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(Company's Full Name)

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

Atty. Mary Rose S. Tan

Contact Person

(632) 8 632-3000

Company Telephone Number

SEC FORM

Definitive Information Statement

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Month

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Day

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FORM TYPE

2nd Tuesday of June

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SAN MIGUEL CORPORATION

NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS

June 9, 2026

The Regular Meeting of the Stockholders of San Miguel Corporation will be held on **Tuesday, June 9, 2026 at 2:00 P.M.**

The Stockholders' Meeting will be conducted via remote communication and livestreamed at the Company's website. Stockholders can attend the meeting by remote communication.

The Agenda for the Meeting is as follows.

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Regular Stockholders' Meeting held on June 10, 2025
3. Presentation of the Annual Report
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Approval of Directors' Fees for 2025
6. Appointment of External Auditors
7. Election of the Board of Directors
8. Other Matters
9. Adjournment

Stockholders who would like to attend the online meeting should access the 2026 SMC AGSM Website at <https://www.smc2026agsm.sanmiguel.com.ph> to obtain the following, namely:

- (a) the minutes of the 2025 Regular Stockholders' Meeting;
- (b) the resolutions of the Board of Directors beginning January 1, 2025 which will be available online beginning May 15, 2026;
- (d) the ballots and proxies to attend the meeting; and
- (e) the link to view the livestream of the meeting which will be available on the day of the meeting.

During the meeting, the Company shall entertain questions and comments from the stockholders after the presentation of the Annual Report. Questions and comments must be submitted either in advance or during the meeting by email to stockholders@sanmiguel.com.ph. Questions which were not answered during the meeting shall be forwarded to the Office of the Corporate Secretary for the appropriate response.

Ballots and proxies can be submitted via email at stockholders@sanmiguel.com.ph which submission shall be duly acknowledged and validated by the SMC Stock Transfer Service Corporation. For individual stockholders, the submissions must be accompanied by a copy of a government issued ID as proof of identification. For corporations, the submission must be accompanied by a certification from its Corporate Secretary stating the corporate officer's authority to represent and sign on behalf of the corporation. Kindly submit to the SMC Stock Transfer Service Corporation the original signed and notarized documents within a reasonable time after the resumption of regular business operations.

The deadline for submission of ballots and proxies is on **May 26, 2026**. Validation of ballots and proxies will be on **June 2, 2026**, at 10:00 a.m. at the SMC Stock Transfer Service Corporation Office, 2nd Floor, SMC Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City, Philippines.

Virgilio S. Jacinto
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

x

Definitive Information Statement
2. Name of Registrant as specified in its charter **SAN MIGUEL CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization **Philippines**
4. SEC Identification No. **PW 000277**
5. BIR Tax Identification No. **000-060-741-000**
6. Address of principal office Postal Code

No. 40 San Miguel Avenue, Mandaluyong City 1550
7. Registrant's telephone number, including area code **(02) 8632-3000**
8. Date, Time and Place of the meeting of security holders

Tuesday, June 9, 2026 at 2:00 P.M., via remote communication
9. Approximate date on which the Information Statement is first to be sent or given to security holders
May 15, 2026
10. Name of Person Filing the Statement: **San Miguel Corporation**
Address: **40 San Miguel Ave., Mandaluyong City 1550**
Telephone No.: **(02) 8632-3000**

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and approximate Debt Outstanding (as of March 31, 2026)
Common Shares	2,383,896,588
Series "2-L" Preferred Shares	165,358,600
Series "2-M" Preferred Shares	173,333,325
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	187,859,700
Series "2-P" Preferred Shares	171,370,380
Series "2-Q" Preferred Shares	53,815,840
Series "2-R" Preferred Shares	26,287,800
Series "2-S" Preferred Shares	179,837,540
Series "2-T" Preferred Shares	73,983,880
Series "2-U" Preferred Shares	<u>146,178,580</u>
TOTAL	3,662,037,733
Total Liabilities	Php2,190,650 million

12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [☒] No [☐]

If yes, disclose name of the Stock Exchange and class of securities listed therein:

Philippine Stock Exchange

- (a) **Common Shares**
- (b) **Series "2" Preferred Shares – 2-E¹**
- (c) **Series "2" Preferred Shares – 2-F²**
- (d) **Series "2" Preferred Shares – 2-G³**
- (e) **Series "2" Preferred Shares – 2-H⁴**
- (f) **Series "2" Preferred Shares – 2-I⁵**
- (g) **Series "2" Preferred Shares – 2-J⁶**
- (h) **Series "2" Preferred Shares – 2-K⁷**
- (i) **Series "2" Preferred Shares – 2-L**
- (j) **Series "2" Preferred Shares – 2-M**
- (k) **Series "2" Preferred Shares – 2-N**
- (l) **Series "2" Preferred Shares – 2-O**
- (m) **Series "2" Preferred Shares – 2-P**
- (n) **Series "2" Preferred Shares – 2-Q**
- (o) **Series "2" Preferred Shares – 2-R**
- (p) **Series "2" Preferred Shares – 2-S**
- (q) **Series "2" Preferred Shares – 2-T**
- (r) **Series "2" Preferred Shares – 2-U**

¹ Subject to trading suspension following their redemption on September 21, 2021.

² Subject to trading suspension following their redemption on September 22, 2025.

³ Subject to trading suspension following their redemption on March 30, 2021.

⁴ Subject to trading suspension following their redemption on December 21, 2022.

⁵ Subject to trading suspension following their redemption on March 30, 2026.

⁶ Subject to trading suspension following their redemption on October 29, 2025.

⁷ Subject to trading suspension following their redemption on December 10, 2025

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Annual Meeting

The annual stockholders' meeting of **San Miguel Corporation** (the "Company" or "SMC") will be held on **June 9, 2026 at 2:00 p.m.** via remote communication. The complete mailing address of the principal office of the Company is No. 40 San Miguel Avenue, Mandaluyong City, 1550, Metro Manila, Philippines.

The information statement is first to be sent to security holders approximately on **May 15, 2026**. The information statement together with its attachments shall be available at the Company's website and the PSE Edge Portal. The Notice of the Meeting was published in the business section of two (2) newspaper of general circulation, in print and online format, for two (2) consecutive days. Copies of the affidavit of publication are attached hereto as **Annexes "F-1" and "F-2"**.

YOU ARE NOT REQUESTED TO SEND US A PROXY.

Revocability of Proxies

A person giving a proxy may revoke it at any time before it is exercised. A proxy may be revoked through any of the following means: (1) filing with the Corporate Secretary, at least ten (10) working days before the scheduled meeting, a written notice revoking it; or (2) attending the meeting and voting in person. Mere attendance at the meeting will not automatically revoke a proxy.

Dissenters' Right of Appraisal

Under Title X of the Revised Corporation Code of the Philippines (the "Code"), stockholders dissenting from and voting against the proposed corporate action specified in Section 80 of the Code, may, within thirty (30) days, from the date on which the vote was taken, exercise the right of appraisal by making a written demand on the Company for payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action. These specific corporate actions are as follows: (a) amendment to the corporation's articles and By-laws which has the effect of (i) changing and restricting the rights of any shareholder or class of shares, (ii) authorizing preferences in any respect superior to those of outstanding shares of any class, or (iii) extending or shortening of term of corporate existence; (b) sale, lease, mortgage or other disposition of all or substantially all of the corporation's assets; (c) merger or consolidation; and (d) investment of corporate funds in another corporation or business or for any purpose other than its primary purpose. There are no matters submitted to the vote of the shareholders which could give rise to the exercise of the right of appraisal as provided by Title X of the Revised Corporation Code.

SOLICITATION INFORMATION

The Company is not soliciting proxies. A proxy form is provided to the stockholders of the Company and included in this Information Statement as **Annex "G"**.

Interest of Certain Persons in Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office. None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of March 31, 2026, the Company had the following outstanding shares of stock.

<u>Title of Each Class</u>	<u>Number of Shares of Common and Preferred Stock Outstanding as of March 31, 2025</u>
Common Shares	<u>2,383,896,588</u>
SUB-TOTAL (Common Shares)	2,383,896,588
Series “2-L” Preferred Shares	165,358,600
Series “2-M” Preferred Shares	173,333,325
Series “2-N” Preferred Shares	100,115,100
Series “2-O” Preferred Shares	187,859,700
Series “2-P” Preferred Shares	171,370,380
Series “2-Q” Preferred Shares	53,815,840
Series “2-R” Preferred Shares	26,287,800
Series “2-S” Preferred Shares	179,837,540
Series “2-T” Preferred Shares	73,983,880
Series “2-U” Preferred Shares	<u>146,178,580</u>
TOTAL Outstanding Shares	<u>1,278,140,745</u> 3,662,037,333

As of March 31, 2025, the following is the foreign ownership of the shares of stock of the Company.

Share Class	Foreign Shares	Percentage of Foreign Ownership	Local Shares/ Shares held by Filipinos	Percentage of Filipino Ownership	Total Shares Outstanding
Common	111,639,968	4.68%	2,272,256,620	95.32%	2,383,588
Preferred Series “2-I”	1,502,740	0.89%	167,830,660	99.11%	169,333,400
Preferred Series “2-L”	1,281,630	0.78%	164,830,660	99.22%	165,358,600
Preferred Series “2-M”	-	-	173,333,325	100.00%	173,333,325
Preferred Series “2-N”	1,625,640	1.62%	98,489,460	98.38%	100,115,100
Preferred Series “2-O”	499,440	0.27%	187,360,260	99.73%	187,859,700
Preferred Series “2-P”	897,340	0.52%	170,473,040	99.48%	171,370,380
Preferred Series “2-Q”	330,740	0.61%	53,485,100	99.39%	53,815,840
Preferred Series “2-R”	76,920	0.29%	26,210,880	99.71%	26,287,800
Preferred Series “2-S”	2,936,950	1.63%	176,900,590	98.37%	179,837,540
Preferred Series “2-T”	643,710	0.87%	73,340,170	99.13%	73,983,880
Preferred Series “2-U”	<u>894,120</u>	<u>0.61%</u>	<u>145,284,460</u>	<u>99.39%</u>	<u>146,178,580</u>
Total	122,329,198	3.19%	3,709,041,535	96.81%	3,831,370,733

A stockholder entitled to vote during the meeting has the right to vote in person or by proxy. Only stockholders of record at the close of business on **May 15, 2026** will be entitled to vote during the meeting.

The deadline for submission of proxies is on **May 26, 2026**. Validation of proxies will be on **June 2, 2026** at 10:00 a.m. at the SMC Stock Transfer Service Corporation Office, 2nd Floor, SMC Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City, Philippines.

Owners of more than 5% of the Company's voting⁸ securities (both common and preferred shares), as of March 31, 2026, are as follows.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Top Frontier Investment Holdings Inc. ⁹ 5 th Floor, ENZO Bldg., No. 339 Sen. Gil Puyat, Makati City	Iñigo Zobel, Filipino, Director of the Company, and Ramon S. Ang, Filipino, the Chairman and Chief Executive Officer of the Company, are beneficial owners of 52.82% and 34.86% ¹⁰ of the outstanding common stock of Top Frontier, respectively.	Filipino	1,472,668,340	40.21%
Common	PCD Nominee Corporation (Filipino) Makati City	Various individuals/ Entities	Filipino	314,844,533	35.59%
Series "2" Preferred Shares	PCD Nominee Corporation (Filipino) Makati City	Various individuals/ Entities	Filipino	988,427,230	
Common	Privado Holdings, Corp. 153 EDSA, Brgy. Wack-wack, Mandaluyong City	Ramon S. Ang, Filipino, as beneficial owner of 100% of the outstanding capital stock of Privado Holdings Corp.. ¹¹	Filipino	373,623,796 ¹²	10.20%

The following are the number of shares comprising the Company's capital stock (all of which are voting shares) owned of record by the President, directors, and key officers of the Company, as of March 31, 2026.

Name of Owner	Amount and Nature of Ownership		Citizenship	Total No. of Shares
	Common	Preferred		
Ramon S. Ang	1,345,429 (D) 368,140,516 (I) ¹³ 5,483,280 ¹⁴ 194,076,265 (I) ¹⁵ 143,642,255 (I) ¹⁶ 175,370,472 ¹⁷ 295,741 (I) ¹⁸		Filipino	888,353,958 (24.26%)
John Paul L. Ang	5,000 (D)		Filipino	5,000 (0.00%)

⁸ Common stockholders have the right to vote on all matters requiring stockholders' approval. The holders of the Series "2" Preferred Shares shall not be entitled to vote except in matters provided for in the Revised Corporation Code: amendment of Articles of Incorporation; adoption and amendment of By-laws; sale, lease exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property; incurring, creating or increasing bonded indebtedness; increase or decrease of capital stock; merger or consolidation with another corporation or other corporations; investment of corporate funds in another corporation or business; and dissolution.

⁹ The shares owned by Top Frontier Investment Holdings, Inc. are voted, in person or by proxy, by its authorized designate. As of March 31, 2026, Top Frontier Investment Holdings, Inc. has voting rights to a total of 1,472,668,340 common shares of the Company which represent about 61.78% of the outstanding common capital stock of the Company.

¹⁰ As of March 31, 2026, through Privado Holdings, Corp and Master Year Limited, both stockholders of record of Top Frontier.

¹¹ As of March 31, 2026.

¹² Inclusive of 368,140,516 common shares held in the name of Privado Holdings Corp. and 5,483,280 common shares which are lodged with the PDTC.

¹³ Through his 100% shareholdings in Privado Holdings Corp.

¹⁴ Through his 100% shareholdings in Privado Holdings, Corp. which has shares which are lodged with the PDTC.

¹⁵ Through his direct shareholdings in Master Year Limited which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹⁶ Through his direct shareholdings in Privado Holdings Corp. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹⁷ Through his direct shareholdings in Far East Holdings, Inc. which has shares in Top Frontier Investment Holdings, Inc. which in turn has shares in the Company.

¹⁸ Through his direct shareholdings in Top Frontier Investment Holdings, Inc. which has shares in the Company.

Cecile L. Ang	5,000 (D)		Filipino	5,000 (0.00%)
Aurora T. Calderon	22,600 (D)		Filipino	22,600 (0.00%)
Joselito D. Campos, Jr.	9,149 (D)		Filipino	9,149 (0.00%)
Jose C. de Venecia, Jr.	5,000 (D)		Filipino	5,000 (0.00%)
Douglas L. LuYm	5,000 (D)		Filipino	5,000 (0.00%)
Joseph N. Pineda	5,000 (D)		Filipino	67,715 (0.00%)
	62,715 (I)			
Felipe M. Medalla	5,000 (D)		Filipino	5,000 (0.00%)
Ernesto M. Pernia	5,000 (D)		Filipino	5,000 (0.00%)
Alexander J. Poblador	5,000 (D)		Filipino	5,000 (0.00%)
Thomas A. Tan	5,000 (D)		Filipino	5,000 (0.00%)
Margarito B. Teves	5,000 (D)		Filipino	5,000 (0.00%)
Bryan U. Villanueva	5,000 (D)		Filipino	5,000 (0.00%)
Iñigo Zobel	16,171 (D)		Filipino	777,887,552 (20.30%)
	777,871,381 (I) ¹⁹			
Virgilio S. Jacinto	180,830 (D)		Filipino	180,830 (0.01%)
Lorenzo G. Formoso III	20,000 (D)		Filipino	20,000 (0.00%)
Cecile Caroline U. De Ocampo	1,950 (D)	47,800 (I)	Filipino	49,750 (0.00%)
Bella O. Navarra	116,913 (D)	65,000 (I)	Filipino	181,913 (0.00%)
Susan Y. Yu	0 (N/A)		Filipino	0 (0.00%)

(D) – direct

(I) – indirect

The aggregate number of shares directly or indirectly owned of record by the Chief Executive Officer, key officers and directors (as a group) of the Company, as of March 31, 2026, is 1,667,098,567 or approximately 43.52% of the outstanding capital stock of the Company.

The aggregate number of shares owned of record of all officers and directors (as a group) of SMC, as of March 31, 2026, is 1,667,421,855 shares or approximately 43.53% of the Company's outstanding capital stock.

Voting Trust

There is no person holding more than 5% of the Company's voting securities under a voting trust arrangement.

Changes in Control

The Company is not aware of any change of control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

¹⁹ Through his 52.82% shareholdings in the common stock of Top Frontier Investment Holdings, Inc.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The names of the incumbent and nominee directors, and key executive officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions held in the last five (5) years, are as follows.

Board of Directors

Name	Age	Citizenship	Position
Ramon S. Ang	72	Filipino	Chairman and Chief Executive Officer
John Paul L. Ang	46	Filipino	President and Chief Operating Officer
Cecile L. Ang	44	Filipino	Director
Aurora T. Calderon	71	Filipino	Director
Joselito D. Campos, Jr.	74	Filipino	Director
Ernesto M. Pernia	81	Filipino	Director
Joseph N. Pineda	62	Filipino	Director
Alexander J. Poblador	72	Filipino	Director
Thomas A. Tan	72	Filipino	Director
Bryan U. Villanueva	56	Filipino	Director
Iñigo Zobel	69	Filipino	Director
Douglas L. LuYm	84	Filipino	Independent Director
Felipe M. Medalla	76	Filipino	Independent Director
Margarito B. Teves	82	Filipino	Independent Director
Lorenzo G. Formoso III	64	Filipino	Nominee
Antonio S. Abacan, Jr.	82	Filipino	Nominee – Independent Director

Ramon S. Ang is the Chairman and the Chief Executive Officer since June 11, 2024. He was President and CEO from November 2, 2021 until June 11, 2024. He was the Vice Chairman of the Company from January 28, 1999 until June 11, 2024. He was the President and Chief Operating Officer since March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of the Company for twenty-seven (27) years since 1999. He is the Chairman of the Executive Committee of the Company. He also holds, among others, the following positions in other publicly listed companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of the Board of Directors of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia); and Chairman of the Board of San Miguel Food and Beverage, Inc. He is also the Chairman of the Board of San Miguel Brewery Inc.; Chairman of the Board and Chief Executive Officer, and President and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairman of the Board and President of San Miguel Holdings Corp., SMC Tollways Corporation, SMC SLEX, Inc., San Miguel Properties, Inc., and San Miguel Aerocity Inc.; Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp.; Chairman of the Board of San Miguel Foods, Inc., Eagle Cement Corporation, San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Philippine Diamond Hotel & Resort, Inc., San Miguel Equity Investments Inc., and SEA Refinery Corporation; President and Chief Executive Officer of Northern Cement Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of the Board of Privado Holdings, Corp. He is also a director of Metro Pacific Investments Corp. and President of New NAIA Infra Corp. Mr. Ang has held directorships in various domestic and international subsidiaries of the Company in the last five (5) years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on December 5, 2025.

John Paul L. Ang is the Vice Chairman, President and Chief Operating Officer since June 11, 2024. He was elected as a director of the Company on January 21, 2021 and has been a member of the Board of Directors for five (5) years. He is also a Member of the Executive Committee of the Company. Mr. Ang holds directorships in other listed companies namely, Petron Corporation, San Miguel Food and Beverage, Inc., Ginebra San Miguel Inc. and Top Frontier Investment Holdings, Inc. He is also the President and Chief Executive Officer of San Miguel Food and Beverage Inc. since 2024, Eagle Cement Corporation since 2008, Solid North Mineral Corp., and Southwestern Cement Corporation since 2017. He is the President of San Miguel Equity Investments, Inc. He is also the Vice Chairman of San Miguel Global Power Holdings Corp. since 2021. He is the Chairman, President and Managing Director of San Miguel Brewing International Limited. He is also a director of San Miguel Brewery Inc., SMC Tollways Corporation, San Miguel Aerocity, Inc., Trans-Aire Development Holdings Corp., and SMC SLEX Inc. Mr. Ang holds directorships in various SMC domestic and international subsidiaries. He is the President of Armstrong Ash-fly and Logistics Company Inc. Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on December 5, 2025.

Cecile L. Ang was elected as a Director of the Company on June 10, 2025. She is a Director of Ginebra San Miguel Inc. since May 30, 2024. She is also a Director of the Philippine Stock Exchange, Inc. She is also a director in other subsidiaries of the San Miguel Group. She is also a Director of Armstrong Fly-Ash and Logistics Company, Inc., and Board Advisor of Bank of Commerce. She is the Chairman of San Miguel Foundation Inc and originated the Better World Centers of the San Miguel Foundation. She currently the President of Diamond Hotel Philippines. She obtained her Bachelor of Arts with a degree in European Studies from the Ateneo de Manila University. On October 25, 2025, she attended the corporate governance training conducted by Center for Global Best Practices.

Aurora T. Calderon has been a director of the Company since June 10, 2014. She has been a member of the Board of Directors of the Company for nine (9) years. She is also Senior Vice President and the Senior Executive Assistant to the Chairman and Chief Executive Officer of SMC. She is a member of the Audit and Risk Oversight Committee, Corporate Governance Committee, Related Party Transactions Committee and Sustainability Committee of the Company. She holds the following positions in other publicly listed companies, namely: Director and Treasurer of Top Frontier Investment Holdings, Inc.; and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation, San Miguel Brewery Inc., San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia). She is also a member of the Board of Directors of San Miguel Global Power Holdings Corp., SMC Tollways Corporation, SMC SLEX, Inc., San Miguel Equity Investments Inc., and San Miguel Aerocity Inc. She is the President of Petrogen Insurance Corporation. A certified public accountant, Ms. Calderon graduated magna cum laude from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various SMC domestic and international subsidiaries. As a director of a number of companies including listed companies, Ms. Calderon has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on December 5, 2025.

Joselito D. Campos, Jr. has been a Director since May 31, 2010. He has been a member of the Board of Directors of the Company for fifteen (15) years. He is the Managing Director and Chief Executive Officer of Del Monte Pacific Ltd., President and Chief Executive Officer of Del Monte Philippines, Inc. He is also the Chairman of the Board and Chief Executive Officer of the NutriAsia Group of Companies, Chairman of the Board of Fort Bonifacio Development Corp. and Vice Chairman of the Board of Ayala Greenfield Development Corp. He is also a Director of FieldFresh Foods (P) Ltd. He was the former Chairman of the Board and Chief Executive Officer of United Laboratories, Inc. and its regional subsidiaries and affiliates. He is also the Honorary Consul in the

Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and a member of the WWF (World Wildlife Fund) for Nature - Philippines. He graduated with a degree in BS Commerce, Major in International Business from the University of Santa Clara, California and a Masters in Business Administration degree from Cornell University, New York. As a director of a number of companies including listed companies, Mr. Campos has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global and Best Practices on December 5, 2025.

Ernesto M. Pernia was elected as a Director of the Company on August 4, 2022 and is a Member of the Audit and Risk Oversight Committee of the Company. Mr. Pernia was the Secretary of Socioeconomic Planning and Director General of the National Economic and Development Authority of the Philippines from 2016 until 2020. Since 2013, he has served as Professor Emeritus of Economics, University of the Philippines (U.P.), after having been on the faculty of the U.P. School of Economics for several years. He likewise held the position of Lead Economist at the Asian Development Bank from 1999-2003. Mr. Pernia obtained his MA Economics degree from the University of Bridgeport, Connecticut in 1969, his AB Economics degree from the University of San Carlos in 1967, his degree of Bachelor of Theology from the UST Central Seminary in 1965, and his AB in Philosophy degree from the San Carlos Major Seminary (Cebu) in 1963. Mr. Pernia has served as Chairman of the Board of Trustees of the University of San Carlos, and a Director on the board of the Philippine-American Academy of Science and Engineering. He was also a former President of the Philippine Economic Society. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Joseph N. Pineda was elected as a Director of the Company on June 10, 2025. He is the Senior Vice President and Deputy Chief Finance Officer. Effective June 1, 2021, he was also appointed Head of Treasury of SMC. Effective February 1, 2025, Mr. Pineda was appointed Treasurer of SMC replacing Mr. Constantino. Mr. Pineda holds directorships in various SMC domestic and international subsidiaries. He is a Director of San Miguel Holdings Corp. SMC Mass Rail Transit 7 Inc., San Miguel Aerocity Inc., SMC Tollways Corporation, SMC Skyway Corporation, SMC SLEX Inc., and Anchor Insurance Brokerage Corporation. He was formerly Vice President prior to his promotion on July 27, 2010 and has been the Deputy Chief Finance Officer since December 2005. He was previously Special Projects Head of SMC since January 2005. Mr. Pineda has a degree of Bachelor of Arts in Economics from San Beda College and obtained units towards a Masters in Business Administration degree from De La Salle University. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Alexander J. Poblador has been a Director of the Company since September 1, 2009 and a Member of the Related Party Transactions Committee and Sustainability Committee of the Company. He has been a member of the Board of Directors of the Company for fifteen (15) years. He is the Founding Partner and Chairman of the Executive Committee of Poblador Bautista & Reyes Law Office. Atty. Poblador is a practicing lawyer, specializing in the fields of commercial litigation, international arbitration, real estate finance and project development, bankruptcy and corporate reorganization. He also sits as a member of the Board of Directors of Alpha Aviation Group (Phil), Inc., Alsa Industries, Inc., Delfi Foods Inc., Delfi Marketing Inc., Xytron International, Inc. and B-Light Universal Trading, Inc. He is a graduate of the University of the Philippines with a degree in Bachelor of Laws *cum laude*, class valedictorian, and Bachelor of Arts in Political Science *cum laude*. He also holds a Master of Laws degree from the University of Michigan, at Ann Arbor, School of Law (De Witt Fellow). As a director of a number of companies including listed companies, Atty. Poblador has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

Thomas A. Tan was elected as a Director of the Company on June 10, 2025. He was elected as a Director of the Company on June 14, 2012. He was a member of the Board of Directors of the Company for 10 years until his resignation on July 31, 2022. He is the President and General Manager of SMC Shipping and Lighterage Corporation and its subsidiaries, director of San Miguel Foods, Inc., Aerofuel Storage Management Inc., Jethandler Asia Services Inc.; Chairman of Picanto de Alta Realty Corp.; Chairman and President of Kyron Landholdings, Inc. and President of Saturn Cement Corporation and Sakomoto International Packaging Corp. He obtained a degree in Bachelor of Science, Major in Physics in 1974 from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management in 1976. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Bryan U. Villanueva was elected as a Director of the Company on June 10, 2025. He is the Senior Vice President and Chief Finance Officer of the Company effective February 1, 2025. He was formerly SVP for Special Corporate Projects – Office of the President of SMC since November 2023 and Chief Finance Officer of San Miguel Aerocity Inc., a position which he has held since 2020. He has been a consultant of SMC since 2018. Prior to joining SMC, Mr. Villanueva was the Managing Director, Global Head of Finance Sponsors Coverage at Standard Chartered Bank (Singapore) from 2008 to 2017. He was previously with Framework Capital Corporation (Singapore) as Director from 2006 to 2008, Executive Director at UBS Investment Bank (Hong Kong) from 2002 to 2006 and an Associate at Goldman Sachs (US/Singapore/Hong Kong) from 1998 to 2002. In 1991, he obtained a degree in BS Management Engineering from Ateneo de Manila University. He also has a Masters degree in Business Administration, Major in Finance from Wharton Business School. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Iñigo U. Zobel has been a Director of the Company since October 2009 and was an Independent Director of the Company from May 5, 1999 until October 2009. He has been a member of the Board of Directors of the Company for twenty five (25) years. He is a Member of the Executive Committee of the Company. He holds the position of Chairman of the Board of Top Frontier Investment Holdings, Inc. and is a Director of PAL Holdings, Inc., which are both publicly listed companies. He is also the Chairman of the Board and President of Zygnnet Prime Holdings Inc.; Chairman of the Board of IZ Investment Holdings, Inc. and E. Zobel, Inc.; Director of E. Zobel Foundation, Inc. Calatagan Golf Club, Inc., Calatagan Bay Realty, Inc., Hacienda Bigaa, Inc., MERMAC, Inc., among others. He was formerly Chairman (2015-2016), Vice Chairman (since 2016) and President (since 2015) of Manila North Harbour Port, Inc., Philippine Airlines, Inc., and President and Chief Operating Officer of Air Philippines Corporation. He was formerly an Independent Director of San Miguel Brewery Inc., San Miguel Pure Foods Company, Inc., San Miguel Properties, Inc., and Ginebra San Miguel, Inc. He attended Santa Barbara College, California, U.S.A. As a director of a number of companies including listed companies, Mr. Zobel has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by Center for Global Best Practices on December 5, 2025.

Douglas L. LuYm was elected as an independent director of the Company on June 10, 2025. Mr. LuYm is currently the President of Pallisades City, Inc. Far East Corn Refining Co., and Associated Brokerage System, Inc. He is Chairman of Magna Holding, Inc. and Chairman and President of Lu Do & Lu Ym Corp. He is a Director, Treasurer and Executive Vice President of Mactan Electric Company, Inc. He is also a Director of United Coconut Chemicals, Inc. He earned a degree in Business Administration from the Sta. Clara University, California in 1964. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Felipe M. Medalla was elected as an Independent Director of the Company on August 8, 2024. He was the Governor and Chairman of the Monetary Board of the Bangko Sentral ng Pilipinas from July 1, 2022 to July 2, 2023. He is an Independent Director of Asia United Bank Corporation, Rural Bank of Angeles and G-Exchange Inc. He was a member of the Monetary Board from 2011 to 2022. He was the Secretary of the Socio-Economic Planning and Director General of the

National Economic and Development Authority from 1998 to 2001. Prior to being a member of the Monetary Board, he spent 35 years as a member of the academe. He was Dean of the School of Economics at the University of the Philippines – Diliman from 1994 to 1998, where he was also a Professor from 1991 to 2011, and an Instructor, Assistant Professor and Associate Professor from 1976 to 1991. Dr. Medalla obtained his PhD degree in Economics from the Northwestern University, Evanston Illinois, USA in 1983. He earned his MA Economics degree from the University of the Philippines in 1976, and his AB-BSC (Economics-Accounting) degree cum laude from De La Salle University in 1970. Mr. Medalla attended the training conducted by Center for Global Best Practices on December 5, 2025.

