



## **APPENDIX 1**

### **FINANCIAL & OTHER INFORMATION<sup>1</sup>**

- 1. STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARY AS OF DECEMBER 31, 2024 AND 2023.**
- 2. REPORT OF INDEPENDENT AUDITORS**
- 3. CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 AND 2023 AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
- 4. REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION REQUIRED BY THE SEC TO BE FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS**
- 5. SUPPLEMENTARY SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 (ANNEX 68-J, SRC RULE 68)**
- 6. REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**
- 7. SUPPLEMENTAL SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS DECEMBER 31, 2024 AND 2023.**
- 8. SUPPLEMENTAL SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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<sup>1</sup> Audited Consolidated Financial Statements as of December 31, 2024. and related Supplementary Schedules required under SRC Rule 68



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



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## Company Information

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**SEC Registration No.:** A200110402

**Company Name:** SBS PHILIPPINES CORPORATION

**Industry Classification:** G51000

**Company Type:** Stock Corporation

## Document Information

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Acceptance of this document is subject to review of forms and contents

# COVER SHEET

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(Company's Full Name)

S	B	S		P	H	I	L	I	P	P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N			
(	F	O	R	M	E	R	L	Y		S	Y	T	E	N	G	C	O		P	H	I	L	I	P	P	I	N	E	S
C	O	R	P	O	R	A	T	I	O	N	)																		

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

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F	R	A	N	C	I	S	C	O		D	E	L		M	O	N	T	E		Q	U	E	Z	O	N			
C	I	T	Y																									

FORM TYPE

AACFS

Department Requiring the Report

M S R D

Secondary License Type, If Applicable

## COMPANY INFORMATION

Company's Email Address

pacisreyes@pacisreyes.com

Company's Telephone Numbers

8 3 7 1 - 1 1 1 1

Mobile Number

0917-857-4978

No. of Stockholders

12

Annual Meeting

Month/Day

Last Friday of June

Fiscal Year

Month/Day

12-31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

GERRY D. TAN

Email Address

[g.tan@sbsph.com](mailto:g.tan@sbsph.com)

Telephone Number's

(02) 8371-1111

Contact Person's Address

10 Resthaven Street, San Francisco del Monte, Quezon City



# SBS PHILIPPINES CORPORATION

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS


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

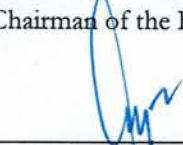
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

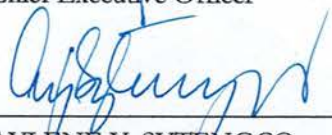
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
RICARDO NICANOR N. JACINTO  
Chairman of the Board

  
\_\_\_\_\_  
GERRY D. TAN  
Chief Executive Officer

  
\_\_\_\_\_  
AYLENE Y. SYTENGCO  
Chief Financial Officer

Signed this 25<sup>th</sup> day of February 2025.

  
\_\_\_\_\_  
CLIO C. PANTALEON

Notary Public for and in Quezon City  
Attorney's Roll No. 91253

Notarial Appointment No. NP-408 (2025-2026)  
Valid Until December 31, 2026

PTK No. 126530001/02 January 2025/Las Pifias City  
IBP Official Receipt No. 379561/ 29 December 2025/ Cavite  
Suite 502-B 5th Floor, Web-Jet Building  
65 Quezon Avenue corner BMA Road, Quezon City  
TIN: 603-302-389-00000



P&A  
Grant Thornton

FOR SEC FILING

## Report of Independent Auditors

Punongbayan & Araullo  
7th Floor, Tower 1  
777 International Center  
1200 Avenue of the  
Philippines  
Manila  
1000  
7-21-2024

### Consolidated Financial Statements and Independent Auditors' Report

The Board of Directors and Stockholders  
SBS Philippines Corporation and Subsidiary

### SBS Philippines Corporation and Subsidiary

San Francisco del Monte, Cebu City

December 31, 2024, 2023 and 2022

We have audited the consolidated financial statements of SBS Philippines Corporation and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including accounting policy information.

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

#### Scope of Opinion

We conducted our audit in accordance with PFRSs on Auditing (PSA). Our responsibilities under these standards are further described in the Auditors' Responsibilities to the Audit of the Consolidated Financial Statements section of the report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are applicable to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements in the audit of the consolidated financial statements. The most extensive we have obtained is sufficient appropriate audit evidence to support our opinion.



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**Punongbayan & Araullo**  
20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

## **Report of Independent Auditors**

**The Board of Directors and Stockholders**  
**SBS Philippines Corporation and Subsidiary**  
**(A Subsidiary of Anesys Holdings Corporation)**

No. 10 Resthaven Street  
San Francisco Del Monte, Quezon City

### **Opinion**

We have audited the consolidated financial statements of SBS Philippines Corporation and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

### **Basis for Opinion**

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





### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **(a) Revenue Recognition**

##### *Description of the Matter*

Revenue is one of the key performance measures used to assess the Group's business performance. Relative to this, there is a significant risk that the amount of revenue reported in the consolidated financial statements may be overstated. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. In addition, revenue from sale of goods involves voluminous transactions and requires proper observation of cut-off procedures. For the year ended December 31, 2024, the Group's total revenues amounted to P1.1 billion.

In our view, revenue recognition is significant to our audit because the inherent risk of material misstatement involved and the materiality of the amount of recorded revenues impact the Group's profitability.

The Group's disclosures about its revenues and the related trade receivables, and revenue recognition policy, and significant accounting judgments and estimates are included in Notes 2, 3, 5 and 26.

##### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- evaluated the appropriateness of the Group's revenue recognition policy in accordance with the relevant financial reporting standard;
- tested the design and operating effectiveness of internal controls related to the Group's sale and receipts processes, which include inquiry, observation and sampling of revenue transactions during the year;
- performed test of transactions, on a sample basis, to confirm the fulfillment of performance obligations through delivery of goods, including but not limited to, inspection of delivery receipts and sales invoices as evidence that control had been transferred to the customers;
- confirmed trade receivables, on a sample basis, using positive confirmations, as of the end of the reporting period and performed alternative procedures such as, but not limited to, inspection of collection receipts or sales and billing invoices for non-responding customers;
- performed sales cut-off test including, among others, inspection of sales transactions near period end, and analyzed and reviewed sales returns, credit memos and other receivable adjustments subsequent to period end in order to determine whether revenues were appropriately recognized in the proper period; and,



- performed substantive analytical review procedures over revenues such as, but not limited to, analyzing yearly and monthly sales per customer, verifying the validity of the underlying data used in the analyses, and following up on variances from our expectations.

**(b) Existence, Accuracy and Valuation of Inventories**

*Description of the Matter*

As of December 31, 2024, inventories amounting to P775.4 million represent 33.3% of the Group's total current assets. These inventories are valued at the lower of cost and net realizable value (NRV). The cost is determined using the moving average method, which is calculated by an automated system. A portion of the inventories is carried at cost, while the remaining portion is at NRV, based on the estimated selling price less the necessary costs to make the sale, as detailed in Note 6 to the consolidated financial statements. Management uses estimates to assess whether inventories are valued correctly at the lower of cost and NRV. Additionally, the Group's inventories are extensive and stored across multiple warehouses. Given these factors, we determined that the existence, accuracy, and valuation of inventories are key audit matters.

The Group's disclosures about the accounting policies and key sources of estimation uncertainty on inventories are presented in Notes 2 and 3, respectively. In addition, the breakdown of inventories at cost and NRV is disclosed in Note 6.

*How the Matters were Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the existence, accuracy and valuation of inventories included:

On existence of inventories:

- conducted physical inventory count observations, including touring the facilities before and after the count to understand the location and condition of the inventories and related controls;
- verified that all sample inventory items were accounted for and no items were double-counted;
- obtained relevant cut-off information and copies of count control documents;
- examined sample inventory items to reconcile counts against inventory records, addressed exceptions with appropriate personnel, and projected any errors to the population;
- performed roll-forward audit procedures to test the quantities of sample inventory items from the date of the physical inventory count to December 31, 2024; and,
- inspected supporting documents, such as supplier invoices and receiving reports, for selected samples to ensure the occurrence of inventory additions.

On accuracy of inventories:

- tested the design and operating effectiveness of internal controls related to the Group's inventory purchases through inquiry, observation, and sampling of importations and local purchases during the year;





- assessed the design and operating effectiveness of IT general and application controls related to inventory costing; and,
- recomputed inventory prices on a sampling basis to validate the accuracy of the costs calculated by the automated system.

On valuation of inventories:

- evaluated appropriateness and consistency of the application of the method used in the measurement of inventory at lower of cost and NRV compared to prior periods;
- tested management estimate of NRV by performing sample test computations based on estimated selling prices less costs to sell; and,
- assessed the sufficiency and appropriateness of the allowance for inventory writedown by evaluating the key assumptions regarding the realization of old, slow-moving and obsolete inventories, and recalculating the expected amount of inventory write-down.

### **(c) Valuation, Presentation and Disclosure of Investments in Associates**

#### *Description of the Matter*

Investments in associates amounted to P3.2 billion as of December 31, 2024, which are subsequently measured using the equity method. We identified the valuation, presentation, and disclosures of investments in associates as one of our key audit matters as the Group is exposed to risk that the investments are not measured, presented, and disclosed properly. This also includes proper assessment whether the entities properly qualify as associates of the Group based on the existence of significant influence but not control.

Furthermore, the Group is exposed to risk of impairment of its investments in associates, as certain associates have incurred significant losses. The Group's management conducts impairment test to assess the recoverability of the investments in associates when management has determined there are indications of impairment. Impairment assessment of these investments is considered significant in our audit due to the complexity of the accounting requirements and the significant management judgment required in estimating recoverable amount.

The Group's disclosures about its investments in associates are included in Notes 1 and 7 to the consolidated financial statements while accounting policy on recognition and measurement of investments in associates and related disclosures about management judgment in applying accounting policy are included in Notes 2 and 3, respectively.

#### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the accounting for investments in associates included:

- inspected the subscription agreements, general information sheets and relevant financial information of the associates to ensure that information disclosed on the associates are accurate, as well as to determine whether the entities qualify as associates of the Group based on the relevant accounting standards;



- reviewed the financial statements of the associates, and inspected documents to support the existence and valuation of significant assets and transactions of certain associates;
- ensured proper equity method of accounting was carried out during the year by analyzing the post-acquisition changes in the Group's share of net assets of the associates;
- assessed the adequacy of the disclosures presented within the consolidated financial statements to ensure that they are in accordance with the relevant financial reporting standards; and,
- evaluated the reasonableness of management's assumptions and estimates used in determining the recoverable amounts of the investments in associates, which includes determining the fair value of properties and other assets held by the associates.

**Other Information**

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

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

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

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

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

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

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





### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

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

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





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

**PUNONGBAYAN & ARAULLO**

By: **Renan A. Piamonte**  
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10465913, January 2, 2025, Makati City

BIR AN 08-002511-037-2022 (until October 13, 2025)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

February 25, 2025





**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	<b>P 1,229,218,433</b>	P 739,392,026
Trade and other receivables – net	5	<b>130,959,653</b>	487,238,358
Inventories – net	6	<b>775,359,958</b>	793,902,166
Prepayments and other current assets	8	<b><u>195,463,531</u></b>	<u>467,295,734</u>
Total Current Assets		<b><u>2,331,001,575</u></b>	<u>2,487,828,284</u>
<b>NON-CURRENT ASSETS</b>			
Investments in associates	7	<b>3,166,014,737</b>	2,894,819,882
Property and equipment – net	9	<b>143,854,128</b>	92,516,873
Right-of-use assets – net	10	<b>125,778,797</b>	164,907,290
Investment properties	11	<b>625,700,346</b>	625,700,346
Other non-current assets – net	8	<b><u>2,439,655,507</u></b>	<u>2,424,127,083</u>
Total Non-current Assets		<b><u>6,501,003,515</u></b>	<u>6,202,071,474</u>
<b>TOTAL ASSETS</b>		<b><u>P 8,832,005,090</u></b>	<u>P 8,689,899,758</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Loans payable	13	<b>P 1,517,897,967</b>	P 1,171,107,395
Trade and other payables	12	<b>332,915,803</b>	289,586,418
Lease liabilities	10	<b>1,382,849</b>	1,688,619
Income tax payable		<b><u>-</u></b>	<u>3,412,907</u>
Total Current Liabilities		<b><u>1,852,196,619</u></b>	<u>1,465,795,339</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans payable	13	<b>307,156,636</b>	485,261,943
Lease liabilities	10	<b>35,695,423</b>	121,150,182
Post-employment defined benefit obligation	17	<b>13,501,783</b>	11,562,337
Deferred tax liabilities – net	19	<b>17,143,953</b>	6,570,257
Security deposit		<b><u>1,927,148</u></b>	<u>-</u>
Total Non-current Liabilities		<b><u>375,424,943</u></b>	<u>624,544,719</u>
Total Liabilities		<b><u>2,227,621,562</u></b>	<u>2,090,340,058</u>
<b>EQUITY</b>			
Equity attributable to the shareholders of Parent Company:	20		
Capital stock		<b>1,549,999,999</b>	1,549,999,999
Additional paid-in capital		<b>2,242,794,207</b>	2,242,794,207
Revaluation reserves		<b>( 3,699,922 )</b>	( 3,560,080 )
Stock dividends distributable		<b>341,000,000</b>	341,000,000
Retained earnings		<b><u>1,759,987,257</u></b>	<u>1,741,839,898</u>
		<b>5,890,081,541</b>	5,872,074,024
Non-controlling interest		<b><u>714,301,987</u></b>	<u>727,485,676</u>
Total Equity		<b><u>6,604,383,528</u></b>	<u>6,599,559,700</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 8,832,005,090</u></b>	<u>P 8,689,899,758</u>

*See Notes to Consolidated Financial Statements.*

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>	26			
Sale of goods		<b>P 1,112,899,142</b>	P 1,026,918,887	P 1,188,073,715
Consultancy income		<u>6,300,000</u>	<u>7,849,485</u>	<u>-</u>
		<u>1,119,199,142</u>	<u>1,034,768,372</u>	<u>1,188,073,715</u>
<b>COSTS OF SALES AND SERVICES</b>	14, 26			
Cost of goods sold		<b>702,249,859</b>	667,793,429	723,979,725
Cost of services		<u>848,123</u>	<u>891,374</u>	<u>-</u>
		<u>703,097,982</u>	<u>668,684,803</u>	<u>723,979,725</u>
<b>GROSS PROFIT</b>		<u>416,101,160</u>	<u>366,083,569</u>	<u>464,093,990</u>
<b>OTHER OPERATING INCOME (EXPENSES)</b>				
Other operating expenses	14	( 197,462,325 )	( 188,955,263 )	( 181,806,519 )
Other operating income	15, 26	<u>12,091,812</u>	<u>9,849,296</u>	<u>10,659,024</u>
		( <u>185,370,513</u> )	( <u>179,105,967</u> )	( <u>171,147,495</u> )
<b>OPERATING PROFIT</b>		<b>230,730,647</b>	186,977,602	292,946,495
<b>FINANCE COSTS</b>	16	( 194,508,523 )	( 149,055,786 )	( 93,219,242 )
<b>EQUITY IN NET LOSSES OF ASSOCIATES</b>	7	( 39,375,345 )	( 18,074,642 )	( 38,193,014 )
<b>FINANCE INCOME</b>	16	<u>41,844,511</u>	<u>59,139,047</u>	<u>5,830,053</u>
<b>PROFIT BEFORE TAX</b>		<b>38,691,290</b>	78,986,221	167,364,292
<b>TAX EXPENSE</b>	19	<u>25,235,320</u>	<u>18,945,796</u>	<u>63,694,294</u>
<b>NET PROFIT FOR THE YEAR</b>		<b><u>P 13,455,970</u></b>	<b><u>P 60,040,425</u></b>	<b><u>P 103,669,998</u></b>
Attributable to:				
Shareholders of the Parent Company		<b>P 26,672,359</b>	P 46,280,012	P 122,170,931
Non-controlling interest		( <u>13,216,389</u> )	<u>13,760,413</u>	( <u>18,500,933</u> )
		<b><u>P 13,455,970</u></b>	<b><u>P 60,040,425</u></b>	<b><u>P 103,669,998</u></b>
<b>EARNINGS PER SHARE - Basic and Diluted</b>	20	<b><u>P 0.017</u></b>	<b><u>P 0.030</u></b>	<b><u>P 0.079</u></b>

