SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

   Sep 30, 2024
2. SEC Identification Number

   142312
3. BIR Tax Identification No.

   000-083-856-000
4. Exact name of issuer as specified in its charter

   Ginebra San Miguel Inc.
5. Province, country or other jurisdiction of incorporation or organization

   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City

   Postal Code

   1550
8. Issuer's telephone number, including area code

   (+632) 8841-5100
9. Former name or former address, and former fiscal year, if changed since last report

   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK	286,327,841

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

   If yes, state the name of such stock exchange and the classes of securities listed therein:

   The Philippine Stock Exchange, Inc. - Common Shares
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☑ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☑ Yes ☐ No

GINEBRA SAN MIGUEL SINCE 1834

Ginebra San Miguel, Inc.
GSMI

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2024
Currency (indicate units, if applicable)	Php (in thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	23,216,599	20,359,399
Total Assets	31,026,686	27,767,805
Current Liabilities	8,699,854	8,456,000
Total Liabilities	9,618,729	9,367,493
Retained Earnings/(Deficit)	22,779,463	19,771,818
Stockholders' Equity	21,407,957	18,400,312
Stockholders' Equity - Parent	20,602,509	17,580,398
Book Value per Share	74.77	64.26

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	15,570,054	13,509,078	45,561,720	38,915,438
Gross Expense	13,644,910	11,851,531	39,225,515	33,881,484
Non-Operating Income	430,196	234,613	931,775	2,316,600
Non-Operating Expense	17,737	17,361	52,610	51,824
Income/(Loss) Before Tax	2,337,603	1,874,799	7,215,370	7,298,730
Income Tax Expense	572,136	461,309	1,773,938	1,807,951
Net Income/(Loss) After Tax	1,765,467	1,413,490	5,441,432	5,490,779
Net Income Attributable to Parent Equity Holder	1,730,673	1,393,588	5,455,898	5,467,342
Earnings/(Loss) Per Share (Basic)	6.17	4.94	19	19.18
Earnings/(Loss) Per Share (Diluted)	6.17	4.94	19	19.18

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	24.44	23.24
Earnings/(Loss) Per Share (Diluted)	24.44	23.24

Other Relevant Information
Please see attached SEC Form 17-Q (Quarterly Report) of GSMI for the period ended September 30, 2024, which was filed today, November 12, 2024, with the Securities and Exchange Commission via e-mail. Amounts in thousand pesos, except per share data.

Filed on behalf by:

Name	Francis Joseph Cruz
Designation	General Counsel and Assistant Corporate Secretary

COVER SHEET

1 4 2 3 1 2

S. E. C. Registration Number

G I N E B R A S A N M I G U E L

I N C .

(Company's Full Name)

3rd and 6th Floors, San

Miguel Properties

Centre, St. Francis

Street, Ortigas

Center, Mandaluyong

City

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

Ariel I. Victoria	(632) 8841-5100
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-Q (3rd Qtr 2024)		
Month	Day	FORM TYPE	Month	Day
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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

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

2. Commission identification number **142312**

3. BIR Tax Identification No. **000-083-856-000**

4. Exact name of issuer as specified in its charter: **GINEBRA SAN MIGUEL INC.**

PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization:

6. Industry Classification Code: [______] (SEC use only)

3RD and 6TH FLOORS, SAN MIGUEL PROPERTIES CENTRE, ST. FRANCIS STREET, ORTIGAS CENTER MANDALUYONG CITY — **1550**
7. Address of issuer's principal office — Postal Code

(632) 8841-5100
8. Issuer's telephone number, including area code

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

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

11.

	Outstanding Capital Stock and Amount of Debt Outstanding as of September 30, 2024
COMMON SHARES	**286,327,841**
PREFERRED SHARES	**-**
	286,327,841
TOTAL LIABILITIES	**Php 9,618,729**

12. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

If yes, state name of such Stock Exchange and the class/es of securities listed therein.

THE PHILIPPINE STOCK EXCHANGE, INC. - Common

12 Indicate by check mark whether the registrant:

a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

b.) has been subject to such filing requirements for the past 90 days

Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of Ginebra San Miguel Inc. and its subsidiaries as of and for the period ended September 30, 2024 (with comparative figures as of December 31, 2023 and for the period ended September 30, 2023) and Selected Notes to the Consolidated Financial Statements are attached hereto as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

PART II – OTHER INFORMATION

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

NONE

SIGNATURES

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

Issuer	**GINEBRA SAN MIGUEL INC.**
Signature and Title	**Ariel I. Victoria** OIC - Chief Finance Officer
Date	November 8, 2024

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(In Thousands)

	Note	2024 Unaudited	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 7*	**P14,111,687**	P9,881,018
Trade and other receivables - net	*3, 6, 7*	**1,676,070**	1,577,836
Inventories		**6,549,591**	8,083,201
Prepaid expenses and other current assets	*3, 6, 7*	**879,251**	817,344
Total Current Assets		**23,216,599**	20,359,399
Noncurrent Assets			
Investment in debt instruments at amortized cost	*3, 6*	**1,500,000**	1,500,000
Property, plant and equipment - net	*2*	**5,449,363**	5,092,142
Right-of-use assets - net	*3*	**57,311**	50,778
Goodwill - net		**126,863**	126,863
Deferred tax assets - net		**558,502**	562,775
Other noncurrent assets - net	*3, 6, 7*	**118,048**	75,848
Total Noncurrent Assets		**7,810,087**	7,408,406
		P31,026,686	P27,767,805
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable		**P -**	P1,000,000
Accounts payable and accrued expenses	*3, 6, 7*	**7,020,590**	5,694,109
Income and other taxes payable		**1,654,016**	1,736,095
Lease liabilities - current portion	*3, 6*	**25,248**	25,796
Total Current Liabilities		**8,699,854**	8,456,000
Noncurrent Liabilities			
Retirement liabilities		**880,891**	880,891
Lease liabilities - net of current portion	*3, 6*	**37,984**	30,602
Total Noncurrent Liabilities		**918,875**	911,493
Total Liabilities		**9,618,729**	9,367,493
Equity			
Capital stock		**399,063**	399,063
Additional paid-in capital		**2,539,454**	2,539,454
Equity reserves		**(640,050)**	(640,050)
Retained earnings:			
Appropriated		**3,512,000**	3,512,000
Unappropriated	*5*	**19,267,463**	16,259,818
Treasury stock		**(3,669,973)**	(3,669,973)
Total Equity		**21,407,957**	18,400,312
		P31,026,686	P27,767,805