Margarito B. Teves was elected as an Independent Director of the Company on June 14, 2012 and is the Chairman of the Audit and Risk Oversight Committee and a Member of the Corporate Governance Committee and Related Party Transactions Committee of the Company. He has been a member of the Board of Directors of the Company for thirteen (13) years. He is also an Independent Director of Petron Corporation, a publicly listed company, SMC Tollways Corporation (formerly, Atlantic Aurum Investments Philippine Corporation), AB Capital Investment Corp., Alphaland Corporation, Alphaland Balesin Island Club, Inc., Alphaland Corporation, The City Club at Alphaland Makati Place, Inc., and Atok-Big Wedge Corporation. He is also the Managing Director of The Wallace Business Forum and Chairman of the Board of Think Tank Inc. and a director of Pampanga Sugar Development Co. He was Secretary of the Department of Finance of the Philippine government from 2005 to 2010, and was previously President and Chief Executive Officer of the Land Bank of the Philippines from 2000 to 2005, among others. He holds a Master of Arts in Development Economics from the Center for Development Economics, Williams College, Massachusetts and is a graduate of the City of London College, with a degree of Higher National Diploma in Business Studies which is equivalent to a Bachelor of Science in Business Economics. As a director of a number of companies including listed companies, Mr. Teves has attended various trainings and seminars on Corporate Governance in the past five (5) years, the most recent of which is the training conducted by SGV & Co. on September 8, 2025.

Antonio S. Abacan, Jr. is nominated as an independent director of the Company. He is an independent Director of San Miguel Food and Beverage Inc. and a member of its Audit Committee and Board Risk Oversight and Sustainability Committee since June 5, 2024. He served as a member of the Monetary Board of the Bangko Sentral ng Pilipinas from July 3, 2017 until July 2, 2023. Prior to his appointment to the Monetary Board, Mr. Abacan was President and Chair of Metropolitan Bank & Trust Company, and President and Director of Metrobank Card Corporation and Philippine Savings Bank. He also served as Chair for First Metro Investment Corporation. He holds a Bachelor of Science in Business Administration Major in Banking and Finance at Mapua Institute of Technology and Major in Accounting at Far Eastern University. He attended an Executive Program at the Graduate School of Business, Stanford University and earned his Doctorate Degree in Business Administration (Honoris Causa) at the Philippine Women's University.

Lorenzo G. Formoso III is nominated as a director of the Company. He is a Senior Vice President and Head of SMC Infrastructure Business. Atty. Formoso holds various directorships in various local and offshore subsidiaries of SMC. He is a member of the Board of Directors of SMC SLEX, Inc., SMC Mass Rail Transit Inc., SMC Tollways Corporation, SMC Skyway Corporation, SMC Skyway Stage 3 Corporation, SMC TPLEX Corporation, Trans Aire Development Holdings Corp., and Manila North Harbour Port, Inc.. Previously, he was a consultant of the Company for Infrastructure and Transportation from July 2009 to August 2010. He was previously Assistant Secretary of the Department of Transportation and Communication of the Philippine Government from September 2006 to June 2009 and Deputy Commissioner of the Commission on Information and Communications Technology. He obtained his Juris Doctor degree from University of California, Davis School of Law and a degree in Bachelor of Arts in Philosophy from the University of the Philippines. Atty. Formoso is a director in various SMC subsidiaries. On December 5, 2025, he attended the corporate governance training conducted by Center for Global Best Practices.

Director Attendance Report

Below is the attendance report of the members of the Board of Directors of the Company in the Company's Board meetings for 2025:

Regular Board, Stockholders and Organizational Board Meetings										
Name of Directors	16 Jan	13 Mar	27 Mar SSM	08 May	10 June Board ASM Org	03 July	07 Aug	11 Sept	13 Nov	04 Dec
Ramon S. Ang	√	√	√	√	√√	√	√	√	√	√√
John Paul L. Ang	√	√	√	√	√√	√	√	√	√	√√
Aurora T. Calderon	√	√	√	√	√√	√	√	√	√	√√
Joselito D. Campos, Jr.	√	√	√	√	√√	√	√	√	√	√√
Jose C. De Venecia, Jr.	√	√	√	√	**	√	√	√	√	√
Menardo R. Jimenez	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A
Teresita J. Leonardo-De Castro	√	√	√	√	√√	N/A	N/A	N/A	N/A	N/A
Felipe M. Medalla	√	√	√	√	√√	√	√	√	√	√√
Estelito P. Mendoza	**	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diosdado M. Peralta	√	√	√	√	√√	N/A	N/A	N/A	N/A	N/A
Ernesto M. Pernia	√	√	√	√	√√	√	√	√	√	√√
Alexander J. Poblador	√	√	√	√	√√	√	√	√	√	√√
Reynato S. Puno	√	√	√	√	√√	N/A	N/A	N/A	N/A	N/A
Margarito B. Teves	√	√	√	√	√√	√	√	√	√	√√
Iñigo Zobel	√	√	√	√	√√	√	√	√	√	√√
Cecile L. Ang*	N/A	N/A	N/A	N/A	√√	√	√	√	√	√√
Douglas L. LuYm*	N/A	N/A	N/A	N/A	√√	√	√	√	√	√√
Joseph N. Pineda*	N/A	N/A	N/A	N/A	√√	√	√	√	√	√√
Thomas A. Tan*	N/A	N/A	N/A	N/A	√√	√	√	√	√	√√
Bryan U. Villanueva*	N/A	N/A	N/A	N/A	√√	√	√	√	√	√√

* Absent
√ (Present) Meeting via zoom videoconference
√√ (Present) Meeting in person

Below is the attendance report of the members of the Board of Directors of the Company in the Company's Committee meetings for 2025:

Executive Committee ²⁰	No meeting held			
Ramon S. Ang				
John Paul L. Ang				
Menardo R. Jimenez				
Estelito P. Mendoza				
Iñigo Zobel				
Aurora T. Calderon				
Douglas L. LuYm				

²⁰ Ms. Aurora T. Calderon and Mr. Douglas L. LuYm, were elected as the new members of the Executive Committee during the Organizational Board Meeting held on June 10, 2025.

Audit and Risk Oversight Committee²¹	13 Mar	08 May	07 Aug	13 Nov
Margarito B. Teves (Chairperson, Independent)	√	√	√	√
Teresita J. Leonardo-De Castro	√	√	N/A	N/A
Estelito P. Mendoza	√	x	N/A	N/A
Diosdado M. Peralta	√	√	N/A	N/A
Reynato S. Puno	√	√	N/A	N/A
Aurora T. Calderon	N/A	N/A	√	√
Douglas L. LuYm	N/A	N/A	√	√
Felipe M. Medalla	N/A	N/A	√	√
Ernesto M. Pernia	N/A	N/A	√	√
Corporate Governance Committee²²	16 Jan	10 Jun	03 Jul	07 Aug
Reynato S. Puno (Chairperson, Independent)	√	√	N/A	N/A
Aurora T. Calderon	√	√	√	√
Menardo S. Jimenez	√	√	N/A	N/A
Diosdado M. Peralta	√	√	N/A	N/A
Margarito B. Teves	√	√	√	√
Douglas L. LuYm	N/A	N/A	√	√
Felipe M. Medalla (Chairperson, Independent)	N/A	N/A	√	√
Alexander J. Poblador	N/A	N/A	√	√
Related Party Transactions Committee²³	13 Mar			
Teresita J. Leonardo-De Castro (Chairperson, Independent)	√			
Joselito D. Campos, Jr.	√			
Alexander J. Poblador	√			
Reynato S. Puno (Independent)	√			
Margarito B. Teves (Independent)	√			
Aurora T. Calderon	N/A			
Felipe M. Medalla (Chairperson, Independent)	N/A			
Douglas L. LuYm (Independent)	N/A			
Sustainability Committee²⁴	13 Mar			
Teresita J. Leonardo-De Castro (Chairperson, Independent)	√			
Aurora T. Calderon	√			
Diosdado M. Peralta (Independent)	√			
Ernesto M. Pernia	√			
Alexander J. Poblador	√			
Cecile L. Ang	N/A			
Douglas L. LuYm (Chairperson, Independent)	N/A			
Felipe M. Medalla	N/A			
Margarito B. Teves	N/A			

²¹ Ms. Aurora T. Calderon, Mr. Douglas L. LuYm, Mr. Felipe M. Medalla and Mr. Ernesto M. Pernia were elected as the new members of the Audit and Risk Oversight Committee during the Organizational Board Meeting held on June 10, 2025.

²² Mr. Felipe M. Medalla, Mr. Douglas L. LuYm and Atty. Alexander J. Poblador were elected as new members of the Corporate Governance Committee during the Organizational Board Meeting held on June 10, 2025.

²³ Mr. Felipe M. Medalla, Ms. Aurora T. Calderon and Mr. Douglas L. LuYm, were elected as new members of Related Party Transactions Committee during the Organizational Board Meeting held on June 10, 2025.

²⁴ Mr. Douglas L. LuYm, Ms. Cecile L. Ang, Mr. Felipe M. Medalla and Mr. Margarito B. Teves, were elected as new members of Sustainability Committee during the Organizational Board Meeting held on June 10, 2025.

Officers

Name	Age	Citizenship	Position
Virgilio S. Jacinto	69	Filipino	Senior Vice President – General Counsel, Compliance Officer and Corporate Secretary
Aurora T. Calderon	71	Filipino	Senior Vice President – Senior Executive Assistant to the Office of the Chairman
Bryan U. Villanueva	57	Filipino	Senior Vice President – Chief Finance Officer
Joseph N. Pineda	62	Filipino	Senior Vice President – Deputy Chief Finance Officer and Treasurer
Bella O. Navarra	65	Filipino	Senior Vice President and Comptroller
Lorenzo G. Formoso III	64	Filipino	Senior Vice President – Head of SMC Infrastructure Business
Cecile Caroline U. De Ocampo	60	Filipino	Senior Vice President - Head of Corporate Mergers and Acquisitions
Susan Y. Yu	50	Filipino	Senior Vice President - Head of Corporate Procurement

Virgilio S. Jacinto is the Senior Vice President - Corporate Secretary, General Counsel, and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc. and Corporate Secretary of Ginebra San Miguel, Inc. and other subsidiaries and affiliates of SMC. He is a Director of Petron Corporation and a member of the Board of Trustees and Corporate Secretary of the San Miguel Foundation, Inc. He is the President of SMC Stock Transfer Service Corporation. He was formerly the Vice President and First Deputy General Counsel from 2006 to 2010 and appointed as SMC General Counsel in 2010. He was Director and Corporate Secretary of United Coconut Planters Bank, Partner at Villareal Law Offices and Associate at SyCip, Salazar, Feliciano & Hernandez Law Office. Atty. Jacinto was an Associate Professor at the University of the Philippines, College of Law until his retirement. He obtained his law degree from the University of the Philippines *cum laude* where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Master of Laws degree from Harvard Law School. He holds various directorships in various local and offshore subsidiaries of SMC. On September 8, 2025, he attended the corporate governance training conducted by SGV&Co.

Cecile Caroline U. De Ocampo is the Senior Vice President and Head of Corporate Mergers and Acquisitions of SMC. She has been the head of Corporate Mergers and Acquisitions since 2016. She has been an officer of the Company since 2002 as Assistant Vice President for Planning and Project Development, and later as Vice President in 2007. She was Planning and Product Development Manager of the Company since 2002. She has been with the Company in various positions since 1990 and has been with Corporate Planning and Development since 2002 until 2007. She is a graduate of Ateneo de Manila University with a degree in BS Management Engineering. On December 5, 2025, she attended the corporate governance training conducted by Center for Global Best Practices.

Bella O. Navarra is the Senior Vice President and Comptroller of the Company. Ms. Navarra holds various directorships in various local and offshore subsidiaries of SMC. She is the Chief Finance Officer of Top Frontier Investment Holdings, Inc. and a Director of San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC Stock Transfer Service Corporation, and Anchor Insurance Brokerage Corporation. Since 2000, Ms. Navarra was VP and Comptrollership Manager of the Company. Prior to joining SMC, Ms. Navarra was Vice President – Office of the Treasurer at SGV & Company from 1989 to 2000. She was also audit manager at PCI Bank from 1980 to 1989. She

graduated with a degree in BS Accounting from the University of the East. On December 5, 2025, she attended the corporate governance training conducted by Center for Global Best Practices.

Susan Y. Yu is the Senior Vice President of the Company and Head of Corporate Procurement. Ms. Susan Yu holds various directorships in various local and offshore subsidiaries of SMC. She is a Director of SMC Skyway Corporation, SMC SLEX Inc., Petrogen Insurance Corporation, and New NAIA Infra Corp. Prior to this appointment, Ms. Susan Yu was Vice President for Special Projects at Petron Corporation from January to February 2024, and Vice President, Senior Procurement Manager at Petron Corporation from April 2009 to December 2023. She was also AVP and Senior Procurement Manager at San Miguel Brewery Inc. from March 2008 to March 2009, AVP and Senior Procurement Manager at CSU from 2006 to 2008 and was at CSU Corporate Procurement from 2003 to 2006. She was Fuel Purchasing and Risk Management Manager at Philippine Airlines from 1997 to 2003. She graduated with a degree in BS Management from De La Salle University and has an MBA from Ateneo de Manila University. On September 8, 2025, she attended the corporate governance training conducted by SGV&Co.

Term of Office

Pursuant to the Company's By-laws, the directors are elected at each annual stockholders meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

The nominees for election to the Board of Directors on June 9, 2026 are as follows:

1. Ramon S. Ang
2. Cecile L. Ang
3. John Paul L. Ang
4. Aurora T. Calderon
5. Joselito D. Campos, Jr.
6. Lorenzo G. Formoso III
7. Ernesto M. Pernia
8. Joseph N. Pineda
9. Alexander J. Poblador
10. Thomas A. Tan
11. Bryan U. Villanueva
12. Inigo Zobel
13. Antonio S. Abacan, Jr. –Independent Director
14. Douglas L. LuYm – Independent Director
15. Felipe M. Medalla – Lead Independent Director

Independent Directors

The incumbent independent directors of the Company are as follows:

1. Douglas L. LuYm
2. Felipe M. Medalla
3. Margarito B. Teves – Lead Independent Director

The incumbent independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of the incumbent independent directors are attached hereto as **Annexes "A-1", "A-2", and "A-3"**. The Certification of the nominee independent director is attached hereto as **Annex "A-4"**.

The nominees for election as independent directors of the Board of Directors on June 9, 2026 are as follows:

Nominees for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Antonio S. Abacan, Jr.	Ramon S. Ang	None
Douglas L. LuYm	Ramon S. Ang	None
Felipe M. Medalla	Ramon S. Ang	None

In approving the nominations for independent directors, the Corporate Governance Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in Securities Regulation Code (“SRC”) Rule 38 and the Manual for Corporate Governance of the Company.

The nominations for the election of all directors by the stockholders shall be submitted in writing to the Board of Directors through the Corporate Secretary on or before such date that the Board of Directors may fix, provided that such date shall be prior to the stockholders’ meeting. The nominations were forwarded to the Corporate Governance Committee which determined the qualifications of the nominees and prepared a final list of nominees eligible for election. No other nominations are entertained after the final list of candidates is prepared.

Under Section 2, Article III of the Company's By-laws, (i) any stockholder having at least five thousand (5,000) shares registered in his name may be elected Director, and (ii) a person engaged in any business which competes with or is antagonistic to that of the Company as defined in Section 2, Article III of the Company's By-laws is not qualified or eligible for nomination or election to the Board of Directors.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 2, Article III of the Company’s By-laws.

Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

Family Relationships

Mr. John Paul L. Ang, the President and Chief Operating Officer of the Company and Ms. Cecile L. Ang, a director of the Company, are children of Mr. Ramon S. Ang. Other than Mr. John Paul L. Ang and Ms. Cecile L. Ang, there are no other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the Company’s directors, executive officers or persons nominated or chosen by the Company to become its directors or executive officers.

Certain Relationships and Related Transactions

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) which are not in the Company’s ordinary course of business.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of SMC have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of

competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in SMC.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and four (4) senior executive officers of the Company are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Chief Executive Officer and Senior Executive Officers ²⁵	2026 (estimated)	₱226.6 Million	₱68.0 Million	₱5.0 Million	₱299.6 Million
	2025	₱220.8 Million	₱71.5 Million	₱22.8 Million	₱315.1 Million
	2024	₱162.8 Million	₱149.2 Million	₱23.7 Million	₱335.7 Million
All other officers and directors as a group unnamed	2026 (estimated)	₱359.6 Million	₱108.1 Million	₱58.0 Million	₱525.7 Million
	2025	₱406.4 Million	₱164.5 Million	₱89.9 Million	₱660.8 Million
	2024	₱354.7 Million	₱126.7 Million	₱76.4 Million	₱557.8 Million
Total	2026 (estimated)	₱586.2 Million	₱176.1 Million	₱63.0 Million	₱825.3 Million
	2025	₱627.2 Million	₱236.0 Million	₱112.7 Million	₱975.9 Million
	2024	₱517.5 Million	₱275.9 Million	₱100.1 Million	₱893.5 Million

Section 10 of the Amended By-laws of the Company provides that the Board of Directors shall receive as compensation no more than 2% of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board deems proper. The Company provides each director with reasonable per diem of ₱50,000 and ₱20,000 for each Board and Committee meeting attended, respectively. In 2025, the members of the Board of Directors of the Company approved an aggregate amount of ₱79,131 million. In 2024, the members of the Board of Directors of the Company were paid an aggregate amount of ₱79,45 million.

The following are the directors fees received by the directors, and the respective per diems for 2025 received for their attendance in Board and Committee meetings:

Name of Director	Per Diems	Directors' Fees	Total
1. Ramon S. Ang	₱500,000.00	₱4,826,031.70	₱5,326,031.70
2. John Paul L. Ang	₱500,000.00	₱4,826,031.70	₱5,326,031.70
3. Cecile L. Ang	₱250,000.00	-	₱250,000.00
4. Aurora T. Calderon	₱660,000.00	₱4,826,031.70	₱5,486,031.70
5. Joselito D. Campos, Jr.	₱520,000.00	₱4,826,031.70	₱5,346,031.70
6. Teresita L. De Castro	₱330,000.00	₱4,826,031.70	₱5,156,031.70
7. Jose C. De Venecia, Jr.	₱450,000.00	₱4,826,031.70	₱5,276,031.70
8. Menardo R. Jimenez	₱290,000.00	₱4,826,031.70	₱5,116,031.70
9. Douglas L. LuYm	₱330,000.00	-	₱330,000.00
10. Felipe M. Medalla	₱580,000.00	₱4,021,693.08	₱4,601,693.08
11. Estelito P. Mendoza	₱70,000.00	-	-
12. Diosdado M. Peralta	₱350,000.00	₱4,826,031.70	₱5,176,031.70
13. Ernesto D. Pernia	₱560,000.00	₱4,826,031.70	₱5,386,031.78

²⁵ The Chief Executive Officer and senior executive officers of the Company for 2026 and 2025 are Ramon S. Ang, John Paul L. Ang, Aurora T. Calderon, Virgilio S. Jacinto and Bryan U. Villanueva. The Chief Executive Officer and senior executive officers of the Company for 2024 are Ramon S. Ang, John Paul L. Ang, Ferdinand K. Constantino, Aurora T. Calderon, and Virgilio S. Jacinto.

14. Joseph N. Pineda	₱250,000.00	-	₱250,000.00
15. Alexander J. Poblador	₱580,000.00	₱4,826,031.70	₱5,406,031.70
16. Reynato S. Puno	₱350,000.00	₱4,826,031.70	₱5,176,031.70
17. Thomas A. Tan	₱200,000.00	-	₱200,000.00
18. Margarito B. Teves	₱680,000.00	₱4,826,031.70	₱5,506,031.70
19. Bryan U. Villanueva	₱250,000.00	-	₱250,000.00
20. Iñigo U. Zobel	₱500,000.00	₱4,826,031.70	₱5,326,031.70
TOTAL	₱8,250,000.00	₱66,760,105.18	₱74,960,105.18

The Long-Term Incentive Plan for Stock Options (“LTIP”) of the Company grants stock options to eligible senior and key management officers of the Company as determined by the Committee administering the said Plan. Its purpose is to further and promote the interests of the Company and its shareholders by enabling the Company to attract, retain and motivate senior and key management officers, and to align the interests of such officers and the Company’s shareholders.

On March 1, 2007, the Company approved the grant of options to 822 executives consisting of 18.31 million shares. On June 25, 2009 and June 26, 2008, the Company approved the grant of options to 755 executives consisting of 5.777 million shares and to 742 executives consisting of 7.46 million shares, respectively.

As of March 31, 2026, there are no more outstanding options under the LTIP held by the President and Chief Executive Officer and Senior Executive Officers of the Company, and officers and middle managers as a group. There are no more outstanding, exercised and cancelled options to date.

There were no employment contracts between the Company and a named executive officer. There were neither compensatory plans nor arrangements with respect to a named executive officer.

ACTION WITH RESPECT TO REPORTS

The approval of the following will be considered and acted upon at the meeting:

1. Management Report of the Company for the year ended December 31, 2025;
2. Minutes of the 2025 Annual Stockholders’ Meeting with the following items:
 - i. Certification of Notice and Quorum
 - ii. Approval of the Minutes of the Regular Stockholders' Meeting held on June 11, 2024 and the Special Stockholders Meetings held on August 8, 2024 and March 27, 2025
 - iii. Presentation of the Annual Report
 - iv. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
 - v. Approval of Directors’ Fees for 2024
 - vi. Appointment of External Auditors
 - vii. Election of the Board of Directors
 - viii. Other Matters
 - ix. Adjournment

3. Ratification of all the acts of the Board of Directors and Officers since the 2025 Annual Stockholders' Meeting which include:
 - a) Appointment of Mr. Bryan U. Villanueva as Chief Finance Officer and Mr. Joseph N. Pineda as Treasurer effective February 1, 2025.
 - b) Amendment of the Internal Audit Charter.
 - c) Redemption of all the outstanding US\$500,000,000 Senior Perpetual Capital Securities under the US\$3,000,000,000 Medium Term Note and Securities Programme effective in July 29, 2025.
 - d) Amendment of the By-laws of the Corporation, pursuant to the authority of the Stockholders of the Corporation in the meeting held on March 27, 2025, by the affirmative vote of 2/3rd of the total outstanding capital stock of the Corporation, as follows:
 - i. Section 1, Article II - Change the percentage threshold for the stockholders to request to call a meeting from majority of the subscribed capital stock to at least ten percent (10%) of the subscribed capital stock.
 - ii. Section 2, Article II - Change in the relevant date of sending of notices of the regular stockholders meeting from at least ten (10) days prior to the date of the meeting to at least twenty one (21) calendar days prior to the date of the meeting.
 - iii. Section 1-A(a), Article III - Change in the number of independent directors from two (2) to three (3).
 - iv. Section 6, Article III - Change in the notice of regular and special board meetings from no notice requirement for regular meetings and twenty-four hours prior notice for special meetings to two (2) days prior to the scheduled meetings.
 - v. Section 10, Article III – Provides for the additional requirement of securing the approval of the stockholders of the Corporation for the payment of the compensation of the members of the Board of Directors.
 - e) Amendment to the Manual on Corporate Governance of the Corporation, as follows:
 - i. Independent Directors - Section 2.2.1.6 of the Manual has been amended to state that the Corporation shall have at least three (3) independent directors. The previous language of the provision stated that it [i.e., the Corporation] shall endeavour to have three independent directors.
 - ii. Sustainability Committee – The provisions of Section 2.2.2.4 include the Sustainability Committee as one of the Board Committees of the Corporation.
 - iii. Rotation of external auditors – Section 2.2.5.4 has been amended to reflect the provisions of SRC Rule 68 Implementing Rules on the rotation of external auditors to be in accordance with the provisions of the Code of Ethics for Professional Accountants. The current provision states that the external auditor or audit partner shall be changed every five (5) years. The current code of ethics allows for a rotation of seven (7) years, which is a practice that is adopted by the Corporation.

- f) Redemption of the outstanding and issued Two Hundred Twenty-Three Million Three Hundred Thirty-Three Thousand Five Hundred (223,333,500) Series “2” Preferred Shares-Subseries F (the “SMC2F Preferred Shares”), at a redemption price of P75.00 per share, together with any unpaid cash dividends, other than the dividends declared on August 7, 2025 for holders of the SMC2F Preferred Shares as of September 21, 2025 which shall be paid on October 3, 2025.
 - g) Redemption of the outstanding and issued Two Hundred Sixty-Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty Seven (266,666,667) Series “2” Preferred Shares-Subseries J (the “SMC2J Preferred Shares”) at a redemption price of P75.00 per share, together with any unpaid cash dividends.
 - h) Redemption of the outstanding and issued One Hundred Eighty-Three Million Nine Hundred Four Thousand Nine Hundred (183,904,900) Series “2” Preferred Shares-Subseries K (the “SMC2K Preferred Shares”) at a redemption price of P75.00 per share, together with any unpaid cash dividends.
 - i) Offer to Exchange to the holders of the 266,666,667 SMC2J Preferred Shares and 183,904,900 SMC2K Preferred Shares, (collectively, the “Exchange Shares”) at a rate of exchange of one Exchange Share to one of any of the Series 2 Preferred Shares, to be re-issued in three (3) subseries, namely Subseries 2-P, 2-Q, 2-R which will be re-issued from the treasury Series “2” Preferred Shares of the Corporation (the “Offer Shares”); the filing of the (i) Confirmation of Exempt Transaction for the exchange of the Exchange Shares to the Offer Shares and (ii) application for voluntary tender offer, as may be required by the Securities and Exchange Commission (the “SEC”); and filing of the listing application with the Philippine Stock Exchange for the Series "2" Preferred Shares.
 - j) Public offering of Php20,000,000,025.00 worth of 266,666,667 Series “2” Preferred Shares, with an oversubscription option of Php10,000,000,050.00 worth of 133,333,334 Series “2” Preferred Shares at an offer price of P75 per share (the “Public Offer Shares”), to be issued in three (3) subseries, namely Subseries 2-S, 2-T, 2-U (the "Public Offer Shares") at an offer price of Php75 per share; the filing of the appropriate Registration Statement and Prospectus with the Securities and Exchange Commission; and the filing of the listing application with the Philippine Stock Exchange for the Series "2" Preferred Shares;
 - k) Issuance of peso-denominated fixed-rate notes (“Notes”) in the amount of up to ₱10.0 Billion that shall be enrolled at the Philippine Dealing Exchange and are exempt from registration with the Securities and Exchange Commission since they will be sold only to qualified institutional buyers. The proceeds from the issuance of the Notes for the issue will be used to: (i) refinance and redenominate US Dollar obligations of the Corporation, (ii) general corporate purposes, and (iii) pay fees and expenses arising from the issuance.
 - l) declaration of cash dividends for the common and preferred shares;
 - m) appointment of corporate officers; and
 - n) approval of signing authorities and limits.
4. Approval of Directors’ Fees for 2025
 5. Appointment of External Auditors
 6. Election of the Board of Directors

Copies of the Minutes of the 2025 Annual Stockholders' Meeting, and the resolutions of the Board of Directors since the date of the 2025 Annual Stockholders' Meeting will be available for viewing and examination at <https://www.smc2026agsm.sanmiguel.com.ph>. A copy of the Minutes of the 2025 Annual Stockholders' Meeting is also attached hereto as **Annex "D"**, and excerpts of the resolutions are attached as **Annex "H"**. The 2025 Annual Stockholders Meeting Minutes, among others, contain the following information:

1. Voting and vote tabulation procedures used in the 2025 meeting (page 1);
2. A list of the directors or trustees, officers and stockholders or members who attended the meeting (page 1);
3. The questions and answers discussed during the open forum (pages 5 and 6);
2. The matters discussed and resolutions reached (pages 2 to 9); and
3. A record of the voting results for each agenda item (pages 10 to 11)

DIRECTORS FEES FOR 2025

The grant and the amount of compensation of the members of the Board of Directors require the approval of at least a majority of the outstanding capital stock of the Company, as provided by Section 29 of the Code. Further, the same provision limits the annual compensation to not more than 10% of the net income before tax of the corporation during the preceding year. Directors are also not to participate in the determination of their own per diems or compensation.

Article III, Section 10 of the Amended By-laws of the Company provides that the Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year net of general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties.

In compliance with the foregoing, the Corporate Governance Committee of the Company, in accordance with the proposal of Management endorsed for approval by the Board the payment of directors' fees for 2024, which shall be paid after the approval by the stockholders of the Company. The said amount does not exceed 2% of the consolidated net income of the Company for 2025 which is ₱94.678 billion.

VOTING PROCEDURES

For the election of directors, the 15 nominees with the greatest number of votes will be elected as directors.

Shareholders vote by ballot, and approved by the majority of the shareholders present or represented at the meeting as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one vote. In case of election of directors, cumulative voting as set out in page 4 of this Information Statement shall be adopted. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors and the stock transfer agent of the Company.

FINANCIAL AND OTHER INFORMATION

Brief Description of the General Nature and Business of the Company

San Miguel Corporation (“SMC”, or the “Parent Company”), together with its subsidiaries (collectively referred to as the “Group”), is one of the largest and most diversified conglomerates in the Philippines by revenues and total assets, with sales equivalent to approximately 5.3% of the Philippine Gross Domestic Product in 2025.

Originally founded in 1890 as a single product brewery in the Philippines, SMC today owns market-leading businesses and investments in various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, cement, property development and leasing, car distributorship, and banking services. SMC has a portfolio of companies that is interwoven into the economic fabric of the Philippines, benefiting from, as well as contributing to the development and economic progress of the nation. The common shares of SMC were listed on the Manila Stock Exchange, now The Philippine Stock Exchange, Inc. (“PSE”) on November 5, 1948.

Since adopting its business diversification program in 2007, SMC has channeled its resources into what it believes are attractive growth sectors, which are aligned with the development and growth of the Philippine economy. SMC believes that continuing this strategy and pursuing growth plans within each business will achieve a more diverse mix of sales and operating income, and better position for SMC to access capital, present different growth opportunities, and mitigate the impact of downturns and business cycles.

