

COVER SHEET

C	S	2	0	0	7	1	1	8	2	8	
---	---	---	---	---	---	---	---	---	---	---	--

S. E. C. Registration Number

S	A	N		M	I	G	U	E	L								
---	---	---	--	---	---	---	---	---	---	--	--	--	--	--	--	--	--

B	R	E	W	E	R	Y											
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

I	N	C	.														
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

N	o	.		4	0		S	a	n		M	i	g	u	e	l	
---	---	---	--	---	---	--	---	---	---	--	---	---	---	---	---	---	--

A	v	e	n	u	e	,		M	a	n	d	a	l	u	y	o	n	g
---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---

C	i	t	y														
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

ATTY. ROSABEL T. BALAN

Contact Person

8632-3000

Company Telephone Number

--	--

Month

--	--	--

Day

(20-IS) 2025 Definitive Information Statement
--

FORM TYPE

--	--	--	--	--

Month

Day

--	--	--

Annual Meeting

--

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--

Total No. of Stockholders

Total Amount of Borrowings

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--	--

Document I. D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes



SAN MIGUEL BREWERY INC.

A Subsidiary of San Miguel Corporation

NOTICE OF 2025 REGULAR MEETING OF STOCKHOLDERS

May 27, 2025

The 2025 Regular Meeting of the Stockholders of San Miguel Brewery Inc. ("Company") will be held on **May 27, 2025, Tuesday**, at **2:00 P.M.**, and will be conducted virtually and streamed live through the link that will be posted at the Company's website, www.sanmiguelbrewery.com.ph.

The Agenda of the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on May 28, 2024
4. Presentation of the Annual Report
5. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
6. Appointment of External Auditors and Ratification of External Auditor Fees
7. Election of the Board of Directors
8. Other Matters
9. Adjournment

The full version of the Company's Definitive Information Statement (SEC Form 20-IS) with its annexes, including the Management Discussion and Analysis of Financial Position and Financial Performance for the full year of 2024 and first quarter of 2025 and 2024 Audited Consolidated Financial Statements and 2025 first quarter interim and unaudited consolidated financial statements, may be accessed through the Company's website, www.sanmiguelbrewery.com.ph. Only stockholders as of the record date of **April 14, 2025** are entitled to this notice, attend and/or vote at the meeting.

Pursuant to the approval of the Board of Directors of the Company, the Company will not hold a physical meeting and will instead conduct the meeting virtually through livestreaming. Stockholders can therefore only attend the meeting by remote communication, by voting through the sending of ballots, or by appointing the Chairman of the meeting as proxy. Stockholders intending to attend the meeting by remote communication should notify the Company by email to smb-asm@smb.sanmiguel.com.ph no later than **May 22, 2025**.

The procedures for attending the meeting through remote communication and voting, and the brief explanation of the agenda items are in Appendix 1 of this notice. The draft minutes of the Company's 2024 annual stockholders' meeting is also posted on the Company's website. Questions and comments may be sent by email to smb-asm@smb.sanmiguel.com.ph.

Stockholders not intending to attend the meeting by remote communication should submit their duly accomplished ballots or proxies on or before **May 16, 2025** to the Office of the Corporate Secretary, San Miguel Brewery Inc., 5/F, San Miguel Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City, or by email to smb-asm@smb.sanmiguel.com.ph. Validation of ballots and proxies will be on **May 22, 2025** at 10:00 a.m. at the Office of the Corporate Secretary. The sample form of the ballot/proxy is provided with the Definitive Information Statement and may also be downloaded at the Company's website.

The Company's annual report (SEC Form 17-A) and 2025 first quarter interim and unaudited consolidated financial statements with the Management Discussion and Analysis of the Company's 2025 first quarter results of operations and financial condition are posted on the Company's website, together with the Definitive Information Statement. Upon the written request of the stockholder and when circumstances permit, the Company shall provide such stockholder with a copy of the said reports free of charge.


ROSABEL SOCORRO T. BALAN
Corporate Secretary

PROCEDURE FOR ATTENDING THE MEETING THROUGH REMOTE COMMUNICATION AND VOTING

- (1) Stockholders of record as of the record date of **April 14, 2025** may attend the meeting remotely through the link posted in the Company's website, www.sanmiguelbrewery.com.ph. Such stockholders who intend to attend the meeting through remote communication must notify the Company by email to smb-asm@smb.sanmiguel.com.ph on or before **May 22, 2025**. Stockholders whose shares are lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting.
- (2) For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder (for individuals) or the authorized representative/s of the stockholder and the corporate secretary's certification setting out the authority of such authorized representative/s to attend the meeting for or on behalf of the corporation (for corporations/partnerships). A confirmation email from the Company will be received by the stockholder if he/she has been validated as a stockholder of record as of **April 14, 2024** entitled to this notice and to vote at the meeting. Only those who have been validated as stockholders of record as of the above record date shall be provided with passcodes that will enable them to access and view the meeting through the online web address provided. Stockholders who provide their personal and sensitive personal information shall be deemed to agree to the collection and processing of their personal and sensitive personal information in accordance with the Company's privacy statement for its Annual Stockholders' Meeting posted on its website.
- (3) Only the stockholders participating by remote communication (provided they have notified the Company of their intention to participate as herein provided and have been validated to be stockholders of record of the Company as of the above record date) together with the stockholders voting through ballots and by proxy (after validation) shall be considered in computing attendance at the meeting and in determining quorum. Stockholders participating by remote communication and voting through ballots or by proxy, subject to the notification and validation above, shall be deemed present for purposes of quorum.
- (4) Votes of all stockholders who do not intend to attend the meeting by remote communication can only be cast through the ballots submitted by the shareholders by **May 16, 2025** to, and verified by, the Company, or through the Chairman of the meeting as proxy in proxies submitted to the Company by **May 16, 2025**. Ballots and proxies must be received by the Corporate Secretary on or before **May 16, 2025** by email to smb-asm@smb.sanmiguel.com.ph or by mail to the Office of the Corporate Secretary, San Miguel Brewery Inc., 5/F, San Miguel Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City.
- (5) Ballots and proxies must be accompanied by a validly government-issued ID with a photo (for individuals) and corporate secretary's certification setting out the representative/s' authority to vote/cast ballot/appoint proxy for, or on behalf of, the corporation/partnership (for corporations/partnerships). Proxies need not be notarized. Ballots and proxies shall be validated on **May 22, 2025**, 10:00 a.m. at the Office of the Corporate Secretary.
- (6) Stockholders who have notified the Company of their intent to attend the meeting by remote communication by **May 22, 2025** and who have been validated by the Company as a stockholder of record as of **April 14, 2025** may cast their votes on the matters in the agenda up to **12:00 noon** on the date of the meeting by filling out the online ballot form that will be made available through the link to be provided in the Company's website once they log in.
- (7) After the ballot is submitted, the stockholder can no longer change his/her vote.
- (8) Questions and comments to the Board of Directors and/or Management may be sent prior to or during the meeting by email to smb-asm@smb.sanmiguel.com.ph and shall be limited to the items in the Agenda. Stockholders are requested to provide their full name, the company they are representing (if applicable), address, email address and telephone number.
- (9) The proceedings of the meeting will be recorded.

BRIEF EXPLANATION OF AGENDA ITEMS

- I. Call to Order
The Chairman of the meeting shall call the meeting to order at approximately 2:00 p.m.
- II. Certification of Notice and Quorum
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders of record as of April 14, 2025 and that a quorum exists for the transaction of business.

Under the by-laws of the Company, a majority of the outstanding capital stock must be present or represented to constitute a quorum.

The following are the rules of procedures during the meeting:

Voting

- (1) Each common share is entitled to one (1) vote.
- (2) The proposed resolutions for each Agenda item will be shown during the livestreaming as they are taken up during the meeting. All Agenda items will require the affirmative vote of stockholders representing at

least a majority of the outstanding capital stock present or represented at the meeting, except for the election of directors.

- (3) For all Agenda items except for the election of directors, the stockholder has the option to vote: For, Against or Abstain. The vote is considered cast for all the stockholder's shares registered in his/her name.
- (4) For the election of directors, the eleven (11) nominees with the highest number of votes shall be elected as directors. Each shareholder is entitled to cumulate all his/her votes per common share and may (i) vote for all of the nominees, (ii) not vote for any nominee, or (iii) vote for some nominees only, in such number as he/she may see fit; provided that the total number of votes cast by the stockholder shall not exceed the number of shares registered in the stockholder's name in the books of the Company as of the record date above multiplied by the number of directors to be elected.

Question and Answer

- (5) The Chairman and/or Management shall entertain questions on the items in the Agenda and submitted to smb-asm@smb.sanmiquel.com.ph during the Presentation of the Annual Report.
- (6) Priority shall be given to questions or comments emailed in advance to smb-asm@smb.sanmiquel.com.ph.

III. Approval of the Minutes of the Annual Stockholders Meeting Held on May 28, 2024

The minutes of the previous Annual Stockholders' Meeting are available at the Company's website, www.sanmiguebrewery.com.ph. Shareholders will be requested to approve the minutes of the previous Annual Stockholders' Meeting.

IV. Presentation of the Annual Report

Management shall deliver a report on the significant operational and financial performance and achievements of the Company and its subsidiaries in 2024. The report will also include an update on the Company and its subsidiaries' performance for the first quarter of 2025.

The Audited Consolidated Financial Statements as of December 31, 2024 (AFS) and the 2025 first quarter interim and unaudited consolidated financial statements and Management's Discussion and Analysis for the full year 2024 and first quarter of 2025 are contained in the Definitive Information Statement. These reports, as well as the Company's SEC Form 17-A (Annual Report) for the year ended December 31, 2024, may be accessed by the stockholders at the Company's website, www.sanmiguebrewery.com.ph. The Audit Committee has recommended to the Board the approval of the AFS, and the Board has approved the AFS on March 4, 2025.

The Chairman will open the floor for questions and comments on the Management's report and AFS. Stockholders may ask questions or raise comments by emailing them to smb-asm@smb.sanmiquel.com.ph. Duly authorized representatives of R. G. Manabat & Co., the external auditor for 2024, will be present at the meeting to respond to appropriate questions concerning the AFS. Shareholders will be requested to approve the annual report as presented and the AFS.

V. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

The acts and resolutions of the Board of Directors and its committees were those adopted and reflected in the minutes of their meetings since the Annual Stockholders' Meeting on May 28, 2024 until May 27, 2025. They include the appointment of officers, declaration of dividends, approval of budget and signing authorities and limits, appropriation of retained earnings, approval of term loans for the re-financing of the Company's maturing obligations, approval of Company policies and amendments thereto, including the Internal Audit Charter, confirmation of identified non-audit services as not affecting the independence of external auditors as required under relevant accounting standards, and other matters covered by disclosures and filings to the Securities and Exchange Commission and the Philippine Dealing & Exchange Corp. The acts of the corporate officers were those taken in furtherance of the conduct of business of the Company and to implement the resolutions of the Board of Directors.

Shareholders will be requested to ratify all acts, resolutions and proceedings of the Board of Directors and Corporate Officers from the date of the last Annual Stockholders Meeting to the date of the meeting.

VI. Appointment of External Auditors and Ratification of External Auditor Fees

The Board of Directors will endorse to the stockholders for their approval the re-appointment of R. G. Manabat & Co. as the external auditor of the Company for fiscal year 2025 and the fees paid to the external auditor in 2024. R. G. Manabat & Co.'s fees for 2024 are set out in the Definitive Information Statement which may be accessed at the Company's website, www.sanmiguebrewery.com.ph.

The stockholders will be requested to approve the reappointment of R.G. Manabat & Co. and ratify the fees of R.G. Manabat & Co. for 2024.

VII. Election of the Board of Directors

The Governance and Nomination Committee of the Company has evaluated and determined that the eleven (11) nominees, including the nominees for Independent Non-executive Directors, have all the qualifications and competence, and none of the disqualifications, to be elected and serve as members of the Board of Directors pursuant to the provisions of the Company's Amended Manual on Corporate Governance and applicable laws, rules and regulations.

In addition, as favorably endorsed by the Governance and Nomination Committee, the Board has approved the meritorious justification for the re-election of its independent non-executive director, Atty. Alonzo Q. Ancheta, who will be serving as independent director for more than 9 years upon his re-election. The

Company will seek the shareholders' approval of his re-election as independent non-executive director in accordance with the Company's Manual on Corporate Governance.

The profiles of the nominees to the Board of Directors, and the justification for the re-election of Atty. Alonzo Q. Ancheta as independent non-executive director, are in the Definitive Information Statement, which may be accessed at the Company's website, www.sanmiguelbrewery.com.ph.

The stockholders will be asked to elect the eleven (11) nominees to the Board of Directors, including the re-election of Atty. Alonzo Q. Ancheta and (Ret.) Chief Justice Reynato S. Puno as independent non-executive directors of the Company.

VIII. Other Matters

The Chairman will inquire if there are other relevant matters or concerns to be discussed by the stockholders. If there are none, the meeting will adjourn.

BALLOT/PROXY

Please mark as applicable:

☐

Vote by ballot: The undersigned stockholder of SAN MIGUEL BREWERY INC. ("Company") casts his/her vote on the agenda items for the regular meeting of the stockholders of the Company scheduled on **Tuesday, May 27, 2025** at 2:00 p.m. conducted virtually through livestreaming using the link provided at the Company's website, www.sanmiguelbrewery.com.ph ("2025 SMB ASM"), as expressly indicated with "X" below in this ballot.

☐

Vote by proxy: The undersigned stockholder of the Company hereby appoints the Chairman of the Meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the 2025 SMB ASM and any of its adjournment(s), as fully as the undersigned could do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the attorney-in-fact and proxy to vote on the agenda items which have been expressly indicated with "X" below.

PROPOSAL	ACTION			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DISCRETION OF PROXY
1. Election of Directors Nominees are Ramon S. Ang, Carlos Antonio M. Berba, Ferdinand K. Constantino, Alonzo Q. Ancheta, Reynato S. Puno, Yoshinori Inazumi, Kazufumi Nagashima, Fumiaki Ozawa, John Paul L. Ang, Hiroshi Fujikawa and Aurora T. Calderon By voting for Alonzo Q. Ancheta, I vote in favor of his re-election as Independent None-executive Director beyond 9 years pursuant to the Company's Manual on Corporate Governance. INSTRUCTIONS: <i>To withhold authority to vote for any individual nominee(s), please mark Exception box and list the name(s) under.</i>				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2024 Annual Stockholders' Meeting				
3. Approval of the Annual Report of the Company and Audited Financial Statements for year ended December 31, 2024				
4. Ratification of all the acts, resolutions and proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting				
5. Appointment of R.G. Manabat & Co. as external auditors of the Company for fiscal year 2025 and Ratification of External Auditor Fees				

Signed this ____ day of _____ 2025 at _____.

PRINTED NAME OF STOCKHOLDER_____
SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **MAY 16, 2025** BY EMAIL TO smb-asm@smb.sanmiguel.com.ph OR BY MAIL TO THE OFFICE OF THE CORPORATE SECRETARY, SAN MIGUEL BREWERY INC., 5/F, SAN MIGUEL HEAD OFFICE COMPLEX, NO. 40 SAN MIGUEL AVENUE, MANDALUYONG CITY. THIS BALLOT/PROXY MUST BE ACCOMPANIED BY A VALIDLY GOVERNMENT-ISSUED ID WITH A PHOTO (FOR INDIVIDUALS) AND CORPORATE SECRETARY'S CERTIFICATION SETTING OUT THE SIGNATORY'S AUTHORITY TO SIGN THIS BALLOT/PROXY FOR, OR ON BEHALF OF, THE CORPORATION/PARTNERSHIP (FOR CORPORATIONS/PARTNERSHIPS).

THIS BALLOT/PROXY WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS BALLOT/PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT IN AN INSTRUMENT IN WRITING DULY PRESENTED TO AND RECORDED WITH THE CORPORATE SECRETARY AT LEAST FIVE (5) DAYS PRIOR TO THE MEETING. NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

STOCKHOLDERS WHO PROVIDE THEIR PERSONAL AND SENSITIVE PERSONAL INFORMATION SHALL BE DEEMED TO AGREE TO THE COLLECTION AND PROCESSING OF THEIR PERSONAL AND SENSITIVE PERSONAL INFORMATION IN ACCORDANCE WITH THE COMPANY'S PRIVACY STATEMENT FOR THE 2025 ASM POSTED ON ITS WEBSITE, www.sanmiguelbrewery.com.ph.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter **SAN MIGUEL BREWERY INC.**
3. Province, country or other jurisdiction of incorporation or organization **Philippines**
4. SEC Identification No. **CS200711828**
5. BIR Tax Identification No. **006-807-251-000**
6. Address of principal office Postal Code
No. 40 San Miguel Avenue, Mandaluyong City 1550
7. Registrant's telephone number, including area code **(02) 8632-3000**
8. Date, Time and Place of the meeting of security holders
Tuesday, May 27, 2025 at 2:00 P.M.
To be conducted virtually via livestreaming through the link provided in the Company's website,
www.sanmiguelbrewery.com.ph
9. Approximate date on which the Information Statement is first to be sent or given to security holders
Notice of Meeting will be published in two (2) newspapers of general circulation (print and online) for two (2) consecutive days, with the last publication to be made no later than May 6, 2025 pursuant to the Notice dated March 12, 2025 issued by the Securities and Exchange Commission (SEC) as fulfillment of the requirements on the distribution and provision of the Information Statement under the Securities Regulation Code, Revised Corporation Code of the Philippines and other applicable issuances of the SEC.
10. Name of Person Filing the Statement: **San Miguel Brewery Inc.**
Address: **40 San Miguel Ave., Mandaluyong City 1550**
Telephone No.: **(02) 8632-3000**
11. Securities registered pursuant to Sections 8 and 12 of the SRC

<u>Title of Each Class</u>	
<i>(outstanding as of April 15, 2025)</i>	
Common Shares	15,359,053,161¹
12. 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: **N.A.**

¹ Excludes the 51,425,799 common shares tendered and accepted by the Company in its tender offer which are now booked as treasury shares. As of April 15, 2025, the Company has secured Certificates Authorizing Registration ("CARs") for 48,777,899 common shares of the 51,425,799 common shares tendered and accepted by the Company in its tender offer.

INFORMATION STATEMENT

GENERAL INFORMATION

Date and Time of Annual Meeting;

Conduct via Livestream and Attendance by Remote Communication

Pursuant to the approval of its Board of Directors, the 2025 annual stockholders' meeting ("2025 ASM") of **San Miguel Brewery Inc. ("Company")** will not be held as a physical meeting and will instead be conducted virtually through livestreaming using the link provided in the Company's website, www.sanmiguelbrewery.com.ph. Stockholders can therefore only attend the meeting by remote communication. Stockholders intending to attend the meeting by remote communication should notify the Company by email to smb-asm@smb.sanmiguel.com.ph no later than **May 22, 2025**.

Votes of all stockholders not intending to attend the meeting by remote communication can only be cast (i) through the ballots submitted by the said shareholders by **May 16, 2025** to, and verified by, the Company, or (ii) through the Chairman of the meeting as proxy in proxies submitted to the Company by **May 16, 2025**. Stockholders participating by remote communication and voting through ballots or by proxy, subject to the notification and validation procedures of the Company as set out in Appendix 1 of the Notice of the 2025 ASM and this Information Statement, shall be deemed present for purposes of computing attendance and determining quorum at the 2025 ASM.

Ballots and proxies must be accompanied by a valid government-issued ID with a photo (for individuals) and secretary's certification or directors'/partners' certification setting out the representative/s' authority to vote/cast ballot/appoint proxy for, or on behalf of, the corporation/partnership (for corporations/partnerships). Proxies need not be notarized. Duly accomplished ballots or proxies shall be submitted to the Office of the Corporate Secretary, San Miguel Brewery Inc., 5/F, San Miguel Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City, or by email to smb-asm@smb.sanmiguel.com.ph, and must be received by the Corporate Secretary on or before **May 16, 2025**. Stockholders who provide their personal and sensitive personal information shall be deemed to agree to the collection and processing of their personal and sensitive personal information in accordance with the Company's privacy statement for the 2025 ASM posted on its website.

Validation of ballots and proxies will be on **May 22, 2025** at 10:00 a.m. at the Office of the Corporate Secretary. The sample form of the ballot/proxy is provided with this Information Statement and may also be downloaded at the Company's website, www.sanmiguelbrewery.com.ph.

Stockholders who have notified the Company of their intent to attend the meeting by remote communication by **May 22, 2025** and who have been validated by the Company as a stockholder of record as of **April 14, 2025** may cast their votes on the matters in the agenda up to 12:00 noon on the date of the meeting, **May 27, 2025**, by filling out the ballot form which they can download through the link to be provided in the Company's website once they log in.

Please refer to Appendix 1 of the Notice of the 2025 ASM for the other requirements and procedures for participating at the 2025 ASM by remote communication and for voting therein.

WE ARE NOT ASKING YOU FOR A PROXY

AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

The complete mailing address of the principal office of the Company is No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

Pursuant to the Notice dated March 12, 2025 issued by the Securities and Exchange Commission ("SEC") (Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in connection with the Holding of Annual Stockholders' Meeting and Special Stockholders' Meeting for 2025), the Notice of the 2025 ASM shall be published in two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days, with the last publication to be made on such date no later than twenty-one (21) days before the 2025 ASM. Such publication shall be considered fulfillment of the requirements on the distribution and provision of this Information Statement as

required under the Securities Regulation Code and its Implementing Rules and Regulations, Revised Corporation Code of the Philippines (“**Revised Corporation Code**”) and other applicable issuances of the SEC.

Dissenters’ Right of Appraisal

Stockholders dissenting from and voting against certain corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action (“**Right of Appraisal**”) in accordance with Section 80, Title X of the Revised Corporation Code. The proposed corporate actions for approval at the 2025 ASM are not among the matters that will entitle dissenting stockholders to exercise their Right of Appraisal.

Interest of Certain Persons in Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of April 15, 2025, the Company had 15,359,053,161² issued and outstanding common shares. All holders of common shares as of **April 14, 2025** are entitled to notice and vote at the 2025 ASM. Each common share in the name of the stockholder entitles such stockholder to one (1) vote. Votes of all stockholders not intending to attend the meeting by remote communication can only be cast through the ballots submitted by the said shareholders by **May 16, 2025** to, and verified by, the Company, or through the Chairman of the meeting as proxy in proxies submitted to the Company by **May 16, 2025**. Stockholders who have notified the Company of their intent to attend the meeting by remote communication by **May 22, 2025** and who have been validated by the Company as a stockholder of record as of **April 14, 2025** may cast their votes on the matters in the agenda up to 12:00 noon on the date of the meeting, **May 27, 2025**, by filling out the ballot form that they can download through the link to be provided in the Company’s website once they log in.

With respect to the election of directors, in accordance with Section 23 of the Revised Corporation Code, a stockholder may vote the number of shares held in his/her name in the Company’s stock books as of **April 14, 2025**, and may vote such number of shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company as of the record date above multiplied by the total number of directors to be elected. The total number of votes that may be cast by a stockholder of the Company is computed as follows: **no. of shares held on record as of record date x 11 directors**.

² Excludes the 51,425,799 common shares tendered and accepted by the Company in its tender offer which are now booked as treasury shares. As of April 15, 2025, the Company has secured CARs for 48,777,899 common shares of the 51,425,799 common shares.

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's voting securities as of April 15, 2025 were as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent³
Common	San Miguel Food and Beverage, Inc. ("SMFB") ⁴ , 100 E. Rodriguez Jr. Avenue, C-5 Road, Barangay Ugong, Pasig City, 1604, Metro Manila Philippines	San Miguel Corporation, parent	Filipino	7,859,319,270 ⁵	51.16%
Common	Kirin Holdings Company, Limited ("Kirin") Nakano Central Park South 10-2, Nakano 4-chome, Nakano-ku, Tokyo 164-0001, Japan ⁶	Kirin Holdings Company, Limited	Japanese	7,456,859,880 ⁷	48.54%

The number of shares owned of record by the directors, key executive officers of the Company, and nominees for election as director, as of April 15, 2025 are as follows:

<u>Title of Class</u>	<u>Name of Record Owner</u>	<u>Name of Beneficial Owner and Relationship of Record Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Citizenship</u>	<u>%</u>
Common	Ramon S. Ang	SMC, nominee	5,000 (Indirect)	Filipino	0.00%
Common	Carlos Antonio M. Berba	SMC, nominee	5,000 (Indirect)	Filipino	0.00%
Common	Ferdinand K. Constantino	SMC, nominee	5,000 (Indirect)	Filipino	0.00%
Common	Alonzo Q. Ancheta	Alonzo Q. Ancheta	10,000 (Direct)	Filipino	0.00%
Common	Daniel L. Henares	SMC, nominee	5,000 (Indirect)	Filipino	0.00%
Common	Reynato S. Puno	Reynato S. Puno	5,000 (Direct)	Filipino	0.00%
Common	Yoshinori Inazumi	Kirin, nominee	5,000 (Indirect)	Japanese	0.00%
Common	Kazufumi Nagashima	Kirin, nominee	5,000 (Indirect)	Japanese	0.00%
Common	Fumiaki Ozawa	Kirin, nominee	5,000 (Indirect)	Japanese	0.00%
Common	John Paul L. Ang	SMC, nominee	5,000 (Indirect)	Filipino	0.00%
Common	Hiroshi Fujikawa	Kirin, nominee	5,000 (Indirect)	Japanese	0.00%
Common	Aurora T. Calderon	SMC, nominee for director	5,000 (Indirect)	Filipino	0.00%

The aggregate number of shares owned of record by the Chairman, President, key officers and directors as a group as of April 15, 2025 is 60,000 shares or approximately 0.00% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors as a group as of April 15, 2025 is 74,000 shares or approximately 0.00% of the Company's outstanding capital stock.

³ Percentage is based on the Company's issued and outstanding capital stock as of April 15, 2025, including shares which have been tendered but whose CARs are pending issuance by the Bureau of Internal Revenue as of April 15, 2025.

⁴ SMFB authorizes the Chairman of the Meeting to vote the shares held by SMFB in the Company.

⁵ Exclusive of common shares held by its nominee directors

⁶ Kirin authorizes the Chairman of the Meeting to vote the shares held by Kirin in the Company in accordance with its instructions.

⁷ Exclusive of common shares held by its nominee directors

Voting Trust Holders of 5% or More

The Company is not aware of any shareholder holding 5% or more of the Company's common shares under a voting trust agreement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The names of the incumbent directors, nominees for election as directors at the 2025 ASM and key executive officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions held in the last five (5) years, are as follows:

Board of Directors

Incumbent Directors

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Ramon S. Ang	71	Filipino	Chairman and Non-executive Director
Carlos Antonio M. Berba	60	Filipino	President and Executive Director
Ferdinand K. Constantino	73	Filipino	Non-executive Director
Alonzo Q. Ancheta	92	Filipino	Independent Non-executive Director
Daniel L. Henares	67	Filipino	Non-executive Director
Reynato S. Puno	84	Filipino	Independent Non-executive Director
Yoshinori Inazumi	55	Japanese	Executive Director
Kazufumi Nagashima	59	Japanese	Non-executive Director
Fumiaki Ozawa	55	Japanese	Executive Director
John Paul L. Ang	45	Filipino	Non-executive Director
Hiroshi Fujikawa ⁸	61	Japanese	Non-executive Director

New Director for Election at the 2025 ASM

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Aurora T. Calderon	70	Filipino	Non-executive Director ⁹

Ramon S. Ang has served as Chairman of the Company since July 26, 2007 and is the Chairman of the Company's Executive Committee. He also holds, among others, the following positions: Chairman and Chief Executive Officer of San Miguel Corporation ("**SMC**") (a company listed on the Philippine Stock Exchange); Chairman of San Miguel Food and Beverage, Inc. ("**SMFB**") (a company listed on the Philippine Stock Exchange); Director, President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. ("**Top Frontier**") and Petron (companies listed on the Philippine Stock Exchange); Director and President of Ginebra San Miguel, Inc. ("**GSMI**") (a company listed on the Philippine Stock Exchange); Chairman and Chief Executive Officer and President and Chief Operating Officer of San Miguel Global Power Holdings Corp. ("**SMC Power**") (a company listed on the Philippine Dealing & Exchange Corp.); Chairman and President of San Miguel Holdings Corp., SMC SLEX, Inc. (a company listed on the Philippine Dealing & Exchange Corp.), SMC Tollways Corporation (a company listed on the Philippine Dealing & Exchange Corp.), San Miguel Properties, Inc., San Miguel Aerocity, Inc. and Privado Holdings Corporation; Chairman and Chief Executive Officer of SMC Asia Car Distributors Corp.; Chairman of San Miguel Brewery Hong Kong Limited ("**SMBHK**") (a company listed on the Hong Kong Stock Exchange), Eagle Cement Corporation, San Miguel Equity Investments Inc., Petron Malaysia Refining & Marketing Berhad ("**Petron Malaysia**") (a company listed on the Kuala Lumpur Stock Exchange), San Miguel Foods, Inc., San Miguel

⁸ Mr. Hiroshi Fujikawa was elected Director of the Company effective March 28, 2025 to replace Mr. Hideki Mitsuhashi who resigned as Director effective March 28, 2025. Please refer to the Company's SEC Form 17-C dated March 4, 2025.

⁹ Ms. Aurora T. Calderon was nominated for election as Director at the 2025 ASM to replace Mr. Daniel L. Henares whose term will end at the 2025 ASM.

Yamamura Packaging Corporation (“SMYPC”), Anchor Insurance Brokerage Corporation (“AIBC”), Clariden Holdings, Inc., Philippine Diamond Hotel & Resort, Inc. and SEA Refinery Corporation; and Director, President and Chief Executive Officer of Northern Cement Corporation. He is also the sole Director and shareholder of Master Year Limited and Director of Metro Pacific Investments Corporation and New NAIA Infra Corp. Mr. Ang has held directorships in various domestic and international subsidiaries of SMC during the last five years and was previously the Company’s President (2007-2009). He was also a director/officer in other publicly listed companies outside of the San Miguel Group, including President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; Vice Chairman of Manila Electric Company; and Chairman of Liberty Telecom Holdings, Inc. and Cyber Bay Corporation. Mr. Ang holds a Bachelor of Science Degree in Mechanical Engineering from Far Eastern University and a Doctorate in Business Engineering, Honoris Causa, from the same university.

Carlos Antonio M. Berba has served as Director of the Company since August 10, 2010. He has been designated as the Officer-In-Charge of the Company in November 2023 and appointed as President on May 28, 2024. Mr. Berba is Director and Chief Operating Officer- Beer of SMFB (a company listed on the Philippine Stock Exchange); Chairman, President and Managing Director of San Miguel Brewing International Limited (“SMBIL”); Deputy Chairman of SMBHK (a company listed on the Hong Kong Stock Exchange); a Commissioner of PT Delta Jakarta Tbk (“PTD”) (a company listed on the Indonesia Stock Exchange); Chairman and President of Iconic Beverages Inc. (“IBI”), Brewery Properties Inc. (“BPI”) and Brewery Landholdings, Inc. (“BLI”); Chairman/Director of other subsidiaries of SMBIL, including San Miguel Beer (Thailand) Limited, San Miguel Holdings (Thailand) Limited and San Miguel Marketing (Thailand) Limited; and Trustee of the San Miguel Brewery Inc. Retirement Plan. Mr. Berba holds a Bachelor of Science Degree in Electrical Engineering from the University of the Philippines, a Master’s Degree in Japanese Business Studies from the Japan America Institute of Management Science & Chaminade University of Honolulu, and a Master’s Degree in Business Administration from the Wharton School, University of Pennsylvania, with distinction.

Ferdinand K. Constantino has served as Director of the Company since July 26, 2007 and is the Chairman of the Company’s Executive Compensation Committee and a Member of its Audit Committee and Governance and Nomination Committee. He also holds, among others, the following positions: Director and Treasurer of SMFB (a company listed on the Philippine Stock Exchange); Director of SMBIL, San Miguel Malaysia (L) Pte Ltd (Labuan, Malaysia) and San Miguel Foods International Limited; Director and President of AIBC; Trustee of the San Miguel Foundation, Inc.; and Director of The Philippine Stock Exchange, Inc. He is also advisor to SMC (a company listed on the Philippine Stock Exchange). Mr. Constantino was the Chief Finance Officer and Treasurer of the Company (2007-2009); Senior Vice President, Chief Finance Officer and Treasurer of SMC (a company listed on the Philippine Stock Exchange) until January 31, 2025; Director of SMC, Petron Malaysia and Top Frontier; Vice Chairman, Director and Treasurer of SMC Power; and Director and Chief Finance Officer of San Miguel Northern Cement, Inc. Mr. Constantino has held directorships in various domestic and international subsidiaries of SMC during the last five years. Mr. Constantino holds a Bachelor of Arts Degree in Economics from the University of the Philippines and completed academic requirements for a Master’s Degree in Economics from the University of the Philippines.

Alonzo Q. Ancheta has served as an Independent Director of the Company since April 30, 2009 and is the Chairman of the Company’s Governance and Nomination Committee and a Member of its Audit Committee. Atty. Ancheta is an Independent Director of PTFC Redevelopment Corporation (a company listed on the Philippine Stock Exchange) and SMBHK (a company listed on the Hong Kong Stock Exchange); President of Zobella & Co. (A.Q. Ancheta and Partners); Trademark & Patent Attorneys; Co-Founding Partner/Senior Adviser of Quasha Law (formerly Quasha Ancheta Peña & Nolasco Law Offices); Chairman and President of Ogilvy & Mather Philippines, Inc.; President of Growe Investments Ltd.; and Member of the Board of Trustees of St. Luke’s Medical Center. He is also a member of various organizations, including the Intellectual Property Association of the Philippines (Council Adviser, 1988-present), Philippine Bar Association, Legal Management Council of the Philippines, Asian Patent Attorneys Association (Honorary President, 2021-present), International Trademark Association, ASEAN Intellectual Property Association, American Chamber of Commerce of the Philippines, Philippine American Guardian Association, Rotary Club of Marikina, Jaycees International (Senator) and For Love of Mother Earth, Inc. Atty. Ancheta holds a Bachelor of Arts Degree and Bachelor of Laws Degree from The University of Manila.

Daniel L. Henares has served as Director of the Company since May 31, 2016. He is consultant to SMC (a company listed on the Philippine Stock Exchange), serving as the Assistant Team Manager for the San Miguel Beer team, and a Director of Henlich Development Corporation. He was also a consultant for business development of corporate accounts for cargo and passenger business in Philippine Airlines, Inc. (2013-2014).

Mr. Henares holds a Bachelor of Laws Degree from Ateneo de Manila University and a Bachelor of Arts Degree in Political Science from De La Salle University.

Reynato S. Puno has served as Independent Director of the Company since November 5, 2021 and is the Chairman of the Audit Committee and a Member of the Executive Committee, Executive Compensation Committee and Governance and Nomination Committee. (Ret.) Chief Justice Puno is an Independent Director of SMC (a company listed on the Philippine Stock Exchange) and SMBHK (a company listed on the Hong Kong Stock Exchange), and an Independent Commissioner of PTD (a company listed on the Indonesia Stock Exchange). He is also the Chairman of the Environmental Heroes Foundation, GenWatt Solar Energy Solutions (Philippines), CybersCool Defcon, Inc., Judge Isaac S. Puno, Jr. Memorial Foundation, Philippine Bible Society and Children's First 1000 Days Foundation; Vice Chairman of the Board of Trustees of the GMA Kapuso Foundation; Member of the Board of Directors of The New Standard newspaper; Foundation Member of the World Vision Development Foundation, Inc. (Board Member, 2012-2020, 2022-2025; Chairperson, 2018-2020); President of the Filipino Evangelical Methodist Church, Inc.; Member of the Board of Regents of the Manuel L. Quezon University; and Legal Consultant to the Department of Energy and Union Bank of the Philippines (a company listed on the Philippine Stock Exchange). He was the Chief Justice of the Supreme Court from December 6, 2006 until his retirement on May 17, 2010. He is also a former Member of the Permanent Court of Arbitration in Hague (2017-2023); and Independent Director of Union Bank of the Philippines (2012-2021) and Marcventures Mining and Development Corporation (2015-2017). He was appointed Chairman of the Consultative Committee to revise the 1987 Constitution of the Philippines (January-June 2018). (Ret.) Chief Justice Puno completed his Bachelor of Laws from the University of the Philippines, has a Master of Comparative Laws Degree from the Southern Methodist University, Dallas, Texas, USA and Master of Laws Degree from the University of California, Berkeley, California, USA, and finished all academic requirements of the Degree of Doctor of Juridical Science, University of Illinois, Champaign, Urbana, USA.

Yoshinori Inazumi has served as Director and Executive Financial Advisor of the Company since April 1, 2023 and is a Member of the Executive Committee and Audit Committee of the Company. He is also a Director of SMBIL, SMBHK (a company listed on the Hong Kong Stock Exchange) and San Miguel Beer (Thailand) Limited. He is a former General Manager (2021-2023) and Senior Manager (2019-2021), Audit and Supervisory Board Members' Office, Senior Manager, Finance and Accounting Department (2016-2019), and Senior Manager, Tax Unit Group Finance (2015-2016) of Kirin (a company listed on the Tokyo Stock Exchange). He graduated with a Degree in Bachelor of Arts in Literature from the Tokyo University.

Kazufumi Nagashima has served as Director of the Company since March 28, 2024. He is the Senior Executive Officer, Chief Quality Assurance Officer and General Manager of the Quality Assurance Department) of Kirin (a company listed on the Tokyo Stock Exchange), and Director of Kyowa Hakko Bio Co., Ltd. Mr. Nagashima also held the following positions in the last five years: Executive Officer, General Manager of the Institute for Future Beverages of Kirin (2020-2022); Director of Myanmar Brewery Limited (2018-2020); Director of Mandalay Brewery Limited (2018-2020); and General Manager of the Institute for Packaging Technology of Kirin Company, Limited (2015-2018). He graduated with a Master of Science Degree in Food and Chemical Engineering from the Faculty of Agriculture, Kyushu University.

