

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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	S	U	B	S	I	D	I	A	R	I	E	S																	

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

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Form Type	Department requiring the report	Secondary License Type, If Applicable													
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**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
-	<b>8857-0100</b>	-
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
<b>1,254</b>		<b>03/31</b>

**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
<b>Mr. Franklin C. Gomez</b>	-	<b>8857-0100</b>	-

**CONTACT PERSON'S ADDRESS**

<b>10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300</b>
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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)

**10<sup>th</sup> Floor, One E-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  
1<sup>st</sup> Quarter Report**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

**March 31, 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 **March 31, 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. **10<sup>th</sup> Floor, One E-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
<b>COMMON STOCK P10 PAR VALUE</b>	<b>1,204,582,867</b>	<b>N.A.</b>

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 []

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## PART II – SIGNATURE

<b>PART I FINANCIAL INFORMATION</b>
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**Item 1. Unaudited Interim Condensed Consolidated Financial Statements**

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES**

Unaudited Interim Condensed Consolidated Financial Statements  
as at March 31, 2022 and for the  
Three-Month Periods Ended March 31, 2022 and 2021  
(with Comparative Audited Consolidated Balance Sheet as at  
December 31, 2021)

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6, 20 and 23)	P93,104,212	P88,744,225
Time deposits (Notes 7, 20 and 23)	343,303	311,233
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	545,589	547,041
Receivables and contract assets (Notes 9 and 20)	72,923,002	74,599,491
Inventories (Note 10)	87,150,880	86,767,188
Other current assets (Notes 11 and 20)	52,271,206	51,088,161
<b>Total Current Assets</b>	<b>306,338,192</b>	<b>302,057,339</b>
<b>Noncurrent Assets</b>		
Financial assets at FVOCI - net of current portion (Notes 8 and 24)	27,767,684	27,946,993
Investments in associate companies and joint ventures (Note 12)	308,778,864	305,072,026
Time deposits - net of current portion (Notes 7, 20 and 24)	4,325,472	3,905,618
Property and equipment (Note 13)	37,908,294	38,555,519
Investment properties (Note 14)	468,960,569	463,765,374
Right-of-use assets - net (Note 22)	44,274,421	44,775,919
Intangibles (Note 15)	31,599,600	31,615,767
Deferred tax assets (Note 21)	4,610,499	4,732,558
Other noncurrent assets (Notes 15, 20 and 24)	119,182,577	119,159,561
<b>Total Noncurrent Assets</b>	<b>1,047,407,980</b>	<b>1,039,529,335</b>
	<b>P1,353,746,172</b>	<b>P1,341,586,674</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Bank loans (Notes 16, 20 and 23)	P13,657,051	P26,232,427
Accounts payable and other current liabilities (Notes 17 and 20)	149,583,334	163,974,670
Income tax payable	2,782,444	2,224,660
Current portion of long-term debt (Notes 18, 20, 23 and 24)	75,370,697	63,706,559
Dividends payable	3,044,413	3,110,847
<b>Total Current Liabilities</b>	<b>244,437,939</b>	<b>259,249,163</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Notes 18, 20, 23 and 24)	385,983,500	374,155,880
Lease liabilities - net of current portion (Note 22)	31,747,019	31,061,609
Deferred tax liabilities (Note 21)	16,525,283	15,796,870
Tenants' deposits and others (Note 24)	48,140,639	48,883,227
<b>Total Noncurrent Liabilities</b>	<b>482,396,441</b>	<b>469,897,586</b>
<b>Total Liabilities</b>	<b>726,834,380</b>	<b>729,146,749</b>

(Forward)

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
<b>Equity Attributable to Owners of the Parent</b>		
Capital stock (Note 19)	<b>₱12,045,829</b>	₱12,045,829
Additional paid-in capital	<b>75,833,760</b>	75,827,181
Equity adjustments from common control transactions	<b>(5,424,455)</b>	(5,424,455)
Cost of Parent common shares held by subsidiaries	<b>(25,386)</b>	(25,386)
Cumulative translation adjustment	<b>1,890,160</b>	2,193,170
Fair value changes on cash flow hedges	<b>680,678</b>	(980,127)
Unrealized gain on financial assets at FVOCI	<b>11,307,312</b>	15,171,942
Remeasurement loss on defined benefit asset/obligation	<b>(8,317,835)</b>	(8,317,835)
Retained earnings (Note 19):		
Appropriated	<b>37,000,000</b>	37,000,000
Unappropriated	<b>320,945,258</b>	308,946,422
Total Equity Attributable to Owners of the Parent	<b>445,935,321</b>	436,436,741
<b>Non-controlling Interests</b>	<b>180,976,471</b>	176,003,184
Total Equity	<b>626,911,792</b>	612,439,925
	<b>₱1,353,746,172</b>	₱1,341,586,674

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

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

	<b>Three-Month Periods Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUES</b>		
Sales:		
Merchandise and processed food	<b>₱76,242,756</b>	₱68,109,894
Real estate	<b>11,748,931</b>	11,749,409
Shipping, logistics and other services	<b>2,905,203</b>	–
Rent (Note 20)	<b>9,571,807</b>	7,371,952
Equity in net earnings of associate companies and joint ventures	<b>7,681,347</b>	6,145,052
Cinema ticket sales, amusement and others	<b>516,868</b>	102,298
Dividends, service and royalty fees and others (Note 20)	<b>3,473,811</b>	3,404,219
	<b>112,140,723</b>	96,882,824
<b>COST AND EXPENSES</b>		
Cost of sales:		
Merchandise and processed food (Note 10)	<b>56,418,245</b>	51,213,855
Real estate (Note 10)	<b>5,393,376</b>	5,132,394
Cost of services	<b>2,723,121</b>	–
Selling, general and administrative expenses	<b>24,765,922</b>	21,897,438
	<b>89,300,664</b>	78,243,687
<b>OTHER INCOME (CHARGES)</b>		
Interest expense (Note 20)	<b>(4,336,433)</b>	(3,926,078)
Interest income (Note 20)	<b>650,844</b>	502,189
Gain from fair value changes on derivatives - net (Note 24)	<b>187,759</b>	161,408
Foreign exchange gain - net and others (Note 23)	<b>151,591</b>	17,038
	<b>(3,346,239)</b>	(3,245,443)
<b>INCOME BEFORE INCOME TAX</b>	<b>19,493,820</b>	15,393,694
<b>PROVISION FOR INCOME TAX (Note 21)</b>		
Current	<b>2,104,695</b>	1,524,651
Deferred	<b>618,494</b>	416,079
	<b>2,723,189</b>	1,940,730
<b>NET INCOME</b>	<b>₱16,770,631</b>	₱13,452,964
<b>Attributable to</b>		
Owners of the Parent	<b>₱11,998,836</b>	₱9,470,213
Non-controlling interests	<b>4,771,795</b>	3,982,751
	<b>₱16,770,631</b>	₱13,452,964
<b>Basic/Diluted Earnings Per Common Share</b>		
<b>Attributable to Owners of the Parent (Note 25)</b>	<b>₱9.96</b>	₱7.86

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

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

	<b>Three-Month Periods Ended March 31</b>	
	2022 (Unaudited)	2021 (Unaudited)
<b>NET INCOME</b>	<b>₱16,770,631</b>	<b>₱13,452,964</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will be reclassified to profit or loss in subsequent periods</b>		
Share in unrealized loss on financial assets of associates at fair value through other comprehensive income (FVOCI)	(3,947,978)	(2,168,675)
Cumulative translation adjustment	(671,018)	218,496
Fair value changes on cash flow hedges	2,557,787	1,296,935
	<b>(2,061,209)</b>	<b>(653,244)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>		
Unrealized gain (loss) on financial assets at FVOCI	177,955	(1,149,402)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(231,978)	(1,454,988)
	<b>(54,023)</b>	<b>(2,604,390)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱14,655,399</b>	<b>₱10,195,330</b>
<b>Attributable to</b>		
Owners of the Parent	<b>₱9,492,001</b>	<b>₱6,199,785</b>
Non-controlling interests	<b>5,163,398</b>	<b>3,995,545</b>
	<b>₱14,655,399</b>	<b>₱10,195,330</b>

