CR05861-2025

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
   Jun 30, 2025
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, 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	Jun 30, 2025
Currency (indicate units, if applicable)	Php (in thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2025	Dec 31, 2024
Current Assets	25,014,779	21,729,243
Total Assets	33,855,405	30,532,593
Current Liabilities	8,888,222	7,506,633
Total Liabilities	9,958,143	8,592,097
Retained Earnings/(Deficit)	25,406,361	23,449,595
Stockholders' Equity	23,897,262	21,940,496
Stockholders' Equity - Parent	22,954,574	21,076,113
Book Value per Share	83.46	76.63

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	15,965,220	14,874,689	32,234,929	29,991,666
Gross Expense	13,477,500	12,741,552	27,283,009	25,580,605
Non-Operating Income	357,087	222,197	723,584	501,579
Non-Operating Expense	19,979	14,735	40,464	34,873
Income/(Loss) Before Tax	2,824,828	2,340,599	5,635,040	4,877,767
Income Tax Expense	689,481	571,508	1,387,649	1,201,802
Net Income/(Loss) After Tax	2,135,347	1,769,091	4,247,391	3,675,965
Net Income Attributable to Parent Equity Holder	2,095,219	1,841,223	4,169,083	3,725,225
Earnings/(Loss) Per Share (Basic)	7.46	6.18	14.83	12.84
Earnings/(Loss) Per Share (Diluted)	7.46	6.18	14.83	12.84

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	27.34	23.21
Earnings/(Loss) Per Share (Diluted)	27.34	23.21

Other Relevant Information
Please see attached SEC Form 17-Q (Quarterly Report) of GSMI for the period ended June 30, 2025. 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)

Ariel I. Victoria
Contact Person

(632) 8841-5100
Company Telephone Number

1	2		3	1

Month Day

SEC FORM 17-Q (2nd Qtr 2025)
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

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

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 **June 30, 2025**

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 June 30, 2025
COMMON SHARES	**286,327,841**
PREFERRED SHARES	**-**
	286,327,841
TOTAL LIABILITIES	**Php 9,958,143**

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 June 30, 2025 (with comparative figures as of December 31, 2024 and for the period ended June 30, 2024) 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	August 13, 2025

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND DECEMBER 31, 2024
(In Thousands)

	Note	2025 Unaudited	2024 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	6, 7	**P14,621,910**	P11,330,931
Trade and other receivables - net	3, 6, 7	**1,610,631**	1,899,136
Inventories		**7,550,653**	7,606,929
Prepaid expenses and other current assets	3, 6, 7	**1,231,585**	892,247
Total Current Assets		**25,014,779**	21,729,243
Noncurrent Assets			
Investment in debt instruments at amortized cost	3, 6, 7	**1,500,000**	1,500,000
Property, plant and equipment - net	2	**6,474,056**	6,392,474
Right-of-use assets - net	3	**52,486**	65,532
Goodwill - net		**126,863**	126,863
Deferred tax assets - net		**568,929**	625,092
Other noncurrent assets - net	3, 6, 7	**118,292**	93,389
Total Noncurrent Assets		**8,840,626**	8,803,350
		P33,855,405	P30,532,593
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	3, 6, 7	**P6,739,259**	P5,666,430
Income and other taxes payable		**2,117,064**	1,808,095
Lease liabilities - current portion	3, 6	**31,899**	32,108
Total Current Liabilities		**8,888,222**	7,506,633
Noncurrent Liabilities			
Retirement liabilities		**1,045,838**	1,045,838
Lease liabilities - net of current portion	3, 6	**24,083**	39,626
Total Noncurrent Liabilities		**1,069,921**	1,085,464
Total Liabilities		**9,958,143**	8,592,097
Equity			
Capital stock		**399,063**	399,063
Additional paid-in capital		**2,539,454**	2,539,454
Equity reserves		**(777,643)**	(777,643)
Retained earnings:			
Appropriated		**3,512,000**	3,512,000
Unappropriated	5	**21,894,361**	19,937,595
Treasury stock		**(3,669,973)**	(3,669,973)
Total Equity		**23,897,262**	21,940,496
		P33,855,405	P30,532,593

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 JUNE 30, 2025 AND 2024
(In Thousands, Except Per Share Data)

