31,187	**P23,516**	P7,862
Basic and Diluted Income (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	*6*	**(P0.90)**	(P1.71)	**P4.74**	(P0.87)
Cash Dividends Declared Per Common Share	*7*	**P0.70**	P1.05	**P -**	P0.35

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Millions)

			For the Quarter Ended	
	2024 Unaudited	2023 Unaudited	**2024 Unaudited**	2023 Unaudited
NET INCOME	**P37,094**	P31,187	**P23,516**	P7,862
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement loss on net defined benefit retirement plan	**(2)**	(7)	**(1)**	-
Income tax benefit	**-**	1	**-**	-
Net gain on financial assets at fair value through other comprehensive income	**133**	172	**3**	2
Income tax expense	**(18)**	(28)	**(4)**	(13)
Share in other comprehensive income (loss) of associates and joint ventures - net	**6**	(10)	**-**	(1)
	119	128	**(2)**	(12)
Items that may be reclassified to profit or loss				
Net gain (loss) on exchange differences on translation of foreign operations	**7,416**	(3,334)	**4,905**	756
Net gain (loss) on financial assets at fair value through other comprehensive income	**5**	4	**11**	(7)
Income tax benefit (expense)	**(1)**	(1)	**(3)**	2
Net gain (loss) on cash flow hedges	**(1,726)**	70	**(778)**	91
Income tax benefit (expense)	**432**	(10)	**195**	(24)
Share in other comprehensive income (loss) of associates and joint ventures - net	**16**	8	**137**	(75)
	6,142	(3,263)	**4,467**	743
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax	**6,261**	(3,135)	**4,465**	731
TOTAL COMPREHENSIVE INCOME - Net of tax	**P43,355**	P28,052	**P27,981**	P8,593
Attributable to:				
Equity holders of the Parent Company	**P7,894**	(P2,051)	**P16,344**	(P623)
Non-controlling interests	**35,461**	30,103	**11,637**	9,216
	P43,355	P28,052	**P27,981**	P8,593

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(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 (Audited)		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		-	-	-	-	-	-	-	4,003	-	-	-	-	-	4,003	3,413	7,416
Share in other comprehensive income (loss) of associates and joint venture - net		-	-	-	-	-	-	22	(2)	-	-	-	-	-	20	2	22
Net loss on cash flow hedges		-	-	-	-	-	(1,294)	-	-	-	-	-	-	-	(1,294)	-	(1,294)
Net gain (loss) on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	189	-	-	-	-	-	-	189	(70)	119
Remeasurement loss on net defined benefit retirement plan		-	-	-	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Other comprehensive income (loss)		-	-	-	-	(2)	(1,294)	211	4,001	-	-	-	-	-	2,916	3,345	6,261
Net income		-	-	-	-	-	-	-	-	-	-	4,978	-	-	4,978	32,116	37,094
Total comprehensive income (loss)		-	-	-	-	(2)	(1,294)	211	4,001	-	-	4,978	-	-	7,894	35,461	43,355
Share issuance costs from reissuance of treasury shares		-	-	(26)	-	-	-	-	-	-	-	-	-	-	(26)	-	(26)
Net addition (reduction) to non-controlling interests and others		-	-	-	-	-	-	-	-	(10,202)	-	(92)	-	-	(10,294)	36,544	26,250
Appropriations - net		-	-	-	-	-	-	-	-	-	2,629	(2,629)	-	-	-	-	-
Cash dividends and distributions:	7																
Common		-	-	-	-	-	-	-	-	-	-	(1,669)	-	-	(1,669)	(10,628)	(12,297)
Preferred		-	-	-	-	-	-	-	-	-	-	(5,826)	-	-	(5,826)	(1,478)	(7,304)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(2,102)	-	-	(2,102)	(12,883)	(14,985)
As at September 30, 2024 (Unaudited)		P16,443	P10,187	P177,442	P24,211	(P10,467)	(P1,697)	P541	P6,975	P4,716	P89,799	P95,811	(P67,093)	(P42,670)	P304,198	P395,961	P700,159

Forward

	Note	Capital Stock Common	Capital Stock Preferred	Additional Paid-in Capital	Senior Perpetual Capital Securities	Equity Reserves: Reserve for Retirement Plan	Equity Reserves: Hedging Reserve	Equity Reserves: Fair Value Reserve	Equity Reserves: Translation Reserve	Other Equity Reserve	Retained Earnings Appro-priated	Retained Earnings Unappro-priated	Treasury Stock Common	Treasury Stock Preferred	Total	Non-Controlling Interests	Total Equity
		Equity Attributable to Equity Holders of the Parent Company															
As at January 1, 2023 (Audited)		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 loss on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(2,420)	-	-	-	-	-	(2,420)	(914)	(3,334)
Share in other comprehensive income (loss) of associates and joint venture - net		-	-	-	-	(11)	-	10	(2)	-	-	-	-	-	(3)	1	(2)
Net gain (loss) on cash flow hedges		-	-	-	-	-	76	-	-	-	-	-	-	-	76	(16)	60
Net gain (loss) on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	151	-	-	-	-	-	-	151	(4)	147
Remeasurement loss on net defined benefit retirement plan		-	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)	(5)	(6)
Other comprehensive income (loss)		-	-	-	-	(12)	76	161	(2,422)	-	-	-	-	-	(2,197)	(938)	(3,135)
Net income		-	-	-	-	-	-	-	-	-	-	146	-	-	146	31,041	31,187
Total comprehensive income (loss)		-	-	-	-	(12)	76	161	(2,422)	-	-	146	-	-	(2,051)	30,103	28,052
Reissuance of treasury shares		-	-	(20)	-	-	-	-	-	-	-	-	-	13,000	12,980	-	12,980
Net reduction to non-controlling interests and others		-	-	-	-	-	-	-	-	(1,509)	-	(880)	-	-	(2,389)	(12,902)	(15,291)
Appropriations - net		-	-	-	-	-	-	-	-	-	12,221	(12,221)	-	-	-	-	-
Cash dividends and distributions:	7																
Common		-	-	-	-	-	-	-	-	-	-	(2,503)	-	-	(2,503)	(10,156)	(12,659)
Preferred		-	-	-	-	-	-	-	-	-	-	(2,632)	-	-	(2,632)	(1,262)	(3,894)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(2,007)	-	-	(2,007)	(11,581)	(13,588)
As at September 30, 2023 (Unaudited)		P16,443	P10,187	P177,699	P24,211	(P9,268)	(P198)	P275	P3,219	P15,019	P83,225	P109,142	(P67,093)	(P76,670)	P286,191	P348,561	P634,752

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Millions)

	Note	**2024 Unaudited**	2023 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P59,642**	P49,561
Adjustments for:			
Interest expense and other financing charges		**72,693**	66,086
Depreciation, amortization and others - net	*3, 5*	**46,693**	46,499
Interest income		**(11,063)**	(10,372)
Equity in net earnings of associates and joint ventures		**(1,612)**	(1,392)
Gain on sale of investments and property and equipment		**(142)**	(136)
Operating income before working capital changes		**166,211**	150,246
Changes in noncash current assets, certain current liabilities and others		**17,650**	7,785
Cash generated from operations		**183,861**	158,031
Interest and other financing charges paid		**(72,197)**	(66,914)
Income taxes paid		**(17,487)**	(15,581)
Net cash flows provided by operating activities		**94,177**	75,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	*5*	**(54,968)**	(45,200)
Intangible assets		**(30,132)**	(52,331)
Investments and advances		**(8,182)**	(3,459)
Investment property		**(6,930)**	(4,053)
Advances to contractors and suppliers		**(3,205)**	(9,983)
Investments in equity and debt instruments		**(1,962)**	(536)
Increase in other noncurrent assets and others		**(18,215)**	(15,105)
Interest received		**10,869**	8,932
Dividends received		**1,210**	650
Proceeds from:			
Sale of property and equipment and other intangible assets		**828**	943
Disposal of investments in debt instruments		**519**	529
Disposal of subsidiaries, net of cash and cash equivalents disposed of		**8**	418
Net cash flows used in investing activities		**(110,160)**	(119,195)

Forward

	Note	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term borrowings		**P933,794**	P823,203
Long-term borrowings		**239,571**	237,042
Payments of:			
Short-term borrowings		**(898,657)**	(867,666)
Long-term borrowings		**(212,256)**	(153,033)
Redemption of capital securities of subsidiaries		**(45,040)**	(27,134)
Net proceeds from issuance of preferred shares and capital securities of subsidiaries		**71,384**	-
Cash dividends and distributions paid to non-controlling shareholders		**(25,780)**	(23,095)
Payments of lease liabilities		**(17,172)**	(15,727)
Cash dividends and distributions paid	7	**(9,726)**	(7,349)
Share issuance costs from reissuance of treasury shares		**(26)**	-
Decrease in non-controlling interests' share in the net assets of subsidiaries and others		**(6)**	(2,977)
Net proceeds from reissuance of treasury shares of a subsidiary		**-**	13,888
Net proceeds from reissuance of treasury shares		**-**	12,980
Net cash flows provided by (used in) financing activities		**36,086**	(9,868)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(299)**	606
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**19,804**	(52,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**261,358**	318,214
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P281,162**	P265,293

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
September 30, 2024
(In Millions)

			Past Due			
	Total	**Current**	**1 - 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**Over 90 Days**
Trade	P 176,423	P 122,430	P 11,180	P 3,540	P 1,763	P 37,510
Non-trade	68,778	38,698	417	822	1,019	27,822
Amounts Owed by Related Parties	11,048	9,017	476	17	8	1,530
Total	256,249	**P 170,145**	**P 12,073**	**P 4,379**	**P 2,790**	**P 66,862**
Less allowance for impairment losses	13,945					
Net	**P 242,304**					

San Miguel Corporation
Proceeds from Issuance of Series "2", in Subseries “L", Subseries "N" and Subseries "O" Preferred Shares
September 30, 2024
(Amounts in Millions)

i)	**Gross and Net Proceeds as Disclosed in the Final Offer Supplement** [a]				
	Gross proceeds			**P**	50,000
	Estimated fees, commissions and expenses relating to the issue:				
	Underwriting fees	**P**	275		
	PSE filing fee (inclusive of VAT)		56		
	Taxes		25		
	Philippine SEC filing and legal research fee		13		
	Estimated legal and other professional fees		6		
	Estimated other expenses		4		379
	Net proceeds			**P**	49,621
ii)	**Actual Gross and Net Proceeds** [b]				
	Gross proceeds			**P**	34,000
	Underwriting fees	**P**	218		
	PSE filing fee (inclusive of VAT)		56		
	Taxes		17		
	Philippine SEC filing and legal research fee		13		
	Legal and other professional fees		5		
	Other expenses		1		310
	Net proceeds/balance of the proceeds			**P**	33,690
iii)	**Each Expenditure Item Where the Proceeds were Used**				
	Repayment of Philippine Peso-denominated short-term loans	**P**	16,530		
	Repayment of the Series B Bonds		7,294	**P**	23,824
iv)	**Balance of the Proceeds as of End of Reporting Period**			**P**	9,866

a *The Gross and Net Proceeds as Disclosed in the Final Offer Supplement is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 266,666,700 Series "2" Preferred Shares at P75.00 per share amounting to P50,000 million.*

b *The Actual Gross and Net Proceeds is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 53,333,400 Series "2" Preferred Shares at P75.00 per share amounting to P34,000 million.*

San Miguel Corporation
Proceeds from the Offering of the Fixed-Rate Bonds Series "O" and Series "P"
September 30, 2024
(Amounts in Millions)

i)	**Gross and Net Proceeds as Disclosed in the Final Prospectus**			
	Gross Proceeds		**P**	20,000
	Estimated Fees, Commissions and Expenses Relating to the Issue:			
	Underwriting fees	**P** 80		
	Taxes to be paid by the Company	150		
	Philippine SEC filing and legal research fee	5		
	Estimated legal and other professional fees	6		
	Estimated other expenses	10		251
	Net Proceeds		**P**	19,749
ii)	**Actual Gross and Net Proceeds**			
	Gross Proceeds		**P**	20,000
	Expenses related to the Offering			267 *
	Net Proceeds		**P**	19,733
iii)	**Each Expenditure Item Where the Proceeds were Used**			
	Partial redemption of Series "I" Fixed-Rate Bonds		**P**	11,240
	Additional investment in the Manila International Airport			1,038
	Total Expenditure Where the Proceeds Were Used		**P**	12,278
iv)	**Balance of the Proceeds as of End of Reporting Period**		**P**	7,455

* *Expenses of the Offering include: (i) payment of filing fees with the SEC; (ii) payments made to Philratings for its rating fees and monitoring fees; (iii) underwriting fees; (iv) documentary stamp taxes; (v) PDEx listing application and maintenance fees; (vi) legal and other professional fees; and (vii) other fees and miscellaneous expenses .*

SAN MIGUEL CORPORATION AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Data)

1. Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on November 7, 2024.

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

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

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

Adoption of Amendments to Standards

The Group has adopted the following amendments to PFRS 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, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

  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 interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

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

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

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

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

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

PFRS 17 is effective for annual reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- 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.

- 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. Additionally, 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.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

    Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2. Segment Information

Operating Segments

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

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

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

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

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

The fuel and oil segment is engaged in refining 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.

