

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
Mar 31, 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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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	Mar 31, 2024
Currency (indicate units, if applicable)	Php (in thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2024	Dec 31, 2023
Current Assets	22,675,167	20,359,399
Total Assets	30,115,516	27,767,805
Current Liabilities	9,615,422	8,456,000
Total Liabilities	10,524,150	9,367,493
Retained Earnings/(Deficit)	20,962,872	19,771,818
Stockholders' Equity	19,591,366	18,400,312
Stockholders' Equity - Parent	18,748,584	17,580,398
Book Value per Share	68.42	64.26

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	15,116,977	12,944,962	15,116,977	12,944,962
Gross Expense	12,839,053	11,314,153	12,839,053	11,314,153
Non-Operating Income	279,382	1,756,777	279,382	1,756,777
Non-Operating Expense	20,138	17,933	20,138	17,933
Income/(Loss) Before Tax	2,537,168	3,369,653	2,537,168	3,369,653
Income Tax Expense	630,294	837,904	630,294	837,904
Net Income/(Loss) After Tax	1,906,874	2,531,749	1,906,874	2,531,749
Net Income Attributable to Parent Equity Holder	1,884,002	2,518,242	1,884,002	2,518,242
Earnings/(Loss) Per Share (Basic)	6.66	8.84	6.66	8.84
Earnings/(Loss) Per Share (Diluted)	6.66	8.84	6.66	8.84

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	22.43	19.84
Earnings/(Loss) Per Share (Diluted)	22.43	19.84

Other Relevant Information

Please see attached SEC Form 17-Q (Quarterly Report) of GSMI for the period ended March 31, 2024, which was filed today, May 3, 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 a n d 6th F l o o r s , S a n

M i g u e l P r o p e r t i e s

C e n t r e , S t . F r a n c i s

S t r e e t , O r t i g a s

C e n t e r , M a n d a l u y o n g

C i t y

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

Cynthia M. Baroy

Contact Person

(632) 8841-5100

Company Telephone

Number

1 2

Month

3 1

Day

SEC FORM 17-Q (1st Qtr 2024)

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc. Number/Section

Amended

Articles

Total No. of Stockholders Foreign

Total Amount of Borrowings

Domestic

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**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 **March 31, 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)
7. Address of issuer's principal office
**3RD and 6TH FLOORS, SAN MIGUEL PROPERTIES CENTRE,
ST. FRANCIS STREET, ORTIGAS CENTER
MANDALUYONG CITY** **1550**
Postal Code
8. Issuer's telephone number, including area code
(632) 8841-5100
9. Former name, former address and former fiscal year, if changed since last report
N.A.
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 March 31, 2024**

COMMON SHARES	286,327,841
PREFERRED SHARES	-
	286,327,841
 TOTAL LIABILITIES	 Php 10,524,150

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 March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 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


Cynthia M. Baroy
VP and Chief Finance Officer

Date **May 2, 2024**

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

	Note	2024 Unaudited	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	6, 7	P13,379,333	P9,881,018
Trade and other receivables - net	3, 6, 7	1,498,340	1,577,836
Inventories		6,697,585	8,083,201
Prepaid expenses and other current assets	3, 6, 7	1,099,909	817,344
Total Current Assets		22,675,167	20,359,399
Noncurrent Assets			
Investment in debt instruments at amortized cost	3	1,500,000	1,500,000
Property, plant and equipment - net	2	5,164,051	5,092,142
Right-of-use assets - net	3	42,903	50,778
Goodwill - net		126,863	126,863
Deferred tax assets - net		542,742	562,775
Other noncurrent assets - net	3, 6, 7	63,790	75,848
Total Noncurrent Assets		7,440,349	7,408,406
		P30,115,516	P27,767,805
LIABILITIES AND EQUITY			
Current Liabilities			
Loans Payable		P -	P1,000,000
Accounts payable and accrued expenses	3, 6, 7	7,278,365	5,694,109
Income and other taxes payable		2,315,390	1,736,095
Lease liabilities - current portion	3, 6, 7	21,667	25,796
Total Current Liabilities		9,615,422	8,456,000
Noncurrent Liabilities			
Retirement liabilities		881,185	880,891
Lease liabilities - net of current portion	3, 6, 7	27,543	30,602
Total Noncurrent Liabilities		908,728	911,493
Total Liabilities		10,524,150	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	17,450,872	16,259,818
Treasury stock		(3,669,973)	(3,669,973)
Total Equity		19,591,366	18,400,312
		P30,115,516	P27,767,805