*See Notes to Consolidated Financial Statements.*



**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>NET PROFIT FOR THE YEAR</b>		<b><u>P 13,455,970</u></b>	<b><u>P 60,040,425</u></b>	<b><u>P 103,669,998</u></b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	17	( 142,857 )	( 1,187,104 )	1,128,168
Tax income (expense)	19	<u>35,715</u>	<u>296,776</u>	( <u>282,042</u> )
<b>Other Comprehensive Income (Loss) – net of tax</b>		<b>( <u>107,142</u> )</b>	<b>( <u>890,328</u> )</b>	<b><u>846,126</u></b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u><u>P 13,348,828</u></u></b>	<b><u><u>P 59,150,097</u></u></b>	<b><u><u>P 104,516,124</u></u></b>
Attributable to:				
Shareholders of the Parent Company		<b><u>P 26,532,517</u></b>	<b><u>P 45,360,971</u></b>	<b><u>P 122,921,663</u></b>
Non-controlling interest		<b>( <u>13,183,689</u> )</b>	<b><u>13,789,126</u></b>	<b>( <u>18,405,539</u> )</b>
		<b><u><u>P 13,348,828</u></u></b>	<b><u><u>P 59,150,097</u></u></b>	<b><u><u>P 104,516,124</u></u></b>

*See Notes to Consolidated Financial Statements.*

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	Attributable to Shareholders of Parent Company							
	Capital Stock (see Note 20)	Additional Paid-in Capital (see Note 20)	Revaluation Reserves (see Note 20)	Stock Dividends Distributable (see Note 20)	Retained Earnings (see Note 20)	Total	Non-controlling Interest (see Note 20)	Total
Balance at January 1, 2024	P 1,549,999,999	P 2,242,794,207	( P 3,560,080 )	P 341,000,000	P 1,741,839,898	P 5,872,074,024	P 727,485,676	P 6,599,559,700
Cash dividend during the year	-	-	-	-	( 8,525,000 )	( 8,525,000 )	-	( 8,525,000 )
Total comprehensive income for the year	-	-	( 139,842 )	-	26,672,359	26,532,517	( 13,183,689 )	13,348,828
Balance at December 31, 2024	<b><u>P 1,549,999,999</u></b>	<b><u>P 2,242,794,207</u></b>	<b><u>( P 3,699,922 )</u></b>	<b><u>P 341,000,000</u></b>	<b><u>P 1,759,987,257</u></b>	<b><u>P 5,890,081,541</u></b>	<b><u>P 714,301,987</u></b>	<b><u>P 6,604,383,528</u></b>
Balance at January 1, 2023	P 1,549,999,999	P 2,242,794,207	( P 2,641,039 )	P -	P 2,036,559,886	P 5,826,713,053	P 713,696,550	P 6,540,409,603
Stock dividend declared during the year	-	-	-	341,000,000	( 341,000,000 )	-	-	-
Total comprehensive income for the year	-	-	( 919,041 )	-	46,280,012	45,360,971	13,789,126	59,150,097
Balance at December 31, 2023	<b><u>P 1,549,999,999</u></b>	<b><u>P 2,242,794,207</u></b>	<b><u>( P 3,560,080 )</u></b>	<b><u>P 341,000,000</u></b>	<b><u>P 1,741,839,898</u></b>	<b><u>P 5,872,074,024</u></b>	<b><u>P 727,485,676</u></b>	<b><u>P 6,599,559,700</u></b>
Balance at January 1, 2022	P 1,549,999,999	P 2,242,794,207	( P 3,391,771 )	P -	P 1,953,138,955	P 5,742,541,390	P 732,102,089	P 6,474,643,479
Cash dividend during the year	-	-	-	-	( 38,750,000 )	( 38,750,000 )	-	( 38,750,000 )
Total comprehensive income for the year	-	-	750,732	-	122,170,931	122,921,663	( 18,405,539 )	104,516,124
Balance at December 31, 2022	<b><u>P 1,549,999,999</u></b>	<b><u>P 2,242,794,207</u></b>	<b><u>( P 2,641,039 )</u></b>	<b><u>P -</u></b>	<b><u>P 2,036,559,886</u></b>	<b><u>P 5,826,713,053</u></b>	<b><u>P 713,696,550</u></b>	<b><u>P 6,540,409,603</u></b>

*See Notes to Consolidated Financial Statements.*



**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
**(A Subsidiary of Anesy Holdings Corporation)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		<b>P 38,691,290</b>	P 78,986,221	P 167,364,292
Adjustments for:				
Finance costs	16	194,508,523	149,055,786	93,219,242
Depreciation and amortization	14	54,500,557	48,937,762	34,286,446
Interest income	4, 8	( 41,844,511 )	( 58,280,783 )	( 5,830,053 )
Equity in net losses of associates	7	39,375,345	18,074,642	38,193,014
Unrealized foreign currency losses (gains) - net		534,556	692,636	( 10,747,187 )
Operating profit before working capital changes		285,765,760	237,466,264	316,485,754
Decrease (increase) in trade and other receivables		356,278,705	16,803,368	( 48,132,549 )
Decrease (increase) in inventories		18,543,331	43,797,299	( 61,326,563 )
Decrease in prepayments and other assets		238,135,585	117,064,239	27,788,821
Increase (decrease) in trade and other payables		31,017,279	( 178,632,827 )	205,366,927
Increase in post-employment defined benefit obligation		1,140,130	908,348	944,590
Cash generated from operations		930,880,790	237,406,691	441,126,980
Cash paid for income taxes		( 19,071,049 )	( 17,100,200 )	( 46,249,558 )
Net Cash From Operating Activities		911,809,741	220,306,491	394,877,422
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Deposits on investment and asset acquisitions	8	( 614,419,730 )	( 153,570,000 )	( 62,915,500 )
Proceeds from refunded investment subscription	8	287,000,000	-	-
Interest received		31,078,961	35,159,907	5,830,053
Acquisition of property and equipment	9	( 6,896,715 )	( 41,969,772 )	( 20,074,104 )
Acquisition of computer software		( 416,500 )	( 20,000 )	( 95,536 )
Net Cash Used in Investing Activities		( 303,653,984 )	( 160,399,865 )	( 77,255,087 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availment of loans	13	1,670,000,000	1,045,000,000	1,575,000,000
Settlement of loans	13	( 1,502,111,111 )	( 1,039,000,000 )	( 1,132,000,000 )
Interest paid		( 181,076,964 )	( 139,030,169 )	( 80,219,097 )
Payment of lease liabilities	10	( 96,081,719 )	( 7,537,500 )	( 81,874,909 )
Dividends paid	20	( 8,525,000 )	-	( 38,750,000 )
Net Cash From (Used in) Financing Activities		( 117,794,794 )	( 140,567,669 )	242,155,994
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		( 534,556 )	( 692,636 )	10,747,187
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		489,826,407	( 81,353,679 )	570,525,516
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
		739,392,026	820,745,705	250,220,189
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
		<b>P 1,229,218,433</b>	<b>P 739,392,026</b>	<b>P 820,745,705</b>

**Supplemental Information on Non-cash Financing and Investing Activities:**

- (1) In 2024, 2023, and 2022, the Group amortized debt issue cost on Loans payable amounting to P12.1 million, P9.2 million, and P7.4 million, respectively (see Note 13).
- (2) In 2024, 2023 and 2022, the Group recognized right-of-use assets and lease liabilities amounting to P3.1 million, P19.6 million and P186.2 million, respectively (see Note 10).
- (3) In 2024, refundable deposits amounting to P55.0 million were applied as payment to a certain building (see Notes 8 and 9). There are no similar transactions in 2023 and 2022
- (4) In 2024, 2023 and 2022, the Group reclassified certain investment subscription amounting to P310.6 million, P72.1 million and P35.3 million, respectively, as additions to investment in associates (see Note 8).
- (5) In 2023, the Parent Company declared stock dividends amounting to P341.0 million (see Note 20). There are no similar transactions for 2024 and 2022. As of December 31, 2024, the stock dividends has not been distributed to shareholders as the approval with the SEC is still pending.

*See Notes to Consolidated Financial Statements.*

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
**(A Subsidiary of Anesy Holdings Corporation)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024, 2023 AND 2022**  
**(Amounts in Philippine Pesos)**

**1. GENERAL INFORMATION**

**1.1 Corporate Information**

SBS Philippines Corporation (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 17, 2001. The Parent Company is currently engaged in trading of goods and buying, selling, distributing and marketing wholesale goods such as chemicals, fertilizers, foodstuffs, agricultural products feed ingredients, industrial products and medical devices. Its registered office address and principal place of business is No. 10 Resthaven Street, San Francisco Del Monte, Quezon City.

The Parent Company's common shares are listed and traded in the Philippine Stock Exchange (PSE) beginning August 10, 2015 (see Note 20.1).

The Parent Company is a subsidiary of Anesy Holdings Corporation (Anesy or the Ultimate Parent Company). Anesy is engaged in the business of holding, owning and acquiring shares of stocks, bonds and other investments in any and all types of business enterprise engaged in any productive and commercial activity. Its registered office, which is also its principal place of business, is located at No. 37 Judge Juan Luna St., San Francisco Del Monte, Quezon City.

As of December 31, 2024 and 2023, the Parent Company and its subsidiary (the Group) holds interest in various entities as enumerated below and in the succeeding page.

	Explanatory Notes	Percentage of Ownership	
		2024	2023
<b>Subsidiary –</b>			
SBS Holdings and Enterprises Corporation (SBS Holdings or SHEC)	(a)	44.62%	44.62%
<b>Associates of the Parent Company:</b>			
SMYTE Philippines Holdings Corporation (SPHC)	(b)	38.02%	38.02%
Cleon Phils. Holding Corporation (CPHC)	(b)	37.25%	37.25%
Lakerfield Phils. Holding Corporation (LPHC)	(b)	37.00%	37.00%
Ayschester Holdings Corporation (AHC)	(b)	22.51%	25.00%
I-Bonding Holdings Corporation (IBHC)	(c)	17.00%	17.00%
Goldchester Holdings Corporation (GHC)	(c)	15.05%	15.05%
Berny Philippines Holdings Corp (BPHC)	(c)	13.31%	13.31%

	Explanatory	Percentage of	
	Notes	Ownership	
		2024	2023
<b>Associates of SBS Holdings:</b>			
Milia Holdings Corporation (MHC)	(b)	29.00%	29.00%
Justfields Holdings Corporation (JuHC)	(b)	29.00%	29.00%
Orientalgems Holdings Corporation (OHC)	(b)	29.00%	29.00%
I-Care Holdings Corporation (IHC)	(b)	25.00%	25.00%
Apschester Holdings Corporation (APHC)	(b)	22.00%	22.00%
Aspar Holdings Corporation (ArHC)	(b)	22.00%	22.00%
Joine Holdings Corporation (JHC)	(b)	22.00%	22.00%
Namia Holdings Corporation (NHC)	(b)	22.00%	22.00%
Syner Holdings Corporation (SyHC)	(b)	22.00%	22.00%
Urman Holdings Corporation (UHC)	(b)	22.00%	22.00%
Scott Holdings Corporation (SHC)	(c)	17.50%	17.50%
Couts Holdings Corporation (CHC)	(c)	17.15%	17.15%
Aresa Holdings Corporation (ARHC)	(c)	17.00%	17.00%
Asida Holdings Corporation (ASHC)	(c)	17.00%	17.00%
Ineda Holdings Corporation (IHC)	(c)	17.00%	17.00%
Mansfield Holdings Corporation (MFHC)	(c)	17.00%	17.00%
Morechester Philippines Inc. (MPI)	(c)	17.00%	17.00%
Joune Holding Limited (JoHL)	(c)	5.00%	5.00%

Explanatory Notes:

- (a) SBS Holdings is a stock corporation incorporated and registered in the Philippines. Management assessed that SBS Holdings is as a subsidiary of the Parent Company on the basis that certain members of the Parent Company's Board of Directors (BOD) also hold key positions in SBS Holdings. Further, as of December 31, 2024 and 2023, the next most significant stockholder of the subsidiary is the Ultimate Parent Company. SBS Holdings serves principally as a holding company for entities with interests in real estate and other property related businesses.
- (b) The Group subscribed common shares of various companies, representing significant influence on these companies. These associates own or will own real estate properties and are expected to engage in property-related businesses.
- (c) The Group subscribed common shares to several companies, in which it holds less than 20% ownership, however, even with less than 20% ownership, these companies retain to be associates of the Group on the basis that several members of the Group's BOD and officers hold significant influence, but not control, over the operations and management decisions of these associates.

The Group's ownership of AHC decreased from 25.00% to 22.51% in 2024 due to additional shares issued to another shareholder. The Group's ownership of CHC increased from 17.00% in 2022 to 17.15% in 2023 due to the increase in shareholdings of SHEC amounting to P72.1 million. As to the rest of the Group's associates, there were no significant changes as to percentage of ownership as of December 31, 2023 (see Note 7).



The primary purpose of the associates is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property. Except for JoHL, which is incorporated in Hong Kong, all of the associates are incorporated in the Philippines.

The registered office address and principal place of business of the subsidiaries and associates is the same as that of the Parent Company, except for the following:

- LPHC – No. 10 Miller St., Brgy. Bungad, San Francisco Del Monte, Quezon City
- CPHC – No. 195 Florida St., Brgy. Wack Wack, Mandaluyong City,
- AHC – No. 58-B Sauyo Rd. Barrio Sauyo Novaliches, Quezon City,
- IBHC and ARHC – No. 195 EDSA, Brgy. Wack-Wack, Greenhills East, Mandaluyong City
- SPHC – No. 325 Ortigas Avenue, Brgy. Wack-Wack, Mandaluyong City
- ASHC, GHC, JHC, and MPI – No. 37 Judge Juan Luna St., San Francisco Del Monte, Quezon City
- OHC – No. 64 General Luis St., Bo. Capri, Novaliches, Quezon City
- APHC – Unit 2002 La Granda Mansion, Gandara St., Sta. Cruz, Manila
- MHC – SW-R124 Goldloop Condo Tower 1, No. 7 Amber St., Brgy. Orambo, Quezon City
- SHC – No. 15 Narcissus Del Nacia St., San Francisco Del Monte, Quezon City
- UHC – No. 61 Dangay St., Brgy. Veterans Village, Quezon City
- ArHC and BPHC – No. 1432 Cavite Cor. Severino Reyes St., Sta. Cruz, Manila
- IHC, SyHC, and NHC – No. 1012 EDSA Ramon Magsaysay, Quezon City, Metro Manila
- CHC – No. 192 EDSA Wack-Wack Greenhills, Mandaluyong City
- JoHL – Room B, 19/F, Wing Hang Insurance Building, No. 11 Wing Kut Street, Central, Hong Kong

## ***1.2 Approval of Consolidated Financial Statements***

The consolidated financial statements of the Group as of and for the year ended December 31, 2024 (including the comparative consolidated financial statements as of December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Parent Company's BOD on February 25, 2025.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

### ***2.1 Basis of Preparation of Consolidated Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

The consolidated financial statements of the Parent Company and its subsidiary have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos (PHP), the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency, the currency of the primary economic environment in which the Group operates.

**2.2 Adoption of Amended PFRS Accounting Standards**

(a) *Effective in 2024 that are Relevant to the Group*

The Group adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Lease Liability in a Sale and Leaseback

Discussed below and in the succeeding page are the relevant information about these amendments.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Group's consolidated financial statements.

- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments clarify the subsequent measurement requirements to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements.

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.



- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

### **2.3 Basis for Consolidation**

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiary, after the elimination of material intercompany transactions.

The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiary, associates and non-controlling interests as follows:

#### *(a) Investment in a Subsidiary*

Subsidiaries are consolidated from the date the Parent Company obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control. Accordingly, entities are deconsolidated from the date control ceases.

The acquisition method is applied to account for acquired subsidiaries.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

#### *(b) Investments in Associates*

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are subject to the purchase method.

#### *(c) Transactions with Non-controlling Interests*

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **2.4 Business Combination**

Business acquisitions are accounted for using the acquisition method of accounting.

## **2.5 Financial Assets**

The Group's financial assets are classified as financial assets at amortized cost.

The Group applies the simplified approach in measuring ECL for trade and other receivables and refundable deposits, which uses a lifetime expected loss allowance for all trade and other receivables and refundable deposits. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Note 22.2(b)]. Meanwhile, impairment of refundable deposits is assessed based on potential liquidity of counterparties based on available financial information.

## **2.6 Inventories**

The cost of inventories is determined using the moving average method.

## **2.7 Property and Equipment**

Property and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Transportation and other equipment	2 to 10 years
Furniture and fixtures	3 to 5 years

Leasehold improvements are amortized over the asset's estimated useful lives of 5 to 13 years or applicable lease terms, whichever is shorter.

## **2.8 Intangible Asset**

Intangible asset, which is presented as part of Other Non-current Assets – net, pertains to acquired computer software accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years, as the life of the intangible asset is considered finite.

## **2.9 Investment Properties**

Investment properties are accounted for under the cost model and are measured initially at acquisition cost.

## **2.10 Revenue and Expense Recognition**

Revenue comprises revenue from sale of wholesale goods and from rendering of services.

Significant judgments used in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)

The Group also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, the Group is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists. In addition, the following specific recognition criteria must also be met before revenue is recognized.