Fumiaki Ozawa has served as Director and Executive Vice President of the Company since March 28, 2024 and is a Member of the Executive Committee, Audit Committee and Executive Compensation Committee of the Company. He is also a Director of SMBIL, IBI, BPI, BLI, SMBHK (a company listed on the Hong Kong Stock Exchange), San Miguel Holdings (Thailand) Limited and San Miguel Beer (Thailand) Limited. He is previously the Executive Vice President of SMBIL (2017-2024); Commissioner of PTD (a company listed on the Indonesia Stock Exchange) (2018-2024); and Director of San Miguel Marketing (Thailand) Limited (2017-2024). He is also a former Director and Executive Financial Advisor of the Company (2017) and Senior Manager of Corporate Strategy Department of Kirin (a company listed on the Tokyo Stock Exchange) and Senior Manager of Management Planning Department, Kirin Company, Limited (2015-2017). Mr. Ozawa graduated with a Bachelor of Arts Degree in Economics from the Faculty of Political Science and Economics, Waseda University.

John Paul L. Ang has served as Director of the Company since May 28, 2024. Mr. Ang is Vice Chairman, President and Chief Operating Officer of SMC (a company listed on the Philippine Stock Exchange); Director, President and Chief Executive Officer of SMFB (a company listed on the Philippine Stock Exchange); Director of Top Frontier and Petron (companies listed on the Philippine Stock Exchange); Vice Chairman of SMC Power (a company listed on the Philippine Dealing & Exchange Corp.); Director of SMC SLEX Inc. and SMC Tollways Corporation (companies listed on the Philippine Dealing & Exchange Corp.); Director, President and Chief Executive Officer of Eagle Cement Corporation, Northern Cement Corporation, South

Western Cement Corporation and Solid North Mineral Corp.; Chairman, President and Chief Executive Officer of Southern Concrete Industries Inc.; Director and President of San Miguel Equity Investments Inc. and Armstrong Ash-fly and Logistics Company Inc.; and Director of Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., Pacific Nickel Philippines, Inc., Philnico Industrial Corporation and KB Space Holdings, Inc. Mr. Ang holds other directorships in the subsidiaries of SMC. Mr. Ang graduated with a Bachelor of Arts Degree in Interdisciplinary Studies at the Ateneo de Manila University.

Hiroshi Fujikawa has served as Director of the Company since March 28, 2024. He is the Senior Executive Officer and General Manager of CSV (Creating Shared Value) Strategy Department of Kirin (a company listed on the Tokyo Stock Exchange) and Director of the Board of Kirin Beverage Company Limited. He also held the following positions: Executive Officer and General Manager of CSV Strategy Department of Kirin Holdings Company, Limited (2022-2024); General Manager of Human Resource Department of Japan Football Association (2019-2022); Executive Officer and General Manager of Human Resource and General Affairs Department of Kirin Company, Limited (2017-2019); President of Myanmar Brewery Limited (2015-2017); and President of Kirin Holdings Singapore Pte Limited (2010-2015). Mr. Fujikawa graduated from the Faculty of Law, Keio University and has a Master's Degree in Business Administration from Cornell University.

Aurora T. Calderon is a nominee for election as Director of the Company at the 2025 ASM. Ms. Calderon is Director, Senior Vice President and Senior Executive Assistant to the Chairman and Chief Executive Officer of SMC (a company listed on the Philippine Stock Exchange); Director and Treasurer of Top Frontier (a company listed on the Philippine Stock Exchange); Director and President of Petrogen Insurance Corporation; Board Advisor for the Bank of Commerce (Philippines) (a company listed on the Philippine Stock Exchange); Director of SMFB, GSMI and Petron (companies listed on the Philippine Stock Exchange), Petron Malaysia (a company listed on the Kuala Lumpur Stock Exchange), SMC Power (a company listed on the Philippine Dealing & Exchange Corp.), SMC SLEX, Inc. (a company listed on the Philippine Dealing & Exchange Corp.), SMC Tollways Corporation (a company listed on the Philippine Dealing & Exchange Corp.), Petron Freeport Corporation, Petron Marketing Corporation, Sea Refinery Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Co. Ltd. (Thailand), San Miguel Equity Investments Inc., San Miguel Yamamura Packaging Corporation, SMC Asia Car Distributors Corp. and San Miguel Aerocity Inc. She has held directorships in various domestic and international subsidiaries of SMC. Ms. Calderon is a certified public accountant and a member of the Philippine Institute of Public Accountants and the Financial Executives Institute of the Philippines ("FINEX") and FINEX's Capital Market Development Committee. She is also a director of the Market Governance Board of the Philippine Dealing Systems Holdings Corporation. Ms. Calderon graduated *magna cum laude* from the University of the East with a Bachelor of Science Degree in Business Administration, major in Accounting, and completed her Master's Degree in Business Administration (without thesis) at the Ateneo de Manila University.

Senior Management

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Carlos Antonio M. Berba	60	Filipino	President
Fumiaki Ozawa	55	Japanese	Executive Vice President
Mercy Marie Jacqueline L. Amador	63	Filipino	Vice President, Chief Finance Officer and Treasurer and Chief Risk Officer
Yoshinori Inazumi	55	Japanese	Executive Financial Advisor
Raymundo Y. Albano	64	Filipino	Vice President and National Sales Manager
Rosabel Socorro T. Balan	61	Filipino	Vice President, General Counsel, Corporate Secretary and Compliance Officer
Rene T. Ceniza	62	Filipino	Vice President and National Logistics Manager
Enrico E. Reyes	62	Filipino	Vice President and Human Resources and Business Affairs Communications Head
Lynn B. Santos	57	Filipino	Vice President and Business Planning and Quality and Productivity Management Manager
Rodney Ralph D. Holmes	58	Filipino	Vice President and Executive Assistant to the President
William B. Montalbo	61	Filipino	Vice President and Manufacturing Manager
Benjamin C. Go Que	59	Filipino	Assistant Vice President and Brewing Technical Group Manager
Christian E. Santiago	66	Filipino	Business Procurement Group Head

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Clifford T. Que	54	Filipino	Assistant Vice President and Information Systems Management Manager
Maria Lolita T. Vargas	61	Filipino	Assistant Vice President and Officer-in-Charge, Marketing Department

Mercy Marie Jacqueline L. Amador is Vice President and Chief Finance Officer and Treasurer of the Company since March 16, 2009. She is also the Chief Risk Officer of the Company since July 2024. Ms. Amador is also Director and Treasurer of IBI, BPI and BLI; Director of SMBIL, Neptunia Corporation Limited and San Miguel (China) Investment Company, Limited; and a Trustee of the San Miguel Brewery Inc. Retirement Plan. She was previously Chief Finance Officer of SMBIL (2007-2009). She also previously worked in SMC as Vice President and Division Chief Finance Officer of the San Miguel Beer Division (2006-2007) and Vice President and Manager, Financial Planning Analysis and Investor Relations (2001-2006). Ms. Amador graduated *magna cum laude* from the University of the Philippines with a Bachelor of Science Degree in Business Economics and holds a Master's Degree in Business Administration from the Amos Tuck School of Business, Dartmouth College, Hanover, New Hampshire.

Raymundo Y. Albano, is Vice President and National Sales Manager since March 2024. He was Executive and Managing Director of SMBHK (a company listed on the Hong Kong Stock Exchange) (2022-2024); General Manager and Director of San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited (2017-2022); President Director of PTD (a listed company on the Indonesia Stock Exchange) and President Commissioner of PT Jangkar Delta Indonesia (2010–2017); and General Manager (2005–2010) and National Sales Manager (2004–2005) of San Miguel Brewery Vietnam Co., Ltd. Mr. Albano graduated from the San Pablo Seminary, with a Bachelor of Arts Degree in Philosophy/Sociology.

Rosabel Socorro T. Balan is Vice President and General Counsel since January 1, 2010 and Corporate Secretary and Compliance Officer of the Company since October 14, 2010. She is also the Corporate Secretary of SMBIL and its various subsidiaries, IBI, BPI and BLI. She is also a Director of the International Trademark Association. She was Vice President and Deputy General Counsel of SMC (2003-2009) and Assistant Corporate Secretary of the Company (2007-2010). She also acted as Assistant Corporate Secretary of SMC, GSMI, San Miguel Pure Foods Company, Inc. and San Miguel Properties, Inc.; and Compliance Officer of AIBC and SMC Stock Transfer Service Corporation. Atty. Balan has also been a director, corporate secretary and/or assistant corporate secretary of other various domestic and international subsidiaries of SMC. Atty. Balan holds a Bachelor of Arts Degree in Economics from the University of the Philippines, a Juris Doctor Degree from the Ateneo de Manila University School of Law, a Master's Degree in Business Administration from De La Salle University, and a Master of Laws in Taxation - Executive Program from New York University, USA.

Rene T. Ceniza is Vice President since August 2015 and National Logistics Manager since October 1, 2007. He is also a Director of BPI and BLI. Mr. Ceniza previously worked in SMC as Assistant Vice President and Manager, National Logistics, San Miguel Beer Division; Logistics Manager, GMA Supply Center, San Miguel Beer Division; and Manager, Logistics Technical Services, San Miguel Beer Division. He is a member of the Alumni Association of the Asian Institute of Management and Philippine Institute of Industrial Engineers, and was a resource person/faculty member of The Logistics School of SMC Corporate Logistics. Mr. Ceniza holds a Bachelor of Science Degree in Industrial Management Engineering from the Cebu Institute of Technology, and participated in the Management Development Program of the Asian Institute of Management.

Enrico E. Reyes is Vice President since November 2017 and Human Resources and Business Affairs Communications Head since October 1, 2007. He is also a Trustee of the San Miguel Brewery Inc. Retirement Plan. He previously worked in SMC as Compensation and Benefits Manager, Corporate Human Resources Division and Human Resources and Administration Manager, Visayas, San Miguel Beer Division. Mr. Reyes holds a Bachelor of Science Degree in Business Economics from the University of the Philippines and completed academic requirements for a Master's Degree in Business Economics in the University of the Asia and Pacific.

Lynn B. Santos is Vice President since November 2017 and Business Planning and Quality and Productivity Management Manager since 2009. She was also the Business Planning Manager and Business Intelligence Manager of the Company. She previously worked in SMC as Business Intelligence Manager, San Miguel Beer Division and Senior Associate Business Intelligence Analyst, San Miguel Beer Division. She is a member of the UP School of Economics Alumni Association. Ms. Santos holds a Bachelor of Science Degree in Economics from the University of the Philippines and a Diploma in Development Planning Techniques with Computer Applications from the Institute of Social Studies, The Hague, Netherlands.

Rodney Ralph D. Holmes is Vice President and Executive Assistant to the President since November 2017. He is also a Director of IBI. Mr. Holmes previously served the Company as Financial Planning and Analysis Manager from 2007 to March 2022. He also worked in SMC as Financial Planning and Analysis Manager and Senior Financial Analyst of the San Miguel Beer Division. Mr. Holmes holds a Bachelor of Science Degree in Commerce from De La Salle University. He also completed academic requirements for a Master's Degree in Business Administration from De La Salle University and participated in the Management Development Program of the Asian Institute of Management.

William B. Montalbo is Vice President since March 2025 and Manufacturing Manager since July 2024. A Licensed Chemical Engineer and Brewmaster, Mr. Montalbo previously worked in the San Miguel Beer Division of SMC as Assistant Brewmaster and Brewing Manager of San Fernando Brewery and Brewmaster in the Brewing Technical Group. His international assignments include Assistant Brewmaster in Mount Everest Brewery (PVT) Ltd., Nepal and Plant Manager of San Miguel Brewery Vietnam Co., Ltd. and San Miguel (Guangdong) Brewery Co. Ltd. in China. He also served the Company as Plant Manager of Bacolod Brewery and Polo Brewery, and as Operations Manager of Sta. Rosa Brewery. Mr. Montalbo holds a Bachelor of Science Degree in Chemical Engineering from the De La Salle University.

Benjamin C. Go Que is Assistant Vice President since March 2015 and Brewing Technical Group Manager since July 2020. A Licensed Chemical Engineer and Brewmaster, Mr. Go Que also worked in the Company as its Operations Technology Manager, Operations Technology Brewmaster, Brewing Manager, and Research and Development Manager. He also served as Plant Manager of San Miguel (Baoding) Brewery Co., Ltd., and as Brewing Manager and ASPAC Operations Brewmaster in the San Miguel Beer Division of SMC. Mr. Go Que holds a Bachelor of Science Degree in Chemical Engineering from the University of Sto. Tomas and a Master's Degree in Business Administration from the University of Wales, United Kingdom.

Christian E. Santiago is Business Procurement Group Head since January 2021. He was previously the Deputy Head - Business Procurement Group of San Miguel Holdings Corp.; Head - Business Procurement Group of Petron Malaysia; Procurement Governance and Support Manager of Petron; Corporate Procurement Group Head and Group Procurement Manager-Procurement Systems and Services of SMC; and Procurement Manager of GSMI. Mr. Santiago holds a Bachelor of Science Degree in Agricultural Business from the University of the Philippines, and a Certification as a Certified Purchasing Manager from the Institute for Supply Management, Arizona, USA.

Clifford T. Que is Assistant Vice President since August 2012 and Information Systems Management Manager of the Company since December 2024. Prior to his appointment as Information Systems Management Manager of the Company, he heads the Information Technology unit of the international operations (since 2008), which he now concurrently holds. Mr. Que has over 30 years of experience in Information Technology. His previous positions in the San Miguel group include: Division Information Management Manager, San Miguel Beer Division of SMC (2003-2007); and Customer Care Center Manager (2002-2003) and Technical Project Manager and SAP Sales and Distribution Consultant (1995-2002) of SMITS Inc.. Mr. Que holds a Bachelor of Science Degree in Computer Engineering from the Mapua Institute of Technology and participated in the Management Development Program of the Asian Institute of Management.

Maria Lolita T. Vargas is Assistant Vice President since August 2017 and Officer-in-Charge of the Marketing Department since December 2024. She is also a Director of IBI. Prior to her appointment as Officer-in-Charge, she previously held the following positions in the Marketing Department: Assistant Marketing Manager, Brand Development Head and Data Science Team Head (2020-2024); and Brand Development Head and Data Science Team Head (2016-2020). Ms. Vargas has 35 years of Marketing experience with 15 years' work in Brand Management and 20 years' work in Marketing Research, handling a variety of fast-moving consumer goods. She was previously Group Account Director of Millward Brown (2012-2016) and Marketing Consultant to Bright Consulting Inc. (2016). Ms. Vargas holds a Bachelor of Arts Degree in Economics from the De La Salle University; obtained her Certificate in Quantitative and Qualitative Research from the Burke Research Institute, Cincinnati, Ohio, USA; and attended the Management Development Program of the Asian Institute of Management, and Leading Strategic Growth online program of the Columbia Business School, USA.

Board Trainings/Seminars, Appraisals and Performance

Trainings and Seminars

The Board of Directors, nominees for election to the Board of Directors at the 2025 ASM and senior management of the Company in 2024 attended corporate governance seminars conducted by SGV & Co., Risks Opportunities Assessment and Management (ROAM) or the Center for Global Best Practices. Their respective Certificates of Attendance were submitted to the SEC on October 3 and 8, 2024, November 4 and 20, 2024 and December 18, 2024.

Board Attendance

In 2024, the Board of Directors held seven (7) meetings. The attendance of the Directors in these meetings and in the 2024 annual stockholders' meeting ("2024 ASM") is as follows:

	February 7	March 5	April 29	May 28 2024 ASM	August 5	November 4	December 6
Ramon S. Ang*	√	√	√	√	√	√	√
Ferdinand K. Constantino*	√	√	√	√	√	√	√
Keisuke Nishimura ^(a)	√	√	-	-	-	-	-
Alonzo Q. Ancheta*	√	x	√	√	√	x	√
Carlos Antonio M. Berba*	√	√	√	√	√	√	√
Toshiya Miyoshi ^(a)	√	√	-	-	-	-	-
Daniel L. Henares*	√	√	√	√	√	√	√
Reynato S. Puno*	√	√	√	√	√	√	√
Yoshinori Tsuchiya ^(b)	√	√	-	-	-	-	-
Yoshinori Inazumi*	√	√	√	√	√	√	√
Kazufumi Nagashima ^(a)	-	-	√	√	√	√	√
Hideki Mitsuhashi ^(a)	-	-	√	√	√	√	√
Fumiaki Ozawa ^(b)	-	-	√	√	√	√	√
John Paul L. Ang ^(c)	-	-	-	√	√	√	√

√ Present

x Absent

- Not Applicable

* Elected at the May 30, 2023 Annual Stockholders' Meeting (ASM) and re-elected at the May 28, 2024 ASM.

^(a) Mr. Keisuke Nishimura and Mr. Toshiya Miyoshi were re-elected as Directors at the May 30, 2023 ASM. They resigned as Directors and were replaced by Mr. Kazufumi Nagashima and Mr. Hideki Mitsuhashi effective March 28, 2024. Mr. Nagashima and Mr. Mitsuhashi were re-elected as Directors at the May 28, 2024 ASM. Mr. Mitsuhashi resigned as Director effective March 28, 2025 and he was replaced by Mr. Hiroshi Fujikawa effective March 28, 2025.

^(b) Mr. Yoshinori Tsuchiya resigned as Director and Executive Vice President and was replaced by Mr. Fumiaki Ozawa effective March 28, 2024. Mr. Ozawa was re-elected as Director at the May 28, 2024 ASM.

^(c) Mr. John Paul L. Ang was elected as Director at the May 28, 2024 ASM to fill the vacancy in the Board.

Board Committee Attendance

The attendance of the members of the Board Committees in their respective meetings in 2024 is as follows:

	BOARD COMMITTEES			
	Executive	Audit	Executive Compensation	Governance and Nomination
Ramon S. Ang	C (0/0)			
Carlos Antonio M. Berba ^(a)	M (0/0)			
Ferdinand K. Constantino		M (4/4)	C (2/2)	M (2/2)
Alonzo Q. Ancheta		M (2/4)		C (1/2)
Reynato S. Puno	M (0/0)	C (4/4)	M (2/2)	M (2/2)
Yoshinori Tsuchiya ^(b)	M (0/0)	M (1/1)	M (1/1)	
Yoshinori Inazumi	M (0/0)	M (4/4)		
Fumiaki Ozawa ^(b)	M (0/0)	M (3/3)	M (1/1)	

^(a) Mr. Carlos Antonio M. Berba was appointed as a Member of the Executive Committee effective May 28, 2024.

^(b) Mr. Yoshinori Tsuchiya resigned as a Member of the Executive Committee, Audit Committee and Executive Compensation Committee and was replaced by Mr. Fumiaki Ozawa effective March 28, 2024.

C – Chairman

M – Member

Board and Board Committees Appraisal, Criteria and Procedure

The Company implemented an internal self-rating system for the performance of the Board of Directors and the individual directors, and the different Board Committees for the year 2024. A self-assessment form was distributed to the directors for the evaluation of the performance of the Board and the individual directors, and the different Board Committees for the previous year, as well as the effectiveness of the Company's governance processes.

The self-assessment covers the following key areas and criteria:

- Effectiveness in the discharge of the role and responsibilities of the Board and Board Committees;
- Diversity in the Board and effectiveness of structure and composition of the Board and Board Committees and management of relationships;
- Efficiency of meetings and Board and Board Committee processes; and
- Individual Board member contribution, performance and engagement.

The directors are likewise allowed to provide comments and suggestions for further improvement of the Board's performance and processes. The Corporate Secretary/Compliance Officer facilitates the conduct of the self-assessment, sets a deadline for the completion of the same, and collates the results for reporting to the Board and Governance and Nomination Committee. For 2024, all of the directors accomplished and submitted the self-assessment forms for the Board of Director and individual directors, and the Board Committees of which they are members to the Corporate Secretary and Compliance Officer.

Term of Office

Pursuant to the Company's By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and his or her successor is duly elected, unless he or she resigns, dies or is removed prior to such election.

Nominees for Election as Directors/Independent Directors

The nominees for election to the Board of Directors on May 27, 2025 are as follows:

1. Ramon S. Ang
2. Carlos Antonio M. Berba
3. Ferdinand K. Constantino
4. Alonzo Q. Ancheta
5. Reynato S. Puno
6. Yoshinori Inazumi
7. Kazufumi Nagashima
8. Fumiaki Ozawa
9. John Paul L. Ang
10. Hiroshi Fujikawa
11. Aurora T. Calderon

Re-election of Independent Non-executive Directors

The following incumbent independent non-executive directors have been nominated for re-election as independent non-executive directors of the Board of Directors on May 27, 2025:

Nominees for Independent Non-executive Director¹⁰
Reynato S. Puno
Alonzo Q. Ancheta

In approving the nominations for independent directors, the Governance and Nomination Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38. The nominations for the election of all directors by the stockholders were submitted in writing to the Board of Directors through the Corporate Secretary. The nominations were forwarded to the Governance and Nomination Committee which pre-screened the qualifications of the nominees and prepared

¹⁰ Nominations for election of independent non-executive directors were made by Mr. Ramon S. Ang and Kirin for (Ret.) Chief Justice Puno and Atty. Ancheta, respectively. The nominees have no material business or other relationship or affiliation with the person or entity which nominated them.

a final list of nominees eligible for election. No other nominations were entertained after the final list of candidates was prepared.

Atty. Alonzo Q. Ancheta and Retired Chief Justice Reynato S. Puno have confirmed their independence and have submitted their respective certifications of independence as required by the SEC and are attached hereto as **Annexes “A-1”** and **“A-2.”**

Re-election of Independent Non-executive Director serving for more than nine (9) years

Atty. Alonzo Q. Ancheta shall be serving the Company as independent non-executive director for more than nine (9) years upon his re-election at the 2025 ASM. Pursuant to the Company’s Amended Manual on Corporate Governance (**“Manual on Corporate Governance”**) which adopted the recommendation under the Code of Corporate Governance for Public Companies and Registered Issuers issued by the SEC under Memorandum Circular No. 24, series of 2019 (**“CG Code for Public Companies and Registered Issuers”**) relating to the re-election of independent non-executive directors who shall serve for more than nine (9) years, the Board has approved the meritorious justification below for the re-election of Atty. Ancheta as endorsed by the Governance and Nomination Committee and seeks shareholders’ approval for Atty. Ancheta’s re-election at the 2025 ASM.

The Company’s Governance and Nomination Committee evaluated the independence of Atty. Alonzo Q. Ancheta as well as his experience, expertise and qualifications, and determined that he possesses all the qualifications and none of the disqualifications to act as an independent non-executive director of the Company, in accordance with the Company’s Manual on Corporate Governance.

In its meeting held on March 4, 2025, the Board of Directors of the Company, as favorably endorsed and recommended by the Company’s Governance and Nomination Committee, approved and endorses for the vote of the stockholders of the Company the re-election of Atty. Alonzo Q. Ancheta as an independent non-executive director of the Company pursuant to the Company’s Manual on Corporate Governance based on the following meritorious justification.

Serving as independent director, Atty. Alonzo Q. Ancheta has brought high standards of corporate governance to the Company and objectively contributed to the Company through his participation in the committees which he either chairs or is a member of, and through his sustained advisory relationship with the Company, based on his extensive experience and expertise, particularly in the field of law which is relevant to the Company’s business. His presence in the Board has continued to enhanced the Company’s corporate values, as well as contributed to the diversity of the Board given his educational background and diversity of the experience. He has provided valuable contributions to the Company and demonstrated his ability to exercise independent judgment and provide a balanced and objective view in relation to the Company’s affairs.

Given the foregoing, the Board is of the view that the independence of Atty. Alonzo Q. Ancheta has not been diminished or impaired by his long service as a member of the Board of Directors of the Company, and that there are no circumstances which have come to its attention that are likely to affect or interfere with the exercise of his independent judgment notwithstanding such long service.

Election of the Other Nominees to the Board

The Governance and Nomination Committee has certified that all the other nominees for election to the Board of Directors satisfy the mandatory requirements specified under the Company’s By-Laws, and possess all the qualifications and none of the disqualifications under the Company’s Manual on Corporate Governance and applicable rules and regulations of the SEC.

Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

Family Relationships

Mr. Ramon S. Ang is the father of Mr. John Paul L. Ang. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the Company’s directors, executive officers or persons nominated or chosen by the Company to become its directors or executive officers.

Certain Relationships and Directors' Disclosures on Related Transactions and Self-dealing

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) which are not in the Company's ordinary course of business. There were no transactions entered into by the Company with any director for 2024.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, or executive officers of the Company have been involved in any legal proceeding for the past five (5) years up to the date of this Information Statement, that is material to the evaluation of their ability or integrity to hold their respective positions in the Company, including being the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, or a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment by a domestic or foreign court of competent jurisdiction (in a civil action), by the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, for a violation of a securities or commodities law or regulation.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer (President) and senior executive officers of the Company are as follows:

<u>NAME</u>	<u>YEAR</u>	<u>SALARY</u>	<u>BONUS</u>	<u>OTHERS</u>	<u>TOTAL</u>
			(in ₱ millions)		
Total Compensation of the	2025(est)	79.3	23.8	17.3	120.4
Chief Executive Officer	2024	83.6	33.8	13.6	131.0
(President) and Senior	2023	103.6	44.4	14.2	162.2
Executive Officers other					
than the President ⁽¹⁾					
All other officers and	2025 (est)	248.0	74.7	77.0	399.7
directors as a group	2024	266.6	113.2	82.2	462.0
unnamed	2023	267.1	122.2	81.2	470.5
Total	2025 (est)	327.3	98.5	94.3	520.1
.	2024	350.2	147.0	95.8	593.0
	2023	370.7	166.6	95.4	632.7

⁽¹⁾ The President and Senior Executive Officers of the Company for 2023 are Roberto N. Huang, Carlos Antonio M. Berba, Mercy Marie Jacqueline L. Amador, Minerva Lourdes B. Bibonia and Rosabel Socorro T. Balan. The President and Senior Executive Officers for 2024 are Carlos Antonio M. Berba, Mercy Marie Jacqueline L. Amador, Minerva Lourdes B. Bibonia, Rosabel Socorro T. Balan and Rene T. Ceniza. The President and Senior Executive Officers for 2025 are Carlos Antonio M. Berba, Mercy Marie Jacqueline L. Amador, Rosabel Socorro T. Balan, Rene T. Ceniza and Raymundo Y. Albano.

By resolution of the Board of Directors, each director receives a reasonable per diem allowance for his attendance at each board meeting. the Company provides each director with reasonable per diem of ₱20,000 and ₱10,000 for each Board and Board Committee meeting, respectively, attended by such director.

In 2024, the Company paid a total of ₱1,730,000.00 in per diem allowances to the Board of Directors as follows:

Executive Directors	₱ 520,000.00
Non-executive Directors	860,000.00
(other than Independent Non-executive Directors)	
Independent Non-executive Directors	<u>350,000.00</u>
	<u>₱1,730,000.00</u>

Other than these per diem amounts, there are no standard arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, by the Company for services rendered by such directors.

There are no outstanding Company warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

There are no employment contracts between the Company and its executive officers. There is no compensatory plan nor arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

ACTION WITH RESPECT TO REPORTS

The approval of the following will be considered and acted upon at the meeting:

1. Management Report of the Company for the year ended December 31, 2024;
2. Minutes of the May 28, 2024 Annual Stockholders' Meeting with the following items:
 - a) Approval of the Minutes of the 2023 Annual Stockholders' Meeting;
 - b) Approval of the Annual Report;
 - c) Ratification of all acts of the Board of Directors and Officers since the 2023 Annual Stockholders' Meeting;
 - d) Election of Board of Directors; and
 - e) Appointment of External Auditors and Ratification of External Auditor Fees.

The draft of the Minutes of the May 28, 2024 Annual Stockholders' Meeting is attached to this Information Statement as **Annex "B"** and available for viewing in the Company's website, www.sanmiguelbrewery.com.ph. The minutes provide (i) a description of the voting and vote tabulation procedures used in the previous meeting in page 2 of the minutes; (ii) a description of the opportunity given to stockholders to ask questions in page 3 of the minutes. No questions were received from the shareholders; (iii) the matters discussed and resolutions reached in pages 3-6 of the minutes; (iv) a record of the voting results for each agenda item in Annex "C" of the minutes; and (v) a list of the directors, officers and stockholders who attended the meeting in page 1 and Annex "A" of the minutes.

3. Ratification of all the acts and proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting. The acts and resolutions of the Board of Directors (including its Committees) are those adopted and reflected in the minutes of their meetings which include the:
 - a) Declaration of cash dividends;
 - b) Election of directors;
 - c) Appointment of officers;
 - d) Approval of budget, and signing authorities and limits;
 - e) Appropriation of retained earnings;
 - f) Approval of term loans for the re-financing of the Company's maturing obligations;
 - g) Approval of Company policies and amendments thereto, including the Internal Audit Charter;
 - h) Confirmation of identified non-audit services as not affecting the independence of external auditors as required under relevant accounting standards; and
 - i) Other matters covered by disclosures and filings to the SEC and Philippine Dealing & Exchange Corp., such as the audited and unaudited interim financial statements and quarterly reports.

The acts of the corporate officers were those taken in furtherance of the conduct of business of the Company and to implement the resolutions of the Board of Directors.

VOTING AND VOTE TABULATION PROCEDURES

All matters submitted for the approval of the stockholders at the 2025 ASM will require the affirmative vote of stockholders representing at least a majority of the outstanding capital stock present or represented at the meeting, except for the election directors. In the election of directors, the eleven (11) nominees with the greatest number of votes will be elected as directors.

Each share of stock entitles its registered owner to one (1) vote. In case of election of directors, cumulative voting as set out in page 3 of this Information Statement shall be adopted.

For all matters submitted for the approval of the stockholders, except for the election of directors, the stockholder has the option to vote: For, Against or Abstain. The vote is considered cast for all the stockholder's shares registered in his/her name.

For the election of directors, each shareholder is entitled to cumulate all his/her votes per common share and may (i) vote for all of the nominees, (ii) not vote for any nominee, or (iii) vote for some nominees only, in such number as he/she may see fit; provided that the total number of votes cast by the stockholder shall not exceed the number of shares registered in the stockholder's name in the books of the Company as of the record date above multiplied by the number of directors to be elected.

Votes by shareholders who do not intend to attend the 2025 ASM can only be cast through the ballots submitted by the shareholders by **May 16, 2025** to, and verified by, the Company, or through the Chairman of the meeting as proxy in proxies submitted to the Company by **May 16, 2025**. Ballots of shareholders who do not intend to attend the 2025 ASM must be received by the Corporate Secretary on or before **May 16, 2025** by email to smb-asm@smb.sanmiguel.com.ph or by mail to the Office of the Corporate Secretary, San Miguel Brewery Inc., 5/F, San Miguel Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City.

Stockholders who have notified the Company of their intent to attend the 2025 ASM by remote communication by **May 22, 2025** and who have been validated by the Company as a stockholder of record as of **April 14, 2025** may cast their votes on the matters in the agenda up to **12:00 noon** on the date of the meeting, **May 27, 2025**, by filling out the ballot form which they can download through the link to be provided in the Company's website once they log in.

Counting of the votes/canvassing of ballots will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the Company's stock transfer agent.

FINANCIAL AND OTHER INFORMATION

Brief Description of the General Nature and Business of the Company

The Company and its subsidiaries, Iconic Beverages, Inc. ("**IBI**") and San Miguel Brewing International Limited ("**SMBIL**") and its subsidiaries ("**SMBIL Group**") (and together with Brewery Properties Inc. [**BPI**] and its subsidiary, collectively, the "**Group**") are primarily engaged in the manufacture and sale of alcoholic beverages, including beer of all kinds and classes and flavored alcoholic beverages, alcohol-free, non-fermented beverage, and non-alcoholic beverages, such as ready-to-drink tea, ready-to-drink juice, water and carbonates. On February 22, 2024, the SEC approved the amendment of the Company's primary purpose or Article II of its Amended Articles of Incorporation to specifically include selling in wholesale and/or retail basis.

The Company is a majority-owned subsidiary of San Miguel Food and Beverage, Inc. ("**SMFB**"), a leading food and beverage company in the Philippines and a subsidiary of SMC. The Company is the largest producer of beer in terms of both sales and volume in the Philippines with seven (7) production facilities strategically located across the Philippines and a highly developed distribution system serving approximately 700,000 outlets, including on-premise, off-premise and e-premise, nationwide.

The Company was incorporated on July 26, 2007 as a wholly-owned subsidiary of SMC. Following the approval by the shareholders of SMC of the spin-off of the domestic beer business, all plant and equipment used in the domestic beer business were transferred to the Company in October 2007, while SMC retained ownership of the brands and land assets used in the domestic beer business.

SMC subsequently transferred certain of the brands used in the domestic beer business, including related trademarks, copyrights, patents, and other intellectual property rights and know-how, to IBI. On the other hand, certain of the said land assets, comprising the land on which all of the Company's production facilities (other than the Sta. Rosa, Laguna and Tagoloan, Misamis Oriental production facilities) and certain sales offices used by the Company for its domestic beer businesses are located ("**Land**"), were later transferred by SMC to BPI. Brewery Landholdings, Inc., the wholly-owned subsidiary of BPI, also owns land on which certain sales offices used by the Company in its domestic beer operations are located. The Company purchased all of SMC's interests in IBI on April 29, 2009, as a result of which IBI became a wholly-owned subsidiary of the Company. The Company then purchased all of the interests of SMC in BPI on November 10, 2010, comprising 40% of the issued and outstanding capital stock of BPI.

In 2014, the Company issued fixed rate bonds in the aggregate principal amount of P15 billion ("**Series GH Bonds**") to refinance the Series B Bonds that were issued by the Company in 2009 when these matured in April 2014. The Series GH Bonds were listed on the Philippine Dealing & Exchange Corp. ("**PDEX**"). The Series G of the Series GH Bonds were redeemed by the Company in April 2021, while the Series H Bonds of the Series GH Bonds were redeemed by the Company on April 2, 2024. With the redemption of the Series H Bonds, the Company also ceased to be listed on the PDEX.

The Company's common shares were listed on The Philippine Stock Exchange, Inc. ("**PSE**") on May 12, 2008 following an initial public offering conducted in April to May 2008. Kirin thereafter acquired a 48.39% shareholding in the Company in 2009, of which 43.249% was acquired from SMC and the remaining 5.141% by virtue of a mandatory tender offer and purchase from public shareholders. SMC retained majority ownership of the Company with shareholding of 51%.

Meanwhile, the Company geographically expanded its operations when it acquired the international beer and malt-based beverage business of SMC in January 2010, through its purchase of the 100% issued and outstanding capital stock of SMBIL from San Miguel Holdings Limited, a wholly-owned subsidiary of SMC. The SMBIL Group operates one (1) brewery each in Hong Kong, Indonesia, Thailand, Vietnam and China. As of December 31, 2024, international operations account for 10.3% of the total revenues of the Group.

When the amended rules on minimum public ownership of PSE took effect on January 1, 2012 and the SEC denied all requests made (including the request of the Company) for the extension of the grace period for listed companies to comply with the minimum public ownership requirement, the Board of Directors of the Company approved the voluntary delisting of the Company's common shares from the PSE on February 15, 2013. The Company undertook a tender offer to buy back all of the common shares held by the public (other than those held by its major stockholders and directors) at an offer price of ₱20.00 per common share to comply with the PSE requirements on voluntary delisting. A total of 51,425,799¹¹ common shares were tendered and accepted for payment and accordingly recorded as treasury shares. The common shares of the Company were delisted from the PSE effective May 15, 2013.

With the Company's adoption of the strategy to expand into the manufacture, sale and distribution of non-alcoholic beverages, the Company acquired the non-alcoholic beverage assets of Ginebra San Miguel Inc. ("**GSMI**") in April 2015, which assets pertain to property, plant and equipment, finished goods inventories and other inventories comprising of containers on hand, packaging materials, goods-in-process and raw materials used in the non-alcoholic beverage business. The Company then commenced its manufacture, sale and distribution of non-alcoholic beverages under the *Magnolia* brand, such as *Magnolia Healthtea* and *Magnolia Fruit Drink* products. The Company also launched its carbonated cola flavored soft drink, *San Mig Cola*,¹² in the Greater Manila Area and selected key cities nationwide in March 2017, and *Agua Prima* in sparkling water and still water variants in returnable glass bottles in 2019, which was however discontinued in 2020.

In November 2017, SMC announced its intention to undertake an internal restructuring and consolidation of its food and beverage businesses under SMFB (previously known as "San Miguel Pure Foods Company, Inc.") ("**SMFB Consolidation**") to unlock greater shareholder value by providing a sizeable consumer vertical market under SMC, and provide investors direct access to the consumer business of the San Miguel group through SMFB.

¹¹ As of April 15, 2025, the Company has secured CARs for 48,777,899 common shares of the 51,425,799 common shares tendered and accepted by the Company in its tender offer.

¹² No production and sales since 2020.

SMC completed the SMFB Consolidation in June 2018 pursuant to which SMC transferred all its shares in the Company to SMFB, thereby resulting in the Company becoming a subsidiary of SMFB.