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

CERTIFIED CORRECT:



CYNTHIA M. BAROY
VP and Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands, Except Per Share Data)

	<i>Note</i>	2024 Unaudited	2023 Unaudited
SALES	3	P15,116,977	P12,944,962
COST OF SALES		11,393,889	9,905,589
GROSS PROFIT		3,723,088	3,039,373
SELLING AND MARKETING EXPENSES		(803,500)	(792,532)
GENERAL AND ADMINISTRATIVE EXPENSES		(641,664)	(616,032)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(20,138)	(17,933)
GAIN ON DISPOSAL / RETIREMENT OF NONCURRENT ASSETS - Net		95	470
INTEREST INCOME		189,206	93,579
OTHER INCOME (CHARGES) - Net		90,081	1,662,728
INCOME BEFORE INCOME TAX		2,537,168	3,369,653
INCOME TAX EXPENSE		630,294	837,904
NET INCOME / TOTAL COMPREHENSIVE INCOME		P1,906,874	P2,531,749
Basic and diluted earnings per share	4	P6.66	P8.84
Cash dividends declared per common share	5	P2.500	P2.500

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

CERTIFIED CORRECT:


CYNTHIA M. BAROY
VP and Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 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		-	-	-	-	-	1,906,874	-	-	1,906,874
Cash dividends and distribution on common shares	5	-	-	-	-	-	(715,820)	-	-	(715,820)
As of March 31, 2024 (Unaudited)		P345,625	P53,438	P2,539,454	(P640,050)	P3,512,000	P17,450,872	(P1,947,198)	(P1,722,775)	P19,591,366
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		-	-	-	-	-	2,531,749	-	-	2,531,749
Cash dividends and distribution on common shares		-	-	-	-	-	(715,819)	-	-	(715,819)
As of March 31, 2023 (Unaudited)		P345,625	P53,438	P2,539,454	(P415,729)	P3,512,000	P13,893,160	(P1,947,198)	(P1,722,775)	P16,257,975

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

CERTIFIED CORRECT:



CYNTHIA M. BAROY
VP and Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands)

	2024	2023
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P2,537,168	P3,369,653
Adjustments for:		
Depreciation and amortization	176,656	163,221
Retirement expense	29,814	27,945
Interest expense and other financing charges	20,138	17,933
Provision for impairment loss	-	37,991
Net derivative loss (gain)	7,485	(48,733)
Gain on disposal / retirement of noncurrent assets - net	(95)	(470)
Net unrealized foreign exchange loss (gain)	(5,726)	47,795
Interest income	(189,206)	(93,579)
Operating income before working capital changes	2,576,234	3,521,756
Decrease (increase) in:		
Trade and other receivables	85,380	73,857
Inventories	1,363,673	(62,421)
Prepaid taxes and other current assets	(441,164)	(49,791)
Increase in:		
Accounts payable and accrued expenses	908,620	182,104
Other taxes payable	141,798	641,833
Cash generated from operations	4,634,541	4,307,338
Interest and other financing charges paid	(24,663)	(16,145)
Contribution to retirement plan	(29,521)	-
Income taxes paid	(33,961)	(16,298)
Net cash flows provided by operating activities	4,546,396	4,274,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	183,329	69,252
Proceeds from disposal of property, plant and equipment	95	470
Additions to property, plant and equipment	(238,332)	(60,660)
Decrease in other noncurrent assets	9,699	4,714
Net cash flows used in investing activities	(45,209)	13,776
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans payable	(1,000,000)	-
Lease liabilities	(8,462)	(12,030)
Cash dividends	(131)	(58)
Net cash flows used in financing activities	(1,008,593)	(12,088)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,721	(48,642)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,498,315	4,227,941
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,881,018	5,457,277
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P13,379,333	P9,685,218

