

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
-	8857-0100	-
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,254		09/30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Franklin C. Gomez	-	8857-0100	-

CONTACT PERSON'S ADDRESS

10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300
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NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

SEC Number 16342
PSE Disclosure Security Code _____

SM INVESTMENTS CORPORATION

(Company's Full Name)

**10th Floor, OneE-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-IA, Pasay City 1300**

(Company's Address)

8857- 0100

(Telephone Number)

December 31

(Year Ending)
(month & day)

**SEC Form 17-Q
3rd Quarter Report**

Form Type

Amendment Designation (If applicable)

September 30, 2022

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2022
2. Commission Identification Number 016342 3. BIR Tax Identification No. 169-020-000
4. Exact name of registrant as specified in its charter SM INVESTMENTS CORPORATION
5. PHILIPPINES
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. 10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City
1300
Address of principal office Postal Code
8. 8857-0100
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the
RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
COMMON STOCK P10 PAR VALUE	1,222,023,358	N.A.

11. Are any or all of these securities listed on the Philippine Stock Exchange.
Yes No
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes No
 - (b) has been subject to such filing requirements for the past 90 days.
Yes No

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

- Item 1. Interim Condensed Consolidated Financial Statements
- Interim Consolidated Balance Sheets as at September 30, 2022 (Unaudited),
December 31, 2021 (As Restated, Unaudited) and January 1, 2021 (As Restated,
Unaudited)
- Interim Consolidated Statements of Income for the Nine-Month Periods
Ended September 30, 2022 (Unaudited) and 2021 (As Restated, Unaudited)
- Interim Consolidated Statements of Changes in Stockholders' Equity for the
Nine-Month Periods Ended September 30, 2022 (Unaudited) and 2021 (As
Restated, Unaudited)
- Interim Consolidated Statements of Cash Flows for the Nine-Month Periods Ended
September 30, 2022 (Unaudited) and 2021 (As Restated, Unaudited)
- Notes to Interim Condensed Consolidated Financial Statements
- Item 2. Management's Discussion and Analysis of Financial Condition as at
September 30, 2022 and December 31, 2021 (As Restated, Unaudited) and Result of
Operations for the Nine-Month Periods Ended September 30, 2022 (Unaudited) and
2021 (As Restated, Unaudited)
- Item 3. Aging of Accounts Receivable - Trade as at September 30, 2022 (Unaudited)

PART II – SIGNATURE

PART I FINANCIAL INFORMATION

Item 1. Unaudited Interim Condensed Consolidated Financial Statements

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial Statements
As at September 30, 2022, December 31, 2021 and January 1, 2021
and for the Nine-Month Periods Ended September 30, 2022 and 2021

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	September 30, 2022	December 31, 2021 (As Restated - Note 4)	January 1, 2021 (As Restated - Note 4)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 6, 21 and 24)	₱111,820,197	₱89,352,634	₱78,660,566
Time deposits (Notes 7, 21 and 24)	5,898,689	311,233	31,012
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	539,780	547,041	568,146
Receivables and contract assets (Notes 9 and 21)	85,704,167	76,535,392	62,279,160
Inventories (Note 10)	104,956,840	86,767,188	72,056,045
Other current assets (Notes 11 and 21)	52,427,450	52,854,042	43,721,691
Total Current Assets	361,347,123	306,367,530	257,316,620
Noncurrent Assets			
Financial assets at FVOCI - net of current portion (Notes 8 and 25)	21,603,141	27,129,956	26,616,338
Investments in associate companies and joint ventures (Note 12)	316,728,638	305,072,026	297,433,006
Time deposits - net of current portion (Notes 7, 21 and 25)	3,153,982	3,905,618	1,356,442
Property and equipment (Note 13)	45,930,349	45,411,523	30,256,611
Investment properties (Note 14)	479,810,575	463,765,374	435,466,724
Right-of-use assets (Note 23)	44,580,681	44,839,678	42,082,575
Intangibles (Note 15)	41,089,203	40,759,877	33,732,613
Other noncurrent assets (Notes 15, 21, 22 and 25)	138,123,129	125,555,398	118,638,088
Total Noncurrent Assets	1,091,019,698	1,056,439,450	985,582,397
	₱1,452,366,821	₱1,362,806,980	₱1,242,899,017
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans (Notes 16, 21 and 24)	₱28,774,338	₱27,167,173	₱24,126,000
Accounts payable and other current liabilities (Notes 17, 21, and 23)	159,523,910	168,444,060	154,638,968
Income tax payable	2,709,976	2,310,912	2,649,041
Current portion of long-term debt (Notes 18, 21, and 24)	97,229,597	63,706,559	60,121,438
Total Current Liabilities	288,237,821	261,628,704	241,535,447
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 18, 21, 24 and 25)	403,884,693	381,618,880	338,194,798
Lease liabilities - net of current portion (Notes 23 and 25)	32,226,762	31,101,003	28,944,979
Deferred tax liabilities (Note 22)	16,137,202	15,675,739	12,518,760
Tenants' deposits and others (Notes 23 and 25)	47,882,092	49,174,468	48,357,079
Total Noncurrent Liabilities	500,130,749	477,570,090	428,015,616
Total Liabilities	788,368,570	739,198,794	669,551,063

(Forward)

	September 30, 2022	December 31, 2021 (As Restated - Note 4)	January 1, 2021 (As Restated - Note 4)
Equity Attributable to Owners of the Parent			
Capital stock (Note 19)	₱12,261,146	₱12,045,829	₱12,045,829
Additional paid-in capital	75,839,217	75,827,181	75,823,506
Treasury shares	(40,912)	-	-
Equity adjustments from common control transactions	(6,682,516)	(6,298,552)	(6,299,797)
Cost of Parent common shares held by subsidiaries	(25,386)	(25,386)	(25,386)
Cumulative translation adjustment	5,089,976	2,934,077	1,143,949
Fair value changes on cash flow hedges	2,716,462	(980,127)	(2,741,387)
Unrealized gain (loss) on financial assets at FVOCI	(1,015,607)	14,331,270	15,797,628
Remeasurement loss on defined benefit asset/obligation	(8,587,094)	(8,567,600)	(6,589,662)
Retained earnings (Note 19):			
Appropriated	37,000,000	37,000,000	37,000,000
Unappropriated	356,680,355	321,337,891	286,298,019
Total Equity Attributable to Owners of the Parent	473,235,641	447,604,583	412,452,699
Non-controlling Interests	190,762,610	176,003,603	160,895,255
Total Equity	663,998,251	623,608,186	573,347,954
	₱1,452,366,821	₱1,362,806,980	₱1,242,899,017

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands Except Per Share Data)

	Nine-Month Periods Ended September 30		Three-Month Periods Ended September 30	
	2021 (As Restated - Note 4)		2021 (As Restated - Note 4)	
	2022	2021	2022	2021
REVENUES				
Sales:				
Merchandise	₱250,580,866	₱199,969,642	₱90,875,150	₱65,337,390
Real estate	27,518,237	31,493,977	9,810,035	7,400,731
Rent (Notes 21 and 23)	34,869,558	20,141,189	12,957,452	6,721,599
Equity in net earnings of associate companies and joint ventures	25,734,079	20,188,215	9,886,498	6,779,239
Others (Note 20)	43,212,210	20,834,526	16,307,162	10,831,864
	381,914,950	292,627,549	139,836,297	97,070,823
COST AND EXPENSES				
Cost of sales and services (Note 10)	216,366,672	171,350,211	78,039,674	57,208,723
Selling, general and administrative expenses	83,900,023	67,384,471	30,448,211	24,720,116
	300,266,695	238,734,682	108,487,885	81,928,839
OTHER INCOME (CHARGES)				
Interest expense (Note 21)	(14,473,381)	(13,126,911)	(5,690,594)	(4,926,396)
Interest income (Note 21)	2,062,982	1,538,390	713,983	502,288
Gain (loss) from fair value changes on derivatives - net (Note 25)	(293,128)	208,356	(613,819)	47,596
Foreign exchange gain (loss) - net and others (Notes 12 and 24)	554,218	1,104,756	(574,919)	774,528
	(12,149,309)	(10,275,409)	(6,165,349)	(3,601,984)
INCOME BEFORE INCOME TAX	69,498,946	43,617,458	25,183,063	11,540,000
PROVISION FOR INCOME TAX (Note 22)				
Current	10,487,962	4,589,745	3,495,246	1,767,326
Deferred	182,764	574,926	461,585	(279,220)
	10,670,726	5,164,671	3,956,831	1,488,106
NET INCOME	₱58,828,220	₱38,452,787	₱21,226,232	₱10,051,894
Attributable to				
Owners of the Parent	₱42,870,183	₱28,637,412	₱15,155,735	₱7,721,153
Non-controlling interests	15,958,037	9,815,375	6,070,497	2,330,741
	₱58,828,220	₱38,452,787	₱21,226,232	₱10,051,894
Basic/Diluted Earnings Per Common Share				
Attributable to Owners of the Parent (Note 26)	₱35.48	₱23.77	₱12.47	₱6.41

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(Amounts in Thousands)

	Nine-Month Periods Ended September 30		Three-Month Periods Ended September 30	
	2022	2021 (As Restated - Note 4)	2022	2021 (As Restated - Note 4)
NET INCOME	₱58,828,220	₱38,452,787	₱21,226,232	₱10,051,894
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to profit or loss in subsequent periods				
Share in unrealized loss on financial assets of associates at FVOCI	(11,037,596)	(1,949,656)	(3,094,250)	(494,721)
Cumulative translation adjustment	1,974,783	2,250,358	1,928,332	1,555,977
Fair value changes on cash flow hedges	5,261,263	908,898	1,630,828	257,571
	(3,801,550)	1,209,600	464,910	1,318,827
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement loss on defined benefit obligation	(25,992)	(20,278)	(27,436)	(51,791)
Unrealized gain (loss) on financial assets at FVOCI	(4,999,769)	221,042	626,146	385,652
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(450,706)	(151,966)	4,140	1,980
	(5,476,467)	48,798	602,850	335,841
TOTAL COMPREHENSIVE INCOME	₱49,550,203	₱39,711,185	₱22,293,992	₱11,706,562
Attributable to				
Owners of the Parent	₱33,356,300	₱29,318,270	₱15,618,417	₱8,914,544
Non-controlling interests	16,193,903	10,392,915	6,675,575	2,792,018
	₱49,550,203	₱39,711,185	₱22,293,992	₱11,706,562