SMC, through its subsidiaries and affiliates, has become a market leader in its businesses with 55,024 regular employees and more than 100 production facilities in the Asia-Pacific region as of December 31, 2025. SMC’s extensive portfolio of products include beer, spirits, non-alcoholic beverages (“NAB”), poultry, animal feeds, flour, fresh and processed meats, dairy products, coffee, various packaging products, a full range of refined petroleum products and cement products, most of which are market leaders in their respective markets. Through its subsidiaries, San Miguel Global Power Holdings Corp. (San Miguel Global Power) and SMC Infrastructure, it operates one of the Philippines’ largest and most diversified power portfolios, including gas, coal, battery storage, hydro and natural gas, and holds concession rights to over 1,160 kilometers of roads across Metro Manila and key regions of Luzon. In addition, SMC contributes to the growth of downstream industries and sustains a network of hundreds of third-party suppliers.

Through the partnerships it has forged with major international companies, the Group has gained access to the latest technologies and expertise, thereby enhancing its status as a world-class organization.

SMC continues to develop strategic partnerships with global industry leaders. SMC’s current partners include Kirin Holdings Company Limited (“Kirin”) for beer, Hormel Netherlands B.V. (“Hormel”) for processed meats, Korea-Water Resources Corporation (“K-Water”) for the power business and Nihon Yamamura Glass Co. Ltd. (“NYG”) and Fuso Machine & Mold Manufacturing Co. Ltd. (“Fuso”) for packaging products.

Major developments in the Group are discussed in the Management’s Discussion and Analyses of Financial Position and Financial Performance, attached hereto as **Annex “C”**, and in Note 5, Investments in Subsidiaries, and Note 11, Investments and Advances, of the Audited Consolidated Financial Statements attached hereto as **Annex “B”**.

Businesses

Food and Beverage

San Miguel Food and Beverage, Inc., (“SMFB”) is a leading food and beverage company in the Philippines. The brands under which SMFB produce, market, and sell its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include *San Miguel Pale Pilsen*, *San Mig Light* and *Red Horse* for beer, *Ginebra San Miguel* for gin, *Magnolia* for chicken, dairy, ice cream, flour mixes and salad aids, *Monterey* for fresh and marinated meats, *Purefoods* and *Purefoods Tender Juicy* for refrigerated and canned meats and prepared meals, *Star* for non-refrigerated margarine and processed meats, *Dari Crème* for refrigerated margarine, *San Mig Super Coffee* for coffee, *B-MEG* for animal feeds, *NutriChunks* and *AlphaPro* for dog food, and *Majesty* for cat food.

SMFB has three primary operating divisions - (i) Beer and NAB, (ii) Spirits, and (iii) Food. The Beer and NAB and Spirits divisions comprise the beverage business (the “Beverage business”). SMFB operates its Beverage business through San Miguel Brewery Inc. and its subsidiaries (“SMB” or the “Beer and NAB Division”) and Ginebra San Miguel Inc. and its subsidiaries (“GSMI” or the “Spirits Division”). The Food business (the “Food Division”) is managed through a number of other subsidiaries engaged in the food and animal feeds, pet care and veterinary medicines businesses including San Miguel Foods, Inc. (“SMFI”), Magnolia Inc. (“Magnolia”), The Purefoods-Hormel Company, Inc. (“PF-Hormel”), San Miguel Mills, Inc. (“SMMI”) and San Miguel Super Coffeemix Co., Inc. (“SMSCCI”) (collectively, the “Food Division”). SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Division

The Beer and NAB Division is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include *San Miguel Pale Pilsen*, *Red Horse*, *San Mig Light*, and *Gold Eagle*. Its flagship brand, *San Miguel Pale Pilsen*, has a history of over 135 years which was first produced by *La Fabrica de Cerveza de San Miguel*, which started as single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC. The Beer and NAB Division also produces NAB such as ready-to-drink tea, ready-to-drink juice, and carbonates.

SMB markets its beer under the following brands: *San Miguel Pale Pilsen*, *Red Horse*, *Red Horse Super*, *San Mig Light*, *San Miguel Flavored Beer*, *San Miguel Super Dry*, *San Miguel Premium All-Malt*, *San Miguel Cerveza Negra*, *San Miguel Cerveza Blanca*, *San Mig Zero* and *Gold Eagle*. SMB also produces *San Mig Free*, an alcohol-free, non-fermented beverage with no added caloric and non-caloric sweeteners, as well as *San Mig Hard Seltzer*, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor. Further, SMB exclusively distributes *Kirin Ichiban* in the Philippines.

In 2024, SMB launched the limited-edition *San Miguel Chocolate Lager*, a full-bodied dark beer with a rich dark chocolate taste, subtle caramel notes, and topped with a creamy head that brings out a delectable roasted malt aroma.

In 2025, SMB introduced the limited-edition *San Miguel Mango Yuzu*, a Belgian-style wheat beer with natural mango and yuzu flavors and real fruit juice.

SMB’s NAB business portfolio includes *Magnolia Cali*, a sparkling non-alcoholic drink, *Magnolia Healthtea* (ready-to-drink tea), *Magnolia Fruit Drink* (ready-to-drink juice), and *Magnolia Flavored Water* (still flavored water). In 2025, SMB shifted its *Magnolia Fruit*

Drink flavors to *Magnolia Healthtea* while *Magnolia Flavored Water* was discontinued to focus its portfolio on *Magnolia Cali* and *Magnolia Healthtea*.

San Miguel Brewing International Limited and its subsidiaries (“SMBIL”) also offer the *San Miguel Pale Pilsen*, *San Mig Light* brands in Hong Kong, China, Thailand, Vietnam, Indonesia, and most export markets, and *Red Horse* in Thailand, China, Hong Kong, Vietnam, and selected export markets, as well as *Red Horse Super* in key African export markets, in addition to locally available brands: *Valor* and *Blue Ice* (Hong Kong), *Dragon* (South China), *WIN Bia* (Vietnam), and *Anker* and *Kuda Putih* (Indonesia).

SMBIL likewise sells a portfolio of specialty beers including *San Mig Zero* in Thailand and United Arab Emirates, *San Miguel Flavored Beer* in Vietnam, Taiwan, Japan, United Arab Emirates, and the United States, *San Miguel Cerveza Negra* in Hong Kong, China, Vietnam, Indonesia, Thailand, United States, South Korea, and Taiwan, as well as *San Miguel Cerveza Blanca* in Hong Kong, Thailand, Vietnam, Indonesia, South Korea, Singapore, and Taiwan.

Meanwhile, as part of its NAB portfolio, SMBIL carries *San Miguel NAB* and *San Miguel Flavored NAB* in Korea and Saudi Arabia.

Spirits Division

The Spirits Division is the leading spirits producer in the Philippines and the largest gin producer internationally by volume. It is the market leader in gin and Chinese wine in the Philippines. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum and other spirits. GSMI traces its roots to a family-owned Spanish era distillery that introduced the *Ginebra San Miguel* brand in 1834. The distillery was then acquired by La Tondeña Incorporada in 1924, and thereafter by SMC in 1987 to form La Tondeña Distillers, Inc. In 2003, it was renamed to Ginebra San Miguel Inc. in honor of the pioneering gin brand.

GSMI has a diverse product portfolio that caters to the varied preference of the local market. Core brands *Ginebra San Miguel*, *Vino Kulafu*, and *GSM Blue*, the leading brands in the gin and Chinese wine categories, accounted for 99% of GSMI’s total revenues. The other products that complete the liquor business of GSMI comprise about 1% of its total revenues. These products are available nationwide while some are exclusively exported to select countries.

GSMI exports products to markets with high concentration of Filipino communities such as the United Arab Emirates, Taiwan, India, Cayman Islands, New Zealand, Canada, Japan, Australia, Hong Kong, Saipan, Malta, British Virgin Islands, Singapore, Macau and the United States of America. It also produces *Tondeña Manila Rum* that is for export only.

With the onset of the Corona Virus Disease 2019 (COVID-19) pandemic in early March 2020, GSMI pivoted its production facilities to produce disinfecting 70% ethyl alcohol and donated over 1.3 million liters of such disinfectant alcohol around the country. In the third quarter of 2020, GSMI commercially launched *San Miguel Ethyl Alcohol* to provide supply of disinfectant alcohol in the local market as well as help stabilize the price.

Food Division

The Food Division holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional, and food service customers. The Food Division has some of the most recognizable brands in the Philippine food, animal feeds, and pet care industries, including *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids, *Timplados* for ready-to-cook chicken products, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated processed meats, ready-to-eat cooked meals, canned meats, and seafood line, *Veega* for plant-based protein food products, *Star* for non-refrigerated

margarine and processed meats, *Dari Crème* for refrigerated margarine, *San Mig Super Coffee* for coffee, *B-MEG* for animal feeds, *NutriChunks* and *AlphaPro* for dog food and other products, and *Majesty* for cat food.

The Food Division has a diversified product portfolio that ranges from branded value-added refrigerated meats and canned meats, ready-to-eat cooked meals, seafood, plant-based protein, butter, margarine, cheese, milk, ice cream, salad aids, flour mixes, and coffee products (collectively “Prepared and Packaged Food”) to integrated feeds, pet care, and veterinary medicines (“Animal Nutrition and Health”), poultry and fresh meats (“Protein”), as well as flour milling, bulk grain handling and storage, foodservice, and international operations (“Others”).

The key operating segments, products, brands and services for each of the primary businesses of the Food Division: Prepared and Packaged Food, Animal Nutrition and Health, Protein and Others.

- a) ***Prepared and Packaged Food*** - The Prepared and Packaged Food segment includes refrigerated meats, canned meats, ready-to-eat meals, dairy, ice cream, spreads, salad aids, and coffee. The major operating subsidiaries for the Prepared and Packaged Food segment are PF-Hormel, Magnolia and SMSCCI. PF-Hormel, a 60:40 joint venture with Hormel Netherlands, B.V. produces and markets value-added refrigerated processed meats and canned meat products. The joint venture agreement, which was entered into in 1998, sets out the parties’ agreement as shareholders of PF-Hormel, including, among others, provisions on technical assistance and sharing of know-how, the use of trademarks, fundamental matters requiring shareholders or Board of Director’s (BOD)’s approval, exclusivity covenants, and restrictions on the transfer of PF-Hormel shares.

Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, and other ready-to-eat meals and meat free products, which are sold under the brand names *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Higante*, *Purefoods Beefies*, *Vida*, *Purefoods Nuggets*, *Purefoods Ready-to Eat* and *Veega*. Canned meats, such as corned beef, luncheon meats, sausages, sauces, meat spreads and ready-to-eat viands, are sold under the *Purefoods*, *Star* and *Ulam King* brands.

The dairy and spreads business, primarily operated through Magnolia, manufactures and markets a variety of bread spreads, milk, ice cream, salad aids and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated margarine and cheese sold primarily under the *Magnolia*, *Dari Crème*, *Star*, *Cheezee*, *Quickmelt*, *Daily Queso*, and *Buttercup* brands. Dairy products under the *Magnolia* brand include ready-to-drink *Magnolia Pure Fresh Milk* and *Chocolait*, *Gold Label* ice cream and all-purpose cream. Flour mixes and salad aids like mayonnaise, sandwich spreads and dressings, are likewise marketed and sold under the *Magnolia* brand. The margarine brands, *Star* and *Dari Crème*, established in 1931 and 1959 respectively, were acquired in the 1990s.

The coffee segment under SMSCCI is a 70:30 joint venture between SMFB and a Singaporean partner, Jacobs Douwe Egberts RTL SCC SG Pte. Ltd., formerly Super Coffee Corporation Pte. Ltd. SMSCCI imports, packages, markets, and distributes coffee mixes in the Philippines.

- b) ***Animal Nutrition and Health*** - The Animal Nutrition and Health segment produces compound feeds, pet care products, and veterinary medicines. The operating subsidiary for the Animal Nutrition and Health segment is SMFI. Commercial feed products include hog feeds, layer feeds, broiler feeds, free range fowl feeds, duck feeds, aquatic feeds, quail feeds, branded feed concentrates, and specialty and customized feeds. These feeds are marketed and sold under various brands such as *B-MEG*, *B-MEG Premium*, *B-MEG Expert*, *B-MEG Bonanza*, *B-MEG Mega Mash*, *Jumbo*, *B-MEG Integra*, *B-MEG Powermaxx*, *B-MEG Essential*, and *Pureblend*. SMFI likewise markets and sells dog food

under the *NutriChunks* and *AlphaPro* brands, and cat food under the *Majesty* brand. Other dog treats and supplements are also marketed under *NutriChunks*. Further, SMFI sells various veterinary medicines and preparations under *San Miguel Animal Health Care*.

- c) **Protein** - SMFI is also the operating subsidiary for the business' Protein segment, which sells poultry and fresh meats products. The poultry business operates a vertically-integrated production process that spans from broiler breeding to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand, which includes fresh-chilled or frozen whole and cut-up products. A wide variety of fresh and easy-to-cook products, such as those under the brand *Magnolia Chicken Timplados*, are sold in supermarkets, *Manukang Bayan*, wet markets, and through community sellers. The poultry business also sells customized products to foodservice, supplies supermarket house brands, serves chicken products to wet markets through distributors, and sells live chickens to dealers.

The fresh meats business breeds, grows, and processes hogs and trades beef and pork products. Its operations include breeding, growing, and slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood and supermarket meat shops under the well-recognized *Monterey* brand name.

- d) **Others** - Flour milling, the manufacture and marketing of premixes and baking ingredients, foodservice and international operations, are categorized under Others. The bulk of this segment is accounted for by the flour milling business and grain terminal operation.

The flour milling segment operates under SMMI. SMMI owns Golden Bay Grain Terminal Corporation, which provides grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investment in real properties.

The flour milling business offers a variety of flour products that includes bread flour, noodle flour, biscuit and cracker flour, all-purpose flour, cake flour, whole wheat flour, customized flour, and flour premixes, such as pancake mix, cake mix, brownie mix, *pan de sal* mix, and *puto* (or rice cake) mix. The business pioneered the development of customized flours for specific applications, such as noodles and *pan de sal*, a soft bread commonly eaten in the Philippines for breakfast. Flour products are sold under brand names which enjoy strong brand loyalty among its institutional clients and other intermediaries, such as bakeries and biscuit and noodle manufacturers.

The Food Division currently has operations in Vietnam. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. ("SMPFVN") in Vietnam, is a wholly-owned subsidiary of San Miguel Foods International, Limited. It is in the business of production and marketing of processed meats which are sold under the *Le Gourmet* brand.

Great Food Solutions ("GFS"), a group under SMFI, is the foodservice selling arm of the Prepared and Packaged Food and Flour Milling segments primarily catering to key foodservice chain accounts. These include quick service restaurants, convenience stores, pizza chains, and bakeshops. GFS markets and sells foodservice formats of the value-added meats, dairy, spreads, coffee, and flour businesses. For smaller foodservice accounts, the Food Division engages third-party distributors for the selling and distribution of their products.

Packaging

The packaging business began operations in 1938 with the establishment of a glass plant that supplied glass bottles for the beer and non-alcoholic beverage products of SMC. Collectively known as the Packaging Group, the business is comprised of: 1) San Miguel Yamamura Packaging Corporation (“SMYPC”) and its subsidiaries, SMC Yamamura Fuso Molds Corporation (“SYFMC”), a joint venture between SMYPC and Japan’s Fuso Machine & Mold Manufacturing Co., Ltd. and the only manufacturer of glass and plastics molds in the country; Can Asia, Inc. (“CAI”), a pioneer in the production of two-piece aluminum cans; and Wine Brothers Philippines Corporation, a wholly-owned subsidiary of SMYPC that is involved in the sale and distribution of wine products; 2) San Miguel Yamamura Packaging International Limited (“SMYPIL”) and its subsidiaries; and 3) Mindanao Corrugated Fireboard, Inc. (“Mincorr”), a manufacturer of corrugated paper carton.

SMYPC and SMYPIL are both joint venture corporations between SMC and NYG.

SMYPC owns all of the domestic plants of the Packaging Group, except the corrugated carton plant, Mincorr, which is 100% owned by SMC. Mincorr is, nevertheless, being managed by SMYPC.

The Packaging Group manages one of the largest packaging operations in the Philippines with diversified businesses producing glass, molds, metal and plastic closures, aluminum cans, plastic bottles, pallets and crates, flexibles, paper, and other packaging products that offer a total packaging solution. The Packaging Group also provides other services such as beverage filling for Polyethylene Terephthalate (“PET”) bottles, aluminum cans, and glass bottles, pallet leasing, and logistics services. In support of sustainability initiatives, the Packaging Group is also engaged in recycling operations through its sustainability center, and in the offer of plastic credits in accordance with the Extended Producer Responsibility Act of 2022.

It is the major provider of packaging requirements of other business units of SMC and a supplier to other external customers, which include major multinational corporations in the Philippines, including Coca-Cola Europacific, Aboitiz Philippines, Inc., Nestle Philippines, Inc., and Pepsi Cola Products Philippines, Inc.

The Packaging Group also caters to customers across the Asia Pacific region, the United States of America, and Australasia, including San Miguel Beer Breweries in China, Vietnam, Indonesia, and Thailand. Notably, it has 17 operational international packaging companies located in China (glass, plastic, paper and trading of packaging products), Vietnam (glass and metal), Malaysia (composite, plastic films, woven bags, and radiant/thermal liners), Australia (trading of packaging products, retail/online packaging, cargo protection and materials-handling products, plastic manufacturing, wine closures, and wine filling services) and New Zealand (plastic manufacturing and trading of packaging products).

The Packaging Group’s businesses are as follows:

- a) **Glass** - The glass business is the Packaging Group’s largest business segment. Currently, there are three glass manufacturing facilities, and one glass and PET mold plant in the Philippines, which service the requirements of the industrial sector, beverage, food, chemical, personal care, and health care industries.
- b) **Metal** - The metal business manufactures metal caps, crowns, resealable caps, and two-piece aluminum beverage cans for a range of industries that include beer, spirits, soft drinks, condiments, and food. In 2012, SMYPC formed CAI, as a joint venture with CANPACK S.A. (“CANPACK”), to modernize the two-piece aluminum can manufacturing business. In 2018, CAI expanded its product line to offer 180 ml aluminum

cans. Utilizing the know-how and technologies of CANPACK on can manufacturing, CAI is now capable to produce aluminum cans and ends in three categories - regular (standard), sleek, and slim cans. CAI operates the pioneer two-piece aluminum can plant in the Philippines.

On September 29, 2022, SMYPC and CANPACK executed a Share Purchase Agreement for the purchase by SMYPC of the 3,500,000 common shares of CANPACK in CAI, giving SMYPC 100% ownership of CAI.

To date, CAI is capable of producing six can sizes.

- c) **Plastics** - The plastics business, the second largest business of the Packaging Group, produces crates and pallets, poultry flooring, plastic bottles, PET preforms and bottles, plastic caps and handles to serve the beer, liquor, non-alcoholic beverages, food, pharmaceutical, personal care, petroleum, and industrial applications industries. The plastics business also contributes to sustainability initiatives through recycling programs and the offer of plastic credits.
- d) **Beverage Filling** - The beverage filling operations is capable of filling beverages in two-piece aluminum cans as well as PET and glass bottles. The business has expanded its capability to include a retort process to serve coffee, milk, and chocolate drinks.
- e) **Paper** - The paper business produces corrugated cartons and partition boxes. It supplies the carton packaging needs of a broad range of manufacturing and agricultural industries.
- f) **Composites/Flexibles** - The composites/flexible packaging business manufactures flexible packaging, plastic films, industrial laminates, trademarked *Envirotuff* radiant barrier and woven bags. Customers for this segment include companies in the food, beverages, personal care, chemical and healthcare industries. It also provides composite materials for various industries including construction, semiconductor, and electronics sectors.

Energy

The Energy business, which is conducted through San Miguel Global Power Holdings Corp. (“San Miguel Global Power”), together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 5,710 MW of combined capacity as of December 31, 2025 based on the Energy Regulatory Commission (“ERC”) Resolution Adjusting Grid Market Share Limitation for 2025. Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC’s market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid. Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 KW, 3,443,158 KW, 4,287,600 KW and 28,390,074 KW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025). San Miguel Global Power benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and battery energy storage systems (“BESS”). This portfolio includes:

- a) the power plant subject of the Independent Power Producer Administration (“IPPA”) Agreement with the Power Sector Assets and Liabilities Management Corp. (“PSALM”), specifically the 345 MW San Roque Multipurpose Hydroelectric Power Plant in San Manuel, Pangasinan, the output of which are being administered by San Roque Hydropower Inc. (“SRHI”), a wholly-owned subsidiary of San Miguel Global Power;
- b) the 2 x 647 MW Sual Coal Fired Power Plant in Sual, Pangasinan, ownership of which was turned over to Sual Power Inc. (“SPI”), a wholly-owned subsidiary of San Miguel

Global Power, in October 2024, after the expiration of SPI's IPPA Agreement with PSALM for the administration of the output of the Sual Coal Fired Power Plant;

- c) the 218 MW Angat Hydroelectric Power Plant in Angat, Bulacan, owned by Angat Hydropower Corporation ("Angat Hydro"), whose outstanding capital stock is 60% owned by San Miguel Global Power through its wholly-owned subsidiary, PowerOne Ventures Energy Inc. ("PVEI");
- d) the Masinloc Coal-Fired Power Plant ("Masinloc Power Plant") comprised of the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and 1 x 335 MW (Unit 3), and the 35.258 MWh BESS Project all located in Masinloc, Zambales, owned by Masinloc Power Co. Ltd. ("MPCL"), which was wholly acquired by San Miguel Global Power in March 2018. MPCL also intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical boiler technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each with target completion date in 2026;
- e) the 13 BESS facilities of SMGP BESS Power Inc. ("SMGP BESS") in various locations nationwide with a total installed capacity of 440 MWh, which commenced commercial operations in 2023, 2024 and 2025;
- f) the 33.867 MWh BESS facility in Kabankalan, Negros Occidental ("Kabankalan BESS"), owned by SMGP Kabankalan Co. Ltd. ("SMGP Kabankalan"). The capacity of Phase 1 of Kabankalan BESS (20 MWh) is contracted under an Ancillary Service Procurement Agreement with the National Grid Corporation of the Philippines ("NGCP") with a term of five years which commenced in January 2022. The capacity of Kabankalan BESS Phase 2 (10 MWh) will be offered in the next round of ancillary services bidding to be conducted by NGCP. Alternatively, the same capacity can be traded as power reserves or ancillary services in the Wholesale Electricity Spot Market ("WESM"); and
- g) the Greenfield Power Plants owned and developed by San Miguel Global Power, namely the 4 x 150 MW Circulating Fluidized Bed Coal-Fired Power Plant in Limay, Bataan, (the "Limay Greenfield Power Plant") owned by its wholly-owned subsidiary, Limay Power Inc. ("LPI"), the 2 x 150 MW Circulating Fluidized Bed Coal-Fired Power Plant in Malita, Davao Occidental, (the "Davao Greenfield Power Plant") owned by another wholly-owned subsidiary, Malita Power Inc. ("MPI") and the 4 x 150 MW Circulating Fluidized Bed Coal-Fired Power Plant in Mariveles, Bataan (the "Mariveles Greenfield Power Plant") owned by its subsidiary, Mariveles Power Generation Corporation ("MPGC"). Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively. Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively. Units 1, 2 and 3 of the Mariveles Greenfield Power Plant commenced commercial operations in March 2024, September 2024 and October 2024, respectively, while its Unit 4 achieved commercial operations in January 2025.

San Miguel Global Power was also issued retail electricity supplier licenses, through LPI, MPI and MPCL, which allow it to enter into contracts with contestable customers and expand its customer base.

San Miguel Global Power, through its subsidiaries SPI, SRHI, MPGC, LPI, MPI, MPCL, SMGP Kabankalan and SMGP BESS, sells power through offtake agreements directly to customers, including the Manila Electric Company and other distribution utilities, electric cooperatives, industrial customers and the NGCP, or through the WESM.

San Miguel Global Power is currently undertaking the following expansion projects through its subsidiaries:

- a. The BESS Projects, which is currently undertaken through SMGP BESS, will provide an additional ~500 MWh capacity to the Energy business' existing power portfolio.
- b. Units 4 and 5 of the Masinloc Power Plant with a planned gross installed capacity of 350 MW each will utilize supercritical boiler technology, considered as another expansion project by MPCL after it completed Unit 3 in September 2020.
- c. The planned hydropower projects in Aklan, Apayao and Pangasinan to be constructed by SRHI and Pan Pacific Renewable Power Phils. Corp. ("Pan Pacific"), pursuant to the Notices of Award issued by the Department of Energy ("DOE") in their favor for the third auction round of the Green Energy Auction Program conducted on February 11, 2025 as follows: (i) SRHI's pump storage hydropower across three facilities to be located in Aklan and Pangasinan and to be completed between 2031 and 2035, with an aggregate capacity 1,850 MW; and (ii) Pan Pacific's pump storage hydropower and impounding hydropower across three facilities to be located in Apayao with an aggregate capacity of 2,300 MW and to be completed between 2030 and 2031. San Miguel Global Power owns 40% equity interest in FPSP Holdings Corp. that wholly owns Pan Pacific.
- d. The planned solar projects in the provinces of Bulacan, Davao and Isabela to be constructed by SMC Global Light and Power Corp. ("SGLPC") pursuant to the Notice of Award issued by the DOE in its favor for the fourth auction round of the Green Energy Auction Program launched on March 29, 2025. As a winning bidder, SGLPC bid for an aggregate offered capacity of 2,225 MWac floating solar and ground-mounted solar projects with expected completion dates from 2026 to 2029.

Fuel and Oil

SMC operates its fuel and oil business through Petron Corporation ("Petron"), which is involved in refining crude oil and marketing and distribution of refined petroleum products mainly in the Philippines and Malaysia. Petron is the largest and the only oil refining and marketing company in the Philippines and a leading player in the Malaysian market. Petron has a combined refining capacity of 268,000 barrels per day. Petron participates in the retail (service station), industrial, lube, and liquefied petroleum gas sectors. In addition, Petron is also engaged in non-fuels business by capitalizing on the reacquired Treats convenience stores and earning income from billboards and locators, situated within the premises of the service stations.

Petron owns and manages the most extensive oil distribution infrastructure in the Philippines. Petron has extensive network of around 1,800 retail service stations in the Philippines and more than 800 retail service stations in Malaysia as of December 31, 2025. Petron also exports various petroleum products and petrochemical feedstock, including LSWR, gasoline, diesel, jet fuel, LPG, molten sulfur, naphtha, mixed xylene, benzene, toluene and propylene, to customers in the Asia-Pacific region.

In the Philippines, Petron owns the Petron Bataan Refinery complex located in Limay, Bataan, which is a 180,000 barrel-per day full conversion refinery. The Petron Bataan Refinery is capable of producing a range of all white petroleum products such as LPG, naphtha, gasoline, kerosene, jet fuel and diesel, with no residual fuel oil production. It also produces petrochemical feedstocks benzene, toluene, mixed xylene, and propylene. It has its own product piers and offshore berthing facilities, one of which can accommodate very large crude oil carriers. Petron also owns a refinery in Malaysia with a capacity of 88,000 barrels per day, a palm oil methyl ester plant with an annual capacity of 78,000 metric tons and 10 product terminals, with presence in the airport segment through a 20% ownership of a multi-product pipeline to Kuala Lumpur International Airport.

Infrastructure

The infrastructure business, conducted through San Miguel Holdings Corp. doing business under the name and style of SMC Infrastructure (“SMHC”), consists of investments in companies that hold long-term concessions in the infrastructure sector in the Philippines. Current operating toll roads include the South Luzon Expressway (“SLEX”), Skyway Extension, Skyway Stages 1, 2 and 3, the Southern Tagalog Arterial Road (“STAR”), Tarlac-Pangasinan-La Union Toll Expressway (“TPLEX”) and NAIA Expressway (“NAIAX”). Ongoing projects include Skyway Stage 4, the extension of SLEX - Toll Road 4 (“SLEX TR4”), SLEX - Toll Road 5 (“SLEX TR5”), Pasig River Expressway (“PAREX”), Southern Access Link Expressway (“SALEX”), Northern Access Link Expressway (“NALEX”), Cavite-Batangas Expressway (“CBEX”), Nasugbu-Bauan Expressway (“NBEX”), Pangasinan Link Expressway (“PLEX”), TPLEX Extension, Metro Rail Transit Line 7 (“MRT-7”), NAIA Rehabilitation and Manila International Airport (“MIA”). It also operates and is currently expanding the Boracay Airport, has investments in Manila North Harbour Port Inc. (“MNHPI”), holds concession rights in Luzon Clean Water Development Corporation (“LCWDC”) for the Bulacan Bulk Water Supply Project and its most recent acquisition of the Bulakan and Obando water companies.

SLEX / Skyway Stages 1 and 2 / Skyway Extension

As of March 5, 2015, SMHC has a 95% stake in Atlantic Aurum Investments B.V. (“AAIBV”), a company which has the following shareholdings:

- 80.0% stake in SMC SLEX Inc. (“SMC SLEX”) through SMC SLEX Holdings Company Inc., a wholly-owned subsidiary of AAIBV. SMC SLEX holds the 30-year concession rights to the SLEX TR1 - TR3, which currently spans 36.1 kilometers (km) from Alabang, Muntinlupa to Sto. Tomas, Batangas, and SLEX TR4, which runs a total length of 66.74 km that will extend the current SLEX alignment from Sto. Tomas, Batangas to Lucena City, Quezon. SLEX is one of the three major expressways that link Metro Manila to the key southern provinces of the Philippines, including Cavite, Laguna, Batangas, Rizal and Quezon (“CALABARZON”).
- AAIBV also holds 87.84% beneficial ownership in SMC Skyway Corporation (SMC Skyway), through SMC Tollways Corporation, a wholly-owned subsidiary of AAIBV. SMC Skyway holds the 30-year concession rights to construct, operate and maintain the 29.31 km Skyway Stage 1 and 2 Project. The Skyway Extension connects the Skyway Elevated Section from Sucat to Susana Heights in SLEX, providing direct access to and from the elevated section of the Skyway by adding new elevated lanes, three northbound and two southbound. The project aims to decongest traffic along SLEX heading to Alabang and the Alabang viaduct.