				For the Quarter Ended	
		2025	2024	**2025**	2024
	Note	**Unaudited**	Unaudited	**Unaudited**	Unaudited
SALES	*3*	**P32,234,929**	P29,991,666	**P15,965,220**	P14,874,689
COST OF SALES		**23,734,773**	22,547,296	**11,547,725**	11,153,407
GROSS PROFIT		**8,500,156**	7,444,370	**4,417,495**	3,721,282
SELLING AND MARKETING EXPENSES		**(2,066,747)**	(1,759,316)	**(1,144,639)**	(955,816)
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,481,489)**	(1,273,993)	**(785,136)**	(632,329)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		**(40,464)**	(34,873)	**(19,979)**	(14,735)
GAIN ON DISPOSAL / RETIREMENT OF NONCURRENT ASSETS - Net		**-**	363	**-**	268
INTEREST INCOME		**418,189**	408,647	**192,963**	219,441
OTHER INCOME - Net		**305,395**	92,569	**164,124**	2,488
INCOME BEFORE INCOME TAX		**5,635,040**	4,877,767	**2,824,828**	2,340,599
INCOME TAX EXPENSE		**1,387,649**	1,201,802	**689,481**	571,508
NET INCOME / TOTAL COMPREHENSIVE INCOME		**P4,247,391**	P3,675,965	**P2,135,347**	P1,769,091
Basic and diluted earnings per share	*4*	**P14.83**	P12.84	**P7.46**	P6.18
Cash dividends declared per common share	*5*	**P8.00**	P5.50	**P4.00**	P3.00

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 JUNE 30, 2025 AND 2024
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Equity Reserve for Retirement	Retained Earnings		Treasury Stocks		Total
		Common	Preferred			Appropriated	Unappropriated	Common	Preferred	
As of January 1, 2025 (Audited)		**P345,625**	**P53,438**	**P2,539,454**	**(P777,643)**	**P3,512,000**	**P19,937,595**	**(P1,947,198)**	**(P1,722,775)**	**P21,940,496**
Net income / total comprehensive income		-	-	-	-	-	4,247,391	-	-	4,247,391
Cash dividends and distribution on common shares	5	-	-	-	-	-	(2,290,625)	-	-	(2,290,625)
As of June 30, 2025 (Unaudited)		**P345,625**	**P53,438**	**P2,539,454**	**(P777,643)**	**P3,512,000**	**P21,894,361**	**(P1,947,198)**	**(P1,722,775)**	**P23,897,262**
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		-	-	-	-	-	3,675,965	-	-	3,675,965
Cash dividends and distribution on common shares		-	-	-	-	-	(1,574,803)	-	-	(1,574,803)
As of June 30, 2024 (Unaudited)		P345,625	P53,438	P2,539,454	(P640,050)	P3,512,000	P18,360,980	(P1,947,198)	(P1,722,775)	P20,501,474

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 JUNE 30, 2025 AND 2024
(In Thousands)

	2025 Unaudited	2024 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**P5,635,040**	P4,877,767
Adjustments for:		
Depreciation and amortization	**364,311**	352,364
Retirement expense	**64,534**	61,106
Interest expense and other financing charges	**40,464**	34,873
Net unrealized foreign exchange loss (gain)	**7,970**	(8,225)
Gain on disposal/ retirement of noncurrent assets - net	**-**	(363)
Gain on lease modification	**(3,641)**	-
Net derivative loss (gain)	**(86,803)**	72,426
Interest income	**(418,189)**	(408,647)
Operating income before working capital changes	**5,603,686**	4,981,301
Decrease (increase) in:		
Trade and other receivables	**282,097**	(25,513)
Inventories	**177,959**	2,769,018
Prepaid expenses and other current assets	**(585,180)**	(439,267)
Increase (decrease) in:		
Accounts payable and accrued expenses	**1,034,793**	472,111
Other taxes payable	**222,078**	(128,946)
Cash generated from operations	**6,735,433**	7,628,704
Interest expense and other financing charges paid	**(10,842)**	(18,670)
Contribution to retirement plan	**(171,108)**	(94,527)
Income taxes paid	**(992,307)**	(838,897)
Net cash flows provided by operating activities	**5,561,176**	6,676,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**424,613**	403,931
Proceeds from disposal of property, plant and equipment	**-**	403
Additions to property, plant and equipment	**(423,150)**	(336,091)
Increase in other noncurrent assets	**(31,338)**	(56,179)
Net cash flows provided by (used in) investing activities	**(29,875)**	12,064
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Lease liabilities:		
Principal	**(15,372)**	(14,204)
Interest	**(2,272)**	(1,848)
Loans payable	**-**	(1,000,000)
Cash dividends	**(2,214,692)**	(1,526,502)
Net cash flows used in financing activities	**(2,232,336)**	(2,542,554)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(7,986)**	8,220
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,290,979**	4,154,340
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,330,931**	9,881,018
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P14,621,910**	P14,035,358