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands Except Per Share Data)

Equity Attributable to Owners of the Parent

	Capital Stock	Additional Paid-in Capital	Treasury Shares	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges	Unrealized Gain (Loss) on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2022 (As Reported)	₱12,045,829	₱75,827,181	₱-	(₱5,424,455)	(₱25,386)	₱2,193,170	(₱980,127)	₱15,171,942	(₱8,317,835)	₱37,000,000	₱308,946,422	₱436,436,741	₱176,003,184	₱612,439,925
Effect of merger (Note 4)	-	-	-	(874,097)	-	740,907	-	(840,672)	(249,765)	-	12,391,469	11,167,842	419	11,168,261
As restated	12,045,829	75,827,181	-	(6,298,552)	(25,386)	2,934,077	(980,127)	14,331,270	(8,567,600)	37,000,000	321,337,891	447,604,583	176,003,603	623,608,186
Net income	-	-	-	-	-	-	-	-	-	-	42,870,183	42,870,183	15,958,037	58,828,220
Other comprehensive income	-	-	-	-	-	2,155,899	3,696,589	(15,346,877)	(19,494)	-	-	(9,513,883)	235,866	(9,278,017)
Total comprehensive income	-	-	-	-	-	2,155,899	3,696,589	(15,346,877)	(19,494)	-	42,870,183	33,356,300	16,193,903	49,550,203
Effect of business combination (Note 4)	215,317	-	(40,912)	(383,964)	-	-	-	-	-	-	-	(209,559)	239,695	30,136
Cash dividends - ₱6.25 per share (Note 19)	-	-	-	-	-	-	-	-	-	-	(7,527,719)	(7,527,719)	-	(7,527,719)
Transactions with non-controlling interests	-	12,036	-	-	-	-	-	-	-	-	-	12,036	12,046	24,082
Cash dividends received by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,797,682)	(1,797,682)
Increase in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	111,045	111,045
As at September 30, 2022	₱12,261,146	₱75,839,217	(₱40,912)	(₱6,682,516)	(₱25,386)	₱5,089,976	₱2,716,462	(₱1,015,607)	(₱8,587,094)	₱37,000,000	₱356,680,355	₱473,235,641	₱190,762,610	₱663,998,251
As at January 1, 2021 (As Reported)	₱12,045,829	₱75,823,506	₱-	(₱5,424,455)	(₱25,386)	₱895,922	(₱2,741,387)	₱16,506,435	(₱6,066,075)	₱37,000,000	₱275,818,556	₱403,832,945	₱160,894,953	₱564,727,898
Effect of merger (Note 4)	-	-	-	(875,342)	-	248,027	-	(708,807)	(523,587)	-	10,479,463	8,619,754	302	8,620,056
As restated	12,045,829	75,823,506	-	(6,299,797)	(25,386)	1,143,949	(2,741,387)	15,797,628	(6,589,662)	37,000,000	286,298,019	412,452,699	160,895,255	573,347,954
Net income	-	-	-	-	-	-	-	-	-	-	28,637,412	28,637,412	9,815,375	38,452,787
Other comprehensive income	-	-	-	-	-	1,617,251	748,426	(1,749,214)	64,395	-	-	680,858	577,540	1,258,398
Total comprehensive income	-	-	-	-	-	1,617,251	748,426	(1,749,214)	64,395	-	28,637,412	29,318,270	10,392,915	39,711,185
Effect of business combination (Note 4)	-	-	-	1,245	-	-	-	-	-	-	-	1,245	3,073,712	3,074,957
Cash dividends - ₱4.25 per share (Note 19)	-	-	-	-	-	-	-	-	-	-	(5,118,849)	(5,118,849)	-	(5,118,849)
Transactions with non-controlling interests	-	(8,656)	-	-	-	-	-	-	-	-	-	(8,656)	2,252	(6,404)
Cash dividends received by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,338,663)	(1,338,663)
Decrease in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(175,004)	(175,004)
As at September 30, 2021 (As Restated - Note 4)	₱12,045,829	₱75,814,850	₱-	(₱6,298,552)	(₱25,386)	₱2,761,200	(₱1,992,961)	₱14,048,414	(₱6,525,267)	₱37,000,000	₱309,816,582	₱436,644,709	₱172,850,467	₱609,495,176

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Nine-Month Periods Ended September 30	
	2022	2021 (As Restated - Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱69,498,946	₱43,617,458
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	(25,734,079)	(20,188,215)
Depreciation and amortization (Notes 13, 14, 15 and 23)	16,594,319	14,888,829
Interest expense	14,473,381	13,126,911
Interest income	(2,062,982)	(1,538,390)
Impairment loss on investment (Note 12)	740,000	-
Loss (gain) on fair value changes on derivatives – net	293,128	(208,356)
Unrealized foreign exchange gain and others	(74,843)	(872,540)
Other revenues	(413,615)	(360,561)
Income before working capital changes	73,314,255	48,465,136
Decrease (increase) in:		
Receivables and contract assets	(9,289,072)	(9,516,865)
Inventories	(29,837,418)	(24,009,029)
Other current assets	1,660,255	(2,822,672)
Increase in:		
Accounts payable and other current liabilities	10,775,900	8,280,041
Tenants' deposits and others	1,613,067	3,472,514
Net cash generated from operations	48,236,987	23,869,125
Income tax paid	(10,097,655)	(5,663,642)
Net cash provided by operating activities	38,139,332	18,205,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property and equipment	162,832	198,490
Investment in associate companies and joint ventures	50,000	-
Investment properties	33,853	533,531
Additions to:		
Investment properties (Note 14)	(24,398,301)	(31,323,306)
Property and equipment (Note 13)	(6,661,385)	(6,955,080)
Financial assets at fair value through other comprehensive income (FVOCI)	-	(1,427)
Investments in associate companies and joint ventures	-	(103,120)
Increase in:		
Time deposits	(2,175,595)	(2,443,695)
Other noncurrent assets	(2,067,709)	(4,052,732)
Purchase consideration (net) from the acquisition of a subsidiary (Note 4)	(85,097)	(5,684,648)
Dividends received	5,493,412	3,915,404
Interest received	1,799,411	1,238,289
Net cash used in investing activities	(27,848,579)	(44,678,294)

(Forward)

	Nine-Month Periods Ended September 30	
	2022	2021 (As Restated - Note 4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt	₱94,515,328	₱109,804,050
Bank loans	54,700,629	37,259,198
Payments of:		
Long-term debt	(57,378,648)	(69,970,857)
Bank loans	(53,167,899)	(42,632,448)
Dividends	(11,491,255)	(8,363,149)
Interest	(12,735,526)	(12,458,623)
Lease liabilities	(3,382,494)	(5,018,018)
Net cash provided by financing activities	11,060,135	8,620,153
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,350,888	(17,852,658)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,116,675	900,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 6)	89,352,634	78,660,566
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	₱111,820,197	₱61,708,629

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960.

SMIC is one of the largest publicly listed companies in the Philippines with interests in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

The accompanying condensed consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on November 9, 2022.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (the Group) are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through other comprehensive income (FVOCI) and liabilities which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRSs). All values are rounded to the nearest thousand Peso except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared on the going concern assumption.

Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2021.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at September 30, 2022, there were no significant changes in the Parent Company's ownership interest in its subsidiaries except as discussed in Note 4.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

The impact of COVID-19 has been considered in the significant judgments, estimates and assumptions in the Group's consolidated financial statements as at September 30, 2022 and December 31, 2021. Except as otherwise stated, there were no significant changes in accounting judgments, estimates, and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes.

3. Summary of Significant Accounting Policies, Changes and Improvements

The following new PFRSs became effective beginning January 1, 2022

Unless otherwise indicated the Group does not expect the adoption of these new standards, amendments and improvements to standards to have a significant impact on the interim condensed consolidated financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the 1989 Framework for the Preparation and Presentation of Financial Statements, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine IFRIC 21, *Levies*, if incurred separately.

The amendments also clarified that contingent assets do not qualify for recognition as at the acquisition date.

The amendments are effective on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit the deduction from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Such shall be recognized in profit or loss.

The amendment is effective January 1, 2022, with retroactive modification for items of property, plant and equipment made available for use on or after the beginning of the earliest period presented at the time of adoption.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective beginning on or after January 1, 2022.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective on or after January 1, 2022, with early adoption permitted.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period at the time of first adoption.

The amendment is effective on or after January 1, 2022, with early adoption permitted.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

The amendment is to be applied prospectively on or after January 1, 2022, with early adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

These amendments are effective on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify that the effects on an accounting estimate of a change in an input or a change in measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Those amendments are effective on or after January 1, 2023, with early adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. These amendments are effective on or after January 1, 2023, with early adoption permitted.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024 instead of January 1, 2023.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short duration contracts

On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Business Combination

Allfirst Equity Holdings, Inc. (Allfirst). In April 2022, the BOD and stockholders of the Parent Company approved its merger with Allfirst, a related party, with the Parent Company as the surviving entity. Allfirst is the holding company for Philippine Geothermal Production Company, Inc. (PGPC).