*See accompanying Notes to Interim 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												Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	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 Fair Value through other Comprehensive Income (FVOCI)	Remeasurement loss on Defined Benefit Asset/Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total			
As at December 31, 2021 (Audited)	₱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	
Net income	-	-	-	-	-	-	-	-	-	11,998,836	11,998,836	4,771,795	16,770,631	
Other comprehensive income	-	-	-	-	(303,010)	1,660,805	(3,864,630)	-	-	-	(2,506,835)	391,603	(2,115,232)	
Total comprehensive income	-	-	-	-	(303,010)	1,660,805	(3,864,630)	-	-	11,998,836	9,492,001	5,163,398	14,655,399	
Transactions with non-controlling interests	-	6,579	-	-	-	-	-	-	-	-	6,579	11,485	18,064	
Decrease in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(201,596)	(201,596)	
As at March 31, 2022 (Unaudited)	₱12,045,829	₱75,833,760	(₱5,424,455)	(₱25,386)	₱1,890,160	₱680,678	₱11,307,312	(₱8,317,835)	₱37,000,000	₱320,945,258	₱445,935,321	₱180,976,471	₱626,911,792	
As at December 31, 2020 (Audited)	₱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	
Net income	-	-	-	-	-	-	-	-	-	9,470,213	9,470,213	3,982,751	13,452,964	
Other comprehensive income	-	-	-	-	163,099	928,564	(4,362,091)	-	-	-	(3,270,428)	12,794	(3,257,634)	
Total comprehensive income	-	-	-	-	163,099	928,564	(4,362,091)	-	-	9,470,213	6,199,785	3,995,545	10,195,330	
Decrease in previous year's non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(192,948)	(192,948)	
As at March 31, 2021 (Unaudited)	₱12,045,829	₱75,823,506	(₱5,424,455)	(₱25,386)	₱1,059,021	(₱1,812,823)	₱12,144,344	(₱6,066,075)	₱37,000,000	₱285,288,769	₱410,032,730	₱164,697,550	₱574,730,280	

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	<b>Three-Month Periods Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱19,493,820</b>	₱15,393,694
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	<b>(7,681,347)</b>	(6,145,052)
Depreciation and amortization (Notes 13, 14 and 15)	<b>5,666,202</b>	4,615,624
Interest expense	<b>4,336,433</b>	3,926,078
Interest income	<b>(650,844)</b>	(502,189)
Unrealized foreign exchange loss (gain) and others	<b>(22,517)</b>	43,502
Dividends, service and royalty fees and others	<b>(117,543)</b>	(74,270)
Gain on fair value changes on derivatives - net	<b>(187,759)</b>	(161,408)
Income before working capital changes	<b>20,836,445</b>	17,095,979
Decrease (increase) in:		
Receivables and contract assets	<b>(776,987)</b>	78,511
Inventories	<b>(2,828,035)</b>	(6,565,028)
Other current assets	<b>(732,014)</b>	(758,390)
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>(6,074,042)</b>	(9,795,952)
Tenants' deposits and others	<b>(330,399)</b>	272,067
Net cash generated from operations	<b>10,094,968</b>	327,187
Income tax paid	<b>(1,552,387)</b>	(680,748)
Net cash provided by (used in) operating activities	<b>8,542,581</b>	(353,561)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of:		
Property and equipment	<b>8,074</b>	7,854
Investment properties	<b>2,562</b>	1,060
Additions to:		
Investment properties (Note 14)	<b>(6,575,605)</b>	(9,481,277)
Property and equipment (Note 13)	<b>(1,333,327)</b>	(1,201,905)
Financial assets at fair value through other comprehensive income (FVOCI)	<b>-</b>	(1,427)
Investments in associate companies and joint ventures	<b>(697)</b>	(100,620)
Increase in:		
Time deposits	<b>(451,924)</b>	(217,995)
Other noncurrent assets	<b>(1,373,361)</b>	(2,488,904)
Dividends received	<b>1,139,724</b>	1,276,857
Interest received	<b>625,173</b>	272,230
Net cash used in investing activities	<b>(7,959,381)</b>	(11,934,127)

(Forward)

	<b>Three-Month Periods Ended March 31</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availments of:		
Long-term debt	<b>₱33,237,943</b>	₱40,481,635
Bank loans	<b>5,996,971</b>	708,624
Payments of:		
Long-term debt	<b>(11,327,392)</b>	(34,592,386)
Bank loans	<b>(18,635,648)</b>	(6,322,000)
Lease liabilities	<b>(1,374,644)</b>	(1,480,465)
Dividends	<b>(66,434)</b>	(821,470)
Interest	<b>(3,994,170)</b>	(3,530,783)
Net cash provided by (used in) financing activities	<b>3,836,626</b>	(5,556,845)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,419,826</b>	(17,844,533)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(59,839)</b>	97,039
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 6)</b>	<b>88,744,225</b>	78,159,197
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)</b>	<b>₱93,104,212</b>	₱60,411,703

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

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**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 unaudited interim 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 May 11, 2022.

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**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, which is 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*, as modified by the application of the reporting reliefs issued and approved by the SEC under Memorandum Circular (MC) No 34-2020 in response to the COVID-19 pandemic in "Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Q&A No. 2018-12-D, PFRS 15 Implementation Issues Affecting the Real Estate Industry" and application of "IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, *Borrowing Cost*)".

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A and IFRIC pronouncement which provides real estate companies the accounting policy option of applying either the full retrospective or modified retrospective approach when they apply the provisions of the above PIC Q&A and IFRIC pronouncement.

The details of the impact of adoption of the above financial reporting reliefs are discussed in Note 3 to the interim condensed consolidated financial statements.

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 March 31, 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 March 31, 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.

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## 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.

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#### 4. **Business Combination**

##### Acquisition

*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 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 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 three reportable operating segments as follows: property, retail, and banking and others.

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 and others segment primarily includes the operations of the Parent Company which is engaged in asset management and capital investments as well as its associate companies which include the banks.

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

	<b>Three-Month Period Ended March 31, 2022 (Unaudited)</b>				
	<b>Property</b>	<b>Retail</b>	<b>Banking and Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<i>(In Thousands)</i>				
<b>Revenues:</b>					
External customers	<b>₱22,821,573</b>	<b>₱74,380,341</b>	<b>₱14,938,809</b>	<b>₱-</b>	<b>₱112,140,723</b>
Revenues from contracts with customers	12,265,799	72,663,432	6,484,527	-	91,413,758
Merchandise sales and processed food	-	72,663,432	3,579,324	-	76,242,756
Real estate sales	11,748,931	-	-	-	11,748,931
Cinema ticket sales, amusement and others	516,868	-	-	-	516,868
Shipping, logistics and other services	-	-	2,905,203	-	2,905,203
Rent	8,690,301	296,047	585,459	-	9,571,807
Equity in net earnings of associate companies and joint ventures	403,381	150,848	7,127,118	-	7,681,347
Dividends, service and royalty fees and others	1,462,092	1,270,014	741,705	-	3,473,811
Inter-segment	2,586,182	57,559	651,671	(3,295,412)	-
	<b>₱25,407,755</b>	<b>₱74,437,900</b>	<b>₱15,590,480</b>	<b>(₱3,295,412)</b>	<b>₱112,140,723</b>
<b>Segment results:</b>					
Income before income tax	<b>₱9,476,609</b>	<b>₱3,840,648</b>	<b>₱6,176,563</b>	<b>₱-</b>	<b>₱19,493,820</b>
Provision for income tax	1,747,087	948,937	27,165	-	2,723,189
Net income after tax	<b>₱7,729,522</b>	<b>₱2,891,711</b>	<b>₱6,149,398</b>	<b>₱-</b>	<b>₱16,770,631</b>
<b>Net income attributable to:</b>					
Owners of the Parent	<b>₱3,802,159</b>	<b>₱2,048,558</b>	<b>₱6,148,119</b>	<b>₱-</b>	<b>₱11,998,836</b>
Non-controlling interests	3,927,363	843,153	1,279	-	4,771,795