STAR Tollway

SMHC, through Cypress Tree Capital Investments, Inc. has an effective 100% interest in Star Infrastructure Development Corporation (“SIDC”). SIDC holds the 36-year Build-Transfer-Operate (“BTO”) concession rights of the STAR Project consisting of: Stage 1 - operation and maintenance of the 22.16 km toll road from Sto. Tomas to Lipa City; and Stage 2 - financing, design, construction, operation and maintenance of the 19.74 km toll road from Lipa City to Batangas City.

TPLEX

SMHC, through its subsidiary, SMC TPLEX Holdings Company Inc., owns a 72.55% equity interest in SMC TPLEX Corporation (“SMCTC”). SMCTC is a company which holds the 35-year BTO concession rights to construct, operate and maintain an 89.21 km toll expressway from La Paz, Tarlac, through Pangasinan, to Rosario, La Union. The stretch from Tarlac to

Pozzorubio, Pangasinan has been operational since December 2017. The last phase from Pozzorubio to Rosario, La Union was completed and has been operational since July 15, 2020.

NAIAX

On May 31, 2013, SMHC incorporated SMC NAIAX Corporation (“SMC NAIAX”). SMC NAIAX, a company that holds the 30-year BTO concession rights for the construction and operation of the NAIAX – a four-lane elevated expressway with end-to-end distance of 5.46 km that provides access to NAIA Terminals 1, 2 and 3. NAIAX connects to the Skyway system, the Manila-Cavite Toll Expressway (“CAVITEX”) and the Entertainment City of the Philippine Amusement and Gaming Corporation. NAIAX became fully operational in July 2017. On March 1, 2024, the NAIAX Tramo Connecting ramp was opened to the public. It is an 0.8-km elevated viaduct connecting NAIAX and Tramo flyover.

Skyway Stage 3

On February 28, 2014, SMHC through AAIBV incorporated Stage 3 Connector Tollways Holdings Corp. (“S3HC”), which holds an 80% ownership interest in SMC Skyway Stage 3 Corporation. SMC Skyway Stage 3 Corporation holds the 30-year concession rights to design, finance and construct the Skyway Stage 3, an elevated roadway with a total length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and is connected to the existing Skyway Stages 1 and 2. Skyway Stage 3 inter-connects the northern and southern cities of Metro Manila to help decongest traffic within the National Capital Region and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

On March 15, 2016, AAIBV transferred its 100% ownership interest in S3HC to SMC Tollways Corporation, its 100% wholly owned subsidiary.

On April 16, 2019, a stockholder of SMC Skyway Stage 3 Corporation issued a waiver on its pre-emptive right to subscribe to 10% interest in favor of S3HC. As a result, S3HC’s ownership interest in SMC Skyway Stage 3 Corporation increased to 90%.

End-to-end alignment (main alignment) was completed and partially opened on December 29, 2020. The Skyway Stage 3 Project was formally inaugurated and opened to motorists on January 14, 2021. The Notice to Collect Toll was received last July 1, 2021 from the Toll Regulatory Board (TRB) of the Department of Transportation.

Skyway Stage 4 Project

SMHC, through its subsidiary, SMC Infraventures Inc., owns a 80.01% equity interest in SMC Skyway Stage 4 Corporation. SMC Skyway Stage 4 Corporation holds the concession right to construct Skyway Stage 4, a proposed tollable length of 34.81-km roadway from South Metro Manila Skyway to Batasan Complex, Quezon City. Skyway Stage 4 will serve as another expressway system that aims to further decongest EDSA, C5 and other major arteries of the Metropolis. Further, it aims to provide a faster alternate route and accessibility to the motorist when travelling from the provinces of CALABARZON area to the Metropolis. The project has a concession period of 30 years (from issuance of Toll Operation Certificate for each Phase).

Boracay Airport

SMC, through the 99.92% interest of SMHC in Trans Aire Development Holdings Corp. (“TADHC”), is undertaking the expansion of Boracay Airport under a 25-year Contract-Add-Operate-and-Transfer concession granted by the Republic of the Philippines (“ROP”), through the Department of Transportation and Communications (now the Department of Transportation). Boracay Airport is the principal gateway to the Boracay Island, a popular resort for passengers traveling from Manila. The airport has seen recent upgrades including a longer runway and accommodation of international flights.

MRT-7

In October 2010, SMC, through SMHC, acquired a 51.0% stake in Universal LRT Corporation (BVI) Limited (“ULC BVI”), which holds the 25-year Build-Gradual Transfer-Operate-Maintain concession for MRT-7. MRT-7 is a planned expansion of the metro rail system in Manila which mainly involves the construction of a 22-km mass rail transit system with 14 stations that will start from San Jose del Monte City in Bulacan and end at the integrated LRT-1 / MRT-3 / MRT-7 station at North EDSA. The project also involves a 22-km six lane asphalt highway that will connect the North Luzon Expressway to an intermodal transport terminal in San Jose del Monte City, Bulacan.

As of July 1, 2016, SMC, through SMHC already holds 100% ownership in ULC BVI.

On December 12, 2016, the ROP through the Department of Transportation, gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC Mass Rail Transit 7, Inc. (“SMC MRT 7”). SMC through SMHC owns 100% of SMC MRT 7.

MNHPI

SMC through SMHC owns 50% of MNHPI as at December 31, 2025. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 36 berths which can accommodate all types of vessels such as containerized and non-container type vessels. Under the Contract for the Development, Management, Operation and Maintenance of the Manila North Harbor entered with the Philippine Ports Authority on November 19, 2009, the Philippine Ports Authority awarded MNHPI the right to manage, operate, develop, and maintain the Manila North Harbor for 25 years, renewable for another 25 years. MNHPI commenced operations on April 12, 2010.

Bulacan Bulk Water Supply Project

The Bulacan Bulk Water Supply Project aims to provide clean and potable bulk water supply to the province of Bulacan that is environmentally sustainable and with a price that is equitable. The project also aims to help various water districts in Bulacan to meet the increasing water demand of consumers, expand its current service area coverage and increase the number of households served by providing a reliable source of treated bulk water. SMC through SMHC owns 90% of LCWDC, which will serve as the concessionaire for a period of 30 years (inclusive of the two-year construction period). Stage 1 of this project was completed in January 2019 and started supplying potable bulk water to seven Water Service Providers (San Jose del Monte, Marilao, Meycauayan, Obando, Bocaue, Balagtas and Sta. Maria) as of the first quarter of 2019. Stage 2 was completed and started its commercial operations for the other five Water Service Providers (Plaridel, Guiguinto, Bulakan, Malolos and Calumpit) in April 2019.

MIA Project

On September 18, 2019, San Miguel Aerocity Inc. doing business under the name and style of “Manila International Airport” (“SMAI”), signed a Concession Agreement (“CA”) with the Department of Transportation for the development of MIA. MIA will be governed by a 50-year CA (from issuance of Certificate of Substantial Completion) with the ROP and will be built under a Build-Operate-Transfer (“BOT”) framework. The project, which will be located in a 2,500-hectare property in Bulakan, Bulacan, will provide a long-term solution to air connectivity between the Philippines and the rest of the world.

On January 15, 2021, the CA was further enhanced by Republic Act No. 11506 entitled, “An Act Granting San Miguel Aerocity Inc. a Franchise to Construct, Develop, Establish, Operate,

and Maintain a Domestic and International Airport in The Municipality of Bulakan, Province of Bulacan, and to Construct, Develop, Establish, Operate, And Maintain An Adjacent Airport City” (the Legislative Franchise). The Legislative Franchise gives SMAI tax exemptions (in general) during the development and operations stages of the project and the power to acquire any private lands forming part of the project. On January 21, 2021, SMAI formally accepted the incentives and obligations under the Legislative Franchise.

MIA will be developed in phases with an initial capacity of 35 million annual passengers (“MAP”) and ultimate capacity of 100 MAP, once fully complete. The airport shall primarily be linked by an 8-km toll road to Metro Manila via the North Luzon Expressway, with an integrated multi-modal transport network in the development pipeline.

PAREX Project

PAREX is a joint venture project between the Philippine National Construction Corporation (“PNCC”) and SMHC. SMHC, through its subsidiary, Pasig River Expressway Corporation, together with the Department of Public Works and Highways (“DPWH”), Department of Transportation, and TRB, signed on September 21, 2021 the Supplemental Toll Operations Agreement (STOA) for the financing, construction, operation and maintenance of the PAREX, an elevated and hybrid 19.37-km expressway, that would pass along the banks of Pasig River from Manila to Taguig. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SLEX TR5 Project

SLEX TR5, also known as the Quezon-Bicol Expressway, is a 420-km two-lane each direction, toll road project which starts from SLEX TR4 in Brgy. Mayao, Lucena City, Quezon, and ends at Matnog, Sorsogon, near the Matnog Ferry Terminal. The four-lane expressway project shall consist of eight segments: (1) Lucena to Gumaca, Quezon; (2) Gumaca to Tagkawayan, Quezon; (3) Tagkawayan to Sipocot, Camarines Sur; (4) Sipocot to Naga City, Camarines Sur; (5) Naga City to Polangui, Albay; (6) Polangui to Legaspi City, Albay; (7) Legaspi to Sorsogon City, Sorsogon; and (8) Sorsogon City to Matnog, Sorsogon. Centered on the proposal submitted by the joint venture of PNCC and SMHC, the SLEX TR 5 was officially designated as a certified toll road project in a TRB resolution dated June 29, 2020. The STOA was signed on June 3, 2022. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

NALEX Project

NALEX is a 136.4-km toll expressway that aims to connect the MIA, Metro Manila, and Central Luzon. The project is composed of two phases: Phase 1, divided into Section 1 (Skyway Stage 3 Balintawak to MIA), and Section 2 (MIA to Tarlac City and TPLEX), and Phase 2 that runs from Masantol, Pampanga to Tarlac City. The Phase 1 Section 1 is a 19.4-km elevated toll road that begins at Skyway Stage 3 to Balintawak and ends at MIA while the project’s Phase 1 Section 2 is an at-grade expressway that runs from MIA to Tarlac City and TPLEX. NALEX Phase 1 shall have a total of 117-km toll road divided into three segments: Bulacan-Guagua (41 km), Guagua-Mabalacat (31 km), and Malabacat-Tarlac (45 km), with 8 interchanges/exits in total. On the other hand, NALEX Phase 2 is a 69.2 km toll road divided into 2 segments: Macabebe-Arayat, and Arayat-Tarlac. This will be a demand-driven expansion that will serve as an alternate route for Phase 1 Section 2. The project intends to provide a more accessible and convenient route from Metro Manila and Central Luzon to MIA, and vice versa.

NALEX is a joint venture project between SMHC and PNCC. On March 21, 2022, the STOA for the financing, construction, operation, and maintenance of the NALEX was signed between the TRB and SMHC. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

SALEX Project

SALEX is a 40.65 km toll elevated expressway network comprising of Section 1: C3-R10 Extension, Section 2 Segment 1: Shoreline Expressway, Section 2 Segment 2: Quirino Extension, and Section 2 Segment 3: Buendia Extension. Section 1 (4.52 km) is a four-lane elevated structure connecting MMSS3 at Sgt. Rivera in Quezon City to Shoreline Expressway at R-10. Section 2 Segment 1 (25.29 km), an elevated six-lane expressway, is the main spine along Manila Bay that will link MMSS3 and PAREX with Shoreline Expressway. It will begin at a connection with NALEX and runs south until it joins PAREX at Delpan Bridge, where it breaks. It will start again from PAREX at Ayala Bridge until it reaches Manila Cavite Toll Expressway (MCTEX) and NAIAX. Section 2 Segment 2, an elevated four-lane structure, starts from the intersection of Quirino Avenue and Osmena Highway and ends at its connection with the Shoreline Expressway along Roxas Boulevard. Section 2 Segment 3, an elevated four-lane structure, is a vital link of NAIAX with Shoreline Expressway and Makati Central Business District at Buendia Avenue.

SALEX is a joint venture project between the PNCC and SMHC. The execution of the STOA for the financing, construction, operation and maintenance of the SALEX was signed on June 20, 2022. The project has a concession period of 30 years (from the issuance of the Toll Operation Certificate).

Cavite-Batangas Expressway ("CBEX")

The CBEX, a 27.06-km unsolicited toll road project, is a joint venture between the Provincial Government of Cavite and SMHC. It is a four-lane expressway which begins with a connection to Cavite-Laguna Expressway (CALAX) in Silang, Cavite and travels southwest parallel with the Emilio Aguinaldo Highway and ends at Tagaytay-Nasugbu Highway. It will traverse the municipalities of Silang, Amadeo, Tagaytay, Indang, Mendez, Alfonso in Cavite and Nasugbu, Batangas, and will have three access/interchange points in Silang, Tagaytay, and Nasugbu/Alfonso. This project aims to provide an additional highway that will help mitigate the road congestion in CALABARZON.

The Original Proponent Status and Certificate of Successful Negotiations was signed on September 1, 2022. The Notice of Award was signed and granted on January 24, 2023. On February 7, 2023, the Joint Venture Agreement and the Toll Concession Agreement was signed between the Provincial Government of Cavite and SMHC.

Nasugbu-Bauan Expressway ("NBEX")

NBEX is a 60.9-km toll road project that aims to ease congestion and create a more accessible route in the southeast part of Luzon. The project alignment begins at Tagaytay-Nasugbu Highway in Brgy. Kaylaway, runs parallel with the Tuy-Balayan Highway up to the Municipality of Balayan, then runs parallel with the Palico-Balayan-Batangas Road and ends at the Municipality of Bauan. This four-lane expressway will connect the municipalities of Nasugbu, Tuy, Balayan, Calaca, Lemery, Agoncillo, Taal, San Nicolas, Santa Teresita, San Luis and Bauan. There will be five access/interchange points in: (1) Nasugbu (Kaylaway); (2) Nasugbu; (3) Balayan; (4) Lemery; and (5) Bauan.

The NBEX is a joint venture between the Provincial Government of Batangas and SMHC. The Certificate of Acceptance was signed on April 21, 2022, and its Notice of Award was signed on March 10, 2023. On March 22, 2023, the Joint Venture agreement was signed between the parties. The Toll Concession Agreement of this project was signed on July 31, 2023.

Pangasinan Link Expressway ("PLEX")

PLEX, a 76.80-km unsolicited expressway proposal, is a joint venture between the Provincial Government of Pangasinan and SMHC. The project is composed of two phases: Phase 1, which runs from the Binalonan section of TPLEX to Lingayen, and Phase 2, which extends from Lingayen to Alaminos. PLEX's Phase 2 will be implemented once the traffic demand is met/upon reaching a certain level of traffic. This project aims to improve the intra-provincial traffic and create a more accessible route within the province of Pangasinan.

The Original Proponent Status and Certificate of Successful Negotiations was granted by the Province of Pangasinan to SMHC on May 18, 2023. The Notice of Award was signed and issued on July 10, 2023.

Tarlac-Pangasinan-La Union Expressway (TPLEX) Extension Project

The TPLEX Extension Project is an unsolicited toll road project that aims to facilitate the development of regions in Northern Luzon and improve the interconnectivity of Central Luzon with Metro Manila. Initially, the submitted proposal is composed of four phases: Phase 1 - Rosario, La Union to San Juan, La Union; Phase 2 - San Juan, La Union to Candon City, Ilocos Sur; Phase 3 - Candon City, Ilocos Sur to Vigan City, Ilocos Sur; and Phase 4 - Vigan City, Ilocos Sur to Laoag City, Ilocos Norte. However, upon evaluation, only Phase 1 was granted by the Government.

The 59.4-km toll road project is a four-lane expressway divided into three segments: (1) Rosario-Tubao; (2) Tubao-Naguilian; and (3) Naguilian-San Juan. There will be five interchanges: (1) Rosario, La Union; (2) Tubao, La Union; (3) Naguilian, La Union; (4) Bauang, La Union; and (5) San Juan, La Union.

On December 3, 2018, the Original Proponent Status of the project was issued. The Notice of Award was issued on June 3, 2024, after the conduct of the Swiss Challenge, where no comparative proposals were submitted. On July 3, 2024, the Concession Agreement was signed between SMC TPLEX Extension Infrastructure Corp. and the Government of the ROP, acting through DPWH as the Grantor.

Ninoy Aquino International Airport

On February 16, 2024, the Consortium, led by SMHC, has officially won the contract to rehabilitate, operate, and maintain the NAIA which is the country's main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. (NNIC) in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, NNIC. The operation of NAIA was turned over by the Manila International Airport Authority to the concession company on September 14, 2024.

The Consortium is required to rehabilitate, operate, optimize, and maintain NAIA, which covers improvements to its runway, main terminals, and other facilities.

Bulacan and Obando Water Companies Acquisition

The acquisition of Bulacan and Obando Water Companies aims to broaden the scope of SMHC's waterworks portfolio and expand its current service coverage. On April 8, 2024, SMC Bulacan Water Services Corporation was incorporated under Philippine laws to carry on the general business of constructing, operating, maintaining, managing, leasing, acquiring & rehabilitating waterworks, industrial water supply systems and water utilities and systems. SMC Bulacan Water Services Corporation is a wholly owned subsidiary of SMHC.

On October 22, 2024, SMC Bulacan Water Services Corporation acquired 90% ownership interests in Bulakan Water Company, Inc. (“BWCI”) and Obando Water Company, Inc. (“OWCI”). BWCI is a joint venture with Bulakan Water District while OWCI is a joint venture with Obando Water District.

Newly-Incorporated Companies

Three new companies were recently incorporated which will engage in various activities that will support the Infrastructure business, namely Prestige Airport Lounge Corp., Air Gate Media Inc., and SMC Skyport Development Corporation. These companies will conduct and carry on the business of accommodation and food service activities, professional, scientific, and technical activities such as advertising, and real estate activities.

Cement

The Cement business is conducted under San Miguel Equity Investments Inc. (“SMEI”) through the following subsidiaries:

Northern Cement Corporation (“NCC”)

NCC has more than 50 years of cement production and domestic sales experience, mainly, in the Central Luzon (Region 3), and North Luzon (Regions 1 and 2) markets. It manufactures Type 1, Type 1T and Type N cement, the major cement products in the industry.

NCC was incorporated and registered with the SEC on February 10, 1967. From the commencement of its operations in February 1970 in Sison, Province of Pangasinan, it has been engaged in the business of manufacturing, developing, processing, exploiting, buying and selling cement and/or other allied products. NCC has an existing Mineral Production Sharing Agreement (“MPSA”) with the Philippine Government granted through the Department of Environment and Natural Resources (“DENR”) on March 12, 1998, and was renewed by the DENR for another 25 years, or until the year 2048. The MPSA covers a contract area of 630.4978 hectares within Sison, Pangasinan.

Presently, NCC owns and operates three dry-process rotary kilns and three finish mills. The fourth finish mill commenced operation last July 2024. Collectively, the existing production facilities have annual rated capacity of 6.93 million metric tons per year (“MTPY”) of finished cement, or 173 million 40-kg bags. The raw materials used in its cement manufacturing process are generally a mixture of quarried materials - limestone, shale and gypsum.

The additional supply of cement is targeted to meet the strong demand in Northern Luzon (Region 1 and Region 2), the Cordillera Administrative Region (CAR), and Central Luzon (Region 3).

Southern Concrete Industries, Inc. (“SCII”)

SCII, a wholly-owned subsidiary of SMEI, recently completed the construction of its cement grinding plant in Santa Cruz, Province of Davao del Sur. Its world class equipment is capable of producing 2 million MTPY while minimizing impact to the environment. SCII declared its full commercial operations on May 31, 2023. Prior to its commercial operations, SCII commenced its promotional trial campaign and distribution activities simultaneous with the completion of the commissioning stage of its plant.

SCII is currently recognized for producing top-quality cement products across Regions 10, 11, 12, 13 and Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). SCII strives to expand its reach throughout Mindanao, with a strong commitment to delivering innovative products and services that exceed customer expectations and build lasting loyalty.

Eagle Cement Corporation (“ECC”)

On December 14, 2022, SMC through SMEII completed the acquisition of 99.9581% of the total outstanding common shares of ECC.

ECC was incorporated in the Philippines and registered with the SEC on June 21, 1995. It is now the third largest player in the Philippine cement industry, with the fastest growing market share amongst all competitors since it started its commercial operations in 2010. ECC currently distributes Blended (Type 1P/Type 1T) and OPC (Type 1) cement products in the National Capital Region, Regions 1, 2, 3 and 4A.

ECC has the newest, state-of-the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan. The plant is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of ECC.

ECC through its subsidiary, holds MPSA covering mining areas in San Ildefonso, Bulacan where it operates a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant. Bulk of its production are used as input in ECC's cement production.

ECC also has a subsidiary engaged in the business of manufacturing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

Real Estate

Established in 1990 as the corporate real estate arm of SMC, San Miguel Properties Inc. ("SMPI") is aiming to be one of the major players in the property sector through mixed-use developments. SMPI is 99.98% owned by SMC and is primarily engaged in the development, sale and lease of real property. SMPI is also engaged in leasing and managing the real estate assets of SMC.

Moving forward, SMPI is creating more synergies with its business units and is looking at developing quality residential, commercial and industrial developments.

The first project of SMPI was the SMC Head Office Complex, now considered as a landmark, which has served as a catalyst in transforming the area now known as the Ortigas Central Business District.

Cavite Projects

SMPI offers a diverse portfolio of mid-range homes in General Trias, Cavite, namely Bel Aldea, Maravilla, and Asian Leaf, offering townhouse units and single attached house-and-lots, with floor areas ranging from +/-41.48 to +/-140.00 square meters.

Bel Aldea

Bel Aldea is a 12-hectare development, which serves the economic housing segment, offers smartly designed townhouse units, with an average floor area of +/- 42 square meters.

Maravilla

Spanning 17-hectare, Maravilla is a mid-range residential community offering Spanish Mediterranean houses, which currently offers new house models to suit the changing needs of the market.

Asian Leaf

Asian Leaf is a seven-hectare premier residential community composed of single attached house and lots, with floor areas ranging from +/-64.91 to +/-140.00 square meters. Fusing modern Asian architecture and vibrant landscaping, Asian Leaf is perfect for homeowners looking for a tranquil and ideal haven.

Wedge Woods

Wedge Woods is located west of Sta. Rosa, Laguna - in Silang, Cavite, offering prime lots on a rolling terrain, with a majestic view of Mount Makiling.

Metro Manila Projects

SMPI has expanded its portfolio, serving the high-end market with its foray into townhouse developments, such as Dover Hill in San Juan City, One Dover View and Two Dover View in Mandaluyong City, and Emerald 88 in Pasig City, and ventured also in hospitality segment through its Makati Diamond Residences (“MDR”) in Makati City.

Dover Hill

A 95-unit luxury townhouse development in Addition Hills, San Juan City that offers three to five-bedroom units ranging from +/-202 up to +/-355 square meters. A three-car parking area located directly below each unit ensures maximum convenience. Aside from its amenities like the swimming pool and playground, within the Dover Hill compound is Dover Club, a four-storey amenity building which includes a fully-equipped, state-of-the-art fitness gym, and a party venue with its own kitchen and dining area good for up to 30 guests.

One Dover View & Two Dover View

Both located along Lee St., Mandaluyong, One Dover View and Two Dover View are exclusive and premier condominium-townhouse projects, offering three and four bedrooms, with only 23 and eight units, respectively. Floor areas range from +/-222.80 to +/-327.10 square meters.

Emerald 88

Located along Dr. Sixto Avenue, Pasig City, Emerald 88 is a 14 three-level townhouse unit development, with generous floor areas ranging from +/-187.50 to +/-214.90 square meters. Each unit has two-car garage.

Makati Diamond Residences (MDR)

MDR is a luxury serviced apartment with 410 spacious guest rooms ranging from 41 square meters up to as much as 204 square meters and has top-of-the-line amenities and health and wellness facilities. Conveniently located in Makati Central Business District, the location of MDR provides easy access to many multinational companies, shopping, dining and entertainment destinations.

Mariveles Economic Zone Project

A 500-hectare industrial park development under the flagship of E-Fare Investment Holdings, Inc., and registered under Authority of the Freeport Area of Bataan. The Mariveles Economic Zone Project intends to provide an attractive location for private investments, stimulate regional economic activity and generate employment opportunities.

Banking

SMC, through SMPI, made a series of acquisitions of Bank of Commerce (“BankCom”) common shares in 2007 and 2008 which represents 31.94% of the outstanding common stock of BankCom as of December 31, 2025.

On December 17, 2018, SMC, through SMC Equivest Corporation (“SMCEC”), acquired common shares of BankCom representing 4.69% of the outstanding common shares. On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BankCom. On October 20, 2021, SMCEC acquired additional common shares of BankCom, which increased its ownership of common shares to 6.09%.

On December 23, 2021, the Monetary Board of the Bangko Sentral ng Pilipinas, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license. On February 22, 2022, the BOD of BankCom approved the amendments to the Articles of Incorporation to change its purpose from commercial bank to universal bank pursuant to BSP Monetary Board Resolution No. 1798 dated December 23, 2021.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering (“IPO”). On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the IPO. On March 15, 2022, the SEC issued its Order rendering effective the registration of up to 1,403,013,920 common shares of BankCom, and the Certification of Permit to Offer Securities for Sale. On March 31, 2022, BankCom listed its common shares with the PSE.

After completion of initial public offering and as at December 31, 2025, the Group through SMPI and SMCEC has 31.94% and 4.87% equity interest in BankCom, respectively.

Others

Other major subsidiaries include the following as of March 31, 2026:

- San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries [including SMYPIL and San Miguel Insurance Company, Ltd.]
- SMC Shipping and Lighterage Corporation and subsidiaries [including SL Harbor Bulk Terminal Corporation]
- San Miguel Integrated Logistics Services, Inc.
- SMC Stock Transfer Service Corporation
- ArchEn Technologies Inc.
- SMITS, Inc. and subsidiaries
- Petrogen Insurance Corporation
- Anchor Insurance Brokerage Corporation
- SMC Asia Car Distributors Corp. and subsidiaries
- SMC Equivest Corporation

Financial Statements

The Audited Consolidated Financial Statements of the Company as of December 31, 2025, including the Company's Statement of Management's Responsibility, and the Notes to the 2025 Audited Consolidated Financial Statements of the Company are attached hereto as **Annex "B"**.

In accordance with the Part III.C (i) of SRC Rule 68, since the date of the Annual Stockholders' Meeting is beyond 135 days from the end of its fiscal year which is December 31, 2025, the Company's SEC Form 17-Q for the first quarter of 2026 (the "First Quarter 17-Q") is attached hereto as **Annex "B-1"**. The First Quarter 17-Q was approved by the Board at its regular meeting to held on May 14, 2026 and filed by the Company with the SEC on May 15, 2026.

Management's Discussion and Analysis or Plan of Operation

The Management's Discussion and Analysis or Plan of Operation of the Company as of December 31, 2025 and as of March 31, 2026 are attached hereto as **Annexes "C"** and **"C-1"**, respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Company's external auditors on accounting and financial disclosure.

Audit and Audit Related Fees

The Parent Company paid the external auditor the amount of P12 million and P11 million, respectively, for its services rendered in 2025 and 2024. Said fees include compensation for audit services and other related services such as audit review and research work. There were no fees paid to the external auditor for tax accounting, compliance, advice, planning, and any other form of tax services. There were no other fees paid to the auditors other than the above-described services.

The stockholders approve the appointment of the Company's external auditors. The Audit and Risk Oversight Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit and Risk Oversight Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with External Auditors' duties as such or threaten its independence.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

The Company's common shares and Series "2" preferred shares are listed and traded in the Philippine Stock Exchange. The percentage of public ownership of the Company as of March 31, 2026 is 20.59%.

The Company's high and low closing prices for each quarter of the last two (2) fiscal years are as follows:

	2025								2026	
	1 st		2 nd		3 rd		4 th		1 st	
	High	Low	High	Low	High	Low	High	Low	High	Low
Common	86.00	65.20	82.90	77.35	78.00	54.25	85.95	54.25	86.00	65.00
Preferred – 2I	73.85	71.50	73.00	71.10	75.00	71.35	75.80	71.35	75.75	74.00
Preferred – 2J	72.00	69.75	73.00	70.80	75.00	70.50	74.95	70.50	80.40	76.70
Preferred – 2K	71.95	68.50	72.00	69.55	75.00	70.00	75.00	70.00	-	-
Preferred – 2L	79.80	76.00	79.20	78.00	79.00	76.10	79.50	76.10	-	-
Preferred – 2N	81.50	77.00	80.00	77.00	80.45	77.80	81.50	77.80	80.80	77.00
Preferred – 2O	82.75	80.00	82.00	80.00	82.40	79.20	82.00	79.20	81.95	78.50
Preferred – 2P	-	-	-	-	-	-	80.00	73.00	77.95	75.00
Preferred – 2Q	-	-	-	-	-	-	78.00	73.00	77.90	73.80
Preferred – 2R	-	-	-	-	-	-	77.50	73.10	78.90	76.00
Preferred – 2S	-	-	-	-	-	-	78.00	72.00	80.00	75.00
Preferred – 2T	-	-	-	-	-	-	81.00	75.00	80.00	76.50
Preferred – 2U	-	-	-	-	-	-	79.00	76.00	80.00	76.00

	2024								2025	
	1 st		2 nd		3 rd		4 th		1 st	
	High	Low	High	Low	High	Low	High	Low	High	Low
Common	124.70	101.10	109.00	98.50	102.00	85.35	89.90	81.00	86.00	62.20
Preferred – 2F	73.50	71.50	73.00	71.50	74.00	71.70	73.90	71.60	74.50	72.40
Preferred – 2I	73.75	70.10	72.50	69.50	73.00	70.00	73.80	70.40	73.85	71.50
Preferred – 2J	73.90	67.00	69.95	65.05	71.00	66.55	73.00	69.50	72.00	69.75
Preferred – 2K	75.00	66.00	69.95	65.00	70.00	65.35	72.00	67.00	71.95	68.50
Preferred – 2L	79.00	75.25	78.20	75.00	78.30	76.05	78.50	76.00	79.80	76.00
Preferred – 2N	78.80	76.50	79.90	77.00	80.50	77.30	81.00	77.00	81.50	77.00
Preferred – 2O	80.70	76.75	81.00	76.00	81.50	79.00	82.45	79.90	82.75	80.00

The closing prices as of May 12, 2026, the latest practicable trading date, are as follows:

Class of Shares		Class of Shares	
Common	₱69.15	Series “2-Q” Preferred	₱77.00
Series “2-L” Preferred	₱80.60	Series “2-R” Preferred	₱80.00
Series “2-N” Preferred	₱81.00	Series “2-S” Preferred	₱78.90
Series “2-O” Preferred	₱82.50	Series “2-T” Preferred	₱79.20
Series “2-P” Preferred	₱77.85	Series “2-U” Preferred	₱78.05

The approximate number of shareholders as of March 31, 2026 is 33,054.