PGPC operates the Tiwi and Mak-Ban steam fields. Tiwi is the first commercial-scale geothermal steam field development in Southeast Asia, followed by Mak-Ban, both in operation since 1979. These two steam fields generate geothermal steam sufficient to produce approximately 300 MW of electricity. In addition to its two producing steam fields, PGPC has several other greenfield concession areas for geothermal steam production which it will develop moving forward.

In August 2022, SMIC received approval from the SEC for its acquisition of 81% stake of related parties in Allfirst. This transaction brings SMIC's ownership in PGPC to 100%. The Parent Company and Allfirst are under the common control of the Sy Family before and after the merger. Thus, the merger was considered as a combination of businesses under common control for which the pooling of interests method was applied in the preparation of the financial statements.

Under the pooling of interests method:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of the combination except those necessary to harmonize accounting policies between the combining entities;
- No 'new' goodwill is recognized as a result of the business combination;
- Any difference between the consideration transferred and the net assets acquired is reflected within equity;
- The consolidated statement of income in the year of acquisition reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined only for the period that the entities were under common control.

AIC Group of Companies Holding Corp. (Airspeed). In August 2022, the Parent Company acquired additional 10.0 million common shares of Airspeed increasing its equity interest in Airspeed to 51.0% from 35.0% previously. Airspeed is primarily engaged in international and domestic freight forwarding, port to port and cargo handling, packing and crafting, and warehousing services.

Beginning September 1, 2022, Airspeed became a subsidiary of SMIC in accordance with PFRS 3, *Business Combinations*. The transaction was accounted for as a step acquisition.

The fair value of the net identifiable assets acquired amounted to P489.2 million. The cash flows from this acquisition follow:

Cash acquired	₱320,791
Purchase consideration transferred	(405,888)
Net	(₱85,097)

Goodwill of ₱327.6 million was recognized for this acquisition, representing the value of synergies expected to arise from the business combination.

From the date of acquisition, Airspeed's revenues and net income amounting to ₱127.0 million and ₱13.8 million, respectively, formed part of the consolidated statements of income. If the combination had taken place at the beginning of the year, the Group's consolidated revenues and net income attributable to parent would have been ₱382,890.9 million and ₱42,893.8 million, respectively.

2GO Group, Inc. (2GO). In April and June 2021, the Parent Company acquired additional 551.4 million common shares of 2GO increasing its equity interest in 2GO to 52.9% from 30.5% previously. 2GO is the largest integrated supply chain operator in the Philippines offering shipping, freight forwarding, warehousing, and express delivery services.

Beginning June 1, 2021, 2GO became a subsidiary of SMIC in accordance with PFRS 3, *Business Combinations*. The transaction was accounted for as a step acquisition. As at December 31, 2021, Goodwill of ₱3.6 billion was recognized for the transaction.

Goldilocks Bakeshop, Inc. (GBI). In August 2021, the Parent Company acquired additional 224.5 million common shares of GBI increasing its equity interest in GBI to 74.1% from 34.1% previously. GBI is primarily engaged in the purchase and sale, manufacture and production, import and export, and distribution of food items such as cakes, pastries, bread and candies on wholesale, retail or franchising; operation of restaurants, refreshment parlors or food outlets; and serving, arranging and catering food, drinks and refreshments.

Beginning August 1, 2021, GBI became a subsidiary of SMIC in accordance with PFRS 3, *Business Combinations*. The transaction was accounted for as a step acquisition. As at December 31, 2021, Goodwill of ₱2.9 billion was recognized for this transaction.

5. Segment Information

The Group has identified four reportable operating segments as follows: property, retail, banking and portfolio investments.

The property segment is involved in mall, residential and commercial development and hotel and convention center operations. The mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers and cinemas within the compound of the shopping centers. The residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The banking segment includes the Group's equity in net earnings in BDO Unibank, Inc. (BDO) and China Banking Corporation (China Bank).

The portfolio investments segment includes the result of operations of 2GO, PGPC, Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), Goldilocks and others.

The BOD monitors the operating results of each of its business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Operating Segment Financial Data

	Nine-Month Period Ended September 30, 2022 (Unaudited)						
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
	<i>(In Thousands)</i>						
Revenues:							
External customers	₱69,084,688	₱257,463,821	₱22,021,273	₱31,623,243	₱1,721,925	₱-	₱381,914,950
Revenues from contracts with customers	27,518,237	250,580,866	-	-	-	-	278,099,103
Merchandise sales	-	250,580,866	-	-	-	-	250,580,866
Real estate sales	27,518,237	-	-	-	-	-	27,518,237
Rent	32,360,915	896,468	-	1,612,175	-	-	34,869,558
Equity in net earnings of associate companies and joint ventures	1,325,457	775,213	22,021,273	1,612,136	-	-	25,734,079
Others	7,880,079	5,211,274	-	28,398,932	1,721,925	-	43,212,210
Inter-segment	9,319,252	317,645	-	253,466	2,450,896	(12,341,259)	-
	₱78,403,940	₱257,781,466	₱22,021,273	₱31,876,709	₱4,172,821	(₱12,341,259)	₱381,914,950
Segment results:							
Income before income tax	₱28,538,041	₱17,078,942	₱21,998,770	₱6,663,342	(₱4,780,149)	₱-	₱69,498,946
Provision for income tax	5,886,978	4,233,897	-	494,209	55,642	-	10,670,726
Net income after tax	₱22,651,063	₱12,845,045	₱21,998,770	₱6,169,133	(₱4,835,791)	₱-	₱58,828,220
Net income attributable to:							
Owners of the Parent	₱11,238,121	₱9,002,517	₱21,413,257	₱6,050,167	(₱4,833,879)	₱-	₱42,870,183
Non-controlling interests	11,412,942	3,842,528	585,513	118,966	(1,912)	-	15,958,037

Nine-Month Period Ended September 30, 2021 (As Restated, Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
	<i>(In Thousands)</i>						
Revenues:							
External customers	₱55,822,340	₱204,664,855	₱17,693,862	₱13,321,720	₱1,124,772	₱-	₱292,627,549
Revenues from contracts with customers	31,493,977	199,969,642	-	-	-	-	231,463,619
Merchandise sales	-	199,969,642	-	-	-	-	199,969,642
Real estate sales	31,493,977	-	-	-	-	-	31,493,977
Rent	18,185,162	771,188	-	1,802,602	(617,763)	-	20,141,189
Equity in net earnings of associate companies and joint ventures	989,321	92,123	17,693,862	1,412,909	-	-	20,188,215
Others	5,153,880	3,831,902	-	10,106,209	1,742,535	-	20,834,526
Inter-segment	6,488,567	20,818	-	-	1,516,098	(8,025,483)	-
	₱62,310,907	₱204,685,673	₱17,693,862	₱13,321,720	₱2,640,870	(₱8,025,483)	₱292,627,549
Segment results:							
Income before income tax	₱19,400,906	₱7,195,119	₱17,693,914	₱3,774,419	(₱4,446,900)	₱-	₱43,617,458
Provision for income tax	3,727,602	1,746,869	-	(257,888)	(51,912)	-	5,164,671
Net income after tax	₱15,673,304	₱5,448,250	₱17,693,914	₱4,032,307	(₱4,394,988)	₱-	₱38,452,787
Net income attributable to:							
Owners of the Parent	₱7,708,793	₱3,896,051	₱17,218,911	₱4,231,871	(₱4,418,214)	₱-	₱28,637,412
Non-controlling interests	7,964,511	1,552,199	475,003	(199,564)	23,226	-	9,815,375

The disaggregation of revenues is as indicated in the interim consolidated statements of income and in the operating segment financial data.

Seasonality

Sales of the retail segment are cyclical and are driven by seasonality. Historically, sales peak in December for the Christmas season and in May, prior to the opening of schools in June. Except for the impact of COVID-19 pandemic to the Group's operations starting March 2020, with the disruptions that go with the switching levels of community quarantine from month to month, there were no trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.

6. Cash and Cash Equivalents

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 21)	₱23,617,866	₱29,164,008
Temporary investments (Note 21)	88,202,331	60,188,626
	₱111,820,197	₱89,352,634

Temporary investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates.

7. Time Deposits

This account consists of time deposits as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Current	₱5,898,689	₱311,233
Noncurrent	3,153,982	3,905,618
	₱9,052,671	₱4,216,851

The time deposits bear interest ranging from 1.1% to 4.5% in the period ended September 30, 2022 and 0.4% to 3.8% in the year ended December 31, 2021.

Time deposits with various maturities within one year were used as collateral for some credit lines.

8. Financial Assets at FVOCI

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Shares of stock		
Listed	₱21,152,569	₱26,764,759
Unlisted	969,602	897,688
Club shares	20,750	14,550
	<u>22,142,921</u>	<u>27,676,997</u>
Less current portion	539,780	547,041
Noncurrent portion	<u>₱21,603,141</u>	<u>₱27,129,956</u>

9. Receivables and Contract Assets

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Trade:		
Real estate buyers*	₱111,059,690	₱110,932,754
Third-party tenants	9,456,231	7,473,460
Shipping and logistics**	3,626,595	3,111,428
Related party tenants (Note 21)	569,434	380,963
Others	3,649,730	2,476,860
Royalty and service fees (Note 21)	2,623,531	1,980,327
Dividends (Note 21)	229,315	579,053
Due from related parties (Note 21)	133,272	442,712
	<u>131,347,798</u>	<u>127,377,557</u>
Less allowance for expected credit loss (ECL)	2,952,829	1,323,187
	<u>128,394,969</u>	<u>126,054,370</u>
Less noncurrent portion of receivables from real estate buyers (Note 15)	<u>42,690,802</u>	<u>49,518,978</u>
Current portion	<u>₱85,704,167</u>	<u>₱76,535,392</u>

* Includes unbilled revenues from sales of real estate of ₱98.1 billion and ₱98.6 billion as at September 30, 2022 and December 31, 2021, respectively.