- (a) *Sale of goods* – Revenue is recognized as the control transfers at a point in time with the customer (i.e., when the goods have been shipped to the customers). Invoices for goods transferred are due upon receipt by the customer.
- (b) *Other operating income* – Other operating income consists of income from property management services, management fees and non-obstruction agreements. Income from property management service and fees are recognized over time in the amount for which the Group is entitled to in exchange for arranging and facilitating certain transactions entered into by related parties. Income from non-obstruction agreements is recognized and measured by reference to the fair value of consideration received or receivable by the Group as entered into in the agreement.

The Group recognizes a refund liability if the Group is required to refund the related purchase price of any returned goods. The refund liability is recognized with a corresponding adjustment to the revenues for the period. The Group also recognizes a right to return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Goods Sold account.

## **2.11 Leases – Group as a Lessee**

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 2 to 5 years.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

## **2.12 Impairment of Non-financial Assets**

The Group's investments in associates, property and equipment, right-of-use assets, investment properties, intangible assets, and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## **2.13 Employee Benefits**

The Group provides post-employment benefits to employees through a defined benefit plan and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees.



The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

## **2.14 Segment Reporting**

In identifying its operating segments, management generally follows the Group's revenue sources as disclosed in Note 26, which represent the main revenue sources provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

## **2.15 Related Party Transactions and Relationships**

In compliance with SEC Memorandum Circular No. 10-2019, *Rules on Material Related Party Transactions for Publicly-listed Entities*, all individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10.00% of the Group's total assets based on the latest audited consolidated financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

#### **3.1 Critical Management Judgments in Applying Accounting Policies**

In the process of applying the Group's accounting policies, management has made the judgments below and in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

##### *(a) Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Accordingly, the Group opted not to include renewal terms in evaluating each lease as renewal of lease contract is subject to mutual agreement between parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

##### *(b) Determination of Timing of Satisfaction of Performance Obligation*

The Group determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of goods.

The Group also determines that its revenue from rendering of consultancy services and income from non-obstruction agreements and management fees shall be recognized over time, i.e., based on the percentage of completion of the agreed services to be rendered.

##### *(c) Determination of ECL on Trade and Other Receivables and Refundable Deposits*

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Note 22.2.

ECL for refundable deposits are determined based on general liquidity of counterparties.

(d) *Determination of Significant Influence Over Entities in Which the Group Holds Less Than 20% Ownership*

The Group determines whether significant influence exists in investments where the Group holds less than 20% ownership interest over the investee. The Group considers the ability to influence the operating and financial policies of the investee, representation on the BOD of the investee and routine participation in management decisions in making this judgment.

Based on management's judgment, even with less than 20% ownership for entities discussed in Note 7, the Group considers these companies as associates due to the presence of significant influence, but not control, over their operations since the Group's certain director and officers are also officers of these companies.

(e) *Determination of Control of Subsidiary Over Which the Group Holds Less Than 50% Ownership*

The Group determines whether there is control over an entity where the Parent Company holds less than 50% ownership interest. The Parent Company considers whether it has the ability to direct the business plans and operations of the entity in making this judgment.

Management assessed that control over a subsidiary for which the Group holds less than 50% ownership is retained on the basis that several members of the Group's BOD and officers are also members of the subsidiary's BOD. Further, the next most significant stockholder of the subsidiary as of December 31, 2024 is the Ultimate Parent Company.

(f) *Distinction Between Investment Properties and Owner-managed Properties*

The Group determined that its parcels of land, land improvements and building qualify as investment properties. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-occupied properties generate cash-flows that are attributable not only to the property but also to other assets used in the Group's main line of business. Based on management's assessment, the properties qualify as investment properties.

(g) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 21.

### **3.2 Key Sources of Estimation Uncertainty**

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.



(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Notes 5 and 22.2.

(c) *Determination of NRV of Inventories*

In determining the NRV of inventories, management takes into account the most reliable evidence available at the times the estimates are made. It also takes into consideration the obsolescence of the inventory in determining NRV. The future realization of the carrying amounts of inventories as disclosed in Note 6 is affected by price changes in different market segments. These aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period. Management believes that the Group's inventories are properly valued at lower of cost and NRV as of December 31, 2024 and 2023.

(d) *Estimation of Useful Lives of Intangible Asset, Property and Equipment, Right-of-use Assets, and Investment Properties*

The Group estimates the useful lives of intangible asset, property and equipment, right-of-use assets and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of intangible asset, property and equipment, right-of-use assets and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear and legal or other limits on the use of the assets.

Based on management's assessment as at December 31, 2024 and 2023, there is no change in the estimated useful lives of the intangible asset, property and equipment, right-of-use assets and investment properties during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above. The carrying amount of intangible asset, property and equipment, right-of-use assets and investment properties are presented in Notes 8, 9, 10.1 and 11, respectively.

(e) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses recognized on non-financial assets for the years ended December 31, 2024, 2023 and 2022 based on management's assessment.

(f) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 11 to the consolidated financial statements as determined using market comparable approach reflects the recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes such as property size, zoning and accessibility. The most significant input into this valuation is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase.

A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense, an analysis of the movements in the estimated present value of post-employment defined benefit obligation and assumptions used are presented in Note 17.2.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management has assessed that the amount of tax benefits from its future deductible differences which is recognized as deferred tax assets as at December 31, 2024 and 2023 will be fully utilized subsequently except on the Group's share in net losses in associates as of December 31, 2024 and 2023.

For the associates' deferred tax assets, management has determined that the associates may not be able to utilize the benefits of such deferred tax assets prior to their expiration. As such, the Group's share in net losses in the associates does not include its share in the deferred tax income recognized by the associates.

The carrying value of deferred tax assets as of December 31, 2024 and 2023 is disclosed in Note 19.

#### 4. CASH AND CASH EQUIVALENTS

This account is composed of the following:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Cash on hand and in banks	<b>251,578,143</b>	63,550,281
Short-term placements	<b>977,640,290</b>	675,841,745
Balance at end of year	<b>1,229,218,433</b>	739,392,026

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods from 15 to 91 days and earn effective interest ranging from 3.0% to 4.1% in 2024 and from 2.40% to 3.5.% in 2023.

Interest income from Cash in banks and Short-term placements for the years ended December 31, 2024, 2023 and 2022 is presented under the Finance Income account in the consolidated statements of comprehensive income (see Note 16.2).

#### 5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Trade receivables	<b>126,161,536</b>	117,739,041
Non-trade receivable	-	365,000,000
Other receivables	<b>4,882,210</b>	4,598,189
	<b>131,043,746</b>	487,337,230
Allowance for impairment	<b>(84,093)</b>	(98,872)
Balance at end of year	<b>130,959,653</b>	487,238,358

Trade receivables are usually due within 30 to 60 days and do not bear any interest.

Non-trade receivable pertains to payments made to a third party in relation to the purchase of a certain property by an associate (see Note 18.8). The amount was fully collected during the year.

All of the Group's trade and other receivables have been assessed for impairment. Certain trade and other receivables were found to be impaired as determined by the management; hence, adequate amounts of allowance for impairment have been recognized. This assessment is undertaken each financial year by examining based on the Group's established ECL model as fully disclosed in Note 22.2.



A reconciliation of the allowance for the impairment at the beginning and end of 2024 and 2023 is shown below.

<i>(Amounts in PHP)</i>	Note	2024	2023
Balance at beginning of year		98,872	599,148
Impairment recovery	15	(14,779)	(105,958)
Write-off of receivables		-	(394,318)
Balance at end of year		<u>84,093</u>	<u>98,872</u>

In 2024 and 2023, a portion of the allowance was reversed and recognized as part of Other Operating Income in the respective consolidated statements of profit or loss for those years.

Furthermore, certain fully impaired trade receivables were written off in 2023. There was no similar transaction in 2024.

## 6. INVENTORIES

The details of inventories are shown below.

<i>(Amounts in PHP)</i>	2024	2023
At cost	<u>612,936,926</u>	<u>606,402,097</u>
At net realizable value:		
Cost	383,284,153	409,976,931
Allowance for inventory writedown	<u>(220,861,121)</u>	<u>(222,476,862)</u>
	<u>162,423,032</u>	<u>187,500,069</u>
Balance at end of year	<u>775,359,958</u>	<u>793,902,166</u>

An analysis of the cost of inventories included in cost of goods sold as of December 31, 2024 and 2023 is presented in Note 14.

A reconciliation of the allowance for inventory write-down at the beginning and end of 2024 and 2023 is shown below.

<i>(Amounts in PHP)</i>	2024	2023
Balance at beginning of year	222,476,862	223,321,008
Recovery during the year	(14,614,376)	(12,519,143)
Provision during the year	<u>12,998,635</u>	<u>11,674,997</u>
Balance at end of year	<u>220,861,121</u>	<u>222,476,862</u>

Certain inventories of the Group with carrying amount of P240.1 million and P205.8 million as of December 31, 2024 and 2023, respectively, were used as collateral for trust receipts payables (see Note 12).

As of December 31, 2024 and 2023, the Group has no inventory purchase commitments.

## 7. INVESTMENTS IN ASSOCIATES

The components of the carrying values of investments in associates accounted for under the equity method are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Associates of both Parent Company and SBS Holdings:		
GHC	1,094,467,147	1,095,413,510
SPHC	277,005,364	278,506,811
BPHC	<u>221,123,439</u>	<u>220,972,469</u>
	<u>1,592,595,950</u>	<u>1,594,892,790</u>
Associates of Parent Company:		
CPHC	625,294,161	645,833,030
LPHC	105,610,333	40,473,220
AHC	52,720,489	16,200,913
IBHC	<u>8,577,110</u>	<u>8,630,316</u>
	<u>792,202,093</u>	<u>711,137,479</u>
Associates of SBS Holdings:		
MFHC	111,012,532	111,242,972
JHC	93,034,910	26,289,557
JoHL	89,481,975	89,481,975
OHC	84,914,437	85,902,977
APHC	68,683,787	-
CHC	66,285,846	70,797,675
UHC	52,923,415	52,926,436
ARHC	51,831,783	52,853,825
SHC	45,564,593	45,651,285
ArHC	33,480,261	3,514,506
MPI	28,141,907	5,634,371
ICHC	24,514,524	22,960,852
NHC	23,982,405	11,050,079
MHC	6,370,276	9,486,606
IHC	994,043	996,497
JuHC	-	-
ASHC	-	-
	<u>781,216,694</u>	<u>588,789,613</u>
	<u>3,166,014,737</u>	<u>2,894,819,882</u>

The Group recognized its share in net losses of the investee companies in the total amount of P39.4 million, P18.1 million and P38.2 million in 2024, 2023 and 2022, respectively, which are presented as Equity in Net Losses of Associates in the consolidated statements of profit or loss.

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2024 and 2023 is presented in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of year		<b>2,894,819,882</b>	2,840,809,024
Reclassification	8.2	<b>310,570,200</b>	72,085,500
Equity in losses for the year		<b><u>(39,375,345)</u></b>	<u>(18,074,642)</u>
Balance at end of year		<b><u>3,166,014,737</u></b>	<u>2,894,819,882</u>

A reconciliation of the costs of investments and cumulative share in net income of the associates as of December 31 is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cost			
Balance at beginning of year		<b>2,310,246,983</b>	2,238,161,483
Reclassification	8.2	<b>310,570,200</b>	72,085,500
Balance at end of year		<b><u>2,620,817,183</u></b>	<u>2,310,246,983</u>
Cumulative share in net income			
Balance at beginning of year		<b>584,572,899</b>	602,647,541
Equity in net losses for the year		<b><u>(39,375,345)</u></b>	<u>(18,074,642)</u>
Balance at end of year		<b><u>545,197,554</u></b>	<u>584,572,899</u>
Carrying amount at end of year		<b><u>3,166,014,737</u></b>	<u>2,894,819,882</u>

The total amount of the assets, liabilities, expenses and net loss (income) of these investee companies are reported as follows:

<i>(Amounts in PHP)</i>	<u>Current Assets</u>	<u>Non-current Assets</u>	<u>Current Liabilities</u>	<u>Non-current Liabilities</u>	<u>Expenses</u>	<u>Net Loss (Income)</u>
2024						
CPHC	2,785,143,543	80,936,192	117,108,626	1,000,000,000	55,142,126	55,137,904
BPHC	890,732,709	24,688,870	81,114	-	682,990	(656,693)
JuHC	830,690,994	87,514,170	488,374,205	517,750,000	31,036,791	31,036,548
UHC	240,391,754	2,409,573	-	-	13,931	13,734
JoHL	167,432,033	1,684,706,400	64,355,864	89,488,400	14,326,840	950,743
GHC	164,301,913	1,432,755,814	9,928,396	-	3,762,148	3,762,052
ICHC	116,550,165	102,304,617	116,781,698	8,880,603	15,551,864	(15,551,864)
MFHC	52,857,796	567,422,341	214,640	-	1,355,648	1,355,532
AHC	31,743,624	276,807,149	39,599,742	-	6,391,054	9,908,592
SHC	30,528,889	258,018,219	2,365,842	26,400,000	495,425	495,380
IHC	25,284,811	43,068	-	20,187,500	14,506	14,434
ASHC	22,597,604	155,920,736	188,053	196,690,000	2,148,334	2,148,063
MPI	17,007,531	143,549,599	3,807,673	1,350,000	2,604,149	2,603,993
ARHC	4,718,160	318,702,638	13,542,768	-	6,012,272	6,012,011
CHC	4,524,761	1,591,579,202	162,489,210	1,174,927,130	26,308,225	26,308,043
MHC	3,151,720	664,238,187	179,531,233	467,270,000	10,746,233	10,745,967
SyHC	1,891,611	1,215,433,131	646,298,310	667,665,070	37,635,774	37,634,884
ArHC	1,542,929	154,683,295	3,472,000	-	1,792,073	1,792,020
OHC	1,341,172	1,076,016,850	136,242,298	804,000,000	3,409,511	3,408,759
SPHC	1,229,708	1,561,592,301	7,735,765	1,078,350,000	2,570,237	2,570,093
IBHC	826,269	134,980,766	100,317	85,000,000	313,010	312,979
LPHC	255,780	298,151,512	10,622,791	-	3,953,855	3,953,748
APHC	224,035	362,861,900	68,017,012	55,130,000	7,801,132	7,800,966
NHC	191,024	342,569,861	926,000	239,080,000	1,216,819	1,216,700
JHC	164,640	458,881,876	6,708,046	26,948,070	7,112,153	7,112,028

<i>(Amounts in PHP)</i>	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Expenses	Net Loss (Income)
2023						
CPHC	2,540,072,169	67,176,509	117,147,704	700,000,000	59,238,027	44,427,813
BPHC	898,104,120	24,852,949	8,108,920	-	568,975	426,716
GHC	167,979,755	1,431,815,282	9,844,186	-	3,855,193	3,855,193
JoHL	167,432,033	1,684,706,400	64,355,864	89,488,400	14,326,840	950,743
ICHC	161,998,214	103,011,055	115,477,882	61,000,000	18,851,868	( 2,185,694)
MFHC	54,649,650	567,083,434	650,962	-	1,268,234	951,150
AHC	38,020,517	275,209,437	1,618,739	240,700,805	5,552,443	4,425,430
SHC	30,514,029	257,894,365	1,855,602	26,400,000	438,378	328,769
IHC	25,299,245	39,445	-	20,187,500	397	260
ASHC	6,891,341	173,682,521	632,582	196,690,000	1,698,783	1,274,028
MPI	16,968,803	142,898,569	1,164,953	136,350,000	811,701	608,732
JuHC	1,666,605	1,493,697,126	1,046,975,198	580,750,000	69,640,376	52,229,945
MHC	5,913,437	661,551,656	228,096,982	410,720,000	25,008,113	18,756,007
ARHC	4,879,403	317,199,583	7,691,999	-	4,254,755	3,191,023
CHC	917,711	1,589,112,420	221,944,375	1,089,667,130	45,452,645	34,089,392
SyHC	2,499,066	1,207,288,797	511,587,402	766,613,070	55,297,572	41,473,073
OHC	1,240,522	1,075,164,510	504,732,888	432,000,000	3,243,140	2,432,296
NHC	1,212,724	342,265,668	731,000	299,080,000	1,508,547	1,131,324
IBHC	1,140,870	134,901,780	46,475	85,000,000	307,583	230,393
JHC	890,411	457,103,844	321,789	337,448,070	1,654,828	1,241,098
APHC	633,733	361,188,715	45,532,825	324,125,000	5,599,504	4,199,616
UHC	406,088	242,406,100	600	-	( 87,830,374)	( 89,821,129)
SPHC	262,575	1,560,949,749	4,198,538	1,078,350,000	2,437,769	1,828,302
LPHC	196,461	297,618,335	7,065,012	180,000,000	1,347,921	1,010,784
ArHC	98,949	154,235,279	236,000	138,000,000	93,846	70,377

A reconciliation of the summarized financial information to the carrying amount of the investments in associates as of December 31 is shown below.