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

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands, Except Per Share Data)

				For the Quarter Ended	
		2024	2023	**2024**	2023
	Note	**Unaudited**	Unaudited	**Unaudited**	Unaudited
SALES	*3*	**P45,561,720**	P38,915,438	**P15,570,054**	P13,509,078
COST OF SALES		**34,385,960**	29,453,333	**11,838,664**	10,279,521
GROSS PROFIT		**11,175,760**	9,462,105	**3,731,390**	3,229,557
SELLING AND MARKETING EXPENSES		**(2,958,883)**	(2,621,795)	**(1,199,567)**	(969,020)
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,880,672)**	(1,806,356)	**(606,679)**	(602,990)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		**(52,610)**	(51,824)	**(17,737)**	(17,361)
INTEREST INCOME		**645,308**	371,332	**236,661**	136,673
GAIN ON DISPOSAL / RETIREMENT OF NONCURRENT ASSETS - Net		**363**	497	**-**	-
OTHER INCOME - Net		**286,104**	1,944,771	**193,535**	97,940
INCOME BEFORE INCOME TAX		**7,215,370**	7,298,730	**2,337,603**	1,874,799
INCOME TAX EXPENSE		**1,773,938**	1,807,951	**572,136**	461,309
NET INCOME / TOTAL COMPREHENSIVE INCOME		**P5,441,432**	P5,490,779	**P1,765,467**	P1,413,490
Basic and diluted earnings per share	*4*	**P19.00**	P19.18	**P6.17**	P4.94
Cash dividends declared per common share	*5*	**P8.500**	P7.500	**P3.000**	P2.500

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

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Retained Earnings		Treasury Stocks		Total
		Common	Preferred			Appropriated	Unappropriated	Common	Preferred	
As of January 1, 2024 (Audited)		**P345,625**	**P53,438**	**P2,539,454**	**(P640,050)**	**P3,512,000**	**P16,259,818**	**(P1,947,198)**	**(P1,722,775)**	**P18,400,312**
Net income / total comprehensive income		-	-	-	-	-	**5,441,432**	-	-	**5,441,432**
Cash dividends and distribution on common shares	5	-	-	-	-	-	**(2,433,787)**	-	-	**(2,433,787)**
As of September 30, 2024 (Unaudited)		**P345,625**	**P53,438**	**P2,539,454**	**(P640,050)**	**P3,512,000**	**P19,267,463**	**(P1,947,198)**	**(P1,722,775)**	**P21,407,957**
As of January 1, 2023 (Audited)		P345,625	P53,438	P2,539,454	(P415,729)	P3,512,000	P12,077,230	(P1,947,198)	(P1,722,775)	P14,442,045
Net income / total comprehensive income		-	-	-	-	-	5,490,779	-	-	5,490,779
Cash dividends and distribution on common shares		-	-	-	-	-	(2,147,460)	-	-	(2,147,460)
As of September 30, 2023 (Unaudited)		P345,625	P53,438	P2,539,454	(P415,729)	P3,512,000	P15,420,549	(P1,947,198)	(P1,722,775)	P17,785,364

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

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands)

	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**P7,215,370**	P7,298,730
Adjustments for:		
Depreciation and amortization	**531,018**	487,933
Retirement expense	**92,600**	86,708
Interest expense and other financing charges	**52,610**	51,824
Net unrealized foreign exchange loss (gain)	**3,259**	(34,357)
Provision for impairment loss	**-**	42,288
Gain on disposal / retirement of noncurrent assets - net	**(363)**	(497)
Write-down of inventories to net realizable value	**(1,740)**	(5,799)
Net derivative gain	**(26,885)**	(38,653)
Interest income	**(645,308)**	(371,332)
Operating income before working capital changes	**7,220,561**	7,516,845
Decrease (increase) in:		
Trade and other receivables	**(95,745)**	(497,719)
Inventories	**1,589,120**	(317,361)
Prepaid taxes and other current assets	**(528,005)**	(568,716)
Increase (decrease) in:		
Accounts payable and accrued expenses	**1,327,506**	945,962
Other taxes payable	**(170,901)**	653,405
Cash generated from operations	**9,342,536**	7,732,416
Interest and other financing charges paid	**(55,097)**	(46,852)
Contribution to retirement plan	**(92,600)**	(86,708)
Income taxes paid	**(1,310,709)**	(1,360,787)
Net cash flows provided by operating activities	**7,884,130**	6,238,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**642,821**	350,414
Proceeds from disposal of property, plant and equipment	**403**	497
Additions to property, plant and equipment	**(856,523)**	(586,186)
Increase in other noncurrent assets	**(50,128)**	(16,100)
Net cash flows used in investing activities	**(263,427)**	(251,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Short-term borrowings	**(1,000,000)**	-
Lease liabilities	**(26,114)**	(33,394)
Long-term borrowings	**-**	(83,333)
Cash dividends	**(2,360,657)**	(2,079,937)
Net cash flows used in financing activities	**(3,386,771)**	(2,196,664)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(3,263)**	31,720
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,230,669**	3,821,750
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,881,018**	5,457,277
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P14,111,687**	P9,279,027

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

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
SEPTEMBER 30, 2024 (UNAUDITED)
(In Thousands)

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	Current	< 30 days past due	30 - 60 days past due	60 - 90 days past due	Over 90 days past due
Trade Receivables	P1,436,212	P1,418,363	P6,227	P2,172	P668	P8,782
Non-trade Receivables	854,119	143,246	18,616	1,258	1,177	689,822
Total	**2,290,331**	**1,561,609**	**24,843**	**3,430**	**1,845**	**698,604**
Less: Allowance for doubtful accounts	(682,567)	-	-	-		(682,567)
NET RECEIVABLES	**P1,607,764**	**P1,561,609**	**P24,843**	**P3,430**	**P1,845**	**P16,037**

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, 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) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on November 5, 2024.