Inter-segment Transactions

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

Operating Segments

Financial information about reportable segments as at and for the periods ended September 30, 2024, December 31, 2023 and September 30, 2023 follows:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	September 2024	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023
Sales																		
External sales	**P291,035**	P276,592	**P18,282**	P18,617	**P147,337**	P117,367	**P650,764**	P574,390	**P26,987**	P25,077	**P26,536**	P28,391	**P18,580**	P20,654	**P -**	P -	**P1,179,521**	P1,061,088
Inter-segment sales	**73**	64	**10,198**	9,048	**6,255**	7,846	**7,169**	12,893	**5**	4	**505**	496	**29,173**	26,988	**(53,378)**	(57,339)	**-**	-
Total sales	**P291,108**	P276,656	**P28,480**	P27,665	**P153,592**	P125,213	**P657,933**	P587,283	**P26,992**	P25,081	**P27,041**	P28,887	**P47,753**	P47,642	**(P53,378)**	(P57,339)	**P1,179,521**	P1,061,088
Result																		
Segment result	**P39,914**	P34,685	**P2,098**	P1,596	**P33,481**	P23,337	**P22,254**	P27,008	**P14,613**	P13,567	**P5,305**	P4,593	**P3,884**	P4,580	**P305**	P820	**P121,854**	P110,186
Interest expense and other financing charges																	**(72,693)**	(66,086)
Interest income																	**11,063**	10,372
Equity in net earnings of associates and joint ventures																	**1,612**	1,392
Gain on sale of investments and property and equipment																	**142**	136
Other income (charges) - net																	**(2,336)**	(6,439)
Income tax expense																	**(22,548)**	(18,374)
Net Income																	**P37,094**	P31,187

	September 2024	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023
Other Information																		
Segment assets	**P314,760**	P297,032	**P49,438**	P50,431	**P739,159**	P702,778	**P459,892**	P432,972	**P478,901**	P440,455	**P116,084**	P116,185	**P351,904**	P339,296	**(P183,328)**	(P180,120)	**P2,326,810**	P2,199,029
Investments in and advances to associates and joint ventures	**-**	-	**-**	-	**13,880**	10,953	**10**	6	**8,561**	5,184	**835**	2,358	**20,640**	18,588	**-**	-	**43,926**	37,089
Goodwill and trademarks																	**187,417**	183,008
Other assets																	**22,522**	20,606
Deferred tax assets																	**18,746**	19,633
Consolidated Total Assets																	**P2,599,421**	P2,459,365

Forward

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	September 2024	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023	**September 2024**	December 2023
Segment liabilities	**P80,685**	P73,742	**P9,646**	P9,603	**P116,051**	P81,870	**P70,624**	P66,707	**P57,155**	P53,317	**P8,718**	P6,974	**P100,994**	P102,371	**(P153,934)**	(P148,456)	**P289,939**	P246,128
Loans payable																	**251,136**	214,881
Long-term debt																	**1,226,132**	1,190,584
Lease liabilities																	**41,527**	56,572
Income and other taxes payable																	**46,332**	46,254
Dividends and distributions payable and others																	**11,022**	10,277
Deferred tax liabilities																	**33,174**	29,503
Consolidated Total Liabilities																	**P1,899,262**	P1,794,199

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments for the periods ended September 30, 2024 and 2023:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated	
	September 2024	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023	**September 2024**	September 2023
Timing of recognition																
Sales recognized at point in time	**P291,026**	P276,585	**P17,646**	P18,023	**P -**	P -	**P650,764**	P574,390	**P -**	P -	**P26,536**	P28,391	**P15,645**	P17,810	**P1,001,617**	P915,199
Sales recognized over time	**9**	7	**636**	594	**147,337**	117,367	**-**	-	**26,987**	25,077	**-**	-	**2,935**	2,844	**177,904**	145,889
Total external sales	**P291,035**	P276,592	**P18,282**	P18,617	**P147,337**	P117,367	**P650,764**	P574,390	**P26,987**	P25,077	**P26,536**	P28,391	**P18,580**	P20,654	**P1,179,521**	P1,061,088

3. Other Income (Charges) - Net

Other income (charges) - net consists of:

	Note	September 30 2024	2023
Construction costs		**(P41,431)**	(P37,051)
Loss on foreign exchange - net	*8*	**(2,241)**	(8,510)
Loss on derivatives - net	*9*	**(1,646)**	(993)
Construction revenue		**41,431**	37,051
Rent income		**413**	232
Dividend income		**330**	25
Miscellaneous gain		**-**	2,291
Others		**808**	516
		(P2,336)	(P6,439)

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, water concession rights as at reporting date.

Miscellaneous gain represents the income recognized in 2023 by Ginebra San Miguel Inc. from the assignment of product rights amounting to P1,530 and by San Miguel Brewery Inc. from the Tax Credit Certificates issued by the Bureau of Internal Revenue (BIR) in relation to the claims for refund filed for overpayment of excise taxes with the BIR for San Mig Light amounting to P761.

“Others” consist of commission income, insurance claims, changes in fair value of financial assets at fair value through profit or loss (FVPL), reversal of impairment, loss on sale of La Pacita trademarks, casualty loss and expenses of closed facilities.

4. Related Party Disclosures

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

Amounts owed by/owed to related parties are collectible/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 September 30, 2024 and December 31, 2023:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	**September 30, 2024**	**P6**	**P -**	**P -**	**P -**	On demand;	Unsecured
	December 31, 2023	8	-	-	515	non-interest bearing	
	September 30, 2024	**-**	**-**	**3,037**	**-**	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
	December 31, 2023	-	-	3,037	-		
Retirement Plans	**September 30, 2024**	**21**	**-**	**3,108**	**-**	On demand;	Unsecured;
	December 31, 2023	29	-	3,332	-	non-interest bearing	no impairment
	September 30, 2024	**176**	**-**	**4,127**	-	On demand;	Unsecured;
	December 31, 2023	239	-	4,129	9	interest bearing	no impairment
Associates	**September 30, 2024**	**1,646**	**-**	**1,300**	**184**	On demand;	Unsecured;
	December 31, 2023	2,466	-	1,119	73	non-interest bearing	no impairment
	September 30, 2024	**245**	**-**	**4,288**	**27,902**	Less than 1 to 12 years; interest bearing	Unsecured and secured; no impairment
	December 31, 2023	469	-	4,288	25,076		
Joint Ventures	**September 30, 2024**	**65**	**472**	**249**	**442**	On demand;	Unsecured;
	December 31, 2023	74	65	197	18	non-interest bearing	no impairment
	September 30, 2024	**13**	**-**	**621**	**-**	On demand;	Unsecured;
	December 31, 2023	40	-	621	-	interest bearing	with impairment
	September 30, 2024	**61**	**-**	**1,480**	**-**	Less than 1 to 10.5 years; interest bearing	Unsecured; no impairment
	December 31, 2023	77	-	1,479	-		
Shareholder of the Ultimate Parent Company	**September 30, 2024**	**-**	**-**	**1,300**	**-**	On demand;	Unsecured;
	December 31, 2023	-	-	1,300	-	non-interest bearing	no impairment
Shareholders in Subsidiaries	**September 30, 2024**	**26**	**966**	**95**	**1,327**	On demand;	Unsecured;
	December 31, 2023	30	990	100	1,304	non-interest bearing	no impairment
Others	**September 30, 2024**	**302**	**967**	**143**	**47**	On demand;	Unsecured;
	December 31, 2023	451	2,965	157	162	non-interest bearing	no impairment
Total	**September 30, 2024**	**P2,561**	**P2,405**	**P19,748**	**P29,902**		
Total	December 31, 2023	P3,883	P4,020	P19,759	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 Top Frontier Investment Holdings, Inc. (Top Frontier or 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% 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. The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Pacific Nickel Philippines, Inc., an indirect subsidiary of Clariden. As at September 30, 2024 and December 31, 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 September 30, 2024 and December 31, 2023.

(ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* These amounts are subject to 5.75% interest rate per annum and will accrue upon commencement of commercial operations of the Nonoc Project. As at September 30, 2024 and December 31, 2023, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposit under “Other noncurrent assets - net” account in the consolidated statements of financial position as at September 30, 2024 and December 31, 2023.

b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P6,265 and P6,522 as at September 30, 2024 and December 31, 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. Portion of the advances are subject to interest of 5.75% per annum in 2024 and 2023. Interest income earned from the advances amounted to P142 and P141 for the periods ended September 30, 2024 and 2023, respectively.

c) Petron Corporation has advances to Petron Corporation Employee Retirement Plan amounting to P970 and P937 as at September 30, 2024 and December 31, 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. Portion of the advances are subject to interest of 5% per annum in 2024 and 2023. Interest income earned from the advances amounted to P34 for the periods ended September 30, 2024 and 2023.

d) Amounts owed by related parties include investments in debt securities under investment agreement with Bank of Commerce (BankCom) for a total amount of P4,288 as at September 30, 2024 and December 31, 2023, presented as part of “Prepaid expenses and other current assets” and “Investments in equity and debt instruments” accounts in the consolidated statements of financial position. Interest income earned from investments in debt instruments amounted to P243 and P379 for the periods ended September 30, 2024 and 2023, respectively.

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. Allowance for impairment losses pertaining to these receivables amounted to P621 as at September 30, 2024 and December 31, 2023. Interest income earned from the receivable amounted to P13 and P20 for the periods ended September 30, 2024 and 2023, respectively.

f) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydropower Corporation by PowerOne Ventures Energy Inc. amounting to P1,480 and P1,479 as at September 30, 2024 and December 31, 2023, respectively, presented as part of “Trade and other receivables - net” and “Other noncurrent assets - net” accounts in the consolidated statements of financial position. Interest income earned from the loans amounted to P61 and P54 for the periods ended September 30, 2024 and 2023, respectively.

g) Amounts owed by related parties include the receivable from the assignment by Eagle Cement Corporation to Far East Holdings, Inc. of the advances for future investment in KB Space Holdings, Inc. amounting to P1,300, presented as part of “Trade and other receivables - net” account in the consolidated statements of financial position as at September 30, 2024 and December 31, 2023.

4) Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of “Lease liabilities - current portion” amounted to P7 and P4 as at September 30, 2024 and December 31, 2023, respectively, and as part of “Lease liabilities - net of current portion” amounted to P1 and P5 as at September 30, 2024 and December 31, 2023, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable.

5) The amounts owed to associates include interest bearing loans payable to BankCom presented as part of “Loans payable” account amounting to P11,519 and P6,382 and “Long-term debt” account amounting to P16,383 and P18,694 in the consolidated statements of financial position as at September 30, 2024 and December 31, 2023, respectively.

   The amounts owed to associates include syndicated project finance loans amounting to P13,452 and P12,375 as at September 30, 2024 and December 31, 2023, respectively, which were secured by certain property, plant and equipment and other intangible assets.

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

5. Property, Plant and Equipment

Property, plant and equipment consist of:

September 30, 2024 and December 31, 2023

	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 (Audited)	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	448	-	-	-	-	-	-	-	448
Disposals/retirement	(6)	(168)	(76)	(1)	(918)	(2,943)	(14)	(14)	(4,140)
Reclassifications and others	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 (Audited)	58,324	93,452	225,369	194,507	19,845	260,596	12,681	198,417	1,063,191
Additions	3,139	360	2,039	929	791	5,081	312	59,687	72,338
Disposals/retirement	(67)	(21)	-	(2)	(1,407)	(2,094)	(1)	(37)	(3,629)
Reclassifications and others	(204)	4,547	36,397	(11)	(22)	14,549	4,066	(47,597)	11,725
Currency translation adjustments	353	468	-	3,369	1,212	1,479	13	123	7,017
September 30, 2024 (Unaudited)	**61,545**	**98,806**	**263,805**	**198,792**	**20,419**	**279,611**	**17,071**	**210,593**	**1,150,642**
Accumulated Depreciation									
January 1, 2023 (Audited)	4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	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	(11)	(477)	-	31	14	467	(8)	-	16
Currency translation adjustments	1	(129)	-	(553)	(320)	(444)	-	-	(1,445)
December 31, 2023 (Audited)	4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	440	2,080	7,544	4,646	610	10,090	566	-	25,976
Disposals/retirement	-	(20)	-	-	(1,352)	(1,372)	(1)	-	(2,745)
Reclassifications	(762)	(100)	-	-	(1)	3,134	2	-	2,273
Currency translation adjustments	5	265	-	1,568	666	1,023	2	-	3,529
September 30, 2024 (Unaudited)	**4,645**	**27,014**	**47,852**	**82,432**	**15,299**	**143,197**	**3,911**	**-**	**324,350**
Accumulated Impairment Losses									
January 1, 2023 (Audited)	-	3,417	-	-	-	11,395	26	-	14,838
Impairment	-	-	-	-	-	15	-	65	80
Disposals/retirement	-	(42)	-	-	-	(84)	-	-	(126)
Reclassifications	-	-	-	-	-	(122)	-	-	(122)
Currency translation adjustments	-	(72)	-	-	-	(196)	-	-	(268)
December 31, 2023 (Audited)	-	3,303	-	-	-	11,008	26	65	14,402
Impairment (Reversal of impairment)	-	-	-	-	-	(16)	-	9	(7)
Disposals/retirement	-	-	-	-	-	(92)	-	-	(92)
Currency translation adjustments	-	73	-	-	-	217	1	-	291
September 30, 2024 (Unaudited)	**-**	**3,376**	**-**	**-**	**-**	**11,117**	**27**	**74**	**14,594**
Carrying Amount									
December 31, 2023 (Audited)	P53,362	P65,360	P185,061	P118,289	P4,469	P119,266	P9,313	P198,352	P753,472
September 30, 2024 (Unaudited)	**P56,900**	**P68,416**	**P215,953**	**P116,360**	**P5,120**	**P125,297**	**P13,133**	**P210,519**	**P811,698**