** Includes contract assets representing shipping and logistics services delivered but not yet invoiced of ₱609.6 million and ₱822.8 million as at September 30, 2022 and December 31, 2021, respectively.

Allowance for ECL is provided for receivables from sales of real estate, receivable from tenants, shipping and logistics, and other receivables which were identified to be impaired based on specific and collective assessment.

Receivable from real estate buyers pertain mostly to sale of condominium and residential units at various terms of payment that are non-interest bearing. Portions of these receivables have been assigned to local banks: on without recourse basis, nil and ₱358.9 million as at September 30, 2022 and December 31, 2021, respectively, and on with recourse basis, ₱329.8 million and ₱324.2 million as at September 30, 2022 and December 31, 2021, respectively. The corresponding liability from the assignment of receivables on with recourse basis bears interest at 3.8% to 4.3% and 4.5% as at September 30, 2022 and December 31, 2021, respectively.

Receivables other than those identified as impaired, are assessed as good and collectible.

10. Inventories

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Land and development - current	₱48,255,278	₱37,229,527
Merchandise inventories	34,027,786	29,026,924
Condominium and residential units for sale	21,514,393	19,351,999
Processed food and others	1,159,383	1,158,738
	₱104,956,840	₱86,767,188

Inventories are stated at cost as at September 30, 2022 and December 31, 2021.

Land and Development

The movements in "Land and development - current" accounted as real estate inventories follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Balance at beginning of year	₱37,229,527	₱34,933,442
Development cost incurred	22,971,998	25,409,833
Transfer from investment properties	1,799,938	5,448,334
Cost of real estate sold	(7,523,630)	(16,867,820)
Transfer to condominium and residential units for sale	(6,244,755)	(12,318,589)
Reclassification and others	22,200	624,327
Balance at end of period	₱48,255,278	₱37,229,527

Land and development includes the cost of land as well as construction cost of ongoing residential projects.

Included in land and development accounted as real estate inventories are contract fulfillment assets amounting to ₱1.1 billion and ₱1.8 billion as at September 30, 2022 and December 31, 2021, respectively, representing the unamortized portion of land cost.

The estimated cost to complete ongoing projects amounted to ₱109.1 billion and ₱111.5 billion as at September 30, 2022 and December 31, 2021, respectively.

Condominium and Residential Units for Sale

The movements in this account follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Balance at beginning of year	₱19,351,999	₱8,770,039
Transfer from land and development	6,244,755	12,318,589
Cost of real estate sold	(4,524,609)	(1,819,337)
Translation adjustment	298,480	-
Repossessed inventories and others	143,768	82,708
Balance at end of period	₱21,514,393	₱19,351,999

Details of cost of sales and services are as follows:

	Nine-Month Periods Ended September 30	
	2022 (Unaudited)	2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Cost of sales:		
Merchandise	₱184,356,753	₱150,625,120
Real estate	12,048,239	13,240,192
Processed food and others	10,657,851	3,761,829
Cost of shipping, logistics and other services	9,303,829	3,723,070
	₱216,366,672	₱171,350,211

11. Other Current Assets

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
<i>(In Thousands)</i>		
Prepaid taxes and other prepayments	₱18,855,387	₱18,481,894
Bonds and deposits	11,573,007	9,963,823
Non-trade receivables	7,343,509	9,865,867
Input tax	5,070,214	4,162,222
Receivables from banks	2,814,474	5,406,748
Uniform and supplies inventory	1,829,447	1,032,107
Derivative assets	1,710,350	781,955
Accrued interest receivable (Note 21)	634,516	370,945
Escrow fund (Note 21)	376,319	335,583
Others	2,220,227	2,452,898
	₱52,427,450	₱52,854,042

12. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
<i>(In Thousands)</i>		
Balance at beginning of year	₱305,072,026	₱297,433,006
Additions	-	358,120
Disposals	(13,742)	(1,936,265)
Business combination (Note 4)	(536,582)	(9,265,436)
Reclassifications	-	(12,427)
Equity in net earnings	25,734,079	27,536,746
Dividends received and others	(5,577,682)	(4,973,879)
Share in other comprehensive loss of associate companies	(7,256,346)	(4,184,715)
Allowance for impairment loss	(740,000)	-
Translation adjustment	46,885	116,876
Balance at end of period	₱316,728,638	₱305,072,026

Investment in associate companies amounted to ₱306.9 billion and ₱295.7 billion as at September 30, 2022 and December 31, 2021, respectively.

The allowance for impairment loss of ₱740.0 million is presented as part of “Foreign exchange gain (loss) - net and others” in the unaudited interim consolidated statements of income.

13. Property and Equipment

The movements in this account follow:

	Land	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Vessels in Operation	Containers and Reefer Vans	Construction in Progress	Total
<i>(In Thousands)</i>												
Cost												
As at January 1, 2021 (As Restated, Unaudited)	P-	P15,403,136	P4,173,568	P8,908,732	P11,050,626	P13,225,019	P21,088,146	P1,055,873	P-	P-	P7,251,222	P82,156,322
Additions	73,712	3,778,529	273,618	1,126,989	760,423	1,065,265	1,331,713	50,369	516,381	26,093	4,282,963	13,286,055
Effect of business combination (Note 4)	1,655,830	581,758	195,673	15,569	255,995	565,060	314,584	119,112	8,292,637	345,843	140,097	12,482,158
Reclassifications	-	58,852	(1,966,055)	45,010	(167,670)	2,379,115	2,589,222	(20,317)	-	-	(6,610,870)	(3,692,713)
Translation adjustment	-	-	-	-	-	112,869	-	-	-	-	156,253	269,122
Disposals/retirements	-	(77)	(15,861)	(65,324)	(114,689)	(45,846)	(352,804)	(8,100)	(305,905)	-	(251,286)	(1,159,892)
As at December 31, 2021 (As Restated, Unaudited)	1,729,542	19,822,198	2,660,943	10,030,976	11,784,685	17,301,482	24,970,861	1,196,937	8,503,113	371,936	4,968,379	103,341,052
Additions	-	425,307	154,696	593,677	853,515	574,804	770,508	36,053	334,668	1,105	2,917,052	6,661,385
Effect of business combination (Note 4)	-	19,403	-	-	60,104	-	-	35,625	-	-	-	115,132
Reclassifications	(9,948)	1,612,546	719,406	22,883	172,967	3,039,985	2,549,047	449,970	7,028,033	1,254,435	(3,450,454)	13,388,870
Translation adjustment	-	-	-	-	-	(160,203)	-	-	-	-	(52,448)	(212,651)
Disposals/retirements	(800)	(79,373)	(301,085)	(562,093)	(693,387)	(397,657)	(1,176,271)	(76,122)	(268)	(714)	-	(3,287,770)
As at September 30, 2022 (Unaudited)	P1,718,794	P21,800,081	P3,233,960	P10,085,443	P12,177,884	P20,358,411	P27,114,145	P1,642,463	P15,865,546	P1,626,762	P4,382,529	P120,006,018
Accumulated Depreciation and Amortization												
As at January 1, 2021 (As Restated, Unaudited)	P-	P7,211,624	P3,201,690	P7,430,359	P9,630,337	P8,709,940	P15,061,073	P654,688	P-	P-	P-	P51,899,711
Depreciation and amortization	-	588,297	218,853	756,204	808,175	1,216,137	1,577,809	100,782	1,077,060	44,531	-	6,387,848
Reclassifications	-	(8,879)	(1,507,780)	(2,947)	(5,488)	(26,363)	1,711,919	(13,003)	-	-	-	147,459
Translation adjustment	-	-	-	-	-	36,137	-	-	-	-	-	36,137
Disposals/retirements	-	(77)	(9,724)	(62,809)	(95,174)	(39,065)	(329,950)	(4,827)	-	-	-	(541,626)
As at December 31, 2021 (As Restated, Unaudited)	-	7,790,965	1,903,039	8,120,807	10,337,850	9,896,786	18,020,851	737,640	1,077,060	44,531	-	57,929,529
Depreciation and amortization	-	626,775	178,452	521,885	615,912	1,016,193	1,014,704	58,374	766,482	46,249	-	4,845,026
Reclassifications	-	1,153,212	780,360	92,825	534,334	1,399,910	1,624,280	470,214	7,028,608	1,308,765	-	14,392,508
Translation adjustment	-	-	-	-	-	(54,499)	-	-	-	-	-	(54,499)
Disposals/retirements	-	(78,680)	(292,687)	(537,188)	(571,230)	(385,227)	(1,097,783)	(73,118)	(268)	(714)	-	(3,036,895)
As at September 30, 2022 (Unaudited)	P-	P9,492,272	P2,569,164	P8,198,329	P10,916,866	P11,873,163	P19,562,052	P1,193,110	P8,871,882	P1,398,831	P-	P74,075,669
Net Book Value												
As at September 30, 2022 (Unaudited)	P 1,718,794	P 12,307,809	P664,796	P1,887,114	P1,261,018	P8,485,248	P7,552,093	P449,353	P6,993,664	P227,931	P4,382,529	P45,930,349
As at December 31, 2021 (As Restated, Unaudited)	1,729,542	12,031,233	757,904	1,910,169	1,446,835	7,404,696	6,950,010	459,297	7,426,053	327,405	4,968,379	45,411,523

As at September 30, 2022, a passenger-cargo ship was used as collateral to secure a long-term debt (see Note 18).