<i>(Amounts in PHP)</i>	Explanatory Notes	Net Asset Value <sup>[1]</sup>	Share in Net Asset <sup>[2]</sup>	Carrying Value <sup>[3]</sup>
2024				
CPHC	(b)	1,748,971,109	651,491,738	625,294,161
GHC	(b), (c), (e), (f), (h)	1,587,129,330	434,873,437	1,094,467,147
BPHC	(c), (f), (h)	915,340,465	210,528,307	221,123,439
ICHC	(a), (e)	93,192,481	23,298,120	24,514,524
MFHC	(b), (h)	620,065,497	105,411,134	111,012,532
SPHC	(b), (f)	476,736,244	278,509,314	277,005,364
JHC	(a)	425,390,400	93,585,888	93,034,910
ARHC	(b)	309,878,029	53,679,265	51,831,783
LPHC	(b)	287,784,500	106,480,265	105,610,333
AHC	(b)	268,951,031	60,540,877	52,720,489
SHC	(b), (h)	259,781,266	45,461,722	45,564,593
CHC	(a), (e)	258,687,622	44,364,927	66,285,846
UHC	(a)	242,801,327	53,416,292	52,923,415
APHC	(b), (g)	239,938,924	52,786,563	68,683,787
MPI	(b)	155,399,456	26,417,090	28,141,907
ArHC	(b)	152,754,224	33,605,929	33,480,261
OHC	(b), (h)	137,115,724	39,763,560	84,914,437
NHC	(a)	102,754,885	22,606,075	23,982,405
SyHC	(a), (b), (g)	( 96,638,638)	-	-
JuHC	(a), (b), (g)	( 87,919,041)	-	-
IBHC	(a)	50,706,719	8,620,142	8,577,110
MHC	(a)	20,588,675	5,970,716	6,370,276
JoHL	(b), (d), (h)	( 19,457,927)	-	89,481,975
ASHC	(b), (g)	( 18,359,713)	-	-
IHC	(a)	5,140,380	873,865	994,043

[1] Net asset value is based on the financial statements of associates as of December 31, 2024 and 2023.

[2] Share in net asset is determined based on the net asset value and effective ownership of the Group as whole.

[3] Carrying value is based on the total cost of investment and share in net profit or loss of associates.



(Amounts in PHP)	Explanatory Notes	Net Asset Value <sup>[1]</sup>	Share in Net Asset <sup>[2]</sup>	Carrying Value <sup>[3]</sup>
2023				
CPHC	(b)	1,790,100,974	666,812,613	645,833,030
GHC	(b), (c), (e), (f), (h)	1,589,950,851	400,031,634	1,095,413,510
BPHC	(c), (f), (h)	914,848,149	210,415,074	220,972,469
MFHC	(b), (h)	621,082,122	105,583,961	111,242,972
SPHC	(b), (f)	478,663,786	279,635,383	278,506,811
ARHC	(b)	314,386,987	53,445,788	52,853,825
CHC	(a), (e)	278,418,627	47,748,794	70,797,675
SHC	(b), (h)	260,152,792	45,526,739	45,651,285
UHC	(a)	242,811,588	53,418,549	52,926,436
OHC	(b), (h)	139,672,144	40,504,922	85,902,977
JuHC	(a), (b), (g)	( 132,361,466 )	-	-
JHC	(a)	120,224,396	26,449,367	26,289,557
LPHC	(b)	110,749,784	40,977,420	40,473,220
ICHC	(a)	88,531,388	22,132,847	22,960,852
AHC	(b)	70,910,410	17,727,603	16,200,913
SyHC	(a), (b), (g)	( 68,412,608 )	-	-
IBHC	(a)	50,996,175	8,669,350	8,630,316
NHC	(a)	43,667,392	9,606,826	11,050,079
MHC	(a)	28,648,110	8,307,952	9,486,606
MPI	(b)	22,352,420	3,799,794	5,634,371
JoHL	(b), (d), (h)	( 19,457,927 )	84,914,708	89,481,975
ASHC	(b), (g)	( 16,748,720 )	-	-
ArHC	(b)	16,098,229	3,541,610	3,514,506
APHC	(b), (g)	( 7,835,377 )	-	-
IHC	(a)	5,151,190	875,702	996,496

[1] Net asset value is based on the financial statements of associates as of December 31, 2024 and 2023.

[2] Share in net asset is determined based on the net asset value and effective ownership of the Group as whole.

[3] Carrying value is based on the total cost of investment and share in net profit or loss of associates.

Following are the explanatory notes to the reconciliation presented above.

- (a) Shares from these entities were acquired at the date of incorporation.
- (b) Shares were purchased from new issuances of stock by these entities subsequent to the date of incorporation. The shares were bought with reference to the fair value of the assets owned by these entities at the time of purchase. In 2024, the Parent Company's ownership of AHC was reduced to 22.51% due to the additional subscription issued to the other stockholders of AHC.
- (c) Shares were purchased directly from an existing stockholder; accordingly, the shares were bought with reference to the fair value of the assets owned by these entities at the time of purchase.
- (d) The Group invested a 5% equity stake in JoHL, a Hong Kong investment holding company that has a 90% stake in Maxco International Development Limited (Maxco), a Hong Kong property holding company, that owns directly and indirectly through its wholly owned subsidiaries, contiguous parcels of land located in Tuen Mun, New Territories, Hong Kong which have a combined lot area of approximately 4,641.7 square meters and suited for high-end property development. The Group's management believes that the investment amount of P89.5 million is not impaired.
- (e) In 2022, the Group's ownership of GHC was reduced to 15.05% due to the additional subscription issued to the other stockholders of GHC. In 2023, the Group's ownership of CHC increased to 17.15% due to the increase in shareholdings of SHEC amounting to P72.1 million (see Note 8.2).

- (f) Share in net assets of the associates are based on the effective ownership of the Group as a whole. Meanwhile, the carrying value of the investments in the associates are based on the combined cost of investments of the Parent Company and SBS Holdings and share in net profit or loss of associates.
- (g) Cumulative share in net losses in these associates exceeded the investments in the said entities as of December 31, 2023. As such, recognized losses is only up to the extent of the investment. Unrecognized cumulative share in net losses from these associates amounted to P58.0 million as of December 31, 2023.
- (h) The primary business of these associates is to hold investment properties. Management assessed that the share in fair value of the investment properties held by these associates exceeds the carrying value of investments as of the end of the reporting period, hence, no impairment was recognized.

The fair value of the Group's investments in associates cannot be determined as these are not quoted in an active market.

## 8. PREPAYMENTS AND OTHER ASSETS

This account is composed of the following as of December 31:

<i>(Amounts in PHP)</i>	Notes	2024	2023
Current assets:			
Refundable deposits	8.1, 18.4	148,945,302	445,804,752
Input value-added tax (VAT)		14,472,551	168,254
Creditable withholding tax		23,190,133	12,737,725
Prepaid expenses	18.2	8,855,545	8,585,003
		<b>195,463,531</b>	<b>467,295,734</b>
Non-current assets:			
Investment subscriptions	8.2	1,667,929,730	1,651,080,200
Refundable deposits	8.1, 18.4	768,750,000	768,750,000
Computer software – net		2,975,777	4,296,883
		<b>2,439,655,507</b>	<b>2,424,127,083</b>

Prepaid expenses pertain mainly to advance payments on real property taxes and insurance premiums. It also includes prepaid rent to lessor for the short-term lease of a warehouse.

### 8.1 Refundable Deposits

In 2020, the Group reclassified a deposit amounting to P600.0 million from Advances for an asset acquisition to Refundable deposits, due to an unsuccessful due diligence related to the purchase of a certain property for which the advances were made. In 2021, both parties agreed to a collection policy extending until 2024. In the same year, day-one loss amounting to P43.6 million was recorded to recognize the discounting of the refundable deposits. There are no similar transactions in 2024, 2023 and 2022. Imputed interest earned from refundable deposits amounted to P10.8 million, P30.6 million and P2.2 million in 2024, 2023 and 2022, respectively, and is presented as part of Finance Income in the consolidated statements of profit or loss (see Note 16.2).

In 2022, the Group made a refundable deposit amounting to P55.0 million for the acquisition of certain properties from a related party. In 2024, this deposit was applied to the purchase of the property (see Note 9).

Additionally, in 2022, the Group also provided additional refundable security deposits for certain leases with related parties (see Note 18.4).

Refundable deposits also include amounts deposited by the Group to certain related parties in relation to certain memoranda of agreement which may be refunded upon fulfillment of certain conditions (see Note 18.4).

### 8.2 Investment Subscriptions

Investment subscriptions pertain to deposits for future subscription made by the Group in certain domestic companies. Reclassifications are transfers of investment subscriptions to the related Investment in Associates account as a result of approval of the related increase in authorized capital stock. A reconciliation of the carrying amounts of investment subscriptions at the beginning and end of 2024 and 2023 is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of year		<b>1,651,080,200</b>	1,569,595,700
Additions		<b>614,419,730</b>	153,570,000
Cancellations		<b>(287,000,000)</b>	-
Reclassification	7	<b><u>(310,570,200)</u></b>	<b><u>(72,085,500)</u></b>
Balance at end of year		<b><u>1,667,929,730</u></b>	<b><u>1,651,080,200</u></b>

In 2024, the investment subscriptions to BHC amounting to P287.0 million were cancelled and refunded to the Group. There was no similar transaction in 2023.

In 2024 and 2023, the Group reclassified investment subscription to investment in associates, which is considered as a non-cash financing activity for purposes of the consolidated financial statements. The associates and their corresponding reclassified investment subscription is shown below:

<i>(Amounts in PHP)</i>	2024	2023
APHC	70,300,200	-
JHC	68,310,000	-
LPHC	66,600,000	-
AHC	38,800,000	-
ArHC	30,360,000	-
MPI	23,000,000	-
NHC	13,200,000	-
CHC	-	72,085,500
	<b>310,570,200</b>	<b>72,085,500</b>

The application of these investment subscriptions did not have an impact on the Group's ownership of these associates, except for the decrease in AHC from 25.00% in 2023 to 22.51% in 2024 as a result of additional shares provided to another shareholder.

In 2024 and 2023, the Group provided additional deposits for share subscriptions amounting to P614.4 million and P153.6 million, respectively.

## 9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2024 and 2023 are as follows:

<i>(Amounts in PHP)</i>	Building	Leasehold Improvements	Transportation and other Equipment	Furniture and Fixtures	Construction in Progress	Total
December 31, 2024						
Cost	97,508,590	16,631,596	105,511,769	5,916,379	-	225,568,334
Accumulated depreciation and amortization	(1,981,079)	(9,209,422)	(65,147,506)	(5,376,199)	-	(81,714,206)
Net carrying amount	<b>95,527,511</b>	<b>7,422,174</b>	<b>40,364,263</b>	<b>540,180</b>	<b>-</b>	<b>143,854,128</b>
December 31, 2023						
Cost	42,182,970	16,543,921	102,143,482	5,501,244	-	166,371,617
Accumulated depreciation and amortization	(257,896)	(7,940,626)	(60,418,415)	(5,237,807)	-	(73,854,744)
Net carrying amount	<b>41,925,074</b>	<b>8,603,295</b>	<b>41,725,067</b>	<b>263,437</b>	<b>-</b>	<b>92,516,873</b>
January 1, 2023						
Cost	-	12,410,798	80,612,618	5,257,455	27,384,742	125,665,613
Accumulated depreciation and amortization	-	(6,781,345)	(56,900,368)	(5,161,034)	-	(68,842,747)
Net carrying amount	<b>-</b>	<b>5,629,453</b>	<b>23,712,250</b>	<b>96,421</b>	<b>27,384,742</b>	<b>56,822,866</b>



A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2024, 2023 and 2022 is shown below.

<i>(Amounts in PHP)</i>	<b>Building</b>	<b>Leasehold Improvements</b>	<b>Transportation and other Equipment</b>	<b>Furniture and Fixtures</b>	<b>Construction in Progress</b>	<b>Total</b>
Balance at January 1, 2024, net of accumulated depreciation and amortization	41,925,074	8,603,295	41,725,067	263,437	-	92,516,873
Additions	55,325,620	87,675	6,068,285	415,135	-	61,896,715
Depreciation and amortization for the charges year	<u>(1,723,183)</u>	<u>(1,268,796)</u>	<u>(7,429,089)</u>	<u>(138,392)</u>	<u>-</u>	<u>(10,559,460)</u>
Balance at December 31, 2024, net of accumulated depreciation and amortization	<b><u>95,527,511</u></b>	<b><u>7,422,174</u></b>	<b><u>40,364,263</u></b>	<b><u>540,180</u></b>	<b><u>-</u></b>	<b><u>143,854,128</u></b>
Balance at January 1, 2023, net of accumulated depreciation and amortization	-	5,629,453	23,712,250	96,421	27,384,742	56,822,866
Additions	15,623,412	4,132,604	21,969,967	243,789	-	41,969,772
Reclassification	26,559,558	-	825,184	-	(27,384,742)	-
Depreciation and amortization for the charges year	<u>(257,896)</u>	<u>(1,158,762)</u>	<u>(4,782,334)</u>	<u>(76,773)</u>	<u>-</u>	<u>(6,275,765)</u>
Balance at December 31, 2023, net of accumulated depreciation and amortization	<b><u>41,925,074</u></b>	<b><u>8,603,295</u></b>	<b><u>41,725,067</u></b>	<b><u>263,437</u></b>	<b><u>-</u></b>	<b><u>92,516,873</u></b>
Balance at January 1, 2022, net of accumulated depreciation and amortization	-	6,604,008	21,524,829	191,139	14,852,002	43,171,978
Additions	-	55,838	7,464,525	21,001	12,532,740	20,074,104
Depreciation and amortization for the charges year	<u>-</u>	<u>(1,030,393)</u>	<u>(5,277,104)</u>	<u>(115,719)</u>	<u>-</u>	<u>(6,423,216)</u>
Balance at December 31, 2022, net of accumulated depreciation and amortization	<b><u>-</u></b>	<b><u>5,629,453</u></b>	<b><u>23,712,250</u></b>	<b><u>96,421</u></b>	<b><u>27,384,742</u></b>	<b><u>56,822,866</u></b>

Refundable deposits amounting to P55.0 million, which was made to a related party, was reclassified to Building in 2024 (see Notes 8.1 and 18.8). There is no similar transaction in 2023.

Construction-in-progress pertains to accumulated costs incurred on warehouse facility as part of Group's expansion program. In 2023, the Group completed the construction of the warehouse facility, and the construction-in-progress was reclassified to Building under Property and Equipment in the 2023 consolidated statement of financial position. There is no similar transaction in 2024.

Depreciation and amortization from continuing operations is presented as part of Other Operating Expenses in the consolidated statement of profit and loss (see Note 14).

The Group disposed certain fully depreciated transportation and other equipment with cost amounting to P2.7 million in 2024. There is no similar transaction in 2023 and 2022.

As of December 31, 2024 and 2023, the gross amount of the Group's fully depreciated property and equipment that are still in use is P60.1 million and P54.0 million, respectively.

## 10. LEASES

The Group has non-cancellable operating leases for certain warehouses and other related facilities and its office building. The Group's leases have a term ranging from two to five years. All leases have renewal options subject to mutual agreement of both parties. Generally, termination of lease contracts shall be communicated to the lessee by the lessor 30 days prior to the termination or expiration of the lease contract. Each lease is reflected in the consolidated statements of financial position as a right-of-use asset and as lease liability. The Group's leases have no option to purchase. The Group classifies its right-of-use assets as a separate line item in the consolidated statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over warehouses and offices, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is to incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	2024		2023	
	Number of right-of-use assets leased	Average remaining lease term	Number of right-of-use assets leased	Average remaining lease term
Warehouses and other related facilities	8	3 years	7	4 years
Office building	1	3 years	1	4 years

### 10.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2024, 2023 and 2022, including the movements during the reporting period are shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	Warehouse and Other Related Facilities	Office Building	Total
Balance as of January 1, 2024	151,408,680	13,498,610	164,907,290
Additions	3,075,000	-	3,075,000
Depreciation	(38,828,840)	(3,374,653)	(42,203,493)
Balance as of December 31, 2024	<b>115,654,840</b>	<b>10,123,957</b>	<b>125,778,797</b>
Balance as of January 1, 2023	169,342,887	16,873,263	186,216,150
Additions	19,592,406	-	19,592,406
Depreciation	(37,526,613)	(3,374,653)	(40,901,266)
Balance as of December 31, 2023	<b>151,408,680</b>	<b>13,498,610</b>	<b>164,907,290</b>
Balance as of January 1, 2022	23,147,166	2,585,725	25,732,891
Additions	169,342,887	16,873,263	186,216,150
Depreciation	(23,147,166)	(2,585,725)	(25,732,891)
Balance as of December 31, 2022	<b>169,342,887</b>	<b>16,873,263</b>	<b>186,216,150</b>

Depreciation of right-of-use assets is presented as part of Other Operating Expenses in the consolidated statements of comprehensive income (see Note 14).