September 30, 2023

	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 (Audited)	P53,863	P80,797	P203,466	P194,444	P20,482	P233,513	P9,971	P194,022	P990,558
Additions	315	581	1,130	297	171	4,746	96	37,864	45,200
Acquisition of a subsidiary	448	-	-	-	-	-	-	-	448
Disposals/retirement	(6)	(115)	(76)	-	(105)	(1,955)	(7)	(8)	(2,272)
Reclassifications and others	2,191	15,074	16,356	501	196	18,564	1,934	(45,175)	9,641
Currency translation adjustments	(147)	(201)	-	(1,204)	(469)	(570)	(19)	(36)	(2,646)
September 30, 2023 (Unaudited)	56,664	96,136	220,876	194,038	20,275	254,298	11,975	186,667	1,040,929
Accumulated Depreciation									
January 1, 2023 (Audited)	4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	400	1,802	6,352	4,488	724	9,130	377	-	23,273
Disposals/retirement	(6)	(89)	(13)	-	(95)	(1,425)	(7)	-	(1,635)
Reclassifications	62	(23)	-	-	21	497	(5)	-	552
Currency translation adjustments	-	(95)	-	(521)	(297)	(370)	(3)	-	(1,286)
September 30, 2023 (Unaudited)	4,874	24,589	37,900	74,372	15,903	127,615	3,179	-	288,432
Accumulated Impairment Losses									
January 1, 2023 (Audited)	-	3,417	-	-	-	11,395	26	-	14,838
Reversal of impairment	-	-	-	-	-	(137)	-	-	(137)
Disposals/retirement	-	(25)	-	-	-	(78)	-	-	(103)
Currency translation adjustments	-	(46)	-	-	-	(85)	(1)	-	(132)
September 30, 2023 (Unaudited)	-	3,346	-	-	-	11,095	25	-	14,466
Carrying Amount									
September 30, 2023 (Unaudited)	P51,790	P68,201	P182,976	P119,666	P4,372	P115,588	P8,771	P186,667	P738,031

Depreciation charged to operations amounted to P25,976 and P23,273 for the periods ended September 30, 2024 and 2023, respectively.

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

As at September 30, 2024 and December 31, 2023, certain property, plant and equipment amounting to P194,604 and P165,263, respectively, are pledged as security for syndicated project finance loans.

6. Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of capital securities, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	September 30	
	2024	2023
Net income attributable to equity holders of the Parent Company	**P4,978**	P146
Less: Dividends on preferred shares for the period	**5,562**	2,723
Distributions on capital securities for the period	**1,567**	1,503
Net loss attributable to common shareholders of the Parent Company (a)	**(P2,151)**	(P4,080)
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	**2,384**	2,384
Basic and diluted loss per common share attributable to equity holders of the Parent Company (a/b)	**(P0.90)**	(P1.71)

Loss per share is computed based on amounts in nearest Peso.

The Parent Company has no dilutive debt or equity instruments for the periods ended September 30, 2024 and 2023.

7. 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**
Preferred				
Regular Dividend				
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**
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**
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	**0.890625**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.890625**
	August 8, 2024	September 20, 2024	October 4, 2024	**0.890625**

Forward

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Preferred				
Regular Dividend				
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	**P0.84375**
	May 14, 2024	June 21, 2024	July 4, 2024	**0.84375**
	August 8, 2024	September 20, 2024	October 4, 2024	**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**
	August 8, 2024	September 20, 2024	October 4, 2024	**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**
	August 8, 2024	September 20, 2024	October 4, 2024	**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**
	August 8, 2024	September 20, 2024	October 4, 2024	**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**
	August 8, 2024	September 20, 2024	October 4, 2024	**1.611300**
One-Time Dividend				
SMC2K	May 14, 2024	June 21, 2024	July 4, 2024	**0.1031250**
SMC2L	May 14, 2024	June 21, 2024	July 4, 2024	**0.329770833333333**
SMC2M	May 14, 2024	June 21, 2024	July 4, 2024	**0.505989583333333**
SMC2N	May 14, 2024	June 21, 2024	July 4, 2024	**0.347775**
SMC2O	May 14, 2024	June 21, 2024	July 4, 2024	**0.358066666666667**

The foregoing one-time dividend was paid for the purpose of synchronization and alignment of dividend payments on the outstanding Series 2 Preferred Shares, in accordance with the respective terms and conditions of the Series 2 Preferred Shares issuances.

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
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
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
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
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

On November 7, 2024, the BOD of the Parent Company declared regular cash dividends to: (a) all common shareholders of record as at November 22, 2024 in the amount of P0.35 per common share to be paid on December 2, 2024; and (b) all preferred shareholders of record as at December 20, 2024 on the following shares to be paid on January 3, 2025, as follows:

Class of Shares	**Dividend 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

Distributions

The Parent Company paid P2,102 and P2,007 for the periods ended September 30, 2024 and 2023, respectively, to the holders of Senior Perpetual Capital Securities, as distributions in accordance with the terms and conditions of the subscription agreement.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

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

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

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

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

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

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

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

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

Interest Rate Risk

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

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. 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:

September 30, 2024	**<1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P85,332**	**P92,221**	**P94,120**	**P115,319**	**P52,482**	**P127,571**	**P567,045**
Interest rate	**3.2837% - 9.635%**	**3.2837% - 9.635%**	**3.2837% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,377**	**1,438**	**1,505**	**9,976**	**10,051**	**9,262**	**33,609**
Interest rate	**8.331%**	**8.331%**	**8.331%**	**6.55% - 8.331%**	**6.68% - 8.331%**	**8.331%**	
Floating Rate							
Philippine Peso-denominated	**21,944**	**2,090**	**4,305**	**4,466**	**32,198**	**8,383**	**73,386**
Interest rate	**Bloomberg Valuation (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)	**24,371**	**34,575**	**149,656**	**117,615**	**137,969**	**102,828**	**567,014**
Interest rate	**Secured Overnight Financing 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**	
	P133,024	**P130,324**	**P249,586**	**P247,376**	**P232,700**	**P248,044**	**P1,241,054**

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	3.2837% - 9.635%	3.2837% - 9.635%	3.2837% - 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 P4,803 and P5,830 for the period ended September 30, 2024 and for the year ended December 31, 2023, 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 revenues. 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:

	September 30, 2024		December 31, 2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$2,033**	**P113,772**	US$1,720	P95,227
Trade and other receivables	**1,109**	**61,653**	1,322	73,163
Prepaid expenses and other current assets	**48**	**2,706**	21	1,165
Noncurrent receivables	**277**	**15,516**	33	1,857
	3,467	**193,647**	3,096	171,412
Liabilities				
Loans payable	**143**	**7,985**	243	13,458
Accounts payable and accrued expenses	**3,315**	**185,718**	2,497	138,309
Long-term debt (including current maturities)	**10,720**	**600,623**	10,018	554,661
Lease liabilities (including current portion)	**286**	**15,945**	434	24,066
Other noncurrent liabilities	**39**	**2,227**	25	1,447
	14,503	**812,498**	13,217	731,941
Net foreign currency-denominated monetary liabilities	**US$11,036**	**P618,851**	US$10,121	P560,529

The Group reported net loss on foreign exchange amounting to P2,241 and P8,510 for the periods ended September 30, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 3). 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
September 30, 2024	**P56.030**
December 31, 2023	55.370
September 30, 2023	56.575
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**	
September 30, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P1,598)**	**(P1,626)**	**P1,598**	**P1,626**
Trade and other receivables	**(374)**	**(816)**	**374**	**816**
Prepaid expenses and other current assets	**(30)**	**(41)**	**30**	**41**
Noncurrent receivables	**(273)**	**(208)**	**273**	**208**
	(2,275)	**(2,691)**	**2,275**	**2,691**
Loans payable	**-**	**141**	**-**	**(141)**
Accounts payable and accrued expenses	**2,178**	**2,682**	**(2,178)**	**(2,682)**
Long-term debt (including current maturities)	**10,682**	**8,049**	**(10,682)**	**(8,049)**
Lease liabilities (including current portion)	**191**	**238**	**(191)**	**(238)**
Other noncurrent liabilities	**24**	**33**	**(24)**	**(33)**
	13,075	**11,143**	**(13,075)**	**(11,143)**
	P10,800	**P8,452**	**(P10,800)**	**(P8,452)**

	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 period 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.

September 30, 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	P281,162	P281,162	P281,162	P -	P -	P -
Trade and other receivables - net	242,304	242,304	242,304	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,333	3,333	2,254	-	1,079	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	901	901	442	-	-	459
Financial assets at fair value through other comprehensive income (FVOCI) (included under "Investments in equity and debt instruments" account)	9,007	9,289	2,692	54	853	5,690
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,171	15,448	1,360	846	10,883	2,359
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,724	8,920	35	3,655	64	5,166
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	25,425	25,425	20,175	2,894	548	1,808
Financial Liabilities						
Loans payable	251,136	253,261	253,261	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO), and deferred income)	259,898	259,898	259,898	-	-	-
Dividends and distributions payable	3,685	3,685	3,685	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	3,543	3,543	2,502	-	1,041	-
Long-term debt (including current maturities)	1,226,132	1,530,145	205,513	196,119	839,878	288,635
Lease liabilities (including current portion)	41,527	55,603	8,826	8,629	19,498	18,650
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	13,592	13,592	-	6,018	4,220	3,354

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)	220,205	220,205	220,205	-	-	-
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 comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

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

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

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

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

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

	September 30, 2024	December 31, 2023
Cash and cash equivalents (excluding cash on hand)	**P278,454**	P256,366
Trade and other receivables - net	**242,304**	263,119
Derivative assets	**3,333**	2,364
Investment in debt instruments at FVPL	**442**	1,012
Investment in debt instruments at FVOCI	**673**	667
Investment in debt instruments at amortized cost	**12,171**	12,158
Noncurrent receivables and deposits - net	**8,724**	9,181
Restricted cash	**25,425**	18,519
	P571,526	P563,386

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

	September 30, 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)	**P278,454**	**P -**	**P -**	**P -**	**P -**	**P278,454**
Trade and other receivables	**-**	**242,304**	**13,945**	**-**	**-**	**256,249**
Derivative assets	**-**	**-**	**-**	**2,284**	**1,049**	**3,333**
Investment in debt instruments at FVPL	**-**	**-**	**-**	**442**	**-**	**442**
Investment in debt instruments at FVOCI	**-**	**-**	**-**	**-**	**673**	**673**
Investment in debt instruments at amortized cost	**12,171**	**-**	**-**	**-**	**-**	**12,171**
Noncurrent receivables and deposits	**-**	**8,724**	**607**	**-**	**-**	**9,331**
Restricted cash	**25,425**	**-**	**-**	**-**	**-**	**25,425**

	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
Investment in debt instruments at FVPL	-	-	-	1,012	-	1,012
Investment in debt instruments at FVOCI	-	-	-	-	667	667
Investment 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:

September 30, 2024	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P122,430**	**P38,698**	**P9,017**	**P170,145**
Past due:				
1 - 30 days	**11,180**	**417**	**476**	**12,073**
31 - 60 days	**3,540**	**822**	**17**	**4,379**
61 - 90 days	**1,763**	**1,019**	**8**	**2,790**
Over 90 days	**37,510**	**27,822**	**1,530**	**66,862**
	P176,423	**P68,778**	**P11,048**	**P256,249**

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. There are no significant changes in the credit quality of the counterparties during the period.

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

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

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

Financial and Other Risks Relating to Livestock
The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and cattle 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, hogs and cattle in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.

- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.

- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

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

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

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

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

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

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

9. Financial Assets and Financial Liabilities

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

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

A financial asset (unless 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 those designated as at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. 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.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost 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.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
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 "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of Financial Assets
The Group recognizes allowance for ECL on investments in debt instruments at amortized cost and investments in debt instruments at FVOCI.

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

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

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

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

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

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

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

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

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

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

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

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

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

	September 30, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P281,162**	**P281,162**	P261,358	P261,358
Trade and other receivables - net	**242,304**	**242,304**	263,119	263,119
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**3,333**	**3,333**	2,364	2,364
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**901**	**901**	1,401	1,401
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	**9,007**	**9,007**	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)	**12,171**	**12,171**	12,158	12,158
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**8,724**	**8,724**	9,181	9,181
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**25,425**	**25,425**	18,519	18,519
Forward				

	September 30, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Loans payable	**P251,136**	**P251,136**	P214,881	P214,881
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, and deferred income)	**259,898**	**259,898**	220,205	220,205
Dividends and distributions payable	**3,685**	**3,685**	4,605	4,605
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**3,543**	**3,543**	1,177	1,177
Long-term debt (including current maturities)	**1,226,132**	**1,249,223**	1,190,584	1,211,878
Lease liabilities (including current portion)	**41,527**	**41,527**	56,572	56,572
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**13,592**	**13,592**	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 and equity 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 reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.1% to 5.7% and 5.1% to 6.0% as at September 30, 2024 and December 31, 2023, respectively. The discount rates used for foreign currency-denominated loans range from 3.6% to 4.9% and 3.9% to 5.3% as at September 30, 2024 and December 31, 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

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

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

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

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

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

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

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

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.