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

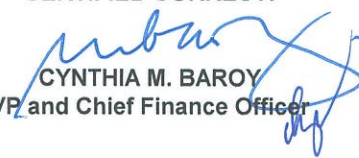
CERTIFIED CORRECT:


CYNTHIA M. BAROY
VP and Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
MARCH 31, 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	P1,232,171	P1,161,010	P48,167	P3,448	P8,864	P10,682
Non-trade Receivables	890,027	163,514	14,359	7,581	315	704,258
Total	2,122,198	1,324,524	62,526	11,029	9,179	714,940
Less: Allowance for doubtful accounts	(682,567)	-	-	-	(7,425)	(675,142)
NET RECEIVABLES	P1,439,631	P1,324,524	P62,526	P11,029	P1,754	P39,798

CERTIFIED CORRECT:


CYNTHIA M. BAROY
VP and 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 consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on April 30, 2024.

The 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.

Adoption of Amendments to Standards

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

Adoption of Amendments to Standards in 2024

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 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:

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:

March 31, 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	-	4,750	6,488	30,384	2,321	-	194,389	238,332
Disposals / Retirement	-	-	(3,785)	(17,270)	(48)	-	-	(21,103)
Reclassifications	-	-	10,293	5,586	1,778	3,447	(21,104)	-
March 31, 2024 (Unaudited)	1,258,668	2,688,412	489,699	9,448,127	914,925	139,946	599,703	15,539,480
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	2,869	23,945	12,261	99,299	24,640	3,409	-	166,423
Disposals / Retirement	-	-	(3,785)	(17,270)	(48)	-	-	(21,103)
Reclassifications	-	-	-	-	-	-	-	-
March 31, 2024 (Unaudited)	306,634	1,508,151	363,198	7,237,355	620,968	31,523	-	10,067,829
Accumulated Impairment Losses								
December 31, 2023 and March 31, 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
March 31, 2024 (Unaudited)	P952,034	P1,180,261	P126,501	P1,903,172	P293,957	P108,423	P599,703	P5,164,051

March 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	-	7,367	3,274	16,088	3,615	-	78,854	109,198
Disposals / Retirement	-	-	(1,369)	-	(365)	-	-	(1,734)
Reclassifications	-	13,095	9,599	52,508	31,075	-	(106,277)	-
March 31, 2023 (Unaudited)	1,241,165	2,621,999	449,928	9,109,861	688,029	85,578	277,976	14,474,536
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	2,690	21,883	11,388	94,889	16,017	1,413	-	148,280
Disposals / Retirement	-	-	(1,369)	-	(365)	-	-	(1,734)
Reclassifications	-	-	-	-	-	-	-	-
March 31, 2023 (Unaudited)	294,786	1,440,146	322,305	6,842,836	541,624	33,518	-	9,475,215
Accumulated Impairment Losses								
March 31, 2023	-	-	-	307,600	-	-	-	307,600
Carrying Amount								
March 31, 2023 (Unaudited)	P946,379	P1,181,853	P127,623	P1,959,425	P146,405	P52,060	P277,976	P4,691,721