## 10.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current	<b>1,382,849</b>	1,688,619
Non-current	<b>35,695,423</b>	121,150,182
	<b><u>37,078,272</u></b>	<b><u>122,838,801</u></b>

The movements in the lease liabilities recognized in the consolidated statements of financial position as of December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at the beginning of year	<b>122,838,801</b>	104,341,241	-
Additional lease liabilities	<b>3,075,000</b>	19,592,406	186,216,150
Repayments of lease liabilities	<b>(96,081,719)</b>	(7,537,500)	(81,874,909)
Interest accretion	<b>7,246,190</b>	6,442,654	-
Balance at end of year	<b><u>37,078,272</u></b>	<b><u>122,838,801</u></b>	<b><u>104,341,241</u></b>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

In 2024, the Group entered into a new two-year lease agreement. In 2023, the Group converted one of its short-term lease to a five-year lease contract, and acquired a new lease with a term of two years. While in 2022, the Group renewed all its long-term lease for another five years. The renewed lease in 2022 commenced on January 1, 2023.

In 2024 and 2023, the Group paid advance rental on certain leases amounting to P94.3 million and P7.1 million, respectively, which will be applied to the succeeding two years of the respective lease terms. The payment of advance rental was deducted to the lease liabilities as of December 31, 2024 and 2023.

The gross undiscounted maturity analysis of lease liabilities at December 31 is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Within one year	<b>1,140,750</b>	1,820,250
One to two years	-	45,891,955
Two to three years	<b>49,040,528</b>	46,705,265
Three to four years	-	49,040,528
	<b><u>50,181,278</u></b>	<b><u>143,457,998</u></b>

### **10.3 Lease Payments Not Recognized as Liabilities**

The Group has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases amounted to P12.1 million and P18.6 million in 2023 and 2022, respectively, which are presented as Rentals under Other Operating Expenses in the consolidated statements of profit or loss (see Notes 14 and 18.2). There are no similar transactions in 2024.

### **10.4 Additional Profit or Loss and Cash Flow Information**

The total cash outflow in respect of leases amounted to P96.1 million, P7.5 million, and P81.9 million in 2024, 2023, and 2022, respectively. Interest expense in relation to lease liabilities amounted to P7.2 million and P6.4 million in 2024 and 2023, respectively (nil in 2022), and is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 16.1).

## **11. INVESTMENT PROPERTIES**

The Group's investment properties amounting to P625.7 million as of December 31, 2024 and 2023, represent parcels of land held primarily for capital appreciation but not for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The real property taxes on investment properties amounted to P1.8 million in 2024 and P1.7 million in both 2023 and 2022. These are reported as part of Taxes and licenses under Other Operating Expenses in the consolidated statements of profit or loss (see Note 14).

As determined by independent and SEC-accredited property appraisers, the total fair market values of these investment properties as of July 2024 amounted to P8.7 billion (see Note 25.3). The Group's management assessed that the latest appraisal made holds the same fair market values as of December 31, 2024. It is the Group's policy to obtain an appraisal from an independent property appraiser every three years.

The Group's management believes that the investment properties are not impaired as the fair value of these properties disclosed in Note 25.3 as of the end of the reporting periods exceeds their carrying amounts as reported in the consolidated statements of financial position.

## **12. TRADE AND OTHER PAYABLES**

This account includes the following as at December 31:

<i>(Amounts in PHP)</i>	Note	2024	2023
Trust receipts payable		<b>240,113,057</b>	205,783,647
Trades payables		<b>59,735,213</b>	44,310,777
Accrued expenses and others	13	<b>32,151,142</b>	29,407,700
Output VAT payable		<b>916,391</b>	10,084,294
		<b>332,915,803</b>	289,586,418



The Group avails of trust receipt facilities with local banks which are used to finance the Group's purchases of inventories (see Note 6). These short-term trust receipts, which are secured by the related inventories, bear interests based on prevailing market interest rates ranging from 5.75% to 7.8% in 2024, from 4.3% to 7.1% in 2023, and 2.4% to 6.3% in 2022 and have a maturity of one to 12 months. Interest expense incurred on these transactions in 2024, 2023 and 2022 amounted to P14.2 million, P19.3 million, and P9.8 million, respectively, and is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 16.1).

Accrued expenses and other payables include the obligations relating to the accrual of professional fees, employee benefits, interest expense and other liabilities that are expected to be settled within 12 months from the end of the reporting period.

### 13. LOANS PAYABLE

This account includes the following as at December 31:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current	<b>1,517,897,967</b>	1,171,107,395
Non-current	<b>307,156,636</b>	485,261,943
	<b><u>1,825,054,603</u></b>	<b><u>1,656,369,338</u></b>

A reconciliation of the movements in the amount of loans payable at the beginning and end of each year is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash from financing activities:			
Balance at beginning of year	<b>1,656,369,338</b>	1,649,280,564	1,211,079,144
Availments during the year	<b>1,670,000,000</b>	1,045,000,000	1,575,000,000
Settlements during the year	<b>(1,502,111,111)</b>	(1,039,000,000)	(1,132,000,000)
Additional debt issue cost	<b>(11,328,082)</b>	(8,116,541)	(12,221,199)
	<b><u>1,812,930,145</u></b>	<b><u>1,647,164,023</u></b>	<b><u>1,641,857,945</u></b>
Non-cash financing activity –			
Amortization of debt issue cost	<b>12,124,458</b>	9,205,315	7,422,619
	<b><u>1,825,054,603</u></b>	<b><u>1,656,369,338</u></b>	<b><u>1,649,280,564</u></b>

Short-term loans are subject to interest rates ranging from 6.0% to 7.8% in 2024, from 5.5% to 7.0% in 2023, and from 4.0% to 6.3% in 2022, and are acquired for working capital requirements. On average, the short-term loans fall due every three to six months and are subject to roll over unless otherwise settled by the Group.

In 2022, the Group acquired a long-term loan that is subject to annual repricing, with the interest rate adjusted from 5.10% in 2022 to 7.80% in 2023 and 7.58% in 2024. The loan is payable in 18 equal quarterly payments beginning May 2023 for the loan amount of P500 million and 12 equal quarterly payments beginning November 2024 for the loan amount of P200 million.

The details of the non-current bank loans as of December 31 are as follows:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Principal amount	<b>700,000,000</b>	700,000,000
Debt issue cost	<b>(5,250,000)</b>	(5,250,000)
Net amount	<b>694,750,000</b>	694,750,000
Reclassification to current portion	<b>(180,000,000)</b>	(127,777,778)
Settlements	<b>(211,111,111)</b>	(84,000,000)
Amortization of debt issue cost	<b>1,007,753</b>	1,457,694
Debt issue cost on current portion of loan	<b>2,509,994</b>	832,027
	<b><u>307,156,636</u></b>	<b><u>485,261,943</u></b>

Interest expense incurred on these loans in 2024, 2023 and 2022 amounted to P154.6 million, P113.4 million, and P58.2 million, respectively, and is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 16.1). Accrued interest on these loans were recognized in 2024 and 2023 amounting to P8.9 million and P9.6 million, respectively, and is presented as part of Accrued expenses and others under Trade and Other Payables in the consolidated statements of financial position (see Note 12).

The documentary stamp tax (DST) related to the loans payable amounted to P12.1 million, P9.2 million and P7.4 million in 2024, 2023 and 2022, respectively, and is presented as part of Finance Costs in the consolidated statement of profit or loss (see Note 16.1). DST amounting to P3.8 million and P4.6 million was also included as part of the debt issue cost and will be amortized over the remaining terms of loans as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Group's long term loan was secured by an investment property owned by an associate which has a carrying value of P1.6 billion as of both December 31, 2024 and 2023 (see Note 18.4). Other outstanding loans as of December 31, 2024 and 2023 were availed using its credit line facility wherein no collateral is needed. The Group's outstanding loans with the banks are not subject to any loan covenant.

#### 14. OPERATING EXPENSES BY NATURE

These operating expenses, based on their nature, are broken down as follows:

<i>(Amounts in PHP)</i>	Notes	2024	2023	2022
Change in finished goods inventories		689,251,224	656,118,432	703,904,985
Depreciation and amortization	8, 9, 10.1	54,500,557	48,937,762	34,286,446
Salaries and wages	17.1	48,322,340	48,695,780	48,870,955
Taxes and licenses	11	14,031,006	11,175,445	12,302,422
Provision for inventory writedown	6	12,998,635	11,674,997	19,899,564
Representation		11,585,453	8,953,963	7,119,189
Security services		11,367,198	12,380,564	12,576,143
Professional fees		10,998,262	8,888,683	9,957,827
Trainings and seminar		7,256,053	2,916,014	2,386,748
Transportation and travel		6,827,744	9,092,849	8,307,979
Office supplies		6,041,822	4,946,132	4,008,265
Insurance		5,527,764	5,071,756	5,179,195
Repairs and maintenance		3,209,519	3,235,753	2,335,535
Medical		2,856,782	2,440,091	1,807,349
Utilities		2,318,676	2,115,581	2,061,500
Donations		500,000	588,000	153,009
Dues and subscription		366,135	594,097	438,916
Rentals	10.3, 18.2	-	12,083,036	18,647,203
Impairment loss on receivables		-	-	205,303
Others		12,601,137	7,731,131	11,337,711
		<b>900,560,307</b>	<b>857,640,066</b>	<b>905,786,244</b>

These expenses are classified in the consolidated statements of profit or loss as follows:

<i>(Amounts in PHP)</i>	2024	2023	2022
Cost of goods sold	702,249,859	667,793,429	723,979,725
Cost of services	848,123	891,374	-
Other operating expenses	197,462,325	188,955,263	181,806,519
	<b>900,560,307</b>	<b>857,640,066</b>	<b>905,786,244</b>

The details of cost of goods sold is shown below (see Notes 6 and 18.1).

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Inventory at beginning of year	<b>793,902,166</b>	837,699,465	776,372,902
Purchases	<b>685,323,392</b>	624,840,276	786,101,972
Inventory at end of year	<b><u>(775,359,958)</u></b>	<u>(793,902,166)</u>	<u>(837,699,465)</u>
	<b>703,865,600</b>	668,637,575	724,775,409
Provision for inventory writedown	<b>12,998,635</b>	11,674,997	19,899,564
Reversal of inventory writedown	<b><u>(14,614,376)</u></b>	<u>(12,519,143)</u>	<u>(20,695,248)</u>
	<b><u>702,249,859</u></b>	<u>667,793,429</u>	<u>723,979,725</u>

## 15. OTHER OPERATING INCOME

Other operating income are broken down as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Rent income	<b>6,215,176</b>	5,745,093	5,543,471
Management income	<b>4,152,514</b>	1,585,714	3,651,134
Miscellaneous income	<b><u>6,215,176</u></b>	<u>5,745,093</u>	<u>5,543,471</u>
	<b><u>12,091,812</u></b>	<u>9,849,296</u>	<u>10,659,024</u>

The Group earns rental income from the leasing management of property to third party tenants. The leased property is owned by JHC, for which the Group was granted a full right of usufruct to JHC's property. Some of the related contracts ended in March of 2022. In 2024, the Group entered into a new property management contract. In addition, the Group also earned rental income from agreements on non-obstruction of properties.

Management income includes management fees from a service agreement with certain related parties under common ownership and an associate (see Note 18.3)

Miscellaneous income pertains to income from referral on trade sales, loading fees, delivery charges and handling fees.



## 16. FINANCE INCOME (COSTS)

### 16.1 Finance Costs

The Group's finance costs consist of the following:

(Amounts in PHP)

	Notes	2024	2023	2022
Interest expense from:				
Interest-bearing loans	13	154,568,898	113,444,231	58,166,846
Trust receipts payables	12	14,239,254	19,336,966	9,831,052
Leases liabilities	10.4	7,246,190	6,442,654	-
Post-employment defined benefit plan	17.2(b)	700,969	626,620	427,818
		<u>176,755,311</u>	<u>139,850,471</u>	<u>68,425,716</u>
DST on interest-bearing loans	13	12,124,458	9,205,315	7,422,619
Foreign currency losses - net		<u>5,628,754</u>	<u>-</u>	<u>17,370,907</u>
		<u>194,508,523</u>	<u>149,055,786</u>	<u>93,219,242</u>

### 16.2 Finance Income

Finance income includes the following:

(Amounts in PHP)

	Notes	2024	2023	2022
Interest income from:				
Short-term placements	4	31,008,635	27,622,566	3,549,320
Refundable deposits	8	10,771,224	30,619,653	2,176,802
Cash in banks	4	64,652	38,564	103,931
Foreign currency gains - net		<u>-</u>	<u>858,264</u>	<u>-</u>
		<u>41,844,511</u>	<u>59,139,047</u>	<u>5,830,053</u>

## 17. EMPLOYEE BENEFITS

### 17.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits, which were presented as part of Other Operating Expenses, are presented below.

(Amounts in PHP)	Notes	2024	2023	2022
Short-term benefits		47,226,720	47,787,432	47,926,365
Post-employments benefits	17.2(b)	<u>1,095,620</u>	<u>908,348</u>	<u>944,590</u>
	14	<u>48,322,340</u>	<u>48,695,780</u>	<u>48,870,955</u>

## 17.2 *Post-employment Defined Benefit Plan*

### (a) *Characteristics of the Defined Benefit Plan*

The Group, at present, has no formal, tax-qualified retirement plan. The Group accrues post-employment benefit based on the provisions of RA No. 7641, *The Retirement Pay Law*, in accordance with the projected unit credit method wherein actuarial valuations are made with sufficient regularity to update the retirement benefit costs.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 5 years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 85% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

### (b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2024 and 2023.

Following are the amounts and movements in the present value of post-employment defined benefit obligation recognized in the consolidated statements of financial position.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	<b>11,562,337</b>	8,840,265
Current Service cost	<b>1,095,620</b>	908,348
Interest cost	<b>700,969</b>	626,620
Remeasurement -		
Actuarial losses (gains) arising from:		
Changes in financial assumption	<b>(66,828)</b>	1,089,908
Experience Adjustment	<b>209,685</b>	97,196
Balance at end of year	<b><u>13,501,783</u></b>	<u>11,562,337</u>

The components of amounts recognized in profit or loss and in other comprehensive loss (income) in respect of the defined benefit post-employment plan are present below and in the succeeding page.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>Reported in profit or loss:</i>			
Current service cost	<b>1,095,620</b>	908,348	944,590
Interest cost	<b>700,969</b>	626,620	427,818
	<b><u>1,796,589</u></b>	<u>1,534,968</u>	<u>1,372,408</u>

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<i>Reported in other comprehensive loss (income) –</i>			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	<b>(66,828)</b>	1,089,908	(2,248,763)
Experience adjustments	<b>209,685</b>	97,196	1,120,595
	<b>142,857</b>	1,187,104	(1,128,168)

Current service cost is included as part of Salaries and wages under Other Operating Expenses in the consolidated statements of profit or loss (see Note 14).

The interest cost is included as part of Finance Costs in the consolidated statements of profit or loss (see Note 16.1).

Amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Discount rates	<b>6.1%</b>	6.1%	7.1%
Expected salary increase rate	<b>5.0%</b>	5.0%	5.0%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 22 for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment defined benefit obligation.

Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2024 and 2023:

<i>(Amounts in PHP)</i>	<b>Impact on Post-employment Benefit Obligation</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b><u>December 31, 2024</u></b>			
Discount rate	+/-1%	<b>(1,150,914)</b>	<b>1,213,278</b>
Salary growth rate	+/-1%	<b>1,225,961</b>	<b>(1,191,032)</b>
<b><u>December 31, 2023</u></b>			
Discount rate	+/-1%	(1,062,895)	1,130,639
Salary growth rate	+/-1%	1,131,830	(1,049,650)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the post-employment defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment defined benefit obligation recognized in the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Funding Arrangements and Expected Contributions*

As of December 31, 2024, the Group is yet to determine how much and when to fund its retirement benefit obligation.

The maturity profile of undiscounted expected benefit payments from the plan follows:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Within one year	<b>1,239,835</b>	358,922
More than one year to five years	<b>5,639,428</b>	6,200,332
More than five years to 10 years	<b>7,144,503</b>	3,756,596
More than 10 years to 15 years	<b>10,065,651</b>	7,985,273
More than 15 years to 20 years	<b>40,886,208</b>	36,309,841
	<b>64,975,625</b>	54,610,964

The weighted average duration of the post-employment benefit obligation at the end of the reporting period is 17 years.