Derivative Instruments Accounted for as Cash Flow Hedges
The Group designated the following derivative financial instruments as cash flow hedges:

	Maturity			
September 30, 2024	**1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Total**
Foreign currency risk:				
Call spread swaps:				
Notional amount	**US$ -**	**US$ -**	**US$555**	**US$555**
Average strike rate	**-**	**-**	**P51.35 to P61.62**	
Interest rate risk:				
Interest rate collar:				
Notional amount	**US$ -**	**US$ -**	**US$1,275**	**US$1,275**
Interest rate	**-**	**-**	**0.39% to 6.30%**	

	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$30
Average strike rate	P50.635	-	-	
Fixed interest rate	3.60% to 4.01%	-	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US$ -	US$ -	US$525	US$525
Interest rate	-	-	0.39% to 6.35%	

The following are the amounts relating to hedged items:

September 30, 2024	**Change in Fair Value Used for Measuring Hedge Ineffectiveness**	**Hedging Reserve**	**Cost of Hedging Reserve**
Foreign currency risk:			
US dollar-denominated borrowings	**(P1,143)**	**P -**	**(P374)**
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	**(76)**	**(743)**	**-**
Interest rate risk:			
US dollar-denominated borrowings	**3,540**	**(1,878)**	**1,298**

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:

September 30, 2024	Notional Amount	Carrying Amount Assets	Carrying Amount Liabilities	Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	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
Foreign currency risk:									
Call spread swaps	**US$555**	**P946**	**P -**	Other noncurrent assets - net	**P1,143**	**(P342)**	**(P1,143)**	**P238**	Interest expense and other financing charges, and Other income (charges) - net
Foreign currency and interest rate risks:									
Cross currency swap	**-**	**-**	**-**		**76**	**(27)**	**(44)**	**-**	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate collar	**1,275**	**103**	**(786)**	Other noncurrent assets - net, and Other noncurrent liabilities	**(3,540)**	**2,066**	**(153)**	**-**	Interest expense and other financing charges

December 31, 2023	Notional Amount	Carrying Amount Assets	Carrying Amount Liabilities	Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	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
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 collar	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 for the periods ended September 30, 2024 and 2023 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.

	September 30, 2024		December 31, 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	**1,143**	**(342)**	(4)	10
Foreign currency risk and interest rate risks	**76**	**(27)**	142	105
Interest rate risk	**(3,540)**	**2,066**	(59)	(202)
Amount reclassified to profit or loss	**(1,340)**	**238**	(364)	167
Tax effect	**915**	**(483)**	71	(13)
Ending balance	**(P2,621)**	**P924**	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$225, US$75 and US$90 as at September 30 and June 30, 2024 and December 31, 2023, respectively. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2029. The net positive (negative) fair value of the swap amounted to (P223), P39 and P47 as at September 30 and June 30, 2024 and December 31, 2023, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US$757, US$653 and US$978 as at September 30 and June 30, 2024 and December 31, 2023, respectively, and with various maturities in 2024. The net negative fair value of these currency forwards amounted to P421, P63 and P385 as at September 30 and June 30, 2024 and December 31, 2023, respectively.

Currency Options

The Group has outstanding currency options with an aggregate notional amount of US$713, US$977 and US$200 as at September 30 and June 30, 2024 and December 31, 2023, respectively, and with various maturities in 2024 and 2025. The net negative fair value of these currency options amounted to P650, P388 and P18 as at September 30 and June 30, 2024 and December 31, 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 were 86.6 million barrels, 43.0 million barrels and 51.1 million barrels as at September 30 and June 30, 2024 and December 31, 2023, respectively. The net positive fair value of these swaps amounted to P797, P236 and P738 as at September 30 and June 30, 2024 and December 31, 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$167, US$170 and US$145 as at September 30 and June 30, 2024 and December 31, 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 positive (negative) fair value of these embedded currency forwards amounted to P24, (P339) and (P20) as at September 30 and June 30, 2024 and December 31, 2023, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to (P1,646), (P993), P2,313 and (P574) for the periods ended September 30, 2024 and 2023, and June 30, 2024 and 2023, respectively (Note 3).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	September 30, 2024	December 31, 2023
Balance at beginning of year	**P1,187**	P792
Net change in fair value of derivatives:		
Designated as accounting hedge	**(624)**	43
Not designated as accounting hedge	**(1,646)**	(1,379)
	(1,083)	(544)
Less fair value of settled instruments	**(873)**	(1,731)
Balance at end of period	**(P210)**	P1,187

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

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

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

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

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

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

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

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

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

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

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

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

	September 30, 2024			December 31, 2023		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial Assets						
Derivative assets	**P -**	**P3,333**	**P3,333**	P -	P2,364	P2,364
Financial assets at FVPL	**442**	**459**	**901**	1,012	389	1,401
Financial assets at FVOCI	**1,628**	**7,379**	**9,007**	1,407	6,017	7,424
Financial Liabilities						
Derivative liabilities	**-**	**3,543**	**3,543**	-	1,177	1,177

The Group has no financial instruments valued based on Level 3 as at September 30, 2024 and December 31, 2023. For the period ended September 30, 2024 and for the year ended December 31, 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.

10. Events After the Reporting Date

a. Payment of Series H Fixed Rate Peso-denominated Bonds by the Parent Company

On October 4, 2024, the Parent Company paid the P10,000 Series H Fixed Rate Peso-denominated Bonds issued in 2019.

b. Acquisition of 90% Ownership Interest in Bulakan Water Company, Inc. (BWCI) and 90% Ownership Interest in Obando Water Company, Inc. (OWCI) by SMC Bulacan Water Services Corporation (SMC Bulacan)

On May 16, 2024, SMC Bulacan entered into a Share Purchase Agreement with Filipinas Water Holdings Corporation (FWHC), a subsidiary of Manila Water Company, Inc., for the sale of 90% ownership interest in both BWCI and OWCI for a total consideration of P1,025, subject to closing conditions which have been complied with on October 22, 2024.

Amendments to the respective Joint Venture Agreements between FWHC, BWCI and OWCI were also executed on October 22, 2024, whereby SMC Bulacan replaced FWHC as the joint venture partner of the water districts.

BWCI is a joint venture corporation with the Bulakan Water District operating the water and sanitation concession in the Municipality of Bulakan while OWCI is a joint venture corporation with the Obando Water District operating the concession in Obando, also in Bulacan.

c. Acquisition of Sual Coal-fired Thermal Power Plant (Sual Power Plant) in Pangasinan

On October 25, 2024, the 1,294 megawatts Sual Power Plant, located in Pangasinan, was turned over to Sual Power Inc. (SPI) by TeaM Energy Corp. (TPEC), through the Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Power Corporation, in accordance with the Independent Power Producer Administration Agreement effective November 6, 2009 and the Deed of Absolute Sale executed between PSALM and SPI dated October 24, 2024, after the contract between TPEC and the government expired.

Sual Power Plant, is the largest coal-fired power plant in the Philippines in terms of installed capacity, has been providing power to the Luzon grid since 1999 under a 25-year build-operate-transfer scheme.

11. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P265,619 and P248,484 as at September 30, 2024 and December 31, 2023, respectively.

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

b. There were no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

c. There were no material changes in estimates of amounts reported in prior financial years.

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

SAN MIGUEL CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of September 30, 2024 and December 31, 2023 for liquidity, solvency and profitability ratios and for the periods ending September 30, 2024 and 2023 for operating efficiency ratios.

	September 2024	December 2023
Liquidity:		
Current Ratio	**1.23**	1.12
Quick Ratio	**0.74**	0.70
Solvency:		
Debt to Equity Ratio	**2.71**	2.70
Asset to Equity Ratio	**3.71**	3.70
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**1.62%**	0.07%
Interest Rate Coverage Ratio	**1.82**	1.80
Return on Assets	**2.00%**	1.84%

	Period Ended September 30	
	2024	2023
Operating Efficiency:		
Volume Growth	**14%**	7%
Revenue Growth (Decline)	**11%**	(5%)
Operating Margin	**10%**	10%

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

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

Forward

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

* *Annualized for quarterly reporting.*

SAN MIGUEL CORPORATION

ANNEX "B"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended September 30, 2024 (with comparative figures as at December 31, 2023 and for the period ended September 30, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at September 30, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2024 SIGNIFICANT TRANSACTIONS

The following are the major developments in 2024:

INVESTING ACTIVITIES

- **Rehabilitation, Operation and Maintenance (O&M) of Ninoy Aquino International Airport (NAIA)**

  On February 15, 2024, New NAIA Infra Corp. (NNIC) was incorporated by the members of the SMC-SAP & Co. Consortium (the "Consortium"), namely San Miguel Holdings Corp. (SMHC) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc. at 27% and Incheon International Airport Corporation at 10%. On February 16, 2024, the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway.

  On March 18, 2024, the Concession Agreement (CA) was signed between the DOTr, Manila International Airport Authority (MIAA) and the concession company, NNIC. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten-year extension subject to the fulfillment of Key Performance Indicators to be reviewed on the 8th year.

  The project is a Rehabilitate-Expand-Operate and Transfer scheme and calls for NNIC to expand the terminal capacity from the current design capacity of 35 Million Passengers per Annum (MPAX) to 62 MPAX and to increase runway capacity from 42 to 48 peak hourly rate.

  On September 13, 2024, NNIC remitted to MIAA the upfront fee required under the CA, including value-added tax (VAT), and annuity payment which was funded by loan availment and equity infusion.

  On September 14, 2024, NNIC officially took over operations at NAIA following the completion of all required deliverables for turnover as outlined in the CA.

- **Joint Investment in an Integrated Liquefied Natural Gas (LNG) Facility by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) and Chromite Gas Holdings, Inc. (CGHI)**

  On March 1, 2024, Meralco PowerGen Corporation (MGen) and Aboitiz Power Corporation (AboitizPower), through their joint venture entity (MGen and AboitizPower shareholdings at 60% and 40% each, respectively), CGHI, have entered into agreements with San Miguel Global Power and San Miguel Global Power's subsidiaries, for CGHI to jointly invest in and acquire a 67% stake in entities through which San Miguel Global Power owns and/or operates the following: (i) the operating 1,278 megawatts (MW) Ilijan Combined Cycle Gas Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the adjacent, under construction 1,320 MW Combined Cycle Gas Power Plant owned by Excellent Energy Resources Inc. (EERI); and (iii) the land owned by Ilijan Primeline Industrial Estate Corp. On the same day, San Miguel Global Power entered into a Share Purchase Agreement with Eurodite Universal Power Incorporated for the purchase of 32.98% of the outstanding common shares of Linseed Field Corporation (LFC). LFC is the owner of the import and regasification LNG terminal, which will process LNG for SPPC and EERI.

  Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, is currently in the process of securing the necessary clearance from the Philippine Competition Commission in relation to the joint investment by San Miguel Global Power and CGHI.

In 2024, the Group has undertaken various financing activities. The significant transactions are as follows:

<u>AVAILMENT OF LONG-TERM DEBT</u>

PESO TERM LOANS

- **Energy**

  - **SMGP BESS Power Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

    On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) with various local banks executed on October 23, 2023. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the second tranche will be used for the reimbursement or repayment of reimbursable advances from San Miguel Global Power, to fund the cost and expenses in relation to the design, construction, and operation of the 930 MW Battery Energy Storage Systems (BESS) Projects, and for payment of transaction costs.

  - **San Miguel Global Power**

    On July 19, 2024, San Miguel Global Power availed of a P10,000 million term loan, subject to a fixed interest rate of 7.375% per annum and with a term of five years. The proceeds from the loan were used to refinance a short-term loan.

- **Infrastructure**

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

    On various dates in 2024, SMC MRT 7 drew a total of P15,400 million term loans from the P100,000 million OLSA executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 14 years and six months. The proceeds from the loans were used to finance the Metro Rail Transit Line 7 (MRT 7) Project.

  - **SMC NAIAX Corporation (SMC NAIAX)**

    On March 4 and June 18, 2024, SMC NAIAX drew a total of P761 million term loans from the P5,656 million OLSA executed with various banks on December 21, 2022. The loans are subject to a floating interest rate and with a term of six years and three months. The proceeds from the loans were used to partially finance the construction and development of the NAIAX Tramo Extension Project.

FOREIGN CURRENCY-DENOMINATED LOANS

- **SMC**

  a. On various dates in 2024, SMC drew a total of US$289 million term loans from the US$2,165 million loan facility executed on March 31, 2022. The loans are subject to a floating interest rate and with a term of 13 years. The proceeds from the loans were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.

  b. On May 17, 2024, SMC availed of a US$150 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds from the loan were used for general corporate purposes.

  c. On August 2, 2024, SMC availed of a US$50 million term loan, subject to a floating interest rate and with a term of five years. The proceeds from the loan were used for general corporate purposes.

  d. On September 27, 2024, SMC availed of a US$2,000 million term loan, subject to a floating interest rate and with a term of five years. The proceeds from the loan were used to refinance the matured loans drawn by SMC amounting to US$50 million and US$1,950 million on December 27, 2019 and March 19, 2020, respectively.