14. Investment Properties

The movements in this account follow:

	Land Held for Future Development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Thousands)</i>						
Cost						
As at January 1, 2021 (As Restated, Unaudited)	₱75,622,199	₱77,902,299	₱266,107,008	₱44,970,427	₱70,960,934	₱535,562,867
Additions	10,389,753	6,248,816	2,076,809	1,868,856	21,571,340	42,155,574
Reclassifications	(3,703,930)	(937,539)	12,948,381	1,480,656	(16,339,759)	(6,552,191)
Translation adjustment	–	151,173	3,718,179	292,203	617,031	4,778,586
Disposals	(189,848)	(139,625)	(236)	(310,873)	–	(640,582)
As at December 31, 2021 (As Restated, Unaudited)	82,118,174	83,225,124	284,850,141	48,301,269	76,809,546	575,304,254
Additions	2,798,992	1,943,995	988,732	1,434,187	17,232,395	24,398,301
Reclassifications	(1,381,877)	43,552	13,344,672	1,976,458	(14,721,834)	(739,029)
Translation adjustment	–	52,272	1,264,263	101,773	311,923	1,730,231
Disposals	–	(321,755)	(210,437)	(42,629)	–	(574,821)
As at September 30, 2022 (Unaudited)	₱83,535,289	₱84,943,188	₱300,237,371	₱51,771,058	₱79,632,030	₱600,118,936
Accumulated Depreciation, Amortization and Impairment Loss						
As at January 1, 2021 (As Restated, Unaudited)	₱–	₱2,603,882	₱68,028,828	₱29,463,433	₱–	₱100,096,143
Depreciation and amortization	–	281,520	7,695,570	2,589,460	–	10,566,550
Reclassifications	–	–	9,384	(9,728)	–	(344)
Translation adjustment	–	90,772	837,982	183,511	–	1,112,265
Disposals	–	(59,694)	(167)	(175,873)	–	(235,734)
As at December 31, 2021 (As Restated, Unaudited)	–	2,916,480	76,571,597	32,050,803	–	111,538,880
Depreciation and amortization	–	203,099	6,188,990	2,292,620	–	8,684,709
Reclassifications	–	(560)	(41,940)	(26,795)	–	(69,295)
Translation adjustment	–	33,309	302,156	63,729	–	399,194
Disposals	–	(164,258)	(49,736)	(31,133)	–	(245,127)
As at September 30, 2022 (Unaudited)	₱–	₱2,988,070	₱82,971,067	₱34,349,224	₱–	₱120,308,361
Net Book Value						
As at September 30, 2022 (Unaudited)	₱83,535,289	₱81,955,118	₱217,266,304	₱17,421,834	₱79,632,030	₱479,810,575
As at December 31, 2021 (As Restated, Unaudited)	82,118,174	80,308,644	208,278,544	16,250,466	76,809,546	463,765,374

Rent income from investment properties, which is primarily attributable to SM Prime, amounted to ₱33.9 billion and ₱19.4 billion for the nine month periods ended September 30, 2022 and 2021, respectively. The corresponding direct operating expenses amounted to ₱17.5 billion and ₱12.8 billion for the nine month periods ended September 30, 2022 and 2021, respectively.

Construction in progress includes construction costs incurred for new shopping malls, commercial building and redevelopment of existing malls amounting to ₱78.1 billion and ₱74.5 billion as at September 30, 2022 and December 31, 2021, respectively.

Portions of investment properties located in China with carrying value of ₱1.8 billion and ₱1.9 billion as at September 30, 2022 and December 31, 2021, respectively, were used as collaterals to secure domestic short-term and long-term borrowings (see Notes 16 and 18).

Interest capitalized to investment properties amounted to ₱5.0 billion and ₱4.0 billion as at September 30, 2022 and December 31, 2021, respectively. Capitalization rates used range from 2.4% to 5.6% and 2.4% to 4.6% as at September 30, 2022 and December 31, 2021, respectively.

The fair value of investment properties is categorized under Level 3 since valuation is based on unobservable inputs.

As at December 31, 2021, the fair value of substantially all investment properties amounting to ₱1.98 trillion was determined by accredited independent appraisers with appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date.

Management believes that the impact of COVID-19 on the fair value measurement of investment properties is short-term and temporary.

There is no restriction on the realizability of investment properties and no obligation to purchase, construct or develop, repair, maintain and/or enhance any of these properties.

15. Intangibles and Other Noncurrent Assets

Intangible Assets

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Goodwill	₱34,372,177	₱33,910,173
Less accumulated impairment loss	91,620	138,787
Net book value	34,280,557	33,771,386
Trademarks, brand names and copyright	6,808,646	6,988,491
	₱41,089,203	₱40,759,877

Other Noncurrent Assets

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Bonds and deposits	₱73,787,950	₱59,650,665
Receivables from real estate buyers (Note 9)*	42,690,802	49,518,978
Derivative assets (Note 25)	11,397,320	965,006
Deferred tax assets (Note 22)	4,731,856	4,876,528
Deferred input VAT	1,990,841	2,301,570
Defined benefit asset	808,366	753,637
Land use rights	339,335	353,626
Escrow fund (Note 21)	132,459	132,460
Long-term notes (Notes 21 and 25)	-	5,371,668
Others	2,244,200	1,631,260
	₱138,123,129	₱125,555,398

* Pertains to noncurrent portion of unbilled revenues from sales of real estate (see Note 9).

16. Bank Loans

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Parent Company:		
Peso-denominated loans	₱14,450,000	₱13,015,000
Subsidiaries:		
China Yuan renminbi-denominated loans	2,597,838	3,882,427
Peso-denominated loans	11,726,500	10,269,746
	₱28,774,338	₱27,167,173

The Peso loans bear interest ranging from 1.7% to 6.6% and 1.0% to 4.5% in September 30, 2022 and December 31, 2021, respectively.

These loans have maturities of less than one year.

17. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
Trade*	₱88,118,600	₱88,828,008
Accrued expenses	22,212,437	18,883,648
Nontrade	12,493,616	10,834,553
Tenants and customers' deposits**	10,962,626	19,206,350
Payable arising from acquisition of land	4,902,986	7,918,778
Payables to government agencies	4,756,014	6,388,749
Accrued interest (Note 21)	4,036,953	3,086,975
Lease liabilities (Note 23)	3,116,565	2,590,432
Subscriptions payable	1,966,477	1,966,477
Dividends payable	944,993	3,110,847
Due to related parties (Note 21)	275,018	872,591
Gift checks redeemable and others	5,737,625	4,756,652
	₱159,523,910	₱168,444,060

* Includes unearned revenues from shipping and logistics of ₱70.6 million and ₱59.5 million as at September 30, 2022 and December 31, 2021, respectively.

** Includes unearned revenues from sale of real estate of ₱4.3 billion and ₱6.1 billion as at September 30, 2022 and December 31, 2021, respectively.

18. Long-term Debt

This account consists of:

	Availment	Maturity	Interest Rate/Term	Security	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
<i>(In Thousands)</i>						
Parent Company						
U.S. dollar-denominated	June 10, 2014 - July 16, 2019	March 28, 2022 - June 28, 2024	Fixed 3.4%-4.9%; Three-Month LIBOR + margin; semi-annual and quarterly	Unsecured	₱44,505,681	₱44,224,229
Peso-denominated	July 16, 2012 - July 15, 2022	January 22, 2022 - May 14, 2031	Fixed 2.9%-6.9%; Three-Month PHP BVAL + margin; semi-annual and quarterly	Unsecured	76,128,350	72,636,610
Subsidiaries						
U.S. dollar-denominated*	May 8, 2017 - June 30, 2022	March 27, 2022 - June 9, 2027	LIBOR + spread; semi-annual and quarterly; SOFR + spread; quarterly	Unsecured	95,700,823	73,177,366
China Yuan Renminbi-denominated**	October 16, 2017 - September 20, 2022	October 16, 2022 - June 24, 2037	Fixed 5.8%; LPR; annually	Secured	11,950,926	8,497,291
Peso-denominated***	June 3, 2013 - September 30, 2022	April 11, 2022 - April 22, 2032	Fixed 2.5%-7.5%; BVAL + margin	Unsecured /Secured	275,827,269	249,461,959
					504,113,049	447,997,455
Less debt issue cost					2,998,759	2,672,016
					501,114,290	445,325,439
Less current portion					97,229,597	63,706,559
					₱403,884,693	₱381,618,880

BVAL – Bloomberg Valuation

LIBOR – London Interbank Offered Rate

LPR – China Loan Prime Rate

SOFR – Secured Overnight Financing Rate

**Hedged against foreign exchange and interest rate risks using derivative instruments (see Note 25)*

***Secured by portions of investment properties located in China (see Note 14)*

****Secured by portions of property and equipment (see Note 13)*

Repayment Schedule

The repayment schedule of long-term debt as at September 30, 2022 follows:

	Gross Debt	Debt Issue Cost	Net
			<i>(In Thousands)</i>
Within 1 year	₱97,989,924	₱760,327	₱97,229,597
Over 1 year to 5 years	351,634,157	1,990,194	349,643,963
Over 5 years	54,488,968	248,238	54,240,730
	₱504,113,049	₱2,998,759	₱501,114,290

Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. As at September 30, 2022 and December 31, 2021, the Group is in compliance with the terms of its debt covenants with the exception of 2GO, which is covered with a waiver from its creditor bank.

19. Equity

Capital Stock

a. Common stock

	Number of Shares	
	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
Authorized - ₱10 par value per share	2,790,000,000	2,790,000,000
Issued and subscribed	1,226,114,578	1,204,582,867

As at September 30, 2022 and December 31, 2021, the Parent Company is compliant with the minimum public float as required by the PSE.

The total number of shareholders of the Parent Company is 1,254 and 1,261 as at September 30, 2022 and December 31, 2021, respectively.

b. Redeemable preferred shares

	Number of Shares	
	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
Authorized - ₱10 par value per share	10,000,000	10,000,000

There are no issued and subscribed preferred shares as at September 30, 2022 and December 31, 2021.