The list of the top 20 common and preferred stockholders as of March 31, 2026 are attached as **Annex “E”**.

The Board of Directors of the Parent Company approved the declaration and payment of the following cash dividends to common and preferred stockholders as follows:

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 13, 2025	March 28, 2025	April 25, 2025	₱0.35
	June 10, 2025	June 27, 2025	July 23, 2025	0.35
	September 11, 2025	October 3, 2025	October 24, 2025	0.35
	December 4, 2025	January 2, 2026	January 23, 2026	0.35
Preferred				
	SMC2F			
	January 16, 2025	March 21, 2025	April 4, 2025	1.27635
	May 8, 2025	June 20, 2025	July 4, 2025	1.27635
	August 7, 2025	September 19, 2025	October 3, 2025	1.27635

SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	1.18790625
	May 8, 2025	June 20, 2025	July 4, 2025	1.18790625
	August 7, 2025	September 19, 2025	October 3, 2025	1.18790625
	November 13, 2025	December 19, 2025	January 2, 2026	1.18790625
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	0.890625
	May 8, 2025	June 20, 2025	July 4, 2025	0.890625
	August 7, 2025	September 19, 2025	October 3, 2025	0.890625
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	P0.84375
	May 8, 2025	June 20, 2025	July 4, 2025	0.84375
	August 7, 2025	September 19, 2025	October 3, 2025	0.84375
	November 13, 2025	December 19, 2025	January 2, 2026	0.740625
	November 13, 2025	December 19, 2025	January 2, 2026	0.309375
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	1.48396875
	May 8, 2025	June 20, 2025	July 4, 2025	1.48396875
	August 7, 2025	September 19, 2025	October 3, 2025	1.48396875
	November 13, 2025	December 19, 2025	January 2, 2026	1.48396875
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	1.5703125
	May 8, 2025	June 20, 2025	July 4, 2025	1.5703125
	August 7, 2025	September 19, 2025	October 3, 2025	1.5703125
	November 13, 2025	December 19, 2025	January 2, 2026	1.5703125
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	1.5649875
	May 8, 2025	June 20, 2025	July 4, 2025	1.5649875
	August 7, 2025	September 19, 2025	October 3, 2025	1.5649875
	November 13, 2025	December 19, 2025	January 2, 2026	1.5649875
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	1.611300
	May 8, 2025	June 20, 2025	July 4, 2025	1.611300
	August 7, 2025	September 19, 2025	October 3, 2025	1.611300
	November 13, 2025	December 19, 2025	January 2, 2026	1.611300
SMC2P	November 13, 2025	December 19, 2025	January 2, 2026	0.82709375
SMC2Q	November 13, 2025	December 19, 2025	January 2, 2026	0.86165
SMC2R	November 13, 2025	December 19, 2025	January 2, 2026	0.8949
SMC2S	November 13, 2025	December 19, 2025	January 2, 2026	0.82709375
SMC2T	November 13, 2025	December 19, 2025	January 2, 2026	0.86165
SMC2U	November 13, 2025	December 19, 2025	January 2, 2026	0.8949

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 11, 2024	March 27, 2024	April 26, 2024	P0.35
	June 11, 2024	June 28, 2024	July 26, 2024	0.35
	November 7, 2024	November 22, 2024	December 2, 2024	0.35
	December 5, 2024	January 3, 2025	January 24, 2025	0.35
Preferred				
SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	1.27635
	May 14, 2024	June 21, 2024	July 4, 2024	1.27635
	August 8, 2024	September 20, 2024	October 4, 2024	1.27635
	November 7, 2024	December 20, 2024	January 3, 2025	1.27635
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	1.18790625
	May 14, 2024	June 21, 2024	July 4, 2024	1.18790625
	August 8, 2024	September 20, 2024	October 4, 2024	1.18790625
	November 7, 2024	December 20, 2024	January 3, 2025	1.18790625
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	0.890625
	May 14, 2024	June 21, 2024	July 4, 2024	0.890625
	August 8, 2024	September 20, 2024	October 4, 2024	0.890625

	November 7, 2024	December 20, 2024	January 3, 2025	0.890625
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.1031250
	August 8, 2024	September 20, 2024	October 4, 2024	0.84375
	November 7, 2024	December 20, 2024	January 3, 2025	0.84375
SMC2L	January 18, 2024	March 21, 2024	April 4, 2024	1.48396875
	May 14, 2024	June 21, 2024	July 4, 2024	1.48396875
				0.32977083333333
	May 14, 2024	June 21, 2024	July 4, 2024	3
	August 8, 2024	September 20, 2024	October 4, 2024	1.48396875
	November 7, 2024	December 20, 2024	January 3, 2025	1.48396875
SMC2M	January 18, 2024	March 21, 2024	April 4, 2024	1.5703125
	May 14, 2024	June 21, 2024	July 4, 2024	1.5703125
				0.50598958333333
	May 14, 2024	June 21, 2024	July 4, 2024	3
	August 8, 2024	September 20, 2024	October 4, 2024	1.5703125
	November 7, 2024	December 20, 2024	January 3, 2025	1.5703125
SMC2N	January 18, 2024	March 21, 2024	April 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	0.347775
	August 8, 2024	September 20, 2024	October 4, 2024	1.5649875
	November 7, 2024	December 20, 2024	January 3, 2025	1.5649875
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	1.611300
	May 14, 2024	June 21, 2024	July 4, 2024	1.611300
				0.35806666666666
	May 14, 2024	June 21, 2024	July 4, 2024	7
	August 8, 2024	September 20, 2024	October 4, 2024	1.611300
	November 7, 2024	December 20, 2024	January 3, 2025	1.611300

On January 15, 2026, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at March 20, 2026 the following shares to be paid on March 30, 2026, as follows:

Class of Shares	Dividends Per Share	Class of Shares	Dividends Per Share
SMC2I	P1.18790625	SMC2P	1.3059375
SMC2L	1.48396875	SMC2Q	1.3605
SMC2M	1.5703125	SMC2R	1.413
SMC2N	1.5649875	SMC2S	1.3059375
SMC2O	1.6113	SMC2T	1.3605
		SMC2U	1.413

On March 12, 2026, the BOD of the Parent Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 30, 2026 to be paid on April 17, 2026.

The Parent Company declared and paid P2,122 million and P2,102 million to the holders of SPCS in 2025 and 2024, respectively, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Parent Company.

Description of the securities of the Group may be found in of the Audited Consolidated Financial Statements attached hereto as **Annex “B”**.

There were no securities sold by the Parent Company within the past three (3) years which were not registered under the Securities Regulation Code, except for the following:

Name of Security Sold	Date of Sale	Amount of Securities	Basis for Exemption
Series 2-M Preferred Shares	August 23, 2023	173,333,325 Series 2-M Preferred Shares equivalent to ₱12.9 billion at an issue price of ₱75.00 per share	Section 10.1(k) of the SRC

Independent Public Accountants

The accounting firm of R.G. Manabat & Co. served as the Parent Company's external auditors for the last sixteen (16) fiscal years. The BOD will again nominate R.G. Manabat & Co. as the Parent Company's external auditors for this fiscal year.

Representatives of R.G. Manabat & Co. are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire. The Parent Company paid the external auditor the amount of P12 million and P11 million, respectively, for its services rendered in 2025 and 2024.

The stockholders approve the appointment of the Parent Company's external auditors. The Audit and Risk Oversight Committee reviews the audit scope and coverage, strategy and results for the approval of the board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. The Parent Company's Audit and Risk Oversight Committee's approval policies and procedures for external audit fees and services are stated in the Parent Company's Manual of Corporate Governance.

Compliance with Leading Practice on Corporate Governance

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance ("Manual") is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. The Compliance Officer has certified that the Company has substantially adopted all the provisions of the Manual. Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Company and its stockholders. On April 14, 2010, the Board of Directors amended the Manual pursuant to the Revised Code of Corporate Governance issued by the SEC under its Memorandum Circular No. 6, series of 2009. On March 27, 2014, the Board of Directors approved further amendments to the Manual to reflect the requirements of the SEC on the annual training requirement of directors and key officers of the Company, and the requirements on the reporting of compliance with the Manual. On May 10, 2017, the Company amended the Manual on Corporate Governance in compliance with the regulations of the SEC Memorandum Circular No. 19, Series of 2016 which adopted the Code of Corporate Governance for Publicly Listed Companies. On July 3, 2026, the Company further amended its Manual on Corporate Governance, specifically, (a) Section 2.2.1.6 to state that the Corporation shall have at least three (3) independent directors; (b) Section 2.2.2.4, to include the Sustainability Committee as one of the Board Committees of the Corporation; and (c) Section 2.2.5.4, to reflect the provisions of SRC Rule 68 Implementing Rules on the rotation of external auditors to be in accordance with the provisions of the Code of Ethics for Professional Accountants.

Board Appraisals, Criteria and Procedures

Since 2011, it has been the practice of the Company for its Board and members of the Audit and Risk Oversight Committee to accomplish an annual Internal Self-Rating Form (the "Form"). For 2025, the Forms were distributed for their accomplishment during the last Regular Board Meeting held on November 13, 2025.

For the members of the Board, the Form covers four (4) broad areas of Board Performance: (1) Fulfillment of the Board's Key Responsibilities; (2) Board-Management Relationship; (3) Effectiveness of Board Processes and Meetings; and (4) Individual Performance of Board Members. The Form requires the Board members to read each statement and rank their response on the 5-point scale directly below each statement with "1" indicating that they strongly disagree with the statement and "5" indicating that they strongly agree with the statement. Additional space is also provided for their comments. Based on the accomplished Form, the Board has substantially met its mandate with an average rating of five (5).

The members of the Audit and Risk Oversight Committee also accomplished the Form for the purpose of evaluating the said Committee's performance for 2025. The Form covers the following areas: (1) Quality and Integrity of the Company's Financial Statements and Financial Reporting Process; (2) Effectiveness of the Company's Internal Control Systems; (3) Independent and Performance of its Internal and External Auditors; (4) Compliance by the Company with Accounting Standards, Legal and Regulatory Requirements; (5) Evaluation of the Management's Process to Assess and Manage the Company's Enterprise Risk Issues. The Form requires the said Committee members to read each statement and rank their response on the 5-point scale directly below each statement with "1" indicating that they strongly disagree with the statement and "5" indicating that they strongly agree with the statement. Additional space is also provided for their comments. Based on the accomplished Forms, the said Committee has also substantially met its mandate with an average rating of 4.81.

UNDERTAKING

The Company will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the 2025 Consolidated Audited Financial Statements of the Company and the First Quarter 17-Q on the company website www.sanmiguel.com.ph upon its approval by the Securities and Exchange Commission.

Upon the written request of a stockholder, the Company undertakes to timely furnish such stockholder with a copy of the full version of this SEC Form 20-IS (Definitive Information Statement), the SEC Form 17-A and the First Quarter 17-Q free of charge. Such written request shall be directed to the Office of the Corporate Secretary, 7/F SMC-HOC Building, No. 40 San Miguel Avenue, Mandaluyong City, Philippines, or sent via email at smc_stsc@sanmiguel.com.ph

SIGNATURE

After reasonable inquiry and to the best of my knowledge and behalf, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on May 15, 2026.

By:

SAN MIGUEL CORPORATION



Virgilio S. Jacinto
Corporate Secretary

**CERTIFICATION OF INDEPENDENT DIRECTOR
(Dir. Margarito B. Teves)**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITO B. TEVES**, Filipino, of legal age, and a resident of 411 Ambuklao Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of San Miguel Corporation ("SMC") since June 14, 2012.

2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
GBF New Power Group Inc	Independent Director	August 2024- Present
P.J. Lhuillier Group of Companies	Member, Strategic Committee	February 2015 to present
Petron Corporation	Independent Director	May 20, 2014 to present
SMC Tollways Corporation (<i>formerly, Atlantic Aurum Investments Philippines Corporation</i>)	Independent Director	July 19, 2013 to present
Alphaland Corporation	Independent Director	May 26, 2011 to present
Atok-Big Wedge Co., Inc.	Independent Director	2011 to present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2011 to present
Pampanga Sugar Development Co.	Director	July 2011 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SMC, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of SMC and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I am neither in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of San Miguel Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this APR 28 2026 at Mandaluyong City.

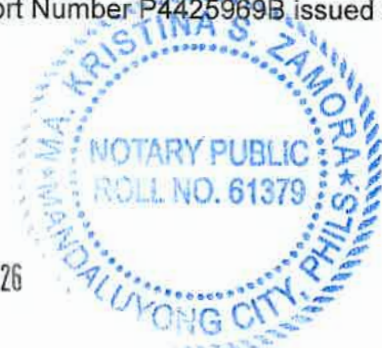

MARGARITO B. TEVES
Affiant

SUBSCRIBED AND SWORN to before me this APR 28 2026 at Mandaluyong City, affiant exhibiting to me his Passport Number P4425969B issued on January 16, 2020 at DFA-NCR South.

Doc. No.: 601;
Page No.: ky;
Book No.: 16360415;
Series of 2026.



APR 28 2026




MA. KRISTINA S. ZAMORA
Commission No. 0513-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 61379
PTR No. 6034366; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018307; 12/14/17; RSM
MCLE Compliance No. VIII-0039380; 07/04/25; Pasig City

ANNEX “A-2”

**CERTIFICATION OF INDEPENDENT DIRECTOR
(Dir. Douglas L. LuYm)**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DOUGLAS L. LUYM**, Filipino, of legal age with address at No. Paseo Annette, Ma. Luisa Estate Park, Banilad, Cebu City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an incumbent Independent Director of San Miguel Corporation ("SMC") since June 10, 2025.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Mactan Electric Company, Inc.	Director, Treasurer & Executive Vice President	Since 2020
The Palisades City, Inc..	President	Since 2013
Lu Do & Lu Ym Corp.	Chairman and President	Since 2010
Associated Brokerage System, Inc.	President	Since 1985
United Coconut Chemicals, Inc.	Director	Since 1979
Magna Holdings, Inc.	Chairman of the Board	Since 1982
Far East Corn Refining Co.	President	Since 1975

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SMC, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of SMC and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am neither in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

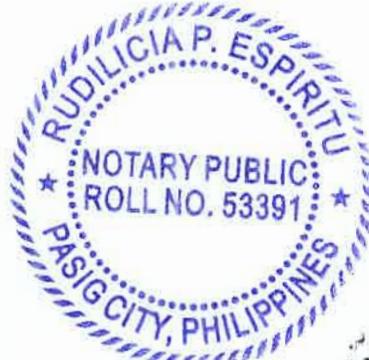
8. I shall inform the Corporate Secretary of San Miguel Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 12 2026 at PASIG CITY.


DOUGLAS L. LUYM
Affiant

SUBSCRIBED AND SWORN to before me this MAR 12 2026 at PASIG CITY City, affiant personally appeared before me and exhibited to me his Passport No. P4312260B issued at DFA Cebu on January 07, 2020.

Doc. No.: 242
Page No.: 59
Book No.: V
Series of 2026.




RUDILICIA P. ESPIRITU
Commission No. 274 (2025-2026)
Notary Public for Pasig City
Until December 31, 2026
5th Floor, C5 Office Building Complex,
#100 E Rodriguez Jr. Ave., C5 Road,
30. Ugong, Pasig City 1604, Metro Manila
Roll No. 53391

PTR No. 3977998; January 5, 2026 / Pasig City
Life Member Roll No. 13322 / Camarines Sur Chapter
Compliance No. MLL-001-1125- Valid until April 14, 2026

3-12-26

ANNEX “A-3”

**CERTIFICATION OF INDEPENDENT DIRECTOR
(Dir. Felipe M. Medalla)**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FELIPE M. MEDALLA**, Filipino, of legal age and a resident of 24 Ma. Felipe St. Tierra Pura Homes, Culiati, Quezon City, 116, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an incumbent Independent Director of **SAN MIGUEL CORPORATION** since August 8, 2024.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Asia United Bank Corporation	Independent Director	July 03, 2025 to present
Rural Bank of Angeles	Independent Director	July 04, 2025 to present
G-Exchange Inc.	Independent Director	December 11, 2025 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.
4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL CORPORATION** and its subsidiaries and affiliates.
5. I disclose that, as the former Governor of the Bangko Sentral ng Pilipinas/Monetary Board, I am a respondent in the case relating to the closure of the AMA Rural Bank (the "Bank"). In a decision promulgated by the Court of Appeals (the "Court") on April 29, 2024, the Court found the respondent-officials of the Bangko Sentral ng Pilipinas/Monetary Board and the Philippine Deposit Insurance Corporation guilty of civil indirect contempt for failure to comply with the order of the Court to open and return the assets of the Bank. The decision is the subject of a motion for reconsideration/appeal filed by the Government.
6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **SAN MIGUEL CORPORATION** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this APR 22 2026 at Mandaluyong City.




FELIPE M. MEDALLA
Affiant

SUBSCRIBED AND SWORN to before me this APR 22 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport No. P1085424C, issued on July 27, 2022 at DFA-Manila.

Doc. No.: 404
Page No.: 95
Book No.: II
Series of 2026.




JOSE ANGELITO M. ILANO
Commission No. 0520-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 62172
PTR No. 6034385, 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018833; 12/14/17; Q.C.
MCLE Compliance No. VIII-0020653; 01/27/25; Pasig City

ANNEX “A-4”

**CERTIFICATION OF NOMINEE INDEPENDENT DIRECTOR
(Mr. Antonio S. Abacan, Jr.)**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANTONIO S. ABACAN, JR.**, Filipino, of legal age with address at 316 Madrigal Avenue, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of San Miguel Corporation ("SMC").
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
COSCO Capital, Inc.	Independent Director	May 14, 2024 to Present
San Miguel Food and Beverage, Inc.	Independent Director	June 5, 2024 to Present
Primex Realty Corporation	Independent Director	June 14, 2024 to Present
Bank of Commerce	Independent Director	July 29, 2025 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SMC, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of SMC and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am neither in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of SMC of any changes in the abovementioned information within five days from its occurrence.

Done this APR 30 2026 at Mandaluyong City.


ANTONIO S. ABACAN, JR.
Affiant

SUBSCRIBED AND SWORN to before me this APR 30 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport No. P9604386A issued at DFA Manila on November 19, 2018.

Doc. No. : 437
Page No. : 09
Book No. : II
Series of 2026.



APR 30 2026


JOSE ANGELITO M. ILANO
Commission No. 0520-25
Notary Public for Mandaluyong City
Until December 31, 2026

SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 62172
PTR No. 603-365; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018833; 12/4/17; Q.C.
MCLC Compliance No. VIII-0006850-01/07/25- Pasig City

ANNEX “B”

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	0	0	0	2	7	7		
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COMPANY NAME

S	A	N		M	I	G	U	E	L		C	O	R	P	O	R	A	T	I	O	N		A	N	D				
S	U	B	S	I	D	I	A	R	I	E	S																		

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

N	o	.		4	0		S	a	n		M	i	g	u	e	l		A	v	e	n	u	e						
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y	,		M	e	t	r	o		M	a	n	i	l	a
P	h	i	l	i	p	p	i	n	e	s																			

Form Type

A A F S

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

N/A

Company's Telephone Number/s

8632-3000

Mobile Number

N/A

No. of Stockholders

33,208

Annual Meeting (Month / Day)

Second Tuesday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Bella O. Navarra

Email Address

N/A

Telephone Number/s

8632-3000

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

No. 40 San Miguel Avenue, Mandaluyong City

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.

SAN MIGUEL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023**

With Independent Auditors' Report



SAN MIGUEL CORPORATION

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

The management of San Miguel Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG

Chairman and
Chief Executive Officer

JOHN PAUL L. ANG

President and
Chief Operating Officer

BRYAN U. VILLANUEVA

Chief Finance Officer

Signed this 12th day of March 2026

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

BEFORE ME, a Notary Public for and in the City of Mandaluyong, Philippines on this 12th day of March 2026, personally appeared the following with his identification, to wit:

Name	Passport No.	Date of issue	Place of Issue
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
John Paul L. Ang	P2247846B	May 22, 2019	DFA Manila
Bryan U. Villanueva	P8559308B	December 23, 2021	DFA Manila

personally known to me to be the same persons who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they are authorized to represent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

Doc. No.: 339 ;
Page No.: 69 ;
Book No.: III ;
Series of 2026.




MA. KRISTINA S. ZAMORA
Commission No. 0513-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 61379
PTR No. 6034386; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018307; 12/14/17; RSM
MCLE Compliance No. VIII-0039380; 07/04/25; Pasig City



3/12/2026

R.G. Manabat & Co.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Corporation
No. 40 San Miguel Avenue
Mandaluyong City

Opinion

We have audited the consolidated financial statements of San Miguel Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition (P1,485,345 million).

Refer to Notes 6, 27 and 35 of the consolidated financial statements.

The risk

Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. It is accounted for when control of the goods or services is transferred to the customer over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. While revenue recognition and measurement are not complex for the Group, revenues may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement.

Our response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We involved our information technology specialists, as applicable, to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- We vouched, on a sampling basis, sales transactions to supporting documentation such as sales invoices and delivery documents to ascertain that the revenue recognition criteria are met.
- We tested, on a sampling basis, sales transactions for the last month of the financial year and also the first month of the following financial year to supporting documentation such as sales invoices and delivery documents to assess whether these transactions are recorded in the appropriate financial year.
- We tested, on a sampling basis, journal entries posted to revenue accounts to identify unusual or irregular items.

- We tested, on a sampling basis, credit notes issued after the financial year, to identify and assess any credit notes that relate to sales transactions recognized during the financial year.

Valuation of Goodwill (P186,145 million).

Refer to Notes 4, 18 and 40 of the consolidated financial statements.

The risk

The Group has embarked on a diversification strategy and has expanded into new businesses through a number of acquisitions and investments resulting in the recognition of a significant amount of goodwill. The goodwill of the acquired businesses are reviewed annually to evaluate whether events or changes in circumstances affect the recoverability of the Group's investments.

The methods used in the annual impairment test of goodwill are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. The assumptions used include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response

We performed the following audit procedures, among others, on the valuation of goodwill:

- We assessed management's determination of the recoverable amounts based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.
- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.
- We performed our own sensitivity analyses on the key assumptions used in the models.

Valuation of Other Intangible Assets with Indefinite Useful Lives (P2,668 million).
Refer to Notes 4, 18, 36 and 40 of the consolidated financial statements.

The risk

The methods used in the annual impairment test for other intangible assets with indefinite useful lives are complex and judgmental in nature, utilizing assumptions on future market and/or economic conditions. These assumptions include future cash flow projections, growth rates, discount rates and sensitivity analyses, with a greater focus on more recent trends and current market interest rates, and less reliance on historical trends.

Our response

We performed the following audit procedures, among others, on the valuation of other intangible assets with indefinite useful lives:

- We assessed management's determination of the recoverable amounts based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined for each individual cash-generating unit.
- We tested the reasonableness of the discounted cash flow model by comparing the Group's assumptions to externally derived data such as relevant industry information, projected economic growth, inflation and discount rates. Our own valuation specialist assisted us in evaluating the models used and assumptions applied.
- We performed our own sensitivity analyses on the key assumptions used in the models.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

R.G. Manabat & Co.



The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', written over a horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit
covering 2025 and 2026 to 2030 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2025

Issued June 11, 2025; valid until June 10, 2028

PTR No. MKT 10764422

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(In Millions)

	<i>Note</i>	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4, 7, 40, 41, 42	P351,715	P293,677
Trade and other receivables - net	4, 8, 35, 37, 40, 41, 42	247,559	266,981
Inventories	4, 9, 40	145,800	178,355
Current portion of biological assets - net	4, 17	3,074	3,241
Prepaid taxes and licenses	10, 25	103,105	126,022
Prepaid expenses and other current assets	4, 11, 13, 35, 36, 40, 41, 42	31,689	32,158
Total Current Assets		882,942	900,434
Noncurrent Assets			
Investments and advances - net	4, 5, 12, 25, 35, 40	127,258	52,948
Investments in equity and debt instruments	4, 13, 35, 41, 42	47,862	21,050
Property, plant and equipment - net	4, 14, 36, 40	808,450	891,450
Right-of-use assets - net	4, 15, 36	44,210	43,302
Investment property - net	4, 16, 36, 40	96,431	87,909
Biological assets - net of current portion	4, 17	2,661	2,652
Goodwill - net	4, 18, 40	186,145	184,994
Other intangible assets - net	4, 18, 36, 40	359,842	340,496
Deferred tax assets	4, 25, 40	23,196	22,045
Contract assets	19	69,563	56,028
Other noncurrent assets - net	4, 20, 35, 36, 37, 41, 42	77,600	73,622
Total Noncurrent Assets		1,843,218	1,776,496
		P2,726,160	P2,676,930
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	21, 32, 35, 40, 41, 42	P230,592	P293,230
Accounts payable and accrued expenses	4, 22, 35, 36, 37, 40, 41, 42	254,023	289,038
Lease liabilities - current portion	4, 32, 35, 36, 40, 41, 42	7,994	11,736
Income and other taxes payable	25, 40	41,753	43,628
Dividends and distributions payable	35, 38, 40, 41, 42	4,639	5,160
Current maturities of long-term debt - net of debt issue costs	23, 32, 35, 40, 41, 42	176,286	94,123
Total Current Liabilities		715,287	736,915
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	23, 32, 35, 40, 41, 42	1,181,010	1,173,146
Lease liabilities - net of current portion	4, 32, 35, 36, 40, 41, 42	27,837	30,809
Deferred tax liabilities	25, 40	29,303	34,861
Other noncurrent liabilities	4, 24, 35, 37, 40, 41, 42	25,383	24,758
Total Noncurrent Liabilities		1,263,533	1,263,574
Total Liabilities		1,978,820	2,000,489

Forward

	Note	2025	2024
Equity	26, 38, 39		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock - common		P16,443	P16,443
Capital stock - preferred		10,187	10,187
Additional paid-in capital		177,151	177,442
Capital securities		-	24,211
Equity reserves		15,624	(5,275)
Retained earnings:			
Appropriated		85,931	79,849
Unappropriated		129,390	89,413
Treasury stock		(111,345)	(109,763)
		323,381	282,507
Non-controlling Interests	2, 26, 40	423,959	393,934
Total Equity		747,340	676,441
		P2,726,160	P2,676,930

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Millions, Except Per Share Data)

	<i>Note</i>	2025	2024	2023
SALES	6, 27, 35	P1,485,345	P1,575,379	P1,446,703
COST OF SALES	28, 36, 42	1,200,290	1,312,027	1,208,410
GROSS PROFIT		285,055	263,352	238,293
SELLING AND ADMINISTRATIVE EXPENSES	29, 36	(103,469)	(102,536)	(93,808)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	21, 23, 32, 35, 36, 37	(100,268)	(99,413)	(91,303)
INTEREST INCOME	7, 13, 33, 35, 37	16,156	14,704	14,027
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	12	11,482	2,364	1,729
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	5, 14, 16, 20	977	2,175	83
OTHER INCOME (CHARGES) - Net	4, 5, 13, 34, 36, 41, 42	14,240	(16,479)	4,086
INCOME BEFORE INCOME TAX		124,173	64,167	73,107
INCOME TAX EXPENSE	25, 44	29,495	27,492	28,408
NET INCOME		P94,678	P36,675	P44,699
Attributable to:				
Equity holders of the Parent Company		P41,291	(P7,411)	P198
Non-controlling interests	26	53,387	44,086	44,501
		P94,678	P36,675	P44,699
Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	39	P13.65	(P7.10)	(P2.51)

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Millions)

	<i>Note</i>	2025	2024	2023
NET INCOME		P94,678	P36,675	P44,699
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on defined benefit retirement plan	37	820	(2,321)	(2,271)
Income tax benefit (expense)	25	(217)	497	571
Net gain on financial assets at fair value through other comprehensive income	5, 13	45,388	267	178
Income tax expense	25	(716)	(24)	(23)
Share in other comprehensive income (loss) of associates and joint ventures - net	12	33	33	(111)
		45,308	(1,548)	(1,656)
Items that may be reclassified to profit or loss				
Net gain (loss) on exchange differences on translation of foreign operations		7,237	4,430	(2,602)
Net gain (loss) on financial assets at fair value through other comprehensive income		31	2	(71)
Income tax benefit (expense)	25	(8)	-	8
Net loss on cash flow hedges	42	(1,021)	(371)	(205)
Income tax benefit	25	255	93	58
Share in other comprehensive income (loss) of associates and joint ventures - net	12	179	(24)	107
		6,673	4,130	(2,705)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		51,981	2,582	(4,361)
TOTAL COMPREHENSIVE INCOME - Net of tax		P146,659	P39,257	P40,338
Attributable to:				
Equity holders of the Parent Company		P90,249	(P6,535)	(P3,591)
Non-controlling interests	26	56,410	45,792	43,929
		P146,659	P39,257	P40,338