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

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

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

<u>Adoption of Amendments to Standards</u>
The Group has adopted the following amendments to PFRS 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 interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

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

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

- 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.

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

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

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

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

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

2. Property, Plant and Equipment

Property, plant and equipment consist of:

September 30, 2024 and December 31, 2023

	Land and Land Improvements	Buildings and Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2023 (Audited)	P1,241,165	P2,601,537	P438,424	P9,041,265	P653,704	P85,578	P305,399	P14,367,072
Additions	1,580	86,947	29,348	214,666	220,727	21,898	390,860	966,026
Disposals / Retirement	-	-	(3,464)	(3,794)	(900)	(13,443)	-	(21,601)
Reclassifications	15,923	(4,822)	12,395	177,290	37,343	42,466	(269,841)	10,754
December 31 , 2023 (Audited)	1,258,668	2,683,662	476,703	9,429,427	910,874	136,499	426,418	15,322,251
Additions	536	15,443	16,567	84,877	133,555	1,060	604,485	856,523
Disposals / Retirement	-	(800)	(6,869)	(17,271)	(106)	-	-	(25,046)
Reclassifications	7,291	14,662	16,422	62,849	8,781	3,447	(113,452)	-
September 30, 2024 (Unaudited)	**1,266,495**	**2,712,967**	**502,823**	**9,559,882**	**1,053,104**	**141,006**	**917,451**	**16,153,728**
Accumulated Depreciation and Amortization								
January 1, 2023 (Audited)	292,096	1,418,263	312,286	6,747,947	525,972	32,105	-	9,328,669
Depreciation and amortization	11,032	89,667	45,900	378,208	73,698	16,936	-	615,441
Disposals / Retirement	-	-	(3,464)	(3,794)	(900)	(13,443)	-	(21,601)
Reclassifications	637	(23,724)	-	32,965	(2,394)	(7,484)	-	-
December 31 , 2023 (Audited)	303,765	1,484,206	354,722	7,155,326	596,376	28,114	-	9,922,509
Depreciation and amortization	8,504	69,192	37,126	296,311	77,848	10,280	-	499,261
Disposals / Retirement	-	(760)	(6,869)	(17,270)	(106)	-	-	(25,005)
Reclassifications	-	-	-	-	-	-	-	-
September 30, 2024 (Unaudited)	**312,269**	**1,552,638**	**384,979**	**7,434,367**	**674,118**	**38,394**	**-**	**10,396,765**
Accumulated Impairment Losses								
December 31, 2023 and September 30, 2024	**-**	**-**	**-**	**307,600**	**-**	**-**	**-**	**307,600**
Carrying Amount								
December 31, 2023 (Audited)	P954,903	P1,199,456	P121,981	P1,966,501	P314,498	P108,385	P426,418	P5,092,142
September 30, 2024 (Unaudited)	**P954,226**	**P1,160,329**	**P117,844**	**P1,817,915**	**P378,986**	**P102,612**	**P917,451**	**P5,449,363**

September 30, 2023

	Land and Land Improvements	Buildings and Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2023 (Audited)	P1,241,165	P2,601,537	P438,424	P9,041,265	P653,704	P85,578	P305,399	P14,367,072
Additions	583	59,164	22,355	133,716	173,916	17,027	186,360	593,121
Disposals / Retirement	-	-	(2,643)	-	(365)	(6,172)	-	(9,180)
Reclassifications	10,353	17,126	9,599	83,770	33,607	8,045	(162,500)	-
September 30, 2023 (Unaudited)	1,252,101	2,677,827	467,735	9,258,751	860,862	104,478	329,259	14,951,013
Accumulated Depreciation and Amortization								
January 1, 2023 (Audited)	292,096	1,418,263	312,286	6,747,947	525,972	32,105	-	9,328,669
Depreciation and amortization	8,107	66,048	34,381	278,113	50,979	10,239	-	447,867
Disposals / Retirement	-	-	(2,643)	-	(365)	(6,172)	-	(9,180)
Reclassifications	637	-	-	(51)	51	(637)	-	-
September 30, 2023 (Unaudited)	300,840	1,484,311	344,024	7,026,009	576,637	35,535	-	9,767,356
Accumulated Impairment Losses								
September 30, 2023	-	-	-	307,600	-	-	-	307,600
Carrying Amount								
September 30, 2023 (Unaudited)	P951,261	P1,193,516	P123,711	P1,925,142	P284,225	P68,943	P329,259	P4,876,057

Depreciation and amortization charged to operations amounted to P499,261 and P447,867 for the periods ended September 30, 2024 and 2023, respectively.

3. Related Party Disclosure

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

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at September 30, 2024 and December 31, 2023:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company*	**2024**	**P -**	**P -**	**P -**	**P -**	On demand;	Unsecured;
	2023	-	-	5	-	non-interest bearing	no impairment
Intermediate Parent Company**	**2024**	**4,596**	**194,387**	**7,000**	**22,670**	On demand;	Unsecured;
	2023	12,201	485,309	8,690	28,457	non-interest bearing	no impairment
Parent Company***	**2024**	**125**	-	-	-	On demand;	Unsecured;
	2023	150	-	9	-	non-interest bearing	no impairment
Under Common Control	**2024**	**213,407**	**7,032,521**	**105,479**	**1,180,675**	On demand;	Unsecured;
	2023	301,252	8,790,094	140,876	1,348,616	non-interest bearing	no impairment
Joint Venture	**2024**	**13,091**	-	**6**	**1,934**	On demand;	Unsecured;
	2023	39,740	-	-	1,934	Interest bearing	with impairment
Retirement Plan	**2024**	-	-	-	**32,142**	On demand;	Unsecured;
	2023	-	-	-	-	non-interest bearing	no impairment
Associate of the Intermediate Parent Company	**2024**	**83,823**	-	**1,500,106**	-	5 to 7 years	Unsecured;
	2023	117,960	-	1,500,040	-	interest bearing On demand; Interest bearing	no impairment
Others	**2024**	**222**	-	**179**	-	On demand;	Unsecured;
	2023	521	-	1,184	-	non-interest bearing	no impairment
Total	**2024**	**P315,264**	**P7,226,908**	**P1,612,770**	**P1,237,421**		
Total	2023	P471,824	P9,275,403	P1,650,804	P1,379,007		