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
JUNE 30, 2025 (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	1,473,211	1,276,315	39,452	102,611	39,743	15,090
Non-trade Receivables	748,991	54,393	1,197	3,460	325	689,616
Total	**2,222,202**	**1,330,708**	**40,649**	**106,071**	**40,068**	**704,706**
Less: Allowance for doubtful accounts	(682,567)	-	-	-	-	(682,567)
NET RECEIVABLES	**1,539,635**	**1,330,708**	**40,649**	**106,071**	**40,068**	**22,139**

CERTIFIED CORRECT:

ARIEL I. VICTORIA
OIC - Chief Finance Officer

ANNEX A

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, 2024.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on August 6, 2025.

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 Philippine 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) Accounting Standards.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is 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.

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

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

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

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

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

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

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

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

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

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

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

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

2. Property, Plant and Equipment

Property, plant and equipment consist of:

June 30, 2025 and December 31, 2024

	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, 2024 (Audited)	P1,258,668	P2,683,662	P476,703	P9,429,427	P910,874	P136,499	P426,418	P15,322,251
Additions	2,132	252,320	24,522	104,358	149,202	3,551	1,420,461	1,956,546
Disposals / Retirement	-	(801)	(7,546)	(17,444)	(24,182)	-	-	(49,973)
Reclassifications	7,291	14,662	16,422	62,860	9,845	3,447	(109,328)	5,199
December 31 , 2024 (Audited)	1,268,091	2,949,843	510,101	9,579,201	1,045,739	143,497	1,737,551	17,234,023
Additions	-	4,135	15,855	29,629	38,710	2,315	332,506	423,150
Reclassifications	17,758	756,926	3,753	83,768	108,034	12,450	(982,689)	-
June 30, 2025 (Unaudited)	**1,285,849**	**3,710,904**	**529,709**	**9,692,598**	**1,192,483**	**158,262**	**1,087,368**	**17,657,173**
Accumulated Depreciation								
January 1, 2024 (Audited)	303,765	1,484,206	354,722	7,155,326	596,376	28,114	-	9,922,509
Depreciation	11,375	91,568	48,603	390,478	104,815	14,516	-	661,355
Disposals / Retirement	-	(760)	(7,546)	(17,427)	(24,182)	-	-	(49,915)
December 31 , 2024 (Audited)	315,140	1,575,014	395,779	7,528,377	677,009	42,630	-	10,533,949
Depreciation	5,750	59,529	23,418	183,385	62,180	7,306	-	341,568
June 30, 2025 (Unaudited)	**320,890**	**1,634,543**	**419,197**	**7,711,762**	**739,189**	**49,936**	**-**	**10,875,517**
Accumulated Impairment Losses								
December 31, 2024 and June 30, 2025	-	-	-	**307,600**	-	-	-	**307,600**
Carrying Amount								
December 31, 2024 (Audited)	P952,951	P1,374,829	P114,322	P1,743,224	P368,730	P100,867	P1,737,551	P6,392,474
June 30, 2025 (Unaudited)	**P964,959**	**P2,076,361**	**P110,512**	**P1,673,236**	**P453,294**	**P108,326**	**P1,087,368**	**P6,474,056**

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 June 30, 2025 and December 31, 2024:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company*	**2025**	**P -**	**P -**	**P -**	**P -**	On demand; non-interest bearing	Unsecured; no impairment
	2024	-	-	5	-		
Intermediate Parent Company**	**2025**	**145,950**	**152,071**	**165,203**	**18,310**	On demand; non-interest bearing	Unsecured; no impairment
	2024	12,783	271,038	10,939	19,441		
Parent Company***	**2025**	**100**	-	**24**	-	On demand; non-interest bearing	Unsecured; no impairment
	2024	150	-	7	-		
Under Common Control	**2025**	**58,221**	**4,861,109**	**31,447**	**1,065,543**	On demand; non-interest bearing	Unsecured; with impairment
	2024	240,719	9,282,037	129,036	1,393,266		
Joint Venture	**2025**	**14,431**	-	-	-	On demand; Interest bearing	Unsecured; with impairment
	2024	13,091	-	-	5,346		
Associate of the Intermediate Parent Company	**2025**	**55,932**	-	**1,505,159**	-	5 to 7 years interest bearing On demand; non-interest bearing	Unsecured; no impairment
	2024	111,897	-	1,500,104	-		
Others	**2025**	**160**	-	**333**	-	On demand; non-interest bearing	Unsecured; no impairment
	2024	222	-	1,101	-		
Total	**2025**	**P274,794**	**P5,013,180**	**P1,702,166**	**P1,083,853**		
Total	2024	P378,862	P9,553,075	P1,641,192	P1,418,053		

**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 June 30, 2025.

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 and lease liabilities.