Depreciation and amortization charged to operations amounted to P166,423 and P142,280 for the periods ended March 31, 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 March 31, 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; non-interest bearing	Unsecured; no impairment																																																																																																								
	2023	-	-	5	-			Intermediate Parent Company**	2024	660	49,564	7,380	48,165	On demand; non-interest bearing	Unsecured; no impairment	2023	12,201	485,309	8,690	28,457	Parent Company***	2024	25	-	-	542,430	On demand; non-interest bearing	Unsecured; no impairment	2023	150	-	9	-	Under Common Control	2024	56,156	2,281,614	103,069	1,066,714	On demand; non-interest bearing	Unsecured; no impairment	2023	301,252	8,790,094	140,876	1,348,616	Joint Venture	2024	13,091	-	3	1,934	On demand; interest bearing	Unsecured; with impairment	2023	39,740	-	-	1,934	Retirement Plan	2024	-	-	-	146,283	On demand; non-interest bearing	Unsecured; no impairment	2023	-	-	-	-	Associate of the Intermediate Parent Company	2024	28,058	-	1,500,000	-	5 to 7 years interest bearing; On demand; interest bearing	Unsecured; no impairment	2023	117,960	-	1,500,040	-	Others	2024	62	-	213	-	On demand; non-interest bearing	Unsecured; no impairment	2023	521	-	1,184	-	Total	2024	P98,052	P2,331,178	P1,610,665	P1,805,526			Total	2023	P471,824	P9,275,403	P1,650,804
Intermediate Parent Company**	2024	660	49,564	7,380	48,165	On demand; non-interest bearing	Unsecured; no impairment																																																																																																								
	2023	12,201	485,309	8,690	28,457			Parent Company***	2024	25	-	-	542,430	On demand; non-interest bearing	Unsecured; no impairment	2023	150	-	9	-	Under Common Control	2024	56,156	2,281,614	103,069	1,066,714	On demand; non-interest bearing	Unsecured; no impairment	2023	301,252	8,790,094	140,876	1,348,616	Joint Venture	2024	13,091	-	3	1,934	On demand; interest bearing	Unsecured; with impairment	2023	39,740	-	-	1,934	Retirement Plan	2024	-	-	-	146,283	On demand; non-interest bearing	Unsecured; no impairment	2023	-	-	-	-	Associate of the Intermediate Parent Company	2024	28,058	-	1,500,000	-	5 to 7 years interest bearing; On demand; interest bearing	Unsecured; no impairment	2023	117,960	-	1,500,040	-	Others	2024	62	-	213	-	On demand; non-interest bearing	Unsecured; no impairment	2023	521	-	1,184	-	Total	2024	P98,052	P2,331,178	P1,610,665	P1,805,526			Total	2023	P471,824	P9,275,403	P1,650,804	P1,379,007												
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Retirement Plan	2024	-	-	-	146,283	On demand; non-interest bearing	Unsecured; no impairment																																																																																																								
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*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.

- Amounts owed by related parties consist of current and noncurrent receivables.
- 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.
- 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.
- 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 GSML 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:

	March 31	
	2024	2023
Net income available to common shares (a)	P1,906,874	P2,531,749
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)	P6.66	P8.84

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	P0.750
Common - special	March 6, 2024	March 21, 2024	April 11, 2024	1.750

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	P0.750
Common - special	March 8, 2023	March 24, 2023	April 12, 2023	1.750

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.

The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the 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:

March 31, 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:

	March 31, 2024		December 31, 2023	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	\$1,790	P100,646	\$1,677	P92,870
Trade and other receivables	1,505	84,616	1,165	64,493
Liabilities				
Accounts payable and accrued expenses	(2,080)	(116,977)	(2,113)	(116,977)
Foreign currency-denominated monetary assets and liabilities	\$1,215	P68,285	\$729	P40,386

The Group reported net gain (loss) on foreign exchange amounting to P5,655 and (P47,795) for the periods ended March 31, 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	
March 31, 2024	56.240
December 31, 2023	55.370
March 31, 2023	54.360
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.

March 31, 2024	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P1,790)	(P1,343)	P1,790	P1,343
Trade and other receivables	(1,505)	(1,129)	1,505	1,129
Accounts payable and accrued expenses	2,080	1,560	(2,080)	(1,560)
	(P1,215)	(P912)	P1,215	P912

December 31, 2023	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
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.

March 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P13,379,333	P13,379,333	P13,379,333	P -	P -	P -
Trade and other receivables - net*	1,439,631	1,439,631	1,439,631	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	4,552	4,552	4,552	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,879,131	65,765	87,687	87,687	1,637,992
Security deposit (included under "Other noncurrent assets - net" account)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	7,270,082	7,270,082	7,270,082	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	3,617	3,617	3,617	-	-	-
Lease liabilities (including current portion)	49,210	57,928	20,550	14,097	13,017	10,264

*Excluding tax certificate receivables amounted to P58,709 as at March 31, 2024.