## 18. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, companies under common ownership, associates and its key management personnel. The transactions with these related parties are discussed as follows:

<i>(Amounts in PHP)</i>		<b>Amount of Transactions</b>			<b>Outstanding Balances</b>	
<b>Related Party Category</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>Receivables (Payables)</b>	<b>2023</b>
<b>Stockholders:</b>						
Trust and nominee agreement	18.6	-	-	(112,948)	<b>89,481,975</b>	89,481,975
Co-investment in cash funds	18.5	-	(84,011,640)	84,011,640	-	-
Lease agreements	10, 18.2					
Right-of-use assets		<b>(3,223,960)</b>	12,895,838	2,531,250	<b>9,671,879</b>	12,895,838
Lease liabilities		<b>6,697,881</b>	(9,541,682)	-	<b>(2,843,800)</b>	(9,541,682)
Refundable deposit		-	885,936	-	<b>885,936</b>	885,936
<b>Related Parties Under Common Ownership:</b>						
Lease agreements:	10, 18.2					
Right-of-use assets		<b>(15,702,980)</b>	(10,928,144)	59,131,989	<b>43,202,256</b>	58,905,236
Lease liabilities		<b>30,704,846</b>	(11,748,409)	30,704,112	<b>(13,702,617)</b>	(50,877,677)
Shared business and management services	18.3	<b>1,425,000</b>	1,425,000	1,425,000	-	-
Security deposit	8, 18.2	-	450,000	3,838,014	<b>4,288,014</b>	4,288,014
Purchase of goods	18.1	<b>403,505</b>	814,072	725,680	-	-
Refundable deposit	18.2, 18.8	<b>(55,000,000)</b>	-	55,000,000	-	55,000,000
Purchase of property		<b>54,508,000</b>	-	-	-	-

(Amounts in PHP)

Related Party Category	Notes	Amount of Transactions			Outstanding Balances Receivables (Payables)	
		2024	2023	2022	2024	2023
<b>Associates:</b>						
Lease agreements:	10, 18.2					
Right-of-use assets		(19,256,225)	(19,256,225)	84,061,075	60,843,676	77,024,901
Lease liabilities		40,005,438	(3,042,474)	42,532,571	(16,985,590)	(56,991,029)
Sale of goods		-	-	192,693	-	-
Security deposit	8, 18.2	375,000	-	5,291,571	5,666,571	5,291,571
Equity investment in associates	7	271,194,856	54,010,858	(2,918,014)	3,166,014,737	2,894,819,882
Refundable deposit	18.4	-	-	-	453,750,000	453,750,000
Advances for investment property purchase	18.8	(365,000,000)	-	-	-	365,000,000
<b>Key Management Personnel:</b>						
Short-term benefits	18.7	21,242,380	22,524,615	19,860,298	-	-
Post-employment benefits	18.7	186,376	163,687	300,479	-	-

The Group's outstanding receivables with related parties were subjected to impairment using the requirements of PFRS 9. These receivables have substantially the same risk characteristics as trade receivables. As such, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables from related parties. There were no impairment losses recognized for these receivables from related parties in 2024, 2023 and 2022 [see Note 22.2(b)].

### 18.1 Purchase of Goods

The Group purchased goods from a certain related party under common ownership in the regular course of business and was reported as part of Cost of Goods Sold in the consolidated statements of profit or loss (see Note 14). There were no outstanding payable as of December 31, 2024 and 2023.

### 18.2 Lease Agreements

The Group, as a lessee, entered into operating lease agreements with terms of two to five years, covering certain warehouses owned by certain related parties. The leases are renewable upon mutual agreement by both parties.

Rental expense which relate to capitalized cost of the right-of-use assets and lease liabilities are subsequently recorded as part of Depreciation and amortization under Other Operating Expense in the consolidated statements of profit or loss (see Notes 10.3 and 18.2). Deposits made on these lease agreements are presented as part of Prepaid expenses under Prepayments and Other Current Assets in the consolidated statements of financial position (see Note 8).

### 18.3 Shared Business and Management Services

The Group entered into a service agreement with its related parties under common ownership wherein the former shall provide certain operational, management and administrative services for a fee. Management fees charged by the Group are recognized under the Other Operating Income in the consolidated statements of profit or loss (see Note 15). There is no outstanding receivable from this transaction as of December 31, 2024 and 2023.



#### **18.4 Memorandum of Agreement**

In 2018, the Parent Company entered into a memorandum of agreement with SPHC, wherein the Parent Company shall assist in gathering investors related to SPHC's increase in capitalization. As part of the agreement, SPHC also used its property in the mortgage substitution to continue securing one of the Parent Company's loans (see Note 13). The related performance deposit amounting to P500.0 million is presented as part of Refundable deposits under Other Non-current Assets in the consolidated statements of financial position (see Note 8) and will be refunded once the Parent Company has already gathered the investors. In 2019, a portion of the deposit amounting to P46.3 million was collected and used in acquiring shares in SPHC. As of December 31, 2024, the Parent Company is in discussions with potential investors to subscribe to the available shares of SPHC.

In 2019, the Group also entered in a memorandum of agreement to deposit a refundable amount of P315.0 million to Betterfield Holdings Corp. (BHC), a related party under common ownership. The refundable deposit, presented under Other Non-current Assets in the consolidated statements of financial position (see Note 8), may be refunded to the Group or may be used to exercise pre-emptive rights to subscribe to new unissued shares at par value upon BHC's application for an increase in authorized capital stock. As of December 31, 2024, the Group decided not to exercise its preemptive rights to subscribe to new unissued shares. In January 2025, the refundable deposit was fully settled by BHC.

#### **18.5 Co-investment in Money Market Fund**

In 2022, the Group has co-invested in money market fund amounting to \$1,497,000 or P84.0 million as of December 31, 2022 with certain related parties. The fund matures within 90 days and is presented as part of Cash and Cash Equivalents in the 2022 consolidated statement of financial position. In 2023, the Group withdrew its investment in the money market fund and there are no outstanding balances as of December 31, 2024 and 2023.

#### **18.6 Trust and Nominee Agreement for Investment in Associate**

Under a deed of trust and nominee agreement, the Group appointed a certain shareholder to act as a nominee and trustee-holder for the Group's shares in the common stock of JoHL. As of December 31, 2024 and 2023, the carrying value of the Group's investment in JoHL amounted to P89.5 million (see Note 7).

#### **18.7 Key Management Personnel**

Payments received by key management personnel pertain to compensation in 2024, 2023 and 2022 which are presented as part of Other Operating Expenses in the consolidated statements of profit or loss (see Note 14 and 17.1). There were no outstanding service fees in 2024, 2023 and 2022.

Benefits given to key management personnel are broken down as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term benefits	<b>21,242,380</b>	22,524,615	19,860,298
Post-employment benefits	<b>186,376</b>	163,687	300,479
	<u><b>21,428,756</b></u>	<u>22,688,302</u>	<u>20,160,777</u>

## 18.8 Others

The Group has an outstanding non-trade receivable which is unsecured and noninterest-bearing which is presented as Non-trade receivable under Trade and Other Receivables in the consolidated statements of financial position (see Note 5). As of December 31, 2023 and 2022, the outstanding balance related to this transaction amounted to P365.0 million. In January 2024, the Group fully collected the outstanding balance.

In 2022, the Parent Company provided a refundable deposit to a related party under common ownership amounting to P55.0 million for the acquisition of certain properties. The Parent Company anticipates that the acquisition of these properties is likely to occur in the short-term, subject to the successful completion of a merger between the property owners. The refundable deposit is unsecured and noninterest-bearing is presented as part of Refundable deposits under Prepayments and Other Current Assets in the consolidated statements of financial position (see Note 8). In 2024 this refundable deposit was reclassified to Property and Equipment – net (see Note 9).

## 19. TAXES

The components of tax expense are presented as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Minimum corporate			
income tax (MCIT)	<b>8,411,252</b>	288,864	44,544
Final tax at 20%	<b>6,214,657</b>	5,532,215	730,616
Regular corporate income tax			
(RCIT) at 25%	<u>-</u>	<u>26,454,724</u>	<u>41,524,216</u>
	<b>14,625,909</b>	<b>32,275,803</b>	<b>42,299,376</b>
Deferred tax expense (income)			
relating to origination and reversal			
of temporary differences	<u><b>10,609,411</b></u>	<u>(13,330,007)</u>	<u>21,394,918</u>
	<b>25,235,320</b>	<b>18,945,796</b>	<b>63,694,294</b>
<i>Reported in other comprehensive income (loss)</i>			
Deferred tax expense (income)			
relating to origination and reversal			
of temporary differences	<u><b>(35,715)</b></u>	<u>(296,776)</u>	<u>282,042</u>

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss is presented below.

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Tax on pretax profit	<b>9,672,823</b>	19,746,555	41,841,073
Adjustment for items subject to other tax rates	<b>(1,553,665)</b>	(1,383,068)	(182,697)
Tax effects of:			
Non-deductible expenses	<b>21,130,217</b>	11,166,009	17,738,475
Non-taxable income	<b>(8,748,980)</b>	(9,343,328)	(544,201)
Reversal of deferred tax asset (liability)	<b>172,750</b>	(1,743,685)	-
Unrecognized deferred tax asset (DTA) on net operating loss carry-over (NOLCO)	<b>4,562,175</b>	214,449	4,797,100
Unrecognized deferred taxes on MCIT	<b>-</b>	288,864	44,544
<b>Tax expense</b>	<b>25,235,320</b>	<b>18,945,796</b>	<b>63,694,294</b>

The net deferred tax liabilities relate to the following as of December 31:

<i>(Amounts in PHP)</i>	Statements of Financial		Statements of Comprehensive Income					
	Position		Profit or Loss			Other		
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Deferred tax assets:								
Retirement benefit obligation	<b>2,113,036</b>	1,663,889	<b>449,147</b>	383,742	343,102	-	-	-
Accumulated actuarial remeasurement on retirement plan	<b>1,262,410</b>	1,226,695	-	-	-	<b>35,715</b>	296,776	(282,042)
Accrual of salaries	<b>863,332</b>	858,402	<b>4,930</b>	262,113	212,517	-	-	-
Unrealized foreign currency loss	<b>634,005</b>	-	<b>634,005</b>	-	-	-	-	-
Allowance for ECL on trade and other receivables	<b>137,372</b>	173,161	<b>(35,789)</b>	173,161	-	-	-	-
Excess of MCIT over RCIT	<b>21,022</b>	24,717	<b>(3,695)</b>	(125,070)	51,326	-	-	-
	<b>5,031,177</b>	3,946,864	<b>1,048,598</b>	693,946	606,945	<b>35,715</b>	296,776	(282,042)
Deferred tax liabilities:								
Leases	<b>(22,175,130)</b>	(10,517,121)	<b>(11,658,009)</b>	9,951,606	(20,572,614)	-	-	-
Unrealized foreign currency gain	<b>-</b>	-	<b>-</b>	2,684,455	(1,429,249)	-	-	-
	<b>(22,175,130)</b>	(10,517,121)	<b>(11,658,009)</b>	12,636,061	(22,001,863)	-	-	-
Net Deferred Tax Liabilities - net	<b>(17,143,953)</b>	(6,570,257)	<b>(10,609,411)</b>	13,330,007	(21,394,918)	<b>35,715</b>	296,776	(282,042)
Deferred Tax Income (Expense)								

The Group is subject to MCIT which is computed at 2.0% in 2024, 1.5% in 2023 and 1.0% in 2022 of gross income net of allowable deductions, as defined under the tax regulations or the RCIT, whichever is higher. In 2024, the Parent Company was subject to MCIT as it exceeded the RCIT. In 2023 and 2022, the Parent Company recognized RCIT as it was higher than the MCIT, while SBS Holdings was subjected to MCIT.

In 2024, 2023 and 2022, SBS Holdings incurred NOLCO amounting P18.2 million, P5.3 million and P4.8 million, respectively.

In 2024, 2023 and 2022, the Group opted to claim itemized deductions in computing its income tax due.

## 20. EQUITY

### 20.1 *Capital Stock*

The authorized capital stock of the Group is P1,550,000,000 consisting of 1,550,000,000 common shares with a par value of P1.00 per share. A total of 1,549,999,999 common shares are subscribed and outstanding as of December 31, 2024 and 2023, respectively.

On August 10, 2015, a total of 1,200,000,000 common shares of the Group with par value of P1 per share were listed under the Main Board of the PSE. In addition, by way of an initial public offering (IPO), the Parent Company sold 420,000,000 shares of its common stock at an offer price of P2.75 per Offer Share on the same day. The IPO resulted in the recognition of APIC amounting to P698.4 million, net of IPO-related expenses amounting to P36.6 million.

On June 9, 2017, the shareholders representing at least 2/3 of the outstanding capital stock of the Group approved the declaration of stock dividends at the rate of 1 common share for every 25 common shares owned by stockholders of record as of June 23, 2017 (or approximately up to 48.0 million common shares) with any resulting fractional shares to be dropped. The issuance of the stock dividends is an exempt transaction under the Revised Securities Regulation Code, and do not require any written confirmation of exemption from the SEC. Subsequently, on July 17, 2017, such dividends amounting to P288.5 million were distributed to stockholders, P48.0 million of which consisting of 47,999,999 common shares at P1 par value per share were distributed and the remaining P240.5 million was recognized as part of APIC.

On June 23, 2017, all of the treasury shares outstanding as of that date were sold by way of a block sale through the facilities of the PSE at an agreed price of P6.50 per share. The price represents a premium of 2.85% from its last traded price of P6.32 as of the close of trading on June 22, 2017 and 2.05% premium over the 5-day volume weighted average price of P6.3696 from June 21, 2017. The treasury shares were reissued above its acquisition cost, resulting in APIC of P2.3 million.

On December 22, 2017, a total of 302,000,000 common shares of the Group with par value of P1 per share were listed under the Main Board of the PSE by way of stock rights offering (SRO) at an offer price of P4.67 per Rights Share, which was previously approved by the SEC and the Parent Company's BOD on July 14, 2017 and September 25, 2017, respectively. The SRO resulted to recognition of APIC amounting to P1,101.6 million, net of SRO-related expenses amounting to P7.0 million.

On March 20 and July 3, 2023, the Parent Company's BOD and stockholders, respectively, approved the increase in authorized capital stock from 1,550,000,000 common shares with a par value of P1.00 per share to P2,750,000,000 common shares with a par value of P1.00 per share. Accordingly, the Articles of Incorporation was amended to reflect the increase in authorized capital stock, of which the approval of SEC is still pending as of December 31, 2024. The increase in the authorized capital stock is intended to support the stock dividend declaration (see Note 20.3), any future employee stock option plan, and in anticipation of any future capital raising exercise that may be undertaken by the Parent Company.

As at December 31, 2024 and 2023, the Company's public ownership is at 23.94% and 23.96%, respectively. The Group's listed shares closed at P4.95 and P4.85 per share on the last trading day of 2024 and 2023, respectively.

## 20.2 Revaluation Reserves

The reconciliation of items of other comprehensive income (loss) arising from remeasurements of the post-employment defined benefit obligation and as presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves, are shown below.

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Balance at beginning of year	<b>3,560,080</b>	2,641,039	3,391,771
Remeasurements	<b>186,456</b>	1,225,389	(1,000,976)
Tax expense (income)	<b>(46,614)</b>	(306,348)	250,244
Other comprehensive loss (income) after tax	<b>139,842</b>	919,041	(750,732)
Balance at end of year	<b>3,699,922</b>	3,560,080	2,641,039

## 20.3 Retained Earnings

The Parent Company declared cash dividends as follows:

<i>(Amounts in PHP)</i>	<b>Amount per Share</b>	<b>Total Dividend Declared</b>
<b>May 23, 2024</b>	<b>0.0055</b>	<b>8,525,000</b>
June 22, 2022	0.0250	38,750,000

The Parent Company did not declare cash dividends in 2023.

On March 20 and July 3, 2023, the Parent Company's BOD and stockholders, respectively, approved the declaration of 22% stock dividend of the outstanding capital stock, amounting to approximately 341,000,000 common shares with par value of P341,000,000, payable out of the unrestricted retained earnings as of December 31, 2022, which shall be sourced from the increase in authorized capital stock (see Note 20.1). Record date of stockholders is to be fixed by the SEC when all clearances have been secured, after which the payment date shall be fixed by the BOD. The Parent Company recognized Stock Dividends Distributable amounting to P341.0 million, and is presented under the Equity section of the 2024 and 2023 consolidated statements of financial position.

## 20.4 Earnings per Share

Basic and diluted EPS are computed as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net profit attributable to shareholders of the Parent Company	<b>26,672,359</b>	46,280,012	122,170,931
Divided by the weighted average number of outstanding common shares	<b><u>1,549,999,999</u></b>	<u>1,549,999,999</u>	<u>1,549,999,999</u>
Basic and diluted earnings per share	<b><u>0.017</u></b>	<u>0.030</u>	<u>0.079</u>

For the years ended December 31, 2024, 2023 and 2022 the Group has no dilutive potential common shares in the consolidated financial statements. The Group did not include the stock dividends for distribution in the calculation of EPS, pending the approval of the SEC to effect the issuance of the stock dividends (see Note 20.3).