Three-Month Period Ended March 31, 2021 (Unaudited)

	Property	Retail	Banking and Others	Eliminations	Consolidated
	<i>(In Thousands)</i>				
<b>Revenues:</b>					
External customers	₱19,971,916	₱69,940,961	₱6,969,947	₱-	₱96,882,824
Revenues from contracts with customers	11,851,707	68,109,894	-	-	79,961,601
Merchandise sales	-	68,109,894	-	-	68,109,894
Real estate sales	11,749,409	-	-	-	11,749,409
Cinema ticket sales, amusement and others	102,298	-	-	-	102,298
Rent	6,487,265	286,375	598,312	-	7,371,952
Equity in net earnings of associate companies and joint ventures	296,975	91,791	5,756,286	-	6,145,052
Dividends, service and royalty fees and others	1,335,969	1,452,901	615,349	-	3,404,219
Inter-segment	2,306,923	42,371	484,306	(2,833,600)	-
	<b>₱22,278,839</b>	<b>₱69,983,332</b>	<b>₱7,454,253</b>	<b>(₱2,833,600)</b>	<b>₱96,882,824</b>
<b>Segment results:</b>					
Income before income tax	₱8,002,003	₱2,483,888	₱4,907,803	₱-	₱15,393,694
Provision for income tax	1,279,663	663,189	(2,122)	-	1,940,730
Net income after tax	<b>₱6,722,340</b>	<b>₱1,820,699</b>	<b>₱4,909,925</b>	<b>₱-</b>	<b>₱13,452,964</b>
<b>Net income attributable to:</b>					
Owners of the Parent	₱3,334,483	₱1,301,184	₱4,834,546	₱-	₱9,470,213
Non-controlling interests	3,387,857	519,515	75,379	-	3,982,751

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.

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## 6. Cash and Cash Equivalents

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 20)	<b>₱20,263,092</b>	₱28,563,623
Temporary investments (Note 20)	<b>72,841,120</b>	60,180,602
	<b>₱93,104,212</b>	₱88,744,225

Cash in banks earn interest at the respective bank deposit rates. 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.

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## 7. Time Deposits

This account consists of time deposits as follows:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Current	<b>₱343,303</b>	₱311,233
Noncurrent	<b>4,325,472</b>	3,905,618
	<b>₱4,668,775</b>	₱4,216,851

The time deposits bear interest ranging from 0.4% to 3.8% in 2022 and 2021.

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

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## 8. Financial Assets at FVOCI

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Shares of stock		
Listed	<b>₱26,795,561</b>	₱26,764,759
Unlisted	<b>1,502,212</b>	1,714,725
Club shares	<b>15,500</b>	14,550
	<b>28,313,273</b>	28,494,034
Less current portion	<b>545,589</b>	547,041
Noncurrent portion	<b>₱27,767,684</b>	₱27,946,993

## 9. Receivables and Contract Assets

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
<i>(In Thousands)</i>		
Trade:		
Real estate buyers*	<b>₱108,737,032</b>	₱110,932,754
Third-party tenants	<b>7,942,807</b>	7,473,461
Shipping and logistics**	<b>2,914,262</b>	3,111,428
Related party tenants (Note 20)	<b>438,142</b>	380,963
Others	<b>211,551</b>	366,205
Royalty and service fees (Note 20)	<b>2,387,645</b>	1,980,327
Due from related parties (Note 20)	<b>667,295</b>	617,465
Dividends (Note 20)	<b>353,143</b>	579,053
	<b>123,651,877</b>	125,441,656
Less allowance for expected credit loss (ECL)	<b>1,119,727</b>	1,323,187
	<b>122,532,150</b>	124,118,469
Less noncurrent portion of receivables from real estate buyers (Note 15)	<b>49,609,148</b>	49,518,978
<b>Current portion</b>	<b>₱72,923,002</b>	<b>₱74,599,491</b>

\* Includes unbilled revenues from sales of real estate amounting to ₱95.5 billion and ₱98.6 billion as at March 31, 2022 and December 31, 2021, respectively.

\*\* Includes contract assets representing shipping and logistics services delivered but not yet invoiced amounting to ₱864.8 million and ₱882.8 million as at March 31, 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 March 31, 2022 and December 31, 2021, respectively, and on with recourse basis, ₱46.7 million and ₱324.2 million as at March 31, 2022 and December 31, 2021, respectively. The corresponding liability from the assignment of receivables on with recourse basis bears interest at 4.5% as at March 31, 2022 and December 31, 2021.

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

## 10. Inventories

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Merchandise inventories - at cost	<b>₱31,027,520</b>	₱29,446,572
Food supplies and processed food	<b>698,436</b>	739,090
Land and development - current	<b>38,693,808</b>	37,229,527
Condominium and residential units for sale	<b>16,731,116</b>	19,351,999
	<b>₱87,150,880</b>	₱86,767,188

The merchandise inventories are stated at cost as at March 31, 2022 and December 31, 2021.

### Land and Development

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

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱37,229,527</b>	₱34,933,442
Development cost incurred	<b>3,803,966</b>	25,409,833
Transfer from investment properties (Note 14)	<b>473,955</b>	5,448,334
Cost of real estate sold	<b>(1,821,387)</b>	(16,867,820)
Transfer to condominium and residential units for sale	<b>(677,684)</b>	(12,318,589)
Reclassification and others	<b>(314,569)</b>	624,327
Balance at end of period	<b>₱38,693,808</b>	₱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 ₱1.9 billion and ₱1.8 billion as at March 31, 2022 and December 31, 2021, respectively, representing the unamortized portion of land cost.

The estimated cost to complete the projects amounted to ₱117.3 billion and ₱111.5 billion as at March 31, 2022 and December 31, 2021, respectively.

Land and development is stated at cost.

Condominium and Residential Units for Sale

The movements in this account follow:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱19,351,999</b>	₱8,770,039
Transfer from land and development	<b>677,684</b>	12,318,589
Cost of real estate sold	<b>(3,571,989)</b>	(1,819,337)
Translation adjustment	<b>217,348</b>	-
Reposessed inventories and others	<b>56,074</b>	82,708
<b>Balance at end of period</b>	<b>₱16,731,116</b>	<b>₱19,351,999</b>

The condominium and residential units for sale are stated at cost.

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**11. Other Current Assets**

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	<b>₱20,686,257</b>	₱18,465,016
Bonds and deposits	<b>10,850,466</b>	9,912,846
Non-trade receivables	<b>6,838,525</b>	8,280,351
Receivables from banks	<b>4,172,235</b>	5,406,748
Input tax	<b>4,183,029</b>	4,078,202
Uniform and supplies inventory	<b>1,145,893</b>	1,032,107
Derivative assets	<b>1,152,789</b>	753,506
Accrued interest receivable (Note 20)	<b>396,582</b>	370,911
Escrow fund (Note 20)	<b>408,257</b>	335,583
Others	<b>2,437,173</b>	2,452,891
	<b>₱52,271,206</b>	<b>₱51,088,161</b>

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## 12. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	<b>₱305,072,026</b>	₱296,265,722
Additions	<b>697</b>	358,120
Step acquisition (Note 4)	–	(9,774,630)
Effect of business combination (Note 4)	–	509,194
Reclassifications	–	(12,427)
Equity in net earnings	<b>7,681,347</b>	26,768,811
Dividends received and others	<b>(796,272)</b>	(4,973,879)
Share in other comprehensive loss of associate companies	<b>(3,203,179)</b>	(4,185,761)
Translation adjustment	<b>24,245</b>	116,876
<b>Balance at end of period</b>	<b>₱308,778,864</b>	₱305,072,026

Investment in associate companies amounted to ₱299.3 billion and ₱295.7 billion as at March 31, 2022 and December 31, 2021, respectively.