**Top Frontier Investment Holdings, Inc. (TF) is the Ultimate Parent Company of the Group.*

***San Miguel Corporation (SMC) is the Intermediate Parent Company of the Group.*

****San Miguel Food and Beverage, Inc. (SMFB) is the Parent Company of the Group.*

a. Amounts owed by related parties consist of current and noncurrent receivables.

b. The amounts owed by joint venture pertains to receivables from Thai San Miguel Liquor Company Limited (TSML) and are included as part of "Non-trade receivables from related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position. Allowance for impairment losses pertaining to these receivables amounted to P540,216 as at December 31, 2023.

c. Amounts owed by related party include investments in debt instruments at amortized cost to Bank of Commerce amounting to a total of P1,500,000 which bear an annual average interest rate of 6.90% and maturities up to seven years.

d. Amounts owed to related parties consist of trade payables, lease liabilities and management fees.

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

4. Basic and Diluted Earnings Per Share (EPS)

Basic and Diluted EPS is computed as follows:

	September 30	
	2024	2023
Net income available to common shares (a)	**P5,441,432**	P5,490,779
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	**286,328**	286,328
Basic and Diluted Earnings Per Share (a/b)	**P19.00**	P19.18

5. Cash Dividends

The BOD approved the declaration and payment of the following cash dividends to common stockholders as follows:

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common - regular	**March 6, 2024**	**March 21, 2024**	**April 11, 2024**	**P0.75**
	April 30, 2024	**May 17, 2024**	**June 7, 2024**	**P1.50**
	August 6, 2024	**August 22, 2024**	**September 6, 2024**	**P1.50**
Common - special	**March 6, 2024**	**March 21, 2024**	**April 11, 2024**	**P1.75**
	April 30, 2024	**May 17, 2024**	**June 7, 2024**	**P1.50**
	August 6, 2024	**August 22, 2024**	**September 6, 2024**	**P1.50**

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common - regular	March 8, 2023	March 24, 2023	April 12, 2023	P0.75
	May 9, 2023	May 24, 2023	June 7, 2023	P0.75
	August 2, 2023	August 16, 2023	September 1, 2023	P0.75
Common - special	March 8, 2023	March 24, 2023	April 12, 2023	P1.75
	May 9, 2023	May 24, 2023	June 7, 2023	P1.75
	August 2, 2023	August 16, 2023	September 1, 2023	P1.75

6. Financial Risk and Capital Management Objectives and Policies

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

- Market Risk (Interest Rate Risk and Foreign 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, investment in debt instruments at amortized cost and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables and deposits, accounts payable and accrued expenses and lease liabilities arise directly from and are used to facilitate its daily operations.

The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD oversees that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the BOD in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

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

The BOD constituted the Audit and Risk Oversight Committee (the "Committee") to, among others, enhance its oversight capability over the Group's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations; and be responsible for the oversight of the Group's enterprise risk management system to ensure its functionality and effectiveness.

The Committee also has the responsibility to assist the BOD in ensuring that there is an effective and integrated risk management process in place to guide the BOD in arriving at well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. In relation to this, the Committee has the following duties and responsibilities, among others: a.) develop a formal enterprise risk management plan which contains common language or register of risks, well-defined risk management goals, objectives and oversight, uniform processes of assessing risks and developing strategies to manage prioritized risks, designing and implementing risk management strategies, and continuing assessments to improve risk strategies, processes and measures; b.) oversee the implementation of the enterprise risk management plan; c.) evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness; d.) advise the BOD on its risk appetite levels and risk tolerance limits; and e.) review at least annually the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Group.

Internal Audit assists the Committee in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the 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 to investment securities. Investment securities acquired expose the Group to fair value interest rate risk. On the other hand, investment securities acquired at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table

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

September 30, 2024	**<1 Year**	**1 - 2 Years**	**>2 - 3 Years**	**>3 - 4 Years**	**>4 - 7 Years**
Financial Asset					
Investment in debt instruments at amortized cost	**P -**	**P -**	**P -**	**P -**	**P1,500,000**
Interest rate	**-**	**-**	**-**	**-**	**6.90%**

December 31, 2023	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 7 Years
Financial Asset					
Investment in debt instruments at amortized cost	P -	P -	P -	P -	P1,500,000
Interest rate	-	-	-	-	6.90%
Financial Liability					
Loans payable	1,000,000	-	-	-	-
Interest rate	6.40%	-	-	-	-

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.

Information on the Group's foreign currency-denominated monetary assets and their Philippine peso equivalents is as follows:

	September 30, 2024		December 31, 2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**$8,614**	**P482,618**	$1,677	P92,870
Trade and other receivables	**1,337**	**74,892**	1,165	64,493
Liabilities				
Accounts payable and accrued expenses	**(2,110)**	**(118,243)**	(2,113)	(116,977)
Foreign currency-denominated monetary assets and liabilities	**$7,841**	**P439,267**	$729	P40,386

The Group reported net gain on foreign exchange amounting to P13,928 and P31,880 for the periods ended September 30, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets. These mainly resulted from the movements of the Philippine peso against the United States (US) dollar as shown in the following table:

	US Dollar to Philippine Peso
September 30, 2024	**56.030**
December 31, 2023	55.370
September 30, 2023	56.575
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
September 30, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P8,614)**	**(P6,461)**	**P8,614**	**P6,461**
Trade and other receivables	**(1,337)**	**(1,003)**	**1,337**	**1,003**
Accounts payable and accrued expenses	**2,110**	**1,583**	**(2,110)**	**(1,583)**
	(P7,841)	**(P5,881)**	**P7,841**	**P5,881**

December 31, 2023	P1 Decrease in the US Dollar Exchange Rate: Effect on Income before Income Tax	P1 Decrease in the US Dollar Exchange Rate: Effect on Equity	P1 Increase in the US Dollar Exchange Rate: Effect on Income before Income Tax	P1 Increase in the US Dollar Exchange Rate: Effect on Equity
Cash and cash equivalents	(P1,677)	(P1,258)	P1,677	P1,258
Trade and other receivables	(1,165)	(873)	1,165	873
Accounts payable and accrued expenses	2,113	1,584	(2,113)	(1,584)
	(P729)	(P547)	P729	P547

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.