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:

	June 30	
	2025	2024
Net income available to common shares (a)	**P4,247,391**	P3,675,965
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)	**P14.83**	P12.84

5. Cash Dividends

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

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common - regular	**March 5, 2025**	**March 20, 2025**	**April 4, 2025**	**P2.50**
	April 30, 2025	**May 30, 2025**	**June 6, 2025**	**2.50**
Common - special	**March 5, 2025**	**March 20, 2025**	**April 4, 2025**	**1.50**
	April 30, 2025	**May 30, 2025**	**June 6, 2025**	**1.50**

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	1.50
Common - special	March 6, 2024	March 21, 2024	April 11, 2024	1.75
	April 30, 2024	May 17, 2024	June 7, 2024	1.50

6. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
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 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:

June 30, 2025	**<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, 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%

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:

	June 30, 2025		December 31, 2024	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Cash and cash equivalents	**$8,172**	**P460,340**	$3,386	P195,842
Trade and other receivables	**1**	**37**	585	33,855
Foreign currency-denominated monetary assets	**$8,173**	**P460,377**	$3,971	P229,697

The Group reported net gain (loss) on foreign exchange amounting to (P2,356) and P7,411 for the periods ended June 30, 2025 and 2024, 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
June 30, 2025	**56.330**
December 31, 2024	57.845
June 30, 2024	58.610
December 31, 2023	55.370

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 the Group's equity.

June 30, 2025	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	(P8,172)	(P6,129)	P8,172	P6,129
Trade and other receivables	(1)	(1)	1	1
	(P8,173)	(P6,130)	P8,173	P6,130

December 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	(P3,386)	(P2,540)	P3,386	P2,540
Trade and other receivables	(585)	(439)	585	439
	(P3,971)	(P2,979)	P3,971	P2,979

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.

June 30, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	**P14,621,910**	**P14,621,910**	**P14,621,910**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**1,539,635**	**1,539,635**	**1,539,635**	**-**	**-**	**-**
Lease receivable (included under "Other noncurrent assets – net" account)	**279**	**279**	**-**	**279**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" account)	**43,242**	**43,242**	**43,242**	**-**	**-**	**-**
Investment in debt instruments at amortized cost	**1,500,000**	**1,773,174**	**47,496**	**87,686**	**1,637,992**	**-**
Security deposit (included under "Other noncurrent assets - net" accounts)	**493**	**493**	**-**	**493**	**-**	**-**
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	**6,726,414**	**6,726,414**	**6,726,414**	**-**	**-**	**-**
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	**4,237**	**4,237**	**4,237**	**-**	**-**	**-**
Lease liabilities (including current portion)	**55,982**	**64,489**	**35,826**	**12,045**	**11,731**	**4,887**

**Excluding tax certificate receivables amounted to P70,996 as at June 30, 2025.*
***Deferred rent income amounted to P8,441 as at June 30, 2025.*
****Payable to a government agency amounted to P167 as at June 30, 2025.*

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P11,330,931	P11,330,931	P11,330,931	P -	P -	P -
Trade and other receivables - net*	1,830,717	1,830,717	1,830,717	-	-	-
Lease receivable (included under "Other noncurrent assets – net" account)	279	279	-	279	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	9,158	9,158	9,158	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,817,020	3,654	87,687	1,408,135	317,544
Security deposit (included under "Other noncurrent assets - net" accounts)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	5,652,349	5,652,349	5,652,349	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	5,034	5,034	5,034	-	-	-
Lease liabilities (including current portion)	71,734	81,533	36,264	23,695	14,470	7,104

**Excluding tax certificate receivables amounted to P68,419 as at December 31, 2024.*
***Deferred rent income amounted to P8,886 as at December 31, 2024.*
****Payable to a government agency amounted to P161 as at December 31, 2024.*

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, lease receivable and security deposit.

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.