### 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>												
<b>Cost</b>												
As at December 31, 2020 (Audited)	P-	P15,403,136	P4,173,568	P8,908,732	P11,050,626	P11,244,832	P21,088,146	P1,055,873	P-	P-	P4,509,885	P77,434,798
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	1,445,993	10,449,085
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)	47,570	2,589,222	(20,317)	-	-	(4,279,324)	(3,692,712)
Disposals/retirements	-	(77)	(15,861)	(65,324)	(114,689)	(45,846)	(352,804)	(8,100)	(305,905)	-	(11,734)	(920,340)
As at December 31, 2021 (Audited)	1,729,542	19,822,198	2,660,943	10,030,976	11,784,685	12,876,881	24,970,861	1,196,937	8,503,113	371,936	1,804,917	95,752,989
Additions	-	198,196	34,941	135,382	229,973	153,166	337,385	14,235	214,420	-	15,629	1,333,327
Reclassifications	(9,948)	(3,437,694)	480,854	109,293	343,041	1,274,768	6,562,562	417,940	7,043,800	1,254,434	(526,346)	13,512,704
Disposals/retirements	-	(953)	(4,666)	(11,233)	(42,375)	(6,141)	(6,617)	(7,405)	-	-	-	(79,390)
<b>As at March 31, 2022 (Unaudited)</b>	<b>P1,719,594</b>	<b>P16,581,747</b>	<b>P3,172,072</b>	<b>P10,264,418</b>	<b>P12,315,324</b>	<b>P14,298,674</b>	<b>P31,864,191</b>	<b>P1,621,707</b>	<b>P15,761,333</b>	<b>P1,626,370</b>	<b>P1,294,200</b>	<b>P110,519,630</b>
<b>Accumulated Depreciation and Amortization</b>												
As at December 31, 2020 (Audited)	P-	P7,211,624	P3,201,690	P7,430,359	P9,630,337	P8,157,579	P15,061,073	P654,688	P-	P-	P-	P51,347,350
Depreciation and amortization	-	588,297	218,853	756,204	808,175	1,042,329	1,577,809	100,782	1,077,060	44,531	-	6,214,040
Reclassifications	-	(8,879)	(1,507,780)	(2,947)	(5,488)	3,884	1,711,919	(13,003)	-	-	-	177,706
Disposals/retirements	-	(77)	(9,724)	(62,809)	(95,174)	(39,065)	(329,950)	(4,827)	-	-	-	(541,626)
As at December 31, 2021 (Audited)	-	7,790,965	1,903,039	8,120,807	10,337,850	9,164,727	18,020,851	737,640	1,077,060	44,531	-	57,197,470
Depreciation and amortization	-	233,523	58,772	179,861	201,466	275,630	409,277	25,163	246,394	18,981	-	1,649,067
Reclassifications	-	(3,031,805)	642,341	146,010	508,032	1,283,583	5,470,097	454,763	7,042,231	1,308,766	-	13,824,018
Disposals/retirements	-	(481)	(3,257)	(5,550)	(33,209)	(5,986)	(4,437)	(6,299)	-	-	-	(59,219)
<b>As at March 31, 2022 (Unaudited)</b>	<b>P-</b>	<b>P4,992,202</b>	<b>P2,600,895</b>	<b>P8,441,128</b>	<b>P11,014,139</b>	<b>P10,717,954</b>	<b>P23,895,788</b>	<b>P1,211,267</b>	<b>P8,365,685</b>	<b>P1,372,278</b>	<b>P-</b>	<b>P72,611,336</b>
<b>Net Book Value</b>												
As at March 31, 2022 (Unaudited)	P1,719,594	P11,589,545	P571,177	P1,823,290	P1,301,185	P3,580,720	P7,968,403	P410,440	P7,395,648	P254,092	P1,294,200	P37,908,294
As at December 31, 2021 (Audited)	1,729,542	12,031,233	757,904	1,910,169	1,446,835	3,712,154	6,950,010	459,297	7,426,053	327,405	1,804,917	38,555,519

As at March 31, 2022, a certain vessel is mortgaged as collateral to 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>						
<b>Cost</b>						
As at December 31, 2020 (Audited)	₱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 (Audited)	82,118,174	83,225,124	284,850,141	48,301,269	76,809,546	575,304,254
Additions	620,229	358,292	126,853	362,913	5,107,318	6,575,605
Reclassifications	–	(62,934)	6,672,978	842,548	(6,633,899)	818,693
Translation adjustment	–	32,687	790,593	63,643	195,057	1,081,980
Disposals	–	(243,024)	(104,495)	(19,551)	–	(367,070)
<b>As at March 31, 2022 (Unaudited)</b>	<b>₱82,738,403</b>	<b>₱83,310,145</b>	<b>₱292,336,070</b>	<b>₱49,550,822</b>	<b>₱75,478,022</b>	<b>₱583,413,462</b>
<b>Accumulated Depreciation, Amortization and Impairment Loss</b>						
As at December 31, 2020 (Audited)	₱–	₱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 (Audited)	–	2,916,480	76,571,597	32,050,803	–	111,538,880
Depreciation and amortization	–	68,293	2,053,886	709,022	–	2,831,201
Reclassifications	–	–	(435)	–	–	(435)
Translation adjustment	–	19,126	176,480	38,166	–	233,772
Disposals	–	(98,103)	(37,040)	(15,382)	–	(150,525)
<b>As at March 31, 2022 (Unaudited)</b>	<b>₱–</b>	<b>₱2,905,796</b>	<b>₱78,764,488</b>	<b>₱32,782,609</b>	<b>₱–</b>	<b>₱114,452,893</b>
<b>Net Book Value</b>						
<b>As at March 31, 2022</b>	<b>₱82,738,403</b>	<b>₱80,404,349</b>	<b>₱213,571,582</b>	<b>₱16,768,213</b>	<b>₱75,478,022</b>	<b>₱468,960,569</b>
As at December 31, 2021	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 ₱9.3 billion and ₱7.1 billion for the three month periods ended March 31, 2022 and 2021, respectively. The corresponding direct operating expenses amounted to ₱5.2 billion and ₱4.1 billion for the three month periods ended March 31, 2022 and 2021, respectively.

Construction in progress includes construction costs incurred for new shopping malls, commercial building and redevelopment of existing malls amounting to ₱73.2 billion and ₱74.5 billion as at March 31, 2022 and December 31, 2021, respectively.

Portions of investment properties located in China amounting to ₱1.9 billion as at March 31, 2022 and December 31, 2021, are mortgaged as collaterals to secure domestic short-term and long-term borrowings (see Notes 16 and 18).

Interest capitalized to investment properties amounted to ₱1.6 billion and ₱4.0 billion as at March 31, 2022 and December 31, 2021, respectively. Capitalization rates used range from 2.3% to 4.4% and 2.4% to 4.6% as at March 31, 2022 and December 31, 2021.

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 its investment properties and no obligation to purchase, construct or develop, repair, maintain and/or enhance any of these properties.