- **Petron Corporation (Petron)**

  On various dates in July and September 2024, Petron drew a total of US$359 million from the US$500 million term loan facility executed on July 11, 2024. The loans are subject to a floating interest rate and have a final maturity in July 2029. The proceeds from the loans were partially used to repay outstanding indebtedness and settle liabilities for crude oil importations.

- **San Miguel Yamamura Australasia Pty. Ltd. (SMYA)**

  On July 29, 2024, SMYA drew a AU$45 million term loan from the syndicated facility agreement entered into on July 22, 2024. The loan is subject to a floating interest rate and will mature in July 2027. The proceeds from the loan were used to refinance existing indebtedness.

- **San Miguel Global Power**

  On September 9, 2024, San Miguel Global Power drew a US$200 million term loan from the US$200 million loan facility, with option to increase up to US$300 million, executed with a foreign bank on August 30, 2024. The loan is subject to a floating interest rate and will mature in August 2027. The proceeds from the loan were used to refinance the US$200 million matured term loan drawn on January 21, 2022.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **Issuance of Series O and Series P Fixed Rate Peso-denominated Bonds by SMC**

  On July 3, 2024, SMC issued and listed on the Philippine Dealing & Exchange Corp. P13,000 million Series O and P7,000 million Series P fixed rate Peso-denominated Bonds from the P50,000 million Shelf Registered fixed rate Bonds approved by the Securities and Exchange Commission in 2021. The Series O Bonds have a term of five years and six months from the issue date with a fixed interest rate of 7.2584% per annum. The Series P Bonds have a term of ten years from the issue date with a fixed interest rate of 7.7197% per annum.

  The proceeds from the issuance of the bonds were used for the partial payment of Series I fixed rate Peso-denominated Bonds and the remaining balance will be used for the repayment of Series F Bonds on March 19, 2025 and investments in the MIA Project and other airport-related projects in Bulacan.

- **Payment of Series B Fixed Rate Peso-denominated Bonds by SMC**

  On March 1, 2024, SMC paid the P7,294 million Series B fixed rate Peso-denominated Bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million Shelf Registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued in 2017.

  The Series B Bonds were paid from the net proceeds of the issuance of Series 2-L, Series 2-N and Series 2-O Preferred Shares in December 2023.

- **Partial Payment of Series I Fixed Rate Peso-denominated Bonds by SMC**

  On July 8, 2024, SMC partially paid the P11,240 million of the P30,000 million Series I fixed rate Peso-denominated Bonds as a result of the put option exercised by the bondholders. The Series I Bonds, which formed part of the first tranche of the P50,000 million Shelf Registered fixed rate Bonds were issued in 2021. The remaining balance of the Series I fixed rate Peso-denominated Bonds was repriced at 7.4650% per annum from 3.3832% per annum effective July 8, 2024, until maturity on July 8, 2027.

  The payment was funded partly from the proceeds of Series O and Series P fixed rate Peso-denominated Bonds.

- **Payment of Series C Fixed Rate Peso-denominated Bonds by Petron**

  On April 19, 2024, Petron paid the P13,200 million Series C fixed rate Peso-denominated Bonds, which matured on the same date. The Series C Bonds which formed part of the P20,000 million Retail Bonds were issued in October 2018.

  The payment was funded by the: (a) P7,000 million term loan availed on March 6, 2024 subject to a fixed interest rate for the first two years and will be repriced at a new fixed interest rate for the last three years; (b) P5,000 million term loan availed on April 18, 2024, subject to a floating interest rate and with a term of five years; and (c) cash generated from operations.

- **Payment of Series I Fixed Rate Peso-denominated Bonds by San Miguel Global Power**

  On April 24, 2024, San Miguel Global Power paid the P9,232 million Series I fixed rate Peso-denominated Bonds, from the proceeds of short-term loan facilities and from cash generated from operations.

  The Series I Bonds which formed part of the P30,000 million Series H, Series I and Series J fixed rate Peso-denominated Bonds were issued in April 2019.

PAYMENT OF PESO TERM LOAN BY SAN MIGUEL GLOBAL POWER

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate seven-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

The payment was funded by the proceeds of short-term loan facilities and from cash generated from operations.

PAYMENT OF OTHER MATURING OBLIGATIONS

For the nine-month period ended September 30, 2024, the Group paid a total of P24,274 million of its scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and cash generated from operations.

ISSUANCE AND REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

a. On April 19, 2024, San Miguel Global Power issued US$800 million Redeemable Perpetual Securities at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

   The net proceeds were used in part for the redemption of the US$783 million Senior Perpetual Capital Securities (SPCS) on April 25, 2024, pursuant to the terms and conditions of the securities. The US$783 million SPCS is the remaining securities out of the US$800 million SPCS issued in April and July 2019.The redemption price included 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 amount of the SPCS repurchased amounting to P4,854 million was recognized as part of “Equity reserves” account in the consolidated statement of financial position as at September 30, 2024.

b. On September 12, 2024, San Miguel Global Power issued US$800 million SPCS ("Securities") at an issue price of 100%, with a distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. The Securities were used in part for the exchange of certain existing SPCS amounting to US$532 million and the repurchase of certain existing SPCS amounting to US$157 million on September 12, 2024.

   The remaining proceeds of US$111 million were used for the payment of: (i) costs and expenses related to the issuance of the Securities; (ii) accrued distribution in respect of the securities that was accepted for exchange and repurchase; and (iii) pre-development costs of solar energy projects.

   The difference between the price paid and the net carrying amount of the SPCS exchanged and repurchased amounting to P5,259 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at September 30, 2024.

   On September 30, 2024, San Miguel Global Power issued an additional US$100 million SPCS ("Additional Securities") 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 Additional Securities are consolidated into and form a single series with the Securities issued on September 12, 2024, bringing the total securities to US$900 million and are identical in all respects, except for the date of issuance and issue price.

   The net proceeds of the Additional Securities are intended for the pre-development costs of solar energy projects and capital expenditures related to the BESS projects.

   The Securities and Additional Securities were listed on the Singapore Exchange Securities Trading Limited on September 13, 2024 and October 1, 2024, respectively.

<u>ISSUANCE OF PREFERRED SHARES BY PETRON</u>

On September 23, 2024, Petron issued and listed at the Philippine Stock Exchange 8,500,000 Series 4-D and 8,330,000 Series 4-E Preferred 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 P16,830 million. The shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated perpetual Preferred Shares with a par value of P1.00 per share.

The preferred shares are perpetual and have no fixed final maturity date. Dividend rates are 6.8364% and 7.1032% per annum for Series 4-D and Series 4-E, respectively.

The net proceeds will be used to redeem the Series 3-A Preferred Shares in December 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

EVENTS AFTER THE REPORTING DATE

a) Payment of Series H Fixed Rate Peso-denominated Bonds by SMC

On October 4, 2024, SMC paid the P10,000 million Series H Fixed Rate Peso-denominated Bonds which were issued in 2019.

b) Acquisition of 90% Ownership Interest in Bulakan Water Company, Inc. (BWCI) and 90% Ownership Interest in Obando Water Company, Inc. (OWCI) by SMC Bulacan Water Services Corporation (SMC Bulacan)

On May 16, 2024, SMC Bulacan entered into a Share Purchase Agreement with Filipinas Water Holdings Corporation (FWHC), a subsidiary of Manila Water Company, Inc., for the sale of 90% ownership interest in both BWCI and OWCI for a total consideration of P1,025 million, subject to closing conditions which have been complied with on October 22, 2024.

Amendments to the respective Joint Venture Agreements between FWHC, BWCI and OWCI were also executed on October 22, 2024, whereby SMC Bulacan replaced FWHC as the joint venture partner of the water districts.

BWCI is a joint venture corporation with the Bulakan Water District operating the water and sanitation concession in the Municipality of Bulakan while OWCI is a joint venture corporation with the Obando Water District operating the concession in Obando, also in Bulacan.

c) Acquisition of Sual Coal-fired Thermal Power Plant (Sual Power Plant) in Pangasinan

On October 25, 2024, the 1,294 MW Sual Power Plant, located in Pangasinan, was turned over to Sual Power Inc. (SPI) by TeaM Energy Corp. (TPEC), through the Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Power Corporation, in accordance with the Independent Power Producer Administration (IPPA) Agreement effective November 6, 2009 and the Deed of Absolute Sale executed between PSALM and SPI dated October 24, 2024, after the contract between TPEC and the government expired.

Sual Power Plant, the largest coal-fired power plant in the Philippines in terms of installed capacity, has been providing power to the Luzon grid since 1999 under a 25-year build-operate-transfer scheme.

II. FINANCIAL PERFORMANCE

2024 vs. 2023

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	**2023**	**Amount**	**%**	**2024**	**2023**
	(In Millions)					
Sales	**P1,179,521**	P1,061,088	P118,433	11%	**100%**	100%
Cost of sales	**(983,803)**	(884,199)	99,604	11%	**(84%)**	(83%)
Gross profit	**195,718**	176,889	18,829	11%	**16%**	17%
Selling and administrative expenses	**(73,864)**	(66,703)	7,161	11%	**(6%)**	(6%)
Operating income	**121,854**	110,186	11,668	11%	**10%**	11%
Interest expense and other financing charges	**(72,693)**	(66,086)	6,607	10%	**(6%)**	(6%)
Interest income	**11,063**	10,372	691	7%	**1%**	1%
Equity in net earnings of associates and joint ventures	**1,612**	1,392	220	16%	**0%**	0%
Gain on sale of investments and property and equipment	**142**	136	6	4%	**0%**	0%
Other charges - net	**(2,336)**	(6,439)	(4,103)	(64%)	**(0%)**	(1%)
Income before income tax	**59,642**	49,561	10,081	20%	**5%**	5%
Income tax expense	**(22,548)**	(18,374)	4,174	23%	**(2%)**	(2%)
Net Income	**P37,094**	P31,187	P5,907	19%	**3%**	3%
Net income attributable to:						
Equity holders of the Parent Company	**P4,978**	P146	P4,832	3310%	**0%**	0%
Non-controlling interests	**32,116**	31,041	1,075	3%	**3%**	3%
Net Income	**P37,094**	P31,187	P5,907	19%	**3%**	3%

The Group’s consolidated sales of P1,179,521 million for the nine-month period of 2024 increased by 11% compared to the same period last year, mainly on account of the sales volume growth of Petron, the Energy and Food and Beverage businesses, combined with the higher average selling prices of Ginebra San Miguel Inc. (GSMI) and San Miguel Brewery Inc. (SMB).

The Group’s cost of sales increased by P99,604 million or 11%, mainly due to: (a) the increase in volume sold and increase in average cost per liter of petroleum products of Petron; and (b) the higher LNG consumption during the period of the Ilijan Power Plant as a result of the resumption of operations on May 31, 2023, costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning, and higher volume of power purchases due to the increased demand from bilateral customers from the spot market during the period of the Energy business. This was partly offset by the lower cost of coal due primarily to the decline in NewCastle coal price indices for the period.

The increase in selling and administrative expenses by P7,161 million or 11% was mainly due to higher distribution and handling costs and other contracted services mainly from the Food and Beverage business, and salaries and employee benefits of the Group.

The consolidated operating income increased by P11,668 million or 11% from the same period last year mainly driven by the: (a) improved margins on contracted volumes of the Energy business as it worked out a transition to fuel passthrough arrangements for most of its bilateral customers and the margin contributed by SMGP BESS through ancillary services; (b) higher sales volume of the Food and Beverage business; and (c) continued cost management initiatives and improvement works of the Infrastructure business. The increase was tempered by the decline in operating income of Petron due to correction in refining margins partly offset by the impact of higher volume.

The increase in interest expense and other financing charges by P6,607 million was mainly due to higher interest rates and increased average level of borrowings of the Energy business, SMC and Petron.

The increase in interest income by P691 million was primarily due to higher interest rates and average balance of short-term placements of the Food and Beverage and Infrastructure businesses. The increase was partly offset by the lower interest income from reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P220 million was mainly due to the share on higher net income of Angat Hydropower Corporation (Angat Hydro), reduced by the share on the net loss of NNIC.

The lower amount of other charges - net by P4,103 million was mainly due to the: (a) lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar from P0.82 in 2023 to P0.66 in 2024; and (b) foreign exchange gain realized by Petron in 2024 due to payment in July to September of foreign currency-denominated crude oil liabilities when the Philippine Peso and Malaysian Ringgit drastically appreciated against the US Dollar, a turnaround from foreign exchange loss in 2023.

The increase in income tax expense by P4,174 million was mainly due to the reversal of deferred income tax benefit by: (a) SPPC as a result of the utilization of net operating loss carry over (NOLCO) in 2024 and (b) SMC on realized foreign exchange loss as a result of the payment of foreign currency-denominated long-term debt in 2024 and 2023.

Consolidated net income increased by 19% to P37,094 million from P31,187 million in the same period last year, mainly on account of the improved operations of most businesses mainly the Food division, the Energy, Infrastructure and Cement businesses, and the lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar.