Retained Earnings

▪ Appropriated

Retained earnings appropriated as at September 30, 2022 is intended for the payment of certain long-term debts and new investments as follows:

	Timeline	Amount <i>(In Thousands)</i>
Debt service	2022 - 2024	₱27,000,000
Investments	2022 - 2024	10,000,000
		₱37,000,000

- Unappropriated

The Parent Company declared cash dividends in 2022 and 2021 with details as follows:

Declaration Date	Record Date	Payment Date	Per Share	Total
				<i>(In Thousands)</i>
April 27, 2022	May 13, 2022	May 26, 2022	₱6.25	₱7,528,643
April 28, 2021	May 13, 2021	May 27, 2021	4.25	5,119,477

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱324.9 billion and ₱285.3 billion as at September 30, 2022 and December 31, 2021, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

20. Other Revenues

This account consists of:

	Nine-Month Periods Ended	
	2022	2021
	(Unaudited)	(As Restated, Unaudited)
	<i>(In Thousands)</i>	
Sales - processed food and others	₱17,522,302	₱6,679,046
Shipping, logistics and other services	10,148,811	3,123,182
Cinema, ticket sales, amusement and others	2,758,893	190,568
Royalty and service fee income	2,624,235	3,036,549
Food and beverage	1,165,179	305,308
Dividend income	413,615	360,561
Others	8,579,175	7,139,312
	₱43,212,210	₱20,834,526

Others include membership revenues, sponsorship income and related items, commission income as well as miscellaneous income from the various business operations of the Group.

21. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group has a policy that requires approval of related party transaction by the Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

The significant transactions with related parties follow:

- Rent

The Group has existing lease agreements for office and commercial spaces with related companies (retail and banking group and other related parties under common stockholders).

- Royalty and Service Fees

The Parent Company and SM Retail receive service fees from retail entities under common stockholders for management, consultancy, manpower and other services. In addition to service fees, the Parent Company also receives royalty fees from related parties.

- Dividend Income

The Group earns dividend income from related parties under common stockholders.

- Cash Placements and Loans

The Group maintains bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

- Notes Receivable

The Group has notes receivable from Carmen Copper Corporation which has been collected in full as of September 30, 2022 (see Notes 15 and 25).

- Others

The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount		Terms	Conditions
	Nine-Month Periods Ended September 30		December 31,			
	2022 (Unaudited)	2021 (As Restated, Unaudited)	September 30, 2022 (Unaudited)	2021 (As Restated, Unaudited)		
<i>(In Thousands)</i>						
Banking Group						
Cash placement and investment in marketable securities			₱100,750,384	₱69,956,870	Interest-bearing at prevailing rates	Unsecured; no impairment
Interest receivable			375,334	56,328	–	–
Interest income	₱1,331,092	₱894,218			–	–
Interest-bearing debt			67,704,781	65,788,251	Interest-bearing	Unsecured
Interest payable			300,937	227,503	–	–
Interest expense	1,835,141	1,643,266			–	–
Rent receivable			300,656	115,722	Noninterest-bearing	Unsecured; no impairment
Rent income	834,756	484,509			–	–
Receivable financed	–	358,861			Without recourse	Unsecured
Dividends receivable			13,462	–	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits			20,518,750	17,849,650	Interest-bearing 4.5%	Unsecured; no impairment
Royalty and service fee receivable			8,441	8,441	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	91,196	32,743			–	–
Escrow fund			508,778	298,044	Interest-bearing at prevailing rates	Unsecured; no impairment
Retail and Other Entities						
Rent receivable			268,778	265,241	Noninterest-bearing	Unsecured; no impairment
Rent income	1,253,307	703,821			–	–
Royalty and service fee receivable			2,596,527	1,951,068	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	1,468,427	1,129,829			–	–
Due from related parties			133,272	442,712	Noninterest-bearing	Unsecured; no impairment
Due to related parties			275,018	872,591	Noninterest-bearing	Unsecured
Interest receivable			–	8,244	–	–
Interest income	237,830	261,862			–	–
Dividends receivable			163,283	329,800	Noninterest-bearing	Unsecured; no impairment
Notes receivable			–	5,371,668	Interest-bearing 5.4%	Unsecured; no impairment

Terms and Conditions of Transactions with Related Parties

Outstanding balances at the end of the period are unsecured and are normally settled in cash. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

22. Income Tax

Deferred tax assets of ₱4.7 billion and ₱4.9 billion as at September 30, 2022 and December 31, 2021, respectively, consist of the tax effects of unrealized gain on intercompany sale of investment properties, unamortized past service cost and defined benefit liability, provision for doubtful accounts and others, accrued leases, minimum corporate income tax (MCIT), deferred rent expense and net operating loss carryover (NOLCO).

Deferred tax liabilities of ₱16.1 billion and ₱15.7 billion as at September 30, 2022 and December 31, 2021, respectively, consist of the tax effects of appraisal increment on investment property and property and equipment, trademarks and brand names, capitalized interest, unrealized gross profit on sale of real estate, accrued/deferred rent income and unamortized past service cost and defined benefit asset. The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as interest income already subjected to final tax, non-deductible interest expense, equity in net earnings of associates, and dividend income that are exempt from tax.

Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the Regular corporate income tax (RCIT) rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

23. Lease Agreements

As Lessor. The Group's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for a few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

As Lessee. The Group leases certain parcels of land where some of its malls are situated as well as retail store, office spaces, warehouses, containers, reefer vans, ISO tanks, cargo handling equipment, transportation equipment and container yards. The terms of the lease are for periods ranging from one to fifty years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of gross rental income or a certain fixed amount, whichever is higher.

There are also non-cancellable operating lease commitments with lease periods ranging from two to thirty years, mostly containing renewal options and those that provide for the payment of additional rental based on a certain percentage of sales of the sub-lessees.

The rollforward analysis of ROU assets follows:

September 30, 2022 (Unaudited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱26,952,441	₱27,339,351	₱54,291,792
Additions	1,138,124	2,452,121	3,590,245
Effect of business combination (Note 4)	–	95,793	95,793
Translation adjustment	391,965	6,249	398,214
Reclassifications	(1,305,759)	52,353	(1,253,406)
Retirements	–	(821,378)	(821,378)
As at end of period	27,176,771	29,124,489	56,301,260
Accumulated Depreciation and Amortization			
As at beginning of year	1,589,882	7,862,232	9,452,114
Depreciation and amortization	504,417	2,373,353	2,877,770
Translation adjustment	14,404	4,273	18,677
Retirements	–	(627,982)	(627,982)
As at end of period	2,108,703	9,611,876	11,720,579
Net Book Value	₱25,068,068	₱19,512,613	₱44,580,681

December 31, 2021 (As Restated, Unaudited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱24,343,193	₱23,619,884	₱47,963,077
Additions	1,631,609	2,420,420	4,052,029
Effect of business combination (Note 4)	–	1,699,473	1,699,473
Translation adjustment	1,173,704	10,896	1,184,600
Retirements	(196,065)	(411,322)	(607,387)
As at end of year	26,952,441	27,339,351	54,291,792
Accumulated Depreciation and Amortization			
As at beginning of year	1,014,825	4,865,677	5,880,502
Depreciation and amortization	592,597	3,123,113	3,715,710
Translation adjustment	34,084	5,911	39,995
Retirements	(51,624)	(132,469)	(184,093)
As at end of year	1,589,882	7,862,232	9,452,114
Net Book Value	₱25,362,559	₱19,477,119	₱44,839,678

The rollforward analysis of lease liabilities follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
	<i>(In Thousands)</i>	
As at beginning of year	₱33,691,435	₱31,003,881
Additions	3,590,245	4,052,029
Effect of business combination (Note 4)	93,993	1,906,990
Interest expense	1,513,643	2,002,343
Concessions	(6,513)	(207,182)
Terminations	(103,861)	(381,609)
Payments	(3,382,494)	(4,692,207)
Reclassification and others	(53,121)	7,190
As at end of period	35,343,327	33,691,435
Less current portion (Note 17)	3,116,565	2,590,432
Noncurrent portion	₱32,226,762	₱31,101,003

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Tenants' deposits amounted to ₱24.7 billion and ₱22.2 billion as at September 30, 2022 and December 31, 2021, respectively.

24. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.
- *Foreign currency risk.* The Group's exposure to foreign currency risk arises as the Parent Company and SM Prime Holdings, Inc. (SM Prime) have investments and debt issuances which are denominated in U.S. Dollars and China Yuan Renminbi.
- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.
- *Equity price risk.* The Group's exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets. Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing these risks.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 18).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount.

After taking into account the effect of the swaps, approximately 77.8% and 82.5% of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates as at September 30, 2022 and December 31, 2021, respectively.

Foreign Currency Risk

The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options and non-deliverable forwards.

As at September 30, 2022, the Group's foreign currency-denominated assets and liabilities amounted to ₱45.4 billion (\$774.3 million) and ₱28.2 billion (\$480.4 million), respectively.

As at December 31, 2021, the Group's foreign currency-denominated assets and liabilities amounted to ₱29.9 billion (\$586.6 million) and ₱24.8 billion (\$486.2 million), respectively.

As at September 30, 2022 and December 31, 2021, approximately 29.0% and 27.2%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The following exchange rates were used in translating foreign currency-denominated assets and liabilities into Pesos.

	September 30, 2022	December 31, 2021
Philippine Peso to U.S. Dollar	₱58.625	₱50.999

Liquidity Risk

The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or sales of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fundraising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

Credit Risk

The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Group which consist of cash and cash equivalents, time deposits, and certain derivative instruments, the Group's credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the real estate properties are not transferred to the buyers until full payment is made.