## 20.5 Material Non-controlling Interest

Non-controlling interest pertains to 55.38% ownership of minority stockholders in SBS Holdings. Despite loss of majority stockholdings in SBS Holdings, management determined that the Parent Company has the ability to influence the majority of SBS Holdings' stockholdings as the next most significant stockholder of the subsidiary is the Ultimate Parent Company (see Note 1.1).

The financial information of SBS Holdings is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Revenue	<b><u>6,313,015</u></b>	<u>7,849,485</u>
Net profit (loss)	<b>(23,864,913)</b>	24,847,260
Other comprehensive income	<b><u>59,047</u></b>	<u>51,848</u>
Total comprehensive income (loss)	<b><u>(23,805,866)</u></b>	<u>24,899,108</u>
Total comprehensive income (loss) attributable to non-controlling interest	<b><u>13,183,689</u></b>	<u>13,789,126</u>
Current assets	<b>286,984,539</b>	428,175,696
Non-current assets	<b>2,830,500,255</b>	2,710,233,947
Current liabilities	<b>(2,713,925)</b>	(1,804,845)
Non-current liabilities	<b><u>(2,518,781)</u></b>	<u>(546,844)</u>
Net assets	<b><u>3,112,252,088</u></b>	<u>3,136,057,954</u>
Net assets attributable to non-controlling interest	<b><u>714,301,987</u></b>	<u>727,485,676</u>

There were no dividend declarations made by SBS Holdings for the years ended December 31, 2024, 2023 and 2022.



## 21. COMMITMENTS AND CONTINGENCIES

### 21.1 *Unused Credit Facilities*

As of December 31, 2024 and 2023, the Group has unused credit facilities with local banks amounting to P1.4 billion and P1.3 billion, respectively.

### 21.2 *Others*

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As of the end of 2024 and 2023, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

The Group is exposed to a variety of financial risks which resulted from both its operating, investing and financing activities. The Group's risk exposures are managed in close coordination with the BOD who focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

## 22. RISK MANAGEMENT OBJECTIVES AND POLICIES

### 22.1 *Market Risk*

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing and financing activities.

#### (a) *Foreign Currency Risk*

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in United States dollars (USD). The Group also holds cash in banks denominated in USD, Japanese yen (JPY), and Euro.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into PHP at the closing rate follow:

<i>(Amounts in PHP)</i>	<b>Foreign Currency</b>		<b>Peso</b>
<b><u>December 31, 2024</u></b>			
<i>Financial assets –</i>			
Cash in banks	USD	45,840	2,659,390
	Euro	29,989	<u>1,813,570</u>
			4,472,960
<i>Financial liabilities –</i>			
Trade and other payables	USD	864,328	<u>50,143,125</u>
			<b><u>(45,670,165)</u></b>

<i>(Amounts in PHP)</i>	Foreign Currency		Peso
<u>December 31, 2023</u>			
<i>Financial assets –</i>			
Cash in banks	USD	90,588	5,033,720
	Euro	29,985	<u>1,843,264</u>
			6,876,984
<i>Financial liabilities –</i>			
Trade and other payables	USD	585,643	32,542,425
	Euro	23,078	<u>1,418,692</u>
			<u>33,961,117</u>
			<u>(27,084,133)</u>

The tables below illustrate the sensitivity of the Group's profit before tax and equity with respect to change on Philippine peso against foreign currencies exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period. If the Philippine peso had strengthened against the foreign currencies, the effect is presented below.

<i>(Amounts in PHP)</i>	<b><u>Reasonably Possible Change in Rate</u></b>	<b><u>Effect in Profit Before Tax</u></b>	<b><u>Effect in Equity</u></b>
<b><u>2024</u></b>			
PHP – USD	+/- 14.2%	(6,735,701)	(5,051,776)
PHP – Euro	+/- 20.9%	<u>377,917</u>	<u>283,438</u>
		<b><u>(6,357,784)</u></b>	<b><u>(4,768,338)</u></b>
<b><u>2023</u></b>			
PHP – USD	+/- 16.0%	4,401,393	3,301,045
PHP – Euro	+/- 27.3%	<u>(115,908)</u>	<u>(86,931)</u>
		<u>4,285,485</u>	<u>3,214,114</u>

Conversely, if the Philippine peso had weakened by the same percentages, with all other variables held constant, the profit before tax for the years ended December 31, 2024 and 2023 would have increased and decreased, respectively by the same amounts.

*(b) Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. At December 31, 2024 and 2023, the Group is exposed to changes in market interest rates through interest payments for its loans payable, which is subject to annual repricing, and trust receipt payable obtained from a local bank. Interest rate risk on cash in banks, though based on a floating rate, is insignificant.

For the Group's loans payable, an average volatility of +/-1.0% and +/-1.4% has been observed during 2024 and 2023. If interest rates had increased by those rates, with all other variables held constant, the Group's profit before tax for the years ended December 31, 2024 and 2023 would have been lower by P20.3 million and P25.4 million, respectively. On the other hand, if the underlying rates had decreased by the same percentage, under the same assumptions, profit before tax would have been higher by the same amounts.

The sensitivity analysis is based on the Group's financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

## 22.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from selling goods to customers, granting advances to related parties and by placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by company, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or the detailed analysis provided in the notes to the consolidated financial statements as shown below.

<i>(Amounts in PHP)</i>	Notes	<b>2024</b>	<b>2023</b>
Cash	4	<b>1,229,218,433</b>	739,392,026
Trade and other receivables – net	5, 18.1	<b>130,959,653</b>	487,238,358
Refundable deposits	8, 18.2, 18.4	<b>917,695,302</b>	1,214,554,752
		<b><u>2,277,873,388</u></b>	<b><u>2,185,136</u></b>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash in banks which is described as follows:

### (a) Cash in Banks

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

As part of Group's policy, bank deposit is only maintained with reputable financial institutions. Cash in banks which is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under RA No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, is still subject to credit risk.

(b) *Trade and Other Receivables and Refundable Deposits*

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Advances to officers and employees have been assessed separately and individually wherein management determined that there is no required ECL to be recognized since collections are made on a monthly basis or through salary deductions within a period of one year or less.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before December 31, 2024 and 2023, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product growth trends in 2024 and 2023 in the Philippines to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2024 and 2023 was determined based on months past due, for trade and other receivables (excluding advances to employees) as follows:

<i>(Amounts in PHP)</i>	<b>Not more than 3 mos.</b>	<b>More than 3 mos. but not more than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>December 31, 2024</b>				
Expected loss rate	0.1%	-	-	-
Gross carrying amount	124,617,746	-	-	124,617,746
Loss allowance	84,093	-	-	84,093
<b>December 31, 2023</b>				
Expected loss rate	0.1%	-	-	-
Gross carrying amount	117,739,041	-	-	117,739,041
Loss allowance	98,872	-	-	98,872

Accordingly, the Group recognized loss allowance equivalent to 0.1% of outstanding trade receivables as of December 31, 2024 and 2023. Management deems this estimate to be adequate and reflective of the Group's ability to collect from its customers based on a 36-month historical payment profile.

The Group's trade receivables are actively monitored to avoid significant concentrations of credit risk. In addition, the Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

ECL allowance for refundable deposits and non-trade receivables, which are collectible from related parties were assessed based on general liquidity of the respective counterparties. No loss allowance was recognized on these financial assets as the collection is expected to be within the next 12 months based on the current standing of the counterparties and the current status of the related transactions.

### 22.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are deposited in banks. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024, the Group's financial liabilities (except lease liabilities – see Note 10) have contractual maturities are presented below.

<i>(Amounts in PHP)</i>	<b>Within 6 Months</b>	<b>6 to 12 Months</b>	<b>More than 1 Year</b>
<b>2024</b>			
Loans payable	1,457,256,418	105,005,370	332,926,130
Trade and other payables	333,033,287	-	-
	<b><u>1,790,289,705</u></b>	<b><u>105,005,370</u></b>	<b><u>332,926,130</u></b>
<b>2023</b>			
Loans payable	1,105,915,278	77,109,722	530,431,944
Trade and other payables	290,486,459	-	-
	<b><u>1,396,401,737</u></b>	<b><u>77,109,722</u></b>	<b><u>530,431,944</u></b>

The aforementioned contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

## 23. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to enhance shareholder value. The capital structure is reviewed with the end view of achieving a competitive cost of capital and are to ensure the Group's ability to continue as a going concern in order to provide adequate returns in the future to its stockholders and benefits for other stakeholders.

The Group monitors capital on the basis of the carrying amount of equity as presented on the consolidated statements of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to any debt covenants. The debt-to-equity ratio as of December 31 is presented in the succeeding page.

<i>(Amounts in PHP)</i>	2024	2023
Liabilities	2,227,621,562	2,090,340,058
Equity	6,604,383,528	6,599,559,700
Debt-to-equity ratio	0.34 : 1.00	0.32 : 1.00

## 24. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 24.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are as follows:

(Amounts in PHP)		2024		2023	
		Notes	Carrying Values	Fair Values	Carrying Values
<b>Financial assets</b>					
Financial assets at amortized cost					
Cash and cash equivalents	4	1,229,218,433	1,229,218,433	739,392,026	739,392,026
Trade and other receivables – net	5	130,959,653	130,959,653	487,238,358	487,238,358
Refundable deposits	8	917,695,302	917,695,302	1,223,554,752	1,223,554,752
		2,277,873,388	2,277,873,388	2,450,185,136	2,450,185,136
<b>Financial liabilities</b>					
Financial liabilities at amortized cost					
Loans payable	13	1,825,054,603	1,767,707,149	1,656,369,338	1,558,745,150
Trade and other payables	12	333,033,288	333,033,288	290,486,460	290,486,460
		2,158,087,891	2,100,740,437	1,946,855,798	1,849,231,610

See Note 2.5 for description of the accounting policies for each category of financial instrument including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 22.

The Group has no financial instruments carried at fair value. For the Group's financial assets and financial liabilities as of December 31, 2024 and 2023 that are carried at amortized cost, management determined that the carrying amounts approximate or equal their fair values.

### 24.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements as of the end of the reporting periods. Currently, financial assets and financial liabilities are settled on a gross basis; however, if applicable, each party to the financial instrument will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties.



## 25. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 25.1 *Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial asset which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. Discussed below and in the succeeding page are the levels of fair value hierarchy.

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

### 25.2 *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table in the succeeding page summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the 2024 and 2023 consolidated statements of financial position but for which fair value is disclosed (see Note 25.1).

<i>(Amounts in PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2024:</b>				
<b><i>Financial Assets:</i></b>				
Cash	1,229,218,433	-	-	1,229,218,433
Trade and other receivable	-	-	130,959,653	130,959,653
Refundable deposits	-	-	917,695,302	917,695,302
	<u>1,229,218,433</u>	<u>-</u>	<u>1,048,654,955</u>	<u>2,277,873,388</u>
<b><i>Financial Liabilities:</i></b>				
Loans payable	-	-	1,767,707,149	1,767,707,149
Trade and other payable	-	-	333,033,288	333,033,288
	<u>-</u>	<u>-</u>	<u>2,100,740,437</u>	<u>2,100,740,437</u>
<b>2023:</b>				
<b><i>Financial Assets:</i></b>				
Cash	739,392,026	-	-	739,392,026
Trade and other receivable	-	-	487,238,358	487,238,358
Refundable deposits	-	-	1,223,554,752	1,223,554,752
	<u>739,392,026</u>	<u>-</u>	<u>1,710,793,110</u>	<u>2,450,185,136</u>
<b><i>Financial Liabilities:</i></b>				
Loans payable	-	-	1,558,745,150	1,558,745,150
Trade and other payable	-	-	290,486,460	290,486,460
	<u>-</u>	<u>-</u>	<u>1,849,231,610</u>	<u>1,849,231,610</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

### **25.3 Fair Value Measurement for Non-financial Assets**

As determined by independent and SEC-accredited property appraisers, the total fair market values of these investment properties as of July 3, 2024, which are primarily determined with reference to current and most recent prices for similar properties within the same location and condition, amounted to P8.7 billion. Management determined that the appraisal made in July 2024 remains valid; thus, these investment properties continue to hold the same fair market value as of December 31, 2024 (see Note 11). The fair market values of investment properties are classified under Level 2.

## **26. SEGMENT REPORTING**

### **26.1 Business Segments**

The Group's operating businesses are organized and managed separately according to the nature of products and services provided. In identifying its reportable operating segments, management generally follows the Group's two main revenue sources, which represent the products and services provided by the Group, namely Sale of Goods and Consultancy Income. The Group has no intersegment transactions in 2024, 2023, and 2022.

### **26.2 Analysis of Segment Information**

The tables in the succeeding pages presents revenue and profit information regarding business segments of the Group for the years ended December 31, 2024, 2023, and 2022.

(Amounts in PHP)

	Sale of Goods	Consultancy Income	Total
<b>2024</b>			
Revenues	1,112,899,142	6,300,000	1,119,199,142
Cost	<u>702,249,859</u>	<u>848,123</u>	<u>703,097,982</u>
	<u>410,649,283</u>	<u>5,451,877</u>	<u>416,101,160</u>
Other operating expenses:			
Depreciation and amortization	54,500,558	-	54,500,558
Salaries and wages	48,322,340	-	48,322,340
Outside services	11,367,198	-	11,367,198
Transportation and travel	6,827,744	-	6,827,744
Insurance	5,527,764	-	5,527,764
Advertising and promotions	<u>997,520</u>	<u>-</u>	<u>997,520</u>
	<u>127,543,124</u>	<u>-</u>	<u>127,543,124</u>
<b>Segment operating profit</b>	<b><u>283,106,159</u></b>	<b><u>5,451,877</u></b>	<b><u>288,558,036</u></b>
Assets and Liabilities			
Segment assets	<b>2,405,170,969</b>	-	<b>2,405,170,969</b>
Segment liabilities	<b>2,210,477,609</b>	-	<b>2,210,477,609</b>
<b>2023</b>			
Revenues	1,026,918,887	7,849,485	1,034,768,372
Cost	<u>667,793,429</u>	<u>891,374</u>	<u>668,684,803</u>
	<u>359,125,458</u>	<u>6,958,111</u>	<u>366,083,569</u>
Other operating expenses:			
Depreciation and amortization	48,937,763	-	48,937,763
Salaries and wages	48,695,780	-	48,695,780
Outside services	12,380,564	-	12,380,564
Rental expense	12,083,036	-	12,083,036
Transportation and travel	9,092,849	-	9,092,849
Insurance	5,071,756	-	5,071,756
Advertising and promotions	<u>1,568,639</u>	<u>-</u>	<u>1,568,639</u>
	<u>137,830,387</u>	<u>-</u>	<u>137,830,387</u>
<b>Segment operating profit</b>	<b><u>221,295,071</u></b>	<b><u>6,958,111</u></b>	<b><u>228,253,182</u></b>
Assets and Liabilities			
Segment assets	<b>2,277,956,713</b>	-	<b>2,277,956,713</b>
Segment liabilities	<b>2,083,769,801</b>	-	<b>2,083,769,801</b>
<b>2022</b>			
Revenues	1,188,073,715	-	1,188,073,715
Cost	<u>723,979,725</u>	<u>-</u>	<u>723,979,725</u>
	<u>464,093,990</u>	<u>-</u>	<u>464,093,990</u>
Other operating expenses:			
Salaries and wages	48,870,955	-	48,870,955
Depreciation and amortization	34,286,446	-	34,286,446
Rental expense	18,647,203	-	18,647,203
Outside services	12,576,143	-	12,576,143
Transportation and travel	8,307,979	-	8,307,979
Insurance	5,179,195	-	5,179,195
Advertising and promotions	<u>1,248,024</u>	<u>-</u>	<u>1,248,024</u>
	<u>129,115,945</u>	<u>-</u>	<u>129,115,945</u>
<b>Segment operating profit</b>	<b><u>334,978,045</u></b>	<b><u>-</u></b>	<b><u>334,978,045</u></b>

<i>(Amounts in PHP)</i>	Sale of Goods	Consultancy Income	Total
Assets and Liabilities			
Segment assets	2,405,935,313	-	2,405,935,313
Segment liabilities	2,211,344,346	-	2,211,344,346

The results of operations from the two segments are used by management to analyze the Group's operation and to allow them to control and study the costs and expenses. It is also a management indicator on how to improve the Group's operation. Expenses are allocated through direct association of costs and expenses to operating segments.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

<i>(Amounts in PHP)</i>	2024	2023	2022
<b>Revenues –</b>			
Total segment revenues	<u>1,119,199,142</u>	<u>1,034,768,372</u>	<u>1,188,073,715</u>
<b>Profit or loss</b>			
Segment operating profit	288,558,036	228,253,182	334,978,045
Other unallocated expenses	(69,919,201)	(51,124,876)	(52,690,574)
Other unallocated income	<u>12,091,812</u>	<u>9,849,296</u>	<u>10,659,024</u>
Operating profit as reported			
in profit or loss	230,730,647	186,977,602	292,946,495
Finance costs	(194,508,523)	(149,055,786)	(93,219,242)
Equity in net income (losses)			
of associates	(39,375,345)	(18,074,642)	(38,193,014)
Finance income	41,844,511	59,139,047	5,830,053
Gain on sale and deconsolidation			
of a subsidiary	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax	<u>38,691,290</u>	<u>78,986,221</u>	<u>167,364,292</u>
<b>Assets</b>			
Segment assets	2,405,170,969	2,277,956,713	
Prepayments and			
other current assets	195,463,531	467,295,734	
Investment in associates	3,166,014,737	2,894,819,882	
Investment properties	625,700,346	625,700,346	
Other non-current assets – net	<u>2,439,655,507</u>	<u>2,424,127,083</u>	
Total assets reported in			
consolidated statements			
of financial position	<u>8,832,005,090</u>	<u>8,689,899,758</u>	
<b>Liabilities</b>			
Segment liabilities	2,210,477,609	2,083,769,801	
Deferred tax liabilities – net	<u>17,143,953</u>	<u>6,570,257</u>	
Total liabilities reported in			
consolidated statements			
of financial position	<u>2,227,621,562</u>	<u>2,090,340,058</u>	

### 26.3 Disaggregation of Revenues and Other Operating Income

The Group derives revenue and income from the sale of good, consultancy and management service, and other agreements, which are recognized at a point in time and over time as detailed below.