	June 30, 2025	December 31, 2024
Cash and cash equivalents*	**P14,619,466**	P11,327,421
Trade and other receivables - net**	**1,539,635**	1,830,717
Lease receivable	**279**	279
Investment in debt instruments at amortized cost	**1,500,000**	1,500,000
Derivative assets	**43,242**	9,158
Security deposit	**493**	493
	P17,703,115	P14,668,068

**Excluding cash on hand amounted to P2,444 and P3,510 as at June 30, 2025 and December 31, 2024, respectively.*
***Excluding tax certificate receivables amounted to P70,996 and P68,419 as at June 30, 2025 and December 31, 2024, respectively.*

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.

	June 30, 2025				
	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)*	**P14,619,466**	**P -**	**P -**	**P -**	**P14,619,466**
Trade and other receivables**	**-**	**1,539,635**	**682,567**	**-**	**2,222,202**
Lease receivable	**-**	**279**	**-**	**-**	**279**
Derivative assets	**-**	**-**	**-**	**43,242**	**43,242**
Investment in debt instruments at amortized cost	**1,500,000**	**-**	**-**	**-**	**1,500,000**
Security deposit	**-**	**493**	**-**	**-**	**493**

** Cash on hand amounted to P2,444 as at June 30, 2025.*
***Excluding tax certificate receivables amounted to P70,996 as at June 30, 2025.*

	December 31, 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)*	P11,327,421	P -	P -	P -	P11,327,421
Trade and other receivables**	-	1,830,717	682,567	-	2,513,284
Lease receivable	-	279	-	-	279
Derivative assets	-	-	-	9,158	9,158
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

**Cash on hand amounted to P3,510 as at December 31, 2024.*
***Excluding tax certificate receivables amounted to P68,419 as at December 31, 2024.*

The aging of receivables is as follows:

June 30, 2025	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P1,275,236**	**P42,852**	**P12,620**	**P1,330,708**
Past due:				
1 - 30 days	**18,782**	**212**	**21,655**	**40,649**
31 - 60 days	**2,521**	**207**	**103,343**	**106,071**
61 - 90 days	**559**	**199**	**39,310**	**40,068**
Over 90 days	**4,460**	**26,260**	**673,986**	**704,706**
	P1,301,558	**P 69,730**	**P850,914**	**P2,222,202**

December 31, 2024	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,398,872	P92,396	P66,189	P1,557,457
Past due:				
1 - 30 days	231,719	369	4,342	236,430
31 - 60 days	3,816	1,062	3,100	7,978
61 - 90 days	968	267	12,380	13,615
Over 90 days	4,480	23,401	669,923	697,804
	P1,639,855	P117,495	P755,934	P2,513,284

Various collaterals for trade receivables such as bank guarantees and time deposit 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.

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 June 30, 2025 and December 31, 2024.

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, lease receivable 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 financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective 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.

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

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

The Group's liabilities arising from its trade transactions or borrowings such as 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.

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

	June 30, 2025		December 31, 2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P14,621,910**	**P14,621,910**	P11,330,931	P11,330,931
Trade and other receivables - net*	**1,539,635**	**1,539,635**	1,830,717	1,830,717
Derivative assets (included under "Prepaid expenses and other current assets" account)	**43,242**	**43,242**	9,158	9,158
Investment in debt instruments at amortized cost	**1,500,000**	**1,500,000**	1,500,000	1,500,000
Security deposit	**493**	**493**	493	493
Lease receivable	**279**	**279**	279	279
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income** and payable to a government agency***)	**6,726,414**	**6,726,414**	5,652,349	5,652,349
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	**4,237**	**4,237**	5,034	5,034

**Excluding tax certificate receivables amounted to P70,996 and P68,419 as at June 30, 2025 and December 31, 2024, respectively.*
***Deferred rent income amounted to P8,441 and P8,886 as at June 30, 2025 and December 31, 2024, respectively.*
****Payable to government agency amounted to P167 and P161 as at June 30, 2025 and December 31, 2024.*

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$33,261, US$34,823 and US$19,441 as at June 30, 2025, March 31, 2025 and December 31, 2024, 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 P39,005, P22,569 and P4,124 as at June 30, 2025, March 31, 2025 and December 31, 2024, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to P86,803 and (P72,426), P43,519 and (P7,485) for the periods ended June 30, 2025 and 2024 and March 31, 2025 and 2024, respectively.

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 P43,242 and (P4,237), respectively as at June 30, 2025, and P9,158 and (P5,034), respectively as at December 31, 2024, 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 June 30, 2025.

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 June 30, 2025. 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 August 6, 2025, the BOD approved the declaration of regular and special cash dividends to all common shareholders of record as of August 20, 2025 amounting to P2.50 and P1.50 per common share, respectively. Cash dividends for common shares, both regular and special are payable on September 5, 2025.