As at September 30, 2022 and December 31, 2021, the financial assets, except for some receivables, are generally viewed by the management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or payoff existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

The Group's gearing ratios follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
Gross	44%	43%
Net	38%	38%

25. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

September 30, 2022 (Unaudited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	₱21,152,569	₱21,152,569	₱21,152,569	₱-	₱-
Unlisted shares of stock	969,602	969,602	-	-	969,602
Club shares	20,750	20,750	-	20,750	-
Derivative assets	13,107,670	13,107,670	-	13,107,670	-
	35,250,591	35,250,591	21,152,569	13,128,420	969,602
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,153,982	3,153,982	-	3,153,982	-
Other noncurrent assets:					
Bonds and deposits	20,518,750	20,488,659	-	-	20,488,659
	23,672,732	23,642,641	-	3,153,982	20,488,659
	₱58,923,323	₱58,893,232	₱21,152,569	₱16,282,402	₱21,458,261
Liabilities Measured at Fair Value					
Derivative liabilities	₱830,547	₱830,547	₱-	₱830,547	₱-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	403,884,693	397,653,690	-	-	397,653,690
Tenants' deposits and others*	33,735,547	31,445,397	-	-	31,445,397
	437,620,240	429,099,087	-	-	429,099,087
	₱438,450,787	₱429,929,634	₱-	₱830,547	₱429,099,087

*Excluding nonfinancial liabilities of ₱14.1 billion and noncurrent derivative liabilities of ₱72.5 million.

December 31, 2021 (As Restated, Unaudited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	₱26,764,759	₱26,764,759	₱26,764,759	₱-	₱-
Unlisted shares of stock	897,688	897,688	-	-	897,688
Club shares	14,550	14,550	-	14,550	-
Derivative assets	1,746,961	1,746,961	-	1,746,961	-
	29,423,958	29,423,958	26,764,759	1,761,511	897,688
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,905,618	3,905,618	-	3,905,618	-
Other noncurrent assets:					
Bonds and deposits	17,849,650	19,400,583	-	-	19,400,583
Long-term notes	5,371,668	6,075,947	-	-	6,075,947
	27,126,936	29,382,148	-	3,905,618	25,476,530
	₱56,550,894	₱58,806,106	₱26,764,759	₱5,667,129	₱26,374,218

(Forward)

	December 31, 2021 (As Restated, Unaudited)				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Liabilities Measured at Fair Value					
Derivative liabilities	₱3,456,440	₱3,456,440	₱-	₱3,456,440	₱-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	381,618,880	399,292,383	-	-	399,292,383
Tenants' deposits and others*	32,282,632	31,551,487	-	-	31,551,487
	413,901,512	430,843,870	-	-	430,843,870
	₱417,357,952	₱434,300,310	₱-	₱3,456,440	₱430,843,870

*Excluding nonfinancial liabilities of ₱13.8 billion and noncurrent derivative liabilities of ₱3.1 billion.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at September 30, 2022 and December 31, 2021.

The estimated fair value of the Group's financial instruments is based on the discounted value of future cash flows using the prevailing discount rates as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (As Restated, Unaudited)
Other noncurrent assets:		
Bond and deposits	4.6%	1.0%
Long-term notes	-	0.2% - 1.0%
Tenants' deposits	2.7% - 6.6%	1.0% - 4.6%

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 2.5% to 8.1% and 0.3% to 6.2% as at September 30, 2022 and December 31, 2021, respectively.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Discount rates used were 6.2% to 8.1% and 4.3% to 5.2% as at September 30, 2022 and December 31, 2021, respectively.

Derivative Instruments Accounted for as Cash Flow Hedges

As at September 30, 2022, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on foreign currency-denominated debt. Details follow:

	Notional Amount	Agreed Equivalent	Fair Value	Interest Rate	Foreign Exchange Rate	Maturity
<i>(In Thousands)</i>						
Parent						
Cross Currency Swaps	\$409,159	₱21,226,300	₱2,681,294	5.3% - 6.1%	₱51.15-₱53.42	2023 - 2024
SM Prime						
Cross Currency Swaps	\$260,000	₱13,142,200	₱2,351,289	3.6% - 6.4%	₱48.50 - ₱53.33	2023 - 2024
Cross Currency Swaps	\$286,000	¥1,919,208	868,083	3.9% - 4.0%	¥6.69 - ¥6.72	2024
Principal Only Swaps	\$270,000	¥1,753,285	(677)	—	¥6.38 - ¥6.68	2026 - 2027
Foreign Exchange Forward Swaps	\$680,000	₱37,747,800	2,955,303	—	₱53.94 - ₱58.02	2023 - 2026
Interest Rate Swaps	\$670,000	—	4,179,881	2.3 - 2.6%	—	2025 - 2026

Other Derivative Instruments Not Designated as Accounting Hedges

Non-deliverable Forwards. In 2022, SM Prime entered into non-deliverable forward contracts with an aggregate notional amount of \$270.0 million, maturing in October to December 2022. Fair value changes from the non-deliverable forwards recognized in the consolidated statements of income amounted to ₱638.0 million loss.

26. EPS Computation

	Nine-Month Periods Ended	
	September 30	
	2022	2021
	(Unaudited)	(As Restated, Unaudited)
	<i>(In Thousands Except Per Share Data)</i>	
Net income attributable to owners of the Parent (a)	₱42,870,183	₱28,637,412
Weighted average number of common shares outstanding (b)	1,208,416	1,204,583
EPS (a/b)	₱35.48	₱23.77

PART 1 FINANCIAL INFORMATION

Management’s Discussion and Analysis or Plan of Operation

Results of Operation

For the Nine Months Ended September 30, 2022 and 2021

(amounts in billion pesos)

	YTD September		% Change
	2022 (Unaudited)	2021 (Restated, Unaudited)	
Revenues	P 381.9	P 292.6	31%
Cost and Expenses	300.3	238.7	26%
Income from Operations	81.6	53.9	51%
Other Charges	12.0	10.3	18.2%
Provision for Income Tax	10.7	5.2	107%
Net Income After Tax	58.9	38.4	53%
Non-controlling Interests	16.0	9.8	63%
Net Income Attributable to Owners of the Parent	P 42.9	P 28.6	50%

For YTD September 2022, *SM Investments Corporation and Subsidiaries (the Group)* reported higher *Net Income Attributable to Owners of the Parent* at P42.9 billion and *Revenues* at P381.9 billion compared to the same period in 2021.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	YTD September (Unaudited)			
	Revenues		Net Income	
	2022	2021 (Restated)	2022	2021 (Restated)
Retail	68%	70%	19%	12%
Property	18%	19%	23%	23%
Banks	6%	6%	45%	52%
Portfolio	8%	5%	13%	13%

Retail

For YTD September 2022, SM Retail reported *Revenues* of P258.1 billion, 26% higher compared to the same period in 2021. The Non-Food stores reported a 57% growth in *Sales* driven by the SM Stores, SM Appliances, Our Home, Ace Hardware, Sports Central, International Toyworld/Pet Express. The Food Stores reported a 10.6%% growth in *Sales* at P151.5 billion.

With the resumption of in-person schooling, there was an increase in the demand for school essentials – shoes, bags and other supplies, as well as fashion items.

SM Retail generated P11.5 billion of *Net Income*, 138% higher compared to the same period in 2021: Food Stores with a 32% growth, Specialty Stores with 139% growth and the SM Stores with 265% growth.

Property

For YTD September 2022, SM Prime reported *Revenues* of P73.7 billion and *Net Income* of P22.0 billion, 41% higher compared to the same period in 2021.

The Philippine malls reported *Revenues* of P33.9 billion from P15.8 billion in the same period in 2021. This is attributable to the increased foot traffic in the malls and resulting increase in sales of its tenants, as well as charging of full rental with the withdrawal of rent concessions starting July 2022. Mall rental income doubled to P30.4 billion in 2022.

SM Prime's residential business, led by SM Development Corporation (SMDC), reported *Revenues* of P28.3 billion, 12% lower than in the same period in 2021 due partly to sales cancellations. SMDC's reservation sales grew 10% to P83.9 billion from P76.3 billion in 2021.

SM Prime's other key businesses which include offices, hotels and convention centers reported a 56% growth in *Revenues* to P7.2 billion.

Banks

For YTD September 2022, BDO reported a *Net Income* of P40.0 billion at 23% growth on solid results across its core businesses. BDO maintained its conservative provisioning policy with provisions at P12.2 billion compared to P10.4 billion in the same period in 2021. Its non-performing loans (NPL) coverage is at 152%, above industry average.

China Bank, on the other hand, reported a *Net Income* of P14.6 billion for YTD September 2022 at 31% growth driven by higher net interest income and core fee income. Its NPL coverage is at 161%, above industry average.

Portfolio Investments

The contribution of Portfolio Investments to the Group revenues and net income is attributable to the addition of Philippine Geothermal Production Company, Inc. as well as the turnaround of 2GO and continuing profitable operations of Belle and Atlas.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased by 25% to P250.6 billion from P200.0 billion in 2021, accounted for 66% of total revenues in 2022. With the resumption of in-person schooling, there was an increase in the demand for school essentials – shoes, bags and other supplies, as well as fashion items.

In the nine months ended September 30, 2022, SM Retail and its affiliates added 214 stores. This brought total stores to 3,379 which include 69 *SM Stores*, 1,536 *Specialty Retail*, 62 *SM Supermarket*, 52 *SM Hypermarket*, 215 *Savemore*, 1,366 *Alfamart* and 78 *WalterMart* stores.

Real Estate Sales decreased by 12.6% to P27.5 billion from P31.5 billion in 2021 due mainly to sales cancellations.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased by 73% to P34.9 billion from P20.1 billion in 2021. This is attributable to the increased foot traffic in the malls and resulting increase in sales of its tenants, as well as charging of full rental with the withdrawal of rent concessions starting July 2022.

As of September 30, 2022, there were 86 malls in operation, 79 in the Philippines with total GFA of 8.9 million square meters and 7 in China with total GFA of 1.3 million square meters.

Equity in Net Earnings of Associate Companies and Joint Ventures increased by 27% to P25.7 billion from P20.2 billion in 2021, mainly coming from BDO and China Bank.