In March 2020, the shareholders of San Miguel (Baoding) Brewery Co., Ltd. (“**SMBB**”) in North China approved the cessation of operations and the dissolution of SMBB. The decision was reached owing to SMBB’s sustained losses amidst a tough competitive environment, and proved beneficial as the SMBIL Group’s overall profitability improved since the closure. Meanwhile, Guangzhou San Miguel Brewery Co. Ltd. (“**GSMB**”) in South China ceased operations following the approval by its shareholders of the dissolution of the company upon the expiry of its business term in November 2020 in accordance with its articles of association and the joint venture contract for GSMB. As a result, the selling and distribution of the San Miguel brands in South China were undertaken by San Miguel (Guangdong) Brewery Co., Ltd., another subsidiary of the Group in the People’s Republic of China. The dissolution of SMBB and GSMB proved beneficial as the SMBIL Group’s overall profitability increased with the improvement in the cost structure and operational efficiencies in China. SMBB and GSMB are still undergoing liquidation as of December 31, 2024.

The developments in the Group in 2024 are also discussed in the Group’s Management Discussion and Analysis as of December 31, 2024 attached hereto as **Annex “D”**, and in Notes 1, 2, 11, 12, 18, 20, 27 and 33 of the Group’s 2024 Audited Consolidated Financial Statements attached hereto as **Annex “C”**.

Financial Statements

The Audited Consolidated Financial Statements of the Group as of December 31, 2024, including the Company’s Statement of Management’s Responsibility, and the Supplementary Schedule of External Auditor Fee-Related Information are attached hereto as **Annex “C”** and **Annex “C-1,”** respectively, and have been made available by the Company at the Company’s website, www.sanmiguelbrewery.com.ph.

The Company’s interim and unaudited consolidated financial statements for the quarter ending March 31, 2025 (including aging of receivables) are attached hereto as **Annex “E.”**

Management’s Discussion and Analysis or Plan of Operation

The Management’s Discussion and Analysis or Plan of Operation of the Company as of December 31, 2024 is attached hereto as **Annex “D”**, and has been made available by the Company at the Company’s website, www.sanmiguelbrewery.com.ph.

The Management’s Discussion and Analysis or Plan of Operation of the Company for the quarter ending March 31, 2025 is attached hereto as **Annex “E.”**

Independent Public Accountants

The stockholders approve the appointment of the Company’s external auditors. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations.

The accounting firm of R.G. Manabat & Co. (“**R.G. Manabat**”) served as the Company’s external auditors for the last fiscal year. Representatives of R.G. Manabat are expected to be present at the 2025 ASM and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire.

A different signing partner of R.G. Manabat handled the Company’s accounts beginning fiscal year 2020. The Board of Directors will again nominate R.G. Manabat for re-appointment this fiscal year 2025 following SRC Rule 68 Part I, section 3 (B) (ix) in relation to the provisions on long association of personnel (including partner rotation) with an audit client in the Code of Ethics for Professional Accountants in the Philippines which prescribes a maximum of seven (7) years for the services of a key audit partner to an audit client that is a public interest entity.

Audit and Audit Related Fees

Fees for the services rendered by the external auditor to the Company for the last two (2) fiscal years are as follows:

(in millions, approximate and value added tax exclusive)

	Audit Fees	Tax Fees	All Other Fees
2024	₱ 8.86	-	-
2023	₱ 8.44	-	-

In compliance with SEC Memorandum Circular No. 18 s. 2024, attached as **Annex “C-1”** to the Company’s 2024 Audited Consolidated Financial Statements is the Supplementary Schedule of External Auditor Fee-Related Information.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Company’s external auditors on accounting and financial disclosure.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

The Company's common equity is not traded in any exchange. On May 15, 2013, the Company’s common equity were delisted from the PSE following the PSE’s approval of the Company’s petition for voluntary delisting during PSE’s board meeting held on April 24, 2013. The approximate number of shareholders of common shares as of April 15, 2025 is 1,043.¹³ The top 20 stockholders^a of record as of April 15, 2025 is as follows:

	Stockholder Name	Common Shares	% to O/S ^b
1	San Miguel Food and Beverage, Inc.	7,859,319,270 ^c	51.162
2	Kirin Holdings Company, Limited	7,456,859,880 ^d	48.542
3	San Miguel Foods Inc. Retirement Plan	11,950,000	0.078
4	San Miguel Yamamura Packaging Corporation Retirement Plan	10,700,000	0.070
5	San Miguel Corporation Retirement Plan	5,085,800	0.033
6	Ginebra San Miguel Inc. Retirement Plan	3,834,000	0.025
7	Q-Tech Alliance Holdings, Inc.	2,852,900	0.019
8	SMITS, Inc. Retirement Plan	1,065,900	0.007
9	SMHC Multi-Employer Retirement Plan	1,000,000	0.007
10	Angel D. R. Arceo	312,000	0.002
11	PCD Nominee Corporation (Non-Filipino)	260,000	0.002
12	Jeanie C. Mendoza	170,000	0.001
13	Joaquin Tan Dee and/or Leticia Dy Dee and/or Angela Dee Cruz.	150,000	0.001
14	Mary Iris Ang Tan or Thomas Ang Tan ITF Samantha Louise Ang Tan.	139,100	0.001
15	Mary Iris Ang Tan or Thomas Ang Tan ITF David Ian Ang Tan.	139,000	0.001
16	Mary Iris Ang Tan or Thomas Ang Tan ITF Matthew Ryan Ang Tan	139,000	0.001
17	Corazon M. Cruz	125,000	0.001
18	Celso E. Abastillas and/or Evangeline D. Abastillas	94,000	0.001
19	Wilson Chua and/or Elizabeth and/or Wilynda Chua	93,100	0.001
20	Joaquin Dee and/or Leticia and/or Angela.	80,000	0.001

^a Excludes shareholders who have tendered their shares but whose respective CARs are pending from the Bureau of Internal Revenue

^b Percentage is based on Company's issued and outstanding capital stock as of April 15, 2025, including shares which have been tendered but whose CARs are pending issuance by the Bureau of Internal Revenue as of April 15, 2025.

^c Excludes the common shares each held by its nominee directors

^d Excludes the common shares each held by its nominee directors

¹³ Includes shareholders who tendered their shares but whose CARs have not been issued by Bureau of Internal Revenue as of April 15, 2025.

Cash dividends declared per share amounted to ₱1.24 and ₱1.20 in 2024 and 2023, respectively. The Company shall be prevented from declaring or paying dividends in cases of an event of default under the agreements covering the long-term debts of the Company, or if such declaration or payment would result in an event of default under such agreements.

Under the dividend policy of the Company, common shareholders will receive annual cash dividends equivalent to 100% of the prior year's recurring net income calculated without respect to extraordinary events that are expected to recur, based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as the implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments, acquisitions, appropriate reserves and working capital, among others, and subject to the applicable provisions of the Revised Corporation Code.

There were no securities sold by the Company since its incorporation in 2007 which were not registered under the Securities Regulation Code or exempt securities (including issuance of securities constituting an exempt transaction), other than the (i) subscription by SMC to 250,000 common shares (then with a par value of ₱100.00 per common share) prior to the incorporation of the Company to comply with the requirements under the Revised Corporation Code as to the percentage of the capital stock of a corporation which should be subscribed before it can be registered with the SEC (SRC Section 10.1 (i)); (ii) the issuance of a total of 15,308,416,960 common shares, comprising of 75,000,000 common shares from its unissued authorized capital stock and 15,233,416,960 common shares from the increase in its authorized capital stock, in exchange for the net assets of the domestic beer business of SMC with a net book value equivalent to ₱15,308,416,960.00 (SRC Section 10.1 (e)); (iii) issuance of 5,000 common shares to each of the independent directors of the Company (SRC Section 10.1 (c)); (iv) initial public offering of its common shares in April-May 2008; and (v) issuance of the Series ABC Bonds in the aggregate principal amount of ₱38.8 billion in April 2009, the Series DEF Bonds in the aggregate principal amount of ₱20.0 billion in April 2012, and the Series GH Bonds in the aggregate principal amount of ₱15.0 billion in April 2014 pursuant to registration statements rendered effective and permits to sell issued by the SEC dated March 17, 2009, March 16, 2012 and March 17, 2014, respectively.

Compliance with leading practice on Corporate Governance

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance is vested by the Board of Directors in the Compliance Officer. The Chairman of the Board of Directors has designated Atty. Rosabel Socorro T. Balan as Compliance Officer of the Company. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual on Corporate Governance and ensuring adherence to corporate principles and best practices.

The SEC issued Memorandum Circular No. 13, series of 2021 requiring the submission of an Annual Corporate Governance Report for Public Companies and Registered Issuers (“ACGR”) on or before every June 30th to facilitate the disclosure of these companies’ compliance with the CG Code for Public Companies and Registered Issuers. With the ACGR requirement, public companies and registered issuers such as the Company are no longer required to submit the annual certification by the Compliance Officer of the Company’s compliance with the CG Code for Public Companies and Registered Issuers. Pursuant to the said Memorandum Circular, the Company filed its ACGR for the year 2023 which may be accessed at: [https://www.sanmiguelbrewery.com.ph/storage/disclosure/San_Miguel_Brewery_Inc_2023_Annual_Corporate_Governance_Report_\(26_June_2024\).pdf](https://www.sanmiguelbrewery.com.ph/storage/disclosure/San_Miguel_Brewery_Inc_2023_Annual_Corporate_Governance_Report_(26_June_2024).pdf).

To aid the Board of Directors in complying with the principles of good corporate governance, the Board of Directors constituted the Executive, Audit, Governance and Nomination, and Executive Compensation Committees. Each of the Audit, Governance and Nomination, and Executive Compensation Committees has adopted its own charter that sets out its role, authority, duties and responsibilities, and the procedures which guide the conduct of its functions. Pursuant to the Company’s Manual on Corporate Governance, the Board also adopted the Charter of the Board of Directors of the Company on December 4, 2020. The Company’s Charter of the Board of Directors sets out the composition, structure, qualifications, duties and responsibilities, liabilities and processes of the Company’s Board and serves as a guide to the Board in the conduct of its functions.

Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures in order to ensure that such policies and procedures are consistent with leading practices on good corporate governance.

UNDERTAKING

The Company undertakes to post the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the Audited Consolidated Financial Statements of the Group as of December 31, 2024 and interim and unaudited financial statements of the Group for the quarter ended March 31, 2025, and Management Discussion and Analysis of the results of operations and financial condition as of December 31, 2024 and March 31, 2025 on the Investors/Disclosures/Stockholders Meeting/Definitive Information Statement section of the Company's website www.sanmiguelbrewery.com.ph upon approval of this Information Statement by the SEC.

Upon the written request of the stockholder and when circumstances permit, the Company undertakes to furnish such stockholder with a copy of this Information Statement and its SEC Form 17-A free of charge. Such written request shall be directed to the Office of the Corporate Secretary, 5/F San Miguel Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and behalf, I certify that the information set forth in this report is true, complete and correct in all material respects. This report is signed on April 29, 2025.

SAN MIGUEL BREWERY INC.

By:


ROSABEL SOCORRO T. BALAN
Vice President, General Counsel Counsel,
Compliance Officer and Corporate Secretary

ANNEX “A-1”

Certification of Independence: Alonzo Q. Ancheta

CERTIFICATION OF INDEPENDENT DIRECTOR

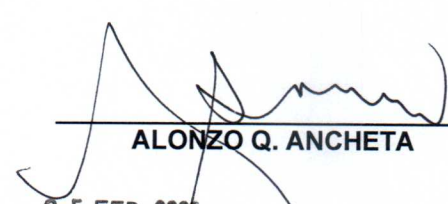
I, **ALONZO Q. ANCHETA**, Filipino, of legal age and a resident of **No. 7 Crestline Drive Blueridge A, Quezon City**, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of SAN MIGUEL BREWERY INC. and have been its independent director since April 30, 2009.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONS	PERIOD OF SERVICE
Please see attached Annex A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SAN MIGUEL BREWERY INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in item 2 above, I am not related to any director/officer/substantial shareholder of SAN MIGUEL BREWERY INC. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service or affiliated with a government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SAN MIGUEL BREWERY INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 25 FEB 2025 day of _____, 2025.


ALONZO Q. ANCHETA

SUBSCRIBED AND SWORN to before me this 25 FEB 2025 day of _____, 2025 in _____, affiant personally appeared before me and exhibited to me his _____ issued at _____ on _____.

Doc. No. 178;
Page No. 37;
Book No. II;
Series of 2025.


ENRIQUE S. MADARANG

Notary Public for Mandaluyong City
Appt. No. 0311-24 / until December 31, 2025
Roll No. 27119

PTR No. 5708198 / 03-Jan-2025 / Mandaluyong City
IBP Lifetime Member No. 00734 / Quezon City
MCLE Compliance No. VII - 0021993/ Until 04-14-2025
Suites 1008-1010 Paragon Plaza Bldg.
EDSA cor. Reliance St. Mand. City, 1550

- Philippine Bar Association (3rd Vice-Pres., 2003-2004)
- Intellectual Property Association of the Philippines (President, 1984-1985 Chairman, 1985-1987; Council Adviser, 1988-present)
- Legal Management Council of the Philippines (President, 2000-2001)
- Asian Patent Attorneys Association (Council Member, 1983-1997; Vice-President, 1991-1994 and 1997-2000; Senior Vice-Pres., 2000-2003 and 2003-2006; President, 2006-2009; Honorary President 2021-present)
- International Trademark Association (INTA)
- ASEAN Intellectual Property Association
- American Chamber of Commerce of the Philippines
- Philippine American Guardian Association
- Rotary Club of Marikina (President, 1979-1980)
- Jaycees International (Senator)
- For Love of Mother Earth, Inc. (Waste Management NGO)

Present Business/Corporate Links:

- St. Luke's Medical Center - Member, Board of Trustees
- Ogilvy & Mather Philippines, Inc. - Chairman & President
- Growe Investments Ltd. - President
- PTFC Redevelopment Corporation - Independent Director
- San Miguel Brewery, Inc./
San Miguel Brewery Hong Kong Ltd. - Independent Director

Philippine Government Service:

- National Tobacco Administration - Administrator, 1987-1990

ANNEX “A-2”

Certification of Independence: Reynato S. Puno

CERTIFICATION OF INDEPENDENT DIRECTOR

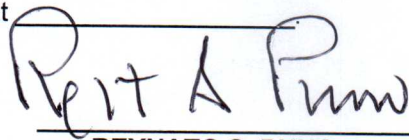
I, **REYNATO S. PUNO**, Filipino, of legal age and a resident of **No. 13 Julius St., Don Jose Heights, Commonwealth Avenue, Quezon City**, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of SAN MIGUEL BREWERY INC. and have been its independent director since November 5, 2021.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONS	PERIOD OF SERVICE
Please see attached Annex A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SAN MIGUEL BREWERY INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in item 2 above, I am not related to any director/officer/substantial shareholder of SAN MIGUEL BREWERY INC. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. Other than as disclosed in item 2 above, I am neither in government service nor affiliated with a government agency or government-owned and controlled corporation. I am not an officer or employee of the government.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SAN MIGUEL BREWERY INC. of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 04 2025 day of _____, 2025 at **MANDALUYONG CITY**


REYNATO S. PUNO

MANDALUYONG CITY
SUBSCRIBED AND SWORN to before me this MAR 04 2025 day of _____, 2025 in his PASSPORT # P7195336B issued at DFA on 14 July 2021.

Doc. No. 474
Page No. 96
Book No. I
Series of 2025.




DIANNE CAROLINE V. DUCEPEC
Commission No. 0460-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 60940
MCLE No. VII-0020288
PTR No. 3277979, 01/09/25, Mandaluyong City
RP Lifetime Member No. 0991529, 01/13/15, Quezon City

Annex "A"

COMPANY/ORGANIZATION	POSITION/RELATIONS	PERIOD OF SERVICE
San Miguel Corporation	Independent Director	2011-present
Environmental Heroes Foundation	Chairman	2013-present
GMA Kapuso Foundation	Vice Chairman of Board of Trustees	2013-present
San Miguel Brewery Hong Kong Ltd.	Independent Director	2012-present
PT Delta Djakarta, Tbk	Independent Commissioner	2013-present
The New Standard newspaper	Member of the Board of Directors	2014-present
GenWatt Solar Energy Solutions (Philippines)	Chairman	2021– present
World Vision Development Foundation, Inc.	Foundation Member	2012 – present <i>(Board of Trustees Chairperson 2018–2020; Board Member 2012-2020; 2022-2025)</i>
Board of Regents, Manuel L. Quezon University	Member	2017 – present
Judge Isaac S. Puno, Jr. Memorial Foundation	Chairman	2021– present
Union Bank of the Philippines	Legal Consultant	2021 – present
Department of Energy	Legal Consultant	2022 – present
Philippine Bible Society	Chairman	2022 – present
CybersCool Defcon, Inc.	Chairman	2022 – present
Children's First 1000 Days Foundation	Chairman	2024 – present
Filipino Evangelical Methodist Church, Inc.	President	2024 – present
PREVIOUS COMPANY/ORGANIZATION	PREVIOUS POSITION/RELATIONSHIP	PERIOD OF SERVICE
Permanent Court of Arbitration in Hague	Member	2017 – 2023
Union Bank of the Philippines	Independent Director	2012 – May 2021
Board of Regents, University of the Philippines	Member	2012 – 2014
Supreme Court Committee to draft the Rules on the Anti-Terrorism Act	Chairman	2022-2023
Consultative Committee to revise the 1987 Constitution of the Philippines	Chairman	January – July 2018
Marcventure Mining and Development Corporation	Independent Director	2015 – 2017
Supreme Court of the Philippines	Former Chief Justice of the Supreme Court	December 6, 2006, Retired, May 17, 2010
Presidential Electoral Tribunal	Former Chairman	2007-2010
First, Second and Third Division of the Supreme Court	Former Justice	1993-2010 <i>(Chairman First Division – 2006-2010; Second Division – November 2003; Third Division – May 2002)</i>

ANNEX “B”

Draft of the Minutes of the May 28, 2024 Annual Stockholders’ Meeting

**MINUTES OF THE REGULAR MEETING OF
THE STOCKHOLDERS OF**

SAN MIGUEL BREWERY INC.

May 28, 2024

The Annual Stockholders' Meeting of the Company was conducted virtually and streamed live through the link accessible from the Company's website, www.sanmiguelbrewery.com.ph. Stockholders may therefore only attend the meeting by remote communication, by voting through the sending of ballots, or by appointing the Chairman of the meeting as proxy pursuant to the rules provided in the Notice to the Meeting and the Definitive Information Statement of the Company.

PRESENT:

Stockholders

Please refer to the Record of Attendance of Shareholders attached hereto as Annex "A."

Directors

Ramon S. Ang (Chairman of the Board/Chairman, Executive Committee)

Carlos Antonio M. Berba

Ferdinand K. Constantino (Chairman, Executive Compensation Committee)

Alonzo Q. Ancheta (Chairman, Governance and Nomination Committee)

Daniel L. Henares

Reynato S. Puno (Chairman, Audit Committee)

Yoshinori Inazumi

Kazufumi Nagashima

Hideki Mitsuhashi

Fumiaki Ozawa

Nominee for Director

John Paul L. Ang

ALSO PRESENT:

Mercy Marie Jacqueline L. Amador (Vice President, Chief Finance Officer and Treasurer)

Rosabel Socorro T. Balan (Vice President, General Counsel, Corporate Secretary and Compliance Officer)

Rodney Ralph D. Holmes (Vice President and Executive Assistant to the President)

Jessica L. Abrenica (Assistant Vice President, Senior Associate General Counsel and Assistant Corporate Secretary)

Officers and Other Attendees

Please refer to the Record of Attendance attached hereto as Annex "A."

I. NATIONAL ANTHEM AND PRAYER

Mr. Rodney Ralph D. Holmes, the Company's Vice President and Executive Assistant to the President, announced the singing of the national anthem which was followed by the prayer led by Ms. Mercy Marie Jacqueline L. Amador, the Company's Chief Finance Officer and Treasurer.

A moment of silence and prayer were also offered for the Company's late President, Mr. Roberto N. Huang.

II. CALL TO ORDER

The meeting was called to order at 2:10 p.m. The Chairman of the Company, Mr. Ramon S. Ang, presided over the meeting.

III. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Rosabel Socorro T. Balan, certified that notices were duly sent. She further certified that there were present in person, by attendance advised through email, or by proxy, stockholders representing approximately 99.7% of the outstanding capital stock of the Company.

The total number of shares in attendance was 15,316,289,150. Of this total number of shares, 15,316,185,150 shares were represented by proxy while 104,000 shares were represented in person (attending by remote communication or physically). The Chairman held proxy for or represented approximately 99.704% of the outstanding capital stock of the Company and will vote in favor of all resolutions presented at the meeting.

The voting procedures observed during the meeting were stated in the Definitive Information Statement of the Company, as follows:

1. Each share of stock entitles its registered owner to one vote.
2. In all proposals or matters for approval except for election of directors, the affirmative vote of at least a majority of the shareholders considered present or represented at this meeting is necessary for the approval of such proposal or matter.
3. In case of election of directors, the eleven nominees with the greatest number of votes will be elected as directors using the cumulative voting procedures provided in the Definitive Information Statement of the Company.

Under the Definitive Information Statement of the Company, each shareholder is entitled to cumulate all his or her votes per common share and may (i) vote for all of the nominees, (ii) not vote for any nominee, or (iii) vote for some nominees only, in such number as he or she may see fit; provided that the total number of votes cast by the stockholder shall not exceed the number of shares registered in the stockholder's name in the books of the Company as of the record date multiplied by the number of directors to be elected.

IV. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON MAY 30, 2023

The Chairman referred to the minutes of the regular stockholders' meeting held on May 30, 2023 for approval. A copy of the draft of the minutes has been posted on the Company's website for viewing.

Mr. Daniel L. Henares, a non-executive Director of the Company, moved for the approval of the minutes of the regular stockholders' meeting held on May 30, 2023, and said motion was duly seconded. The stockholders adopted the following resolution:

RESOLUTION NO. 2024-28-05-01

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of the Company held on May 30, 2023 be approved."

With the vote of the Chairman, and there being no objection to the motion, the stockholders approved the foregoing resolution.

V. PRESENTATION OF THE ANNUAL REPORT

Mr. Carlos Antonio M. Berba, Officer-in-Charge of the Company and Managing Director of San Miguel Brewing International Ltd., delivered the report on the operations performance and business highlights of the Company and its subsidiaries ("Group") for the year ended December 31, 2023 and for the first quarter of 2024. A copy of the report is attached hereto as Annex "B".

The Chairman thereafter declared an open forum to entertain questions from the floor.

Mr. Holmes informed the Chairman that no questions were received from the stockholders. There being no further questions, Mr. Fumiaki Ozawa, an executive Director of the Company and the Company's Executive Vice President, moved for the approval of the following resolution to close the open forum and to approve and ratify the annual report as presented, as well as the 2023 audited consolidated financial statements of the Company and its subsidiaries, and said motion was duly seconded:

RESOLUTION NO. 2024-28-05-02

"RESOLVED, that the open forum of the stockholders be closed, and that the annual report of the Company for 2023 as presented, including the 2023 Audited Consolidated Financial Statements of the Company and its subsidiaries, be approved and ratified."

With the vote of the Chairman, and there being no objection to the motion, the stockholders approved the foregoing resolution.

VI. RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman proceeded to the next item on the agenda which is the ratification of all acts and proceedings of the Board of Directors and corporate officers since the date of the last annual stockholders' meeting.

(Ret.) Chief Justice Reynato S. Puno, an Independent Director of the Company and Chairman of the Audit Committee, moved for the approval of the following resolution to approve, confirm and ratify all acts, resolutions and proceedings of the Board of Directors and the corporate officers of the Company since the last annual stockholders meeting, and said motion was duly seconded:

RESOLUTION NO. 2024-28-05-03

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on May 30, 2023 as set forth in the minutes of the meetings of the Board of Directors, as well as in the financial statements and corporate records of the Company, be approved, confirmed and ratified.”

With the vote of the Chairman, and there being no objection to the motion, the stockholders approved the foregoing resolution.

VII. APPOINTMENT OF EXTERNAL AUDITOR AND RATIFICATION OF EXTERNAL AUDITOR FEES

The Chairman proceeded to the next item on the agenda which is the appointment of external auditor and ratification of the external auditor fees for 2023.

Mr. Yoshinori Inazumi, an executive Director of the Company and the Company's Executive Financial Advisor, moved for the approval of the following resolution appointing the accounting firm of R.G. Manabat & Co. as the external auditors of the Company for fiscal year 2024 and the ratification of the audit fees of R.G. Manabat & Co. for 2023 of ₱8.44 million, and said motion was duly seconded:

RESOLUTION NO. 2024-28-05-04

“RESOLVED, that the accounting firm of R.G. Manabat & Co. be appointed as external auditors of the Company for fiscal year 2024, and that the 2023 fees of the external auditors be confirmed and ratified.”

With the vote of the Chairman, and there being no objection to the motion, the stockholders approved the foregoing resolution.

VIII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman then proceeded to the election of directors. He asked the Corporate Secretary to inform the stockholders of the nominees for election to the Board of Directors.

Atty. Balan referred to the screen showing the names of the following nominees for election to the Board:

1. Ramon S. Ang
2. Carlos Antonio M. Berba
3. Ferdinand K. Constantino
4. Alonzo Q. Ancheta
5. Daniel L. Henares
6. Reynato S. Puno
7. Yoshinori Inazumi
8. Kazufumi Nagashima
9. Hideki Mitsushashi
10. Fumiaki Ozawa
11. John Paul L. Ang

She informed the stockholders that (Ret.) Chief Justice Reynato S. Puno and Atty. Alonzo Q. Ancheta are the nominees for Independent Directors. She also stated that Atty. Alonzo Q. Ancheta shall be serving as an Independent Director for more than nine years upon his re-election, and that the Company seeks the shareholders' approval of his re-election as an Independent Director in accordance with the Company's Manual on Corporate Governance. She further informed the stockholders that the justification of the Board of Directors for the re-election of Atty. Alonzo Q. Ancheta as an Independent Directors is provided in the Definitive Information Statement of the Company.

Mr. Fumiaki Ozawa moved for the approval of the following resolution for the re-election of Atty. Alonzo Q. Ancheta as an Independent Director based on the meritorious justification in the Definitive Information Statement of the Company, notwithstanding his service for more than nine years as an Independent Director of the Company. He also moved for the approval of the resolution to dispense with the balloting for the election of directors considering that there are eleven nominees and there are only eleven seats in the Board, and to consider all the eleven nominees as duly elected members of the Board. The said motion was duly seconded:

RESOLUTION NO. 2024-28-05-05

“RESOLVED, that (1) Atty. Alonzo Q. Ancheta be re-elected as an Independent Director based on the meritorious justification set out in the Definitive Information Statement of the Company, notwithstanding his service as such for more than nine years; and (2) the balloting for the election of the Board of Directors be dispensed with considering that there are eleven nominees to the Board of Directors and there are only eleven seats in the Board, and to elect all the eleven nominees as Directors of the Company.”

With the vote of the Chairman, and there being no objection to the motion, the stockholders approved the foregoing resolution and the re-election of Atty. Alonzo Q. Ancheta as an Independent Director notwithstanding his service as such for more than nine years in the Company and elected all eleven nominees to the Board of Directors of the Company, with (Ret.) Chief Justice Reynato S. Puno and Atty. Alonzo Q. Ancheta as Independent Directors.

The Chairman, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

IX. ADJOURNMENT

The Chairman asked if there are any other matters that the stockholders wish to present.

There being no other matters raised, the Chairman entertained a motion for adjournment.

Mr. Yoshinori Inazumi moved for the adjournment of the meeting, which was duly seconded. There being no objection, the Chairman adjourned the meeting and thanked all stockholders for attending.

The voting results of the resolutions passed in this meeting are attached hereto as Annex "C".

ATTESTED BY:

RAMON S. ANG

Chairman of the Board

ROSABEL SOCORRO T. BALAN

Corporate Secretary

SAN MIGUEL BREWERY INC.
ANNUAL STOCKHOLDERS' MEETING

May 28, 2024

PERCENTAGE

99.704%

Record Date: April 15, 2024

Attendees

20

Stockholder Name	Common Shares	% of O/S
1 SAN MIGUEL FOOD AND BEVERAGE, INC.	7,859,319,270	51.16178%
1 KIRIN HOLDINGS COMPANY, LIMITED	7,456,859,880	48.54189%
1 ISADORA A. PAPICA	6,000	0.00004%
3	Attendance by Proxy	15,316,185,150
		99.703705%

Stockholder Name	Common Shares	% of O/S
1 JESSICA L. ABRENICA	5,000	0.00003%
1 ALONZO Q. ANCHETA	10,000	0.00007%
1 JOHN PAUL L. ANG	5,000	0.00003%
1 RAMON S. ANG	5,000	0.00003%
1 CARLOS ANTONIO M. BERBA	5,000	0.00003%
1 JOSEPHINE D. CABALUNA	8,000	0.00005%
1 FERDINAND K. CONSTANTINO	5,000	0.00003%
1 ALAN V. FERNANDEZ	3,000	0.00002%
1 DANIEL L. HENARES	5,000	0.00003%
1 YOSHINORI INAZUMI	5,000	0.00003%
1 HIDEKI MITSUHASHI	5,000	0.00003%
1 KAZUFUMI NAGASHIMA	5,000	0.00003%
1 FUMIAKI OZAWA	5,000	0.00003%
1 REYNATO S. PUNO	5,000	0.00003%
1 WILMA R. RAMIZO	15,000	0.00010%
1 NOEMI L. RONQUILLO	3,000	0.00002%
1 ENRIQUE LL. YUSINGCO	10,000	0.00007%
17	Attendance in Person	104,000
		0.000674%
20	TOTAL ATTENDANCE	15,316,289,150
		99.704%

TOTAL OUTSTANDING SHARES (as of Record date)

15,361,701,061

TOTAL NO. OF STOCKHOLDER (as of Record date)

1,040

Other Attendees:**Executive Officers**

Dominic A. Acevedo
Alma Joy M. Agati
Raymundo Y. Albano
Menlou B. Bibonia
Rene T. Ceniza
Almira C. Dalusung
Reynabeth D. De Guzman
Ernest John F. Estrera
Kristina I. Garcia
Benjamin C. Go Que
Rommel Napoleon M. Lumibao
Feliciano M. Madlansacay
Frederick Gerard S. Martelino
Roxanne Angela B. Millan
William B. Montalbo
Manuel M. Moreno
Debbie D. Namalata
Katsuhisa Nose
Carmela R. Ortiz
Clifford T. Que
Enrico E. Reyes
Christian E. Santiago
Lynn B. Santos
Liberty B. Sebastian
Daniel B. Trajano II
Alexandra B. Trillana

R.G. Manabat & Co.

Maria Arlene C. Yu
Remedios D. Dacurawat
Emerald Anne Bagnes

SMC Stock Transfer Service Corporation

Abigail S. Mungcal
Camille D. Alejandro
Mary Clarice V. Albano
Anthony B. Balmes

Managers, Other Employees and Guests

Joel A. Atienza	Andrei Josef Y. Kasilag
Nelson S. Ayson	Cristina M. Lleva
Jenna Cristina B. Balasbas	Katrina Michelle F. Mancao
Mary Grisha S. Banaguas	Mark Earvin E. Mayoralgo
Jayson B. Brizuela	Jethro Joseph N. Ngo
Danielle Sigfreid R. Corpuz	Ma. Leticia E. Pamen
Karla Lois F. de Guzman	Raymund H. Patalinghug
Joanne P. De Leon	Ma. Christina F. Paule
Jekko Martin S. Dollente	Rosanna E. Rufo
Emilie Anne G. Dumalag	Gerardo S. Sibai
Mary Denise Nicole R. Eusebio	Ellyssa E. Marie Timones
Ciara Robyn F. Fandinola	
Arnel P. Garibay	
Teresita S. Jimenez	Technical
Ma. Victoria L. Joven	Joie Castillo
Kazuki Kasakoshi	Alvin Cafino

**Management’s Report
SMB Stockholders Meeting
MAY 28, 2024**

Mr. Chairman, members of the Board, fellow stockholders, San Miguel Brewery employees and guests, good afternoon!

San Miguel Brewery Inc. (SMB) sustained its growth and recovery in 2023, with consolidated beer volumes of 232.2 million cases up by 3.4% and NAB volumes of 5.9 million cases up by 6.5%, while operating profit rose by 6.4% versus the previous year. The company’s performance was propelled by stronger brand campaigns, intensified visibility and volume-generation programs, and defense activities as well as sustained cost management initiatives.

With the improvement in beer volume and all-time high volume for NAB, SMB recorded higher revenues despite inflationary pressures and heightened competition. We focused on strengthening operational effectiveness and cost efficiencies as well as improving the value proposition of SMB brands alongside trade initiatives to maximize volume potential.

Fellow stockholders, allow me to present our operating results for 2023.

Our company registered consolidated revenues of P147.3 billion, while operating income rose to P31.4 billion. Net income amounted to P25.3 billion.

In the domestic market, we worked on revitalizing demand by implementing equity-boosting programs and engaging brand campaigns supported by visibility drive, channel-specific consumer promotions, and the introduction of new product and creative packaging innovations to capitalize on consumer opportunities and further excite the market.

To further boost demand, the company launched new product offerings such as San Mig Light in 1-liter bottle or SML Lightro and the Magnolia Fruit Drink Mango. We also rolled-out the limited-edition cans for Red Horse Beer, San Mig Light, San Miguel Pale Pilsen and San

Miguel Flavored Beer, and produced new labels for Cerveza Negra and Magnolia Flavored Water.

Furthermore, SMB implemented enhancements in the supply chain through new facilities to support operational requirements, improved quality and manufacturing efficiencies through the installation of new equipment and optimized production runs, strengthened procurement to mitigate increasing prices and ensure steady supply of materials.

To boost organizational capability, we launched the updated SMB Vision and Purpose, developed SMB Sustainability Agenda and Overarching Targets focusing on the three pillars of sustainability – Environment, Social and Governance (ESG) initiatives. We also continued the conduct of online and in-person employee learning and engagement programs and upgraded our IT systems connectivity and information security management.

Let me now discuss the results of our international operations for 2023.

SMB's international operations delivered another year of volume growth and all-time high profit driven by higher volumes, increase in average selling prices, and improved production cost efficiency. In 2023, SMBIL focused on channel-specific initiatives supported by San Miguel's broader brand portfolio and brand-building programs. SMBIL intensified on-premise expansion and outlet recovery programs to capitalize on the re-opening of the markets and leverage on its variety of brands. In the off-premise, the company sustained modern trade off-premise channel trade and consumer programs while strengthening its wholesaler channel with incentive programs and expansion efforts to widen coverage of traditional on-and off-premise outlets.

South China operations registered volume and profit improvement on the back of upbeat domestic sales and higher export volumes. San Miguel and Dragon brands grew by significantly higher rates driven by aggressive outlet penetration and an expanded network of dealers and wholesalers. In Hongkong, total volumes increased on account of higher exports while domestic sales dropped due to declines in economy and partner brand volumes, offsetting growth in San Miguel brands.

Indonesia's sales volume declined on account of lower wholesaler volumes as a result of competitors' increasingly aggressive pricing and trade offers. On a positive note, volumes in the on-premise and modern trade off-premise channels grew compared to the previous year. In Vietnam, operating income posted substantial improvement mainly due to higher sales of San Miguel brands, higher exports volume, improvement in margins and cumulative effects of price increases.

Meanwhile, in Thailand, the company sustained double-digit volume expansion in all regions via multi-channel programs, capitalizing on the reopening of more on-premise outlets and return of tourists. Upbeat operating results were driven by increased volumes together with healthier margins following the price hike from the previous year.

SMBIL's Exports operations sustained growth posting its fourth straight year of volume and profit uptrend largely propelled by strong volume off-take in UAE as well as increased sales to the Middle East and Africa.

Fellow stockholders, allow me to share with you the highlights of your company's performance in the first quarter of 2024.

We posted consolidated revenues of P37.4 billion in the first quarter of 2024, 2.5% lower than the same period last year mainly due to the high domestic sales in the same period last year in anticipation of the March 2023 price increase. Operating income totaled P8.1 billion and net income amounted to P6.5 billion.

SMB remains confident to deliver volume and profit growth for this year, capitalizing on the gains of our initiatives as well as the new initiatives we have put in place.

This year, we will strengthen recovery by putting focus on consumption programs and capture untapped market opportunities.

Second, we will magnify leadership by strengthening distinctiveness of SMB brands, leveraging on our portfolio, intensifying visibility and availability in all trade channels, and implementing

consumption-generating programs to build a stronger consumer base. We will strengthen visibility and availability of NOLO brands aligned to our sustainability thrust, and aggressively expand our share in the premium market.

Third, we will boost and embed sustainability in the value chain as we uphold our volume and profit growth while building a more sustainable future.

To accomplish these tasks for our domestic operations, we will expand the reach of Red Horse Super to other regions, increase presence of premium and specialty brands in modern trade on-premise outlets while we strengthen availability of all brands and SKUs in all modern trade off-premise accounts, optimize partnership with our wholesaler channel and implement exciting consumer promotions.

For our international operations, SMBIL aims to boost volume performance through intensified outlet penetration efforts in the on-premise channels, capitalizing on the portfolio of premium and specialty brands, sustain the growth in the modern trade off-premise channel with additional listings, display programs and bundling promotions, and continue to strengthen the wholesaler through incentive and relationship programs. These initiatives will be supported by visibility programs, social media activities, and consumer promotions.

Anchored on our vision of being the leading brewer in Southeast Asia and with the support of our dedicated workforce and business partners, and the unwavering trust and confidence of our shareholders, and customers, SMB is confident that we will be able to fast track and achieve growth and profitability as we work collectively, seamlessly and efficiently.