Annex "B"

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 June 30, 2025 (with comparative figures as of December 31, 2024 and for the period ended June 30, 2024). All necessary adjustments to present fairly the consolidated financial position, financial performance, and cash flows of the Group as of June 30, 2025, 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

Six months ended June 30, 2025 compared to six months ended June 30, 2024

	June		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
	(In Thousands)					
Sales	P32,234,929	P29,991,666	P2,243,263	7%	100%	100%
Cost of Sales	23,734,773	22,547,296	1,187,477	5%	74%	75%
Gross Profit	8,500,156	7,444,370	1,055,786	14%	26%	25%
Selling and Marketing Expenses	(2,066,747)	(1,759,316)	(307,431)	17%	(6%)	(6%)
General and Administrative Expenses	(1,481,489)	(1,273,993)	(207,496)	16%	(5%)	(4%)
Interest Expense and Other Financing Charges	(40,464)	(34,873)	(5,591)	16%	0%	0%
Gain on Disposal / Retirement of Noncurrent Assets	-	363	(363)	(100%)	0%	0%
Interest Income	418,189	408,647	9,542	2%	1%	1%
Other Income - Net	305,395	92,569	212,826	230%	1%	0%
Income Before Income Tax	5,635,040	4,877,767	757,273	16%	17%	16%
Income Tax Expense	1,387,649	1,201,802	185,847	15%	4%	4%
Net Income	P4,247,391	P3,675,965	P571,426	16%	13%	12%

The first semester posted a revenue of P32,235 million, up by 7% from the P29,992 million of the same period last year. This growth was mainly attributed to increase in selling price and modest uptick in volume.

Cost of sales increased to P23,735 million from P22,547 million, due to higher excise tax rates and input costs.

Selling and administrative expenses increased by 17%, from P3,033 million to P3,548 million, driven primarily by higher advertising, promotional, delivery, and related costs.

Interest expense and other financing charges increased by 16%, from P35 million to P40 million, mainly due to higher interest costs and related bank charges.

Gain on disposal or retirement of noncurrent assets was nil, in contrast to the prior year's net gain of P363 thousand.

Other income increased from P93 million to P305 million, primarily driven by gains from derivative instruments.

Consolidated net income for the first semester of 2025 amounted to P4,247 million, 16% higher than the P3,676 million recorded in the same period last year.

Six months ended June 30, 2024 compared to six months ended June 30, 2023

	June		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
	(In Thousands)					
Sales	P29,991,666	P25,406,360	P4,585,306	18%	100%	100%
Cost of Sales	22,547,296	19,173,812	3,373,484	18%	75%	75%
Gross Profit	7,444,370	6,232,548	1,211,822	19%	25%	25%
Selling and Marketing Expenses	(1,759,316)	(1,652,775)	(106,541)	6%	(6%)	(7%)
General and Administrative Expenses	(1,273,993)	(1,203,366)	(70,627)	6%	(4%)	(5%)
Interest Expense and Other Financing Charges	(34,873)	(34,463)	(410)	1%	0%	0%
Gain on Disposal / Retirement of Noncurrent Assets	363	497	(134)	(27%)	0%	0%
Interest Income	408,647	234,659	173,988	74%	1%	1%
Other Income - Net	92,569	1,846,831	(1,754,262)	(95%)	0%	7%
Income Before Income Tax	4,877,767	5,423,931	(546,164)	(10%)	16%	21%
Income Tax Expense	1,201,802	1,346,642	(144,840)	(11%)	4%	5%
Net Income	P3,675,965	P4,077,289	(P401,324)	(10%)	12%	16%

The first semester revenue totaling P29,992 million grew by 18% from a year ago's revenue of P25,406 million. This was primarily driven by 10% volume growth coupled with the price increase.

Gross profit for the six months amounted to P7,444 million, surpassing the same period last year by 19% or P1,212 million. The price increase covered the excise tax and other input costs increases.

Selling and marketing expenses, along with General and administrative expenses, rose by 6% due to increase in delivery and handling expenses, and higher personnel costs and outside services.

Gain on disposal or retirement of noncurrent assets posted a 27% decline, from P497 thousand in the first half of 2023 to P363 thousand in the same period of the current year, mainly due to lower proceeds from the sale of retired transportation equipment.

Interest income surged by 74%, to P409 million for the first half of 2024 from P235 million of the same period last year primarily due to interest received from money market placements and related party advances.