The significant increase in net income attributable to equity holders of the Parent Company by P4,832 million was mainly due to the higher net income, partly reduced by the increase in share of non-controlling interests (NCI) on the Group’s net income.

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

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered strong financial results for the first nine months of 2024 with significant growth registered across all division. Consolidated sales reached P291,108 million, a 5% increase compared to the same period last year.

Operating income rose 15%, reaching P39,914 million, primarily driven by higher sales volume across all divisions. Net income also saw robust growth, rising by 11% to P30,410 million compared to the same period last year.

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

SMB reported consolidated sales of P111,220 million, an increase of 3% from the same period last year, driven by higher sales volume and the implementation of a price increase in the domestic market effective September 1, 2024.

Consolidated operating income declined by 3% to P23,433 million, reflecting the effects of the excise tax increase. Net income fell by 5% to P18,533 million.

Domestic Operations
Domestic operations experienced a 4% growth in the third quarter, reversing the slight decline seen in the first semester of the year. This resulted in total volumes of 152.7 million cases for the nine-month period, representing a 1% increase from the same period last year.

International Operations
International operations volumes also grew by 2% in the third quarter, up from the flat growth in the first half. This led to the year-to-date September volume of 20.8 million cases.

b) Spirits Division

GSMI continued its upward volume trend in the third quarter, closing the nine-month period with a 10% year-on-year increase to 37.0 million cases. This double-digit growth was driven by the consistent robust performance of its flagship Ginebra San Miguel and recovery of Vino Kulafu. The combination of strong volumes and a price increase implemented in February led to significant revenue growth, resulting in a 17% rise to P45,562 million.

Operating income grew by 26% to P6,336 million, benefiting from lower costs of packaging materials. Net income held steady at P5,441 million, aligned with prior year's level. Without the effects of the one-time gain from the assignment of product rights in March of last year, net income would have risen by 25%.

c) **Food Division**

The Food division sustained its positive performance, posting a 4% year-on-year revenue growth for the nine-month period to P134,329 million, as most business segments continued to show strong volume growth.

Operating income nearly doubled to P9,805 million, supported by an expansion in gross margin from 17% to 22%, driven by a decline in raw material costs.

Net income surged to P6,701 million, more than doubling last year's figure of P2,899 million.

The Protein segment revenues increased by 7%, fueled by a 9% rise in volume and continued favorable selling prices in the third quarter.

The Animal Nutrition and Health segment revenues declined by 6%, as volumes remained muted in the third quarter.

The Prepared and Packaged Food segment maintained its growth trajectory, posting an 11% revenue increase on account of favorable selling prices and a 9% rise in volume.

2. PACKAGING

The Packaging business for the nine-month period, generated consolidated revenues of P28,480 million, up 3% against the comparable period last year and a significant recovery from the previous quarter.

Consolidated operating income posted a robust 31% year-on-year increase to P2,098 million on account of improved production efficiencies, coupled with cost measures implemented across the group.

3. ENERGY

San Miguel Global Power sustained its exceptional performance, reporting a 57% increase in offtake volumes for the nine-month period of 2024, reaching 27,043 gigawatt hours (GWh). This growth was driven by: (a) Power Supply Agreements (PSAs) secured from Manila Electric Company (Meralco) and other distribution utilities; (b) new retail electricity supply customers for Limay Power Plant; (c) ancillary services provided to the National Grid Corporation of the Philippines and offered to the reserve market through BESS; and (d) the commencement of commercial operations of Mariveles Greenfield Power Plant's Units 1 and 2 on March 28 and September 26, 2024, respectively. Consequently, consolidated revenues rose by 23% to P153,592 million, compared to P125,213 million in the same period in 2023.

Operating income saw significant growth of 43% driven by improved margins as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and additional margin contributions of BESS ancillary services.

Net income surged by 48% to P13,465 million.

4. FUEL AND OIL

Petron continued to report strong revenues in the first nine months of the year despite challenges in the international oil market. Consolidated revenues grew by 12% to P657,933 million from P587,283 million in the same period last year. This was driven by the sustained volume growth of 12% to 104.4 million barrels from 93.6 million barrels in 2023.

Petron's sales volume from its Philippine operations and Singapore trading arm posted a combined 16% increase to 67.8 million barrels, while sales volume from Malaysian operations rose by 4% to 36.6 million barrels.

Petron managed an operating income of P22,254 million in the first nine months from P27,008 million in the same period last year, as the strong performance of the marketing segment weighed down by the correction in refining margins by as much as 30% year-on-year. This resulted in a net income for the nine-month period of P7,109 million from P9,508 million in 2023.

5. INFRASTRUCTURE

The Infrastructure business continues to deliver steady growth, posting consolidated revenues of P26,992 million in the nine-month period of 2024, an 8% increase compared to the same period last year. The revenue growth was buoyed by the 2% increase in total average daily traffic from all operating toll roads, reaching 1,024,881 vehicles. The Infrastructure business recorded an 8% increase in operating income to P14,613 million.

The land development and ground improvement works of the MIA Project are ongoing with overall progress at 84.61%. Per the approved DOTr timeline, Airport Development is expected to be completed by the end of 2028.

SMC-led consortium, NNIC, officially took over operations at NAIA on September 14, 2024, following the completion of all required deliverables for turnover as outlined in the CA.

The depot, detailed engineering and design, site development, and construction of other facilities of the MRT 7 Project are still ongoing. There is also an ongoing study of the realignment of the Highway Component. In addition, the new location of Station 14 has been agreed by the San Jose del Monte Local Government Unit with DOTr. In the third quarter of 2024, four additional trainsets were delivered on-site, bringing the total to 26 trainsets out of 36 trainsets ordered.

6. CEMENT

The Cement business consolidated revenues in the nine-month period of 2024 declined by 6% to P27,041 million compared to the same period last year, while sales volume increased by 3%. The decline in revenue was driven by lower selling prices, influenced by the influx of cheaper imported traded cement. Despite the decline in topline, operating income grew by 16%, supported by lower costs and increased operating efficiencies.

2023 vs. 2022

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	**2022**	**Amount**	**%**	**2023**	**2022**
	(In Millions)					
Sales	**P1,061,088**	P1,112,522	(P51,434)	(5%)	**100%**	100%
Cost of sales	**(884,199)**	(970,245)	(86,046)	(9%)	**(83%)**	(87%)
Gross profit	**176,889**	142,277	34,612	24%	**17%**	13%
Selling and administrative expenses	**(66,703)**	(56,780)	9,923	17%	**(6%)**	(5%)
Operating income	**110,186**	85,497	24,689	29%	**11%**	8%
Interest expense and other financing charges	**(66,086)**	(41,175)	24,911	61%	**(6%)**	(4%)
Interest income	**10,372**	4,125	6,247	151%	**1%**	1%
Equity in net earnings of associates and joint ventures	**1,392**	876	516	59%	**0%**	0%
Gain on sale of investments and property and equipment	**136**	584	(448)	(77%)	**0%**	0%
Other charges - net	**(6,439)**	(30,867)	(24,428)	(79%)	**(1%)**	(3%)
Income before income tax	**49,561**	19,040	30,521	160%	**5%**	2%
Income tax expense	**(18,374)**	(6,095)	12,279	201%	**(2%)**	(1%)
Net Income	**P31,187**	P12,945	P18,242	141%	**3%**	1%
Net income (loss) attributable to:						
Equity holders of the Parent Company	**P146**	(P15,115)	P15,261	101%	**0%**	(2%)
Non-controlling interests	**31,041**	28,060	2,981	11%	**3%**	3%
Net Income	**P31,187**	P12,945	P18,242	141%	**3%**	1%

The Group’s consolidated sales for the nine-month period of 2023 ended at P1,061,088 million, 5% lower than the same period in 2022. The lower average selling prices of Petron and the Energy business and decrease in volumes of the Energy business and the Food division have offset the higher sales volume of Petron, SMB and GSMI and the Infrastructure business, along with the higher average selling prices of the Food and Beverage business and the sales contribution of Eagle Cement Corporation (ECC), which was consolidated effective December 14, 2022.

The Group’s cost of sales decreased by P86,046 million or 9% mainly due to: (a) lower cost per liter of petroleum products partly offset by the higher volumes of Petron; and (b) lower cost to supply of the Energy business brought by the decline in average coal prices and lower overall power purchases. The decrease was partly offset by the: (a) higher cost of sales relative to increase in volume of SMB and the higher cost of major raw materials consumed in the production partly offset by the lower volumes of the Food division; and (b) the cost of sales of ECC for the nine-month period of 2023.

The increase in selling and administrative expenses by P9,923 million or 17% is attributable mainly to higher salaries and employee benefits of the Group, business taxes, distribution costs and contracted services primarily from the Food and Beverage business and Petron, and the operating expenses of ECC.

Consolidated operating income increased by 29% to P110,186 million compared to the same period in 2022 mainly driven by the sustained performance improvements of Petron, the Infrastructure business, SMB and GSMI, plus the operating income contribution of ECC for the nine-month period of 2023.

The increase in interest expense and other financing charges by P24,911 million was mainly due to higher average loan balance of SMC and Petron coupled with higher interest rates.

The increase in interest income by P6,247 million was primarily due to higher interest rates and average balance of short-term placements of SMC and the Infrastructure and Food and Beverage businesses, as well as the higher balance of investment in debt securities of SMB, Petrogen Insurance Corporation and GSMI, and the interest income contribution of ECC.

The increase in equity in net earnings of associates and joint ventures by P516 million was mainly due to the share on the higher net income of Bank of Commerce (BankCom) and the share in the lower net loss of Angat Hydro for the nine-month period of 2023 compared to the same period in 2022.

The decrease in gain on sale of investments and property and equipment by P448 million was mainly due to the gain recognized in 2022 by San Miguel Global Power from the sale of its investments in shares of stock of Strategic Energy Development, Inc.

The lower amount of other charges - net in 2023 by P24,428 million primarily pertains to the decrease in the loss on foreign exchange from the revaluation of foreign currency-denominated long-term debt of the Energy business, SMC and Petron. In September 2023, the Philippine Peso depreciated by P0.82 against the US Dollar, while in September 2022, the Philippine Peso significantly depreciated by P7.626 against the US Dollar.

The increase in income tax expense by P12,279 million was mainly due to the turnaround of SMC from income tax benefit in 2022 to income tax expense in 2023 and the deferred tax expense recognized from lease-related temporary differences and lower income tax benefit on NOLCO in 2023 by SPI.

Consolidated net income in 2023 significantly increased by 141% to P31,187 million, from P12,945 million in 2022, mainly on account of the: (a) lower loss on foreign exchange recognized by the Group, mainly from the Energy business, SMC and Petron, in the nine-month period ended September 2023 compared to the same period in 2022; (b) improved operations of most businesses mainly from Petron, the Infrastructure business, SMB and GSMI; (c) net income contributed by ECC in the first nine months of 2023; and (d) income recognized from the assignment of product rights by GSMI in 2023. The increase was partly offset by the higher net financing costs due to higher average loan balance primarily of SMC and Petron and increased interest rates.

Net income attributable to equity holders of the Parent Company in 2023 amounting to P146 million was a turnaround from the net loss of P15,115 million attributable to equity holders of the Parent Company in 2022. This was primarily due to the higher net income, partly reduced by the increase in share of NCI in the Group’s net income.

The increase in the net income attributable to NCI by P2,981 million was mainly due to the higher net income of SMB and higher amount of dividend and distribution on preferred shares and SPCS of Petron.

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

1. FOOD AND BEVERAGE

SMFB sustained consolidated revenue growth for the nine-month period of 2023, increasing by 6% to P276,656 million, primarily brought about by better selling prices across all divisions and strong volume from SMB.

Operating income however decreased by 8% to P34,685 million, primarily reflecting the decline in the Food division due to the impact of significant increase in raw material prices and lower sales volume in 2023, partially tempered by the strong performance of SMB and GSMI.

With sustained performance of SMB and GSMI, consolidated net income increased by 4% to P27,483 million.

a) Beer and NAB Division

SMB maintained its growth trajectory during the nine-month period of 2023, with consolidated revenues reaching P108,333 million, 9% higher from the P98,992 million in 2022 while consolidated sales volumes increased by 5% to 177 million cases.

Correspondingly, operating income in 2023 grew to P24,114 million, exceeding the same period in 2022 by 8% owing to improved volumes and selling prices in both domestic and international operations coupled with cost reduction initiatives and efficiency improvements. Consolidated net income ended at P19,431 million, up 20% from the same period in 2022.

Domestic Operations
SMB's domestic beer and NAB volumes rose by 4% and 24%, respectively, for the nine-month period of 2023 compared to the same period in 2022. This was attributed to the relevant brand campaigns, visibility drive, seasonal and geo-targeted digital initiatives as well as intensified offtake generation and defense programs alongside a more positive business environment. SMB further strengthened the equity and brand awareness for its portfolio of products through the new brand campaigns and offtake-generating programs namely: Nationwide activations of *"San Miguel Beer Oktoberfest"*; San Miguel Pale Pilsen's *"Wanted"* campaign; Red Horse' *"Spirit Horse"* and *"Magneto"* Entry Point Drinkers campaigns and San Mig Light's ongoing *"Yass"* thematic campaign and the new *"Speakeasy"* podcast episode.