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Millions)

Equity Attributable to Equity Holders of the Parent Company																
Note	Equity Reserves															
	Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other		Retained Earnings		Treasury Stock		Non-controlling Interests	Total Equity
	Common	Preferred							Equity Reserve	Appropriated	Unappropriated	Common	Preferred			
As at January 1, 2025	P16,443	P10,187	P177,442	P24,211	(P11,767)	(P681)	P671	P5,089	P1,413	P79,849	P89,413	(P67,093)	(P42,670)	P282,507	P393,934	P676,441
Net gain on exchange differences on translation of foreign operations	-	-	-	-	-	-	-	4,123	-	-	-	-	-	4,123	3,114	7,237
Share in other comprehensive income (loss) of associates and joint ventures - net	12	-	-	-	27	-	183	(6)	-	-	-	-	-	204	8	212
Net loss on cash flow hedges	42	-	-	-	-	(766)	-	-	-	-	-	-	-	(766)	-	(766)
Net gain on financial assets at fair value through other comprehensive income	5, 13	-	-	-	-	-	22,426	-	22,262	-	-	-	-	44,688	7	44,695
Remeasurement gain (loss) on defined benefit retirement plan	37	-	-	-	709	-	-	-	-	-	-	-	-	709	(106)	603
Other comprehensive income (loss)	-	-	-	-	736	(766)	22,609	4,117	22,262	-	-	-	-	48,958	3,023	51,981
Net income	-	-	-	-	-	-	-	-	-	41,291	-	-	-	41,291	53,387	94,678
Total comprehensive income (loss)	-	-	-	-	736	(766)	22,609	4,117	22,262	-	41,291	-	-	90,249	56,410	146,659
Reclassification of treasury shares	-	-	-	-	-	-	-	-	-	-	-	67,093	(67,093)	-	-	-
Reissuance of treasury shares - preferred	-	-	(291)	-	-	-	-	-	-	-	-	-	30,000	29,709	-	29,709
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(31,582)	(31,582)	-	(31,582)
Redemption of capital securities	-	-	-	(24,211)	-	-	-	-	-	-	(4,444)	-	-	(28,655)	-	(28,655)
Redemption of investment in redeemable preferred shares held by a subsidiary	-	-	-	-	-	-	-	-	(22,262)	-	22,262	-	-	-	-	-
Net addition (reduction) to non-controlling interests and others	5, 26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations - net	12, 26	-	-	-	(272)	-	(14)	53	(5,564)	-	(193)	-	-	(5,990)	15,145	9,155
Cash dividends and distributions:	26	-	-	-	-	-	-	-	-	6,082	(6,082)	-	-	-	-	-
Common	38	-	-	-	-	-	-	-	-	-	(3,337)	-	-	(3,337)	(15,606)	(18,943)
Preferred	-	-	-	-	-	-	-	-	-	-	(7,398)	-	-	(7,398)	(2,357)	(9,755)
Capital securities	-	-	-	-	-	-	-	-	-	-	(2,122)	-	-	(2,122)	(23,567)	(25,689)
As at December 31, 2025	26	P16,443	P10,187	P177,151	P -	(P11,303)	(P1,447)	P9,259	(P4,151)	P85,931	P129,390	P -	(P111,345)	P323,381	P423,959	P747,340
Forward																

Forward

Equity Attributable to Equity Holders of the Parent Company															
Note	Equity Reserves														
	Additional Paid-in Capital			Senior Perpetual Capital Securities	Reserve for Retirement Plan	Equity Reserves			Retained Earnings		Treasury Stock		Non-controlling Interests	Total Equity	
	Common	Preferred	Common			Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common			Preferred
As at January 1, 2024	P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P42,670)	P316,221	P348,945	P665,166
Net gain on exchange differences on translation of foreign operations	-	-	-	-	-	-	-	2,117	-	-	-	-	2,117	2,313	4,430
Share in other comprehensive income (loss) of associates and joint ventures - net	12	-	-	-	18	-	(12)	(2)	-	-	-	-	4	5	9
Net loss on cash flow hedges	42	-	-	-	-	(278)	-	-	-	-	-	-	(278)	-	(278)
Net gain (loss) on financial assets at fair value through other comprehensive income	13	-	-	-	-	-	353	-	-	-	-	-	353	(108)	245
Remeasurement loss on defined benefit retirement plan	37	-	-	-	(1,320)	-	-	-	-	-	-	-	(1,320)	(504)	(1,824)
Other comprehensive income (loss)		-	-	-	(1,302)	(278)	341	2,115	-	-	-	-	876	1,706	2,582
Net income (loss)		-	-	-	-	-	-	-	-	(7,411)	-	-	(7,411)	44,086	36,675
Total comprehensive income (loss)		-	-	-	(1,302)	(278)	341	2,115	-	-	(7,411)	-	(6,535)	45,792	39,257
Share issuance costs from reissuance of treasury shares	26	-	(26)	-	-	-	-	-	-	-	-	-	(26)	-	(26)
Net addition (reduction) to non-controlling interests and others	12, 26	-	-	-	-	-	-	-	(13,505)	-	(529)	-	(14,034)	37,561	23,527
Appropriations - net	26	-	-	-	-	-	-	-	-	(7,321)	7,321	-	-	-	-
Cash dividends and distributions:	38	-	-	-	-	-	-	-	-	-	(3,337)	-	(3,337)	(16,721)	(20,058)
Common		-	-	-	-	-	-	-	-	-	(7,680)	-	(7,680)	(3,113)	(10,793)
Preferred		-	-	-	-	-	-	-	-	-	(2,102)	-	(2,102)	(18,530)	(20,632)
Capital securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at December 31, 2024	26	P16,443	P10,187	P177,442	P24,211	(P11,767)	P671	P5,089	P1,413	P79,849	P89,413	(P42,670)	P282,507	P393,934	P676,441
Forward															

Forward

Equity Attributable to Equity Holders of the Parent Company															
Note	Equity Reserves														
	Additional Paid-in Capital			Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock		Non-controlling Interests	Total Equity
	Common	Preferred								Appropriated	Unappropriated	Common	Preferred		
As at January 1, 2023															
Net gain (loss) on exchange differences on translation of foreign operations															
Share in other comprehensive income (loss) of associates and joint ventures - net	12														
Net loss on cash flow hedges	42														
Net gain (loss) on financial assets at fair value through other comprehensive income	13														
Remeasurement loss on defined benefit retirement plan	37														
Other comprehensive income (loss)															
Net income															
Total comprehensive income (loss)															
Reissuance of treasury shares - preferred	26														
Net reduction to non-controlling interests and others	12, 26														
Appropriations - net	26														
Cash dividends and distributions:	38														
Common															
Preferred															
Capital securities															
As at December 31, 2023															

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Millions)

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P124,173	P64,167	P73,107
Adjustments for:				
Interest expense and other financing charges	32	100,268	99,413	91,303
Depreciation, amortization and others - net	14, 15, 16, 18, 20, 30, 34	69,610	59,360	57,621
Loss (gain) on foreign exchange - net	34	9,425	20,956	(4,188)
Gain on fair valuation of investment	5, 34	(21,933)	-	-
Interest income	33	(16,156)	(14,704)	(14,027)
Equity in net earnings of associates and joint ventures	12	(11,482)	(2,364)	(1,729)
Gain on sale of investments and property and equipment	5, 14, 16, 20	(977)	(2,175)	(83)
Operating income before working capital changes		252,928	224,653	202,004
Changes in current assets, certain current liabilities and others	40	28,672	(176)	(5,386)
Cash generated from operations		281,600	224,477	196,618
Interest and other financing charges paid		(98,274)	(99,203)	(91,995)
Income taxes paid		(26,163)	(23,687)	(21,527)
Net cash flows provided by operating activities		157,163	101,587	83,096
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	14	(54,690)	(76,707)	(71,173)
Other intangible assets	18	(28,007)	(40,379)	(64,677)
Investments and advances	12	(22,578)	(16,475)	(5,271)
Contract assets	19	(8,931)	(12,166)	(6,571)
Advances to contractors and suppliers	20	(7,630)	(5,631)	(9,448)
Investment property	16	(6,357)	(9,985)	(5,450)
Investments in equity and debt instruments	13	(5,008)	(2,107)	(616)
Increase in other noncurrent assets and others	20	(14,040)	(5,133)	(9,128)
Cash and cash equivalents of deconsolidated subsidiaries	5	(5,679)	-	-
Net proceeds of:				
Redemption of investment in redeemable preferred shares held by a subsidiary	5	78,717	-	-
Sale of property and equipment and other intangible assets	14, 16, 20	3,911	1,168	1,307
Disposal of investments in equity and debt instruments	13	732	1,384	606
Disposal of subsidiaries, net of cash and cash equivalents disposed of	5	5	2,537	418
Interest received		15,899	13,623	13,396
Dividends received	5, 12	13,010	1,510	1,150
Collection of advances	5	12,084	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	40	-	(1,040)	-
Net cash flows used in investing activities		(28,562)	(149,401)	(155,457)

Forward

	Note	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds of:				
Short-term borrowings	40	P1,234,685	P1,334,679	P1,145,761
Long-term borrowings	40	183,696	357,390	292,879
Payments of:				
Short-term borrowings	40	(1,293,970)	(1,256,795)	(1,197,861)
Long-term borrowings	40	(108,963)	(309,435)	(190,822)
Cash dividends and distributions paid to non-controlling shareholders	40	(42,049)	(38,527)	(35,102)
Repurchase of capital securities of subsidiaries	26	(37,903)	(45,040)	(27,134)
Redemption of preferred shares	26	(31,582)	-	-
Repurchase of capital securities	26	(28,655)	-	-
Cash dividends and distributions paid	38, 40	(12,860)	(12,401)	(9,043)
Payments of lease liabilities	40	(11,882)	(20,195)	(20,995)
Repurchase of common treasury shares of a subsidiary	26, 35	(1,130)	-	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	26	(785)	853	(3,014)
Net proceeds of issuance of capital securities of subsidiaries	26	48,685	64,473	-
Net proceeds of reissuance of treasury shares	26	29,709	-	46,749
Redemption of preferred shares of a subsidiary	26	-	(13,403)	-
Share issuance costs from reissuance of treasury shares	26	-	(26)	-
Net proceeds of issuance of preferred shares of a subsidiary	26	-	16,730	13,885
Net cash flows provided by (used in) financing activities		(73,004)	78,303	15,303
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		2,441	1,830	202
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		58,038	32,319	(56,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7	293,677	261,358	318,214
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	P351,715	P293,677	P261,358

See Notes to the Consolidated Financial Statements.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Corporation (SMC or the Parent Company), a subsidiary of Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company), was incorporated on August 21, 1913. On March 16, 2012, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and By-Laws of the Parent Company to extend the corporate term for another 50 years from August 21, 2013, as approved on the March 14, 2011 and June 7, 2011 meetings of the Parent Company's Board of Directors (BOD) and stockholders, respectively.

The Parent Company shall have a perpetual corporate term in accordance with the Revised Corporation Code of the Philippines (RCC) and the rules of the SEC.

Under Section 2 of SEC Memorandum Circular No. 22, Series of 2020, the corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed on The Philippine Stock Exchange, Inc. (PSE).

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries and the Group's interests in associates and joint ventures (collectively referred to as the Group).

The Group is engaged in various businesses, including food and beverage, packaging, energy, fuel and oil, infrastructure, cement and real estate property management and development.

The registered office address of the Parent Company is No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 12, 2026.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis at each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

	Percentage of Ownership		Country of Incorporation
	2025	2024	
Food and Beverage Business			
San Miguel Food and Beverage, Inc. (SMFB)	88.76	88.76	Philippines
Food			
San Miguel Foods, Inc. (SMFI) and subsidiaries, San Miguel Mills, Inc. (SMMI) and subsidiaries, Magnolia Inc. and subsidiary, PT San Miguel Foods Indonesia ^(a,b) , San Miguel Super Coffeemix Co., Inc., The Purefoods-Hormel Company, Inc. (PF-Hormel), San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary and San Miguel Pure Foods (VN) Co., Ltd.			
Beer and Non-alcoholic Beverages			
San Miguel Brewery Inc. (SMB) and subsidiaries [including Iconic Beverages, Inc. (IBI), Brewery Properties Inc. (BPI) and subsidiary, and San Miguel Brewing International Limited and subsidiaries {including San Miguel Brewery Hong Kong Limited (SMBHK) and subsidiaries, San Miguel (Baoding) Brewery Co., Ltd. ^(c) , San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited, San Miguel Brewery Vietnam Company Limited ^(d) and PT. Delta Jakarta Tbk and subsidiary}]			
Spirits			
Ginebra San Miguel Inc. (GSMI) and subsidiaries [including Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc.]			

Forward

	Percentage of Ownership		Country of Incorporation
	2025	2024	
Packaging Business			
San Miguel Yamamura Packaging Corporation (SMYPC) and subsidiaries [including SMC Yamamura Fuso Molds Corporation (SYFMC), Can Asia, Inc. and Wine Brothers Philippines Corporation]	65.00	65.00	Philippines
San Miguel Yamamura Packaging International Limited (SMYPIL) and subsidiaries [including San Miguel Yamamura Phu Tho Packaging Co. Ltd. ^(a) , San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Ltd., Zhaoqing San Miguel Yamamura Glass Company Ltd. ^(a) , Foshan San Miguel Yamamura Packaging Co., Ltd. and subsidiary ^(a) , San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, San Miguel Yamamura Plastic Films Sdn. Bhd. and San Miguel Yamamura Australasia Pty. Ltd. (SMYA) and subsidiaries {including SMYC Pty. Ltd. and subsidiary, SMYV Pty. Ltd., SMYP Pty. Ltd. and subsidiary, Cospak Ltd., SMYBB Pty. Ltd., SMYJ Pty. Ltd., SMYV Ltd. and SMYJ Ltd.}]	65.00	65.00	British Virgin Islands (BVI)
Mindanao Corrugated Fibreboard, Inc.	100.00	100.00	Philippines
Energy Business			
San Miguel Global Power Holdings Corp. (San Miguel Global Power) and subsidiaries [including Sual Power Inc. (SPI) and subsidiary, San Roque Hydropower Inc. (SRHI), SMC PowerGen Inc., SMGP BESS Power Inc. (SMGP BESS), Limay Power Inc. (LPI), Malita Power Inc. (MPI), PowerOne Ventures Energy Inc. (PVEI), SMCGP Masinloc Power Company Limited, SMCGP Masinloc Partners Company Limited, Masinloc Power Co. Ltd. (MPCL), SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) and Mariveles Power Generation Corporation (MPGC)]	100.00	100.00	Philippines
Fuel and Oil Business			
SEA Refinery Corporation (SRC) ^(d)	100.00	100.00	Philippines
Petron Corporation (Petron) ^(d) and subsidiaries [including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd. ^(a) , New Ventures Realty Corporation (NVRC) and subsidiaries, Mema Holdings Inc. (Mema) and subsidiaries ^(a) , Petron Singapore Trading Pte. Ltd. (PSTPL), Petron Global Limited, Petron Oil & Gas Mauritius Ltd and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries ^(a) {including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (PMRMB) (collectively Petron Malaysia)}] and Petrochemical Asia (HK) Limited ^(a) and subsidiaries	71.82	68.26	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2025	2024	
Infrastructure Business			
San Miguel Holdings Corp. doing business under the name and style of "SMC Infrastructure" (SMHC) and subsidiaries ^(a) [including SMC TPLEX Holdings Company, Inc. and subsidiary, SMC TPLEX Corporation (SMCTC), TPLEX Operations and Maintenance Corporation, Trans Aire Development Holdings Corp. (TADHC), Jethandler Asia Services Inc., SMC NAIAX Corporation (SMC NAIAX), Universal LRT Corporation (BVI) Limited (ULC BVI), SMC Mass Rail Transit 7 Inc. (SMC MRT 7), SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation (MMSS4), Luzon Clean Water Development Corporation (LCWDC), Alloy Manila Toll Expressways Inc. (AMTEX), Pasig River Expressway Corporation (PREC), Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp. (NALEC), SMC Southern Access Link Expressway Corp. (SALEC), South Luzon Toll Road-5 Expressway, Inc. (SLEXTR5), SMC NBEX Inc. (SMC NBEX), SMC CBEX Inc. (SMC CBEX), SMC PLEX Inc. (SMC PLEX), SMC TPLEX Extension Infrastructure Corp. (TPLEXE) ^(e) , San Miguel Aerocity Inc. doing business under the name and style of "Manila International Airport" (SMAI) ^(a) , Wiselink Investment Holdings, Inc. and subsidiary, Cypress Tree Capital Investments, Inc. and subsidiaries {including Star Infrastructure Development Corporation (SIDC) and Star Tollway Corporation (collectively the Star Tollways Group)}, Atlantic Aurum Investments B.V. (AAIBV) and subsidiaries {including SMC Tollways Corporation (SMC Tollways) and subsidiaries [including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation (MMSS3) and SMC Skyway Corporation (SMC Skyway) and subsidiary, Skyway O&M Corporation (SOMCO)], SMC SLEX Holdings Company Inc. (SSHCI) and subsidiaries, Manila Toll Expressway Systems, Inc. (MATES) and SMC SLEX Inc. (SMC SLEX), and SMC Tollway Holdings S.à.r.l. (STHS) ^(f) } and SMC Bulacan Water Services Corporation and subsidiaries]	100.00	100.00	Philippines
Cement Business			
San Miguel Equity Investments Inc. (SMEII) and subsidiaries ^(a) [including Northern Cement Corporation (NCC), Southern Concrete Industries, Inc. (SCII) and Eagle Cement Corporation (ECC) and subsidiaries]	100.00	100.00	Philippines
Real Estate Business			
San Miguel Properties, Inc. (SMPI) and subsidiaries ^(a) [including SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp.]	99.98	99.98	Philippines
Davana Corporation ^(g) and subsidiaries	100.00	100.00	Philippines
Silvertides Holdings Corporation and subsidiary	100.00	100.00	Philippines
Fonterra Verde Holdings Inc. (FVHI)	100.00	100.00	Philippines
Deity Holdings Corporation	100.00	100.00	Philippines
Worldsummit Holdings Corporation (WHC)	100.00	100.00	Philippines
One Verdana Holdings Inc.	100.00	100.00	Philippines

Forward

	Percentage of Ownership		Country of Incorporation
	2025	2024	
Others			
San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries, including San Miguel Insurance Company, Ltd.	100.00	100.00	Bermuda
SMC Shipping and Lighterage Corporation (SMCSLC) and subsidiaries ^(a) , including SL Harbor Bulk Terminal Corporation (SLHBTC)	70.00	70.00	Philippines
San Miguel Integrated Logistics Services, Inc.	100.00	100.00	Philippines
SMC Stock Transfer Service Corporation ^(a)	100.00	100.00	Philippines
ArchEn Technologies Inc. ^(a)	100.00	100.00	Philippines
SMITS, Inc. (SMITS) and subsidiaries ^(a)	100.00	100.00	Philippines
Petrogen Insurance Corporation (Petrogen) ^(h)	100.00	100.00	Philippines
Anchor Insurance Brokerage Corporation (AIBC) ^(a)	74.27	74.27	Philippines
SMC Asia Car Distributors Corp. (SMCACDC) and subsidiaries ^(a)	65.00	65.00	Philippines
SMC Equivest Corporation (SMCEC)	100.00	100.00	Philippines

(a) The financial statements of these subsidiaries were audited by other auditors.

(b) Ceased operations in October 2021 and is in the process of liquidation.

(c) Ceased operations in March 2020 and is in the process of liquidation.

(d) Petron is 52.71% and 50.10% indirectly owned by SMC through SRC and 19.11% and 18.16% directly owned by SMC as at December 31, 2025 and 2024, respectively.

(e) Consolidated to SMHC effective May 16, 2024.

(f) Consolidated to AAIBV effective December 2, 2025. Formerly Travis Investment Solution 56 S.à.r.l. The change in the corporate name was approved by the BOD of STHS on December 29, 2025.

(g) Formerly Davana Heights Development Corporation. The change in the corporate name was approved by the SEC on November 28, 2025.

(h) Petrogen is 74.94% directly owned by SMC and 25.06% indirectly owned by SMC through Petron.

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continues to be consolidated until the date when such control ceases.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary and the carrying amount of any non-controlling interests; (ii) recognizes the fair value of the consideration received and the fair value of any investment retained; (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities; and (iv) recognizes any resulting difference as a gain or loss, associated with the loss of control attributable to the controlling interest, in the consolidated statements of income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiaries as follows: SMFB, SMYPC, SMYPIL, Petron, SMCTC, TADHC, AMTEX, AAIBV, SMPI, SMCSLC, Petrogen, AIBC and SMCACDC in 2025 and 2024 (Note 26).

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate that reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions, using either an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the consolidated financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025, and have not been applied in preparing the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments* and PFRS 7). The amendments clarify that a financial liability is derecognized on the settlement date when the related obligation is discharged, cancelled or expires. The amendments also introduce an accounting policy option to derecognize financial liabilities settled through an electronic payment system before the settlement date, if certain specified conditions are met.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

- PFRS 18, replaces PAS 1. The new standard introduces the following key requirements:
 - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.
 - Management-defined performance measures are disclosed in a single note to the financial statements.
 - Enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

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

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, 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 will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. 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) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

On December 15, 2021, the FSRSC 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 years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

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

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category (Notes 7, 8, 11, 13, 20, 35, 41 and 42).

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established unless the dividend clearly represent a recovery of part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category (Notes 13, 20, 35, 41 and 42).

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity and debt instruments at FVPL are classified under this category (Notes 11, 13, 20, 35, 41 and 42).

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 22, 24, 41 and 42).

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

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

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (Notes 21, 22, 23, 24, 36, 41 and 42).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "passthrough" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing components. The Group uses a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

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

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

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

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the “Hedging reserve” account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction-related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated, or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has outstanding derivatives accounted for as cash flow hedge as at December 31, 2025 and 2024 (Note 42).

Embedded Derivatives

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has embedded derivatives as at December 31, 2025 and 2024 (Note 42).

Inventories

Finished goods, goods in process, materials and supplies, raw land inventory and real estate projects are valued at the lower of cost and net realizable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods and goods in process	- at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; finished goods also include unrealized gain (loss) on fair valuation of agricultural produce; costs are determined using the moving-average method.
Petroleum products (except lubes and greases) and crude oil	- at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the first-in, first-out method.
Lubes and greases, blending components and polypropylene	- at cost, which includes duties and taxes related to the acquisition of inventories; costs are determined using the moving-average method.
Raw land inventory	- at cost, which includes acquisition costs of raw land intended for sale or development and other costs and expenses incurred to effect the transfer of title of the property; costs are determined using the specific identification of individual costs.
Real estate projects	- at cost, which includes acquisition costs of property and other costs and expenses incurred to develop the property; costs are determined using the specific identification of individual costs.
Materials, supplies and others	- at cost, using the specific identification method, first-in, first-out method or moving-average method.
Coal and Liquefied Natural Gas (LNG)	- at cost, using the weighted average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Goods in Process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Petroleum Products, Crude Oil, Lubes and Greases, and Aftermarket Specialties. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and/or market and distribute.

Materials and Supplies, including Coal and LNG. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Real Estate Projects. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw Land Inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the consolidated statements of income as they are consumed or expire with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Biological Assets and Agricultural Produce

The Group's biological assets include breeding stocks, growing hogs, poultry livestock and goods in process which are grouped according to their physical state, transformation capacity (breeding, growing or laying), as well as their particular stage in the production process.

Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably.

The Group's agricultural produce, which consists of grown broilers and marketable hogs harvested from the Group's biological assets, are measured at their fair value less estimated costs to sell at the point of harvest. The fair value of grown broilers is based on the quoted prices for harvested mature grown broilers in the market at the time of harvest. For marketable hogs, the fair value is based on the quoted prices in the market at any given time.

The Group, in general, does not carry any inventory of agricultural produce at any given time as these are either sold as live broilers and hogs or transferred to the different poultry or meat processing plants and immediately transformed into processed or dressed chicken and carcass.

The carrying amounts of the biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Amortization is computed using the straight-line method over the following estimated productive lives of breeding stocks:

	Amortization Period
Hogs - sow	3 years or 6 births, whichever is shorter
Hogs - boar	2.5 - 3 years
Poultry breeding stock	38 - 42 weeks

Contract Assets

A contract asset is the right to consideration that is conditioned on something other than the passage of time, in exchange for goods or services that the Group has transferred to a customer. The contract asset is transferred to receivable when the right becomes unconditional.

A receivable represents the Group's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

▪ *Goodwill in a Business Combination*

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

▪ *Intangible Assets Acquired in a Business Combination*

The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of an intangible asset is assessed to be either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change in accounting estimate. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of income.

Business Combinations under Common Control

The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interests method.

The assets and liabilities of the combining entities are reflected in the consolidated statements of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments are those to align accounting policies between the combining entities.

No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is recognized in equity.

The consolidated statements of income reflect the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities had been combined for the period that the entities were under common control.

Non-controlling Interests

The acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Investments in Shares of Stock of Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represent the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 50
Buildings and improvements	2 - 50
Power plants	5 - 42
Refinery and plant equipment	4 - 30
Service stations and other equipment	3 - 30
Equipment, furniture and fixtures	2 - 50
Mine properties	25 - 55
Leasehold improvements	2 - 50
	or term of the lease, whichever is shorter

Depreciation of refinery and plant equipment used in production is computed based on the unit of production method (UPM) which considers the expected capacity over the estimated useful lives of these assets. UPM closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

	Number of Years
Land	2 - 999
Buildings and improvements	2 - 15
Power plants	29 - 43
Service stations and other equipment	10 - 12
Machinery and equipment	2 - 7

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in the consolidated statements of income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as rent expense on a straight-line basis over the lease term.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Investment Property

Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land and leasehold improvements	5 - 50 or term of the lease, whichever is shorter
Buildings and improvements	2 - 50
Machinery and equipment	3 - 40
Right-of-use assets	2 - 50

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the consolidated statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Except for mineral rights and evaluation asset, which is amortized using UPM method, amortization of other intangible assets with finite lives is computed using the straight-line method over the following estimated useful lives:

	Number of Years
Toll road concession rights	28 - 36
Airport concession rights	25 - 50
Water concession rights	25 - 30
Computer software and licenses	2 - 10

The Group assessed the useful lives of licenses and trademarks and brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

Licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

Service Concession Arrangements

Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group can provide with the infrastructure, to whom it can provide them, and at what price; and (b) the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement are accounted for under Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of the Interpretation if the conditions in (a) are met.

The Interpretation applies to both: (i) infrastructure that the entities in the Group construct or acquire from a third party for the purpose of the service arrangement; and (ii) existing infrastructure to which the grantor gives the entities in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of the Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of the contractual arrangements within the scope of the Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the applicable entity has contractual obligations to fulfill as a condition of its license: (i) to maintain the infrastructure to a specified level of serviceability; or (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures the contractual obligations in accordance with PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date.

Borrowing costs attributable to the arrangement are recognized as expenses in the period in which they are incurred unless the applicable entities have a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

The following are the concession rights covered by the service concession arrangements entered into by the Group:

- *Airport Concession Rights*

Boracay Airport. The airport concession right pertains to the right granted by the Republic of the Philippines (ROP) to TADHC: (i) to operate the Caticlan Airport (the Airport Project or the Boracay Airport); (ii) to design and finance the Airport Project; and (iii) to operate and maintain the Airport Project during the concession period. This also includes the present value of the annual franchise fee, as defined in the Concession Agreement, payable to the ROP over the concession period of 25 years. Except for the portion that relates to the annual franchise fee, which is recognized immediately as intangible asset, the right is earned and recognized by the Group as the project progresses (Note 4).

The airport concession right is carried at cost less accumulated amortization and any impairment in value. Amortization is computed using the straight-line method over the remaining concession periods and assessed for impairment whenever there is an indication that the asset may be impaired.

The airport concession right is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss from derecognition of the airport concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

Manila International Airport (MIA). The airport concession right pertains to the right granted by the ROP to SMAI: (i) to operate; (ii) to design and finance; and (iii) to operate and maintain the MIA during the concession period.

The airport concession right represents the design and construction costs incurred to obtain the right during the construction period. It is carried at cost less accumulated amortization and any impairment in value. Subsequent expenditures or replacement of parts of it, are normally recognized in profit or loss as these are incurred to maintain the expected future economic benefits embodied in the airport concession right unless it can be demonstrated that the expenditures will contribute to the increase in revenue from airport and toll operations which meet the definition of an intangible asset (Note 4).

The airport concession right will be amortized on a straight-line basis over the period stated in the Concession Agreement which is approximately 50 years from issuance of the Certificate of Substantial Completion for the First Phase of the Project, and will be assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method are reviewed at least at each reporting year-end or more frequently when an indication of impairment arises during the reporting year. Changes in the term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates.

The airport concession right will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition as the concession right which is expected to be fully amortized by then and will be handed over to the ROP with no consideration.

- *Toll Road Concession Rights.* The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects:
 - South Luzon Expressway (SLEX);
 - South Luzon Expressway Toll Road-5;
 - Ninoy Aquino International Airport (NAIA) Expressway;
 - Skyway Stages 1 and 2 (Skyway);
 - Skyway Stage 3;
 - Skyway Stage 4;
 - Tarlac-Pangasinan-La Union Toll Expressway (TPLEX);
 - Southern Tagalog Arterial Road (STAR);
 - Pasig River Expressway (PAREX);
 - Northern Access Link Expressway (NALEX);
 - Southern Access Link Expressway (SALEX);
 - Pangasinan Link Expressway (PLEX);
 - Cavite-Batangas Expressway (CBEX);
 - Nasugbu-Bauan Expressway (NBEX); and
 - TPLEX Extension.