Other income amounted to P93 million for the six months ended June 30, 2024, down from P1,847 million in the same period last year mainly due to the one-time miscellaneous income from the transfer of Don Papa rights recognized last year.

The group's net income after tax for the first half of 2024 amounted to P3,676 million, lower by P401 million from P4,077 million for the first half of 2023.

II. FINANCIAL POSITION

Financial Position as of June 30, 2025 vs December 31, 2024

	June	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	P14,621,910	P11,330,931	P3,290,979	29%	43%	37%
Trade and other receivables - net	1,610,631	1,899,136	(288,505)	(15%)	5%	6%
Inventories	7,550,653	7,606,929	(56,276)	(1%)	22%	25%
Prepaid expenses and other current assets	1,231,585	892,247	339,338	38%	4%	3%
Total Current Assets	25,014,779	21,729,243	3,285,536	15%	74%	71%
Noncurrent Assets						
Investment in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	5%	5%
Property, plant and equipment - net	6,474,056	6,392,474	81,582	1%	19%	21%
Right-of-use assets - net	52,486	65,532	(13,046)	(20%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	1%
Deferred tax assets - net	568,929	625,092	(56,163)	(9%)	2%	2%
Other noncurrent assets - net	118,292	93,389	24,903	27%	0%	0%
Total Noncurrent Assets	8,840,626	8,803,350	37,276	0%	26%	29%
	P33,855,405	**P30,532,593**	**P3,322,812**	**11%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P6,739,259	P5,666,430	1,072,829	19%	20%	19%
Income and other taxes payable	2,117,064	1,808,095	308,969	17%	6%	6%
Lease liabilities - current portion	31,899	32,108	(209)	(1%)	0%	0%
Total Current Liabilities	8,888,222	7,506,633	1,381,589	18%	26%	25%
Noncurrent Liabilities						
Retirement liabilities	1,045,838	1,045,838	-	0%	3%	3%
Lease liabilities - net of current portion	24,083	39,626	(15,543)	(39%)	0%	0%
Total Noncurrent Liabilities	1,069,921	1,085,464	(15,543)	(1%)	3%	3%
	9,958,143	8,592,097	1,366,046	16%	29%	28%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	8%	8%
Equity reserves	(777,643)	(777,643)	-	0%	(2%)	(3%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	10%	12%
Unappropriated	21,894,361	19,937,595	1,956,766	10%	65%	66%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(11%)	(12%)
Total Equity	23,897,262	21,940,496	1,956,766	9%	71%	72%
	P33,855,405	**P30,532,593**	**P3,322,812**	**11%**	**100%**	**100%**

The Group's financial position continued to strengthen, with total assets increasing to P33,855 million from P30,533 million as of December 2024. This improvement was largely driven by a 29% growth in cash and cash equivalents, amounting to P3,291 million, attributable to cash sales and the collection of receivables.

Trade and other receivables decreased by 15%, from P1,899 million to P1,610 million, primarily due to the collection of modern trade receivables, partially offset by higher other receivables.

Prepaid expenses and other current assets increased by 38% to P1,232 million, primarily due to higher prepaid excise tax, input tax, and other prepaid expenses.

Right-of-use assets decreased by 20% to P52 million, mainly due to depreciation.

Deferred tax assets (DTA) declined by 9%, from P625 million to P569 million, reflecting the lower DTA portion related to retirement costs, amortization of past service costs, and payments for sickness and vacation leave benefits.

Other noncurrent assets increased by 27% to P118 million, reflecting higher advances to suppliers.

Accounts payable and accrued expenses increased by 19%, from P5,666 million to P6,739 million, primarily due to higher payables.

Income and other taxes payable increased by 17%, from higher VAT, income tax, and withholding tax payables.

Noncurrent lease liabilities decreased by P16 million due to reclassification to current liabilities.