**Deferred rent income amounted to P1,144 as at March 31, 2024.

***Payable to a government agency amounted to P3,522 as at March 31, 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*	1,518,351	1,518,351	1,518,351	-	-	-
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 "Other noncurrent assets - net" account)	493	493	-	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 amounted to P59,485 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.

	March 31, 2024	December 31, 2023
Cash and cash equivalents*	P13,377,449	P9,878,439
Trade and other receivables - net**	1,439,631	1,518,351
Investment in debt instruments at amortized cost	1,500,000	1,500,000
Derivative assets	4,552	14,572
Security deposit	493	493
	P16,322,125	P12,911,855

*Excluding cash on hand amounted to P1,884 as at March 31, 2024.

**Excluding tax certificate receivables amounted to P58,709 as at March 31, 2024.

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.

	March 31, 2024					
	Financial Assets at Amortized Cost				Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL		
Cash and cash equivalents (excluding cash on hand)*	P13,377,449	P -	P -	P -	P13,377,449	
Trade and other receivables**	-	1,439,631	682,567	-	2,122,198	
Derivative assets	-	-	-	4,552	4,552	
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000	
Security deposit	-	493	-	-	493	

* Cash on hand amounted to P1,884 as at March 31, 2024.

**Excluding tax certificate receivables amounted to P58,709 as at March 31, 2024.

	December 31, 2023					
	Financial Assets at Amortized Cost				Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL		
Cash and cash equivalents (excluding cash on hand)*	P9,878,439	P -	P -	P -	P9,878,439	
Trade and other receivables**	-	1,518,351	682,567	-	2,200,918	
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 amounted to P59,485 as at December 31, 2023.

The aging of receivables is as follows:

March 31, 2024	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,160,253	P136,096	P28,174	P1,324,523
Past due:				
1 - 30 days	47,307	190	15,029	62,526
31 - 60 days	3,211	1,060	6,758	11,029
61 - 90 days	3,011	376	5,793	9,180
Over 90 days	3,778	23,264	687,898	714,940
	P1,217,560	P160,986	P743,652	P2,122,198

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	22,872	673,269	700,365
	P1,298,858	P138,958	P763,102	P2,200,918

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 March 31, 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.

Classification of Financial Instruments between Liability and Equity

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

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

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

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:

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P13,379,333	P13,379,333	P9,881,018	P9,881,018
Trade and other receivables - net*	1,439,631	1,439,631	1,518,351	1,518,351
Derivative assets (included under "Prepaid expenses and other current assets" account)	4,552	4,552	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 "Other noncurrent assets - net" account)	493	493	493	493
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	7,270,082	7,270,082	5,688,925	5,688,925
Loans payable	-	-	1,000,000	1,000,000
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	3,617	3,617	476	476

*Excluding tax certificate receivables amounted to P58,709 and P59,485 as at March 31, 2024 and December 31, 2023, respectively.

**Deferred rent income amounted to P1,144 and P1,186 as at March 31, 2024 and December 31, 2023, respectively.

***Payable to government agency amounted to P3,522 as at March 31, 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.

Derivative Financial Instruments

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.

Derivative Instruments not Designated as Hedges

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\$26,646 and US\$27,939 as at March 31, 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 P935 and P14,096 as at March 31, 2024 and December 31, 2023, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P7,485) and P48,733 for the period ended March 31, 2024 and 2023.

Fair Value Measurements

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or 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 P4,552 and (P3,617), respectively as at March 31, 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 cyclicity 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 March 31, 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 March 31, 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 April 30, 2024, the BOD approved the declaration of regular and special cash dividends to all common shareholders of record as of May 17, 2024 both amounting to P1.50 per common share. Cash dividends for common shares, both regular and special are payable on June 7, 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 March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as of March 31, 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**Three months ended March 31, 2024 compared to three months ended March 31, 2023**