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## 15. Intangibles and Other Noncurrent Assets

### Intangible Assets

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Goodwill	<b>₱24,763,541</b>	₱24,766,063
Less accumulated impairment loss	<b>91,620</b>	138,787
Net book value	<b>24,671,921</b>	24,627,276
Trademarks, brand names and copyright	<b>6,927,679</b>	6,988,491
	<b>₱31,599,600</b>	₱31,615,767

### Other Noncurrent Assets

This account consists of:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Bonds and deposits	<b>₱60,366,683</b>	₱59,598,624
Receivables from real estate buyers (Note 9)*	<b>49,609,148</b>	49,518,978
Long-term notes (Notes 20 and 24)	<b>2,540,505</b>	5,371,668
Deferred input VAT	<b>2,049,985</b>	2,092,464
Derivative assets (Note 24)	<b>2,839,455</b>	965,006
Defined benefit asset	<b>760,462</b>	753,637
Land use rights	<b>351,989</b>	353,626
Escrow fund (Note 20)	<b>132,460</b>	132,460
Others	<b>531,890</b>	373,098
	<b>₱119,182,577</b>	₱119,159,561

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

## 16. Bank Loans

This account consists of:

	<b>March 31, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
<i>(In Thousands)</i>		
Parent Company:		
Peso-denominated loans	<b>₱500,000</b>	₱12,250,000
Subsidiaries -		
China Yuan renminbi-denominated loans	<b>4,453,051</b>	3,882,427
Peso-denominated loans	<b>8,704,000</b>	10,100,000
	<b>₱13,657,051</b>	₱26,232,427

The Peso loans bear interest ranging from 2.0% to 6.5% and 1.0% to 4.5% in March 31, 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:

	<b>March 31, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
<i>(In Thousands)</i>		
Trade*	<b>₱81,551,414</b>	₱93,232,308
Accrued expenses	<b>20,041,692</b>	18,880,701
Nontrade	<b>10,456,624</b>	10,797,606
Tenants and customers' deposits**	<b>11,787,687</b>	13,770,713
Payable arising from acquisition of land	<b>7,272,406</b>	7,918,778
Payables to government agencies	<b>5,848,782</b>	6,345,264
Accrued interest (Note 20)	<b>3,097,671</b>	3,017,462
Subscriptions payable	<b>1,966,477</b>	1,966,477
Due to related parties (Note 20)	<b>86,390</b>	872,591
Lease liabilities (Note 22)	<b>2,676,380</b>	2,553,084
Gift checks redeemable and others	<b>4,797,811</b>	4,619,686
	<b>₱149,583,334</b>	₱163,974,670

\* Includes unearned revenues from shipping and logistics amounting to ₱68.2 million and ₱59.5 million as at March 31, 2022 and December 31, 2021, respectively.

\*\* Includes unearned revenues from sale of real estate amounting to ₱4.3 billion and ₱6.1 billion as at March 31, 2022 and December 31, 2021, respectively.

## 18. Long-term Debt

This account consists of:

	Availment	Maturity	Interest Rate/Term	Security	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<i>(In Thousands)</i>						
<b>Parent Company</b>						
U.S. dollar-denominated	June 10, 2014 - July 16, 2019	March 28, 2022 - June 28, 2024	Fixed 4.9%; Three-Month LIBOR + margin; semi-annual and quarterly	Unsecured	<b>₱41,865,873</b>	₱44,224,229
Peso-denominated	July 16, 2012 - February 18, 2022	January 22, 2022 - May 14, 2031	Fixed 2.9%-6.9%; Three-Month PHP BVAL + margin; semi-annual and quarterly	Unsecured	<b>74,573,610</b>	65,173,610
<b>Subsidiaries</b>						
U.S. dollar-denominated*	May 8, 2017 - March 29, 2022	March 27, 2022 - March 23, 2027	LIBOR + spread; semi-annual and quarterly; SOFR + spread; quarterly	Unsecured	<b>89,748,786</b>	73,177,366
China Yuan Renminbi-denominated**	October 16, 2017 - January 20, 2022	October 16, 2022 - June 1, 2031	Fixed 5.8%; LPR; annually	Secured	<b>8,607,965</b>	8,497,291
Peso-denominated***	June 3, 2013 - December 29, 2021	April 11, 2022 - December 15, 2031	Fixed 1.8%-6.4%; BVAL + margin	Unsecured /Secured	<b>249,404,260</b>	249,461,959
					<b>464,200,494</b>	440,534,455
Less debt issue cost					<b>2,846,297</b>	2,672,016
					<b>461,354,197</b>	437,862,439
Less current portion					<b>75,370,697</b>	63,706,559
					<b>₱385,983,500</b>	₱ 374,155,880

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 24)

\*\* 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 March 31, 2022 follows:

	Gross Debt	Debt Issue Cost	Net
<i>(In Thousands)</i>			
Within 1 year	₱76,063,159	₱692,462	₱75,370,697
Over 1 year to 5 years	355,217,321	1,995,205	353,222,116
Over 5 years	32,920,014	158,630	32,761,384
	<b>₱464,200,494</b>	<b>₱2,846,297</b>	<b>₱461,354,197</b>

### Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. As at March 31, 2022 and December 31, 2021, the Group is in compliance with the terms of its debt covenants.

## 19. Equity

### Capital Stock

#### a. Common stock

	Number of Shares	
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized - ₱10 par value per share	<b>2,790,000,000</b>	2,790,000,000
Issued and subscribed	<b>1,204,582,867</b>	1,204,582,867

As at March 31, 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 March 31, 2022 and December 31, 2021, respectively.

#### b. Redeemable preferred shares

	Number of Shares	
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized - ₱10 par value per share	<b>10,000,000</b>	10,000,000

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

### Retained Earnings

#### ▪ Appropriated

Retained earnings appropriated as at March 31, 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
		<b>₱37,000,000</b>

- 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>				
<b>April 27, 2022</b>	<b>May 13, 2022</b>	<b>May 26, 2022</b>	<b>₱6.25</b>	<b>₱7,528,643</b>
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 ₱287.0 billion and ₱274.7 billion as at March 31, 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. 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 (see Notes 15 and 23).

- 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
	Three-Month Periods Ended		March 31, 2022 (Unaudited)	December 31, 2021 (Audited)		
	2022 (Unaudited)	March 31 2021 (Unaudited)				
<i>(In Thousands)</i>						
<b>Banking Group</b>						
Cash placement and investment in marketable securities			<b>₱72,906,730</b>	₱69,348,747	Interest-bearing at prevailing rates	Unsecured; no impairment
Interest receivable			<b>242,218</b>	56,294	–	–
Interest income	<b>₱437,492</b>	₱305,916			–	–
Interest-bearing debt			<b>50,413,011</b>	57,560,251	Interest-bearing	Unsecured
Interest payable			<b>193,253</b>	157,990	–	–
Interest expense	<b>561,366</b>	388,412			–	–
Rent receivable			<b>232,260</b>	115,722	Noninterest-bearing	Unsecured; no impairment
Rent income	<b>257,246</b>	191,565			–	–
Receivable financed	–	358,861			Without recourse	Unsecured
Dividends receivable			<b>2,587</b>	–	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits			<b>18,109,000</b>	17,849,650	Interest-bearing 4.5%	Unsecured; no impairment
Royalty and service fee receivable			<b>8,441</b>	8,441	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	<b>9,363</b>	9,945			–	–
Escrow fund			<b>500,206</b>	298,044	Interest-bearing at prevailing rates	Unsecured; no impairment
<b>Retail and Other Entities</b>						
Rent receivable			<b>205,882</b>	265,241	Noninterest-bearing	Unsecured; no impairment
Rent income	<b>347,579</b>	289,167			–	–
Royalty and service fee receivable			<b>2,273,980</b>	1,951,068	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	<b>460,413</b>	390,117			–	–
Due from related parties			<b>667,295</b>	617,465	Noninterest-bearing	Unsecured; no impairment
Due to related parties			<b>86,390</b>	872,591	Noninterest-bearing	Unsecured
Interest receivable			<b>3,887</b>	8,244	–	–
Interest income	<b>160,377</b>	85,070			–	–
Dividends receivable			<b>196,180</b>	329,800	Noninterest-bearing	Unsecured; no impairment
Notes receivable			<b>2,540,505</b>	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.