September 30, 2024	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P14,111,687**	**P14,111,687**	**P14,111,687**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**1,607,754**	**1,607,754**	**1,607,754**	**-**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" account)	**41,472**	**41,472**	**41,472**	**-**	**-**	**-**
Investment in debt instruments at amortized cost	**1,500,000**	**1,838,941**	**25,575**	**87,687**	**1,408,135**	**317,544**
Security deposit (included under "Trade and other receivables and Other noncurrent assets - net" accounts)	**503**	**503**	**10**	**493**	**-**	**-**
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	**7,018,865**	**7,018,865**	**7,018,865**	**-**	**-**	**-**
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	**491**	**491**	**491**	**-**	**-**	**-**
Lease liabilities (including current portion)	**63,232**	**79,189**	**32,965**	**22,084**	**16,246**	**7,894**

**Excluding tax certificate receivables and security deposit amounted to P68,306 and P10, respectively as at September 30, 2024.*

***Deferred rent income amounted to P1,234 as at September 30, 2024.*

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	P9,881,018	P9,881,018	P9,881,018	P -	P -	P -
Trade and other receivables - net*	1,518,341	1,518,341	1,518,341	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	14,572	14,572	14,572	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,904,706	10,961	87,687	263,060	1,542,998
Security deposit (included under "Trade and other receivables and Other noncurrent assets - net" accounts)	503	503	10	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	5,688,925	5,688,925	5,688,925	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	476	476	476	-	-	-
Loans payable	1,000,000	1,005,156	1,005,156	-	-	-
Lease liabilities (including current portion)	56,398	66,102	28,724	14,097	13,017	10,264

**Excluding tax certificate receivables and security deposit amounted to P59,485 and P10, respectively as at December 31, 2023.*

***Deferred rent income amounted to P1,186 as at December 31, 2023.*

****Payable to a government agency amounted to P3,522 as at December 31, 2023.*

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables. 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 factors that may influence the credit risk of the Group's customer base.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments
The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality
In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

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

- High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and investment in debt instruments at amortized cost and derivative assets.

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

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

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

	September 30, 2024	December 31, 2023
Cash and cash equivalents*	**P14,109,168**	P9,878,439
Trade and other receivables - net**	**1,607,754**	1,518,341
Investment in debt instruments at amortized cost	**1,500,000**	1,500,000
Derivative assets	**41,472**	14,572
Security deposit	**493**	493
	P17,258,897	P12,911,855

**Excluding cash on hand amounted to P2,519 and P2,579 as at September 30, 2024 and December 31, 2023, respectively.*
***Excluding tax certificate receivables amounted to P68,306 and P59,485 as at September 30, 2024 and December 31, 2023, respectively and security deposit amounted to P10 as at September 30, 2024 and December 31, 2023.*

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

	September 30, 2024				
	Financial Assets at Amortized Cost				
	12-month ECL	**Lifetime ECL not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Financial Assets at FVPL**	**Total**
Cash and cash equivalents (excluding cash on hand)*	**P14,109,168**	**P -**	**P -**	**P -**	**P14,109,168**
Trade and other receivables**	**-**	**1,607,754**	**682,567**	**-**	**2,290,321**
Derivative assets	**-**	**-**	**-**	**41,472**	**41,472**
Investment in debt instruments at amortized cost	**1,500,000**	**-**	**-**	**-**	**1,500,000**
Security deposit	**-**	**493**	**-**	**-**	**493**

** Cash on hand amounted to P2,519 as at September 30, 2024.*
***Excluding tax certificate receivables and security deposit amounted to P68,306 and P10, respectively as at September 30, 2024.*

	December 31, 2023				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents (excluding cash on hand)*	P9,878,439	P -	P -	P -	P9,878,439
Trade and other receivables**	-	1,518,341	682,567	-	2,200,908
Derivative assets	-	-	-	14,572	14,572
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

**Cash on hand amounted to P2,579 as at December 31, 2023.*
***Excluding tax certificate receivables and security deposit amounted to P59,485 and P10, respectively as at December 31, 2023.*

The aging of receivables is as follows:

September 30, 2024	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P1,416,905**	**P133,199**	**P11,505**	**P1,561,609**
Past due:				
1 - 30 days	**3,219**	**622**	**21,002**	**24,843**
31 - 60 days	**1,710**	**312**	**1,408**	**3,430**
61 - 90 days	**56**	**467**	**1,322**	**1,845**
Over 90 days	**2,477**	**22,515**	**673,602**	**698,594**
	P1,424,367	**P157,115**	**P708,839**	**P2,290,321**

December 31, 2023	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,210,794	P115,186	P63,515	P1,389,495
Past due:				
1 - 30 days	79,973	606	7,786	88,365
31 - 60 days	2,931	-	16,763	19,694
61 - 90 days	936	294	1,769	2,999
Over 90 days	4,224	22,862	673,269	700,355
	P1,298,858	P138,948	P763,102	P2,200,908

Various collaterals for trade receivables such as bank guarantees, cash bond, time deposit and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

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

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

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

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 paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and equity reserves are excluded from capital for purposes of capital management.