The years ahead are exciting times for SMB. We stand ready as ever to do the work that we are passionate about: growing the beer industry with our world-class quality products, providing exceptional customer experiences, and forging long-term business partnerships with the trade while contributing to the community with our ESG programs.

We are SMB. We Brew Life. We Brew the Future.

RESULTS OF ANNUAL STOCKHOLDERS’ MEETING RESOLUTIONS

Shareholders owning/holding 15,316,289,150 common shares or approximately 99.704% of the 15,361,701,061¹ issued and outstanding capital stock as of the Record Date for the May 28, 2024 annual stockholders’ meeting attended the meeting. All the shares present or represented at the meeting casted their votes.

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of the 2023 Annual Stockholders’ Meeting	15,316,289,150 votes	None	None
Approval of Annual Report for the year ended December 31, 2023, including the 2023 Audited Consolidated Financial Statements of the Company and its subsidiaries	15,316,289,150 votes	None	None
Ratification of all acts, resolutions and proceedings of the board of directors and corporate officers since the last Annual Stockholders Meeting on May 30, 2023	15,316,289,150 votes	None	None
Appointment of R.G. Manabat & Co. as external auditors for fiscal year 2024 and ratification of 2023 external auditor fees	15,316,289,150 votes	None	None
Election of Directors Ramon S. Ang Carlos Antonio M. Berba Ferdinand K. Constantino Alonzo Q. Ancheta Daniel L. Henares Reynato S. Puno Yoshinori Inazumi Kazufumi Nagashima Hideki Mitsuhashi Fumiaki Ozawa John Paul L. Ang	All nominees for directors were unanimously elected by the stockholders with each director receiving 15,316,289,150 votes. Atty. Alonzo Q. Ancheta was re-elected as an independent director serving more than nine years as an independent director of the Company. (Ret.) Chief Justice Reynato S. Puno was also elected as Independent Director.	None	None

¹ Includes the shares tendered at the tender offer conducted by the Company for its voluntary listing whose certificate authorizing registration has not been issued by the Bureau of Internal Revenue as of the Record Date for the 2024 Annual Stockholders’ Meeting.

ANNEX “C”

Statement of Management’s Responsibility

The Group’s 2024 Audited Consolidated Financial Statements



SAN MIGUEL BREWERY INC.

A subsidiary of San Miguel Food and Beverage, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Ramon S. Ang
Chairman of the Board

Carlos Antonio M. Berba
President

Mercy Marie J. L. Amador
Chief Finance Officer and Treasurer

Signed this 4th day of March 2025

SUBSCRIBED AND SWORN to before me this
exhibiting to me their passports as follows:

day of

2025, affiant

Name
Ramon S. Ang
Carlos Antonio M. Berba
Mercy Marie J. L. Amador

Passport No.
P2247867B
P6098512A
P9002676B

Expiry Date/Place of Issue
May 21, 2029/Manila
February 19, 2028/DFA NCR East
February 17, 2032/Manila

Doc. No. 782
Page No. 53
Book No. II;
Series of 2025.




NOTARY PUBLIC

KATRINA MICHELLE F. MANCAO
Commission No. 0480-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMB, 40 San Miguel Ave., Mandaluyong City
Roll No. 62126MCLE No. VII-0027886
PTR No. 3277978, 01/09/25, Mandaluyong City
IBP Member No. 480373, 12/03/24, RSM

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	1	1	8	2	8
---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

S	A	N		M	I	G	U	E	L		B	R	E	W	E	R	Y		I	N	C	.		A	N	D					
S	U	B	S	I	D	I	A	R	I	E	S																				
(	A		S	u	b	s	i	d	i	a	r	y		o	f		S	a	n		M	i	g	u	e	l					
F	o	o	d		&		B	e	v	e	r	a	g	e	,		I	n	c	.	)										

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

N	o	.		4	0		S	a	n		M	i	g	u	e	l		A	v	e	n	u	e							
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y															
P	h	i	l	i	p	p	i	n	e	s																				

Form Type

A A F S

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

nronquillo@
smb.sanmiguel.com.ph

Company's Telephone Number/s

8632-3000

Mobile Number

--

No. of Stockholders

1,043

Annual Meeting (Month / Day)

Last Tuesday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Noemi L. Ronquillo

Email Address

nronquillo@
smb.sanmiguel.com.ph

Telephone Number/s

8632-2258

Mobile Number

--

CONTACT PERSON'S ADDRESS

No. 40 San Miguel Avenue, Mandaluyong City

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

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

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES

(A Subsidiary of San Miguel Food and Beverage, Inc.)

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders

San Miguel Brewery Inc.

No. 40 San Miguel Avenue

Mandaluyong City

Philippines

Opinion

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

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

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

R.G. MANABAT & CO.

Maria Arleene C. Yu

MARIA ARLEENE C. YU

Partner

CPA License No. 0108855

SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 225-068-761

BIR Accreditation No. 08-000745-041-2023

Issued October 9, 2023, valid until October 9, 2026

PTR No. MKT 10467161

Issued January 2, 2025 at Makati City

April 11, 2025

Makati City, Metro Manila

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(In Millions)

	<i>Note</i>	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4, 7, 31, 32	P38,191	P38,793
Trade and other receivables - net	4, 8, 27, 31, 32	9,891	7,358
Inventories	9	5,133	4,560
Prepaid expenses and other current assets	10, 27, 31, 32	2,539	2,399
Total Current Assets		55,754	53,110
Noncurrent Assets			
Investments in equity and debt instruments	4, 11, 31, 32	15,832	15,580
Property, plant and equipment - net	4, 12	36,063	34,277
Right-of-use assets - net	4, 13	1,431	1,589
Investment property - net	4, 14	2,144	2,142
Intangible assets - net	4, 6, 15	36,081	35,892
Deferred tax assets - net	6, 19	1,521	1,478
Other noncurrent assets - net	4, 16, 27, 29, 31, 32	28,632	26,463
Total Noncurrent Assets		121,704	117,421
		P177,458	P170,531
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	17, 27, 31, 32	P19,384	P17,874
Lease liabilities - current portion	4, 27, 28, 31	122	157
Income and other taxes payable	6, 19	6,128	5,477
Current maturities of long-term debt - net of debt issue costs	6, 18, 31, 32	4,015	12,555
Total Current Liabilities		29,649	36,063
Noncurrent Liabilities			
Long-term debt - net of debt issue costs	6, 18, 31, 32	34,742	28,772
Deferred tax liabilities	19	-	2
Lease liabilities - net of current portion	4, 27, 28, 31	836	922
Other noncurrent liabilities	27, 29, 31, 32	2,431	2,162
Total Noncurrent Liabilities		38,009	31,858
Total Liabilities		67,658	67,921

Forward

	Note	2024	2023
Equity	20		
Equity Attributable to Equity Holders of the Company			
Capital stock		P15,410	P15,410
Additional paid-in capital		515	515
Equity reserves		439	(503)
Retained earnings:			
Appropriated		34,776	46,771
Unappropriated		56,011	37,631
Treasury stock		(1,029)	(1,029)
		106,122	98,795
Non-controlling Interests	2, 5	3,678	3,815
Total Equity		109,800	102,610
		P177,458	P170,531

See Notes to the Consolidated Financial Statements.

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions, Except Per Share Data)

	<i>Note</i>	2024	2023	2022
SALES	6, 27	P153,362	P147,347	P136,235
COST OF SALES	21	96,298	93,015	85,779
GROSS PROFIT		57,064	54,332	50,456
SELLING AND ADMINISTRATIVE EXPENSES	22	(23,642)	(22,924)	(20,940)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	6, 18, 25, 28	(2,245)	(2,312)	(1,650)
INTEREST INCOME	6, 7, 11, 29	2,530	2,320	557
IMPAIRMENT LOSS ON NONCURRENT ASSETS	12	(673)	-	-
OTHER INCOME - Net	6, 11, 26	484	1,344	96
INCOME BEFORE INCOME TAX		33,518	32,760	28,519
INCOME TAX EXPENSE	6, 19	7,893	7,438	6,769
NET INCOME	6	P25,625	P25,322	P21,750
Attributable to:				
Equity holders of the Company	6	P25,430	P24,758	P21,475
Non-controlling interests	6	195	564	275
		P25,625	P25,322	P21,750
Basic and Diluted Earnings Per Share	30	P1.66	P1.61	P1.40

See Notes to the Consolidated Financial Statements.

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	<i>Note</i>	2024	2023	2022
NET INCOME		P25,625	P25,322	P21,750
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss				
Equity reserve for retirement plan and others	29	(79)	(744)	(1,650)
Income tax	19	18	196	410
		(61)	(548)	(1,240)
Item that will be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations - net of tax		1,084	(92)	1,666
OTHER COMPREHENSIVE INCOME (LOSS)		1,023	(640)	426
TOTAL COMPREHENSIVE INCOME		P26,648	P24,682	P22,176
Attributable to:				
Equity holders of the Company		P26,372	P24,120	P21,834
Non-controlling interests		276	562	342
		P26,648	P24,682	P22,176

See Notes to the Consolidated Financial Statements.

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	Note	Equity Attributable to Equity Holders of the Company										Total Equity
		Equity Reserves					Retained Earnings				Non-controlling Interests	
		Capital Stock (Note 20)	Additional Paid-in Capital	Reserve for Retirement Plan	Fair Value Reserve	Cumulative Translation Adjustments Reserve	Appropriated (Note 20)	Unappropriated (Note 20)	Treasury Stock	Total		
As of December 31, 2023		P15,410	P515	(P2,723)	P1	P2,219	P46,771	P37,631	(P1,029)	P98,795	P3,815	P102,610
Net income		-	-	-	-	-	-	25,430	-	25,430	195	25,625
Other comprehensive income (loss):												
Gain on exchange differences on translation of foreign operations - net of tax		-	-	-	2	1,002	-	-	-	1,004	80	1,084
Equity reserve for retirement plan - net of tax	29	-	-	(62)	-	-	-	-	-	(62)	1	(61)
Total comprehensive income (loss)		-	-	(62)	2	1,002	-	25,430	-	26,372	276	26,648
Transactions with Owners												
Cash dividends	20	-	-	-	-	-	-	(19,045)	-	(19,045)	(413)	(19,458)
Appropriation	20	-	-	-	-	-	1,700	(1,700)	-	-	-	-
Reversal of appropriation	20	-	-	-	-	-	(13,695)	13,695	-	-	-	-
As of December 31, 2024		P15,410	P515	(P2,785)	P3	P3,221	P34,776	P56,011	(P1,029)	P106,122	P3,678	P109,800

Forward

Equity Attributable to Equity Holders of the Company												
	Equity Reserves					Retained Earnings						
Note	Capital Stock (Note 20)	Additional Paid-in Capital	Reserve for Retirement Plan	Fair Value Reserve	Cumulative Translation Adjustments Reserve	Appropriated (Note 20)	Unappropriated (Note 20)	Treasury Stock	Total	Non-controlling Interests	Total Equity	
As of December 31, 2022	P15,410	P515	(P2,186)	(P1)	P2,322	P34,988	P43,087	(P1,029)	P93,106	P3,676	P96,782	
Net income	-	-	-	-	-	-	24,758	-	24,758	564	25,322	
Other comprehensive income (loss):												
Gain on exchange differences on translation of foreign operations - net of tax	-	-	-	2	(103)	-	-	-	(101)	9	(92)	
Equity reserve for retirement plan - net of tax	29	-	(537)	-	-	-	-	-	(537)	(11)	(548)	
Total comprehensive income (loss)	-	-	(537)	2	(103)	-	24,758	-	24,120	562	24,682	
Transactions with owners												
Cash dividends	20	-	-	-	-	-	(18,431)	-	(18,431)	(423)	(18,854)	
Appropriation	20	-	-	-	-	12,538	(12,538)	-	-	-	-	
Reversal of appropriation	20	-	-	-	-	(755)	755	-	-	-	-	
As of December 31, 2023	P15,410	P515	(P2,723)	P1	P2,219	P46,771	P37,631	(P1,029)	P98,795	P3,815	P102,610	

Forward

	Equity Attributable to Equity Holders of the Company											
	Equity Reserves					Retained Earnings						
	Note	Capital Stock (Note 20)	Additional Paid-in Capital	Reserve for Retirement Plan	Fair Value Reserve	Cumulative Translation Adjustments Reserve	Appropriated (Note 20)	Unappropriated (Note 20)	Treasury Stock	Total	Non-controlling Interests	Total Equity
As of December 31, 2021		P15,410	P515	(P959)	(P2)	P737	P36,311	P36,417	(P1,029)	P87,400	P3,721	P91,121
Net income		-	-	-	-	-	-	21,475	-	21,475	275	21,750
Other comprehensive income (loss):												
Gain on exchange differences on translation of foreign operations - net of tax		-	-	-	1	1,585	-	-	-	1,586	80	1,666
Equity reserve for retirement plan - net of tax	29	-	-	(1,227)	-	-	-	-	-	(1,227)	(13)	(1,240)
Total comprehensive income (loss)		-	-	(1,227)	1	1,585	-	21,475	-	21,834	342	22,176
Transactions with Owners												
Cash dividends	20	-	-	-	-	-	-	(16,128)	-	(16,128)	(387)	(16,515)
Appropriation	20	-	-	-	-	-	7,200	(7,200)	-	-	-	-
Reversal of appropriation	20	-	-	-	-	-	(8,523)	8,523	-	-	-	-
As of December 31, 2022		P15,410	P515	(P2,186)	(P1)	P2,322	P34,988	P43,087	(P1,029)	P93,106	P3,676	P96,782

See Notes to the Consolidated Financial Statements.

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	<i>Note</i>	2024	2023	2022
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Income before income tax		P33,518	P32,760	P28,519
Adjustments for:				
Depreciation, amortization and others	21, 22,23	7,521	7,197	6,181
Interest expense and other financing charges	6, 18, 25, 28	2,245	2,312	1,650
Impairment loss on noncurrent assets		673	-	-
Retirement costs	29	529	480	461
Provision for impairment losses on receivables, inventories and deferred containers - net	8, 9, 16	40	611	1,063
Gain on sale of investment property		-	(1)	-
(Gain) loss on sale of property and equipment - net	26	(15)	3	(23)
Dividend income	11, 26	(145)	(139)	(136)
Interest income	6, 7, 11, 29	(2,530)	(2,320)	(557)
Operating income before working capital changes		41,836	40,903	37,158
Decrease (increase) in:				
Trade and other receivables		(2,570)	(2,259)	2,906
Inventories		(604)	1,072	(2,469)
Prepaid expenses and other current assets		328	(432)	(24)
Increase (decrease) in:				
Accounts payable and accrued expenses		1,372	1,296	1,430
Other taxes payable		192	2,385	(174)
Other noncurrent liabilities		181	5	30
Cash generated from operations		40,735	42,970	38,857
Income taxes paid		(7,457)	(7,883)	(7,634)
Contributions paid to the retirement plan	29	(636)	(619)	(48)
Net cash flows provided by operating activities		32,642	34,468	31,175

Forward

	<i>Note</i>	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		P2,496	P2,256	P478
Dividends received		145	139	136
Proceeds from sale of property and equipment		19	18	28
Proceeds from sale of investment properties		-	4	-
Additions to:				
Investment in debt instruments	11	-	-	(10,000)
Property, plant, and equipment	6, 12	(4,086)	(3,590)	(1,959)
Investment property	14	-	-	(7)
Increase in intangible assets and other noncurrent assets		(8,083)	(7,163)	(5,272)
Net cash flows used in investing activities		(9,509)	(8,336)	(16,596)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term debt - net of debt issue costs	18	9,925	4,963	11,910
Payments of:				
Cash dividends	20	(19,043)	(18,429)	(16,125)
Long-term debt	18	(12,560)	(26)	(7,016)
Interests	18	(2,089)	(1,986)	(1,534)
Dividends to non-controlling shareholders		(393)	(420)	(411)
Lease liabilities	28	(197)	(238)	(268)
Net cash flows used in financing activities		(24,357)	(16,136)	(13,444)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		622	(71)	870
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(602)	9,925	2,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		38,793	28,868	26,863
CASH AND CASH EQUIVALENTS , END OF YEAR				
	7	P38,191	P38,793	P28,868

See Notes to the Consolidated Financial Statements.

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
(A Subsidiary of San Miguel Food and Beverage, Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share and Number of Shares Data)

1. Reporting Entity

San Miguel Brewery Inc. (SMB or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2007. The accompanying consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the Group). The Company is a public company under Section 17.2 of the Securities Regulation Code. With the redemption of the Company's Series H Peso-denominated fixed rate bonds issued in 2014 which are its remaining outstanding bonds that are listed on the Philippine Dealing & Exchange Corp. (PDEX) on April 2, 2024, the Company ceased to be listed on the PDEX.

The Group is primarily engaged in manufacturing, selling and distribution of alcoholic beverages, including beer of all kinds and classes and flavored alcoholic beverages, and non-alcoholic beverages. On May 30, 2023, the Board of Directors (BOD) of SMB approved the amendment of the Company's primary purpose or Article II of the Company's Amended Articles of Incorporation to specifically include selling in wholesale and/or retail basis. The amendment was also approved by the Company's stockholders representing more than two-thirds of the total outstanding capital stock. On February 26, 2024, the Company secured the Certificate of Filing of Amended Articles of Incorporation dated February 22, 2024 from SEC approving the amendment.

The Group is also engaged in acquiring, developing and licensing trademarks and intellectual property rights and in the acquisition, sale, lease and holding for investment of real estate of all kinds including buildings and other structures.

San Miguel Food and Beverage, Inc. (SMFB) is the parent company of the Group. San Miguel Corporation (SMC) is the intermediate parent of the Group while Top Frontier Investment Holdings, Inc. (TFIH) is the ultimate parent company of the Group. SMFB, SMC and TFIH are publicly-listed companies under Section 17.2 of the Securities Regulation Code and their shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Company and its subsidiaries in the Group incorporated in the Philippines have a perpetual corporate term pursuant to the Revised Corporation Code of the Philippines which took effect on February 23, 2019 because the Company and its subsidiaries in the Group incorporated in the Philippines have not elected to retain the corporate term of 50 years in their respective Articles of Incorporation.

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

2. Basis of Preparation

Statement of Compliance

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

The consolidated financial statements were approved and authorized for issue by the BOD of the Company on March 4, 2025.

Basis of Measurement

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

Items	Measurement Bases
Derivative financial instruments	Fair value
Financial assets at fair value through other comprehensive income (FVOCI);	Fair value
Net defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded off to the nearest million (000,000), unless otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, as follows:

Name of Subsidiary	Place of Business	Proportion of Ownership Interest Held by the		Effective Equity Interest of the Company*	Line of Business
		Company	Subsidiaries		
Iconic Beverages, Inc. (IBI)	Philippines	100	-	100	Licensing trademarks
San Miguel Brewing International Limited (SMBIL)	British Virgin Islands	100	-	100	Sale of beer and non-alcoholic beverages
Neptunia Corporation Limited (NCL)	Hong Kong	-	100	100	Investment holding
San Miguel Company Limited	Hong Kong	-	100	100	Investment holding
San Miguel Brewery Hong Kong Limited (SMBHK)	Hong Kong	-	65.8	65.8	Manufacture and sale of beer and non-alcoholic beverages
San Miguel Shunde Holdings Limited (SMSh)	Hong Kong	-	92	60.5	Investment holding
San Miguel (Guangdong) Brewery Co., Ltd. (SMGB)	People's Republic of China (PRC)	-	100	60.5	Manufacture and sale of beer
San Miguel (Guangdong) Limited (SMGL)	Hong Kong	-	93	61.2	Investment holding
Guangzhou San Miguel Brewery Co., Ltd. (GSMB)**	People's Republic of China	-	70	42.8	Beer distribution

Forward

Name of Subsidiary	Place of Business	Proportion of Ownership Interest Held by the		Effective Equity Interest of the Company*	Line of Business
		Company	Subsidiaries		
San Miguel (China) Investment Company Limited (SMCIC)	People's Republic of China	-	100	100	Investment holding
San Miguel (Baoding) Brewery Co., Ltd. (SMBB)***	People's Republic of China	-	100	100	Manufacture and sale of beer
San Miguel Holdings (Thailand) Limited (SMHTL)	Thailand	-	49	49	Investment holding
San Miguel Beer (Thailand) Limited (SMBTL)	Thailand	-	100	49	Manufacture and sale of beer
San Miguel Marketing (Thailand) Limited (SMMTL)	Thailand	-	100	100	Trading
Dragon Island Investments Limited (DIIL)	British Virgin Islands	-	100	100	Investment holding
San Miguel (Vietnam) Limited (SMVL)	Bermuda	-	100	100	Investment holding
San Miguel Brewery Vietnam Company Limited (SMBVCL)	Republic of Vietnam	-	100	100	Manufacture and sale of beer
San Miguel Malaysia (L) Pte. Ltd.	Malaysia	-	100	100	Investment holding
PT. Delta Jakarta Tbk (PTD)	Republic of Indonesia	-	58.3	58.3	Manufacture and sale of beer
PT Jangkar Delta Indonesia (JDI)	Republic of Indonesia	-	90	52.5	Sale of beer
Brewery Properties Inc. (BPI)	Philippines	40	-	40	Property holding, leasing, selling and acquisition of land
Brewery Landholdings, Inc. (BLI)	Philippines	-	100	40	Property holding and leasing of land

*Represents the ultimate equity interest in the subsidiary at the level of the Company after taking into consideration the dilutive effects of the non-controlling interests at the various intervening levels of ownership.

** Ceased operations in November 2020 and is currently undergoing liquidation

*** Ceased operations in March 2020 and is currently undergoing liquidation

GSMB's business term expired on November 29, 2020 in accordance with GSMB's Articles of Association and the joint venture contract between SMGL and Guangzhou Brewery. The shareholders agreed not to renew the business term and joint venture and approved GSMB's dissolution upon the expiry of its business term. GSMB started liquidation on November 30, 2020. SMGB, another SMBHK subsidiary in PRC that is currently a major production source for the San Miguel brands sold by GSMB, had undertaken the selling and marketing of these San Miguel brands in the South China market which commenced on the said date.

In March 2020, SMBIL and SMCIC, shareholders of SMBB passed a resolution approving the dissolution of SMBB. SMBB stopped operations and production activities from the date of the resolution and started liquidation. In September 2023, the BOD of SMBIL approved the disposal of its investment in SMBB. As of December 31, 2024 and 2023, GSMB and SMBB are still undergoing liquidation.

On April 5, 2024, Hongkong Brewery Limited was deregistered from the Companies Registry and accordingly considered dissolved.

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

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

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

Non-controlling interests include the interests not held by the Group in PTD, SMBTL, SMHTL, SMBHK group and BPI group in 2024 and 2023.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Material Accounting Policies

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

The FSRSC approved the adoption of amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

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

- 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.

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

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the consolidated financial statements. Except as otherwise indicated, the adoption of new and amendments to standards will not have any significant impact on the Group's consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of income, the statement of cash flows and the additional disclosures required for management-defined performance measures. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "other".

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

Financial Instruments

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

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

A financial asset (unless a trade receivable without a significant financing component) or a 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 fair value through profit or loss (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.

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 comprehensive income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, restricted cash, investment in debt instruments, noncurrent receivables and deposits are included under this category (Notes 7, 8, 10, 11, 16, 27, 31 and 32).

Financial Assets at FVOCI. Investment in equity instrument 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.

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 equity are never reclassified to profit or loss.

The Group's investments in equity instruments included under "Investment in equity and debt instruments" account in the consolidated statements of financial position are classified under this category (Note 11).

Financial Assets at FVPL. All financial assets not classified and measured at amortized cost or at 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.

The Group's derivative assets that are not designated as cash flow hedge are classified under this category (Notes 10, 31 and 32).

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.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 17, 31 and 32).

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 accounts payable and accrued expenses, lease liabilities, long-term debt and other noncurrent liabilities are included under this category (Notes 17, 18, 27, 28, 31 and 32).

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

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 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:

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

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

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

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

Inventories

Finished goods, goods in process, and materials and supplies are measured at the lower of cost and net realizable value.

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

Finished goods and goods in process	-	at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; costs are determined using the moving-average method; and
Materials and supplies	-	at cost, using the moving-average method.

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

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

Materials and Supplies. Net realizable value is the current replacement cost.

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

Property, Plant and Equipment

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

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

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

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

	Number of Years
Machinery and equipment	2 - 50
Buildings and improvements	3 - 50
Transportation equipment	3 - 15
Leasehold improvements	3 - 50 or term of the lease, whichever is shorter
Office equipment, furniture and fixtures	2 - 33
Tools and other equipment	2 - 10

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

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

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

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

Leases

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

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

Group as Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Group as Lessor

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

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

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

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

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

Investment Property

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

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

	Number of Years
Buildings and improvements	10 - 50
Right-of-use assets	50 or term of lease, whichever is shorter

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

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

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

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

Intangible Assets

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

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

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

Amortization of computer software and licenses is computed using the straight-line method over useful lives of two to eight years.

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

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

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

Impairment of Non-financial Assets

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

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

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

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

Fair Value Measurements

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the 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 the liability, either directly or indirectly; and
- Level 3: inputs for the asset or the 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 the liability and the level of the fair value hierarchy.

Deferred Containers

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

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

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

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

Capital Stock, Additional Paid-in Capital and Equity Reserves

Common Shares

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

Additional Paid-in Capital

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

Equity Reserves

Translation Reserve

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for Retirement Plan

The reserve for retirement plan represents remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest).

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. The Company considers the requirements of Section 42 of the Revised Corporation Code for its retained earnings. It addresses any excess over paid-in capital stock after permissible appropriations or restrictions under the said section, in the current or succeeding periods. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Treasury Shares

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

Revenue Recognition

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

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

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

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

Revenue from Sale of Goods

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the buyer, which is normally upon delivery of the goods. The Group provides trade discounts and volume rebates to certain customers based on the level of their purchases. Trade discounts and volume rebates do not result to significant variable consideration and are generally determined on a per transaction basis.

Interest Income

Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Dividend Income

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

Others

Revenue is recognized when earned.

Borrowing Costs

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

Employee Benefits

Short-term Employee Benefits

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

Retirement Costs

The Company and some of its subsidiaries have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees.

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

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

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

Foreign Operations

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

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

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

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

Taxes

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

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, (i) affects neither the accounting profit nor taxable profit or loss, (ii) does not give rise to equal taxable differences; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, (i) affects neither the accounting profit nor taxable profit or loss, (ii) does not give rise to equal deductible differences; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

Final Tax. Final tax represents tax on interest income derived from bank deposits, short-term and long-term investments. Final tax is recognized in the consolidated statements of income in the same period when the related interest income is recognized.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

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

Related Parties

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

Operating Segments

The Group’s operating segments are organized and managed separately according to geographical location, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The President (the chief operating decision maker) reviews management reports on a regular basis.

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

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

4. Use of Judgments, Estimates and Assumptions

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

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

Judgments

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

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

The Company is entitled to receive substantially all of the returns related to BPI's operations and net assets after providing the fixed returns for preferred shareholders under the articles of incorporation and has the current ability to direct BPI's activities that most significantly affect the returns.

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

The classification and fair values of financial assets and financial liabilities are presented in Note 32.

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

Determining whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

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

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

Allocation of Consideration to Lease Components - Group as Lessor. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Assessment of Intangible Assets with Indefinite Useful Life. The Group has assessed that the intangible assets have an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group (Note 15).

Estimates and Assumptions

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

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

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

Trade and other receivables written-off amounted to P40 and P43 in 2024 and 2023, respectively. The allowance for impairment losses on trade and other receivables amounted to P183 and P211 as of December 31, 2024 and 2023, respectively (Note 8).

The carrying amount of trade and other receivables amounted to P9,891 and P7,358 as of December 31, 2024 and 2023, respectively (Note 8).

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

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

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

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

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

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

	Note	2024	2023
Cash and cash equivalents (excluding cash on hand)	7, 31, 32	P34,626	P37,046
Restricted cash	10, 31, 32	228	271
Investment in debt instruments	11, 31, 32	10,000	10,000
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	16, 27, 31, 32	155	23

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

The combined carrying amounts of trademarks, brand names and license with indefinite useful lives amounted to P36,065 and P35,876 as of December 31, 2024 and 2023, respectively (Note 15).

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

The Group's lease liabilities amounted to P958 and P1,079 as at December 31, 2024 and 2023, respectively (Note 28).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 29 to the consolidated financial statements and include discount rate and salary increase rate.

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

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

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

The present value of defined benefit retirement obligation amounted to P12,562 and P12,332 as of December 31, 2024 and 2023, respectively (Note 29).

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

Accumulated impairment losses of property, plant and equipment, right-of-use assets, deferred containers and intangible assets with finite useful lives, including cumulative translation adjustments, amounted to P15,135 and P14,466 as of December 31, 2024 and 2023, respectively (Notes 12, 13, 15 and 16).

The combined carrying amounts of property, plant and equipment, right-of-use assets, investment property, deferred containers and intangible assets with finite useful lives amounted to P66,526 and P62,936 as of December 31, 2024 and 2023, respectively (Notes 12, 13, 14, 15 and 16).

Accumulated impairment losses of trademarks and brand names with indefinite useful lives amounted to P264 and P252 as of December 31, 2024 and 2023, respectively (Note 15).

The combined carrying amounts of trademarks, brand names and license with indefinite useful lives amounted to P36,065 and P35,876 as of December 31, 2024 and 2023, respectively (Note 15).

5. Investments in Shares of Stocks of Subsidiaries

Investments in Shares of Stocks of Subsidiaries/Non-controlling Interest

The following table summarizes the financial information relating to each of the Group's subsidiaries that has material non-controlling interests:

	December 31, 2024					December 31, 2023				
	BPI	SMBHK	PTD	SMBTL	SMHTL	BPI	SMBHK	PTD	SMBTL	SMHTL
Non-controlling Percentage on Profit or Loss	7%	-	-	-	-	7%	-	-	-	-
Non-controlling Ownership Interest Percentage	60%	34.2%	41.7%	51.0%	51.0%	60%	34.2%	41.7%	51.0%	51.0%
Non-controlling Voting Interest Percentage	60%	34.2%	41.7%	9.4%	9.4%	60%	34.2%	41.7%	9.4%	9.4%
Carrying Amount of Non-controlling Interests	P885	P1,619	P1,270	(P927)	P19	P884	P1,632	P1,399	(P998)	P19
Current assets	P709	P2,878	P3,197	P3,398	P5	P331	P2,578	P3,330	P3,046	P5
Noncurrent assets	4,004	2,901	1,848	1,614	212	3,983	3,251	1,871	1,592	201
Current liabilities	(163)	(770)	(1,794)	(3,324)	(1)	(93)	(927)	(1,641)	(3,109)	-
Noncurrent liabilities	-	(279)	(204)	(3,506)	(178)	-	(135)	(204)	(3,485)	(169)
Net Assets (Liabilities)	P4,550	P4,730	P3,047	(P1,818)	P38	P4,221	P4,767	P3,356	(P1,956)	P37
Dividends Paid to Non-controlling Interests	P23	P45	P334	P -	P -	P13	P9	P404	P -	P -
Net Income (Loss) attributable to Non-controlling Interests	P25	(P48)	P217	P116	P -	P23	P218	P305	P44	P -
Other Comprehensive income (Loss) Attributable to Non-controlling interests	P -	P11	(P72)	(P2)	P -	P -	(P10)	P28	(P9)	P -
Sales	P419	P5,231	P4,028	P2,691	P -	P407	P5,280	P4,604	P2,560	P -
Net income (loss)	P353	(P141)	P520	P228	P -	P330	P637	P732	P87	P -
Other comprehensive income (loss)	-	31	(173)	(4)	-	-	(29)	68	(18)	-
Total Comprehensive Income (Loss)	P353	(P110)	P347	P224	P -	P330	P608	P800	P69	P -
Cash flows provided by operating activities	P382	P215	P288	P208	P -	P341	P213	P147	P138	P -
Cash flows provided by (used in) investing activities	23	(73)	(6)	(39)	-	(85)	(43)	(53)	(28)	-
Cash flows used in financing activities	(23)	(49)	(355)	(69)	-	(13)	(10)	(418)	(59)	-
Effects of exchange rate changes on cash and cash equivalents	-	3	(44)	2	-	-	(1)	25	2	-
Net Increase (decrease) in Cash and Cash Equivalents	P382	P96	(P117)	P102	P -	P243	P159	(P299)	P53	P -

6. Segment Information

Operating Segments

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

The Group's reportable segments are domestic and international operations.

Domestic operations produce and market alcoholic and non-alcoholic beverages within the Philippines and distribute beer and non-alcoholic beverages to some export markets.

International operations produce and market beer and non-alcoholic beverages in several foreign markets.

Segment Assets and Segment Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables and inventories, net of allowances, and property, plant and equipment, net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses, wages and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

Inter-segment Transactions

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

Major Customer

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

Financial information about the operating segments follow:

	For the Year Ended December 31, 2024			
	Domestic	International	Eliminations	Total
Sales				
External sales	P137,536	P15,826	P -	P153,362
Inter-segment sales	24	-	(24)	-
Total Sales	P137,560	P15,826	(P24)	P153,362
Expenses				
Taxes and licenses	P68,921	P2,869	P -	P71,790
Inventories	11,963	4,070	(24)	16,009
	P80,884	P6,939	(P24)	P87,799
Result				
Segment result	P30,054	P3,368	P -	P33,422
Interest expense and other financing charges	(2,216)	(29)	-	(2,245)
Interest income				2,530
Impairment loss	-	(673)	-	(673)
Other income - net				484
Income tax expense				(7,893)
Net Income				P25,625
Attributable to:				
Equity holders of the Company				P25,430
Non-controlling interests				195
Net Income				P25,625

	As of and For the Year Ended December 31, 2024			
	Domestic	International	Eliminations	Consolidated
Other Information				
Segment assets	P118,111	P22,019	(P13,972)	P126,158
Trademarks and brand names	32,000	1,822	-	33,822
Other assets				15,957
Deferred tax assets				1,521
Consolidated Total Assets				P177,458
Segment liabilities	P18,012	P4,492	(P31)	P22,473
Long-term debt including current maturities - net of debt issue costs				38,757
Income and other taxes payable				6,128
Accrued interests and dividends payable				300
Consolidated Total Liabilities				P67,658
Capital expenditures	P3,818	P268	P -	P4,086
Depreciation and amortization of property, plant and equipment	1,702	243	-	1,945
Noncash items other than depreciation and amortization of property, plant and equipment	5,674	566	9	6,249

	For the Year Ended December 31, 2023			
	Domestic	International	Eliminations	Total
Sales	P131,695	P15,652	P -	P147,347
External sales	-	-	-	-
Inter-segment sales	25	-	(25)	-
Total Sales	P131,720	P15,652	(P25)	P147,347
Expenses				
Taxes and licenses	P65,030	P2,870	P -	P68,450
Inventories	12,234	4,093	(25)	16,302
	P77,626	P7,151	(P25)	84,752
Result				
Segment result	P28,151	P3,257	P -	P31,408
Interest expense and other financing charges	(2,276)	(36)	-	(2,312)
Interest income				2,320
Other income - net				1,344
Income tax expense				(7,438)
Net Income				P25,322
Attributable to:				
Equity holders of the Company				P24,758
Non-controlling interests				564
Net Income				P25,322

	As of and For the Year Ended December 31, 2023			
	Domestic	International	Eliminations	Consolidated
Other Information				
Segment assets	P107,476	P26,117	(P13,969)	P119,624
Trademarks and brand names	32,000	1,744	-	33,744
Other assets				15,685
Deferred tax assets				1,478
Consolidated Total Assets				P170,531
Segment liabilities	P16,509	P4,314	(P29)	P20,794
Long-term debt including current maturities - net of debt issue costs				41,327
Income and other taxes payable				5,477
Accrued interests and dividends payable				321
Deferred tax liabilities				2
Consolidated Total Liabilities				P67,921
Capital expenditures	P3,337	P253	P -	P3,590
Depreciation and amortization of property, plant and equipment	1,637	238	-	1,875
Noncash items other than depreciation and amortization of property, plant and equipment	5,041	286	(5)	5,322

	For the Year Ended December 31, 2022			
	Domestic	International	Eliminations	Total
Sales				
External sales	P121,825	P14,410	P -	P136,235
Inter-segment sales	24	-	(24)	-
Total Sales	121,849	P14,410	(P24)	P136,235
Expenses				
Taxes and licenses	P59,962	P3,155	P -	P63,117
Inventories	10,491	3,828	(24)	14,295
	P70,778	P7,026	(P24)	P77,780
Result				
Segment result	P26,993	P2,523	P -	P29,516
Interest expense and other financing charges	(1,629)	(21)	-	(1,650)
Interest income				557
Other income - net				96
Income tax expense				(6,769)
Net Income				P21,750
Attributable to:				
Equity holders of the Company				P21,475
Non-controlling interests				275
Net Income				P21,750

	As of and For the Year Ended December 31, 2022			
	Domestic	International	Eliminations	Consolidated
Other Information				
Segment assets	P96,696	P23,272	(P13,977)	P105,991
Trademarks and brand names	32,000	1,756	-	33,756
Other assets				15,646
Deferred tax assets				1,033
Consolidated Total Assets				P156,426
Segment liabilities	P16,025	P4,068	(P36)	P20,057
Long-term debt including current maturities - net of debt issue costs				36,329
Income and other taxes payable				3,094
Accrued interests and dividends payable				164
Consolidated Total Liabilities				P59,644
Capital expenditures	P1,751	P208	P -	P1,959
Depreciation and amortization of property, plant and equipment	1,608	226	-	1,834
Noncash items other than depreciation and amortization of property, plant and equipment	4,304	41	2	4,347

7. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2024	2023
Cash in banks and on hand		P9,631	P10,471
Short-term investments		28,560	28,322
	4, 31, 32	P38,191	P38,793

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the short-term investment rates ranging from 2.75% to 7.50% in 2024 and 1.00% to 7.50% in 2023. Interest income from cash in banks and short-term investments amounted to P1,764, P1,550 and P489 in 2024, 2023 and 2022, respectively.