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## 21. Income Tax

Deferred tax assets of ₱4.6 billion and ₱4.7 billion as at March 31, 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 ₱16.5 billion and ₱15.8 billion as at March 31, 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).

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## 22. 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:

March 31, 2022 (Unaudited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	P26,952,441	P27,137,300	P54,089,741
Additions	–	1,730,266	1,730,266
Translation adjustment	245,111	–	245,111
Reclassifications	(1,292,646)	(51,401)	(1,344,047)
As at end of period	25,904,906	28,816,165	54,721,071
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	1,589,882	7,723,940	9,313,822
Depreciation and amortization	145,953	979,425	1,125,378
Translation adjustment	7,450	–	7,450
As at end of period	1,743,285	8,703,365	10,446,650
<b>Net Book Value</b>	<b>P24,161,621</b>	<b>P20,112,800</b>	<b>P44,274,421</b>

December 31, 2021 (Audited)			
	Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others	Total
<i>(In Thousands)</i>			
<b>Cost</b>			
As at beginning of year	P24,343,193	P23,428,730	P47,771,923
Additions	1,631,609	2,420,420	4,052,029
Effect of business combination	–	1,699,473	1,699,473
Translation adjustment	1,173,704	–	1,173,704
Disposals	(196,065)	(411,323)	(607,388)
As at end of year	26,952,441	27,137,300	54,089,741
<b>Accumulated Depreciation and Amortization</b>			
As at beginning of year	1,014,825	4,778,069	5,792,894
Depreciation and amortization	592,597	3,078,340	3,670,937
Translation adjustment	34,084	–	34,084
Disposals	(51,624)	(132,469)	(184,093)
As at end of year	1,589,882	7,723,940	9,313,822
<b>Net Book Value</b>	<b>P25,362,559</b>	<b>P19,413,360</b>	<b>P44,775,919</b>

The rollforward analysis of lease liabilities follows:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
As at beginning of year	<b>₱33,614,693</b>	₱30,879,878
Additions	<b>1,730,266</b>	4,052,029
Effect of business combination	–	1,906,990
Interest expense	<b>475,623</b>	1,994,871
Rent concessions	<b>(6,345)</b>	(207,182)
Terminations	<b>(16,194)</b>	(381,609)
Payments	<b>(1,374,644)</b>	(4,630,284)
As at end of period	<b>34,423,399</b>	33,614,693
Less current portion (Note 17)	<b>2,676,380</b>	2,553,084
Noncurrent portion	<b>₱31,747,019</b>	₱31,061,609

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 ₱22.8 billion and ₱22.2 billion as at March 31, 2022 and December 31, 2021, respectively.

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## 23. 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.

As at March 31, 2022 and December 31, 2021, after taking into account the effect of the swaps, approximately 82.7% of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates.

### 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 March 31, 2022, the Group's foreign currency-denominated assets and liabilities amounted to ₱32.8 billion (\$633.3 million) and ₱28.8 billion (\$556.1 million), respectively.

As at December 31, 2021, the Group's foreign currency-denominated assets and liabilities amounted to ₱28.5 billion (\$558.1 million) and ₱24.7 billion (\$448.1 million), respectively.

As at March 31, 2022 and December 31, 2021, approximately 30.2% and 27.7%, 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.

	<b>March 31, 2022</b>	December 31, 2021
Philippine Peso to U.S. Dollar	<b>₱51.74</b>	₱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 March 31, 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:

	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Gross	<b>43%</b>	43%
Net	<b>38%</b>	38%

## 24. 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:

March 31, 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>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVOCI					
Listed shares of stock	P26,795,561	P26,795,561	P26,795,561	P-	P-
Unlisted shares of stock	1,502,212	1,502,212	-	-	1,502,212
Club shares	15,500	15,500	-	15,500	-
Derivative assets	3,992,244	3,992,244	-	3,992,244	-
	<b>32,305,517</b>	<b>32,305,517</b>	<b>26,795,561</b>	<b>4,007,744</b>	<b>1,502,212</b>
<b>Assets for which Fair Values are Disclosed</b>					
Time deposits - noncurrent portion	4,325,472	4,325,472	-	4,325,472	-
Other noncurrent assets:					
Bonds and deposits	18,109,000	18,844,183	-	-	18,844,183
Long-term notes	2,540,505	2,754,999	-	-	2,754,999
	<b>24,974,977</b>	<b>25,924,654</b>	<b>-</b>	<b>4,325,472</b>	<b>21,599,182</b>
	<b>P57,280,494</b>	<b>P58,230,171</b>	<b>P26,795,561</b>	<b>P8,333,216</b>	<b>P23,101,394</b>
<b>Liabilities Measured at Fair Value</b>					
Derivative liabilities	P2,727,300	P2,727,300	P-	P2,727,300	P-
<b>Liabilities for which Fair Values are Disclosed</b>					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	385,983,500	396,934,430	-	-	396,934,430
Lease liabilities - noncurrent portion	31,747,019	33,935,725	-	-	33,935,725
Tenants' deposits and others*	31,834,314	29,664,742	-	-	29,664,742
	<b>449,564,833</b>	<b>460,534,897</b>	<b>-</b>	<b>-</b>	<b>460,534,897</b>
	<b>P452,292,133</b>	<b>P463,262,197</b>	<b>P-</b>	<b>P2,727,300</b>	<b>P460,534,897</b>

\*Excluding nonfinancial liabilities amounting to P10.4 billion.

December 31, 2021 (Audited)					
	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>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVOCI					
Listed shares of stock	P26,764,759	P26,764,759	P26,764,759	P-	P-
Unlisted shares of stock	1,714,725	1,714,725	-	-	1,714,725
Club shares	14,550	14,550	-	14,550	-
Derivative assets	1,718,512	1,718,512	-	1,718,512	-
	<b>30,212,546</b>	<b>30,212,546</b>	<b>26,764,759</b>	<b>1,733,062</b>	<b>1,714,725</b>
<b>Assets for which Fair Values are Disclosed</b>					
Time deposits - noncurrent portion	3,905,618	3,905,618	-	3,905,618	-
Other noncurrent assets:					
Bonds and deposits	17,849,650	19,348,542	-	-	19,348,542
Long-term notes	5,371,668	6,075,947	-	-	6,075,947
	<b>27,126,936</b>	<b>29,330,107</b>	<b>-</b>	<b>3,905,618</b>	<b>25,424,489</b>
	<b>P57,339,482</b>	<b>P59,542,653</b>	<b>P26,764,759</b>	<b>P5,638,680</b>	<b>P27,139,214</b>

(Forward)

	December 31, 2021 (Audited)				
	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>					
<b>Liabilities Measured at Fair Value</b>					
Derivative liabilities	₱3,427,991	₱3,427,991	₱-	₱3,427,991	₱-
<b>Liabilities for which Fair Values are Disclosed</b>					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	374,155,880	393,546,958	-	-	393,546,958
Lease liabilities - noncurrent portion	31,061,609	39,909,300	-	-	39,909,300
Tenants' deposits and others*	31,717,585	31,556,541	-	-	31,556,541
	436,935,074	465,012,799	-	-	465,012,799
	₱440,363,065	₱468,440,790	₱-	₱3,427,991	₱465,012,799

\*Excluding nonfinancial liabilities amounting to ₱10.6 billion.

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

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Other noncurrent assets:		
Bond and deposits	2.6%	1.0%
Long-term notes	1.0% - 2.5%	0.2% - 1.0%
Tenants' deposits	1.2% - 5.5%	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 1.0% to 7.1% and 0.3% to 6.2% as at March 31, 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 5.1% to 5.6% and 4.3% to 5.2% as at March 31, 2022 and December 31, 2021, respectively.