<i>(Amounts in PHP)</i>	Notes	<u>2024</u>	<u>2023</u>	<u>2022</u>
At a point in time:				
Sale of goods		<b>1,112,899,142</b>	1,026,918,887	1,188,073,715
Others	5, 15	<b>4,215,693</b>	4,539,977	3,642,026
Over time:				
Consultancy income		<b>6,300,000</b>	7,849,485	-
Income from non-obstruction agreements	15	<b>3,723,605</b>	3,723,605	3,365,864
Shared business and management services	15, 18.4	<b>1,425,000</b>	1,425,000	1,425,000
Property management services		<u><b>2,727,514</b></u>	<u>160,714</u>	<u>2,226,134</u>
		<u><b>1,131,290,954</b></u>	<u>1,044,617,668</u>	<u>1,198,732,739</u>

Other income recognized at a point in time include income from referral on trade sales, recovery of allowance for impairment of receivables, and miscellaneous income.

The disaggregated profile of sale of goods for the years ended December 31 is illustrated below.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Food ingredients	<b>33%</b>	32%	29%
Feeds, veterinary and agricultural inputs	<b>28%</b>	25%	23%
Industrial chemicals	<b>16%</b>	19%	19%
Home and personal care	<b>12%</b>	12%	15%
Others	<b>12%</b>	12%	14%



P&A  
Grant Thornton

**Report of Independent Auditors  
to Accompany Supplementary  
Information Required by the  
Securities and Exchange Commission  
Filed Separately from the  
Basic Consolidated Financial Statements**

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6766 Ayala Avenue  
1200 Makati City  
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**The Board of Directors and Stockholders  
SBS Philippines Corporation and Subsidiary  
(A Subsidiary of Anes Holdings Corporation)**  
No. 10 Resthaven Street  
San Francisco Del Monte, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SBS Philippines Corporation and Subsidiary for the year ended December 31, 2024, on which we have rendered our report dated February 25, 2025. Our audit was made for the purpose of forming an opinion on the consolidated basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the consolidated basic financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

  
By: **Renan A. Piamonte**  
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10465913, January 2, 2025, Makati City

BIR AN 08-002511-037-2022 (until October 13, 2025)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

February 25, 2025

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

grantthornton.com.ph

Offices in Cavite, Cebu, Davao  
BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002



**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**LIST OF SEC SUPPLEMENTARY SCHEDULES**  
**COVERED BY INDEPENDENT AUDITORS' REPORT**  
**December 31, 2024**

<b>Schedule</b>	<b>Content</b>	<b>Page No.</b>
<b>Schedule Required under Annex 68-J of the Revised Securities Regulation Code Rule 68</b>		
A	Financial Assets	1
B	Amounts Receivables / Accounts Payables from/to Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)	4
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements	5
D	Long-term Debt	6
E	Indebtedness to Related Parties	7
F	Guarantees of Securities of Other Issues	8
G	Capital Stock	9
<b>Other Required Information</b>		
	Reconciliation of Retained Earnings Available for Dividend Declaration for the Parent Company	10
	Map Showing the Relationship Between the Company and its Related Entities	11
	Schedule of Financial Soundness Indicators	13

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule A - Financial Assets (Financial Assets at Amortized Cost)**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Description	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Income received and accrued
Cash and cash equivalents	-	P 1,229,218,433	P 31,073,287
Trade and other receivables	-	130,959,653	-
Refundable deposits	-	<u>917,695,302</u>	<u>10,771,224</u>
		<b><u>P 2,277,873,388</u></b>	<b><u>P 41,844,511</u></b>

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule A - Financial Assets (Financial Assets at Fair Value Through Profit or Loss)**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Name of issuing entity and association of each issue	Number of shares	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
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**NOTHING TO REPORT**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule A - Financial Assets (Fair Value Through Other Comprehensive Income)**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Name of issuing entity and association of each issue	Number of shares	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
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**NOTHING TO REPORT**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

			Deductions		Ending Balance		
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts paid	Amounts reclassified	Current	Non-current	Balance at end of period

**NOTHING TO REPORT**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule C - Amounts Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of  
Financial Statements  
December 31, 2024  
(Amounts in Philippine Pesos)**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current
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**NOTHING TO REPORT**

SBS PHILIPPINES CORPORATION AND SUBSIDIARY  
(A Subsidiary of Anesy Holdings Corporation)  
SEC Released Amended SRC Rule 68

Schedule D - Long Term Debt  
December 31, 2024  
(Amounts in Philippine Pesos)

Title of Issue and type of obligation	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet	Terms
Term Loan	P 177,490,006	P 307,156,636	Interest rate of 7.58%, five-year term, maturing on August 11, 2027



**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule E - Indebtedness to Related Parties**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Name and designation of debtor	Balance at beginning of period	Balance at end of period
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**NOTHING TO REPORT**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesys Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule F - Guarantees of Securities of Other Issuers**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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**NOTHING TO REPORT**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
SEC Released Amended SRC Rule 68

**Schedule G - Capital Stock**  
**December 31, 2024**  
*(Amounts in Philippine Pesos)*

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
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Common Shares - P1 par value	1,550,000,000	1,549,999,999	-	1,024,230,272	154,641,170	371,128,557
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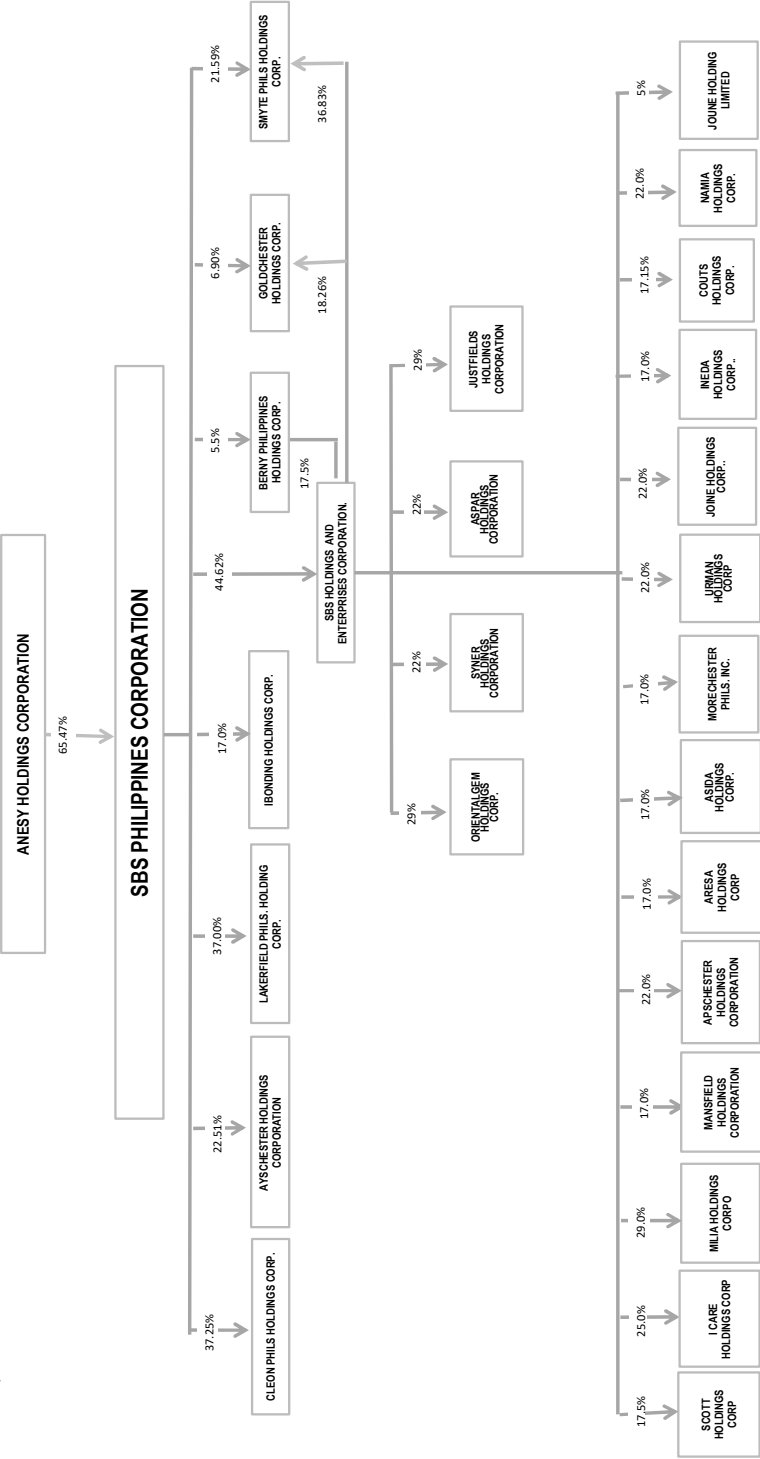
**SBS PHILIPPINES CORPORATION**  
(A Subsidiary of Anesys Holdings Corporation)  
No. 10 Resthaven Street, San Francisco Del Monte, Quezon City

**Reconciliation of Retained Earnings Available for Dividend Declaration**  
December 31, 2024

<b>Unappropriated Retained Earnings at Beginning of Year</b>		P	992,693,353
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>			
Reversal of Retained Earning Appropriation/s	-		
Effect of restatements or prior-period adjustments	-		
Others (describe nature)	-		
			-
<b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>			
Stock dividend declaration during the period	-		
Retained Earnings appropriated during the reporting period	-		
Effect of restatements or prior-period adjustments	-		
Cash dividends declared during the year			8,525,000
			-
<b>Unappropriated Retained Earnings at Beginning of Year, as adjusted</b>			984,168,353
<b>Add/Less: Net Income (Loss) for the Current Year</b>			37,320,883
<b>Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>			
Equity in net (income) loss of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit	-		
Unrealized fair value gain of investment property	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS (describe nature)	-		
Sub-total			-
<b>Add: Unrealized loss recognized in the profit or loss during the reporting period (net of tax)</b>			
Equity in net loss of associate/joint venture, net of dividends declared			
<b>Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the</b>			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-		
Sub-total			-
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the</b>			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at	-		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-		
Sub-total			-
<b>Adjusted Net Income/Loss</b>			1,021,489,236
<b>Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)</b>			
Depreciation on revaluation increment (after tax)	-		
Sub-total			-
<b>Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)</b>			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others (describe nature)	-		
Sub-total			-
<b>Less: Other items that should be excluded from the determination of the amount of available for</b>			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	627,523		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-	-		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others (describe nature)	-		
Sub-total			627,523
<b>Unappropriated Retained Earnings Available for Dividend Distribution at End of Year</b>		<b>P</b>	<b>1,020,861,713</b>

**SBS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP**

Ultimate Parent Company and Subsidiary  
as of December 31, 2024







## Report of Independent Auditors on Components of Financial Soundness Indicators

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The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders  
SBS Philippines Corporation and Subsidiary  
(A Subsidiary of Anesys Holdings Corporation)  
No. 10 Resthaven Street  
San Francisco Del Monte, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SBS Philippines Corporation and Subsidiary (the Group) for the years ended December 31, 2024 and 2023, on which we have rendered our report dated February 25, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

### PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**  
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10465913, January 2, 2025, Makati City

BIR AN 08-002511-037-2022 (until October 13, 2025)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

February 25, 2025

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
**(A Subsidiary of Anesys Holdings Corporation)**  
**Supplemental Schedule of Financial Soundness Indicators**  
**December 31, 2024 and 2023**

Ratio	Formula	2024	Formula	2023
Current ratio	Total Current Assets divided by Total Current Liabilities  Total Current Assets 2,331,001,575 Divide by: Total Current Liabilities <u>1,852,196,619</u> Current ratio 1.26	1.26	Total Current Assets divided by Total Current Liabilities  Total Current Assets 2,487,828,284 Divide by: Total Current Liabilities <u>1,465,795,339</u> Current ratio 1.70	1.70
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities  Total Current Assets 2,331,001,575 Less: Inventories (775,359,958) <u>Other Current Assets (195,463,531)</u> Quick Assets 1,360,178,086 Divide by: Total Current Liabilities <u>1,852,196,619</u> Acid test ratio 0.73	0.73	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities  Total Current Assets 2,487,828,284 Less: Inventories (793,902,166) <u>Other Current Assets (467,295,734)</u> Quick Assets 1,226,630,384 Divide by: Total Current Liabilities <u>1,465,795,339</u> Acid test ratio 0.84	0.84
Solvency ratio	Total Liabilities divided by Total Assets  Total Liabilities 2,227,621,562 Divide by: Total Assets <u>8,832,005,090</u> Solvency ratio 0.25	0.25	Total Liabilities divided by Total Assets  Total Liabilities 2,090,348,058 Divide by: Total Assets <u>8,689,899,758</u> Solvency ratio 0.24	0.24
Debt-to-equity ratio	Total Liabilities divided by Total Equity  Total Liabilities 2,227,621,562 Divide by: Total Equity <u>6,604,383,528</u> Debt-to-equity ratio 0.34	0.34	Total Liabilities divided by Total Equity  Total Liabilities 2,090,340,058 Divide by: Total Equity <u>6,599,559,700</u> Debt-to-equity ratio 0.32	0.32
Assets-to-equity ratio	Total Assets divided by Total Equity  Total Assets 8,832,005,090 Divide by: Total Equity <u>6,604,383,528</u> Assets-to-equity ratio 1.34	1.34	Total Assets divided by Total Equity  Total Assets 8,689,899,758 Divide by: Total Equity <u>6,599,559,700</u> Assets-to-equity ratio 1.32	1.32
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense  EBIT 173,602,090 Divide by: Interest expense <u>176,755,311</u> Interest rate coverage ratio 0.98	0.98	Earnings before interest and taxes (EBIT) divided by Interest expense  EBIT 160,555,909 Divide by: Interest expense <u>139,850,471</u> Interest rate coverage ratio 1.15	1.15
Return on equity	Net Profit divided by Total Equity  Net Profit 13,455,970 Divide by: Total Equity <u>6,604,383,528</u> Return on equity 0.00	0.00	Net Profit divided by Total Equity  Net Profit 60,040,425 Divide by: Total Equity <u>6,599,559,700</u> Return on equity 0.01	0.01
Return on assets	Net Profit divided by Total Assets  Net Profit 13,455,970 Divide by: Total Assets <u>8,832,005,090</u> Return on assets 0.00	0.00	Net Profit divided by Total Assets  Net Profit 60,040,425 Divide by: Total Assets <u>8,689,899,758</u> Return on assets 0.01	0.01
Net profit margin	Net Profit divided by Total Revenue  Net Profit 13,455,970 Divide by: Revenue <u>1,119,199,142</u> Net profit margin 0.01	0.01	Net Profit divided by Total Revenue  Net Profit 60,040,425 Divide by: Revenue <u>1,034,768,372</u> Net profit margin 0.06	0.06



**SBS PHILIPPINES CORPORATION**  
**Supplementary Schedule of External Auditor Fee-Related Information**  
**For the Years Ended December 31, 2024 and 2023**

	2024	2023
<b>Total Audit Fees (inclusive of VAT)</b>	<b>P 1,130,000</b>	P 1,130,000
Non-audit service fees:		
Other assurance service	-	-
Tax service	-	-
All other service	50,000	50,000
<b>Total Non-Audit Fees</b>	<b>50,000</b>	50,000
<b>Total Audit and Non-audit Fees</b>	<b>P 1,180,000</b>	P 1,180,000
 <b>Audit and Non-audit fees of other related entities</b>	 <b>2024</b>	 <b>2023</b>
Audit fees	<b>P -</b>	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Audit and Non-audit Fees of other related entities</b>	<b>P -</b>	P -