8. Trade and Other Receivables

This account consists of:

	<i>Note</i>	2024	2023
Trade:			
Amounts owed by third parties		P9,251	P6,763
Amounts owed by related parties	27	74	17
Non-trade:			
Amounts owed by third parties		573	570
Amounts owed by related parties	27	176	219
		10,074	7,569
Less allowance for impairment losses	4	183	211
	4, 31, 32	P9,891	P7,358

Trade receivables are non-interest bearing and are generally on a 7 to 90-day credit term.

Non-trade receivables include receivables from employees, insurance and freight claims, interest and other receivables.

The movements in the allowance for impairment losses are as follows:

	<i>Note</i>	2024	2023
Balance at beginning of year		P211	P154
Write-off during the year	4	(40)	(43)
Provision during the year	22	109	169
Reversal during the year	22	(99)	(69)
Currency translation adjustments		2	-
Balance at end of year		P183	P211

9. Inventories

This account consists of:

	2024	2023
At net realizable value:		
Finished goods and goods in process	P2,505	P2,244
Materials and supplies	2,628	2,316
	P5,133	P4,560

The cost of inventories are as follows:

	2024	2023
Finished goods and goods in process	P2,543	P2,274
Materials and supplies	2,671	2,348
	P5,214	P4,622

The net write-down of inventories recognized as expense (income) in the consolidated statements of income amounted to P30, P24 and (P20), net of reversal amounting to nil, P12 and P38 in 2024, 2023 and 2022, respectively. Write-off of inventories amounted to P11, P12 and P1 in 2024, 2023 and 2022, respectively.

Inventory charged to cost of sales amounted to P16,009, P16,302 and P14 in 2024, 2023 and 2022, respectively (Note 21).

10. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	2024	2023
Prepaid taxes and licenses	33	P1,709	P1,489
Prepaid supplies		301	275
Restricted cash	31, 32	228	271
Prepaid insurance		177	180
Prepaid rent	27	18	17
Derivative assets	31, 32	13	9
Prepaid freight cost		-	66
Others		93	92
		P2,539	P2,399

Restricted cash is pledged as collateral on gas purchases and payment facility for the release of excisable goods.

Others include promotional, maintenance, and various immaterial accounts.

11. Investment in Equity and Debt Instruments

This account consists of:

	<i>Note</i>	2024	2023
Financial Assets at Amortized Cost			
Debt instruments	4, 27, 31, 32	P10,000	P10,000
Financial Assets at FVOCI			
Redeemable perpetual securities	27, 31, 32	5,785	5,537
Club shares	31, 32	47	43
		P15,832	P15,580

Debt Instruments

On December 12, 2022, the Company entered into an investment agreement with Bank of Commerce (BOC). Pursuant to such agreement, SMB invested in debt instruments amounting to P10,000 with average interest rate of 6.90% and maturity terms of up to seven years.

On March 23, 2023, the management of the investment in debt instruments amounting to P8,000 was transferred to a non-bank financial institution with the same interest rate and maturity terms.

Interest income from debt instruments amounted to P753, P753 and P36 in 2024, 2023 and 2022, respectively (Note 27).

Redeemable Perpetual Securities

On August 4, 2020, the Group, through SMBIL, signed a subscription agreement with SMC for the subscription of the latter's redeemable perpetual securities (RPS) with aggregate face value amount of \$100 or P4,850. The RPS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. SMBIL will have the right to receive distributions at 2.5% per annum, payable quarterly in arrears every November 5, February 5, May 5 and August 5 of each year commencing on November 5, 2020. SMC has a right to defer these distributions under certain conditions. SMBIL received dividend income amounting to P144, P139 and P136 in 2024, 2023 and 2022, respectively and are presented as part of "Other income - net" in the consolidated statements of income (Note 26).

12. Property, Plant and Equipment

The movements in property, plant and equipment are as follows:

	<i>Note</i>	Land	Machinery and Equipment	Buildings and Improvements	Transportation Equipment	Leasehold Improvements	Office Equipment, Furniture and Fixtures	Tools and Other Equipment	CPIP	Total
Cost										
January 1, 2023		P8,678	P55,990	P16,827	P1,399	P940	P797	P272	P3,086	P87,989
Additions	6	-	3,136	924	85	303	56	5	(919)	3,590
Capitalized interest		-	-	-	-	-	-	-	92	92
Disposals/reclassifications		64	(527)	(63)	(69)	2	(14)	(11)	(166)	(784)
Currency translation adjustments		4	(337)	(124)	(1)	-	(3)	-	1	(460)
December 31, 2023		8,746	58,262	17,564	1,414	1,245	836	266	2,094	90,427
Additions	6	-	1,367	450	6	155	66	7	2,035	4,086
Capitalized interest		-	-	-	-	-	-	-	99	99
Disposals/reclassifications		-	(440)	(1)	(114)	-	(15)	44	6	(520)
Currency translation adjustments		59	775	332	2	-	15	3	7	1,193
December 31, 2024		8,805	59,964	18,345	1,308	1,400	902	320	4,241	95,285
Accumulated Depreciation										
January 1, 2023		-	32,674	6,942	858	199	640	233	-	41,546
Additions	21, 22, 23	-	1,352	302	127	38	44	12	-	1,875
Disposals/reclassifications		-	(430)	(20)	(66)	2	(13)	(7)	-	(534)
Currency translation adjustments		-	(139)	(40)	(1)	-	(2)	(1)	-	(183)
December 31, 2023		-	33,457	7,184	918	239	669	237	-	42,704
Additions	21, 22, 23	-	1,390	321	129	47	47	11	-	1,945
Disposals/reclassifications		-	(348)	(1)	(110)	-	(14)	(1)	-	(474)
Currency translation adjustments		-	385	152	2	-	11	3	-	553
December 31, 2024		-	34,884	7,656	939	286	713	250	-	44,728

Forward

	Land	Machinery and Equipment	Buildings and Improvements	Transportation Equipment	Leasehold Improvements	Office Equipment, Furniture and Fixtures	Tools and Other Equipment	CPIP	Total
Accumulated Impairment Losses									
January 1, 2023	P -	P10,351	P3,415	P5	P -	P59	P10	P -	P13,840
Disposals	-	(78)	(43)	-	-	(1)	(4)	-	(126)
Currency translation adjustments	-	(195)	(72)	-	-	(1)	-	-	(268)
December 31, 2023	-	10,078	3,300	5	-	57	6	-	13,446
Impairment losses	-	168	459	-	-	1	45	-	673
Disposals	-	(91)	-	-	-	(1)	-	-	(92)
Currency translation adjustments	-	361	104	-	-	2	-	-	467
December 31, 2024	-	10,516	3,863	5	-	59	51	-	14,494
Carrying Amount									
December 31, 2023	P8,746	P14,727	P7,080	P491	P1,006	P110	P23	P2,094	P34,277
December 31, 2024	P8,805	P14,564	P6,826	P364	P1,114	P130	P19	P4,241	P36,063

Depreciation charged to operations amounted to P1,945, P1,875, and P1,834 in 2024, 2023 and 2022, respectively (Notes 21, 22 and 23). Capitalized interest was P99, P92 and nil in 2024, 2023 and 2022, respectively. Impairment losses on property, plant and equipment related to its foreign operations was P673, nil and nil in 2024, 2023 and 2022, respectively.

In 2024, SMBHK identified a shortfall in the actual results against previous forecasts due to various factors, including but not limited to, a decline in demand for its own brewed products in light of fierce market competition and more outbound travel spending. Indicators of impairment existed for the noncurrent assets employed in the manufacturing operations in Hong Kong, comprising primarily the production plant and machineries.

SMBHK determined the recoverable amount of the cash-generating unit to which these assets belong to be P1,706 as at December 31, 2024, which is lower than the carrying amount. Based on SMBHK management's assessment, impairment loss of P673 was recognized on the property, plant and equipment employed in SMBHK's production plant and presented as "Impairment losses on noncurrent assets" account in the consolidated statements of income for the year ended December 31, 2024. The recoverable amount of SMBHK's production plant has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the business forecasts approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using a steady annual growth rate. The pre-tax discount rate used in the value-in-use calculation as at December 31, 2024 was 13.3%. As the carrying amount of SMBHK's production plant has been reduced to its recoverable amount, any adverse change in the assumptions used in the value-in-use calculation would result in further impairment losses.

Certain fully depreciated property, plant and equipment with aggregate costs of P31,519 and P30,744 as at December 31, 2024 and 2023, respectively, are still being used in operations.

13. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Total
Cost						
January 1, 2023		P2,297	P665	P34	P264	P3,260
Additions		-	27	-	29	56
Disposals/modifications		-	(8)	-	-	(8)
Currency translation adjustments		(23)	3	3	-	(17)
December 31, 2023		2,274	687	37	293	3,291
Additions		14	3	2	4	23
Disposals/modifications		-	(3)	-	-	(3)
Currency translation adjustments		49	-	2	-	51
December 31, 2024		2,337	687	41	297	3,362
Accumulated Depreciation						
January 1, 2023		833	323	7	253	1,416
Additions	21, 22, 23	83	127	5	18	233
Disposals/modifications		-	(19)	-	(2)	(21)
Currency translation adjustments		(12)	(2)	-	-	(14)
December 31, 2023		904	429	12	269	1,614
Additions	21, 22, 23	83	102	5	17	207
Disposals/modifications		-	(5)	(1)	-	(6)
Currency translation adjustments		23	-	1	-	24
December 31, 2024		1,010	526	17	286	1,839
Accumulated Impairment Losses						
January 1, 2023		88	-	-	-	88
Currency translation adjustments		-	-	-	-	-
December 31, 2023		88	-	-	-	88
Currency translation adjustments		4	-	-	-	4
December 31, 2024		92	-	-	-	92
Carrying Amount						
December 31, 2023		P1,282	P258	P25	P24	P1,589
December 31, 2024		P1,235	P161	P24	P11	P1,431

The Group recognized right-of-use assets for leases of office space, warehouse, delivery trucks and parcels of land. The leases typically run for a period of two to 50 years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to review to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group.

14. Investment Property

The movements in this account, including the effects of currency translation adjustments, are as follows:

	Right-of-Use Assets	Land	Buildings and Improvements	Total
Cost				
January 1, 2023	P727	P1,476	P805	P3,008
Disposals/reclassifications	-	(67)	-	(67)
Currency translation adjustments	(6)	(1)	(7)	(14)
December 31, 2023	721	1,408	798	2,927
Disposals/reclassifications	-	-	-	-
Currency translation adjustments	37	-	41	78
December 31, 2024	758	1,408	839	3,005
Accumulated Depreciation				
January 1, 2023	308	-	451	759
Depreciation	17	-	16	33
Currency translation adjustments	(3)	-	(4)	(7)
December 31, 2023	322	-	463	785
Depreciation	18	-	17	35
Currency translation adjustments	17	-	24	41
December 31, 2024	357	-	504	861
Carrying Amount				
December 31, 2023	P399	P1,408	P335	P2,142
December 31, 2024	P401	P1,408	P335	P2,144

No impairment loss was recognized in 2024, 2023 and 2022.

The fair value of investment property amounting to P7,576 and P7,358 as of December 31, 2024 and 2023, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and based on the available external market values for the other parcels of land not covered by the appraisal. The independent appraisers provide the fair value of the Group's investment property.

Rent income on the Group's investment property recognized as part of "Other income – net" accounted in the consolidated statements of income amounted to P415, P252, and P188 in 2024, 2023 and 2022, respectively (Note 26). Direct cost attributable to investment property amounted to P16, P17, and P19 in 2024, 2023 and 2022, respectively.

Valuation Technique and Significant Unobservable Inputs

Domestic. The market value was determined using the Market Data Approach. The market data approach considers the sale of similar or substitute properties registered within the vicinity, along with the related market data. Adjustments are made to the indicated market prices to reflect the condition and utility of the appraised assets relative to the market conditions. The property being valued is then compared with sales of similar properties that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance, and marketability.

The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined on the basis of what a prospective lessee is willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or the rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment ranges from 3% to 5% in 2024 and 2023.

International

The valuation was determined on an Open Market Value Approach, by reference to recent sales price of comparable properties adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. High premium for higher quality buildings will result in a high fair value measurement. The significant unobservable input in the fair value measurement is (discount) to premium on quality of the buildings, which ranged from (12.0%) to 10.0% in 2024 and 2023.

15. Intangible Assets

The movements in this account are as follows:

	Trademarks and Brand Names	License	Computer Software and Licenses	Total
Cost				
January 1, 2023	P34,010	P2,126	P283	P36,419
Additions	-	-	12	12
Disposals/reclassifications	-	-	(1)	(1)
Currency translation adjustments	(14)	6	-	(8)
December 31, 2023	33,996	2,132	294	36,422
Additions	-	-	6	6
Disposals/reclassifications	-	-	(1)	(1)
Currency translation adjustments	90	111	5	206
December 31, 2024	34,086	2,243	304	36,633
Accumulated Amortization				
January 1, 2023	-	-	271	271
Additions	-	-	4	4
Disposals/reclassifications	-	-	(1)	(1)
Currency translation adjustments	-	-	(1)	(1)
December 31, 2023	-	-	273	273
Additions	-	-	6	6
Disposals/reclassifications	-	-	(1)	(1)
Currency translation adjustments	-	-	5	5
December 31, 2024	-	-	283	283
Accumulated Impairment Losses				
January 1, 2023	254	-	5	259
Currency translation adjustments	(2)	-	-	(2)
December 31, 2023	252	-	5	257
Currency translation adjustments	12	-	-	12
December 31, 2024	264	-	5	269
Carrying Amount				
December 31, 2023	P33,744	P2,132	P16	P35,892
December 31, 2024	P33,822	P2,243	P16	P36,081

Trademarks and brand names with indefinite useful lives amounted to P33,822 and P33,744 as of December 31, 2024 and 2023, respectively. License with indefinite useful lives amounted to P2,243 and P2,132 as of December 31, 2024 and 2023, respectively.

The following are the main reasons or factors that played a significant role in determining that such assets have indefinite useful lives:

- Expected continuous cash flows from the assets;
- Stability of industry in which the assets operate; and
- Full control over the assets.

Management's calculations are updated to reflect the most recent developments as at reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make.

Trademarks and Brand Names

a. Domestic Operations

The recoverable amount of the trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. In 2024 and 2023, the 2% growth rate used is consistent with the long-term average growth rate for the industry. The discount rate applied to after tax cash flow projections is 8.7% and 9.0% in 2024 and 2023, respectively.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of trademarks and brand names is based would not cause its carrying amount to exceed its recoverable amount.

No impairment loss was recognized in the value of trademarks and brand names in 2024 and 2023.

b. International Operations

The recoverable amount of the trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. In 2024 and 2023, the 2% to 3% growth rates used are consistent with the long-term average growth rates for the industry. The discount rates applied to after tax cash flow projections range from 6.6% to 12.0% in 2024 and 7.0% to 12.0% in 2023.

No impairment loss was recognized in the value of trademarks and brand names in 2024 and 2023.

License

a. International Operations

The recoverable amount of the license has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. In 2024 and 2023, the 3% growth rate used is consistent with the long-term average growth rates for the industry. The discount rates applied to after tax cash flow projections range from 5.3% to 6.1% in 2024 and 5.0% to 7.0% in 2023.

No impairment loss was recognized in the value of licenses in 2024 and 2023.

The calculations of value in use (terminal value) are most sensitive to the following assumptions:

Discount Rate. The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Growth Rate. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. The terminal value growth rate used by the management in trademarks and brand names is ranging from 2% to 3% while the terminal value growth rate used in license is 3% in 2024 and 2023.

16. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2024	2023
Deferred containers - net:			
Bottles		P17,771	P16,460
Shells		9,101	8,452
		26,872	24,912
Others	4, 27, 29, 31, 32	1,760	1,551
		P28,632	P26,463

Others include cost of pallets, kegs and CO2 cylinders net of depreciation, defined benefit retirement asset, noncurrent receivables, deposits, prepaid rentals, advances to suppliers and deposits on land for future development.

The movements in the deferred containers are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		P50,788	P45,689
Additions		7,838	6,915
Write off		(1,249)	(1,850)
Currency translation adjustments		(4)	34
Balance at end of year		57,373	50,788
Accumulated Depreciation			
Balance at beginning of year		24,949	20,137
Depreciation	23	5,548	5,037
Write off		(539)	(220)
Currency translation adjustments		(1)	(5)
Balance at end of year		29,957	24,949
Accumulated Impairment			
Balance at beginning of year		927	1,090
Impairment	22	-	487
Write off		(383)	(650)
Balance at end of year	4	544	927
		P26,872	P24,912

Cost includes deposit value of containers.

17. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2024	2023
Trade:			
Amounts owed to third parties	31, 32	P4,812	P4,765
Amounts owed to related parties	27, 31, 32	2,977	3,156
Containers deposit	31, 32	7,810	6,730
Non-trade:			
Derivative liabilities	6, 31, 32	24	11
Accruals:			
Payroll	31, 32	971	1,011
Advertising and promotions		870	701
Materials and supplies		647	154
Capital projects		329	362
Interests	18, 25	251	275
Contracted services		103	108
Utilities		18	45
Others		572	556
		P19,384	P17,874

Accounts payable and accrued expenses are unsecured and non-interest bearing.

Others include accruals for repairs and maintenance, freight, trucking and handling, dividends payable and other payables.

18. Long-term Debt

Long-term Debt

This account consists of:

	<i>Note</i>	2024	2023
Unsecured peso-denominated bonds and term notes:			
Series H bonds, fixed interest rate of 6.00%		P -	P2,538
Term loans, fixed interest rates of 3.80% to 6.84%		38,757	38,789
	<i>31, 32</i>	38,757	41,327
Less: Current maturities		4,015	12,555
		P34,742	P28,772

Bonds

The amount represents unsecured long-term debt incurred by the Company to support the redemption of the Series B bonds which matured on April 4, 2014.

The Company's Philippine peso-denominated fixed rate bonds are comprised of the Series H bonds in the aggregate principal amount of P2,538 which were part of the Company's P15,000 bonds (P15,000 Bonds) which were issued on April 2, 2014 (P15,000 Bonds Issue Date) and matured on April 2, 2024.

The P15,000 Bonds originally consisted of the Series G bonds (with a term of seven years from the P15,000 Bonds Issue Date) and Series H bonds (with a term of ten years from the P15,000 Bonds Issue Date) which were sold to the public pursuant to a registration statement that was rendered effective, and permit to sell issued, by the SEC on March 17, 2014 and were listed on the PDEX for trading on April 2, 2014. Interest on the P15,000 Bonds are paid every April 2 and October 2 of each year. The Series G bonds with an aggregate principal amount of P12,462 matured on April 5, 2021 while the Series H bonds with an aggregate principal amount of P2,538 matured on April 2, 2024 and were accordingly redeemed by the Company on the said dates using proceeds from term loans and available cash.

Under the trust agreement for the Series H bonds, the Company is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 and maximum debt to equity ratio of 3.5, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of its assets, payment of dividends and redemption of capital stock in the event of default; maintenance of equality in priority of obligations; and negative pledge. As of December 31, 2023, the Company was in compliance with its covenants for the Series H bonds.

Term Loans

On December 10, 2024, the Company entered into separate agreements for unsecured, long-term, interest-bearing loans with local banks amounting to P5,000 (P5,000 Loan), P2,000 (P2,000 Loan), and P3,000 (P3,000 Loan) to refinance the maturity of the term loan amounting to P10,000 which matured on December 26, 2024. The loans are carried at amortized cost and bear annual interest rate at Philippine peso fixed-rate of 6.57%. The interest rates are subject to repricing on the first and third anniversary from the initial drawdown date. The P5,000 Loan and P2,000 Loan are payable in five years and will mature in December 2029, while the P3,000 Loan is payable in seven years and will mature in December 2031.

On December 19, 2022, the Company entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to finance its capital expenditures. On December 20, 2022, the Company availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.84% for two years, subject to repricing thereafter. The loan is payable in five years and will mature in December 2027.

On February 21, 2023, the Company availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.53% for two years, subject to repricing thereafter. The loan is payable in four years and ten months and will mature in December 2027.

On March 21, 2022, the Company entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P4,000 and P3,000 to be used to refinance the maturity of the Series F bonds which were issued by the Company in 2012 and which matured on April 4, 2022. The loans are carried at amortized cost and bear annual interest rates at Philippine peso fixed rate of 4.63% and 5.75%, respectively. The loans are payable in three years and five years, respectively, and will mature in April 2025 and April 2027, respectively.

On March 25, 2021, the Company entered into separate agreements for unsecured, long-term, interest-bearing loans with several local banks amounting in total to P12,000 to be used to refinance the maturity of the Series G bonds which matured on April 5, 2021 and/or general corporate purposes. The loans are carried at amortized cost and bears annual interest rates at Philippine peso fixed-rate ranging from 3.80% to 4.15%. The P10,000 of the P12,000 loan is payable in five years and will mature in April 2026, while the remaining P2,000 is payable in seven years and will mature in April 2028, in accordance with the terms of the loan agreements.

On December 19, 2019, the Company entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to be used for general corporate purposes. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 4.63%. The loan is payable in five years and matured in December 2024.

As of December 31, 2024 and 2023, the outstanding balance of the term loans amounted to P38,921 and P38,943, respectively. As of December 31, 2024 and 2023, the unamortized debt issue costs amounted to P164 and P154, respectively.

Under the loan agreements, the Company is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 for loans secured in 2019 and 2.0 for loans secured in 2022, 2023 and 2024, and maximum debt to equity ratio of 3.5 for all loans secured, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of material operating assets, payment of dividends, management bonuses and profits in the event of default; maintenance of equality in priority of obligations; and negative pledge. As of December 31, 2023, the Company was in compliance with its covenants under the loan agreements.

The movements in debt issue costs are as follows:

	Note	2024	2023
Balance at beginning of year		P154	P178
Additions		75	37
Amortization	25	(65)	(61)
Balance at end of year		P164	P154

Repayment Schedule

As of December 31, 2024, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2025	P4,021	P6	P4,015
2026	10,020	19	10,001
2027	13,160	62	13,098
2028	1,720	2	1,718
2029	7,000	52	6,948
2031	3,000	23	2,977
	P38,921	P164	P38,757

As of December 31, 2023, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2024	P12,560	P5	P12,555
2025	4,021	33	3,988
2026	10,020	30	9,990
2027	13,160	81	13,079
2028	1,720	5	1,715
	P41,481	P154	P41,327

Interest expense recognized in the consolidated statements of income amounted to P1,965, P2,045, and P1,502 in 2024, 2023 and 2022, respectively (Note 25).

Valuation Technique

The market value was determined using the market comparison technique. The fair values are based on PDEX. The bonds are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The fair value of bonds amounting to P2,542 as of December 31, 2023 has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques. Fair value of term loan amounting to P38,849 and P38,429 as of December 31, 2024 and 2023, respectively, has been categorized as Level 2 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 32).

Reconciliation of the opening and closing balance of term loans and bonds are as follows:

2024	Bonds	Term Loans	Accrued Interests	Total
Balance at January 1	P2,538	P38,789	P275	P41,602
Interest expense and other financing charges	1	64	1,965	2,030
Availments	-	9,925	-	9,925
Capitalized interest	-	-	99	99
Payments	(2,539)	(10,021)	(2,089)	(14,649)
Balance at December 31	P -	P38,757	P250	P39,007

2023	Bonds	Term Loans	Accrued Interests	Total
Balance at January 1	P2,535	P33,794	P124	P36,453
Interest expense and other financing charges	3	58	2,045	2,106
Availments	-	4,963	-	4,963
Capitalized interest	-	-	92	92
Payments	-	(26)	(1,986)	(2,012)
Balance at December 31	P2,538	P38,789	P275	P41,602

19. Income Taxes

The components of income tax expense are shown below:

	2024	2023	2022
Current	P7,348	P7,136	P6,558
Final	563	551	216
Deferred	(18)	(249)	(5)
	P7,893	P7,438	P6,769

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rates is as follows:

	2024	2023	2022
Statutory income tax rate	25.00%	25.00%	25.00%
Changes in income tax rate resulting from:			
Income subjected to final tax	(1.88)	(1.77)	(0.46)
Others	0.43	(0.52)	(0.76)
Effective income tax rate	23.55%	22.71%	23.78%

Deferred tax assets and deferred tax liabilities arise from the following:

	2024	2023
Items Recognized in Profit or Loss		
Allowance for deferred containers and inventory losses	P264	P334
Leases	133	100
Allowance for impairment losses on trade and other receivables	85	90
Unrealized losses on derivatives - net	45	39
Unrealized foreign exchange losses - net	5	-
Net defined benefit retirement liability	(241)	(223)
Others	295	219
Item Recognized Directly in Other Comprehensive Income		
Equity reserve for retirement plan	935	917
	P1,521	P1,476

The movements in deferred tax assets and deferred tax liabilities are as follows:

	Balance at Beginning of the Year - net	Recognized in Profit or Loss	Recognized in Other Comprehensive Income		December 31, 2024		
			Currency Translation Adjustments	Equity Reserve for Retirement Plan	Balance at End of the Year - net	Deferred Tax Assets	Deferred Tax Liabilities
Equity reserve for retirement plan	P917	P -	P -	P18	P935	P935	P -
Allowance for deferred containers and inventory losses	334	(70)	-	-	264	264	-
Net defined benefit retirement asset/liability	(223)	(18)	-	-	(241)	40	(281)
Allowance for impairment losses on receivables	90	(7)	2	-	85	85	-
Unrealized losses on derivatives - net	39	7	(1)	-	45	45	-
Unrealized foreign exchange gains - net	-	5	-	-	5	5	-
Leases	100	33	-	-	133	133	-
Others	219	68	8	-	295	309	(14)
	P1,476	P18	P9	P18	P1,521	P1,816	(P295)

	Balance at Beginning of the Year - net	Recognized in Profit or Loss	Recognized in Other Comprehensive Income		December 31, 2023		
			Currency Translation Adjustments	Equity Reserve for Retirement Plan	Balance at End of the Year - net	Deferred Tax Assets	Deferred Tax Liabilities
Equity reserve for retirement plan	P721	P -	P -	P196	P917	P917	P -
Allowance for deferred containers and inventory losses	344	(11)	1	-	334	334	-
Net defined benefit retirement asset/liability	(280)	57	-	-	(223)	42	(265)
Allowance for impairment losses on receivables	33	58	(1)	-	90	90	-
Unrealized losses on derivatives - net	37	2	-	-	39	39	-
Unrealized foreign exchange gains (losses) - net	19	(19)	-	-	-	-	-
Leases	95	5	-	-	100	100	-
Others	64	157	(2)	-	219	242	(23)
	P1,033	P249	(P2)	P196	P1,476	P1,764	(P288)

International Tax Reform - Pillar Two Model Rules

The Group has applied the amendments to PAS 12, International Tax Reform - Pillar Two Model Rules, which provide a mandatory temporary exception from accounting for deferred taxes arising from Pillar Two income taxes. No deferred tax assets or liabilities have been recognized in relation to Pillar Two legislation.

‘Pillar Two legislation’ has been enacted or substantively enacted in certain jurisdictions where the Group operates. For Vietnam, the legislation is effective beginning January 1, 2024. For Hong Kong, Indonesia, and Malaysia, the legislation is not yet effective as at December 31, 2024.

The Group, being part of the TFIH group, is in scope of the enacted or substantively enacted legislation and has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to determine jurisdictions that can be excluded from the full Pillar Two calculations. The test was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. Except for Malaysia, all jurisdictions passed the TCSH test.

The Group is in the process of performing full Pillar Two calculations for Malaysia and does not expect exposure to ‘Pillar Two income taxes’ since the enacted legislation in this jurisdiction is not yet effective as at December 31, 2024.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

20. Equity

Capital Stock

Pursuant to the registration statement rendered effective, and permit to sell issued, by the SEC on April 28, 2008, 15,488,309,960 common shares of the Company were registered and were offered for sale at an offer price of P8.00 per common share.

The Company’s common shares were listed on the PSE on May 12, 2008. Following the SEC’s denial of all requests made (including the request of the Company) for the extension of the grace period requirement for listed companies to comply with the PSE’s minimum public ownership requirement and the PSE’s imposition of a trading suspension on the common shares of the Company, effective January 1, 2013 as a result of such denial, the BOD of the Company approved on February 15, 2013, the voluntary delisting of the Company’s common shares from the PSE. A petition for the same was thereafter filed by SMB with the PSE on February 20, 2013.

To comply with the PSE requirements on voluntary delisting, the Company undertook a tender offer to buy back all of the common shares held by the public (other than those held by its major stockholders and directors) at an offer price of P20.00 per common share. The tender offer commenced on March 4, 2013 and ended on April 3, 2013. A total of 51,425,799 common shares were tendered and accepted by the Company, equivalent to 0.3337% of its then total issued and outstanding shares, and were accordingly recorded as treasury shares.

Thereafter, the PSE approved the petition for the voluntary delisting of the Company in its April 24, 2013 board meeting and has authorized the delisting of the Company’s common shares from its official registry effective May 15, 2013.

The Company has 25,000,000,000 authorized common shares with P1 par value. As of December 31, 2024 and 2023, the Company has a total of 15,359,053,161 issued and outstanding common shares (excluding the 51,425,799 common shares tendered and accepted by the Company during the tender offer and recorded as treasury shares) and 1,043 and 1,040 shareholders of record as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Certificate Authorizing Registration (CAR) for 48,777,899 common shares out of the 51,425,799 common shares tendered and accepted during the tender offer (equivalent to 94.85% of the total tendered and accepted) were secured and presented to the Company. The CARs for the remaining common shares tendered and accepted during the tender offer have yet to be issued by the Bureau of Internal Revenue (BIR) as of December 31, 2024 and 2023.

Retained Earnings

The Group's unappropriated retained earnings include the accumulated earnings in subsidiaries not available for declaration as dividends until declared by the respective subsidiaries.

The Company's BOD declared cash dividends as follows:

December 31, 2024

Date of Declaration	Stockholders of Record	Date Paid	Dividend Per Share	Amount
February 7, 2024	February 22, 2024	February 29, 2024	P0.30	P4,608
April 29, 2024	May 15, 2024	May 29, 2024	0.30	4,608
August 5, 2024	August 20, 2024	September 4, 2024	0.32	4,914
November 4, 2024	November 19, 2024	December 4, 2024	0.32	4,915
				P19,045

December 31, 2023

Date of Declaration	Stockholders of Record	Date Paid	Dividend Per Share	Amount
February 8, 2023	February 22, 2023	March 2, 2023	P0.30	P4,608
April 28, 2023	May 16, 2023	May 26, 2023	0.30	4,608
August 1, 2023	August 16, 2023	August 31, 2023	0.30	4,608
November 3, 2023	November 20, 2023	December 1, 2023	0.30	4,607
				P18,431

On February 7, 2025, the BOD of the Company declared cash dividends at P0.32 per share to all stockholders of record as of February 24, 2025 which was paid on March 5, 2025.

The movements in appropriated retained earnings are as follows:

	Note	2024	2023
Balance at beginning of year		P46,771	P34,988
Additional appropriations	<i>20b, 20d</i>	1,700	12,538
Reversal of appropriations	<i>20b, 20d, 20e, 20f, 20g</i>	(13,695)	(755)
Balance at end of year		P34,776	P46,771

- a. On February 7, 2025, the Company appropriated an additional P10,000 of its retained earnings for the repayment of the Company's term loan with local banks secured in December 2024 which will mature in December 2029 and 2031.

- b. On March 7, 2023, the Company appropriated an additional P10,000 of its retained earnings for the repayment of the Company's term loan with a local bank secured in December 2022 and P2,538 for the redemption of the Series H bonds which matured in April 2024. The P2,538 appropriation was reversed upon the redemption of the Series H bonds in April 2024.
- c. On December 2, 2022, the Company appropriated an additional P7,000 of its retained earnings for the repayment of the Company's term loan with a local bank secured in early 2022 and P200 for the capacity expansion projects in Novaliches and Sariaya, Quezon. Target completion date of Novaliches and Sariaya, Quezon projects is in December 2025 and December 2027, respectively.
- d. On December 3, 2021, the Company appropriated an additional P16,211 of its retained earnings, P12,000 of which is for the repayment of the Company's term loans with various banks entered in 2021 and P4,211 for the construction of malt terminal in Lucanin, Bataan. P71 and P437 were disbursed for the Lucanin malt terminal in 2023 and 2022, respectively while P31 was paid to a local bank for partial payment of principal in 2022. On March 5, 2024, the Company appropriated an additional P1,700 for the Lucanin project. The appropriations to the extent disbursed were accordingly reversed. Lucanin project is expected to be completed in June 2025.
- e. On December 4, 2020, the Company appropriated an additional P17,000 of its retained earnings, P10,000 for the repayment of the Company's term loan with a local bank secured in 2019 and P7,000 for the redemption of the Series F bonds which matured in April 2022. The P7,000 appropriation for the redemption of the Company's Series F bonds was reversed upon the redemption of the said bonds in April 2022 while the P10,000 appropriation was reversed upon the payment of the term loan in December 2024.
- f. On December 4, 2019, the Company appropriated an additional P19,962 of its retained earnings for the redemption of the Series G bonds in April 2021 and capacity expansion of the Company's brewery in Bacolod City, Negros Occidental to support volume growth of the Company. A total of P17,462 has been disbursed and accordingly reversed from 2020 to 2021. Out of the remaining P2,500 appropriation for the capacity expansion of Bacolod Brewery, P859, P558 and P878 were disbursed in 2024, 2023 and 2022, respectively and were accordingly reversed. The remaining amount of the appropriation pertains to support facilities expected to be completed in December 2025.
- g. Of the P11,600 appropriations in 2018 for the construction of a new brewery in Tagoloan, Misamis Oriental and for the construction of brewhouse and cellars in the Company's brewery in Sta. Rosa, Laguna, a total of P11,000 has been disbursed and accordingly reversed from 2019 to 2021. Out of the remaining P600, P298, P126 and P177 were disbursed for these projects in 2024, 2023 and 2022, respectively and were accordingly reversed.

The Company makes regular declaration of cash dividends out of its unrestricted retained earnings in accordance with its dividend policy and as part of its capital management.

The Company's adjusted unrestricted retained earnings per SEC Revised Securities Regulation Code Rule 68 exceeds its paid-in capital as of December 31, 2024.

21. Cost of Sales

This account consists of:

	<i>Note</i>	2024	2023	2022
Taxes and licenses		P71,382	P68,047	P63,117
Inventories	9	16,009	16,302	14,295
Communications, light, fuel and water		4,001	4,033	4,256
Personnel	24	2,205	2,052	1,863
Depreciation and amortization	12,13, 23	1,590	1,512	1,438
Repairs and maintenance		568	546	380
Rent	4, 28	45	29	25
Others		498	494	405
		P96,298	P93,015	P85,779

Taxes and licenses include excise, real property and business taxes.

Others include insurance, contracted services and various items of manufacturing overhead which are individually immaterial.

22. Selling and Administrative Expenses

This account consists of:

	2024	2023	2022
Selling	P16,966	P16,314	P14,519
Administrative	6,676	6,610	6,421
	P23,642	P22,924	P20,940

Selling expenses consist of:

	<i>Note</i>	2024	2023	2022
Depreciation and amortization	12, 13, 14, 15, 16, 23	P5,781	P5,300	P4,321
Advertising and promotion		3,991	3,667	2,979
Freight, trucking and handling		2,986	2,809	2,650
Personnel	24	2,164	2,103	1,973
Rent	4, 28	654	578	484
Taxes and licenses		318	291	263
Travel and transportation		146	134	113
Repairs and maintenance		123	105	77
Communications, light, fuel and water		117	113	123
Provision for (reversal of) impairment losses on receivables	8	10	100	(104)
Provision for deferred containers	16	-	487	1,187
Others		676	627	453
		P16,966	P16,314	P14,519

Others include insurance, contracted services, office supplies and various items which are individually immaterial.

Administrative expenses consist of:

	Note	2024	2023	2022
Personnel	24	P3,464	P3,387	P3,175
Contracted services		1,051	947	939
Depreciation and amortization	12, 13, 14, 15, 16, 23	413	423	466
Management fees	27	377	385	375
Communications, light, fuel and water		331	289	404
Repairs and maintenance		280	272	254
Professional fees		250	242	172
Travel and transportation		122	88	64
Taxes and licenses		90	112	106
Freight, trucking and handling		65	99	24
Research and development		58	49	34
Rent	4, 28	42	43	37
Donations		17	30	56
Others		116	244	315
		P6,676	P6,610	P6,421

Others include insurance, office supplies and various items which are individually immaterial.

23. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2024	2023	2022
Cost of sales:				
Property, plant and equipment	12	P1,572	P1,494	P1,420
Right-of-use of assets	13	18	18	18
	21	1,590	1,512	1,438
Selling and administrative expenses:				
Deferred containers	16	5,548	5,037	4,051
Property, plant and equipment	12	373	381	414
Right-of-use of assets	13	189	215	223
Others	14, 15, 16	84	90	99
	22	6,194	5,723	4,787
		P7,784	P7,235	P6,225

Others include depreciation and amortization of investment property, computer software and licenses, pallets, kegs and CO2 cylinders.