Derivative Instruments Accounted for as Cash Flow Hedges

As at March 31, 2022, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency-denominated debt. Details follow:

	<b>Notional Amount</b>	<b>Agreed Equivalent</b>	<b>Fair Value</b>	<b>Interest Rate</b>	<b>Foreign Exchange Rate</b>	<b>Maturity</b>
	<i>(In Thousands)</i>					
<b>Parent</b>						
Cross Currency Swaps	\$409,159	₱21,226,300	(₱781,154)	5.3% - 6.1%	₱51.15 - ₱53.42	2023 - 2024
<b>SM Prime</b>						
Cross Currency Swaps	360,000	₱17,970,200	722,733	2.9% - 6.4%	₱48.28 - ₱53.33	2022 - 2024
Cross Currency Swaps	336,000	¥2,246,523	(952,011)	3.9% - 5.0%	¥6.5436 - ¥6.7188	2022 - 2024
Principal Only Swaps	220,000	¥1,419,265	(578,161)	–	¥6.3750 - ¥6.4845	2026 - 2027
Foreign Exchange Swaps	650,000	₱33,347,810	677,859	–	₱48.80 - ₱54.15	2022 - 2024
Interest Rate Swaps	670,000	–	2,175,678	2.3% - 2.6%	–	2025 - 2026

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25. **EPS Computation**

	<b>March 31, 2022 (Unaudited)</b>	March 31, 2021 (Unaudited)
	<i>(In Thousands Except Per Share Data)</i>	
Net income attributable to owners of the Parent (a)	<b>₱11,998,836</b>	₱9,470,213
Weighted average number of common shares outstanding (b)	<b>1,204,583</b>	1,204,583
<b>EPS (a/b)</b>	<b>₱9.96</b>	₱7.86

## PART 1 FINANCIAL INFORMATION

### Management's Discussion and Analysis or Plan of Operation

#### Results of Operation

For the Three Months Ended March 31, 2022 and 2021

(amounts in billion pesos)

	YTD March		% Change
	2022 (Unaudited)	2021 (Unaudited)	
<b>Revenues</b>	<b>P 112.1</b>	<b>P 96.9</b>	<b>15.7%</b>
Cost and Expenses	89.3	78.2	14.1%
<b>Income from Operations</b>	<b>22.8</b>	<b>18.7</b>	<b>23%</b>
Other Charges	3.3	3.3	-3.1%
Provision for Income Tax	2.7	1.9	40%
<b>Net Income After Tax</b>	<b>16.8</b>	<b>13.5</b>	<b>25%</b>
Non-controlling Interests	4.8	4.0	20%
<b>Net Income Attributable to Owners of the Parent</b>	<b>P 12.0</b>	<b>P 9.5</b>	<b>27%</b>

For YTD March 2022, *SM Investments Corporation and Subsidiaries (the Group)* reported a higher *Net Income Attributable to Owners of the Parent* at P12.0 billion and *Revenues* at P112.1 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 March (Unaudited)			
	Revenues		Net Income	
	2022	2021	2022	2021
<b>Retail</b>	<b>67%</b>	73%	<b>16%</b>	13%
<b>Property</b>	<b>20%</b>	21%	<b>29%</b>	33%
<b>Banks</b>	<b>6%</b>	6%	<b>49%</b>	54%
<b>Portfolio</b>	<b>7%</b>		<b>6%</b>	

#### Retail

For YTD March 2022, SM Retail reported *Revenues* of P74.5 billion, 6.4% higher compared to the same period in 2021. The Non-Food stores reported a 19.7% growth in *Sales* driven by the SM Stores, SM Appliances, Toy Kingdom/Pet Express and Sports Central. The Food Stores reported *Sales* of P46.4 billion. Food Retail remained stable, reflective of underlying consumer resilience.

SM Retail generated P2.6 billion of *Net Income*, 61% higher compared to the same period in 2021. Food Stores registered a 5.5% increase in *Net Income*, Specialty Stores at 52% and the SM Stores at 104%.

Overall, Retail *Revenues* are 94% of 2019 pre-pandemic revenues, indicating pent-up demand especially for non-food items.

## Property

For YTD March 2022, SM Prime reported *Revenues* of P23.9 billion and *Net Income* of P7.4 billion, 15% higher compared to the same period in 2021.

The Philippine malls reported *Revenues* of P8.2 billion for YTD March 2022, 40% higher than in the same period last year. This is attributable to the further easing of community quarantine levels in key areas of the country which allowed more tenants to operate, boosting rental income by 34% to P7.6 billion.

SMDC reported *Revenues* of P12.0 billion for YTD March 2022 and reservation sales of P31.1 billion, mostly coming from its vertical residential developments in Mandaluyong, Paranaque and Makati.

SM Prime's other key businesses which include offices, hotels and convention centers reported a 30% growth in *Revenues* to PHP2.0 billion in the first quarter.

## Banks

For YTD March 2022, BDO reported a *Net Income* of P11.7 billion, 13% higher compared to the same period in 2021, driven by its core businesses. BDO maintained its conservative credit and provisioning policy with provisions at P3.7 billion compared to P2.9 billion in the same period in 2021, resulting in higher non-performing loans (NPL) coverage at 120.8%.

China Bank, on the other hand, reported a *Net Income* of P4.9 billion for YTD March 2022, 37% higher compared to the same period in 2021. *Net Interest Income* increased 15% on the back of higher earning assets and lower interest expense and operating expenses decreased by 8% from prudent cost management.

Provisions for credit losses were reduced by 65% to P780 million, reflecting an improved macro-economic outlook. The resulting NPL coverage was higher at 119%.

## Portfolio Investments

Growth in SM's portfolio investments was led by Atlas Consolidated Mining and Development Corporation which reported *Net Income* was up 191% to P1.2 billion for YTD March 2022 compared to the same period in 2021, boosted by higher production and higher metal prices.

## *Profit & Loss Statement - Account Analysis*

*Merchandise and Processed Food Sales*, which increased by 11.9% to P76.2 billion from P68.1 billion in 2021, accounted for 68% of total revenues in 2022.

As of March 31, 2022, there were 3,278 SM Retail stores in operation: 68 *SM Stores*, 60 *SM Supermarkets*, 213 *Savemore* stores, 52 *SM Hypermarkets*, 73 *WalterMart* stores, 1,270 *Alfamart* stores, 1 *Mindpro* store and 1,541 *Specialty* stores. In addition, there were

1,052 specialty stores under SM Retail's associate companies including Uniqlo and Watsons, among others. Alfamart added 63 new stores in the first quarter of 2022.

*Rent Revenues*, derived mainly from the mall operations of SM Prime, increased by 30% to P9.6 billion from P7.4 billion in 2021. The increase reflects the impact of further easing of community quarantine levels in the country which allowed more tenants to operate.

As of March 31, 2022, there were 85 malls in operation, 78 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 25% to P7.7 billion from P6.1 billion in 2021 mainly coming from BDO and China Bank.

*Shipping, Logistics and Other Services* of P2.9 billion was contributed by 2GO which became a subsidiary of SMIC starting May 2021. (see Note 4 of the unaudited interim consolidated financial statements).

*Cinema Ticket Sales, Amusement and Others* increased by 405% to P0.5 billion from P0.1 billion in 2021 as the cinema, leisure and entertainment businesses reopened its doors to patrons.

*Selling, General and Administrative Expenses* increased by 13.1% to P24.8 billion from P21.9 billion in 2021 reflecting the return to more normal operations of the various business units.

*Income from Operations* increased by 23% to P22.8 billion from P18.6 billion in 2021. *Operating Margin* and *Net Margin* in 2022 is at 20.4% and 15.0%, respectively.