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

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

7. Financial Assets and Financial Liabilities

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

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

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities 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, fair value through other comprehensive income (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.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Group has no financial assets at FVOCI as at September 30, 2024 and December 31, 2023.

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

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

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

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

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

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

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

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

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income.

The Group's derivative assets that are not designated as cash flow hedge are classified under this category.

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

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.
The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

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

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

The Group's liabilities arising from its trade transactions or borrowings such as accounts payable and accrued expenses, long-term debt and lease liabilities are included under this category.

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:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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

	September 30, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P14,111,687**	**P14,111,687**	P9,881,018	P9,881,018
Trade and other receivables - net*	**1,607,754**	**1,607,754**	1,518,341	1,518,341
Derivative assets (included under "Prepaid expenses and other current assets" account)	**41,472**	**41,472**	14,572	14,572
Investment in debt instruments at amortized cost	**1,500,000**	**1,500,000**	1,500,000	1,500,000
Security deposit (included under "Trade and other receivables and Other noncurrent assets - net" accounts)	**503**	**503**	503	503
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	**7,018,865**	**7,018,865**	5,688,925	5,688,925
Loans payable	**-**	**-**	1,000,000	1,000,000
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	**491**	**491**	476	476

**Excluding tax certificate receivables amounted to P68,306 and P59,485 as at September 30, 2024 and December 31, 2023, respectively and security deposit amounted to P10 as at September 30, 2024 and December 31, 2023..*

***Deferred rent income amounted to P1,234 and P1,186 as at September 30, 2024 and December 31, 2023, respectively.*

****Payable to government agency amounted to nil and P3,522 as at September 30, 2024 and December 31, 2023.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Investment in Debt Instruments at Amortized Cost and Security Deposit. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of investment in debt instruments at amortized cost and security deposit, 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.

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.

<u>Derivative Financial Instruments</u>
The Group's derivative financial instruments according to the type of financial risk being managed and the details of embedded derivative financial instruments are discussed below.

<u>Derivative Instruments not Designated as Hedges</u>
The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Embedded Currency Forwards
The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$28,696, US$26,734 and US$27,939 as at September 30, 2024, June 30, 2024 and December 31, 2023, respectively. These non-financial contracts consist mainly of foreign currency denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. The net fair value of these embedded currency forwards amounted to P40,981, (P33,755) and P14,096 as at September 30, 2024, June 30, 2024 and December 31, 2023, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to P42,087 and (P17,650), (P72,426) and P35,672 for the periods ended September 30, 2024 and 2023 and June 30, 2024 and 2023, respectively.

<u>Fair Value Measurements</u>
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 liability; or (b) in the absence of a principal market, in the most advantageous market for asset or liability. The principal or most advantageous market must be accessible to the Group.

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

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

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

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

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

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

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

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

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

The Group's derivative assets and derivative liabilities amounting to P41,472 and (P491), respectively as at September 30, 2024, and P14,572 and (P476), respectively as at December 31, 2023, are valued based on Level 2. The Group has no financial instruments valued based on Level 1 and Level 3. 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.

8. Other Matters

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

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

c. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.

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

e. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.

f. The effects of seasonality or cyclicality on the interim operations of the Group's businesses are not material.

g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period, except for the outstanding derivative transactions entered by the Group as at September 30, 2024.

h. The Group's material commitments for capital expenditure projects have been approved during the current year but are still ongoing and not yet completed as at September 30, 2024. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to next quarter until its completion. The fund to be used for these projects will come from available cash from operations.

9. Event After the Reporting Date

Declaration of Cash Dividends

On November 5, 2024, the BOD approved the declaration of regular and special cash dividends to all common shareholders of record as of November 21, 2024 amounting to P2.50 and P1.50 per common share, respectively. Cash dividends for common shares, both regular and special are payable on December 6, 2024.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

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 Ginebra San Miguel Inc. ("the Parent Company") and its subsidiaries (collectively referred to as the "Group") as of and for the period ended September 30, 2024 (with comparative figures as of December 31, 2023 and for the period ended September 30, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as of September 30, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. FINANCIAL PERFORMANCE

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
	(In Thousands)					
Sales	P45,561,720	P38,915,438	P6,646,282	17%	100%	100%
Cost of Sales	34,385,960	29,453,333	4,932,627	17%	75%	76%
Gross Profit	11,175,760	9,462,105	1,713,655	18%	25%	24%
Selling and Marketing Expenses	(2,958,883)	(2,621,795)	(337,088)	13%	(6%)	(7%)
General and Administrative Expenses	(1,880,672)	(1,806,356)	(74,316)	4%	(4%)	(5%)
Interest Expense and Other Financing Charges	(52,610)	(51,824)	(786)	2%	0%	0%
Interest Income	645,308	371,332	273,976	74%	1%	1%
Gain on Disposal / Retirement of Noncurrent Assets - Net	363	497	(134)	(27%)	0%	0%
Other Income - Net	286,104	1,944,771	(1,658,667)	(85%)	0%	6%
Income Before Income Tax	7,215,370	7,298,730	(83,360)	(1%)	16%	19%
Income Tax Expense	1,773,938	1,807,951	(34,013)	(2%)	4%	5%
Net Income	P5,441,432	P5,490,779	(P49,347)	(1%)	12%	14%

At the close of the 3rd quarter in 2024, the Group achieved consolidated revenues of P45,562, higher by 17% versus last year, mainly driven by both volume growth and price increase. As a result, gross profit of P11,176 is 18% above as compared to same period last year.

Selling and Marketing expenses rose by 13% or P2,959 million, caused by the increased costs for delivery and handling, advertising, and promotion.

Interest income surged to P645 million, marking a 75% increase, due to higher earnings from the Group's money market placements.

The decline to P286 million in Other Income – Net was primarily due to last year's one-time income from the transfer of rights of Don Papa products.

The Group's consolidated income of P5,441 million is nearly at par with last year's level of P5,491 million, falling short by only 1%.