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
<i>(In Thousands)</i>						
Sales	P15,116,977	P12,944,962	P2,172,015	17%	100%	100%
Cost of Sales	11,393,889	9,905,589	1,488,300	15%	75%	77%
Gross Profit	3,723,088	3,039,373	683,715	22%	25%	23%
Selling and Marketing Expenses	(803,500)	(792,532)	(10,968)	1%	(5%)	(6%)
General and Administrative Expenses	(641,664)	(616,032)	(25,632)	4%	(4%)	(5%)
Interest Expense and Other Financing Charges	(20,138)	(17,933)	(2,205)	12%	(1%)	(0%)
Gain on Disposal / Retirement of Noncurrent Assets	95	470	(375)	(80%)	0%	0%
Interest Income	189,206	93,579	95,627	102%	1%	1%
Other Income - Net	90,081	1,662,728	(1,572,647)	(95%)	1%	13%
Income Before Income Tax	2,537,168	3,369,653	(832,485)	(25%)	17%	26%
Income Tax Expense	630,294	837,904	(207,610)	(25%)	4%	6%
Net Income	P1,906,874	P2,531,749	(P624,875)	(25%)	13%	20%

Consolidated revenues were P15,117 million for the quarter ended March 31, 2024, 17% higher than 2023's P12,945 million mainly contributed by the volume improvement of major brands and price increase.

Gross profit for the three months ended March 31, 2024 amounting to P3,723 million exceeded the same period last year by 22% or P684 million driven by the selling price increase, generally stable costs of major materials, and improvement of the distillery's biogas generation.

Interest expense and other financing charges increased by 12% to P20 million in the first quarter of 2024 from P18 million a year ago mainly from the short-term loan availed by the Group in the last quarter of 2023.

Gain on disposal or retirement of noncurrent assets posted an 80% decline from P470 thousand for the first quarter of 2023 to P95 thousand in the same period of the current year due to lower proceeds from sale of retired transportation equipment.

Interest income registered 102% growth to P189 million for the first quarter of 2024 from P94 million in the same period last year primarily due to the interest received from money market placements and related party advances.

Other income amounted to P90 million for the first quarter of 2024 from P1,663 million for first quarter of 2023 mainly driven by the one-time miscellaneous income recognized last year.

The group's net income after tax for the first quarter of 2024 amounted to P1,907 million, lower by P625 million from P2,532 million for the first quarter of 2023.

Three months ended March 31, 2023 compared to three months ended March 31, 2022

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	Percentage	2024	2023
<i>(In Thousands)</i>						
Sales	P12,944,962	P12,620,000	P324,962	3%	100%	100%
Cost of Sales	9,905,589	9,397,549	508,040	5%	77%	74%
Gross Profit	3,039,373	3,222,451	(183,078)	(6%)	23%	26%
Selling and Marketing Expenses	(792,532)	(833,528)	40,996	(5%)	(6%)	(7%)
General and Administrative Expenses	(616,032)	(592,951)	(23,081)	4%	(5%)	(5%)
Interest Expense and Other Financing Charges	(17,933)	(7,360)	(10,573)	144%	(0%)	(0%)
Gain on Disposal / Retirement of Noncurrent Assets	470	629	(159)	(25%)	0%	0%
Interest Income	93,579	12,038	81,541	677%	1%	0%
Other Income - Net	1,662,728	63,361	1,599,367	2524%	13%	1%
Income Before Income Tax	3,369,653	1,864,640	1,505,013	81%	26%	15%
Income Tax Expense	837,904	465,155	372,749	80%	6%	4%
Net Income	P2,531,749	P1,399,485	P1,132,264	81%	20%	11%

The Group ended the 1st quarter of 2023 with P12,945 million revenues, up by 3% as compared to same period of 2022. Despite this, gross profit slipped by 6% to P3,039 million from P3,222 million last year driven by the increase in raw materials cost and excise tax rates, partly offset by the price increase implementation.

Interest expense increased to P18 million from P7 million of 1st quarter last year due to the interest expenses of the company's defined benefit plan obligation. On the other hand, interest income grew almost sevenfold to P94 million from P12 million driven by earnings from investment in debt instruments and higher placements with longer maturity and better interest.