*Other Charges (net)* remained at P3.3 billion in both periods. *Interest Expense* increased to P4.3 billion from P3.9 billion in 2021 due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 30% to P0.7 billion from P0.5 billion in 2021 due mainly to higher average balance of cash and time deposits.

*Provision for Income Tax* increased by 40% to P2.7 billion from P1.9 billion in 2021 due mainly to higher taxable income in 2022 and the adoption of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) in 2021 which provides for the retroactive application to July 01, 2020 of the lower corporate income tax.

*Non-controlling interests* increased by 20% to P4.8 billion from P4.0 billion in 2021 due mainly to the improved net income of partly-owned subsidiaries.

## Financial Position

As at March 31, 2022 and December 31, 2021

(amounts in billion pesos)

	03 / 31 / 2022 (Unaudited)	12 / 31 / 2021 (Audited)	% Change
Current Assets	P 306.3	P 302.1	1.4%
Noncurrent Assets	1,047.4	1,039.5	0.8%
<b>Total Assets</b>	<b>P 1,353.7</b>	<b>P 1,341.6</b>	<b>0.9%</b>
Current Liabilities	P 244.4	P 259.3	-5.7%
Noncurrent Liabilities	482.4	469.9	2.7%
<b>Total Liabilities</b>	<b>726.8</b>	<b>729.2</b>	<b>-0.3%</b>
<b>Total Equity</b>	<b>626.9</b>	<b>612.4</b>	<b>2.4%</b>
<b>Total Liabilities and Equity</b>	<b>P 1,353.7</b>	<b>P 1,341.6</b>	<b>0.9%</b>

Total Assets increased by 0.9% to P1,353.7 billion from P1,341.6 billion in 2021. On the other hand, total Liabilities decreased by 0.3% to P726.8 billion from P729.2 billion in 2021.

### Current Assets

Current Assets increased by 1.4% to P306.3 billion from P302.1 billion in 2021.

Cash and Cash Equivalents increased by 4.9% to P93.1 billion from P88.7 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 decreased by 2.2% to P72.9 billion from P74.6 billion in 2021 due mainly to collections from real estate buyers.

Inventories increased by 0.4% to P87.2 billion from P86.8 billion. This represents mainly the increase in Retail Group's merchandise inventories.

Other Current Assets increased by 2.3% to P52.3 billion from P51.1 billion in 2021 attributable mainly to higher input tax, prepaid taxes and bonds and deposits in 2022.

### Noncurrent Assets

Noncurrent Assets increased by 0.8% to P1,047.4 billion from P1,039.5 billion in 2021.

Investments in Associate Companies and Joint Ventures increased by 1.2% to P308.8 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.

Property and Equipment decreased by 1.7% to P37.9 billion from P38.6 billion due mainly to depreciation and disposals during the period.

*Investment Properties* increased by 1.1% to P469.0 billion from P463.8 billion in 2021 due mainly to land banking and ongoing new mall projects and commercial building construction.

### Liabilities

*Interest-bearing debt* increased by 2.4% to P475.0 billion from P464.1 billion in 2021 due to net loan availments in 2022.

*Accounts Payable and Other Current Liabilities* decreased by 8.8% to P149.6 billion from P164.0 billion in 2021 due mainly to payments for trade partly offset by accruals in 2022.

*Income Tax Payable* increased by 25% to 2.8 billion from P2.2 billion bulk of which represents yearend accruals that were settled in April 2022.

*Derivative Liabilities* decreased by 15.2% to P2.6B from P3.1 billion in 2021 representing the net change in the net fair value and maturity of hedging transactions.

*Deferred Tax Liabilities* increased by 4.6% to P16.5 billion from P15.8 billion in 2021 reflecting the net change in unrealized gross profit on sale of real estate.

### Equity

Total *Equity* increased by 2.4% to P626.9 billion from P612.4 billion in 2021.

*Equity Attributable to Owners of the Parent* increased by 2.2% to P445.9 billion from P436.4 billion in 2021. This increase resulted mainly from the P12.0 billion net income that is reflected in *Retained earnings* and the *Fair value Changes on Cash Flow Hedges* which amounted to gain of P0.7 billion in 2022 from loss of P1.0 billion in 2021. These were partly offset by the 13.8% decrease in *Cumulative Translation Adjustment* to P1.9 billion from P2.2 billion in 2021 and 26% decrease in *Unrealized Gain on Financial Assets at FVOCI* to P11.3 billion from P15.2 billion in 2021 due to lower market valuation of certain investments.

*Non-controlling Interests* increased by 2.8% to P181.0 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:

	03 / 31 / 2022	12 / 31 / 2021
Current Ratio	1.3	1.2
Acid Test Ratio	0.7	0.6
Solvency Ratio	10.7%	10.1%
Asset to Equity	2.2	2.2
Debt - Equity Ratios:		
On Gross Basis	43 : 57	43 : 57
On Net Basis	38 : 62	38 : 62
Return on Equity	9.5%	9.1%
Return on Assets	4.3%	4.1%
	YTD March 2022 (Unaudited)	YTD March 2021 (Unaudited)
Revenue Growth	15.7%	-12.8%
Net Margin	15.0%	13.9%
Net Income Growth	27%	5.1%
EBITDA ( <i>In Billions of Pesos</i> )	28.5B	23.3B
Interest Cover	6.6x	5.9x

*Acid Test Ratio* slightly increased to 0.7 from 0.6 in 2021 due to the 1.7% increase in Quick Assets and 5.7% decrease in *Current Liabilities*.

*Solvency Ratio* increased to 10.7% from 10.1% in 2021 due to the 5.9% increase in *Net income after tax* and depreciation vs. 0.3% decrease in *Total Liabilities*.

*Return on Equity* increased to 9.5% from 9.1% due to the 6.6% increase in net income attributable to owners of the parent vs. 2.1% increase in average equity.

*Return on assets* increased to 4.3% from 4.1% due to the 6.3% increase in net income after tax vs 2.6% increase in average assets.

*Revenue Growth* increased to 15.7% from -12.8% in 2021 due mainly to the 11.9% increase in *Merchandise and Processed Food* sales, 30% increase in *Rent Income*, 25% increase in *Equity in Net Earnings* and 405% increase in Cinema Ticket Sales, Amusement and Others. In 2021, all sources of revenues, except for *Real Estate Sales and Equity in Net Earnings*, had negative growth.

*Net Margin* and *Net Income Growth* increased to 15.0% and 27% from 13.9% and 5.1%, respectively.

*EBITDA* increased by 23% due to the P4.2 billion increase in income from operations and P1.1 billion increase in depreciation.

Interest Cover increased to 6.6x from 5.9x in 2021 due to the 23% increase in EBITDA vs. 10.5% 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  $\frac{\text{Total Interest Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds}}{\text{Total Equity + Total Interest-bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds}}$
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.

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

## PART I FINANCIAL INFORMATION

### Item 3. Aging of Accounts Receivable - Trade

As of March 31, 2022

(In Thousands)

Receivable from tenants		
Third party	₱	7,942,807
Related party		438,142
Receivable from real estate buyers		
- net of noncurrent portion		59,127,884
Shipping and logistics		2,914,262
Other trade receivables		211,551
Total	₱	<u><u>70,634,646</u></u>

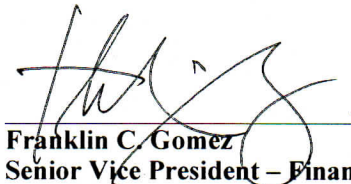
#### *Aging:*

Neither past due nor impaired	₱	58,331,629
Less than 30 days		3,791,867
31-90 days		1,735,591
91-120 days		1,501,208
Over 120 days		4,154,624
Impaired		1,119,727
Total	₱	<u><u>70,634,646</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**

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

Date: 05-12-2022