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

	June	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	P14,035,358	P9,881,018	P4,154,340	42%	48%	36%
Trade and other receivables - net	1,608,070	1,577,836	30,234	2%	6%	6%
Inventories	5,116,143	8,083,201	(2,967,058)	(37%)	18%	29%
Prepaid expenses and other current assets	971,423	817,344	154,079	19%	3%	3%
Total Current Assets	21,730,994	20,359,399	1,371,595	7%	75%	74%
Noncurrent Assets						
Investment in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	5%	5%
Property, plant and equipment - net	5,095,648	5,092,142	3,506	0%	17%	18%
Right-of-use assets - net	36,029	50,778	(14,749)	(29%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	1%	1%
Deferred tax assets - net	572,575	562,775	9,800	2%	2%	2%
Other noncurrent assets - net	126,987	75,848	51,139	67%	0%	0%
Total Noncurrent Assets	7,458,102	7,408,406	49,696	1%	25%	26%
	P29,189,096	**P27,767,805**	**P1,421,291**	**5%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	P -	P1,000,000	(P1,000,000)	(100%)	0%	4%
Accounts payable and accrued expenses	6,034,629	5,694,109	340,520	6%	21%	21%
Income and other taxes payable	1,729,620	1,736,095	(6,475)	0%	6%	6%
Lease liabilities - current portion	17,895	25,796	(7,901)	(31%)	0%	0%
Total Current Liabilities	7,782,144	8,456,000	(673,856)	(8%)	27%	31%
Noncurrent Liabilities						
Retirement liabilities	880,891	880,891	-	0%	3%	3%
Lease liabilities - net of current portion	24,587	30,602	(6,015)	(20%)	0%	0%
Total Noncurrent Liabilities	905,478	911,493	(6,015)	(1%)	3%	3%
	8,687,622	9,367,493	(679,871)	(7%)	30%	34%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	9%	9%
Equity reserves	(640,050)	(640,050)	-	0%	(2%)	(2%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	12%	12%
Unappropriated	18,360,980	16,259,818	2,101,162	13%	63%	59%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(13%)	(13%)
Total Equity	20,501,474	18,400,312	2,101,162	11%	70%	66%
	P29,189,096	**P27,767,805**	**P1,421,291**	**5%**	**100%**	**100%**

The Group's financial position further improved at the end of the first semester. Cash and cash equivalents jumped by 42% to P14,035 million at the end of the interim period mainly from higher cash sales.

Inventories at the end of the first half of 2024 was 37% lower at P5,116 million due to lower finished goods inventory level.

Prepaid expenses and other current assets were up by 19% to P971 million mainly from the Group's contribution plan, increase in prepaid taxes, partially offset by the amortization of prepaid insurance premium payments, and decrease in derivative assets.

Right-of-use assets decreased by 29% to P36 million, attributed to depreciation.

Other noncurrent assets amounted to P127 million, a 67% increase from previous year, mainly contributed by the higher advances to suppliers.

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

Accounts payable and accrued expenses grew by 6% to P6,035 million mainly driven by higher outstanding payables, derivative liability and personnel-related accrued benefits.

The current and noncurrent finance lease liabilities declined by 31% and 20%, respectively, resulting in amounts of P18 and P25 million primarily due to amortization and reclassification from noncurrent to current liabilities.

Equity

The increase in equity for the period ended June 30, 2025 and 2024 is due to:

	June 30	
	2025	2024
	(In Millions)	
Income during the period	**P4,247**	P3,676
Cash dividends	**(2,290)**	(1,575)
	P1,957	P2,101

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	June 30	
	2025	2024
	(In Millions)	
Net cash flows provided by operating activities	**P5,561**	P6,677
Net cash flows provided by (used in) investing activities	**(30)**	12
Net cash flows used in financing activities	**(2,232)**	(2,543)

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.

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

	June 30	
	2025	2024
	(In Millions)	
Additions to property, plant and equipment	**(P423)**	(P336)
Increase in other noncurrent assets	**(32)**	(56)
Interest received	**425**	404

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

	June 30	
	2025	2024
	(In Millions)	
Payments of:		
Short-term borrowings	**P-**	(P1,000)
Lease liabilities	**(17)**	(16)
Cash dividends	**(2,215)**	(P1,527)

The effect of exchange rate changes on cash and cash equivalents amounted to (P8 million) and P8.2 million for the periods ended June 30, 2025 and 2024, 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 for the periods indicated below.

KPI	June 30, 2025	December 31, 2024
Liquidity: **Current Ratio**	**2.81**	2.89
Solvency: **Debt to Equity Ratio** **Asset to Equity Ratio**	**0.42** **1.42**	0.39 1.39
Profitability: **Return on Average Equity** **Interest Rate Coverage Ratio**	**37%** **234.95**	36% 106.93

KPI	Period Ended June 30	
	2025	2024
Operating Efficiency: **Volume Growth** **Revenue Growth** **Operating Margin**	**1%** **7%** **15%**	10% 18% 15%

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

KPI	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Liabilities (Current + Noncurrent) / Equity
Asset to Equity Ratio	Total Assets (Current + Noncurrent) / Equity
Return on Average Equity	Net Income* / Average Equity
Interest Rate Coverage Ratio	Earnings Before Interests and Taxes / 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.*