Other income posted a significant growth to P1,663 million from P63 million last year primarily from the earnings recognized for the transfer of rights of Don Papa products.

The Group realized an 81% uptick in consolidated net income, reported at P2,532 million from P1,399 million a year ago.

II. FINANCIAL POSITION

Financial Position as of March 31, 2024 vs December 31, 2023

	March 2024	December 2023	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	Percentage	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	P13,379,333	P9,881,018	P3,498,315	35%	44%	35%
Trade and other receivables - net	1,498,340	1,577,836	(79,496)	(5%)	5%	6%
Inventories	6,697,585	8,083,201	(1,385,616)	(17%)	22%	29%
Prepaid expenses and other current assets	1,099,909	817,344	282,565	35%	4%	3%
	22,675,167	20,359,399	2,315,768	11%	75%	73%
Noncurrent Assets						
Investments in joint ventures	1,500,000	1,500,000	-	0%	5%	6%
Property, plant and equipment - net	5,164,051	5,092,142	71,909	1%	17%	18%
Right-of-use assets - net	42,903	50,778	(7,875)	(16%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	1%	1%
Deferred tax assets - net	542,742	562,775	(20,033)	(4%)	2%	2%
Other noncurrent assets - net	63,790	75,848	(12,058)	(16%)	0%	0%
	7,440,349	7,408,406	31,943	0%	25%	27%
	P30,115,516	P27,767,805	P2,347,711	8%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	P -	P1,000,000	(P1,000,000)	(100%)	0%	4%
Accounts payable and accrued expenses	7,278,365	5,694,109	1,584,256	28%	24%	21%
Income and other taxes payable	2,315,390	1,736,095	579,295	33%	8%	6%
Lease liabilities - current portion	21,667	25,796	(4,129)	(16%)	0%	0%
	9,615,422	8,456,000	1,159,422	14%	32%	31%
Noncurrent Liabilities						
Retirement liabilities	881,185	880,891	294	0%	3%	3%
Lease liabilities - net of current portion	27,543	30,602	(3,059)	(10%)	0%	0%
	908,728	911,493	(2,765)	(0%)	3%	3%
	10,524,150	9,367,493	1,156,657	12%	35%	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%	12%	13%
Unappropriated	17,450,872	16,259,818	1,191,054	7%	58%	58%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(12%)	(13%)
	19,591,366	18,400,312	1,191,054	6%	65%	66%
	P30,115,516	P27,767,805	P2,347,711	8%	100%	100%

The Group's financial position remains healthy with robust cash levels. Cash and cash equivalents swelled 35% to P13,379 million at the end of the interim period mainly from higher cash sales and higher collection from modern trade accounts.

Trade and other receivables decreased 5% to P1,498 million due to collection of account receivables net of the interest receivable recognized from short-term money market placements.

Inventories at the end of first quarter of 2024 was 17% lower at P6,698 million due to lower finished goods inventory partially offset by the increase in materials and supplies inventory level.

Prepaid expense and other current assets were up by 35% to P1,100 million mainly from the set-up of the Group's retirement contribution plan, increase in prepaid and input taxes, offset by the amortization of insurance premium prepayments, and decrease in derivative assets.

Right-of-use assets decreased 16% to P43 million generally due to depreciation.

Other noncurrent assets amounted to P64 million, a 16% decrease from last year, mainly contributed by amortization and application of supplier's advances.

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

Accounts payable and accrued expenses jumped 28% to P7,278 million driven by the higher taxes payable and set up of dividends.

Income and other taxes payable registered an increase of 33% to P2,315 million as result of higher income taxes and VAT.

The current and noncurrent finance lease liabilities declined by 16% and 10%, respectively, resulting in amounts of P22 million and P27 million primarily due to amortization and reclassification from noncurrent to current.