In exchange for the fulfillment of the Group's obligations under the Concession Agreement, the Group is given the right to operate the toll road facilities over the concession period. Toll road concession rights are recognized initially at the fair value of the construction services. Following initial recognition, the toll road concession rights are carried at cost less accumulated amortization and any impairment losses. Subsequent expenditures or replacement of parts of it are normally recognized in the consolidated statements of income as these are incurred to maintain the expected future economic benefits embodied in the toll road concession rights. Expenditures that will contribute to the increase in revenue from toll operations are recognized as an intangible asset.

The toll road concession rights are amortized using the straight-line method over the term of the Concession Agreement. The toll road concession rights are assessed for impairment whenever there is an indication that the toll road concession rights may be impaired.

The toll road concession rights will be derecognized upon turnover to the ROP. There will be no gain or loss upon derecognition of the toll road concession rights as these are expected to be fully amortized upon turnover to the ROP.

- *Water Concession Rights*

Bulacan Bulk Water Supply. The water concession right pertains to the right granted by the Metropolitan Waterworks and Sewerage System (MWSS) to LCWDC as the concessionaire of the supply of treated bulk water, planning, financing, development, design, engineering and construction of facilities including the management, operation and maintenance in order to alleviate the chronic water shortage and provide potable water needs of the Province of Bulacan. The Concession Agreement is for a period of 30 years and may be extended for up to 50 years. The water concession right represents the upfront fee, cost of design, construction and development of the Bulacan Bulk Water Supply Project. The service concession right is not yet amortized until the construction is completed.

The carrying amount of the water concession right is reviewed for impairment annually, or more frequently when an indication of impairment arises during the reporting year.

The water concession right will be derecognized upon turnover to MWSS. There will be no gain or loss upon derecognition of the water concession right, as this is expected to be fully amortized upon turnover to MWSS.

Obando and Bulakan Water Supply. Obando Water Company, Inc. (OWCI) and Bulakan Water Company, Inc. (BWCI) account for the service concession arrangement with Obando Water District (OWD) and Bulakan Water District (BWD), respectively, under the intangible asset model as it receives the right (license) to charge users of public service. OWCI and BWCI are granted the rights and authority to finance, design, construct, operate and maintain the water and sanitation services inside the Municipality of Obando and Bulakan, respectively.

Service concession rights consist of the present value of the total estimated concession fee payments and the costs of rehabilitation works on the existing facilities pursuant to the Concession Agreement. Amortization commences once it is available for use and calculated on a straight-line basis over the remaining concession period.

The carrying amounts of the concession rights are reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in asset market value, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

- *Metro Rail Transit Line 7 (MRT 7 Project)*. The Group's capitalized project costs incurred for the MRT 7 Project is recognized as a financial asset as it does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

The Group can finance, design, test, commission, construct and operate and maintain the MRT 7 Project on behalf of the ROP in accordance with the terms specified in the Concession Agreement.

As payment, the ROP shall pay fixed amortization payment on a semi-annual basis in accordance with the scheduled payment described in the Concession Agreement (Note 36).

The amortization period and method are reviewed at least at each reporting date. Changes in the terms of the Concession Agreement or the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible asset.

Mineral Rights and Evaluation Assets

The Group's mineral rights and evaluation assets have finite lives and are carried at cost less accumulated amortization and any accumulated impairment.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statements of income as incurred.

Amortization of mineral rights and evaluation assets is recognized in the consolidated statements of income based on UPM method utilizing only recoverable coal, limestone and shale reserves as the depletion base. In applying the UPM method, amortization is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves.

The Group's mineral rights and evaluation asset is amortized using UPM method over 25 years.

Gain or loss from derecognition of mineral rights and evaluation assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statements of income.

Deferred Exploration and Development Costs

Deferred exploration and development costs comprise of expenditures which are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Deferred exploration and development costs also include expenditures incurred in acquiring mineral rights and evaluation assets, entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration assets are reassessed on a regular basis and tested for impairment provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing or planned for the future.

If the project proceeds to the development stage, the amounts included within deferred exploration and development costs are transferred to property, plant and equipment.

Returnable Containers

Returnable bottles, shells, pallets, and Liquefied Petroleum Gas (LPG) cylinders are measured at cost less accumulated depreciation and impairment, if any. These are presented as "Deferred containers - net" under "Other noncurrent assets - net" account in the consolidated statements of financial position and are depreciated over the estimated useful lives of 2 to 15 years. Depreciable amount is equal to cost less estimated residual value, equivalent to the deposit value. Depreciation of deferred containers is included under "Selling and administrative expenses" account in the consolidated statements of income.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from deferred containers.

The carrying amounts of deferred containers are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Refundable containers deposits are collected from customers based on deposit value and refunded when the containers are returned to the Group in good condition. These deposits are presented as part of "Customers' deposits" under "Accounts payable and accrued expenses" account in the consolidated statements of financial position.

Impairment of Non-financial Assets

The carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Contract Liabilities

A deferred income is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a deferred income is recognized when the payment is made, or the payment is due (whichever is earlier). Deferred income is recognized as revenue when the Group performs under the contract.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity and are recognized at par value. Incremental costs directly attributable to the issuance of common shares, referred to as share issuance costs, and share options are recognized as a deduction from equity, net of any tax effects. Such costs are deducted from additional paid-in capital arising from the share issuance. If additional paid-in capital is insufficient to absorb the costs, the excess is charged against additional paid-in capital from previous stock issuances or directly to retained earnings, in that order.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Capital Securities

Redeemable Perpetual Securities (RPS) and Senior Perpetual Capital Securities (SPCS) are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of RPS and SPCS are recognized as a deduction from equity, net of tax.

Equity Reserves

Equity reserves include mainly the effects of transactions with: (i) holders of capital securities; (ii) non-controlling interests and equity adjustments arising from changes in ownership interests in subsidiaries that do not result in loss of control, accounted for as equity transactions; (iii) changes in the fair value of investments in equity and debt instruments presented in other comprehensive income; (iv) foreign currency differences arising from the translation of the financial statements of foreign operations; (v) remeasurements of the net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) and (vi) the effective portion of the cumulative net change in the fair value of hedging instruments designated in cash flow including the cost of hedging.

Retained Earnings

Retained earnings represent the accumulated net income or losses, including any accumulated gains or losses that were reclassified from equity reserves upon the derecognition of related investments in equity instruments designated as financial assets at FVOCI, net of any dividends and distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend and distribution declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Food and Beverage, Packaging, Petroleum Products and Cement and Aggregates

Revenue is recognized at the point in time when control of the goods is transferred to the customer, which is normally upon delivery of the goods. Trade discounts and volume rebate do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each period. Payment is generally due within 30 to 60 days from delivery.

Revenue from sale of petroleum products is allocated between the consumer loyalty program and the other component of the sale. The allocation is based on the relative stand-alone selling price of the points. The amount allocated to the consumer loyalty program is deducted from revenue at the time points are awarded to the consumer.

A deferred liability on consumer loyalty program included under “Accounts payable and accrued expenses” account in the consolidated statements of financial position is set up until the Group has fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the points under the program will be redeemed. The deferred liability is based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is an indication of a material change.

Revenue from Power Generation and Trading

Revenue from power generation and trading is recognized over time when actual power or capacity is generated, transmitted and/or made available to the customers, net of related discounts and adjustments.

Revenues from retail and other power-related services are recognized over time upon the supply of electricity to the customers. The Uniform Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001 specified the following bill components: (a) generation charge; (b) transmission charge; (c) system loss charge; (d) distribution charge; (e) supply charge; (f) metering charge; (g) currency exchange rate adjustments; where applicable; and (h) interclass and life subsidies. Feed-in tariffs allowance, Value-added Tax (VAT) and universal charges are billed and collected on behalf of the national and local government and do not form part of the Group's revenue. Generation, transmission and system loss charges, which are part of revenues, are passthrough charges.

Revenue from Sale of Real Estate

Revenue from sale of real estate projects under pre-completion stage is recognized over time based on percentage of completion since the Group does not have an alternative use of the specific real estate property sold as the Group is precluded by the contract from redirecting the use of the property for a different purpose. Further, the Group has the right to payment for the development completed to date as the Group can choose to complete the development and enforce its rights to full payment under the contract even if the customer defaults on amortization payments. The Group determines the stage of completion based on surveys done by the Group's engineers and total costs to be incurred on a per unit basis. Revenue is recognized when 10% of the total contract price has already been collected.

Revenue from sale of completed real estate projects, and undeveloped land or raw land is recognized at a point in time. The Group recognizes in full the revenue and cost from sale of completed real estate projects and undeveloped land when 10% or more of the contract price is received.

If the transaction does not qualify for revenue recognition, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue, payments received from customers are presented as “Customers' deposits” under “Accounts payable and accrued expenses” account in the consolidated statements of financial position.

Cancellation of real estate sales is accounted for on the year of forfeiture. The repossessed real estate projects are recognized at fair value less cost to repossess. Any gain or loss on cancellation is recognized as part of “Other income (charges) - net” account in the consolidated statements of income.

Revenue from Service Concession Arrangements

Revenue from toll operations is recognized upon the use by the road users of the toll road and is paid by way of cash or charge against Radio Frequency Identification account. Toll fees are set and regulated by the Toll Regulatory Board (TRB).

Landing, take-off and parking fees are recognized as the services are rendered over time which is the period from landing up to take-off of aircrafts.

Terminal fees are recognized upon receipt of fees charged to passengers for the use of airport and port terminals.

Revenue from port cargo handling and ancillary services is recognized as the services are rendered over time based on the quantity of items handled during the period multiplied by a predetermined rate.

Revenue from construction contracts is recognized over time based on the percentage of completion, measured by reference to the proportion of costs incurred to date to estimated total costs for each contract.

Revenue from Freight Services

Revenue from freight services is recognized as the services are rendered over time based on every voyage contracted with customers during the period multiplied by a predetermined rate.

Revenue from Other Sources

Revenue from Agricultural Produce. Revenue from initial recognition of agricultural produce is measured at fair value less estimated costs to sell at the point of harvest. Fair value is based on the relevant market price at the point of harvest.

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rent Income. Rent income is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Gain or Loss on Sale of Investments in Shares of Stock. Gain or loss is recognized when the Group disposes of its investment in shares of stock of a subsidiary, associate and joint venture and financial assets at FVPL. Gain or loss is computed as the difference between the proceeds of the disposed investment and its carrying amount, including the carrying amount of goodwill, if any.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Research and Development Costs

Research costs are expensed as incurred. Development costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of development costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. The projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. Independent qualified actuary calculates these amounts periodically.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates on the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine Peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine Peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in shares of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid taxes and licenses" or "Income and other taxes payable" accounts in the consolidated statements of financial position.

Assets Held for Sale

The Group classifies noncurrent assets, or disposal groups comprising assets and liabilities as held for sale or distribution, if their carrying amounts will be recovered primarily through sale or distribution rather than through continuing use. The assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for some assets which are covered by other standards. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statements of income. Gains are not recognized in excess of any cumulative impairment losses.

The criteria for held for sale or distribution is regarded as met only when the sale or distribution is highly probable, and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale, or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision on distribution or sale will be withdrawn. Management must be committed to the sale or distribution within one year from the date of classification.

Intangible assets, property, plant and equipment and investment property once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or 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. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of RPS and SPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements:

Measurement of Biological Assets. Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available in the Philippine poultry and hog industries. Further, the existing sector benchmarks are determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of petroleum products such as the provision of technical support and consumer loyalty program and allocates the transaction price into these several performance obligations.

Applicability of Philippine Interpretation IFRIC 12. In accounting for the Group's transactions in connection with its Concession Agreement with the ROP, significant judgment was applied to determine the most appropriate accounting policy to use.

Management used Philippine Interpretation IFRIC 12 as guide and determined that the Concession Agreement is within the scope of the interpretation since it specifically indicated that the ROP will regulate what services the Group must provide, at what prices these services will be offered, and that at the end of the concession period, the entire infrastructure, as defined in the Concession Agreement, will be turned over to the ROP (Note 36).

Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the Group's obligations under the Concession Agreement, may either be an intangible asset in the form of a right (license) to charge fees to users or financial asset in the form of an unconditional right to receive cash or another financial asset. Judgment was further exercised by management in determining the cost components of acquiring the right. Further reference to the terms of the Concession Agreement (Note 36) was made to determine such costs.

a. *Airport Concession Rights*

Boracay Airport. The airport concession right consists of: (i) Airport Project cost; (ii) present value of infrastructure restoration obligation (IRO); and (iii) present value of total franchise fees over 25 years and its subsequent amortization.

- (i) The Airport Project cost is recognized as part of intangible assets as the construction progresses. The cost-to-cost method was used as management believes that the actual cost of construction is most relevant in determining the amount that should be recognized as cost of the intangible asset at each reporting date as opposed to cost plus and other methods of percentage-of-completion.
- (ii) The present value of the IRO is capitalized as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position (Note 18).
- (iii) The present value of the obligation to pay annual franchise fees over 25 years has been immediately recognized as part of intangible assets because the right related to it has already been granted and is already being enjoyed by the Group as evidenced by its taking over the operations of the Boracay Airport during the last quarter of 2010. Consequently, management has started amortizing the related value of the intangible asset and the corresponding obligation has likewise been recognized.

MIA. The airport concession right consists of the pre-design costs, consultancy fees and other directly attributable costs incurred in the development of the project.

b. *Toll Road Concession Rights.* The Group's toll road concession rights represent the costs of construction and development, including borrowing costs, if any, during the construction period of the following projects: (i) SLEX; (ii) NAIA Expressway; (iii) Skyway; (iv) TPLEX; (v) STAR; (vi) PAREX; (vii) NALEX; (viii) SALEX; (ix) PLEX; (x) CBEX; (xi) NBEX; and (xii) TPLEX Extension.

Pursuant to the Concession Agreements, any stage or phase or ancillary facilities thereof, of a fixed and permanent nature, shall be owned by the ROP.

- c. *Water Concession Rights.* The Group's water concession rights represent the right to collect charges from water service providers and third-party purchasers availing of a public service, grant control or regulate the price and transfer significant residual interest of the water treatment facilities at the end of the Concession Agreement.
- d. *MRT 7 Project.* The Concession Agreement related to the MRT 7 Project does not convey to the Group the right to control the use of the public service infrastructure but only an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Management determined that the consideration receivable from the ROP, in exchange for the fulfillment of the obligation under the Concession Agreement, is a financial asset in the form of an unconditional right to receive cash or another financial asset.

Difference in judgment in respect to the accounting treatment of the transactions would materially affect the assets, liabilities and operating results of the Group.

Recognition of Profit Margin on the Airport and Toll Road Concession Arrangements. The Group has not recognized any profit margin on the construction of the airport and toll road projects as it believes that the fair value of the intangible asset reasonably approximates the cost. The Group also believes that the profit margin of its contractors on the rehabilitation of the existing airport and its subsequent upgrade is enough to cover any difference between the fair value and the carrying amount of the intangible asset.

Recognition of Revenue from Sale of Real Estate and Raw Land. The Group recognizes its revenue from sale of real estate projects and raw land in full when 10% or more of the total contract price is received and when development of the real estate property is 100% completed. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's assessment of the collection history from customers and the number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price was received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of Redeemable Preferred Shares. Based on the features of the preferred shares of TADHC, particularly on mandatory redemption, management determined that the shares are, in substance, financial liabilities. Accordingly, these were presented as part of “Accounts payable and accrued expenses” account in the consolidated statements of financial position as at December 31, 2025 and 2024 (Note 22).

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. Although the Group owns less than 50% of the voting rights of BPI, management has determined that the Group has control in this entity by virtue of its exposure and rights to variable returns from its involvement in this investee and its ability to affect those returns through its power over the investee.

The Group is entitled to receive substantially all of the returns related to BPI's operations and net assets after providing the fixed returns for preferred shareholders under the articles of incorporation and has the current ability to direct BPI's activities that most significantly affect the returns.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in Angat Hydropower Corporation (Angat Hydro) and KWPP Holdings Corporation (KWPP) as at December 31, 2025 and 2024 as joint ventures (Note 12).

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 42.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (Note 45).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least two years. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL is not material because substantial amount of trade receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information do not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Trade receivables written off amounted to P116 and P25 in 2025 and 2024, respectively. The allowance for impairment losses on trade receivables amounted to P5,344 and P5,924 as at December 31, 2025 and 2024, respectively. The carrying amount of trade receivables amounted to P175,587 and P191,937 as at December 31, 2025 and 2024, respectively (Note 8).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and

- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable financial institutions and companies with good credit standing and relatively low risk of defaults.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2025	2024
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	7, 41	P345,694	P287,803
Other current receivables - net (included under "Trade and other receivables - net" account)	8	71,972	75,044
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	11, 13, 41, 42	12,205	12,180
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	20, 41, 42	6,155	8,797
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	11, 20, 41, 42	28,777	23,822

The allowance for impairment losses on other current receivables, included as part of "Trade and other receivables - net" account and noncurrent receivables and deposits included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position, amounted to P11,467 and P268, respectively, as at December 31, 2025, and P9,419 and P590, respectively, as at December 31, 2024 (Notes 8, 20 and 41).

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 9, 11, 12, 13, 16, 17, 18, 20, 22, 37 and 42.

Write-down of Inventory. The Group writes down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The write-down of inventories amounted to P2,415 and P1,605 as at December 31, 2025 and 2024, respectively (Note 9).

The carrying amounts of inventories amounted to P145,800 and P178,355 as at December 31, 2025 and 2024, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property and Deferred Containers. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on management's review at the reporting date.

Property, plant and equipment, net of accumulated depreciation, amounted to P825,637 and P907,069 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment amounted to P370,391 and P332,242 as at December 31, 2025 and 2024, respectively (Note 14).

Right-of-use assets, net of accumulated depreciation, amounted to P44,305 and P43,395 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of right-of-use assets amounted to P14,474 and P12,445 as at December 31, 2025 and 2024, respectively (Note 15).

Investment property, net of accumulated depreciation, amounted to P96,608 and P87,931 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P29,445 and P26,111 as at December 31, 2025 and 2024, respectively (Note 16).

Deferred containers, net of accumulated depreciation, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P22,583 and P21,188 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of deferred containers amounted to P28,590 and P25,096 as at December 31, 2025 and 2024, respectively (Note 20).

Estimated Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded as having an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, net of accumulated amortization, included as part of "Other intangible assets - net" account in the consolidated statements of financial position amounted to P357,213 and P338,075 as at December 31, 2025 and 2024, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P81,822 and P73,285 as at December 31, 2025 and 2024, respectively (Note 18).

Estimated Useful Lives of Intangible Assets - Concession Rights. The Group estimates the useful lives of toll road, airport, port and water concession rights based on the period over which the assets are expected to be available for use. The Group has not included any renewal period because of uncertainty of the probability of securing renewal contract at the end of the original contract term as at the reporting date.

The amortization period and method are reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset.

The combined carrying amounts of toll road, airport and water concession rights amounted to P325,252 and P305,582 as at December 31, 2025 and 2024, respectively (Note 18).

Impairment of Goodwill, Licenses and Trademarks and Brand Names with Indefinite Useful Lives. The Group determines whether goodwill, licenses and trademarks and brand names are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which goodwill is allocated and the value in use of the licenses and trademarks and brand names. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and from the licenses and trademarks and brand names and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P186,145 and P184,994 as at December 31, 2025 and 2024, respectively (Note 18).

The combined carrying amounts of licenses and trademarks and brand names amounted to P2,668 and P2,460 as at December 31, 2025 and 2024, respectively (Note 18).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired, and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment must be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The carrying amount of goodwill arising from business combinations amounted to P1,488 in 2024. No goodwill was recognized from business combinations in 2025 (Notes 18 and 40).

Assessment of Production Start Date. The Group assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. The criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with construction cost estimate;

- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of mineral reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

No impairment loss on deferred exploration and evaluation costs was recognized in 2025, 2024 and 2023.

Deferred exploration and development costs included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P92 as at December 31, 2025 and 2024 (Notes 20 and 36).

Recognition of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group’s assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P23,196 and P22,045 as at December 31, 2025 and 2024, respectively (Note 25).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment on investments and advances, property, plant and equipment, right-of-use assets, investment property, other intangible assets with finite useful lives and deferred containers amounted to P18,857 and P17,149 as at December 31, 2025 and 2024, respectively (Notes 12, 14, 15, 16, 18 and 20).

The combined carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets amounted to P1,459,298 and P1,438,328 as at December 31, 2025 and 2024, respectively (Notes 12, 14, 15, 16, 17, 18 and 20).

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P35,831 and P42,545 as at December 31, 2025 and 2024, respectively (Notes 36, 40, 41 and 42).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 37 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Group.

The present value of defined benefit retirement obligation amounted to P41,229 and P39,710 as at December 31, 2025 and 2024, respectively (Note 37).

ARO. The Group has ARO arising from refinery, power plants, leased service stations, terminals, blending plant and leased properties. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of the ARO by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.28% to 12.64% and 3.24% to 12.64% as at December 31, 2025 and 2024, respectively, depending on the life of the capitalized costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The ARO amounted to P2,732 and P2,078 as at December 31, 2025 and 2024, respectively (Notes 22 and 24).

Present Value of Annual Franchise Fee and IRO - Airport Concession Arrangement. Portion of the amount recognized as airport concession right of TADHC as at December 31, 2025 and 2024 pertains to the present value of the annual franchise fee payable to the ROP over the concession period. The recognition of the present value of the IRO is capitalized as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position (Note 18).

The present values of the annual franchise fee and IRO were determined based on the future value of the obligations discounted at the Group's internal borrowing rate which is believed to be a reasonable approximation of the applicable credit-adjusted risk-free market borrowing rate.

A significant change in such internal borrowing rate used in discounting the estimated cost would result in a significant change in the amount of liabilities recognized with a corresponding effect in profit or loss.

The present value of the annual franchise fees payable to the ROP over 25 years discounted using the 9% internal borrowing rate in 2025 and 2024, included as part of "Airport concession rights" under "Other intangible assets - net" account in the consolidated statements of financial position amounted to P46 and P50 as at December 31, 2025 and 2024, respectively (Note 18).

The cost of infrastructure maintenance and restoration represents the present value of TADHC's IRO recognized and is presented as part of IRO under "Other noncurrent liabilities" account in the consolidated statements of financial position amounting to P103 and P100 as at December 31, 2025 and 2024, respectively (Note 24).

Percentage-of-Completion - Airport, Toll Road and Water Concession Arrangements. The Group determines the percentage-of-completion of the contract by computing the proportion of actual contract costs incurred to date, to the latest estimated total airport, toll road and water project cost. The Group reviews and revises, when necessary, the estimate of airport, toll road and water project cost as it progresses, to appropriately adjust the amount of construction cost and revenue recognized at the end of each reporting period. Construction revenue and construction costs, reported as part of "Other income (charges) - net" account in the consolidated statements of income, amounted to P42,241, P57,772 and P60,606 in 2025, 2024 and 2023, respectively (Note 34).

Accrual for Repairs and Maintenance - Toll Road Concession Arrangements. The Group recognizes accruals for repairs and maintenance based on estimates of periodic costs, generally estimated to be every five to ten years as at December 31, 2025 and 2024, or the expected period to restore the toll road facilities to a level of serviceability and to maintain its good condition before the turnover to the ROP. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation, discounted using a pre-tax rate, ranging from 5.04% to 9.00% and 6.00% to 6.18% as at December 31, 2025 and 2024, respectively, that reflects the current market assessment of the time value of money.

The accrual for repairs and maintenance, included as part of "IRO" under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P1,608 and P1,111 as at December 31, 2025 and 2024, respectively (Note 24).

The current portion included as part of "Accounts payable and accrued expenses" account amounted to P339 and P581 as at December 31, 2025 and 2024, respectively (Note 22).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments:

Infrastructure

- **SMHC**

On April 20 and May 11, 2023, SMHC and the Parent Company executed Subscription Agreements to subscribe to an additional 5,500,000 common shares of SMHC for a total subscription price of P8,250 or P1,500.00 per common share. The Parent Company paid P7,227 in 2023, while the balance of the subscription price amounting to P1,023 was paid in 2024.

On March 1 and July 17, 2024, SMHC and the Parent Company executed Subscription Agreements to subscribe to an additional 2,500,000 common shares of SMHC for a total subscription price of P3,750 or P1,500.00 per common share. The Parent Company paid P3,212 in 2024.

- **SMAI**

On December 26, 2024, SMAI and the Parent Company executed a Subscription Agreement to subscribe to an additional 3,960,000,000 Series "2" Preferred Shares for a total subscription price of P23,760 or P6.00 per preferred share, which was fully paid in 2024.

On October 22 and December 26, 2025, SMAI and the Parent Company executed Subscription Agreements to subscribe to an additional 1,166,671,982 Series "2" Preferred Shares for a total subscription price of P7,000 or P6.00 per preferred share. The Parent Company paid P6,730 in 2025.

The preferred shares issued by SMAI are non-voting, may be convertible into common shares as determined by the BOD of SMAI, may be redeemable at the sole option of SMAI at a price and at such time that the BOD of SMAI shall determine. The preferred shares are entitled to dividends as declared by the BOD of SMAI. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of SMAI, the holders of preferred shares that are outstanding at that time shall enjoy preference in the payment. Furthermore, holders of preferred shares have no pre-emptive right to any issue of disposition of any stocks of any class of SMAI.

Fuel and Oil

- Repurchase of RPS

On September 25 and October 2, 2024, Petron partially repurchased US\$40 (P2,003) and US\$20 (P1,001), respectively, which were subscribed by the Parent Company on July 22, 2020.

On April 4 and August 14, 2025, Petron partially repurchased US\$10 (P501) and US\$42 (P2,078), respectively, which were subscribed by the Parent Company on July 22 and August 10, 2020.

The RPS have no fixed redemption date and are redeemable in whole, or in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at Petron's option on any distribution payment date after 90 days from issuance date.

Real Estate

- SMPI

- a) Subscription of Common Shares

On March 4 and May 8, 2024, the BOD and stockholders of SMPI, respectively, approved the additional increase in its authorized capital stock from P15,000 divided into 1,500,000,000 common shares to P17,000 divided into 1,700,000,000 common shares, both with a par value of P10.00 per common share. On March 4, 2024, SMPI and the Parent Company executed a Subscription Agreement to subscribe to an additional 50,000,000 common shares of SMPI from the proposed increase in authorized capital stock for a total subscription price of P1,000 or P20.00 per common share, which was fully paid in 2024.

On June 20, 2025, SMPI and the Parent Company executed a Subscription Agreement to subscribe to an additional 80,000,000 common shares of SMPI from the proposed increase in authorized capital stock for a total subscription price of P1,600 or P20.00 per common share. The Parent Company paid P1,540 in 2024, while the balance of the subscription price amounting to P60 was paid in 2025.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMPI was filed with the SEC on June 9, 2025 and was approved on June 17, 2025.

On June 20, June 30 and September 30, 2025, SMPI and the Parent Company executed Subscription Agreements to subscribe to a total of an additional 70,000,000 common shares of SMPI from the unissued capital stock for a total subscription price of P1,400 or P20.00 per common share, which was fully paid in 2025.

On May 6 and May 14, 2025, the BOD and stockholders of SMPI, respectively, approved the additional increase in its authorized capital stock from P17,000 divided into 1,700,000,000 common shares to P20,600 divided into 2,060,000,000 common shares, both with a par value of P10.00 per common share. On May 6, 2025, SMPI and the Parent Company executed a Subscription Agreement to subscribe to an additional 90,000,000 common shares of SMPI from the proposed increase in authorized capital stock for a total subscription price of P1,800 or P20.00 per common share, which was fully paid in 2025.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of SMPI was filed with the SEC on October 8, 2025 and was approved on October 9, 2025.

On November 4, 2025, SMPI and the Parent Company executed a Subscription Agreement to subscribe to an additional 68,489,798 common shares of SMPI for a subscription price of P1,369 or P20.00 per common share, which was fully paid in 2025.

b) Sale of Elite Montagne Realty Corp. (Elite) and Rapidshare Realty and Development Corporation (Rapidshare)

On June 11 and October 7, 2024, SMPI entered into Share Purchase Agreement with third parties for the sale of its investments in Elite and Rapidshare, respectively, for a total consideration of P2,542. Out of the said amount, P2,537 was paid in 2024, while the balance was paid in 2025.

The Group recognized gain on sale amounting to P1,903, presented as part of "Gain on sale of investments and property and equipment" account in the consolidated statement of income for the year ended December 31, 2024.

▪ FVHI

On August 25, 2022, the BOD and stockholders of FVHI approved the additional increase in its authorized capital stock from P1,750 divided into 17,500,000 common shares to P4,250 divided into 42,500,000 common shares, both with a par value of P100.00 per common share. On the same date, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 12,500,000 common shares of FVHI from the proposed increase in authorized capital stock for a total subscription price of P2,500 or P200.00 per common share. The Parent Company paid P495 and P1,935 in 2022 and 2023, respectively, while the balance of the subscription price amounting to P70 was paid in 2024.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of FVHI was filed with the SEC on June 27, 2024, and was approved on July 1, 2024.

On December 16, 2024, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 8,800,000 common shares of FVHI for a total subscription price of P1,760 or P200.00 per common share. The Parent Company paid P1,747 in 2024, while the balance of the subscription price amounting to P13 was paid in 2025.

On October 28, 2025, the BOD and stockholders of FVHI approved the additional increase in its authorized capital stock from P4,250 divided into 42,500,000 common shares to P6,000 divided into 60,000,000 common shares, both with a par value of P100.00 per common share.

On December 15, 2025, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 3,700,000 common shares from the remaining unissued capital stock of FVHI for a total subscription price of P740 or P200.00 per common share, which was fully paid in 2025.

On December 15, 2025, FVHI and the Parent Company executed a Subscription Agreement to subscribe to an additional 6,900,000 common shares of FVHI from the proposed increase in authorized capital stock for a total subscription price of P1,380 or P200.00 per common share. The Parent Company paid P583 as at December 31, 2025.

- WHC

On December 4, 2023, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 123,500,000 common shares of WHC for a subscription price of P247 or P2.00 per common share. The Parent Company paid P224 in 2023, while the balance of the subscription price amounting to P23 was paid in 2024.