As a result, domestic sales revenue amounted to P96,339 million, up 9% versus the same period in 2022. Operating income and net income amounted to P21,390 million and P16,886 million, 5% and 16% higher, respectively.

International Operations
SMB's international operations also continued to deliver favorable revenue and operating income growth on the back of sustained volume growth from Export operations, South China and Thailand. SMB international sales volumes reached 21.1 million cases, increasing by 9% from 2022. The volume improvement was also supported by the growth of newly launched specialty beer products (San Miguel Cerveza Blanca, San Mig Zero, San Miguel Flavored Beer Lychee and the limited-edition San Miguel Chocolate Lager) to complement at-home consumption, excite the market and capitalize on the growth of the modern trade off-premise channel.

b) Spirits Division

GSMI maintained its growth momentum posting a 13% growth in revenues to P38,915 million in the nine months of 2023, driven by the gains from higher selling prices and the localized efforts to increase traction of gin in the Visayas and Mindanao regions.

GSMI's September 2023 year-to-date volume growth recovery was maintained, reaching 34 million cases, 3% better than the comparable period in 2022. Supporting this growth were consumer promos - led by *"Ngiting Suki"* raffle promo - and resumption of on-ground activations, while keeping brands relevant through thematic campaigns such as *"Iba ang Ngiti Ngayon sa One Ginebra Nation"*.

Operating income grew by 10% over the 2022 level to P5,034 million on account of implemented price increase fully covering rise in input costs, as well as gradual lowering of packaging materials cost.

Net income reached P5,491 million, 62% higher than in 2022, which included the one-time gain from the assignment of product rights recognized in 2023.

c) Food Division

The Food division posted consolidated revenue of P129,412 million in the first nine months of 2023, slightly up by 1% from 2022. The growth was largely on account of favorable selling prices as volumes of most businesses dropped amidst weak markets. Limited poultry capacity in the first half and the lingering effect of the African Swine Fever (ASF) also weighed on the volumes of poultry and feeds during the nine-month period of 2023.

Income from operations dipped by 50% to P5,217 million due to higher cost of raw materials and the increase in selling and administrative expenses arising from higher manpower requirements to support expanded operations and government-mandated wage increase. This translated to a net income of P2,899 million.

Financial results, however, have shown quarter-on-quarter improvements as raw material prices have started to recede, boosting operating margins and auguring prospects of stronger profits in the remainder of 2023.

The Animal Nutrition and Health segment delivered a revenue growth of 6% mainly driven by higher selling prices as volumes continued to be affected by the industry-wide hog depopulation triggered by the ASF.

The Protein segment which consists of the poultry and meats businesses, registered revenue 7% lower than in 2022 as improvement due to additional capacity in the third quarter could not yet offset capacity limitations in the first half of 2023. Revenue of the fresh meats business likewise declined from 2022 following downsized hog operations amidst the resurgence of the ASF in some provinces.

The Prepared and Packaged Food segment, comprising processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee businesses, grew by 5% also on account of better selling prices. Despite tempered consumer spending, sales volume growth of chicken nuggets, luncheon meat, butter, margarine, cheese, salad aids, and coffee remained steady.

The Flour segment sustained its strong growth momentum, recording a 17% revenue growth from 2022 on the back of strong demand from institutional customers and favorable selling prices, even as the cost of wheat has eased.

2. PACKAGING

The Packaging business generated consolidated revenues of P27,665 million for the nine-month period of 2023, a 10% increase from the same period in 2022, driven by the high demand from glass and plastics businesses together with the sustained growth from its Australian operations.

Operating income increased by 20% to P1,596 million against the comparable period in 2022 on account of improved efficiencies and implementation of cost containment programs.

3. ENERGY

San Miguel Global Power posted 17,237 GWh offtake volume, 19% lower than the nine-month period of 2023 compared to 2022, primarily due to the extended outage of the 1,200 MW Ilijan Power Plant from June 2022 up to June 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability. It is also awaiting the substantial completion of the adjacent full-scale LNG terminal that has a long-term tolling agreement to receive, store and re-gasify LNG fuel.

Consolidated revenues amounted to P125,213 million, down 25% from 2022, brought about by the aforementioned lower contracted volumes and lower realization prices, resulting from lower fuel tariffs with NewCastle coal indices averaging US$185.45/MT for the period compared to US$353.76/MT in the same period in 2022.

Despite this, gross margins of contracted volumes improved by 34% with the transition to fuel passthrough arrangements for most of its bilateral customers and significant decline in fuel prices. Operating income reached P23,337 million.

Consequently, net income surged to P9,088 million, a significant turnaround from the P2,635 million net loss recorded in the same period in 2022, resulting from lower foreign exchange loss recorded in 2023 compared to 2022.

4. FUEL AND OIL

Petron sustained its volume growth in the first nine months of 2023, recording consolidated sales volume of 93.6 million barrels, up 16% from the 80.4 million barrels sold in the same period in 2022. Said volume improvements were noted across major business segments. Consolidated retail sales volumes from the Philippines and Malaysia posted an 8% improvement, fueled by higher demand for Petron's gasoline and diesel products. Commercial volumes increased by 12% resulting from new sales agreements and renewed ties with major airlines and flag carriers throughout the period.

Philippine operations sales volumes grew by 20% to 42.7 million barrels from 35.5 million barrels in 2022, demonstrating Petron's overall lead in the domestic market including the Liquefied Petroleum Gas sector as per the latest data from the Department of Energy.

Consolidated revenues stood at P587,283 million for the nine-month period of 2023, lower than the P631,138 million recorded in 2022, which reflected the price correction from the extraordinarily elevated levels in the oil market which began in the second semester of 2022 brought upon by the Russia-Ukraine conflict. While international prices started to rise again in the third quarter, the average benchmark Dubai crude oil as of September 2023 closed at almost US$82 per barrel mark, still down by 18% from the same period in 2022.

Despite lower revenues, Petron's consolidated operating income jumped by 64% reaching P27,008 million from P16,498 million in 2022, driven largely by the robust volume growth.

Subsequently, net income grew 16% to P9,508 million compared to P8,179 million in 2022.

5. INFRASTRUCTURE

The Infrastructure business continued its consistent growth momentum from the operating toll roads for the nine-month period of 2023, posting consolidated revenues of P25,081 million a 20% increase from 2022. Combined average daily traffic volumes reached more than 1,002,362 vehicles, up 11% from the 2022 level brought by the continuous increase in travel activities.

Operating income increased by 35% to P13,567 million, driven primarily by the sustained growth in traffic volumes, coupled with continued cost management initiatives.

6. CEMENT

The Cement business registered consolidated revenues of P28,887 million, tripling from P8,126 million in 2022. Operating income amounted to P4,593 million from an operating loss of P19 million in 2022.

Despite the challenges in the market, the business was able to sustain its strong performance through various cost containment initiatives and significant improvement in the cost of major inputs.

III. FINANCIAL POSITION

2024 vs. 2023

			Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in millions)	**September 2024**	**December 2023**	**Amount**	**%**	**2024**	**2023**
Cash and cash equivalents	**P281,162**	P261,358	P19,804	8%	**11%**	11%
Trade and other receivables - net	**242,304**	263,119	(20,815)	(8%)	**9%**	11%
Inventories	**175,658**	161,986	13,672	8%	**7%**	6%
Current portion of biological assets - net	**3,215**	3,515	(300)	(9%)	**0%**	0%
Prepaid expenses and other current assets	**165,829**	141,424	24,405	17%	**6%**	6%
Total Current Assets	**868,168**	831,402	36,766	4%	**33%**	34%
Investments and advances - net	**43,926**	37,089	6,837	18%	**2%**	2%
Investments in equity and debt instruments	**21,070**	19,417	1,653	9%	**1%**	1%
Property, plant and equipment - net	**811,698**	753,472	58,226	8%	**31%**	31%
Right-of-use assets - net	**105,147**	108,014	(2,867)	(3%)	**4%**	4%
Investment property - net	**86,586**	79,513	7,073	9%	**3%**	3%
Biological assets - net of current portion	**2,460**	2,667	(207)	(8%)	**0%**	0%
Goodwill - net	**187,199**	182,791	4,408	2%	**7%**	7%
Other intangible assets - net	**330,831**	306,638	24,193	8%	**13%**	12%
Deferred tax assets	**18,746**	19,633	(887)	(5%)	**1%**	1%
Other noncurrent assets - net	**123,590**	118,729	4,861	4%	**5%**	5%
Total Noncurrent Assets	**1,731,253**	1,627,963	103,290	6%	**67%**	66%
Total Assets	**P2,599,421**	P2,459,365	P140,056	6%	**100%**	100%
Loans payable	**P251,136**	P214,881	P36,255	17%	**10%**	9%
Accounts payable and accrued expenses	**265,153**	223,055	42,098	19%	**10%**	9%
Lease liabilities - current portion	**6,792**	19,631	(12,839)	(65%)	**0%**	1%
Income and other taxes payable	**46,332**	46,254	78	0%	**2%**	2%
Dividends and distributions payable	**3,685**	4,605	(920)	(20%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**131,998**	236,798	(104,800)	(44%)	**5%**	9%
Total Current Liabilities	**705,096**	745,224	(40,128)	(5%)	**27%**	30%
Long-term debt - net of current maturities and debt issue costs	**1,094,134**	953,786	140,348	15%	**42%**	39%
Lease liabilities - net of current portion	**34,735**	36,941	(2,206)	(6%)	**1%**	2%
Deferred tax liabilities	**33,174**	29,503	3,671	12%	**1%**	1%
Other noncurrent liabilities	**32,123**	28,745	3,378	12%	**1%**	1%
Total Noncurrent Liabilities	**1,194,166**	1,048,975	145,191	14%	**46%**	43%

Forward

(Amounts in millions)	September 2024	December 2023	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2024	2023
Capital stock - common	**P16,443**	P16,443	P -	0%	**1%**	1%
Capital stock - preferred	**10,187**	10,187	-	0%	**0%**	0%
Additional paid-in capital	**177,442**	177,468	(26)	(0%)	**7%**	7%
Capital securities	**24,211**	24,211	-	0%	**1%**	1%
Equity reserves	**68**	7,354	(7,286)	(99%)	**0%**	0%
Retained earnings:						
Appropriated	**89,799**	87,170	2,629	3%	**3%**	4%
Unappropriated	**95,811**	103,151	(7,340)	(7%)	**4%**	4%
Treasury stock	**(109,763)**	(109,763)	-	0%	**(4%)**	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	**304,198**	316,221	(12,023)	(4%)	**12%**	13%
Non-controlling interests	**395,961**	348,945	47,016	13%	**15%**	14%
Total Equity	**700,159**	665,166	(34,993)	5%	**27%**	27%
Total Liabilities and Equity	**P2,599,421**	P2,459,365	P140,056	6%	**100%**	100%

Consolidated total assets as at September 30, 2024 amounted to P2,599,421 million, P140,056 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, inventories, prepaid expenses and other current assets, property, plant and equipment and other intangible assets, partly offset by the decrease in trade and other receivables.

The increase in cash and cash equivalents by P19,804 million was mainly due to the cash generated from operations and net proceeds from borrowings and issuance of capital securities. This was partly offset by capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and Food division, payment of interests, dividends and distributions, income taxes and lease liabilities and redemption of capital securities.

The decrease in trade and other receivables - net by P20,815 million was mainly attributable to Petron's lower receivable balance from trade customers and from the Malaysian and Philippine Government due to subsidy payment received and excise tax refund claims granted, respectively.

The increase in inventories by P13,672 million was attributable mainly to: (a) higher volume of both crude oil and finished products of Petron; (b) higher materials and supplies, mostly wheat, and increase in finished goods of the Food division; and (c) reclassification of properties due to change in use from investment property to inventory by San Miguel Properties, Inc. The increase was reduced by the lower prices of both crude oil and finished products of Petron and the utilization of spare parts during the combustor and turbine inspection conducted for the Ilijan Power Plant of the Energy business.

The decrease in total biological assets by P507 million was mainly attributable to lower production costs in 2024 compared to December 2023.

The increase in prepaid expenses and other current assets by P24,405 million was primarily due to: (a) higher excise tax claims, input VAT and unused creditable withholding taxes of Petron; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) increase in restricted cash balance for debt servicing requirements of the Energy and Infrastructure businesses.

The increase in investments and advances - net by P6,837 million was mainly due to the advances for future investments to certain companies by the Energy business and SMC and investment in NNIC by SMHC.

The increase in investments in equity and debt instruments by P1,653 million was mainly due to the investment of SMC in non-voting preferred shares of stock of a company.

The increase in property, plant and equipment - net by P58,226 million was mainly due to the costs of the ongoing projects of the Energy business and the Food division.

The increase in investment property - net by P7,073 million was mainly due to the acquisition of land for the MIA Project and for future projects of the Energy business and the effect of foreign currency translation adjustment on the investment property of Petron Malaysia.

The increase in other intangible assets - net by P24,193 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the amortization during the period.

The decrease in deferred tax assets by P887 million was primarily due to the reversal by SMC of deferred tax asset on realized foreign currency losses resulting from the payment of foreign currency-denominated long-term loan in 2024, net of the recognition of deferred tax asset on unrealized foreign currency losses on derivatives, cash flow hedges and foreign currency-denominated long-term debt.