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	Percentage	2023	2022
	(In Thousands)					
Sales	P38,915,438	P34,534,113	P4,381,325	13%	100%	100%
Cost of Sales	29,453,333	25,772,885	3,680,448	14%	76%	75%
Gross Profit	9,462,105	8,761,228	700,877	8%	24%	25%
Selling and Marketing Expenses	(2,621,795)	(2,448,168)	(173,627)	7%	(7%)	(7%)
General and Administrative Expenses	(1,806,356)	(1,732,811)	(73,545)	4%	(5%)	(5%)
Interest Expense and Other Financing Charges	(51,824)	(22,080)	(29,744)	135%	0%	0%
Interest Income	371,332	64,923	306,409	472%	1%	0%
Gain on Disposal / Retirement of Noncurrent Assets - Net	497	(1,521)	2,018	(133%)	0%	0%
Other Income (Charges) - Net	1,944,771	(112,349)	2,057,120	(1,831%)	6%	0%
Income Before Income Tax	7,298,730	4,509,222	2,789,508	62%	19%	13%
Income Tax Expense	1,807,951	1,124,366	683,585	61%	5%	3%
Net Income	P5,490,779	P3,384,856	P2,105,923	62%	14%	10%

The Group ended the first nine months of the year with P38,915 million in consolidated revenues, up 13% year-on-year, driven by the price increase and higher volume. Gross profit is higher by 8% at P9,462 million from P8,761 million a year ago due to price increase offset by the input costs and excise tax increases.

Selling and Marketing expenses increased by 7% or P2,622 million largely due to higher expenses for delivery and handling, advertising, and promotion.

Interest expense and other financing charges is 135% higher at P52 million mainly from the Group's defined benefit plan obligation. On the other hand, interest income soared 472% to P371 million primarily due to the higher earnings from the Group's investment in debt instrument and money market placements.

Other Income – Net posted P1,945 million this year from a loss of P112 million last year mainly attributed to the one-time income from the transfer of rights of Don Papa products and gains on foreign exchange partly offset by marked-to-market loss on derivatives.

Consolidated net income grew 62% from P3,385 million last year to P5,491 million.

II. FINANCIAL POSITION

Financial Position as of September 30, 2024 vs December 31, 2023

	September	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	P14,111,687	P9,881,018	P4,230,669	43%	46%	36%
Trade and other receivables - net	1,676,070	1,577,836	98,234	6%	5%	6%
Inventories	6,549,591	8,083,201	(1,533,610)	(19%)	21%	29%
Prepaid expenses and other current assets	879,251	817,344	61,907	8%	3%	3%
Total Current Assets	23,216,599	20,359,399	2,857,200	14%	75%	74%
Noncurrent Assets						
Investments in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	5%	5%
Property, plant and equipment - net	5,449,363	5,092,142	357,221	7%	18%	18%
Right-of-use assets - net	57,311	50,778	6,533	13%	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	1%
Deferred tax assets - net	558,502	562,775	(4,273)	(1%)	2%	2%
Other noncurrent assets - net	118,048	75,848	42,200	56%	0%	0%
Total Noncurrent Assets	7,810,087	7,408,406	401,681	5%	25%	26%
	P31,026,686	P27,767,805	P3,258,881	12%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	P -	P1,000,000	(P1,000,000)	(100%)	0%	4%
Accounts payable and accrued expenses	7,020,590	5,694,109	1,326,481	23%	23%	21%
Income and other taxes payable	1,654,016	1,736,095	(82,079)	(5%)	5%	6%
Lease liabilities - current portion	25,248	25,796	(548)	(2%)	0%	0%
Total Current Liabilities	8,699,854	8,456,000	243,854	3%	28%	31%
Noncurrent Liabilities						
Retirement liabilities	880,891	880,891	-	0%	3%	3%
Lease liabilities - net of current portion	37,984	30,602	7,382	24%	0%	0%
Total Noncurrent Liabilities	918,875	911,493	7,382	1%	3%	3%
Total Liabilities	9,618,729	9,367,493	251,236	3%	31%	34%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	8%	9%
Equity reserves	(640,050)	(640,050)	-	0%	(2%)	(2%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	11%	12%
Unappropriated	19,267,463	16,259,818	3,007,645	18%	63%	59%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(12%)	(13%)
Total Equity	21,407,957	18,400,312	3,007,645	16%	69%	66%
	P31,026,686	P27,767,805	P3,258,881	12%	100%	100%

The Group's financial position strengthened further by the end of the 3rd quarter of 2024. Cash and cash equivalents increased significantly by 43% to P14,112 million driven by improved income and reduced working capital.

Trade and other receivables is slightly higher by 6% at P1,676 million brought by the increase in credit sales from modern trade partly offset by lower receivables from related parties.

Inventories dropped to P6,550 million or 19% lower versus December 2023 as a result of the depletion of finished goods inventory build-up.

Prepaid expenses and other current assets is up by P62 million to P879 million because of the increase in the Group's retirement plan, prepaid taxes, insurance and derivative assets, offset by lower input taxes.

Property, plant and equipment – net increased by 7% from P5,092 million to P5,449 as a result of the acquisition of new office at SMPC and the Bauan Alcohol Depot. Likewise, Right-of-use assets – net also increased by 13% from P51 million to P57 million driven by the valuation of new ROU assets.

Other noncurrent assets – net amounted to P118 million from P76 million a year ago due to the increase in advances to suppliers for construction projects.

The Group has fully settled its outstanding short-term loans.

Accounts payable and accrued expenses rose by 23% from P5,694 million last year to P7,021 this year mainly due to higher outstanding payables.

Lease liabilities – net of current portion grew by 24% or P7,382 million due to valuation of new ROU assets.

Unappropriated retained earnings reached P19,267 million, marking an 18% increase compared to the previous year, net of dividend declaration.