Other Revenues increased by 107% to P43.2 billion from P20.8 billion in 2021. Bulk of the increase is attributable to 2GO's shipping, logistics and other service revenues and Goldilocks's sale of food items. Only 4 months of 2GO's and 2 months of Goldilocks' operations were included in the statement of consolidated income in 2021 (see Note 4 of unaudited interim consolidated financial statements).

Selling, General and Administrative Expenses increased by 25% to P83.9 billion from P67.4 billion in 2021. The increase is relative to the increase in revenue.

Income from Operations increased by 52% to P81.6 billion from P53.9 billion in 2021. *Operating Margin* and *Net Margin* in 2022 is at 21% and 15%, respectively.

Other Charges (net) increased by 18.2% at P12.0 billion from P10.3 billion in 2021. *Interest Expense* increased to P14.5 billion from P13.1 billion in 2021 due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 34% to P2.1 billion from P1.5 billion in 2021 due mainly to higher average balance of cash and time deposits.

Provision for Income Tax increased by 107% to P10.7 billion from P5.2 billion in 2021 due mainly to higher taxable income in 2022 and the initial adoption of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) in 2021 which included favorable adjustments of deferred tax liabilities.

Non-controlling interests increased by 63% to P16.0 billion from P9.8 billion in 2021 due mainly to the improved net income of partly-owned subsidiaries.

Financial Position

As at September 30, 2022 and December 31, 2021
(amounts in billion pesos)

	09 / 30 / 2022 (Unaudited)	12 / 31 / 2021 (Restated, Unaudited)	% Change
Current Assets	P 361.4	P 306.4	17.9%
Noncurrent Assets	1,091.0	1,056.4	3.3%
Total Assets	P 1,452.4	P 1,362.8	6.6%
Current Liabilities	P 288.2	P 261.6	10.2%
Noncurrent Liabilities	500.2	477.6	4.7%
Total Liabilities	788.4	739.2	6.7%
Total Equity	664.0	623.6	6.5%
Total Liabilities and Equity	P 1,452.4	P 1,362.8	6.6%

Total *Assets* increased by 6.6% to P1,452.4 billion from P1,362.8 billion in 2021. On the other hand, total *Liabilities* increased by 6.7% to P788.4 billion from P739.2 billion in 2021.

Current Assets

Current Assets increased by 17.9% to P361.4 billion from P306.4 billion in 2021.

Cash and Cash Equivalents increased by 25% to P111.8 billion from P89.4 billion in 2021 due mainly to improved operating results and loan availments partly offset by payments for trade and debt servicing.

Receivables and Contract Assets increased by 12.0% to P85.7 billion from P76.5 billion in 2021 due mainly to the increase in receivable from real estate buyers and rent receivables.

Inventories increased by 21% to P105.0 billion from P86.8 billion. Bulk of the increase came from the Property Group's real estate inventories as a result of construction accomplishments during the period.

Noncurrent Assets

Noncurrent Assets increased by 3.3% to P1,091.0 billion from P1,056.4 billion in 2021.

Financial Assets at Fair Value through Other Comprehensive Income decreased by 20% to P21.6 billion from P27.1 billion in 2021 due mainly to the decline in market value of certain investments in shares of stock.

Investments in Associate Companies and Joint Ventures increased by 3.8% to P316.7 billion from P305.1 billion in 2021. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by dividends received and share in comprehensive loss of its associate companies.

Time Deposits (current and noncurrent) increased by 115% to P9.1 billion from P4.2 billion in 2021. Portions of loan proceeds were invested temporarily in time deposits.

Investment Properties increased by 3.5% to P479.8 billion from P463.8 billion in 2021 due mainly to land banking and ongoing new mall projects in Sorsogon and Tanza, redevelopment of existing malls, and commercial building construction, net of depreciation expense.

Other Noncurrent Assets increased by 10.0% to P138.1 billion from P125.6 billion in 2021 due mainly to the increase in bonds and deposits and derivative assets, partly offset by the reclassification to current of receivable from real estate buyers representing projects that are nearing completion or turnover and the collection of long-term notes receivables.

Liabilities

Interest-bearing debt increased by 12.1% to P529.9 billion from P472.5 billion in 2021 due to net debt availments in 2022, bulk with SM Prime.

Accounts Payable and Other Current Liabilities decreased by 5.3% to P159.5 billion from P168.4 billion in 2021 due mainly to payments of SM Prime's liability for purchased land and due to contractors and suppliers for its ongoing construction projects, as well as Retail's trade payables.

Equity

Total *Equity* increased by 6.5% to P664.0 billion from P623.6 billion in 2021.

Equity Attributable to Owners of the Parent increased by 5.7% to P473.2 billion from P447.6 billion in 2021. This increase resulted mainly from the P42.9 billion net income partly offset by the P7.5 billion dividend declaration that is reflected in *Retained earnings*, P2.2 billion increase in *Cumulative Translation Adjustment* and P3.7 billion increase in *Fair Value Changes on Cash Flow Hedges* resulting from swap transactions, partly offset by the net *Unrealized Loss on Financial Assets at FVOCI* to P1.0 billion loss from P14.3 billion gain in 2021 due to lower market valuation of certain investments.

Non-controlling Interests increased by 8.4% to P190.8 billion from P176.0 billion in 2021 due mainly to the increase in net assets of subsidiaries that are not wholly owned.

Key Performance Indicators

The key financial ratios of the Group follow:

	Unaudited 09 / 30 / 2022	Restated, Unaudited 12 / 31 / 2021
Current Ratio	1.3	1.2
Acid Test Ratio	0.7	0.6
Solvency Ratio	12.4%	10.2%
Asset to Equity	2.2	2.2
Debt - Equity Ratios:		
On Gross Basis	44 : 56	43 : 57
On Net Basis	38 : 62	38 : 62
Return on Equity	12.0%	9.4%
Return on Assets	5.4%	4.2%
	Unaudited YTD September	
	2022	Restated 2021
Revenue Growth	31%	4.7%*
Net Margin	15%	13%
Net Income Growth	50%	79%*
EBITDA (<i>In Billions of Pesos</i>)	98.2B	68.8B
Interest Cover	6.8x	5.2x

*as reported

Current Ratio slightly increased to 1.3 from 1.2 due to the 17.9% increase in *Current Assets* vs. 10.2% increase in *Current Liabilities*.

Acid Test Ratio slightly increased to 0.7 from 0.6 in 2021 due to the 22% increase in Quick Assets with only 10.2% increase in *Current Liabilities*.

Solvency Ratio increased to 12.4% from 10.2% in 2021 due to the 29% increase in *Net income after tax* and depreciation vs. 6.7% increase in *Total Liabilities*.

Net Debt - Equity Ratio was maintained at 38:62. This is attributable to the 12.1% increase in Gross debt, 30% increase in cash and cash equivalents vs 6.5% increase in *Equity*.

Return on Equity increased to 12.0% from 9.4% due to the 35% increase in net income attributable to owners of the parent vs. 5.9% increase in average equity.

Return on assets increased to 5.4% from 4.2% due to the 37% increase in net income after tax vs 8.2% increase in average assets.

The *Revenue Growth* of 31% in 2022 is attributable to higher *Merchandise Sales* of the Retail group, full 9 months revenues of 2GO and GBI vs. only 4 and 2 months, respectively, in 2021, and higher equity in net earnings from the banks.

The *Net Income Growth* of 50% in 2022 is attributable to the 43% growth in net income of the core businesses.

EBITDA increased by 43% due to the P27.8 billion increase in income from operations.

Interest Cover increased to 6.8x from 5.2x in 2021 due to the 43% increase in *EBITDA* vs. 10.3% increase in interest expense.

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

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio	$\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio	
a. Gross Basis	$\frac{\text{Total Interest Bearing Debt}}{\text{Total Equity + Total Interest-bearing Debt}}$
b. Net Basis	$\frac{\text{Total Interest Bearing Debt less Cash and Cash Equivalents}}{\text{Total Equity + Total Interest-bearing Debt less Cash and Cash Equivalents}}$ $\frac{\text{(excluding Cash on Hand), Time Deposits, Investment in Bonds}}{\text{(excluding Cash on Hand), Time Deposits, Investments in Bonds}}$
6. Revenue Growth	$\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin	$\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets	$\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA	Income from Operations + Depreciation & Amortization
12. Interest Cover	$\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2022

In 2022, expansion and construction of malls, residential and commercial properties, opening of new retail stores across the various formats, mainly in the Retail Food Group, and selectively in the Retail Non-Food Group, as well as expansion of the Group's logistics capacity will continue.

In October 2022, SM Prime opened its 80th mall in Tanza, Cavite and its 81st mall in Sorsogon City, Sorsogon. The 82nd mall is expected to be opened before the end of the year.

Investments in new business ventures would be pursued as opportunities arise.

PART I FINANCIAL INFORMATION

Item 3. Aging of Accounts Receivable - Trade
 As of September 30, 2022 (Unaudited)
(In Thousands)

Real estate buyers - net of noncurrent portion	₱	68,368,888
Third-party tenants		9,456,231
Shipping and logistics		3,626,595
Related party tenants		569,434
Others		3,649,730
Total	₱	<u><u>85,670,878</u></u>

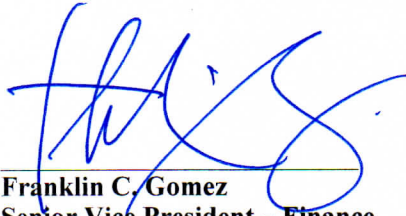
Aging:

Neither past due nor impaired	₱	70,255,861
Less than 30 days		3,303,260
31-90 days		2,736,390
91-120 days		1,100,416
Over 120 days		5,322,122
Impaired		2,952,829
Total	₱	<u><u>85,670,878</u></u>

PART II - SIGNATURE

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

Registrant: **SM INVESTMENTS CORPORATION**



Franklin C. Gomez
Senior Vice President – Finance
Corporate Information Officer

Date: 11-14-2022