The increase in loans payable by P36,255 million was mainly due to the net availment made by SMC and the Energy business.

The increase in accounts payable and accrued expenses by P42,098 million was mainly due to: (a) higher payables for capital expenditures and higher trade-related payables mainly for power purchases, coal and fuel supply of the Energy business; and (b) higher payables for the purchase of raw materials and acquisition of fixed assets for the various expansion projects of the Food division.

The decrease in dividends and distributions payable by P920 million was mainly due to the payment of dividends by: (a) Petron to Series 3A and Series 3B preferred shareholders on March 1, 2024, which were declared on November 7, 2023; and (b) SMC Skyway Corporation (SMC Skyway) to common shareholders in February 2024 which were declared in December 2023.

The increase in total long-term debt, net of debt issue costs by P35,548 million was primarily due to the net availment made by the Group.

The decrease in total lease liabilities by P15,045 million was primarily due to the payments made to PSALM, partly offset by the interest expense and foreign exchange loss recognized in 2024 by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P3,671 million was mainly due to the difference in actual PSALM payments over finance lease liability-related expenses and the deferred income tax expense recognized by SPPC for the application of its available NOLCO carryforward benefits to its income tax liability.

The increase in other noncurrent liabilities by P3,378 million was mainly due to the higher amount of retention payable for the ongoing projects of the Infrastructure business, and higher derivative liabilities on currency options of SMC.

The decrease in equity reserves by P7,286 million was mainly due to the loss on foreign exchange recognized on the redemption, exchange and repurchase of foreign currency-denominated SPCS of San Miguel Global Power. The decrease was reduced by the gain on exchange differences on the translation of foreign operations for the period with the depreciation of the Philippine Peso against the US Dollar.

The decrease in unappropriated retained earnings by P7,340 million was mainly due to the dividends and distributions declared and net appropriations of retained earnings during the period. This was partly offset by the net income attributable to equity holders of the Parent Company.

The increase in equity attributable to NCI by P47,016 million was mainly due to the net issuance of capital securities by San Miguel Global Power, issuance of Series 4-D and Series 4-E Preferred Shares by 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.

2023 vs. 2022

(Amounts in millions)	September 2023	December 2022	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2023	2022
Cash and cash equivalents	**P265,293**	P318,214	(P52,921)	(17%)	**11%**	13%
Trade and other receivables - net	**262,221**	238,782	23,439	10%	**11%**	10%
Inventories	**169,608**	190,193	(20,585)	(11%)	**7%**	8%
Current portion of biological assets - net	**3,709**	3,418	291	9%	**0%**	0%
Prepaid expenses and other current assets	**137,439**	133,691	3,748	3%	**5%**	6%
Total Current Assets	**838,270**	884,298	(46,028)	(5%)	**34%**	37%
Investments and advances - net	**36,073**	32,523	3,550	11%	**1%**	1%
Investments in equity and debt instruments	**19,484**	18,921	563	3%	**1%**	1%
Property, plant and equipment - net	**738,031**	708,192	29,839	4%	**30%**	30%
Right-of-use assets - net	**109,189**	112,067	(2,878)	(3%)	**5%**	5%
Investment property - net	**76,377**	74,660	1,717	2%	**3%**	3%
Biological assets - net of current portion	**2,738**	2,671	67	3%	**0%**	0%
Goodwill - net	**184,519**	184,100	419	0%	**8%**	8%
Other intangible assets - net	**295,921**	249,321	46,600	19%	**12%**	10%
Deferred tax assets	**22,153**	22,554	(401)	(2%)	**1%**	1%
Other noncurrent assets - net	**114,031**	102,518	11,513	11%	**5%**	4%
Total Noncurrent Assets	**1,598,516**	1,507,527	90,989	6%	**66%**	63%
Total Assets	**P2,436,786**	P2,391,825	P44,961	2%	**100%**	100%
Loans payable	**P222,549**	P267,704	(P45,155)	(17%)	**9%**	11%
Accounts payable and accrued expenses	**230,032**	227,126	2,906	1%	**10%**	9%
Lease liabilities - current portion	**22,256**	21,020	1,236	6%	**1%**	1%
Income and other taxes payable	**46,313**	37,694	8,619	23%	**2%**	2%
Dividends and distributions payable	**3,734**	4,037	(303)	(8%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**227,648**	170,032	57,616	34%	**9%**	7%
Total Current Liabilities	**752,532**	727,613	24,919	3%	**31%**	30%
Long-term debt - net of current maturities and debt issue costs	**955,668**	918,164	37,504	4%	**39%**	39%
Lease liabilities - net of current portion	**38,966**	54,455	(15,489)	(28%)	**2%**	2%
Deferred tax liabilities	**27,687**	26,297	1,390	5%	**1%**	1%
Other noncurrent liabilities	**27,181**	26,144	1,037	4%	**1%**	1%
Total Noncurrent Liabilities	**1,049,502**	1,025,060	24,442	2%	**43%**	43%

Forward

(Amounts in millions)	September 2023	December 2022	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2023	2022
Capital stock - common	**P16,443**	P16,443	P -	0%	**1%**	1%
Capital stock - preferred	**10,187**	10,187	-	0%	**1%**	0%
Additional paid-in capital	**177,699**	177,719	(20)	(0%)	**7%**	7%
Capital securities	**24,211**	24,211	-	0%	**1%**	1%
Equity reserves	**9,047**	12,753	(3,706)	(29%)	**0%**	1%
Retained earnings:						
Appropriated	**83,225**	71,004	12,221	17%	**3%**	3%
Unappropriated	**109,142**	129,239	(20,097)	(16%)	**5%**	6%
Treasury stock	**(143,763)**	(156,763)	(13,000)	(8%)	**(6%)**	(7%)
Equity Attributable to:						
Equity holders of the Parent Company	**286,191**	284,793	1,398	0%	**12%**	12%
Non-controlling interests	**348,561**	354,359	(5,798)	(2%)	**14%**	15%
Total Equity	**634,752**	639,152	(4,400)	(1%)	**26%**	27%
Total Liabilities and Equity	**P2,436,786**	P2,391,825	P44,961	2%	**100%**	100%

Consolidated total assets as at September 30, 2023 amounted to P2,436,786 million, P44,961 million higher than December 31, 2022. The increase was primarily due to the increase in trade and other receivables, property, plant and equipment and intangible assets, partly offset by the decrease in cash and cash equivalents and inventories.

The decrease in cash and cash equivalents by P52,921 million was mainly due to the net payment of short-term loans, capital expenditures for the ongoing projects of the Infrastructure, Energy, Food and Beverage and Cement businesses, and payment of interests, dividends and distributions and lease liabilities. This was partly offset by cash generated from operations and net proceeds from availment of long-term debt.

The increase in trade and other receivables - net by P23,439 million was mainly attributable to the higher trade receivables of the Energy business which primarily pertains to the Emergency Power Supply Agreement with Meralco which commenced in March 2023 and Petron's higher receivable from the Malaysian and Philippine Government due to subsidy payment received and increase in excise tax refund claims, respectively.

The decrease in inventories by P20,585 million was attributable mainly to the lower purchases of major raw materials during the nine-month period of 2023 coming from a higher level of raw materials and finished goods inventory of the Food division in December 2022.

The increase in total biological assets by P358 million was mainly due to higher growing expenses, which include feed costs and broiler/hog costs.

The increase in investments and advances - net by P3,550 million was mainly due to the advances for future investments to certain companies by the Energy business and the Group's share in the net earnings of BankCom and Manila North Harbour Port, Inc. (MNHPI) in third quarter of 2023. The increase was partly offset by the dividend received from MNHPI.

The increase in other intangible assets - net by P46,600 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the total amortization in 2023.

The increase in other noncurrent assets - net by P11,513 million was mainly due to additional advances paid to contractors and suppliers for the ongoing projects of the Energy and Infrastructure businesses and increase in restricted cash balance for debt servicing requirements of the Energy business.

The decrease in loans payable by P45,155 million was mainly due to the net payments made by Petron, the Food division, the Energy business and SMC.

The increase in income and other taxes payable by P8,619 million was mainly due to the higher amount of: a) VAT payable resulting from higher trade receivable of the Energy business; and b) VAT payable as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022 of the Food and Beverage business.

The decrease in dividends and distributions payable by P303 million was mainly due to payment of cash dividends to the non-controlling stockholders of SMC Skyway in 2023 which were declared in December 2022.

The increase in total long-term debt, net of debt issue costs by P95,120 million was primarily due to the availment of foreign currency-denominated term loans and Peso term loans by the Group. The increase was reduced by the payment of foreign currency-denominated term loans by SMC, San Miguel Global Power and Masinloc Power Co. Ltd. (formerly, Masinloc Power Partners Co. Ltd.), redemption of Series E Bonds by SMC and Series B and G Bonds by San Miguel Global Power, payment of other maturing obligations of the Group, and translation adjustments.

The decrease in total lease liabilities by P14,253 million was primarily due to the payments made to PSALM by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P1,390 million was mainly due to the higher deferred tax liability recognized by the Energy business arising from the differences in actual PSALM payments over finance lease liability-related expenses and the utilization by Petron Malaysia of deferred tax on carryforward capital allowance.

The decrease in equity reserves by P3,706 million was mainly due to the loss on exchange differences from the redemption of US$500 million SPCS of Petron and translation of foreign operations of Petron Malaysia as a result of the strengthening of the Philippine Peso against the Malaysian Ringgit in 2023.

The increase in appropriated retained earnings by P12,221 million was mainly due to the appropriations made by: (a) San Miguel Foods, Inc. for the Feeds Expansion Projects; (b) SMB for the payment of Series H Bonds which matured on April 2, 2024 and the P10,000 million term loans that will mature on December 20, 2027; and (c) SMC SLEX Inc. for capital expenditures in 2023, net of reversals for projects that were already completed. The increase was partly offset by the reversal of appropriations for the power plant project of Petron.

The decrease in unappropriated retained earnings by P20,097 million was mainly due to the net appropriations of retained earnings and dividends and distributions declared.

The decrease in treasury stock by P13,000 million represents the re-issuance on August 29, 2023, of 173,333,325 Series "2-M" Preferred Shares of SMC at an issue price of P75.00 per share.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(In Millions)	September 30	
	2024	2023
Net cash flows provided by operating activities	**P94,177**	P75,536
Net cash flows used in investing activities	**(110,160)**	(119,195)
Net cash flows provided by (used in) financing activities	**36,086**	(9,868)

Net cash flows provided by operating activities for the period basically consists of income for the period and changes in noncash current assets, certain current liabilities and others.

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

(In Millions)	September 30	
	2024	2023
Additions to:		
Property, plant and equipment	**(P54,968)**	(P45,200)
Intangible assets	**(30,132)**	(52,331)
Investments and advances	**(8,182)**	(3,459)
Investment property	**(6,930)**	(4,053)
Advances to contractors and suppliers	**(3,205)**	(9,983)
Investments in equity and debt instruments	**(1,962)**	(536)
Increase in other noncurrent assets and others	**(18,215)**	(15,105)
Interest received	**10,869**	8,932
Dividends received	**1,210**	650
Proceeds from:		
Sale of property and equipment and other intangible assets	**828**	943
Disposal of investments in debt instruments	**519**	529
Disposal of subsidiaries, net of cash and cash equivalents disposed of	**8**	418

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

(In Millions)	September 30	
	2024	2023
Net proceeds from issuance of preferred shares and capital securities of subsidiaries	**P71,384**	P -
Proceeds from (payment of) short-term loans - net	**35,137**	(44,463)
Proceeds from long-term debt - net	**27,315**	84,009
Redemption of capital securities of subsidiaries	**(45,040)**	(27,134)
Cash dividends and distributions paid to non-controlling shareholders	**(25,780)**	(23,095)
Payments of lease liabilities	**(17,172)**	(15,727)
Cash dividends and distributions paid	**(9,726)**	(7,349)
Share issuance costs from re-issuance of treasury shares	**(26)**	-
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	**(6)**	(2,977)
Net proceeds from reissuance of treasury shares of a subsidiary	**-**	13,888
Net proceeds from reissuance of treasury shares	**-**	12,980

The effect of exchange rate changes on cash and cash equivalents amounted to (P299 million) and P606 million in September 2024 and 2023, respectively.

V. KEY PERFORMANCE INDICATORS

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

	September 2024	December 2023
Liquidity:		
Current Ratio	**1.23**	1.12
Quick Ratio	**0.74**	0.70
Solvency:		
Debt to Equity Ratio	**2.71**	2.70
Asset to Equity Ratio	**3.71**	3.70
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**1.62%**	0.07%
Interest Rate Coverage Ratio	**1.82**	1.80
Return on Assets	**2.00%**	1.84%

	Period Ended September 30	
	2024	2023
Operating Efficiency:		
Volume Growth	**14%**	7%
Revenue Growth (Decline)	**11%**	(5%)
Operating Margin	**10%**	10%

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

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

* *Annualized for quarterly reporting.*

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P265,619 million as at September 30, 2024.

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

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

c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.

d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.

e. There are no significant elements of income or loss that did not arise from continuing operations.

f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicality on the interim operations of the Group's businesses are not material.

g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.