Financial Position as of September 30, 2023 vs December 31, 2022

	September 2023	December 2022	Horizontal Analysis Increase (Decrease) Amount	Percentage	Vertical Analysis 2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	P9,279,027	P5,457,277	P3,821,750	70%	35%	25%
Trade and other receivables - net	1,750,476	1,235,779	514,697	42%	7%	6%
Inventories	7,373,642	7,003,478	370,164	5%	28%	32%
Prepaid expenses and other current assets	1,068,203	868,981	199,222	23%	4%	4%
Total Current Assets	19,471,348	14,565,515	4,905,833	34%	74%	67%
Noncurrent Assets						
Investments in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	6%	7%
Property, plant and equipment - net	4,876,057	4,730,803	145,254	3%	18%	22%
Right-of-use assets - net	58,653	97,751	(39,098)	(40%)	0%	1%
Goodwill - net	126,863	126,863	-	0%	0%	1%
Deferred tax assets - net	484,435	524,963	(40,528)	(8%)	2%	2%
Other noncurrent assets - net	72,347	66,218	6,129	9%	0%	0%
Total Noncurrent Assets	7,118,355	7,046,598	71,757	1%	26%	33%
	P26,589,703	P21,612,113	P4,977,590	23%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P6,545,088	P5,540,299	P1,004,789	18%	25%	26%
Income and other taxes payable	1,476,470	719,846	756,624	105%	6%	3%
Current maturities of long-term debt - net of debt issue costs	83,032	165,430	(82,398)	(50%)	0%	1%
Lease liabilities - current portion	28,187	32,967	(4,780)	(15%)	0%	0%
Total Current Liabilities	8,132,777	6,458,542	1,674,235	26%	31%	30%
Noncurrent Liabilities						
Retirement liabilities	635,751	635,751	-	0%	2%	3%
Lease liabilities - net of current portion	35,811	75,775	(39,964)	(53%)	0%	0%
Total Noncurrent Liabilities	671,562	711,526	(39,964)	(6%)	2%	3%
Total Liabilities	8,804,339	7,170,068	1,634,271	23%	33%	33%
Equity						
Capital stock	399,063	399,063	-	0%	2%	2%
Additional paid-in capital	2,539,454	2,539,454	-	0%	10%	12%
Equity reserves	(415,729)	(415,729)	-	0%	(2%)	(2%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	13%	16%
Unappropriated	15,420,549	12,077,230	3,343,319	28%	58%	56%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(14%)	(17%)
Total Equity	17,785,364	14,442,045	3,343,319	23%	67%	67%
	P26,589,703	P21,612,113	P4,977,590	23%	100%	100%

Cash and cash equivalent grew 70% to P9,279 million from P5,457 million last year mainly from the transfer of rights of Don Papa products and the implementation of quarterly VAT remittance brought about by the CREATE Law.

Trade and other receivables is 42% higher or P515 million to P1,750 million mainly contributed by the increase in credit sales.

Inventories posted at P7,374 million, 5% higher from last year's P7,003 million primarily from the higher inventory of raw materials partly offset by the decrease in finished goods.

Prepaid expenses and other current assets increased by P199 million to P1,068 million due to higher prepayments for excise taxes, insurance, and the Group's retirement contribution plan.

Right-of-use assets – net decreased by 40% from P98 million to P59 million due to depreciation.

Deferred tax assets – net decreased by P41 million to P484 million mainly from the realization of the past year's foreign exchange loss and derivatives loss as well as the amortization of past service cost.

Other noncurrent assets – net increased to P72 million from P66 million a year ago due to higher supplier's advances and software capitalization partially offset by the amortization of deferred containers.

Accounts payable and accrued expenses posted an 18% increase from P5,540 million last year to P6,545 million this year due to higher accrued taxes and benefits net by the decrease in outstanding payables and derivative liabilities.

Income and other taxes payable rose to P1,476 million from P720 million last year due to higher taxable income and increase in outstanding VAT payables this year resulting from the implementation of VAT remittance frequency to quarterly from monthly last year.

Long-term debt decreased 50% to P83 million from P165 million a year ago attributed to continuous payments based on the scheduled amortization.

Lease liabilities – current portion decreased by 15% or P5 million due to amortization of ROU assets. In addition, the decrease in the noncurrent portion is due to reclassification of lease liability to current.

Unappropriated retained earnings grew 28% or P3,343 million to P15,421 million from P12,077 last year mainly from the Group's cumulative earnings for the year.

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	September 30	
	2024	2023
	(In Millions)	
Net cash flows provided by operating activities	**P7,884**	P6,238
Net cash flows used in investing activities	**(263)**	(251)
Net cash flows used in financing activities	**(3,387)**	(2,197)

Net cash flows provided by operating activities consist of income before income tax for the period and the effect of changes in current assets and certain current liabilities, including net movement in inventory level.

Net cash flows used in investing activities include the following:

	September 30	
	2024	2023
	(In Millions)	
Additions to property, plant and equipment	**(P856)**	(P585)
Increase in other noncurrent assets	**(50)**	(16)
Interest Received	**643**	350

Major components of net cash flows used in financing activities are as follows:

	September 30	
	2024	2023
	(In Millions)	
Payments of:		
Short-term borrowings	**(P1,000)**	-
Long-term borrowings	**-**	(P83)
Lease liabilities	**(26)**	(34)
Cash dividends	**(2,361)**	(2,080)

The effect of exchange rate changes on cash and cash equivalents amounted to (P3.3) million and P31.7 million for the periods ended September 30, 2024 and 2023, respectively.

IV. KEY PERFORMANCE INDICATORS

The following are the major performance measures used by the Group. 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" of the Management Discussion and Analysis, for the discussion of certain computed Key Performance Indicators.

KPI	September 30, 2024	December 31, 2023
Liquidity:		
Current Ratio	**2.67**	2.41
Solvency:		
Debt to Equity Ratio	**0.45**	0.51
Asset to Equity Ratio	**1.45**	1.51
Profitability:		
Return on Average Equity	**37%**	36%
Interest Rate Coverage Ratio	**160.09**	119.78

KPI	Period Ended September 30	
	2024	2023
Operating Efficiency:		
Volume Growth	**10%**	3%
Revenue Growth	**17%**	13%
Operating Margin	**14%**	13%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income*}}{\text{Average Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of All Businesses' Volume}}{\text{Prior Period Volume}}\right) - 1$
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.*