24. Personnel Expenses

This account consists of:

	Note	2024	2023	2022
Salaries and wages		P4,944	P4,664	P4,428
Other employee benefits		2,360	2,398	2,122
Retirement costs	29	529	480	461
		P7,833	P7,542	P7,011

Personnel expense is distributed as follows:

	Note	2024	2023	2022
Cost of sales	21	P2,205	P2,052	P1,863
Selling expenses	22	2,164	2,103	1,973
Administrative expenses	22	3,464	3,387	3,175
		P7,833	P7,542	P7,011

25. Interest Expense and Other Financing Charges

This account consists of:

	Note	2024	2023	2022
Interest expense -				
Long-term debt	18	P1,965	P2,045	P1,502
Interest expense - Actuarial	29	143	127	20
Interest expense - Lease	28	72	79	82
Amortization of debt issue costs	18	65	61	46
		P2,245	P2,312	P1,650

26. Other Income - net

This account consists of:

	Note	2024	2023	2022
Rent income	4, 14, 28	P427	P264	P198
Dividend income	11	145	139	136
Insurance claims		26	127	-
Royalty income		22	19	18
Gain (loss) on sale of property and equipment - net		15	(3)	23
Gain on received tax credit certificates	33	-	761	-
Foreign exchange gains (losses) - net	31	(71)	84	(103)
Marked-to-market losses		(41)	-	(89)
Others		(39)	(47)	(87)
		P484	P1,344	P96

Gain on received tax credit certificate (TCC) pertains to the TCC issued by the BIR to the Company for the tax refund case involving San Mig Light (Note 33).

Others include bank charges, restructuring costs, and other various items which are individually immaterial.

27. Related Party Disclosures

The Group, in the normal course of business and at such normal market prices and terms, purchases products and services from, sells products to, and invests in financial instruments with, related parties. 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 of December 31:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Investment in Equity and Debt Instruments	Terms	Conditions
Intermediate Parent	2024	P188	P959	P28	P107	P5,785	On demand except RPS; non-interest bearing	Unsecured; no impairment
	2023	167	955	31	119	5,537		
Shareholder	2024	-	-	5	-	-	On demand; non-interest bearing	Unsecured; no impairment
	2023	-	-	9	-	-		
Associate	2024	157	-	12	-	2,000	Upon maturity; interest bearing	Unsecured; no impairment
	2023	293	-	6	-	2,000		
Under Common Control	2024	510	14,343	340	3,548	-	On demand; non-interest bearing	Unsecured; no impairment
	2023	610	13,434	261	3,777	-		
	2024	P855	P15,302	P385	P3,655	P7,785		
	2023	P1,070	P14,389	P307	P3,896	P7,537		

- Amounts owed by related parties consist of trade and non-trade receivables arising from sale of goods and services, and share in expenses (Note 8). Amounts owed by related parties included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position amounted to P2 as of December 31, 2024 and 2023. (Note 10). Amounts owed by related parties included under "Other noncurrent assets - net" account amounted to P133 and P69 as of December 31, 2024 and 2023, respectively (Note 16). Amounts owed by shareholder included under "Trade and other receivables - net" account in the consolidated statements of financial position pertain to reimbursable expenses amounting to P5 and P9 as of December 31, 2024 and 2023, respectively.
- Amounts owed to related parties consist of trade payables arising from purchases of materials, bottles, shells, cartons, fuel and power and non-trade payables arising from professional fees, insurance, lease of outdoor advertising spaces, lease of land and building, management fees (Note 22), reimbursement of expenses, and other services rendered by related parties (Note 17). Amounts owed to related parties included under "Lease liabilities" account in the consolidated statements of financial position amounted to P678 and P737 for December 31, 2024 and 2023, respectively (Note 28). Amounts owed to related parties included under "Other noncurrent liabilities" account in the consolidated statements of financial position amounted to nil and P3 for December 31, 2024 and 2023, respectively.

- c. The investment in equity instrument pertains to the subscription by SMBIL in SMC redeemable perpetual securities (Note 11). The investment in debt instruments pertains to the investment of the Company through BOC amounting to P2,000 as of December 31, 2024 and 2023 (Note 11).

The compensation of key management personnel of the Group, by benefit type, follows:

	2024	2023	2022
Short-term employee benefits	P155	P221	P217
Retirement costs	43	30	26
	P198	P251	P243

28. Leasing Agreements

Group as Lessor

The Group leases some of its investment property under operating lease arrangements to third parties. The leases typically run for a period of one to 17 years. Some lease agreements provide an option to renew the lease at the end of the lease term and are being subjected to reviews, to reflect current market rentals.

The maturity analysis of lease receivables are as follows:

	2024	2023
Less than one year	P344	P322
Between one and five years	1,383	1,285
More than five years	4,201	4,339
	P5,928	P5,946

Rent income recognized in the consolidated statements of income amounted to P427, P264 and P198 in 2024, 2023 and 2022, respectively (Notes 4 and 26).

Group as Lessee

The Group leases the land and leasehold improvements, buildings and improvements, machineries and equipment and furniture and other equipment under operating lease arrangements. The leases typically run for a period of two to 50 years. Some leases provide an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals.

Information about leases for which the Group is a lessee are presented below.

Movements in lease liabilities are as follows:

	Note	2024	2023
Balance at January 1		P1,079	P1,170
Additions	13	23	56
Interest expense	25	72	79
Payments		(197)	(238)
Currency translation adjustments		1	(1)
Reclassification/modifications		(20)	13
Balance at December 31		P958	P1,079

Amounts recognized in profit or loss:

Leases under PFRS 16	Note	2024	2023
Interest on lease liabilities	25	P73	P79
Income from sub-leasing right-of-use assets		(400)	(237)
Expenses relating to short-term leases and low-value assets		741	650
Depreciation of right-of-use assets	13	207	233

The Group had total cash outflows for the above leases amounting to P938 and P888 in 2024 and 2023, respectively.

The Group accounted some of its agreements for the lease of office spaces and vehicles, and other operating leases as short-term leases and/or low value assets. Expenses related to this are included as part of rent expense under “Cost of Sales” and “Selling and Administrative Expenses” in the consolidated statements of income.

Rent expense recognized in the consolidated statements of income amounted to P741, P650 and P546 in 2024, 2023 and 2022, respectively (Notes 4, 21 and 22).

29. Retirement Plans

The Company and some of its international subsidiaries have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering certain number of their permanent employees. The Retirement Plans pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2024. Valuations are obtained on a periodic basis.

The Company's Retirement Plan, San Miguel Brewery Inc. Retirement Plan (SMBRP), is registered with the BIR as a tax qualified plan under Republic Act No. 4917, An Act Providing that Retirement Benefits of Employees of Private Firms Shall Not be Subject to Attachment, Levy, Execution or Any Tax, as amended, The control and administration of the Company's Retirement Plan are vested in the Board of Trustees (BOT) of the Retirement Plan. The BOT of the Company's Retirement Plan exercises voting rights over the shares it has invested in and approves material transactions. SMBRP's accounting and administrative functions are undertaken by the Retirement Funds Office of SMC.

Retirement costs recognized in profit or loss by the Company amounted to P472, P425 and P405 in 2024, 2023 and 2022, respectively, while those charged by the subsidiaries amounted to P57, P55, and P56 in 2024, 2023 and 2022, respectively (Note 24). The Group's annual contributions to the Retirement Plans consist of payments covering the current service cost plus amortization of unfunded past service liability.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Present Value of Defined Benefit Retirement Obligation		Fair Value of Plan Assets		Net Defined Benefit Retirement Liability (Asset)	
	2024	2023	2024	2023	2024	2023
Balance at beginning of year	P12,332	P11,350	P10,190	P9,924	P2,142	P1,426
Recognized in Profit or Loss						
Current service cost	527	481	-	-	527	481
Interest expense	734	801	-	-	734	801
Interest income	-	-	605	691	(605)	(691)
Interest on the effect of asset ceiling	-	-	-	-	-	-
Administrative expense paid out of plan assets	-	-	(2)	1	2	(1)
	1,261	1,282	603	692	658	590
Recognized in Other Comprehensive Income						
Remeasurements:						
Actuarial (gains) losses arising from:						
Experience adjustments	(56)	(91)	-	-	(56)	(91)
Changes in financial assumptions	(15)	723	-	-	(15)	723
Changes in demographic assumptions	(11)	11	-	-	(11)	11
Return on plan assets excluding interest	-	-	(161)	(101)	161	101
	(82)	643	(161)	(101)	79	744
Others						
Contributions	-	-	636	603	(636)	(603)
Benefits paid	(974)	(943)	(954)	(927)	(20)	(16)
Translation and other adjustments	25	(2)	21	(3)	4	1
Transfers to other plans	-	2	-	2	-	-
	(949)	(943)	(297)	(325)	(652)	(618)
Balance at end of year	P12,562	P12,332	P10,335	P10,190	P2,227	P2,142

As of December 31, 2024 and 2023, the net defined benefit retirement liability included as part of “Other noncurrent liabilities” account in the consolidated statements of financial position amounted to P2,233 and P2,146, respectively.

As of December 31, 2024 and 2023, the net defined benefit retirement asset included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P6 and P4, respectively.

The retirement costs amounting to P529, P480 and P461 in 2024, 2023 and 2022, respectively, are recognized as part of “Personnel expense” account in the consolidated statements of income (Note 24).

The carrying amounts of the Group’s retirement fund approximate fair values as of December 31, 2024 and 2023.

The plan assets of the Group’s Retirement Plans consist of the following:

	In Percentages	
	2024	2023
Investments in marketable securities and shares of stock	79	78
Investment in pooled funds:		
Fixed income portfolio	7	8
Stock trading portfolio	2	2
Others	12	12

Investments in Marketable Securities

As of December 31, 2024, the plan assets of the Group’s Retirement Plans include the following plan assets of SMBRP:

	Type	Number of Shares	Fair Value
SMC	Common	16,535,200	P86.00 per share
	Preferred:		
	Subseries “2-F”	8,000,000	73.30 per share
	Subseries “2-I”	6,153,600	72.25 per share
	Subseries “2-J”	2,630,000	71.90 per share
	Subseries “2-K”	200,000	70.00 per share
	Subseries “2-L”	1,333,400	77.65 per share
	Subseries “2-N”	2,666,700	79.70 per share
	Subseries “2-O”	2,000,000	82.30 per share
	Bonds		1,252
TFIH	Common	1,864,314	63.10 per share
Ginebra San Miguel Inc. (GSMI)	Common	2,335,162	275.00 per share
Petron Corporation (Petron)	Preferred:		
	Subseries “PRF3B”	200,000	1,030.00 per share
	Subseries “PRF4C”	250,000	1,043.00 per share
	Subseries “PRF4D”	60,000	1,050.00 per share
	Subseries “PRF4E”	60,000	1,050.00 per share
	Common	21,066,000	2.43 per share
	Bonds		104
SMFB	Common	8,149,090	52.75 per share
	Bond		149
South Luzon Tollway Corporation. (SLTC)	Bond		100
SMC Global Power Holdings Corp. (SMC Global)	Bond		410
SMC Tollways Corporation	Bond		100
BOC	Common	1,400,000	6.75 per share
	Bond		90

As of December 31, 2023, the plan assets of the Group's Retirement Plans include the following plan assets of SMBRP:

	Type	Number of Shares	Fair Value
SMB	Common	28,549,900	P20.00 per share
SMC	Common	13,858,750	102.10 per share
	Preferred:		
	Subseries "2-F"	8,000,000	72.50 per share
	Subseries "2-I"	6,153,600	70.50 per share
	Subseries "2-J"	2,630,000	67.95 per share
	Subseries "2-K"	200,000	68.00 per share
	Subseries "2-L"	1,333,400	78.00 per share
	Subseries "2-N"	2,666,700	77.00 per share
	Subseries "2-O"	2,000,000	78.00 per share
	Bonds		854
TFIH	Common	1,864,314	101.90 per share
GSMI	Common	2,290,162	168.70 per share
Petron	Preferred:		
	Subseries "PRF3B"	200,000	980.00 per share
	Subseries "PRF4C"	250,000	973.00 per share
	Common	17,162,000	3.55 per share
	Bond		101
SMFB	Common	7,077,240	51.00 per share
	Bond		145
SLTC	Bond		100
SMC Global	Bond		490
BOC	Common	1,400,000	7.27 per share
	Bond		94

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as of reporting date.

SMBRP recognized gains (losses) on the investment in marketable securities of SMC and its subsidiaries amounting to P93, P169 and (P682) in 2024, 2023 and 2022, respectively.

Dividend income of SMBRP from the investment in shares of stock of SMC and its subsidiaries amounted to P277, P204 and P173 in 2024, 2023 and 2022, respectively.

Investments in Shares of Stock

As of December 31, 2024 and 2023, SMBRP has an investment in BPI representing 8,608,494 preferred shares (inclusive of nominee shares) amounting to P859, accounted for under cost method, which approximates fair value.

Interest in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the retirement plans of SMC and its domestic subsidiaries (including SMBRP) to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The BOT of SMBRP approved the percentage of assets to be allocated to fixed income instruments and equities. SMBRP has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT of SMBRP may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Approximately 67.06% and 67.49% of SMBRP's investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2024 and 2023, respectively.

Approximately 20.36% and 19.64% of SMBRP's investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2024 and 2023, respectively.

Others

Others include cash and cash equivalents and interest receivables.

The BOT of each Retirement Plan reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the defined benefit retirement obligation. The Group is expected to contribute P618 to the Retirement Plans in 2025.

The Retirement Plans expose the Group to certain risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the BOT to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on the historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2024	2023
Discount rate	3.5 - 7.0	3.0 - 7.0
Salary increase rate	3.0 - 8.0	3.0 - 8.0

Assumptions for mortality and disability rate are based on published statistics and mortality and disability tables.

As of December 31, 2024 and 2023 the weighted average duration of defined benefit retirement obligation is 4.7 - 9.5 years and 1.5 - 10.0 years, respectively.

As of December 31, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below.

	2024		2023	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P699)	P815	(P679)	P786
Salary increase rate	821	(724)	794	(705)

Transactions with the Retirement Plans are made at normal market prices.

30. Earnings Per Share

Basic and diluted EPS is computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Company (a)	P25,430	P24,758	P21,475
Weighted average number of shares outstanding (in millions) (b)	15,359	15,359	15,359
Basic/diluted EPS (a/b)	P1.66	P1.61	P1.40

As of December 31, 2024, 2023 and 2022, the Group has no dilutive debt or equity instruments.

31. 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:

- Interest Rate Risk
- Foreign Currency 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, restricted cash, noncurrent receivables, investment in debt and equity instruments, deposits, lease liabilities, long-term debt, other noncurrent liabilities and derivative instruments. Cash and cash equivalents 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 and accounts payable and accrued expenses arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency risk arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD of the Company 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 of the Company constituted the Audit 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 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 financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the Group's enterprise risk issues; f) evaluation and monitoring of related party transactions; and g) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also review the financial reports.

The Audit 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit 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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, 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.

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 Group does not account for any fixed rate financial assets or financial liabilities at FVPL and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Group has no floating rate borrowings in 2024 and 2023.

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

December 31, 2024	1 - 3 Years	> 3 - 5 Years	> 5 Years	Total
Term loan:				
Philippine peso-denominated	P27,201	P8,720	P3,000	P38,921
Interest rate	3.80%-6.84%	4.15%-6.57%	6.57%	-
December 31, 2023	1 - 3 Years	> 3 - 5 Years	> 5 Years	Total
Bonds				
Philippine peso-denominated	P2,538	P -	P -	P2,538
Interest rate	6.00%	-	-	-
Term loan:				
Philippine peso-denominated	24,063	14,880	-	38,943
Interest rate	3.80%-4.63%	4.15%-6.84%	-	-

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 uses natural hedges and/or purchases foreign currencies at spot rates, where necessary, to address short-term imbalances from importations, revenue and expense transactions, and other foreign currency-denominated obligations.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents as at December 31 are as follows:

	2024		2023	
	US Dollar*	Peso Equivalent	US Dollar*	Peso Equivalent
Assets				
Cash and cash equivalents	\$205.2	P11,871	\$272.0	P15,061
Trade and other receivables	24.0	1,390	26.1	1,443
Restricted cash	3.9	228	4.9	271
Noncurrent receivables and deposits	2.7	154	0.4	20
	235.8	13,643	303.4	16,795
Liabilities				
Accounts payable and accrued expenses	73.4	4,247	83.4	4,615
Lease liabilities	0.7	42	0.7	39
	74.1	4,289	84.1	4,654
Net foreign currency-denominated monetary assets	\$161.7	P9,354	\$219.3	P12,141

* US dollar equivalent of foreign currency-denominated balances as of reporting date

The Group reported net foreign exchange gains (losses) amounting to (P71), P84 and (P103) in 2024, 2023, and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 26). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2024	57.85
December 31, 2023	55.37
December 31, 2022	55.76

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 monetary 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	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2024				
Cash and cash equivalents	(P24)	(P199)	P24	P199
Trade and other receivables	-	(24)	-	24
Restricted cash	-	(4)	-	4
Noncurrent receivables and deposits	-	(3)	-	3
	(24)	(230)	24	230
Accounts payable and accrued expenses	5	72	(5)	(72)
Lease liabilities	-	1	-	(1)
	P5	P73	(P5)	(P73)
	(P19)	(P157)	P19	P157

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2023				
Cash and cash equivalents	(P12)	(P269)	P12	P269
Trade and other receivables	-	(26)	-	26
Restricted cash	-	(5)	-	5
	(12)	(P300)	P12	P300
Accounts payable and accrued expenses	13	80	(13)	(80)
Lease liabilities	-	1	-	(1)
	P13	P81	(P13)	(P81)
	P1	(P219)	(P1)	P219

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

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

December 31, 2024

	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P38,191	P38,191	P38,191	P -	P -	P -
Trade and other receivables - net	9,891	9,891	9,891	-	-	-
Restricted cash (included under "Prepaid expenses and other current assets" account)	228	228	228	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	13	13	13	-	-	-
Investment in equity and debt instruments	15,832	18,552	752	753	11,215	5,832
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	155	155	-	3	5	147
Financial Liabilities						
Accounts payable and accrued expenses (derivative liabilities and deferred rent)	19,358	19,358	19,358	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	24	24	24	-	-	-
Long-term debt (including current maturities)	38,757	45,831	6,060	11,716	24,660	3,395
Lease liabilities (including current portion)	958	1,629	173	148	319	989
Noncurrent liabilities (included under "Other noncurrent liabilities" account)	21	21	-	-	-	21

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	P38,793	P38,793	P38,793	P -	P -	P -
Trade and other receivables - net	7,358	7,358	7,358	-	-	-
Restricted cash (included under "Prepaid expenses and other current assets" account)	271	271	271	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	9	9	9	-	-	-
Investment in equity and debt instruments	15,580	19,053	752	753	1,811	15,737
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	23	23	-	6	4	13
Financial Liabilities						
Accounts payable and accrued expenses (derivative liabilities and deferred rent)	17,860	17,860	17,860	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	11	11	11	-	-	-
Long-term debt (including current maturities)	41,327	46,696	14,580	5,394	26,722	-
Lease liabilities (including current portion)	1,079	1,819	212	166	366	1,075
Noncurrent liabilities (included under "Other noncurrent liabilities" account)	16	16	-	-	-	16

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment instruments. 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 dealers, wholesalers and retailers as these factors may have an influence on the credit risk.

The Group obtains collateral 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 or cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as “high risk” are placed on a restricted customer list and future sales are made on cash basis.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance include a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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.

	<i>Note</i>	2024	2023
Cash and cash equivalents (excluding cash on hand)	4, 7	P34,626	P37,046
Trade and other receivables - net	4, 8	9,891	7,358
Investment in debt instruments	11	10,000	10,000
Restricted cash	10	228	271
Derivative assets	10	13	9
Noncurrent receivables and deposits	16	155	23
		P54,913	P54,707

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

2024						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL - credit impaired			
Cash and cash equivalents (excluding cash on hand)	P34,626	P -	P -	P -	P -	P34,626
Trade and other receivables - net	9,891	-	183	-	-	10,074
Investment in debt instruments	10,000	-	-	-	-	10,000
Restricted cash (included under "Prepaid expenses and other current assets" account)	228	-	-	-	-	228
Derivative assets (included under "Prepaid expenses and other current assets" account)	-	-	-	13	-	13
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	-	155	-	-	-	155

2023						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL - credit impaired			
Cash and cash equivalents (excluding cash on hand)	P37,046	P -	P -	P -	P -	P37,046
Trade and other receivables - net	7,358	-	211	-	-	7,569
Investment in debt instruments	10,000	-	-	-	-	10,000
Restricted cash (included under "Prepaid expenses and other current assets" account)	271	-	-	-	-	271
Derivative assets (included under "Prepaid expenses and other current assets" account)	-	-	-	9	-	9
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	-	23	-	-	-	23

The Group computes impairment loss on trade and other receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience over the past two years. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Group applies the simplified approach in providing for ECL prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The maturity of the Group's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

The following tables provides information about the exposure to credit risk and ECL of trade and other receivables:

2024

Aging	Gross Carrying Amount		ECL Rate		ECL Amount
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables	
Current	P8,240	P499	0.85%	6.31%	P101
Past due					
Less than 30 days	860	26	1.07%	1.61%	10
30 - 60 days	87	51	1.46%	1.33%	2
61 - 90 days	30	15	3.71%	18.85%	4
Over 90 days	108	158	48.36%	8.78%	66
	P9,325	P749	1.43%	6.59%	P183

2023

Aging	Gross Carrying Amount		ECL Rate		ECL Amount
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables	
Current	P6,135	P526	0.88%	15.73%	P137
Past due					
Less than 30 days	481	38	1.27%	2.91%	7
30 - 60 days	62	26	2.62%	7.65%	4
61 - 90 days	30	107	5.48%	0.67%	2
Over 90 days	72	92	57.48%	21.04%	61
	P6,780	P789	1.54%	13.42%	P211

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 has no right to sell or pledge the collaterals in the absence of default by the customers.

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 credit risk for cash and cash equivalents, restricted cash, noncurrent receivables, investments in debt instruments and derivative assets is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of a counterparty. Generally, the maximum credit risk exposure of trade and other receivables is the 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.

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 defines capital as capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock, reserve for retirement plan, fair value reserves and cumulative translation adjustments are excluded from capital for purposes of capital management.

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 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.

There were no changes in the Group's approach to capital management during the year.

32. Financial Assets and Financial Liabilities

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

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P38,191	P38,191	P38,793	P38,793
Trade and other receivables - net	9,891	9,891	7,358	7,358
Restricted cash (included under "Prepaid expenses and other current assets" account)	228	228	271	271
Derivative assets (included under "Prepaid expenses and other current assets" account)	13	13	9	9
Investment in equity and debt instruments	15,832	15,832	15,580	15,580
Noncurrent receivables and deposits (included under "Other noncurrent assets-net" account)	155	155	23	23
Financial Liabilities				
Accounts payable and accrued expenses (derivative liabilities and deferred rent)	19,358	19,358	17,860	17,860
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	24	24	11	11
Long-term debt (including current maturities)	38,757	38,849	41,327	40,971
Other noncurrent liabilities (included under "Other noncurrent liabilities" account)	21	21	16	16

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

Cash, Cash Equivalents and Restricted Cash, Trade and Other Receivables, Deposits and Noncurrent Receivables. The carrying amount of cash, cash equivalents and restricted cash, deposits, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables, 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. Fair values for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Investment in Equity Instruments. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. Unquoted equity securities are carried at cost less impairment, which approximates fair value.

Investment in Debt Instruments. The fair value of investment in debt instruments is estimated as the present value of all future cash flows discounted using prevailing market rate of interest for a similar instrument as of the end of the reporting period.

Accounts Payable and Accrued Expenses. The carrying amount of accounts payable and accrued expenses approximates fair value due to the relatively short-term maturities of these financial instruments.

Term Loans and Bonds. 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 instrument as of reporting date. As of December 31, 2024 and 2023, discount rates used ranged from 5.89% to 6.18% and 5.06% to 5.92%, respectively.

Other Noncurrent Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

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

	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P13	P13	P -	P9	P9
Investment in equity instruments	-	5,832	5,832	-	5,580	5,580
Financial Liabilities						
Derivative liabilities	-	24	24	-	11	11

As of December 31, 2024 and 2023, the Group has no financial instruments valued based on Level 1 and Level 3. During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P12,849 and P10,121 as of December 31, 2024 and 2023, respectively.

Amount authorized but not yet disbursed for capital projects is approximately amounting to P13,312 and P13,671 as of December 31, 2024 and 2023, respectively.

b. Foreign Exchange Rates

The foreign exchange rates used in translating the US dollar accounts of foreign subsidiaries to Philippine peso in 2024 and 2023 were closing rates of P57.85 and P55.37, respectively, for consolidated statements of financial position accounts, and average rates of P57.28, P55.63 and P54.50 in 2024, 2023 and 2022, respectively, for income and expense accounts.

c. Claims for Tax Refund

SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review. Five of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591 and 8748) were decided by the Supreme Court in favor of SMB and tax credit certificates amounting to P1,430, P1,569 and P761 were received in 2019, 2020 and 2023, respectively. One claim (CTA Case No. 10241) was withdrawn with the issuance of a tax credit certificate in the amount of P162 in 2021. The remaining seven claims for refund are still pending before the courts, as follows:

- (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);
- (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);
- (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);
- (d) Claim for refund of overpayments for the period of January 1, 2016 to December 31, 2016 - First Division docketed as CTA Case No. 9743 (December 29, 2017);
- (e) Claim for refund of overpayments for the period of January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);

- (f) Claim for refund of overpayments for the period of January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and
- (g) Claim for refund of overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB's claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the Regional Trial Court rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB's Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA En Banc by way of a Petition for Review. On September 19, 2018, the CTA En Banc reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA EB Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA En Banc in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review on Certiorari, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records have been remanded with the CTA Third Division and the case is now submitted for the CTA Third Division's decision.

CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light" removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

On March 20, 2024, the BIR elevated the case to the CTA En Banc by way of Petition for Review dated March 15, 2024 which was docketed as CTA EB No. 2890. On November 26, 2024, the CTA En Banc rendered its Decision denying the BIR's Petition for Review in CTA EB No. 2890. On December 11, 2024, the BIR filed a Motion for Reconsideration on the said Decision to which SMB filed an Opposition on January 30, 2025.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 21, 2022, the CTA En Banc rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB filed a Petition for Review with the Supreme Court which was docketed as G.R. No. 258812. The BIR also elevated the CTA En Banc's Decision to the Supreme Court which was docketed as G.R. No. 261197. In GR No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition to which the Office of the Solicitor General (OSG) filed a Comment dated February 19, 2024. In a Resolution dated June 3, 2024, the Supreme Court required SMB and the BIR to file their respective Replies on each other's Comment. SMB filed the required Reply on October 24, 2024 while the BIR filed its Reply on November 5, 2024.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 4, 2021, the CTA En Banc affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA En Banc's Decision. In its October 22, 2021 Resolution, the CTA En Banc denied the parties' motions for reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court, after which the BIR filed its comment to SMB's Petition as directed by the court. On September 11, 2023, SMB received the Supreme Court's Resolution dated March 22, 2023 requiring the former to file its Comment on the BIR's Petition for Review in G.R. No. 259263. SMB filed the required Comment on September 18, 2023.

CTA Case No. 9743, SMB's claim for refund for P30, was partially decided in favor of SMB by the CTA First Division. The Motion for Partial New Trial of SMB and Motion for Reconsideration filed by SMB and the BIR were denied. Both parties filed their respective Petition for Review with the CTA En Banc. On February 10, 2022, the CTA En Banc rendered a Decision denying the Petitions for Review. The BIR moved for reconsideration while SMB filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 258813. Upon denial by the CTA En Banc of the BIR's motion for reconsideration, the BIR also filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 261196 which the Supreme Court denied in a Resolution dated April 19, 2023 for failure to sufficiently show that the CTA committed any reversible error. In G.R. No. 258813, the Supreme Court issued a Resolution dated October 2, 2023 ordering the BIR to refund or issue a Tax Credit Certificate in the amount of P3.

The Supreme Court issued an Entry of Judgment stating that its Resolution dated April 19, 2023 in G.R. No. 261196 had become final and executory, and another Entry of Judgment stating that its Resolution dated October 2, 2023 in G.R. No. 258813 had likewise become final and executory.

Following SMB's Motion for Execution, the CTA First Division issued a Writ of Execution dated September 9, 2024 in CTA Case No. 9743 ordering the BIR to refund to SMB the total amount of P30.

CTA Case No. 10000, SMB's claim for refund for P123, was filed on December 27, 2018 and is pending with the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a motion for reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA En Banc docketed as CTA En Banc No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA En Banc promulgated its Decision in CTA EB No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA En Banc on January 8, 2024. The BIR then filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA Second Division. In its Resolution dated July 19, 2022, the case was submitted for decision. On July 5, 2023, the CTA Second Division promulgated its Decision which ordered the CIR to refund or to issue a TCC in favor of SMB in the amount of P147 representing erroneously, excessively, and/or illegally collected excise taxes due on the removals of its subject beer products for the period covering January 1, 2018 to December 31, 2018.

On July 25, 2023, the CIR filed a Motion for Reconsideration on the aforesaid Decision, to which SMB filed an Opposition. In a Resolution dated October 9, 2023, the Court denied the Motion for Reconsideration of the CIR.

On December 14, 2023, the CIR appealed the Decision and Resolution of the CTA Second Division to the CTA En Banc by way of a Petition for Review, which was docketed as CTA EB No. 2834. On February 1, 2024, SMB filed a Comment on the Petition for Review filed by the BIR in CTA EB No. 2834. On February 28, 2025, the CTA En Banc promulgated its Decision in CTA EB No. 2834 affirming the decision of the CTA Second Division in favor of SMB.

CTA Case No. 10745, SMB's claim for refund for P1,069, was personally filed on February 2, 2022 and is pending with the CTA First Division. The case is a consolidation of two claims, to wit:

- i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on RMC No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the NIRC, as amended by RA No. 10351 beginning January 1, 2020.
- ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

On November 18, 2024, the CTA First Division rendered a Decision ordering the BIR to refund or issue a Tax Credit Certificate in favor of SMB in the amount of P1,069. On December 11, 2024, the BIR filed a Motion for Partial Reconsideration of the said Decision.

d. Other Tax Cases

i. IBI

- (a) On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, documentary stamp tax and compromise penalty were cancelled and set aside. However, the assessment for deficiency expanded withholding tax was affirmed, and IBI was ordered to pay deficiency expanded withholding tax including interest and surcharges amounting to P5.

On October 29, 2020, the BIR filed a Petition for Review with CTA *En Banc*. On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA En Banc denied the BIR's Petition for Review. Thereafter, the BIR filed for a motion for reconsideration which was also denied by the CTA En Banc.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

ANNEX “C-1”

Supplementary Schedule of External Auditor Fee- related information

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
DECEMBER 31, 2024

	Current Year	Prior Year
Total Audit Fees (Section 2.1a)¹	P42,609,573	P39,257,117
Non-audit services fees:		
Other assurance services	P1,066,448	P1,002,464
Tax services	2,725,944	1,476,308
All other services	2,065,910	31,548
Total Non-audit Fees (Section 2.1b)²	5,858,302	2,510,320
Total Audit and Non-audit Fees	P48,467,875	P41,767,437

Notes:

- 1) Section 2.1 a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firm s (as applicable) for the audit of the covered company's stand alone and/or consolidated financial statements and the covered company's consolidated subsidiaries ' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.
- 2) Section 2.1 b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.

ANNEX “D”

**Management’s Discussion and
Analysis for the year ended
December 31, 2024**



SAN MIGUEL BREWERY INC.

A subsidiary of San Miguel Food and Beverage, Inc.

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

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Brewery Inc. (SMB or the Company) and its subsidiaries (collectively referred to as the Group) for the three-year period ended December 31, 2024. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. All necessary adjustments to present fairly the Group's consolidated financial position as of December 31, 2024 and the financial performance and cash flows for the year ended December 31, 2024, and for all the other periods presented, have been made.

I. SIGNIFICANT TRANSACTIONS

- On February 22, 2024, the Securities and Exchange Commission approved the amendment of the Company's primary purpose or Article II of its Amended Articles of Incorporation to specifically include selling in wholesale and/or retail basis in its primary purpose.
- On April 2, 2024, the Company redeemed the Series H fixed rate bonds amounting to ₱2,538 million, which matured on the same day. The Series H fixed rate bonds form part of the ₱15,000 million fixed rate bonds that were issued by the Company in 2014.

II. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following tables.

	Years Ended December 31		
(in Millions)	2024	2023	2022
Sales	₱ 153,362	₱ 147,347	₱ 136,235
Gross Profit	57,064	54,332	50,456
Selling and Administrative Expenses	(23,642)	(22,924)	(20,940)
Operating Income	33,422	31,408	29,516
Net Income	25,625	25,322	21,750
Net Income Attributable to Equity Holders of the Company	25,430	24,758	21,475
Net Income Attributable to Non-controlling Interests	195	564	275

2024 vs. 2023

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
<i>(In Millions)</i>						
Sales	₱153,362	₱147,347	₱6,015	4.1%	100.0%	100.0%
Cost of Sales	(96,298)	(93,015)	3,283	3.5%	(62.8%)	(63.1%)
Gross Profit	57,064	54,332	2,732	5.0%	37.2%	36.9%
Selling and Administrative Expenses	(23,642)	(22,924)	718	3.1%	(15.4%)	(15.6%)
Income from Operations	33,422	31,408	2,014	6.4%	21.8%	21.3%
Interest Expense and Other Financing Charges	(2,245)	(2,312)	(67)	(2.9%)	(1.5%)	(1.6%)
Impairment loss on Noncurrent Assets	(673)	-	673	100.0%	(0.4%)	-
Interest Income	2,530	2,320	210	9.1%	1.7%	1.6%
Other Income - Net	484	1,344	(860)	(64.0%)	0.3%	0.9%
Income Before Income Tax	33,518	32,760	758	2.3%	21.9%	22.2%
Income Tax Expense	(7,893)	(7,438)	455	6.1%	(5.2%)	(5.0%)
Net Income	₱25,625	₱25,322	₱303	1.2%	16.7%	17.2%
Net Income Attributable to Equity Holders of the Company	₱25,430	₱24,758	₱672	2.7%	16.6%	16.8%
Net Income Attributable to Non-controlling Interests	195	564	(369)	(65.4%)	0.1%	0.4%
Net Income	₱25,625	₱25,322	₱303	1.2%	16.7%	17.2%

In 2024, the Group posted a 4.1% growth in revenue over 2023 reaching a total of ₱153,362 million due to the full year impact of the price increase in the domestic operations effected March 2023, coupled with the price increase implemented on September 1, 2024. Domestic operations contributed ₱137,560 million while international operations contributed US\$276.5 million or ₱15,826 million.

Cost of sales increased by 3.5% or ₱3,283 million primarily due to the increase in excise taxes for fermented liquors in the Philippines from ₱41/liter last year to ₱43/liter effective January 1, 2024. Domestic operations accounted for ₱88,026 million while international operations accounted for US\$145 million or ₱8,296 million.

As a result of the foregoing, income from operations rose by 6.4% from ₱31,408 million to ₱33,422 million. Domestic operations contributed ₱30,054 million while international operations contributed US\$59 million or ₱3,368 million.

Interest income increased by 9.1% with higher interest rates for both domestic and international operations.

Impairment loss on noncurrent assets pertained to the impairment of San Miguel Brewery Hong Kong Limited's (SMBHK) fixed assets and spare parts.

Other income in 2023 was higher due to the recognition of the Tax Credit Certificate (TCC) issued by the Bureau of Internal Revenue for the San Mig Light tax case of 2012.

Income tax expense increased by 6.1% or ₱455 million due to higher taxable income.

Consolidated net income increased by 1.2% from ₱25,322 million to ₱25,625 million. Domestic operations contributed ₱22,856 million net of the ₱7,377 million dividends received from San Miguel Brewing International Limited (SMBIL) while international operations contributed US\$48.8 million or ₱2,778 million.

Net income attributable to equity holders of the Company was higher by 2.7% while net income attributable to non-controlling interests decreased by 65.4% due to the lower net income of PT Delta Djakarta Tbk and SMBHK.

The operating and financial highlights of each segment are as follows:

Domestic Beer Operations

Domestic operations, including exports production allocated to the Philippines, accounted for 89.7% of the total revenue or ₱137,560 million, 4.4% higher than 2023 as a result of the increased selling prices and favorable sales volume. The volume growth was supported by demand-generation and volume growth programs to push offtake.

Taking into account the impact of the exports production allocated to the Philippines, domestic operations ended with net income of ₱30,233 million, 37.7% higher than last year's ₱21,954 million. This includes the ₱7,377 million dividend received from SMBIL.

International Beer Operations

SMBIL reported consolidated revenue of US\$ 276.5 million for the year 2024, reflecting a slight decline from the US\$ 281.5 million reported last year. The decrease was primarily due to slightly lower volumes, an unfavorable sales mix, and the appreciation of the United States dollar relative to most local currencies.

Nevertheless, SMBIL's global San Miguel brand volumes maintained its strong performance growing 7% over last year. However, consolidated volumes which include local brands (i.e., subsidiary-owned beer brands in international markets) but exclude additional exports production allocated to the Philippines, declined slightly by 0.6%. The growth of San Miguel's global brands was offset by weaker sales of local and partner brands. Including additional export volumes allocated to the Philippines, consolidated SMBIL volume would have been a 2% improvement compared to last year. In South China operations, volumes rose 3% from last year, driven by stronger sales in the retail chains and wholesaler channels. In Vietnam, global San Miguel brands grew 14% compared to 2023, fueled by the expansion of on-premise outlets and stronger sales in the modern trade off-premise channels. Exports volumes continued to rise increasing by 9% from last year owing to higher sales in the United Arab Emirates (UAE), Canada, New Zealand, Malaysia and various markets across Asia and the Middle East. However, these gains were partly offset by the volume decline in the Hong Kong, Thailand and Indonesia operations. In Thailand, volumes fell due to lower sales in the modern trade off-premise channel and weaker demand in the Bangkok region. In Hong Kong volumes declined in line with the contraction in the beer industry and the continued rise in outbound tourists, particularly those travelling to Mainland China. In Indonesia, the local Anker Bir brand dropped due to intensified competition in the wholesaler channel.