Financial Position as of March 31, 2023 vs December 31, 2022

	March 2023	December 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	Percentage	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	P9,685,218	P5,457,277	P4,227,941	77%	38%	25%
Trade and other receivables - net	1,187,096	1,235,779	(48,683)	(4%)	5%	6%
Inventories	7,021,723	7,003,478	18,245	0%	27%	32%
Prepaid expenses and other current assets	813,268	868,981	(55,713)	(6%)	3%	4%
	18,707,305	14,565,515	4,141,790	28%	73%	67%
Noncurrent Assets						
Investments in joint ventures	1,500,000	1,500,000	-	0%	6%	7%
Property, plant and equipment - net	4,691,721	4,730,803	(39,082)	(1%)	18%	22%
Right-of-use assets - net	86,748	97,751	(11,003)	(11%)	0%	1%
Goodwill - net	126,863	126,863	-	0%	1%	1%
Deferred tax assets - net	509,125	524,963	(15,838)	(3%)	2%	2%
Other noncurrent assets - net	57,449	66,218	(8,769)	(13%)	0%	0%
	6,971,906	7,046,598	(74,692)	(1%)	27%	33%
	P25,679,211	P21,612,113	P4,067,098	19%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P6,420,792	P5,540,299	P880,493	16%	25%	26%
Income and other taxes payable	2,072,896	719,846	1,353,050	188%	8%	3%
Current maturities of long-term debt - net of debt issue costs	165,739	165,430	309	0%	1%	1%
Lease liabilities - current portion	30,143	32,967	(2,824)	(9%)	0%	0%
	8,689,570	6,458,542	2,231,028	35%	34%	30%
Noncurrent Liabilities						
Retirement liabilities	663,696	635,751	27,945	4%	3%	3%
Lease liabilities - net of current portion	67,970	75,775	(7,805)	(10%)	0%	0%
	731,666	711,526	20,140	3%	3%	3%
	9,421,236	7,170,068	2,251,168	31%	37%	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	13,893,160	12,077,230	1,815,930	15%	54%	56%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(14%)	(17%)
	16,257,975	14,442,045	1,815,930	13%	63%	67%
	P25,679,211	P21,612,113	P4,067,098	19%	100%	100%

Cash and cash equivalents were up by 77% or P4,228 million at the end of 1st quarter 2023 brought about by the implementation of quarterly remittance of VAT and cash received from the transfer of rights of Don Papa products.

Other intangible assets increased by P6 million mainly from the capitalization of computer software while rights-of-use and other noncurrent assets decreased by P11 million and P15 million, respectively, mainly due to depreciation and amortization.

Accounts payable and accrued expenses increased by 16% to P6,421 million from P5,540 of prior year driven by higher excise tax payable and the declaration of 1st quarter dividends.

As a result of the higher taxable income coupled with the effect of the quarterly VAT remittances, income and other taxes payable climbed to P2,073 million from P720 million last year.

Equity

The decrease in equity for the period ended March 31, 2024 and 2023 is due to:

	March 31	
	2024	2023
	<i>(In Millions)</i>	
Income during the period	P1,907	P2,532
Cash dividends	(716)	(716)
	P1,191	P1,816

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	March 31	
	2024	2023
	<i>(In Millions)</i>	
Net cash flows provided by operating activities	P4,546	P4,275
Net cash flows used in investing activities	(45)	14
Net cash flows used in financing activities	(1,009)	(12)

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:

	March 31	
	2024	2023
	<i>(In Millions)</i>	
Additions to property, plant and equipment	(P238)	(P61)
Decrease in other noncurrent assets	10	6
Interest Received	183	69

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

	March 31	
	2024	2023
	<i>(In Millions)</i>	
Payments of:		
Short-term borrowings	(P1,000)	P -
Lease liabilities	(9)	(P12)

The effect of exchange rate changes on cash and cash equivalents amounted to P5.7 million and (P48.6) million for the periods ended March 31, 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	March 31, 2024	December 31, 2023
Liquidity: Current Ratio	2.36	2.41
Solvency: Debt to Equity Ratio	0.54	0.51
Asset to Equity Ratio	1.54	1.51
Profitability: Return on Average Equity	43%	36%
Interest Rate Coverage Ratio	117.31	119.78

KPI	Period Ended March 31	
	2024	2023
Operating Efficiency: Volume Growth	8%	(5%)
Revenue Growth	17%	3%
Operating Margin	15%	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.