Despite the slight revenue drop, SMBIL's consolidated operating income for the year reached US\$ 59.0 million, a slight increase from the US\$ 58.7 million income in 2023. This was driven by favorable margins and managed fixed cost spending.

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	₱147,347	₱136,235	₱11,112	8.2%	100.0%	100.0%
Cost of Sales	(93,015)	(85,779)	7,236	8.4%	(63.1%)	(63.0%)
Gross Profit	54,332	50,456	3,876	7.7%	36.9%	37.0%
Selling and Administrative Expenses	(22,924)	(20,940)	1,984	9.5%	(15.6%)	(15.4%)
Income from Operations	31,408	29,516	1,892	6.4%	21.3%	21.6%
Interest Expense and Other Financing Charges	(2,312)	(1,650)	662	40.1%	(1.6%)	(1.2%)
Interest Income	2,320	557	1,763	316.5%	1.6%	0.4%
Other Income - Net	1,344	96	1,248	1,300.0%	0.9%	0.1%
Income Before Income Tax	32,760	28,519	4,241	14.9%	22.2%	20.9%
Income Tax Expense	(7,438)	(6,769)	669	9.9%	(5.0%)	(5.0%)
Net Income	₱25,322	₱21,750	₱3,572	16.4%	17.2%	15.9%
Net Income Attributable to Equity Holders of the Company	₱24,758	₱21,475	₱3,283	15.3%	16.8%	15.7%
Net Income Attributable to Non-controlling Interests	564	275	289	105.1%	0.4%	0.2%
Net Income	₱25,322	₱21,750	₱3,572	16.4%	17.2%	15.9%

The Group posted revenues of ₱147,347 million in 2023, an 8.2% growth over 2022. The improvement was a result of the higher volume performance coupled with the price increases for both domestic and international operations. Domestic operations contributed ₱131,720 million while international operations contributed US\$281.5 million or ₱15,652 million.

Cost of sales increased by 8.4% or ₱7,236 million with the higher sales volume and the effect of the ₱2/liter increase in excise taxes for fermented liquors in the Philippines effective January 1, 2023. Domestic operations accounted for ₱84,597 million while international operations accounted for US\$151.8 million or ₱8,443 million.

Selling and administrative expenses increased by 9.5% or ₱1,984 million primarily due to the higher amortization of deferred containers expense, advertising and promo expenses, personnel expenses and distribution costs. Domestic operations accounted for ₱18,972 million while international operations accounted for US\$71.0 million or ₱3,952 million.

Consequently, income from operations grew by 6.4% from ₱29,516 million to ₱31,408 million. Domestic operations contributed ₱28,151 million while international operations contributed US\$58.7 million or ₱3,257 million.

Interest income significantly increased by ₱1,763 million with the domestic operations' investment in debt instruments and higher money market placements coupled with improved interest rates for both domestic and international operations.

Interest expense and other financing charges also increased by 40.1% mainly due to the interest of the term loans drawn in December 2022 and February 2023.

Other income was higher by ₱1,248 million due to the recognition of the ₱761 million TCC for the San Mig Light tax case of 2012 and the proceeds from insurance claims for typhoon Odette.

The favorable business performance resulted to a higher taxable income which translated to a corresponding increase in income tax expense by 9.9%.

Consolidated net income grew by 16.4% from ₱21,750 in 2022 million to ₱25,322 million in 2023. Domestic operations contributed ₱21,954 million while international operations contributed US\$60.5 million or ₱3,364 million.

Net income attributable to equity holders of the Company was higher by 15.3% or ₱3,283 million while net income attributable to non-controlling interest significantly increased by ₱289 million due to share in higher net income of SMBHK and the effect of the adjustment in San Miguel Beer (Thailand) Limited's (SMBTL) non-controlling interest.

The operating and financial highlights of each segment are as follows:

Domestic Beer Operations

Domestic operations sustained its growth and recovery in 2023 with revenue of ₱131,720 million, 8.1% higher than 2022 mainly driven by volume growth and the impact of the price increase implemented on March 1, 2023. The volume growth was supported by the recovery of directly-served outlets, brand-building programs, consumer and trade activations as well as the resumption of tourism activities, fiestas and festivals.

Income from operations grew by 4.3% to ₱28,151 million compared to 2022. Net income of ₱21,954 million for 2023 was 12.3% higher than 2022's ₱19,542 million.

International Beer Operations

SMBIL registered US\$ 281.5 million in consolidated revenue for the year 2023, 7% better than 2022 on account of the 6% growth in volumes.

SMBIL's global San Miguel brands including Red Horse grew across all operating countries and export markets, up 13% to negate the reduction in local beer brands (i.e., beer brands owned by the subsidiaries in the relevant markets) volume. Thailand operations' volumes were higher than 2022 attributable to the continued implementation of its multi-channel programs, along with the re-opening of more on-premise outlets in the market. South China operations' volumes improved by 10% from 2022 as a result of increased outlet yield and outlet penetration on the back of an expanded network of dealers and wholesalers. While global San Miguel brands grew in Hong Kong, Vietnam and Indonesia owing to the implementation of outlet penetration programs, this was offset by the shortfall in these markets' local beer brands. This was particularly more significant in the Indonesia operations as its local Anker beer brand contributes more than 80% of its total sales. SMBIL's Exports business posted a double-digit growth from 2022 resulting from higher shipments to UAE, Singapore, United States of America and some markets in Africa.

SMBIL's consolidated operating income for the year 2023 reached US\$ 58.7 million, 27% higher than 2022 owing to the volume growth, favorable margins and controlled fixed costs.

III. FINANCIAL POSITION

2024 vs. 2023

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Cash and cash equivalents	₱38,191	₱38,793	(₱602)	(1.6%)	21.5%	22.7%
Trade and other receivables – net	9,891	7,358	2,533	34.4%	5.6%	4.3%
Inventories	5,133	4,560	573	12.6%	2.9%	2.7%
Prepaid expenses and other current assets	2,539	2,399	140	5.8%	1.4%	1.4%
Total Current Assets	55,754	53,110	2,644	5.0%	31.4%	31.1%
Investments in equity and debt instruments	15,832	15,580	252	1.6%	8.9%	9.1%
Property, plant and equipment – net	36,063	34,277	1,786	5.2%	20.3%	20.1%
Right-of-use assets – net	1,431	1,589	(158)	(9.9%)	0.8%	0.9%
Investment property – net	2,144	2,142	2	0.1%	1.2%	1.3%
Intangible assets – net	36,081	35,892	189	0.5%	20.4%	21.1%
Deferred tax assets - net	1,521	1,478	43	2.9%	0.9%	0.9%
Other noncurrent assets – net	28,632	26,463	2,169	8.2%	16.1%	15.5%
Total Noncurrent Assets	121,704	117,421	4,283	3.6%	68.6%	68.9%
Total Assets	₱177,458	₱170,531	₱6,927	4.1%	100.0%	100.0%
Accounts payable and accrued expenses	₱19,384	₱17,874	₱1,510	8.4%	10.9%	10.5%
Lease liabilities – current portion	122	157	(35)	(22.3%)	0.1%	0.1%
Income and other taxes payable	6,128	5,477	651	11.9%	3.4%	3.2%
Current maturities of long-term debt – net of debt issue costs	4,015	12,555	(8,540)	(68.0%)	2.3%	7.3%
Total Current Liabilities	29,649	36,063	(6,414)	(17.8%)	16.7%	21.1%
Long-term debt – net of debt issue costs	34,742	28,772	5,970	20.7%	19.6%	16.9%
Deferred tax liabilities	-	2	(2)	(100.0%)	0.0%	0.0%
Lease liabilities – net of current portion	836	922	(86)	(9.3%)	0.5%	0.5%
Other noncurrent liabilities	2,431	2,162	269	12.4%	1.3%	1.3%
Total Noncurrent Liabilities	38,009	31,858	6,151	19.3%	21.4%	18.7%
	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Capital stock – common	₱15,410	₱15,410	₱-	0.0%	8.7%	9.0%
Additional paid-in capital	515	515	-	0.0%	0.3%	0.3%
Equity reserves	439	(503)	942	187.3%	0.2%	(0.3%)
Retained earnings:						
Appropriated	34,776	46,771	(11,995)	(25.6%)	19.6%	27.4%
Unappropriated	56,011	37,631	18,380	48.8%	31.6%	22.1%
Treasury stock	(1,029)	(1,029)	-	0.0%	(0.6%)	(0.6%)
Equity Attributable to Equity			7,327		59.8%	57.9%

Holders of the Parent Company	106,122	98,795		7.4%		
Non-controlling Interests	3,678	3,815	(137)	(3.6%)	2.1%	2.3%
Total Equity	109,800	102,610	7,190	7.0%	61.9%	60.2%
Total Liabilities and Equity	₱177,458	₱170,531	₱6,927	4.1%	100.0%	100.0%

Cash and cash equivalents decreased by ₱602 million mainly due to the payment of dividends and redemption of the Series H fixed rate bonds.

Trade and other receivables increased by 34.4% owing to the domestic operation's higher credit sales volume in December 2024 versus December 2023.

Inventories increased by ₱573 million with higher levels of finished goods and bulk purchase of malt towards the end of 2024.

Prepaid expenses and other current assets increased by 5.8% or ₱140 million mainly due to higher excise tax deposit offset by the impact of input value added tax (VAT) on services claimed in January 2024 and the effect of the change in the treatment of input VAT on services with the implementation of the Ease of Paying Taxes Act.

Property, plant and equipment increased from ₱34,277 million to ₱36,063 million in 2024 primarily due to the construction of the Lucanin malt terminal.

Right-of-use assets declined by 9.9% or ₱158 million due to depreciation.

Other noncurrent assets increased by 8.2% or ₱2,169 million mainly due to purchases of containers.

Accounts payable and accrued expenses increased by 8.4% or ₱1,510 million mainly due to higher customers' deposit with favorable December 2024 sales revenue compared to December 2023 and higher accrual for raw material purchases as of December 31, 2024 versus 2023.

Lease liabilities - current portion decreased by ₱35 million or 22.3% due to the payment of rent expense, net of the reclassification from noncurrent to current liabilities and accretion of interest.

Income and other taxes payable increased by 11.9% or ₱651 million due to higher fourth quarter taxable income compared to 2023 and higher VAT payable on trade sales with improved fourth quarter sales revenue.

Current maturities of long-term debt decreased by ₱8,540 million due to the redemption of the Series H fixed rate bonds and payment of the ₱10,000 million term loan which was refinanced last December 26, 2024. The decrease was offset by the reclassification of a ₱4,000 million term loan which will mature on April 1, 2025. Correspondingly, long-term debt increased by ₱6,000 million.

The ₱2 million deferred tax liabilities as of December 2023 was offset against the deferred tax asset balance as of December 2024.

Lease liabilities – noncurrent portion decreased by ₱86 million on account of the reclassification to current liabilities.

Other noncurrent liabilities was higher by 12.4% due to domestic operations' actuarial valuation losses on its retirement plan and advance rental deposits received by SMBHK.

Equity reserves increased by ₱942 million mainly due to the depreciation of the Philippine Peso versus the United States Dollar.

Appropriated retained earnings decreased by ₱12,000 million mainly due to the reversal of appropriations pertaining to the term loan drawn in December 2019 and the Series H fixed rate bonds as well as expansion projects that were completed.

The increase in unappropriated retained earnings pertained to the 2024 net income and reversal of appropriations net of dividend declarations and additional appropriation for the Lucanin malt terminal.

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
Cash and cash equivalents	₱38,793	₱28,868	₱9,925	34.4%	22.7%	18.5%
Trade and other receivables – net	7,358	5,142	2,216	43.1%	4.3%	3.3%
Inventories	4,560	5,658	(1,098)	(19.4%)	2.7%	3.6%
Prepaid expenses and other current assets	2,399	1,409	990	70.3%	1.4%	0.9%
Total Current Assets	53,110	41,077	12,033	29.3%	31.1%	26.3%
Investments in equity and debt instruments	15,580	15,616	(36)	(0.2%)	9.1%	10.0%
Property, plant and equipment – net	34,277	32,603	1,674	5.1%	20.1%	20.8%
Right-of-use assets – net	1,589	1,756	(167)	(9.5%)	0.9%	1.1%
Investment property – net	2,142	2,249	(107)	(4.8%)	1.3%	1.4%
Intangible assets – net	35,892	35,889	3	0.0%	21.1%	22.9%
Deferred tax assets - net	1,478	1,033	445	43.1%	0.9%	0.7%
Other noncurrent assets – net	26,463	26,203	260	1.0%	15.5%	16.8%
Total Noncurrent Assets	117,421	115,349	2,072	1.8%	68.9%	73.7%
Total Assets	₱170,531	₱156,426	₱14,105	9.0%	100.0%	100.0%
Accounts payable and accrued expenses	₱17,874	₱17,610	₱264	1.5%	10.5%	11.3%
Lease liabilities – current portion	157	162	(5)	(3.1%)	0.1%	0.1%
Income and other taxes payable	5,477	3,094	2,383	77.0%	3.2%	2.0%
	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
Current maturities of long-term debt – net of debt issue costs	12,555	23	12,532	***	7.3%	0.0%
Total Current Liabilities	36,063	20,889	15,174	72.6%	21.1%	13.4%
Long-term debt – net of debt issue costs	28,772	36,306	(7,534)	(20.8%)	16.9%	23.2%
Deferred tax liabilities	2	-	2	100.0%	0.0%	0.0%
Lease liabilities – net of current portion	922	1,008	(86)	(8.5%)	0.5%	0.6%
Other noncurrent liabilities	2,162	1,441	721	50.0%	1.3%	0.9%
Total Noncurrent Liabilities	31,858	38,755	(6,897)	(17.8%)	18.7%	24.7%
Capital stock – common	₱15,410	₱15,410	₱-	0.0%	9.0%	9.9%

Additional paid-in capital	515	515	-	0.0%	0.3%	0.3%
Equity reserves	(503)	135	(638)	(472.6%)	(0.3%)	0.1%
Retained earnings:						
Appropriated	46,771	34,988	11,783	33.7%	27.4%	22.4%
Unappropriated	37,631	43,087	(5,456)	(12.7%)	22.1%	27.5%
Treasury stock	(1,029)	(1,029)	-	0.0%	(0.6%)	(0.7%)
Equity Attributable to Equity						
Holders of						
the Parent Company	98,795	93,106	5,689	6.1%	57.9%	59.5%
Non-controlling Interests	3,815	3,676	139	3.8%	2.3%	2.4%
Total Equity	102,610	96,782	5,828	6.0%	60.2%	61.9%
Total Liabilities and Equity	₱170,531	₱156,426	₱14,105	9.0%	100.0%	100.0%

Total assets increased by ₱14,105 million mainly due to the 29.3% increase in currents .

Cash and cash equivalents increased by ₱9,925 million primarily from the cash generated from operations in addition to proceeds from the term loan drawn in February 2023 and interest received, partially offset by payment of dividends, interest, purchases of containers and capital expenditures.

Trade and other receivables increased by 43.1% owing to higher credit sales volume in December 2023 versus December 2022.

Inventories decreased by 19.4% or ₱1,098 million with lower raw materials inventory for domestic operations.

Prepaid expenses and other current assets increased to ₱2,399 million primarily due to the TCC issued by the Bureau of Internal Revenue for the 2012 San Mig Light tax case.

Property, plant and equipment increased from ₱32,603 million to ₱34,277 million in 2023 with the ongoing capacity expansion project in Bacolod Brewery and the construction of the Lucanin malt terminal in Bataan.

Right-of-use assets declined by 9.5% or ₱167 million due to depreciation.

Deferred tax assets increased by ₱445 million mostly due to the recognition of deferred tax on actuarial valuation losses on retirement plan for domestic operations, and on provision for inventory losses and loss carryover for international operations.

Income and other taxes payable increased by 77% or ₱2,383 million primarily due to increase in outstanding VAT payables with the implementation of quarterly filing and payment of VAT effective January 1, 2023 under the Tax Reform for Acceleration and Inclusion (TRAIN) Act.

Current maturities of long-term debt pertains to the Series H fixed rate bonds which will mature on April 2, 2024 plus the term loan with a local bank which will mature on December 26, 2024.

Long-term debt decreased by 20.8% with the reclassification of the Series H fixed rate bonds and term loan that will mature on December 26, 2024 to current liabilities partially offset by the term loan drawn in February 2023.

Deferred tax liabilities of ₱2 million pertains to international operations' unrealized foreign exchange gain and excess amortization claimed as tax deductions.

Lease liabilities – noncurrent decreased by ₱86 million mainly as a result of the reclassification to current liabilities.

Other noncurrent liabilities increased by ₱721 million due to actuarial valuation losses on retirement plan for both domestic and international operations.

Equity reserves, which is comprised of cumulative translation adjustment, fair value reserve and reserve for retirement plan decreased by ₱638 million primarily due to actuarial valuation losses on retirement plan for both domestic and international operations.

Appropriated retained earnings increased by 33.7% owing to the appropriations for Series H fixed rate bonds and the term loans drawn in December 2022 and February 2023 net of partial reversal of appropriations for expansion projects.

Unappropriated retained earnings decreased by 12.7% as a result of the new appropriations and dividend declarations partially offset by the net income for 2023 and reversal of appropriations.

Increase in Equity 2024 vs 2023

The increase in equity is due to:

(in Millions)	December 31	
	2023	2023
Income during the year	₱25,625	₱25,322
Cash dividends declared	(19,458)	(18,854)
Effect of translation adjustments and others	1,023	(640)
	₱7,190	₱5,828

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	December 31		
	2024	2023	2022
Net cash flows provided by operating activities	₱32,642	₱34,468	₱31,175
Net cash flows used in investing activities	(9,509)	(8,336)	(16,596)
Net cash flows used in financing activities	(24,357)	(16,136)	(13,444)

Net cash flows from operating activities of ₱32,642 million, ₱34,468 million and ₱31,175 million basically consist of income for the year and changes in noncash current assets and certain current liabilities for the years ended December 31, 2024, 2023 and 2022, respectively.

Net cash flows used in investing activities included the following:

(in Millions)	December 31		
	2024	2023	2022
Interest received	₱ 2,496	₱ 2,256	₱478
Dividends received	145	139	136
Proceeds from sale of property and equipment	19	18	28
Proceeds from sale of investment properties	-	4	-
Additions to:			
Investment in debt instruments	-	-	(10,000)
Property, plant and equipment	(4,086)	(3,590)	(1,959)
Investment property	-	-	(7)
Intangible assets	(6)	(12)	(1)
Other noncurrent assets	(8,077)	(7,151)	(5,271)

Net cash flows used in financing activities included the following:

(in Millions)	December 31		
	2024	2023	2022
Proceeds from long-term debt - net of debt issue costs	₱9,925	₱4,963	₱11,910
Payments of:			
Cash dividends	(19,043)	(18,429)	(16,125)
Long-term debt	(12,560)	(26)	(7,016)
Interests	(2,089)	(1,986)	(1,534)
Dividends to noncontrolling shareholders	(393)	(420)	(411)
Lease liability	(197)	(238)	(268)

The effect of exchange rate changes on cash and cash equivalents amounted to ₱622 million, (₱71) million and ₱870 million for the years ended December 31, 2024, 2023 and 2022, 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 Item II “Financial Performance” for the discussion of certain Key Performance Indicators.

	December 2024	December 2023
Liquidity:		
Current Ratio	1.88	1.47
Solvency:		
Debt-to-Equity Ratio	0.62	0.66
Interest-bearing Debt-to-Equity Ratio	0.35	0.40
Asset-to-Equity Ratio	1.62	1.66
Profitability:		
Return on Average Equity		
Attributable to Equity Holders of the Company	24.82%	25.80%
Interest Coverage Ratio	18.60	16.89
	Periods Ended December 31	
	2024	2022
Operating Efficiency:		
Volume Growth*	0.63%	3.44%
Revenue Growth	4.08%	8.16%
Operating Margin	21.79%	21.32%

*Represents alcoholic and malt-based beverage volumes only.

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity + Non-controlling Interests}}$
Interest-bearing Debt-to-Equity Ratio	$\frac{\text{Total Interest-Bearing Debt}}{\text{Equity + Non-controlling Interests}}$
Asset-to-Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity + Non-controlling Interests}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Company}}{\text{Average Equity Attributable to Equity Holders of the Company}}$
Interest Coverage Ratio	$\frac{\text{Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth (Decline)	$\left(\frac{\text{Current Period Sales Volume}}{\text{Prior Period Sales Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to ₱12,849 and ₱10,121 as of December 31, 2024 and 2023, respectively.

Amount authorized but not yet disbursed for capital projects is approximately amounting to ₱13,312 and ₱13,671 as of December 31, 2024 and 2023, respectively.

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

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

- d. 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.
- e. 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 operation, other than those discussed in the Notes to the audited consolidated financial statements of the Company.
- f. 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.
- g. Sales are affected by seasonality in customer purchase patterns. In the Philippines, alcoholic beverages, including those produced by the Company, generally experience increased sales during the summer and Christmas season and typically slow down in the third quarter as a result of rainy weather. Thus, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial condition and results of operations may fluctuate from quarter to quarter.
- h. There are no significant elements of income or loss that did not arise from continuing operations.
- i. 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.

ANNEX “E”

The Company’s interim and unaudited consolidated financial statements for the quarter ending March 31, 2025 and Management’s Discussion and Analysis for the quarter ending March 31, 2025

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

	<u>2025</u>	<u>2024</u>
SALES (Notes 2 and 3)	P 36,297	P 37,367
COST OF SALES	<u>22,410</u>	<u>24,024</u>
GROSS PROFIT	13,887	13,343
SELLING AND ADMINISTRATIVE EXPENSES	(5,672)	(5,212)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(581)	(544)
INTEREST INCOME	679	646
OTHER INCOME - Net	<u>162</u>	<u>157</u>
INCOME BEFORE INCOME TAX	8,475	8,390
INCOME TAX EXPENSE	<u>1,903</u>	<u>1,876</u>
NET INCOME	<u>P 6,572</u>	<u>P 6,514</u>
Attributable to:		
Equity holders of the Company	P 6,436	P 6,379
Non-controlling interests	<u>136</u>	<u>135</u>
	<u>P 6,572</u>	<u>P 6,514</u>
Basic and Diluted Earnings Per Share (Note 5)	<u>P 0.42</u>	<u>P 0.42</u>
Cash Dividends Declared per Common Share (Note 6)	<u>P 0.32</u>	<u>P 0.30</u>

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

CERTIFIED CORRECT:


MERCY MARIE J. L. AMADOR
Chief Finance Officer and Treasurer 

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND DECEMBER 31, 2024
(In Millions)

	Note	2025 (Unaudited)	2024 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	7, 8 P	35,830 P	38,191
Trade and other receivables - net	3, 7, 8	7,761	9,891
Inventories		5,598	5,133
Prepaid expenses and other current assets	3, 7, 8	2,154	2,539
Total Current Assets		<u>51,343</u>	<u>55,754</u>
Noncurrent Assets			
Investments in equity and debt instruments	7, 8	15,767	15,832
Property, plant and equipment - net	4	36,479	36,063
Right-of-use assets - net		1,406	1,431
Investment property - net		2,153	2,144
Intangible assets - net		36,039	36,081
Deferred tax assets - net		1,539	1,521
Other noncurrent assets - net	7, 8	28,097	28,632
Total Noncurrent Assets		<u>121,480</u>	<u>121,704</u>
		P 172,823 P	177,458
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	3, 7, 8 P	16,601 P	19,384
Lease liabilities - current portion		126	122
Income and other taxes payable		7,152	6,128
Current maturities of long-term debt - net of debt issue costs	7, 8	9,910	4,015
Total Current Liabilities		<u>33,789</u>	<u>29,649</u>
Noncurrent Liabilities			
Long-term debt - net of debt issue costs	7, 8	24,855	34,742
Lease liabilities - net of current portion		832	836
Other noncurrent liabilities	3, 7, 8	2,268	2,431
Total Noncurrent Liabilities		<u>27,955</u>	<u>38,009</u>
Equity			
Equity Attributable to Equity Holders of the Company			
Capital stock		15,410	15,410
Additional paid-in capital		515	515
Equity reserves		155	439
Retained earnings:			
Appropriated		40,776	34,776
Unappropriated		51,531	56,011
Treasury stock		<u>(1,029)</u>	<u>(1,029)</u>
		107,358	106,122
Non-controlling Interests		3,721	3,678
Total Equity		<u>111,079</u>	<u>109,800</u>
		P 172,823 P	177,458

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

CERTIFIED CORRECT:


MERCY MARIE J. L. AMADOR
Chief Finance Officer and Treasurer 

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Millions)

	<u>2025</u>	<u>2024</u>
NET INCOME	P <u>6,572</u>	P <u>6,514</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will be reclassified to profit or loss		
Gain (Loss) on exchange differences on translation of foreign operations - net of tax	<u>(353)</u>	<u>108</u>
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax	<u>(353)</u>	<u>108</u>
TOTAL COMPREHENSIVE INCOME	P <u><u>6,219</u></u>	P <u><u>6,622</u></u>
Attributable to:		
Equity holders of the Company	P 6,151	P 6,483
Non-controlling interests	<u>68</u>	<u>139</u>
	P <u><u>6,219</u></u>	P <u><u>6,622</u></u>

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

CERTIFIED CORRECT:


MERCY MARIE J. L. AMADOR
Chief Finance Officer and Treasurer 

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

	Equity Attributable to Equity Holders of the Company																					
	Equity Reserves					Retained Earnings		Treasury		Non-controlling	Total											
	Capital	Additional	Reserve for	Fair	Cumulative			Stock	Total	Interests	Equity											
	Stock	Paid-in	Retirement	Value	Translation	Appropriated	Unappropriated															
		Capital	Plan	Reserve	Adjustments																	
					Reserve																	
As of December 31, 2024 (Audited)	P	15,410	P	515	P	(2,785)	P	3	P	3,221	P	34,776	P	56,011	P	(1,029)	P	106,122	P	3,678	P	109,800
Net income		-		-		-		-		-		6,435		-		6,435		6,435		137		6,572
Other comprehensive loss:																						
Loss on exchange differences on translation																						
of foreign operations - net of tax		-		-		-		(284)		-		-		-		(284)		(284)		(69)		(353)
Total comprehensive income (loss)		-		-		-		(284)		-		6,435		-		6,151		6,151		68		6,219
Cash dividends (Note 6)		-		-		-		-		-		(4,915)		-		(4,915)		(4,915)		(25)		(4,940)
Appropriation		-		-		-		-		10,000		(10,000)		-		-		-		-		-
Reversal of appropriation		-		-		-		-		(4,000)		4,000		-		-		-		-		-
As of March 31, 2025 (Unaudited)	P	15,410	P	515	P	(2,785)	P	3	P	2,937	P	40,776	P	51,531	P	(1,029)	P	107,358	P	3,721	P	111,079
As of December 31, 2023 (Audited)	P	15,410	P	515	P	(2,723)	P	1	P	2,219	P	46,771	P	37,631	P	(1,029)	P	98,795	P	3,815	P	102,610
Net income		-		-		-		-		-		-		6,379		-		6,379		135		6,514
Other comprehensive income:																						
Gain on exchange differences on translation																						
of foreign operations - net of tax		-		-		-		104		-		-		-		104		104		4		108
Total comprehensive income		-		-		-		104		-		6,379		-		6,483		6,483		139		6,622
Cash dividends (Note 6)		-		-		-		-		-		(4,608)		-		(4,608)		(4,608)		(23)		(4,631)
As of March 31, 2024 (Unaudited)	P	15,410	P	515	P	(2,723)	P	1	P	2,323	P	46,771	P	39,402	P	(1,029)	P	100,670	P	3,931	P	104,601

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

CERTIFIED CORRECT:


 MERCY MARIE J. L. AMADOR
 Chief Finance Officer and Treasurer 

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Millions)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P 8,475	P 8,390
Adjustments for:		
Depreciation, amortization and others	1,762	1,260
Interest expense and other financing charges	581	544
Provision for impairment losses on receivables and inventories	116	147
Retirement costs	192	193
Gain on sale of property and equipment	(1)	(1)
Loss on retirement of property and equipment	-	1
Dividend income	(36)	(35)
Interest income	(679)	(646)
Operating income before working capital changes	10,410	9,853
Decrease (increase) in:		
Trade and other receivables	2,017	409
Inventories	(472)	218
Prepaid expenses and other current assets	527	278
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,797)	(2,007)
Income and other taxes payable	(424)	(285)
Other noncurrent liabilities	(5)	122
Cash generated from operations	9,256	8,588
Income taxes paid	(474)	(492)
Contributions paid to the retirement plan	(162)	(160)
Net cash flows provided by operating activities	8,620	7,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	679	621
Dividends received	36	35
Proceeds from:		
Sale of property and equipment	1	2
Additions to:		
Property, plant and equipment	(942)	(606)
Investment property	(4)	-
Increase in intangible assets and other noncurrent assets	(964)	(1,198)
Net cash flows used in investing activities	(1,194)	(1,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(4,914)	(4,607)
Long-term debt	(4,005)	(5)
Interest paid	(709)	(496)
Lease liabilities	(33)	(55)
Dividends to noncontrolling shareholders	(25)	(23)
Net cash flows used in financing activities	(9,686)	(5,186)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(101)	236
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,260)	1,604
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	38,191	38,793
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P 35,830	P 40,633

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

CERTIFIED CORRECT:


MERCY MARIE J. L. AMADOR
Chief Finance Officer and Treasurer

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES
 TRADE AND OTHER RECEIVABLES
 MARCH 31, 2025

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	CURRENT	PAST DUE			
			1 - 30 DAYS	31 - 60 DAYS	61-90 DAYS	OVER 90 DAYS
Trade	P 7,274	P 6,499	P 406	P 110	P 66	P 193
Non-trade	553	323	42	4	16	168
Others	223	170	8	8	4	33
TOTAL	8,050	6,992	456	122	86	394
ALLOWANCE FOR IMPAIRMENT LOSSES	(289)					
NET	P 7,761					

Handwritten signature

Handwritten signature

SAN MIGUEL BREWERY INC. AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Millions, Except Per Share Data)

1. Summary of Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) No. 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2024.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on April 28, 2025.

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.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025 and have not been applied in preparing the consolidated financial statements. Except as otherwise indicated, the adoption of new and amendments to standards will not have any significant impact on the Group's consolidated financial statements.

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

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

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

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

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

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

of PFRS 13, *Fair Value Measurement*.

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

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

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

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

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of income, the statement of cash flows and the additional disclosures required for management-defined performance measures. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "other".

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the interim consolidated financial statements in the period of initial

application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

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 produced. The operating businesses are organized and managed separately according to geographical location, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are domestic and international operations.

Domestic operations produce and market alcoholic and non-alcoholic beverages within the Philippines and distribute beer and non-alcoholic beverages to some export markets.

International operations produce and market beer and non-alcoholic beverages in several foreign markets.

Inter-segment Transactions

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

Financial information about the operating segments follows:

	For the Period Ended March 31, 2025			
	Domestic	International	Eliminations	Consolidated
Sales				
External sales	₱31,957	₱4,340	₱ -	₱36,297
Inter-segment sales	8	-	(8)	-
Total Sales	₱31,965	₱4,340	(₱8)	₱36,297
Results				
Segment Results	₱7,045	₱1,170	₱ -	₱8,215

	For the Period Ended March 31, 2024			
	Domestic	International	Eliminations	Consolidated
Sales				
External sales	₱33,050	₱4,317	₱ -	₱37,367
Inter-segment sales	5	-	(5)	-
Total Sales	₱33,055	₱4,317	(₱5)	₱37,367
Results				
Segment Results	₱7,016	₱1,115	₱ -	₱8,131

3. Related Party Disclosures

The Group, in the normal course of business and at such normal market prices and terms, purchases products and services from, sells products to, and invests in financial instruments with, related parties. 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 of March 31, 2025 and December 31, 2024:

	Year	Revenue From Related Parties	Purchases From Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Investments in Equity and Debt Instruments	Terms	Conditions
Intermediate Parent	March 31, 2025 December 31, 2024	₱43 188	₱225 959	₱17 28	₱95 107	₱5,721 5,785	On demand except RPS; non-interest bearing	Unsecured; no impairment
Shareholder	March 31, 2025 December 31, 2024	- -	- -	3 5	- -	- -	On demand; non-interest bearing	Unsecured; no impairment
Associate	March 31, 2025 December 31, 2024	39 157	- -	12 12	- -	2,000 2,000	Upon demand; interest-bearing	Unsecured; no impairment
Under Common Control	March 31, 2025 December 31, 2024	120 510	2,322 14,343	328 340	2,273 3,548	- -	On demand; non-interest bearing	Unsecured; no impairment
Total	March 31, 2025	₱202	₱2,547	₱360	₱2,368	₱7,721		
Total	December 31, 2024	₱855	₱15,302	₱385	₱3,655	₱7,785		

- a. Amounts owed by related parties consist of trade and non-trade receivables arising from sale of goods and services, and share in expenses. Amounts owed by related parties included under “Trade and other receivables - net” account in the consolidated statements of financial position amounted to ₱223 and ₱250 as of March 31, 2025 and December 31, 2024, respectively. Amounts owed by related parties included under “Prepaid expenses and other current assets” account in the consolidated statements of financial position amounted to ₱2 as of March 31, 2025 and December 31, 2024. Amounts owed by related parties included under “Other noncurrent assets - net” account amounted to ₱135 and ₱133 as of March 31, 2025 and December 31, 2024, respectively. Amounts owed by shareholder included under “Trade and other receivables – net” account in the consolidated statements of financial position pertain to reimbursable expenses.
- b. The investment in equity instruments pertains to the subscription by San Miguel Brewing International Limited in San Miguel Corporation’s (SMC or the Intermediate Parent) redeemable perpetual securities (RPS). The investment in debt instruments pertains to the investment of the Company through Bank of Commerce amounting to ₱2,000 as of March 31, 2025 and December 31, 2024.
- c. Amounts owed to related parties consist of trade payables arising from purchases of materials, bottles, shells, cartons, fuel and power and non-trade payables arising from professional fees, insurance, lease of outdoor advertising spaces, lease of land and building, management fees, reimbursement of expenses, and other services rendered by related parties. Amounts owed to related parties included under “Accounts payable and accrued expenses” account in the consolidated statements of financial position amounted to ₱1,705 and ₱2,977 as of March 31, 2025 and December 31, 2024, respectively. Amounts owed to related parties included under “Lease liabilities” account in the consolidated statements of financial position amounted to ₱663 and ₱678 as of March 31, 2025 and December 31, 2024, respectively.

4. Property, Plant and Equipment

The movements in this account are as follows:

March 31, 2025 and December 31, 2024

	Land	Machinery and Equipment	Buildings and Improvements	Transportation Equipment	Leasehold Improvements	Office Equipment, Furniture and Fixtures	Tools and Other Equipment	Capital Projects in Progress	Total
Cost									
January 1, 2024 (Audited)	₱8,746	₱58,262	₱17,564	₱1,414	₱1,245	₱836	₱266	₱2,094	₱90,427
Additions	-	1,367	450	6	155	66	7	2,035	4,086
Capitalized interest	-	-	-	-	-	-	-	99	99
Disposals/reclassifications	-	(440)	(1)	(114)	-	(15)	44	6	(520)
Currency translation adjustments	59	775	332	2	-	15	3	7	1,193
December 31, 2024 (Audited)	8,805	59,964	18,345	1,308	1,400	902	320	4,241	95,285
Additions	-	331	39	32	1,215	5	1	(681)	942
Disposals/reclassifications	(21)	(112)	(12)	(4)	-	(9)	(45)	36	(167)
Currency translation adjustments	(12)	(260)	(104)	(2)	-	(6)	(3)	(1)	(388)
March 31, 2025 (Unaudited)	8,772	59,923	18,268	1,334	2,615	892	273	3,595	95,672
Accumulated Depreciation and Amortization									
January 1, 2024 (Audited)	-	33,457	7,184	918	239	669	237	-	42,704
Additions	-	1,390	321	129	47	47	11	-	1,945
Disposals/reclassification	-	(348)	(1)	(110)	-	(14)	(1)	-	(474)
Currency translation adjustments	-	385	152	2	-	11	3	-	553
December 31, 2024 (Audited)	-	34,884	7,656	939	286	713	250	-	44,728
Additions	-	358	76	30	18	14	2	-	498
Disposals/reclassification	-	(109)	(3)	(5)	-	(9)	-	-	(126)
Currency translation adjustments	-	(136)	(49)	(2)	-	(5)	(3)	-	(195)
March 31, 2025 (Unaudited)	-	34,997	7,680	962	304	713	249	-	44,905

Forward

	Land	Machinery and Equipment	Buildings and Improvements	Transportation Equipment	Leasehold Improvements	Office Equipment, Furniture and Fixtures	Tools and Other Equipment	Capital Projects in Progress	Total
Accumulated Impairment Losses									
January 1, 2024 (Audited)	₱-	₱10,078	₱3,300	₱5	₱-	₱57	₱6	-	₱13,446
Impairment losses	-	168	459	-	-	1	45	-	673
Disposals and reclassifications	-	(91)	-	-	-	(1)	-	-	(92)
Currency translation adjustments	-	361	104	-	-	2	-	-	467
December 31, 2024 (Audited)	-	10,516	3,863	5	-	59	51	-	14,494
Disposals and reclassifications	-	(3)	(7)	-	-	-	(45)	-	(55)
Currency translation adjustments	-	(111)	(39)	-	-	(1)	-	-	(151)
March 31, 2025 (Unaudited)	-	10,402	3,817	5	-	58	6	-	14,288
Carrying Amount									
December 31, 2024 (Audited)	₱8,805	₱14,564	₱6,826	₱364	₱1,114	₱130	₱19	₱4,241	₱36,063
March 31, 2025 (Unaudited)	₱8,772	₱14,524	₱6,771	₱367	₱2,311	₱121	₱18	₱3,595	₱36,479

March 31, 2024

	Land	Machinery and Equipment	Buildings and Improvements	Transportation Equipment	Leasehold Improvements	Office Equipment, Furniture and Fixtures	Tools and Other Equipment	Capital Projects in Progress	Total
Cost									
January 1, 2024 (Audited)	8,746	58,262	17,564	1,414	1,245	836	266	2,094	90,427
Additions	-	264	197	1	123	4	2	14	605
Disposals/reclassifications	-	(49)	-	(7)	-	(2)	(1)	2	(57)
Currency translation adjustments	(53)	146	77	-	-	1	(4)	-	167
March 31, 2024 (Unaudited)	8,693	58,623	17,838	1,408	1,368	839	263	2,110	91,142
Accumulated Depreciation and Amortization									
January 1, 2024 (Audited)	-	33,457	7,184	918	239	669	237	-	42,704
Depreciation and amortization	-	348	79	33	11	12	3	-	486
Disposals/reclassification	-	(48)	-	(6)	-	(2)	(1)	-	(57)
Currency translation adjustments	-	10	18	-	-	-	(3)	-	25
March 31, 2024 (Unaudited)	-	33,767	7,281	945	250	679	236	-	43,158
Accumulated Impairment Losses									
January 1, 2024 (Audited)	-	10,078	3,300	5	-	57	6	-	13,446
Disposals and reclassifications	-	-	-	-	-	-	-	-	-
Currency translation adjustments	-	141	46	-	-	1	-	-	188
March 31, 2024 (Unaudited)	-	10,219	3,346	5	-	58	6	-	13,634
Carrying Amount									
March 31, 2024 (Unaudited)	₱8,693	₱14,637	₱7,211	₱458	₱1,118	₱102	₱21	₱2,110	₱34,350

Depreciation charged to operations amounted to ₱498 and ₱486 in March 2025 and 2024, respectively.

5. Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Company 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 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:

	March 31	
	2025	2024
Net income attributable to equity holders of the Company (a)	₱6,436	₱6,379
Weighted average number of common shares outstanding (b)	15,359	15,359
Basic and Diluted EPS (a/b)	₱0.42	₱0.42

As of March 31, 2025 and 2024, the Group has no dilutive debt or equity instruments.

6. Dividends

Cash dividends declared by the Company's BOD to shareholders amounted to ₱0.32 and ₱0.30 per share as of March 2025 and 2024, respectively.

7. 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:

- Interest Rate Risk
- Foreign Currency 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, restricted cash, noncurrent receivables, investment in debt and equity instruments, deposits, lease liabilities, long-term debt, other noncurrent liabilities and derivative instruments. Cash and cash equivalents 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 and accounts payable and accrued expenses arise directly from and are used to facilitate its daily operations.

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

The BOD of the Company 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 of the Company constituted the Audit 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 legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the Group's enterprise risk issues; f) evaluation and monitoring of related party transactions; and g) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also review the financial reports.

The Audit 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit 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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, 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.

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 Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss (FVPL) and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Group has no floating rate borrowings as of March 31, 2025 and December 31, 2024.

Interest Rate Risk Table

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

March 31, 2025	1-3 Years	>3-5 Years	>5 Years	Total
Term loans:				
Philippine peso-denominated	₱24,916	₱7,000	₱3,000	₱34,916
Interest rate	3.80%-6.93%	6.57%	6.57%	-
December 31, 2024				
Term loans:				
Philippine peso-denominated	₱27,201	₱8,720	₱3,000	₱38,921
Interest rate	3.80%-6.84%	4.15%-6.57%	6.57%	-

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 uses natural hedges and/or purchases foreign currencies at spot rates, where necessary, to address short-term imbalances from importations, revenue and expense transactions, and other foreign currency-denominated obligations.

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

	March 31, 2025		December 31, 2024	
	United States (US) Dollar	Peso Equivalent	United States (US) Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	\$205.2	₱11,742	\$205.2	₱11,871
Trade and other receivables	22.7	1,296	24.0	1,390
Restricted cash	3.9	222	3.9	228
Noncurrent receivables and deposits	2.9	167	2.7	154
	234.7	13,427	235.8	13,643
Liabilities				
Accounts payable and accrued expenses	71.6	4,099	73.4	4,247
Lease liabilities	1.1	63	0.7	42
	72.7	4,162	74.1	4,289
Net foreign currency-denominated monetary assets	\$162.0	₱9,265	\$161.7	₱9,354

The Group reported net foreign exchange gain amounting to ₱23 and ₱20 for the periods ended March 31, 2025 and 2024, respectively, with the translation of its foreign currency-denominated assets and liabilities. 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
March 31, 2025	57.21
December 31, 2024	57.85
March 31, 2024	56.24
December 31, 2023	55.37

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):

	₱1 Decrease in the US Dollar Exchange Rate		₱1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
March 31, 2025				
Cash and cash equivalents	(₱3)	(₱204)	₱3	₱204
Trade and other receivables	-	(23)	-	23
Restricted cash	-	(4)	-	4
Non-current receivables	-	(3)	-	3
	(3)	(234)	3	234
Accounts payable and accrued expenses	8	70	(8)	(70)
Lease liabilities	-	1	-	(1)
	₱8	₱71	(₱8)	(₱71)
	₱5	(₱163)	(₱5)	₱163
	₱1 Decrease in the US Dollar Exchange Rate		₱1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2024				
Cash and cash equivalents	(₱24)	(₱199)	₱12	₱269
Trade and other receivables	-	(24)	-	26
Restricted cash	-	(4)	-	5
Noncurrent receivables and deposits	-	(3)	-	3
	(24)	(230)	24	230
Accounts payable and accrued expenses	5	72	(5)	(72)
Lease Liabilities	-	1	-	(1)
	₱5	₱73	(₱5)	(₱73)
	(₱19)	(₱157)	₱19	₱157

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.

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 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.

March 31, 2025

	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	₱35,830	₱35,830	₱35,830	₱-	₱-	₱-
Trade and other receivables – net	7,761	7,761	7,761	-	-	-
Restricted cash (included under “Prepaid expenses and other current assets” account)	222	222	222	-	-	-
Derivative assets (included under “Prepaid expenses and other current assets” account)	15	15	15	-	-	-
Investments in equity and debt instruments	15,767	18,300	753	753	11,027	5,767
Noncurrent receivables and deposits (included under “Other noncurrent assets-net” account)	168	168	-	3	6	159
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities, current retirement liabilities and deferred income)	16,401	16,401	16,401	-	-	-
Derivative liabilities (included under “Accounts payable and accrued expenses” account)	17	17	17	-	-	-
Long-term debt (including current maturities)	34,765	41,354	11,930	1,785	24,293	3,346
Lease liabilities (including current portion)	958	1,548	153	143	305	947
<i>forward</i>						

December 31, 2024

	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year – 2 Years	>2 Years – 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	₱38,191	₱38,191	₱38,191	₱ -	₱ -	₱ -
Trade and other receivables – net	9,891	9,891	9,891	-	-	-
Restricted cash (included under “Prepaid expenses and other current assets” account)	228	228	228	-	-	-
Derivative assets (included under “Prepaid expenses and other current assets” account)	13	13	13	-	-	-
Investments in equity and debt instruments	15,832	18,552	752	753	11,215	5,832
Noncurrent receivables and deposits (included under “Other noncurrent assets-net” account)	155	155	-	3	5	147
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred income)	19,358	19,358	19,358	-	-	-
Derivative liabilities (included under “Accounts payable and accrued expenses” account)	24	24	24	-	-	-
Long-term debt (including current maturities)	38,757	45,831	6,060	11,716	24,660	3,395
Lease Liabilities (including current portion)	958	1,629	173	148	319	989
Noncurrent liabilities (included under “Other noncurrent liabilities” account)	21	21	-	-	-	21

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment instruments. 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 dealers, wholesalers and retailers as these factors may have an influence on the credit risk.

The Group obtains collateral 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 or cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, aging profile, maturity, and existence of previous financial difficulties. Customers that are graded as “high risk” are placed on a restricted customer list and future sales are made on cash basis.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance include a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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

	March 31, 2025	December 31, 2024
Cash and cash equivalents (excluding cash on hand)	₱35,435	₱34,626
Trade and other receivables – net	7,761	9,891
Investment in debt instruments	10,000	10,000
Restricted cash	222	228
Derivative assets	15	13
Noncurrent receivables and deposits	168	155
	₱53,601	₱54,913

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

	March 31, 2025				
	Financial Assets at Amortized Cost			Financial Assets at	
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	FVPL	Total
Cash and cash equivalents (excluding cash on hand)	₱35,435	₱ -	₱ -	₱ -	₱35,435
Trade and other receivables	7,761	-	289	-	8,050
Investment in debt instruments	10,000	-	-	-	10,000
Restricted cash	222	-	-	-	222
Derivative assets	-	-	-	15	15
Noncurrent receivables and deposits	-	168	-	-	168

December 31, 2024					
	Financial Assets at Amortized Cost				Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Financial Assets at FVPL	
Cash and cash equivalents (excluding cash on hand)	₱34,626	₱ -	₱ -	₱ -	₱34,626
Trade and other receivables	9,891	-	183	-	10,074
Investment in debt instruments	10,000	-	-	-	10,000
Restricted cash	228	-	-	-	228
Derivative assets	-	-	-	13	13
Noncurrent receivables and deposits	-	155	-	-	155

The Group computes impairment loss on trade and other receivables based on past collection experiences, current circumstances, and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience over the past two years. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Group applies the simplified approach in providing for ECL prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The maturity of the Group's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

The aging of receivables is as follows:

March 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	₱6,499	₱323	₱170	₱6,992
Past due:				
1 – 30 days	406	42	8	456
31 – 60 days	110	4	8	122
61 – 90 days	66	16	4	86
Over 90 days	193	168	33	394
	₱7,274	₱553	₱223	₱8,050

December 31, 2024	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	₱8,172	₱340	₱227	₱8,739
Past due:				
1 – 30 days	856	17	13	886
31 – 60 days	87	49	2	138
61 – 90 days	30	10	5	45
Over 90 days	107	156	3	266
	₱9,252	₱572	₱250	₱10,074

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 has no right to sell or pledge the collaterals in the absence of default by the customers.

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 credit risk for cash and cash equivalents, restricted cash, noncurrent receivables, investment in debt instruments and derivative assets is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of a counterparty. Generally, the maximum credit risk exposure of trade and other receivables is the 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.

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 defines capital as capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock, reserve for retirement plan, fair value reserves and cumulative translation adjustments are excluded from capital for purposes of capital management.

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 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.

There were no changes in the Group's approach to capital management during the period.

8. 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 a 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, at fair value through other comprehensive income (FVOCI) and at 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.

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 comprehensive income when the financial asset is derecognized, modified or impaired.

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

Financial Assets at FVOCI. Investment in equity 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.

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 equity are never reclassified to profit or loss.

The Group's investments in equity instruments included under "Investment in equity and debt instruments" account in the consolidated statements of financial position are classified under this category.

Financial Assets at FVPL. All financial assets not classified and measured at amortized cost or at 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.

The Group's derivative assets 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.

The Group's derivative liabilities 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 accounts payable and accrued expenses, lease liabilities, long-term debt and other noncurrent liabilities are included under this category.

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost.

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 ECL, 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 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:

- (a) significant financial difficulty of the issuer or the borrower;

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

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

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

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

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

	March 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	₱35,830	₱35,830	₱38,191	₱38,191
Trade and other receivables – net	7,761	7,761	9,891	9,891
Restricted cash (included under “Prepaid expenses and other current assets” account)	222	222	228	228
Derivative assets (included under “Prepaid expenses and other current assets” account)	15	15	13	13
Investments in equity and debt instruments	15,767	15,767	15,832	15,832
Noncurrent receivables and deposits (included under “Other noncurrent assets-net” account)	168	168	155	155
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities, retirement benefits liability - current and deferred income)	16,401	16,401	19,358	19,358
Derivative liabilities (included under “Accounts payable and accrued expenses” account)	17	17	24	24
Long-term debt (including current maturities)	34,765	35,199	38,757	38,849
Noncurrent liabilities (included under “Other noncurrent liabilities” account)	-	-	21	21

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

Cash and Cash Equivalents, Restricted Cash, Trade and Other Receivables and Noncurrent Receivables and Deposits. The carrying amount of cash and cash equivalents, restricted cash, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables and deposits, 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. Fair values for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Investment in Equity Instruments. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. Unquoted equity securities are carried at cost less impairment, which approximates fair value.

Investment in Debt Instruments. The carrying value of investment in debt instruments is estimated as the present value of all future cash flows discounted using prevailing market rate of interest for a similar instrument as of the end of the reporting period.

Accounts Payable and Accrued Expenses. The carrying amount of accounts payable and accrued expenses approximates fair value due to the relatively short-term maturities of these financial instruments.

Term Loans and Bonds. 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 of reporting date. Discount rates used range from 5.86% to 6.18% and 5.89% to 6.18% as of March 31, 2025 and December 31, 2024, respectively.

Other Noncurrent Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments.

Fair Value Measurements

The Group measures a number of 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 the liability, or (b) in the absence of a principal market, in the most advantageous market for the asset or the 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 the 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 the 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 the liability and the level of the fair value hierarchy.

Fair Value Hierarchy

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

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

	March 31, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	₱ -	₱15	₱15	₱ -	₱131	₱13
Investment in equity instruments	-	5,767	5,767	-	5,832	5,832
Financial Liabilities						
Derivative Liabilities	-	17	17	-	24	24

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

9. Events After the Reporting Date

On April 28, 2025, the BOD of the Company declared cash dividends amounting to ₱0.36 per share payable to stockholders of record as of May 14, 2025 to be paid on May 28, 2025.

10. Other Matters

a. Commitments

The outstanding purchase commitments of the Group as of March 31, 2025 and December 31, 2024 amounted to ₱9,092 and ₱12,849, respectively.

Amounts authorized but not yet disbursed for capital projects of the Group were approximately ₱7,729 and ₱13,312 as at March 31, 2025 and December 31, 2024, respectively.

These consist of construction, acquisition, upgrade or repair of fixed assets needed for the normal operations of the business. The said projects will be carried forward to the next quarter until their completion. The fund to be used for these projects will come from available cash and proceeds from loans.

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



SAN MIGUEL BREWERY INC.

A subsidiary of San Miguel Food and Beverage, Inc.

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

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

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the periods ended March 31, 2025 and 2024 are summarized in the following tables:

2025 vs. 2024

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
<i>(In Millions)</i>						
Sales	₱36,297	₱37,367	(₱1,070)	(2.9%)	100.0%	100.0%
Cost of Sales	(22,410)	(24,024)	(1,614)	(6.7%)	(61.7%)	(64.3%)
Gross Profit	13,887	13,343	544	4.1%	38.2%	35.7%
Selling and Administrative Expenses	(5,672)	(5,212)	460	8.8%	(15.6%)	(13.9%)
Income from Operations	8,215	8,131	84	1.0%	22.6%	21.8%
Interest Expense and Other Financing Charges	(581)	(544)	37	6.8%	(1.6%)	(1.5%)
Interest Income	679	646	33	5.1%	1.9%	1.7%
Other Income - Net	162	157	5	3.2%	0.4%	0.4%
Income Before Income Tax	8,475	8,390	85	1.0%	23.3%	22.4%
Income Tax Expense	(1,903)	(1,876)	27	1.4%	(5.2%)	(5.0%)
Net Income	₱6,572	₱6,514	₱58	0.9%	18.1%	17.4%
Net Income Attributable to Equity Holders of the Company	₱6,436	₱6,379	₱57	0.9%	17.7%	17.1%
Net Income Attributable to Non-controlling Interests	136	135	1	0.7%	0.4%	0.3%
Net Income	₱6,572	₱6,514	₱58	0.9%	18.1%	17.4%

The Group posted consolidated revenues of ₱36,297 million, 2.9% lower than the same period last year as a result of a 9.7% shortfall in sales volume. Domestic operations contributed ₱31,965 million while international operations contributed US\$74.9 million or ₱4,340 million.

Cost of sales decreased by 6.7% or ₱1,614 million with the lower sales volume. Domestic operations accounted for ₱20,219 million while international operations accounted for US\$37.9 million or ₱2,199 million.

Selling and administrative expenses increased by 8.8% or ₱460 million mostly due to higher depreciation and amortization expenses. Domestic operations accounted for ₱4,701 million while international operations accounted for US\$16.8 million or ₱971 million.

Despite the lower volumes, income from operations slightly increased to ₱8,215 million due to tempered manufacturing costs. Domestic operations contributed ₱7,045 million while international operations contributed US\$20.2 million or ₱1,170 million.

Interest expense and other financing charges also increased by 6.8% mainly due to the higher interest rates of the ₱10 billion term loans drawn in December 2024.

Interest income increased by 5.1% with higher money market placements for the domestic operations.

Consolidated net income of ₱6,572 million was slightly higher than last year's ₱6,514 million. Domestic operations contributed ₱5,416 million while international operations contributed US\$19.9 million or ₱1,156 million.

Net income attributable to equity holders of the Company was higher by 0.9% while net income attributable to non-controlling interests also increased by 0.7%.

The operating and financial highlights of each segment are as follows:

Domestic Beer Operations

Domestic operations' revenue for the first quarter of 2025 amounted to ₱31,965 million, lower by ₱1,090 million or 3.3% due to the decline in volumes. The lower-than-expected volume performance was attributed to weak consumer demand, impact in the trade channel of hard liquor price hikes and the timing of Lenten holidays from March last year to April this year.

Income from operations of ₱7,045 million was slightly higher than last year due to better prices and lower costs. With lower first quarter volumes, net income of ₱5,416 million is down by 13.1% against last year. Without the effect of the dividend income received from San Miguel Brewing International Limited (SMBIL) last year, net income would have been slightly higher by 0.6%.

International Beer Operations

SMBIL recorded consolidated revenues of US\$74.9 million in the first quarter of 2025, a 3% decrease from the previous year. This decrease was primarily due to lower volumes, an unfavorable market mix, and the depreciation of most local currencies relative to the United States (US) Dollar.

SMBIL's global San Miguel brand volumes continued to perform well, registering a 4% growth compared to the previous year. However, consolidated volume as of March 2025 including local brands (i.e., beer brands owned by the subsidiaries in the relevant international markets) but excluding additional exports production allocated to the Philippines was slightly lower than last year as the growth in global San Miguel brands was offset by lower sales of local and partner brands.

Consolidated SMBIL volume would have been 1% higher than last year if we include additional export volumes allocated to the Philippines. Volumes in South China operations grew 4% from last year as a result of the distribution expansion in the online and retail chain channels. The Exports business volume also sustained its robust performance growing 5% from 2024 driven by higher sales in the UAE, South Korea and other markets across Asia and the Middle East. Meanwhile, volumes in Hong Kong, Thailand, Indonesia and Vietnam operations showed a decrease compared to last year. In Hong Kong operations, volumes were affected by the continued increase in outbound tourists particularly those travelling to Mainland China, as well as the decline in the Hong Kong beer industry volumes. In Thailand operations, volumes were behind last year due mainly to the shortfall in the modern trade channel, while performance across the different sales regions showed mixed results. The Indonesia operations saw a reduction in Anker Bir volumes due to heightened competition in the wholesaler channel. San Miguel brand volumes in Vietnam operations were slightly lower than last year primarily due to a reduction in the number of outlets.

SMBIL's consolidated operating income for the first quarter was US\$20.2 million, a slight increase from the US\$ 19.9 million reported in the previous year, owing to lower production cost and fixed expenses.

2024 vs. 2023

	March		Horizontal Analysis		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
<i>(In Millions)</i>						
Sales	₱37,367	₱38,335	(₱968)	(2.5%)	100.0%	100.0%
Cost of Sales	(24,024)	(24,864)	(840)	(3.4%)	64.3%	64.9%
Gross Profit	13,343	13,471	(128)	(1.0%)	35.7%	35.1%
Selling and Administrative Expenses	(5,212)	(5,033)	179	3.6%	(13.9%)	(13.1%)
Income from Operations	8,131	8,438	(307)	(3.6%)	21.8%	22.0%
Interest Expense and Other Financing Charges	(544)	(405)	139	34.3%	(1.5%)	(1.1%)
Interest Income	646	607	39	6.4%	1.7%	1.6%
Other Income - Net	157	176	(19)	(10.8%)	0.4%	0.5%
Income Before Income Tax	8,390	8,816	(426)	(4.8%)	22.4%	23.0%
Income Tax Expense	(1,876)	(1,997)	(121)	(6.1%)	5.0%	5.2%
Net Income	₱6,514	₱6,819	(₱305)	(4.5%)	17.4%	17.8%
Net Income Attributable to Equity Holders of the Company	₱6,379	₱6,624	(₱245)	(3.7%)	17.1%	17.3%
Net Income Attributable to Non-controlling Interests	135	195	(60)	(30.8%)	0.3%	0.5%
Net Income	₱6,514	₱6,819	(₱305)	(4.5%)	17.4%	17.8%

With the trade build up leading to the March 2023 price increase, first quarter volume of 2024 was lower by 5.5% compared to the same period in 2023, which translated to a 2.5% decline in consolidated revenues, from ₱38,335 million to ₱37,367 million in 2024. Domestic operations contributed ₱33,055 million while international operations contributed US\$77.1 million or ₱4,317 million.

Cost of sales decreased by 3.4% or ₱840 million with the lower sales volume. Domestic operations accounted for ₱21,775 million while international operations accounted for US\$40.3 million or ₱2,254 million.

Consequently, income from operations dropped by 3.6% from ₱8,438 million to ₱8,131 million. Domestic operations contributed ₱7,016 million while international operations contributed US\$19.9 million or ₱1,115 million.

Interest expense and other financing charges also increased by 34.3% mainly due to the interest of the ₱5 billion term loan drawn in February 2023.

Interest income increased by 6.4% with higher money market placements and improved interest rates for both domestic and international operations.

Other income decreased by ₱19 million with the lower foreign exchange gain due to the depreciation of the Philippine Peso versus the US Dollar.

Income tax expense decreased by 6.1% or ₱121 million due to lower taxable income.

Consolidated net income was lower by ₱305 million from 2023's ₱6,819 million. Domestic operations contributed ₱6,233 million while international operations contributed US\$20.3 million or ₱1,139 million.

As a result, net income attributable to equity holders of the Company was lower by 3.7% or ₱245 million while net income attributable to non-controlling interests also decreased by ₱60 million.

The operating and financial highlights of each segment are as follows:

Domestic Beer Operations

Domestic operations accounted for ₱33,055 million total revenue for the first quarter of 2024, 2.7% lower compared to the first quarter of 2023 given the higher beer volume in 2023 due to the build-up in the trade in anticipation of the March 2023 price adjustment.

With the lower first quarter volumes of 2024, income from operations likewise fell to ₱7,016 million, 4% lower than 2023. Nevertheless, the Company still posted net income of ₱6,233 million, 8.6% higher than 2023 mainly due to the dividends received from SMBIL in January 2024.

International Beer Operations

SMBIL registered consolidated revenues of US\$77.1 million in the first quarter of 2024, 2.9% lower than 2023 on account of the 1% shortfall in volumes, market mix and the depreciation of most local currencies against the US dollar.

SMBIL's global San Miguel brands continued to deliver robust volumes as it grew 4% as of the first quarter of 2024. This was offset by lower local brands (i.e., beer brands owned by the subsidiaries in the relevant markets) and partner brands volumes. Sales in the South China operations grew 11% through effective penetration and promotion programs, while Thailand operations' volumes expanded due to the impact of outlet expansion efforts since 2023 and the growth in its new low alcohol, low carb beer. Global San Miguel brands in the Vietnam operations were also higher than 2023 due to the expansion in draught outlets and higher yield from the modern trade off-premise channel. Meanwhile, the Exports business likewise grew from 2023 as growth momentum in the United Arab Emirates was sustained and volumes in some major markets in Africa improved. On the other hand, the Hong Kong

and Indonesia operations posted a decline in sales in the first quarter of 2024. Hong Kong operations' volume was affected by the contraction of the beer industry, increasing number of outbound tourists particularly those crossing the border to China, and tourist arrivals that were still behind pre-pandemic levels. Volumes in the Indonesia operations were lower due to the decline in sales of Anker Bir in the wholesaler channel.

Consolidated operating income of SMBIL for the first quarter of 2024 stood at US\$19.9 million, 3.3% lower versus 2023 as the impact of lower volumes and unfavorable market mix and foreign exchange was offset by lower average production costs.

II. FINANCIAL POSITION

2025 vs. 2024

	March	December	Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease) Amount	%	2025	2024
Cash and cash equivalents	₱35,830	₱38,191	(₱2,361)	(6.2%)	20.7%	21.5%
Trade and other receivables – net	7,761	9,891	(2,130)	(21.5%)	4.5%	5.6%
Inventories	5,598	5,133	465	9.1%	3.2%	2.9%
Prepaid expenses and other current assets	2,154	2,539	(385)	(15.2%)	1.3%	1.4%
Total Current Assets	51,343	55,754	(4,411)	(7.9%)	29.7%	31.4%
Investments in equity and debt instruments	15,767	15,832	(65)	(0.4%)	9.1%	8.9%
Property, plant and equipment – net	36,479	36,063	416	1.2%	21.1%	20.3%
Right-of-use assets – net	1,406	1,431	(25)	(1.7%)	0.8%	0.8%
Investment property – net	2,153	2,144	9	0.4%	1.2%	1.2%
Intangible assets – net	36,039	36,081	(42)	(0.1%)	20.9%	20.4%
Deferred tax assets - net	1,539	1,521	18	1.2%	0.9%	0.9%
Other noncurrent assets - net	28,097	28,632	(535)	(1.9%)	16.3%	16.1%
Total Noncurrent Assets	121,480	121,704	(224)	(0.2%)	70.3%	68.6%
Total Assets	₱172,823	₱177,458	(₱4,635)	(2.6%)	100.0%	100.0%
Accounts payable and accrued expenses	16,601	₱19,384	(2,783)	(14.4%)	9.6%	10.9%
Lease liabilities – current portion	126	122	4	3.3%	0.1%	0.1%
Income and other taxes payable	7,152	6,128	1,024	16.7%	4.1%	3.4%
Current maturities of long-term debt – net of debt issue costs	9,910	4,015	5,895	146.8%	5.7%	2.3%
Total Current Liabilities	33,789	29,649	4,140	14.0%	19.5%	16.7%
<i>Forward</i>						

	March	December	Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease)		2025	2024
	Amount			%		
Long-term debt – net of debt issue costs	₱24,855	₱34,742	(₱9,887)	(28.5%)	14.4%	19.6%
Deferred tax liabilities	-	-	-	0.0%	0.0%	0.0%
Lease liabilities – net of current portion	832	836	(4)	(0.5%)	0.5%	0.5%
Other noncurrent liabilities	2,268	2,431	(163)	(6.7%)	1.3%	1.3%
Total Noncurrent Liabilities	27,955	38,009	(10,054)	(26.5%)	16.2%	21.4%
Capital stock – common	15,410	15,410	-	0.0%	8.9%	8.7%
Additional paid-in capital	515	515	-	0.0%	0.3%	0.3%
Equity reserves	155	439	(284)	(64.7%)	0.1%	0.2%
Retained earnings:						
Appropriated	40,776	34,776	6,000	17.3%	23.6%	19.6%
Unappropriated	51,531	56,011	(4,480)	(8.0%)	29.8%	31.6%
Treasury stock	(1,029)	(1,029)	-	0.0%	(0.6%)	(0.6%)
Equity Attributable to Equity Holders of the Parent Company	107,358	106,122	1,236	1.2%	62.1%	59.8%
Non-controlling Interests	3,721	3,678	43	1.2%	2.2%	2.1%
Total Equity	111,079	109,800	1,279	1.2%	64.3%	61.9%
Total Liabilities and Equity	₱172,823	₱177,458	(₱4,635)	(2.6%)	100.0%	100.0%

Cash and cash equivalents decreased by 6.2% or ₱2,361 million primarily due to the payment of the term loan drawn in December 2019.

Trade and other receivables decreased by ₱2,130 million with the collection of the 2024 balances and lower sales volume in March 2025 as compared to December 2024.

Inventories increased by 9.1% or ₱465 million with higher finished goods inventory for the domestic operations.

Prepaid expenses and other current assets decreased to ₱2,154 million primarily due to lower excise tax requirement as of end March 2025 compared to December last year.

Accounts payable and accrued expenses is lower by 14.4% or ₱2,783 million with the payment of 2024 trade payables and lower purchases of goods and services.

Income and other taxes payable increased by 16.7% or ₱1,024 million with the provision for income tax for the first quarter of 2025.

The increase in current maturities of long-term debt was due to the reclassification of term loans that will mature on March 30, 2026 amounting to ₱9,900 million to current liability, partially offset by the payment of the ₱4,000 million term loan in March 2025. The reclassification resulted to a corresponding decrease in noncurrent portion of long-term debt.

Other noncurrent liabilities decreased by 6.7% with the payment of contributions to the retirement plan of domestic operations.

Equity reserves decreased by ₱284 million mainly due to the cumulative translation adjustment on the appreciation of the Philippine Peso versus the US Dollar.

Appropriated retained earnings increased by ₱6,000 million due to the additional appropriations for the term loans availed last December 2024 with an aggregate amount of ₱10,000 million, partially offset by the reversal of appropriation for the term loan paid last March amounting to ₱4,000 million.

Unappropriated retained earnings decreased by ₱4,480 million due to the additional appropriation for the term loans and payment of dividends net of the first quarter income.

2024 vs. 2023

	March 2024	December 2023	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2024	2023
Cash and cash equivalents	₱40,633	₱38,793	₱1,840	4.7%	23.7%	22.7%
Trade and other receivables						
– net	6,983	7,358	(375)	(5.1%)	4.1%	4.3%
Inventories	4,341	4,560	(219)	(4.8%)	2.5%	2.7%
Prepaid expenses and other						
current assets	2,252	2,399	(147)	(6.1%)	1.3%	1.4%
Total Current Assets	54,209	53,110	1,099	2.1%	31.6%	31.1%
Investments in equity and debt						
instruments	15,668	15,580	88	0.6%	9.1%	9.1%
Property, plant and						
equipment – net	34,350	34,277	73	0.2%	20.0%	20.1%
Right-of-use assets – net	1,550	1,589	(39)	(2.5%)	0.9%	0.9%
Investment property – net	2,144	2,142	2	0.1%	1.2%	1.3%
Intangible assets – net	35,818	35,892	(74)	(0.2%)	20.9%	21.1%
Deferred tax assets - net	1,502	1,478	24	1.6%	0.9%	0.9%
Other noncurrent assets - net	26,469	26,463	6	0.0%	15.4%	15.5%
Total Noncurrent Assets	117,501	117,421	80	0.1%	68.4%	68.9%
Total Assets	₱171,710	₱170,531	₱1,179	0.7%	100.0%	100.0%
Accounts payable and						
accrued expenses	₱15,988	₱17,874	(₱1,886)	(10.6%)	9.3%	10.5%
Lease liabilities – current						
portion	156	157	(1)	(0.6%)	0.1%	0.1%
Income and other taxes						
payable	6,601	5,477	1,124	20.5%	3.9%	3.2%
Current maturities of long-						
term debt – net of debt						
issue costs	12,543	12,555	(12)	(0.1%)	7.3%	7.3%
Total Current Liabilities	35,288	36,063	(775)	(2.1%)	20.6%	21.1%
Long-term debt – net of debt						
issue costs	28,795	28,772	23	0.1%	16.8%	16.9%
Deferred tax liabilities	-	2	(2)	(100%)	0.0%	0.0%
Lease liabilities – net of						
current portion	894	922	(28)	(3.0%)	0.5%	0.5%
Other noncurrent liabilities	2,132	2,162	(30)	(1.4%)	1.2%	1.3%
Total Noncurrent Liabilities	31,821	31,858	(37)	(0.1%)	18.5%	18.7%

forward

	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Capital stock – common	₱15,410	₱15,410	₱-	0.0%	9.0%	9.0%
Additional paid-in capital	515	515	-	0.0%	0.3%	0.3%
Equity reserves	(399)	(503)	104	20.7%	(0.2%)	(0.3%)
Retained earnings:						
Appropriated	46,771	46,771	-	0.0%	27.2%	27.4%
Unappropriated	39,402	37,631	1,771	4.7%	22.9%	22.1%
Treasury stock	(1,029)	(1,029)	-	0.0%	(0.6%)	(0.6%)
Equity Attributable to Equity Holders of the Parent Company	100,670	98,795	1,875	1.9%	58.6%	57.9%
Non-controlling Interests	3,931	3,815	166	3.0%	2.3%	2.3%
Total Equity	104,601	102,610	1,991	1.9%	60.9%	60.2%
Total Liabilities and Equity	₱171,710	₱170,531	₱1,179	0.7%	100.0%	100.0%

Cash and cash equivalents increased by ₱1,840 million primarily from the cash generated from operations partially offset by payment of dividends, interests and capital expenditures.

Trade and other receivables decreased by 5.1% with the collection of the 2023 balances and lower sales volume in March 2024 as compared to December 2023.

Inventories decreased by 4.8% or ₱219 million with lower raw materials inventory for both domestic and international operations.

Prepaid expenses and other current assets decreased to ₱2,252 million primarily due to the amortization of property insurance and input value added taxes on services claimed in January 2024.

Accounts payable and accrued expenses declined by 10.6% or ₱1,886 million with lower purchases of goods and services and payment of 2023 trade payables.

Income and other taxes payable increased by 20.5% or ₱1,124 million with the provision for income tax for the first quarter of 2024.

The ₱2 million deferred tax liabilities as of December 2023 was offset against the deferred tax asset balance as of March 2024.

The negative balance of equity reserves decreased from ₱503 million to ₱399 million mainly due to the depreciation of the Philippine Peso versus the US Dollar.

III. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	March 31	
	2025	2024
Net cash flows provided by operating activities	₱8,620	₱7,936
Net cash flows used in investing activities	(1,194)	(1,146)
Net cash flows used in financing activities	(9,686)	(5,186)

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

Net cash flows used in investing activities included the following:

	March 31	
(in Millions)	2025	2024
Interest received	₱679	₱621
Dividend received	36	35
Proceeds from sale of property and equipment	1	2
Additions to:		
Property, plant and equipment	(942)	(606)
Investment properties	(4)	-
Other noncurrent assets	(964)	(1,198)

Net cash flows used in financing activities included the following:

	March 31	
(in Millions)	2025	2024
Payments of:		
Cash dividends	(₱4,914)	(₱4,607)
Long-term debt	(4,005)	(5)
Interests	(709)	(496)
Lease liabilities	(33)	(55)
Dividends to noncontrolling shareholders	(25)	(23)

The effect of exchange rate changes on cash and cash equivalents amounted to (₱101) million and ₱236 million for the periods ended March 31, 2025 and 2024, respectively.

IV. 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 Item I “Financial Performance” for the discussion of certain Key Performance Indicators.

	March 2025	December 2024
Liquidity:		
Current Ratio	1.52	1.88
Solvency:		
Debt-to-Equity Ratio	0.56	0.62
Interest-bearing Debt-to-Equity Ratio	0.31	0.35
Asset-to-Equity Ratio	1.56	1.62
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Company	23.88%	24.82%
Interest Coverage Ratio	18.53	18.60

	Periods Ended March 31	
	2025	2024
Operating Efficiency:		
Volume Decline*	(9.73%)	(5.88%)
Revenue Decline	(2.86%)	(2.53%)
Operating Margin	22.63%	21.76%

* Represents alcoholic and malt-based beverage volumes only.

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity + Non-controlling Interests}}$
Interest-bearing Debt-to-Equity Ratio	$\frac{\text{Total Interest-Bearing Debt}}{\text{Equity + Non-controlling Interests}}$
Asset-to-Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity + Non-controlling Interests}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Company*}}{\text{Average Equity Attributable to Equity Holders of the Company}}$
Interest Coverage Ratio	$\frac{\text{Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA)**}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth (Decline)	$\left(\frac{\text{Current Period Sales Volume}}{\text{Prior Period Sales Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

*Annualized for quarterly reporting

**Based on 12-month rolling EBITDA

V. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group as of March 31, 2025 and December 31, 2024 amounted to ₱ 9,092 million and ₱12,849 million, respectively.

Amounts authorized but not yet disbursed for capital projects of the Group were approximately ₱7,729 and ₱13,312 million as at March 31, 2025 and December 31, 2024, respectively.

These consist of construction, acquisition, upgrade or repair of fixed assets needed for the normal operations of the business. The said projects will be carried forward to the next quarter until their completion. The fund to be used for these projects will come from available cash and proceeds from loans.

- 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.
- c. 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 operation, except those discussed in item I – Financial Performance.
- d. 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.
- e. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- f. Sales are affected by seasonality in customer purchase patterns. In the Philippines, alcoholic beverages, including those produced by the Company, generally experience increased sales during the summer and Christmas season and typically slow down in the third quarter as a result of rainy weather. Thus, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial condition and results of operations may fluctuate from quarter to quarter.
- g. There are no significant elements of income or loss that did not arise from continuing operations.
- h. 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.