On December 16, 2024, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 177,500,000 common shares of WHC at a subscription price of P355 or P2.00 per common share, which was fully paid in 2024.

On December 16, 2024, the BOD and stockholders of WHC approved the additional increase in its authorized capital stock from P1,000 divided into 1,000,000,000 common shares to P1,300 divided into 1,300,000,000 common shares, both with a par value of P1.00 per common share. On the same date, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 186,560,000 common shares of WHC from the proposed increase in authorized capital stock for a total subscription price of P373 or P2.00 per common share, which was fully paid in 2024.

On December 22, 2025, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 113,440,000 common shares of WHC from the proposed increase in the authorized capital stock for a subscription price of P227 or P2.00 per common share, which was fully paid in 2025.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of WHC was filed with the SEC on January 21, 2026 and was approved on January 22, 2026.

On December 22, 2025, the BOD and stockholders of WHC approved the additional increase in its authorized capital stock from P1,300 divided into 1,300,000,000 common shares to P2,800 divided into 2,800,000,000 common shares, both with a par value of P1.00 per common share. On the same date, WHC and the Parent Company executed a Subscription Agreement to subscribe to an additional 595,000,000 common shares of WHC from the proposed increase in authorized capital stock for a total subscription price of P1,190 or P2.00 per common share. The Parent Company paid P1,101 as at December 31, 2025.

Energy

- Deconsolidation of South Premiere Power Corp. (SPPC), Excellent Energy Resources Inc. (EERI) and Ilijan Primeline Industrial Estate, Inc. (IPIEC)

On March 1, 2024, MGen and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power Corporation [AboitizPower]), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), entered into binding agreements with San Miguel Global Power and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by EERI and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction had a customary closing conditions and was issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the investment of 67% equity interests in SPPC, EERI and IPIEC by CGHI was completed, pursuant to the agreements executed on March 1, 2024, with San Miguel Global Power.

As a result of this transaction, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries from the books of San Miguel Global Power, and the recognition of the 33% equity interests retained in SPPC, EERI and IPIEC at their fair market values totaling to P52,706, classified as "Investments in shares of stock of associates and joint ventures - at equity" under "Investment and advances - net" account in the consolidated statement of financial position as at December 31, 2025 (Note 12), and the resulting revaluation gain of P21,933, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the year ended December 31, 2025 (Note 34).

The following summarizes the accounts derecognized at the deconsolidation date:

	2025
Current assets	P62,420
Noncurrent assets	99,364
Current liabilities	(71,748)
Noncurrent liabilities	(59,263)
Total	P30,773

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power in cash totaling to P78,717. Moreover, SPPC assigned certain receivables and payables, with a carrying value of P8,233 and P1,889, respectively, to San Miguel Global Power as part of the consideration for the redemption. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262 (net of tax amounting to P688), presented as part of “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

- **Subscription of Common Shares**

On March 6, 2025, San Miguel Global Power and the Parent Company executed a Subscription Agreement to subscribe to an additional 950,796,000 common shares of San Miguel Global Power from the unissued capital stock for a total subscription price of P28,524 or P30.00 per common share, which was fully paid in 2025.

On March 6 and April 14, 2025, the BOD and stockholders of San Miguel Global Power, respectively, approved the additional increase in the authorized capital stock from P3,774 divided into 3,774,400,000 common shares to P7,800 divided into 7,800,000,000 common shares, both with a par value of P1.00 per common share. On the same date, San Miguel Global Power and the Parent Company executed a Subscription Agreement to subscribe to an additional 1,011,093,800 common shares of San Miguel Global Power from the proposed increase in authorized capital stock for a total subscription price of P30,333 or P30.00 per common share, which was fully paid in 2025.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of San Miguel Global Power was filed with the SEC on May 9, 2025 and was approved on May 16, 2025.

- **Redemption of Redeemable Perpetual Capital Securities (RPCS)**

On April 7, 2025, San Miguel Global Power redeemed the US\$507 (P27,972) and P29,760 RPCS, which were issued to the Parent Company on various dates in 2023 and 2022.

The RPCS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. San Miguel Global Power and SMGP BESS have the right to defer distribution under certain conditions.

Others

- SMCSLC

On November 28, 2024, SMCSLC and the Parent Company executed a Subscription Agreement to subscribe to an additional 142,940,000 common shares of SMCSLC for a total subscription price of P3,002 or P21.00 per common share, which was fully paid in 2024.

- SMITS

On December 9, 2024, SMITS and the Parent Company executed a Subscription Agreement to subscribe to an additional 442,500 common shares of SMITS for a total subscription price of P708 or P1,600.00 per common share, which was fully paid in 2024.

6. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure, cement, and real estate.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats, canned meats, ready-to-eat viands, seafood and plant-based food products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds, veterinary medicine and pet care products ("Animal Nutrition and Health"); (iii) poultry and livestock farming, and the processing and sale of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food service, and international operations ("Others"). It is also engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other liquor variants which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts (RSCs), ancillary service procurement agreements (ASPA) and other power-related service agreements, either directly to customers [other generators, distribution utilities (DU), including Manila Electric Company (Meralco), electric cooperatives, industrial customers and National Grid Corporation of the Philippines (NGCP)] or through the Philippine Wholesale Electricity Spot Market (WESM).

The fuel and oil segment is engaged in refining crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment holds long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

The real estate segment is primarily engaged in leasing, sale of real estate, management services, and hotel operations.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, property, plant and equipment and concession rights, net of allowances, accumulated depreciation and amortization and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses and other noncurrent liabilities, excluding interest payable. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Financial information about reportable segments follows:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Eliminations			Consolidated	
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024
Sales																										
External sales	P418,686	P400,590	P379,603	P24,472	P24,729	P24,825	P148,124	P196,593	P159,693	P800,396	P658,757	P785,207	P39,141	P36,555	P34,002	P32,617	P34,206	P36,588	P22,009	P23,947	P26,785	P -	P -	P -	P1,485,345	P1,575,379
Inter-segment sales	374	282	219	15,887	15,433	13,554	9,084	8,498	9,897	9,370	9,209	15,520	1,011	968	962	646	726	643	43,864	40,814	37,506	(80,236)	(75,930)	(78,621)	-	-
Total sales	P419,060	P400,872	P379,822	P40,359	P40,162	P38,379	P157,208	P205,091	P169,590	P809,766	P667,966	P801,027	P40,152	P37,523	P34,984	P33,163	P34,934	P37,231	P65,873	P64,761	P64,291	(P78,621)	(P75,930)	(P78,621)	P1,485,345	P1,575,379
Cost of Sales																										
Inventories	P165,697	P161,624	P158,421	P53,734	P20,919	P20,919	P53,734	P101,764	P86,906	P639,610	P719,743	P656,142	P -	P -	P -	P14,264	P14,023	P15,351	P18,252	P21,364	P23,737	(P32,508)	(P30,636)	(P39,616)	P879,570	P1,008,671
Result																										
Segment result	61,040	55,792	48,411	2,694	2,600	1,915	43,770	40,457	32,526	37,323	29,223	30,713	22,081	20,291	18,164	6,287	6,550	5,980	8,137	5,610	6,648	254	283	128	181,586	160,816
Interest expense and other financing charges																										
Income taxes	(4,877)	(4,809)	(4,752)	(1,044)	(1,190)	(1,265)	(24,916)	(20,691)	(18,478)	(18,708)	(20,961)	(19,095)	(7,522)	(8,359)	(7,980)	(2,837)	(2,569)	(2,366)	(42,854)	(42,311)	(39,519)	2,490	1,577	2,161	(100,268)	(91,303)
Equity in net earnings of associates and joint ventures																										
Gain on sale of investments and property and equipment																										
Other income (charges) - net																										
Income tax expense																										
Net Income (Loss)	P46,280	P40,933	P38,105	P1,140	P526	(P47)	P48,306	P12,384	P9,903	P15,627	P6,471	P10,112	P14,766	P14,019	P11,413	P2,593	P3,934	P4,010	P3,998	(P5,922)	(P9,106)	(P38,032)	(P37,670)	(P19,891)	P94,678	P36,675
Attributable to:																										
Equity holders of the Parent Company																									P41,391	P198
Non-controlling interests																									53,387	44,501
Net Income																									P94,678	P144,699
Other Information																										
Segment assets	P328,731	P317,550	P297,032	P703,697	P790,293	P702,778	P440,367	P457,756	P432,972	P530,333	P492,423	P440,455	P111,280	P113,340	P116,185	P364,067	P366,344	P339,286	(P189,781)	(P180,120)	(P183,154)	P2,399,699	P2,393,770	(P180,120)	P2,198,029	
Investments in and advances to associates and joint ventures	1,182	-	-	-	-	-	89,068	19,894	10,953	9	11	6	9,768	9,334	5,184	820	819	2,358	26,411	22,890	18,588	-	-	-	127,258	52,948
Goodwill and trademarks and brand names	38,193	38,163	38,085	769	647	570	69,944	69,944	69,944	9,798	8,762	8,124	23,102	23,107	21,952	53,920	53,923	53,590	2,889	2,991	2,990	(12,354)	(12,325)	(12,247)	186,361	185,212
Other assets																									49,746	20,606
Deferred tax assets																									23,196	19,653
Consolidated Total Assets																									P2,726,160	P2,676,930
Forward																										

	Food and Beverage				Packaging				Energy				Fuel and Oil				Infrastructure				Cement				Real Estate and Others				Eliminations				Consolidated			
	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022				
Segment liabilities	P79,863	P83,615	P73,742		P10,948	P10,889	P9,603		P86,900	P124,537	P81,870		P81,162	P66,707	P53,317		P6,655	P6,805	P6,974		P85,022	P98,598	P102,371		P85,494	P6,805	P6,974		P149,683	(P157,705)	(P148,456)		P272,983	P307,574	P246,128	
Loans payable	14,346	17,103	14,684		5,682	8,334	8,589		33,000	41,350	13,736		138,906	137,910	-		170	600	400		85,494	86,937	39,562		-	-	-		-	-	-	-	230,592	293,200	214,881	
Long-term debt	80,801	79,981	82,809		6,394	3,466	5,045		285,136	277,938	258,769		117,443	108,896	108,649		36,133	39,871	42,030		696,930	628,289	584,386		-	-	-		-	-	-	-	1,357,296	1,267,269	1,190,584	
Lease liabilities																																35,831	42,545	56,572		
Income and other taxes payable																																41,753	43,628	46,254		
Dividends and distributions payable and others																																11,062	11,382	10,277		
Deferred tax liabilities																																29,303	34,861	29,503		
Consolidated Total Liabilities																																1,978,820	2,000,489	1,794,189		
Capital expenditures (Note 14)	15,063	15,672	16,236		3,034	2,435	1,860		21,638	35,093	36,179		9,059	6,095	1,762		1,922	2,645	3,860		5,571	8,254	5,181		-	-	-		-	-	-	-	54,690	76,707	71,173	
Depreciation of property, plant and equipment (Notes 14 and 30)	7,584	6,649	5,862		2,284	2,125	2,039		14,721	10,728	8,425		10,205	9,980	452		2,548	2,859	2,700		3,666	2,957	2,609		-	-	-		-	-	-	-	42,822	35,972	32,167	
Noncash items other than depreciation of property, plant and equipment																																				
Loss on (reversal of) impairment of trade and other receivables, goodwill, property, plant and equipment, trademark and brand names and other noncurrent assets (Notes 8, 14, 18, 20 and 34)	9,589	6,623	9,022		717	634	805		3,154	10,351	2,527		3,712	2,625	7,701		412	(3)	14		8,063	14,460	(2,121)		-	-	-		-	-	-	-	34,569	42,656	20,486	
	274	1,457	-		255	(3)	188		35	35	35		408	-	-		577	(22)	(20)		95	221	577		-	-	-		-	-	-	-	1,644	1,688	780	

Disaggregation of Revenue
The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food and Beverage			Packaging			Energy			Fuel and Oil			Infrastructure			Cement			Real Estate and Others			Consolidated		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Timing of Revenue Recognition																								
Sales recognized at point in time	P418,673	P400,578	P379,593	P23,445	P23,802	P24,000	P -	P -	P -	P800,396	P858,757	P785,207	P -	P -	P -	P32,517	P34,208	P36,588	P15,706	P19,252	P22,945	P1,290,737	P1,336,597	P1,248,333
Sales recognized over time	13	12	10	1,027	927	825	148,124	196,593	159,693	-	-	-	39,141	36,555	34,002	-	-	-	6,303	4,695	3,840	194,608	238,782	198,370
Total External Sales	P418,686	P400,590	P379,603	P24,472	P24,729	P24,825	P148,124	P196,593	P159,693	P800,396	P858,757	P785,207	P39,141	P36,555	P34,002	P32,517	P34,208	P36,588	P22,009	P23,947	P26,785	P1,485,345	P1,575,379	P1,446,703

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	2025	2024
Cash in banks and on hand		P113,895	P75,153
Short-term investments		237,820	218,524
	4, 41, 42	P351,715	P293,677

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

The Group's cash and cash equivalents earned interest income amounting to P13,048, P12,207 and P11,397 in 2025, 2024 and 2023, respectively (Note 33).

8. Trade and Other Receivables

Trade and other receivables consist of:

	Note	2025	2024
Trade		P179,993	P196,886
Non-trade		73,024	74,600
Amounts owed by related parties	35, 37	11,353	10,838
		264,370	282,324
Less allowance for impairment losses	4	16,811	15,343
	4, 41, 42	P247,559	P266,981

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade receivables include claims from the Government, interest receivable, claims receivable, contracts receivable and others.

- a. Claims from the Government consist of duty drawback, VAT and specific tax claims, subsidy receivables from the Government of Malaysia under the Automatic Pricing Mechanism and due from Power Sector Assets and Liabilities Management Corporation (PSALM). Due from PSALM amounting to US\$60 pertains to SPPC's performance bond pursuant to the Ilijan Independent Power Producer (IPP) Administration (IPPA) Agreements that was drawn by PSALM in September 2015. The validity of PSALM's action was the subject of a case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City which was ruled in favor of SPPC on June 13, 2025. PSALM filed an appeal to this decision before the Court of Appeals which remains pending to date (Note 45). In January 2025, this receivable from PSALM was transferred by SPPC to San Miguel Global Power pursuant to an agreement executed by both parties (Note 5).
- b. Receivables recognized by SPI for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) that aimed to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances, and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant in five equal annual installments from 2022 up to 2026.

As at December 31, 2024, the receivables recognized by SPI in accordance with the Settlement Agreement amounted to P1,103, with noncurrent portion amounting to P549, presented as part of "Other noncurrent assets - net" account in the consolidated statement of financial position (Note 20).

On February 25, 2025, the parties agreed to fully settle all pending obligations under the Settlement Agreement through the prepayment of the remaining balance of P1,149 (inclusive of interest income amounting to P46). Such amount was collected in full from TPEC on March 3, 2025.

- c. Receivables recognized by Albay Power and Energy Corp. from Albay Electric Cooperative, Inc. following the termination of the concession agreement on November 21, 2022 amounted to P1,641 as at December 31, 2025 and 2024 (Note 36). As at December 31, 2025, the said receivable has been fully provided with allowance.

Amounts owed by related parties include trade receivables amounting to P938 and P975 as at December 31, 2025 and 2024, respectively.

The movements in the allowance for impairment losses are as follows:

	Note	2025	2024
Balance at beginning of year		P15,343	P13,120
Charges for the year	29, 34	1,996	2,241
Amounts written off	4	(138)	(117)
Deconsolidation of subsidiaries, translation adjustments and others	5	(390)	99
Balance at end of year		P16,811	P15,343

9. Inventories

Inventories consist of:

	Note	2025	2024
At net realizable value:			
Finished goods and goods in process (including petroleum products)		P86,336	P111,765
Materials and supplies (including coal)		54,706	60,800
At cost:			
Raw land inventory and real estate projects		4,758	5,790
	4	P145,800	P178,355

The cost of finished goods and goods in process amounted to P87,734 and P112,395 as at December 31, 2025 and 2024, respectively.

If the Group used the moving-average method (instead of the first-in, first-out method, which is the Group's policy), the cost of petroleum, crude oil and other petroleum products would have increased by P298 and decreased by P130 as at December 31, 2025 and 2024, respectively.

The cost of materials and supplies amounted to P55,723 and P61,775 as at December 31, 2025 and 2024, respectively.

Inventories (including distribution or transshipment costs) charged to cost of sales amounted to P879,570, P1,008,671 and P921,860 in 2025, 2024 and 2023, respectively (Note 28).

The movements in the allowance for write-down of inventories to net realizable value and inventory obsolescence are as follows:

	Note	2025	2024
Balance at beginning of year		P1,605	P1,686
Provisions - net	28, 29	1,193	293
Write-off and others		(383)	(374)
Balance at end of year	4	P2,415	P1,605

Provisions for inventory losses amounted to P1,224 and P296 in 2025 and 2024, respectively. Reversals of provision for inventory losses pertain to inventories sold amounting to P31 and P3 in 2025 and 2024, respectively. Provisions for inventory losses, net of reversals, are included as part of "Cost of sales" and "Selling and administrative expenses" accounts in the consolidated statements of income (Notes 28 and 29).

The fair value of agricultural produce less costs to sell, which formed part of the cost of finished goods inventory, amounted to P133 and P138 as at December 31, 2025 and 2024, respectively, with corresponding costs at point of harvest amounting to P106 and P113, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P27, P25 and P8 in 2025, 2024 and 2023, respectively (Note 27).

The fair values of marketable hogs and grown broilers, which comprise the Group's agricultural produce, are categorized as Level 1 and Level 3, respectively, in the fair value hierarchy based on the inputs used in the valuation techniques.

The valuation model used is based on the following: (a) quoted prices for harvested mature grown broilers at the time of harvest; and (b) quoted prices in the market at any given time for marketable hogs; provided that there has been no significant change in economic circumstances between the date of the transactions and the reporting date. Costs to sell are estimated based on the most recent transaction and is deducted from the fair value to measure the fair value of agricultural produce at point of harvest. The estimated fair value would increase (decrease) if weight and quality premiums increase (decrease) (Note 4).

The net realizable value of raw land inventory and real estate projects is higher than the carrying amount as at December 31, 2025 and 2024, based on management's assessment.

The fair value of raw land inventory amounted to P29,614 and P29,533 as at December 31, 2025 and 2024, respectively. The fair value has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

In estimating the fair value of the raw land inventory, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's raw land inventory is its current use.

The Level 3 fair value of raw land inventory was derived using the observable recent transaction prices for similar raw land inventory in nearby locations adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value (Note 4).

10. Prepaid Taxes and Licenses

Prepaid taxes and licenses consist of:

	<i>Note</i>	2025	2024
Prepaid taxes and licenses		P69,773	P74,953
Input VAT		33,332	51,069
	25	P103,105	P126,022

Prepaid taxes and licenses consist mainly of real property tax paid in advance, unused creditable withholding taxes, excise tax and excess tax credits which can be utilized as a deduction against future income tax payable.

Input VAT arises mainly from purchases of goods and services which will be applied to output VAT in the normal course of business.

11. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2025	2024
Restricted cash - current	4, 20, 41, 42	P22,512	P18,422
Prepaid expenses	35	4,023	3,641
Advances to contractors and suppliers		1,410	6,731
Derivative assets	41, 42	1,364	1,198
Prepaid insurance		670	476
Financial assets at amortized cost - current portion	4, 13, 41, 42	601	576
Financial assets at FVPL	13, 35, 41, 42	398	438
Prepaid rent		202	227
Catalyst		178	180
PSALM monthly fee outage credits		-	96
Others	35, 36, 37	331	173
		P31,689	P32,158

Restricted cash - current represents mainly: (i) cash in banks maintained by SMC NAIAX, SMCTC, MMSS3, SMC MRT 7, LCWDC, and TADHC in accordance with the specific purposes and terms as required under certain loan and concession agreements. Certain loan agreements provide that the Security Trustee shall have control over and the exclusive right of withdrawal from the restricted bank accounts; and (ii) funds maintained in various financial institutions, as (a) cash flow waterfall accounts required under the respective credit facilities of SMGP BESS, LPI, MPI, MPGC and MPCL, (b) environmental guarantee fund for remittance to the Department of Environment and Natural Resources (DENR) and (c) financial benefits to host communities, as required by law.

PSALM monthly fee outage credits pertain to the approved reduction in SPI's future monthly fees payable to PSALM resulting from the outages of the Sual Power Plant in 2024.

Financial assets at FVPL include investment in debt securities under investment management agreement with Bank of Commerce (BankCom) amounting to P49 as at December 31, 2024 (Note 35).

Prepaid rent pertains to advance rent paid for short-term and low valued leases, in accordance with the provision of the lease agreements.

"Others" consist mainly of advance payments for certain land acquisitions which are intended for future development.

The methods and assumptions used to estimate the fair values of derivative assets and financial assets at FVPL are discussed in Note 42.

12. Investments and Advances

The movements in investments and advances are as follows:

	<i>Note</i>	2025	2024
Investments in Shares of Stock of Associates and Joint Ventures - at Equity			
Acquisition Cost			
Balance at beginning of year		P25,516	P21,290
Additions	5	13,439	4,224
Fair value of remaining interests in the deconsolidated subsidiaries	5	52,706	-
Reclassification		106	2
Balance at end of year		91,767	25,516
Accumulated Equity in Net Earnings			
Balance at beginning of year		3,470	2,421
Equity in net earnings		11,482	2,364
Share in other comprehensive income		212	9
Share in movement of equity reserves		(11,456)	-
Dividends		(1,137)	(1,180)
Reclassification		(122)	(144)
Balance at end of year		2,449	3,470
		94,216	28,986
Advances for Investments	5	33,042	23,962
	4	P127,258	P52,948

Investments in Shares of Stock of Associates

a. SPPC, EERI, IPIEC and Linseed Field Corporation (LFC)

The Parent Company through San Miguel Global Power owns 33% equity interest of SPPC, EERI and IPIEC, and 32.98% equity interest of LFC as at December 31, 2025.

On January 27, 2025, San Miguel Global Power completed the following transactions with CGHI: (a) investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC, which resulted to the dilution of San Miguel Global Power's ownership interest in each of the three subsidiaries from 100% to 33%; and (b) acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interest, respectively, in LFC.

San Miguel Global Power paid P4,340 for the acquisition of 32.98% equity interests in LFC, classified as "Investments in shares of stock of associates and joint ventures" under "Investment and advances - net" account in the consolidated statement of financial position as at December 31, 2025.

For the year ended December 31, 2025, the Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P8,708, presented under "Equity in net earnings of associates and joint ventures" account in the consolidated statement of income.

For the year ended December 31, 2025, the Group recognized share in the movement of equity reserves of EERI, SPPC, IPIEC and LFC amounting to P11,456.

SPPC, EERI and IPIEC respectively own the brownfield 1,278 MW Ilijan Power Plant, the greenfield 1,320 MW BCCPP and the land on which EERI's gas-fired power plant and related facilities, as well as the Batangas LNG Terminal are located. LFC owns the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

b. BankCom

The Parent Company through SMPI and SMCEC owns 31.94% and 4.87% equity interest in BankCom, respectively, as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, the fair value of the indirect equity investment by the Parent Company in common shares of stock of BankCom amounted to P4,752 and P3,486, respectively.

BankCom provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services.

c. Manila North Harbour Port, Inc. (MNHPI)

The Parent Company through SMHC owns 50% of the outstanding capital stock of MNHPI as at December 31, 2025 and 2024. MNHPI is the terminal operator of Manila North Harbor, a 60.96-hectare port facility situated at Tondo, City of Manila. The port has a total berth length of 5,758 meters and 36 berths which can accommodate all types of vessels such as containerized and non-container type vessels.

d. New NAIA Infra Corp. (NNIC)

The Parent Company through SMHC owns 33% of the outstanding capital stock of NNIC as at December 31, 2025 and 2024. NNIC was incorporated on February 15, 2024 primarily to engage in development, expansion, rehabilitation, operation, management and maintenance activities of international and domestic airports, airfields and facilities appurtenant thereto for passenger and cargo as may be authorized by the Civil Aviation Authority of the Philippines (CAAP) or other appropriate government agency.

On March 18, 2024, NNIC was awarded by the Government of the ROP through the Department of Transportation (DOTr), and MIA Authority to rehabilitate, operate, expand and maintain the country's main international gateway, the NAIA, which covers improvements to its runway, main terminals and other facilities for a term of 15 years, with a ten-year extension subject to performance review.

On September 14, 2024, NNIC took over the management and operations of NAIA upon receipt of Notice to Start Operation and Maintenance and Certificate of Turnover of Existing Assets.

Investments in Shares of Stock of Joint Ventures

Angat Hydro and KWPP

PVEI, a subsidiary of San Miguel Global Power has an existing joint venture agreement with Korea Water Resources Corporation (K-Water), covering the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) which was previously awarded by PSALM to K-Water.

PVEI holds 30,541,470 shares or 60% of the outstanding capital stock of Angat Hydro and 75 shares representing 60% of KWPP outstanding capital stock. PVEI and K-Water are jointly in control of the management and operation of Angat Hydro and KWPP.

Advances for Investments

- a. SMPI made advances to future investees amounting to P139 as at December 31, 2025 and 2024. These advances will be applied against future stock subscriptions of SMPI to the investee companies.

Impairment loss recognized on the advances for investments amounted to P3, P12 and P498 in 2025, 2024 and 2023, respectively (Note 34).

- b. San Miguel Global Power and its subsidiaries made deposits to certain landholding companies amounting to P20,988 and P14,307 as at December 31, 2025 and 2024, respectively. These deposits will be applied against future stock subscriptions.
- c. Other advances pertain to deposits made to certain companies which will be applied against future stock subscriptions.

The details of the Group's material investments in shares of stock of associates and joint ventures which are accounted for using the equity method are as follows:

Country of Incorporation	December 31, 2025							December 31, 2024						
	SPPC, EERI, IPIEC and LFC		Angat Hydro and KWPP		BankCom		Total	Angat Hydro and KWPP		BankCom		Total	Angat Hydro and KWPP	
	Philippines		Philippines		Philippines			Philippines		Philippines			Philippines	
	32.98% - 33.00%		36.81%	50.00%	33.00%			60.00%		36.81%	50.00%		60.00%	
Percentage of ownership														
Share in net income (loss)	P8,708		P497	P1,203	P1,307	(P324)	P91	P348		P1,022	P1,101	(P304)	P197	P2,364
Share in other comprehensive income (loss)	-	(2)	187	23	-	4	212	4	3	1	-	1	9	
Share in total comprehensive income (loss)	P8,708		P495	P1,390	P1,330	(P324)	P95	P352		P1,025	P1,102	(P304)	P198	P2,373
Dividends received	P -		P -	P232	P550	P -	P355	P -		P130	P1,050	P -	P -	P1,180
Carrying amounts of investments in shares of stock of associates and joint ventures	P57,578		P5,166	P15,293	P5,338	P3,596	P7,245	P4,671		P14,135	P4,594	P3,920	P1,666	P28,986

The following are the audited condensed financial information of the Group's material investments in shares of stock of associates and joint ventures:

	December 31, 2025							December 31, 2024						
	SPPC, EERI, IPIEC and LFC		Angat Hydro and KWPP		BankCom		Total	Angat Hydro and KWPP		BankCom		Total	Angat Hydro and KWPP	
	Philippines		Philippines		Philippines			Philippines		Philippines			Philippines	
	P78,179		P2,237	P99,236	P2,748	P15,390	P21,760	P1,342		P200,400	P1,960	P14,874	P6,355	
Current assets														
Noncurrent assets	139,052		16,414	187,617	9,234	48,200	24,479	16,927		65,040	8,258	48,022	3,260	
Current liabilities	(47,291)		(391)	(231,416)	(1,072)	(9,759)	(14,609)	(2,019)		(209,265)	(804)	(7,769)	(6,115)	
Noncurrent liabilities	(27,035)		(11,820)	(18,859)	(2,288)	(42,972)	(12,245)	(10,636)		(22,945)	(2,451)	(43,285)	(268)	
Net assets	P140,905		P6,440	P36,578	P8,622	P10,859	P19,385	P5,614		P33,230	P6,963	P11,842	P3,232	
Sales	P117,353		P2,700	P15,318	P6,407	P10,994	P9,516	P2,357		P13,164	P5,848	P2,797	P6,321	
Net income (loss)	P27,818		P829	P3,540	P2,614	(P983)	P1,024	P578		P3,025	P2,202	(P920)	P166	
Other comprehensive income (loss)	-		(3)	659	45	-	12	7		9	3	-	4	
Total comprehensive income (loss)	P27,818		P826	P4,199	P2,659	(P983)	P1,036	P585		P3,034	P2,205	(P920)	P170	

13. Investments in Equity and Debt Instruments

Investments in equity and debt instruments consist of:

	<i>Note</i>	2025	2024
Government and other debt securities		P13,303	P13,286
Equity securities		34,056	7,311
Proprietary membership shares and others		1,502	1,467
	4, 41, 42	48,861	22,064
Less current portion	11	999	1,014
		P47,862	P21,050

Government and Other Debt Securities

Government and other debt securities include:

- Petrogen's investment in government securities classified as financial asset at amortized cost, deposited with the Bureau of Treasury in accordance with the provisions of the Insurance Code, for the benefit and security of its policyholders and creditors amounting to P705 and P680 as at December 31, 2025 and 2024, respectively. The investments in government securities bear fixed annual interest rates ranging from 3.38% to 7.85% in 2025 and 2.63% to 6.25% in 2024 and with maturities up to 2027 (Note 33).
- Investment in debt securities under investment management agreement with BankCom entered into by SMB and GSMI classified as financial assets at amortized cost amounting to a total of P3,500 as at December 31, 2025 and 2024 and by Petrogen classified as financial assets at FVOCI amounting to P700 and P669 as at December 31, 2025 and 2024, respectively (Note 35).

The investments in debt securities bear annual average interest rate of 6.90% in 2025 and 2024 and with maturities up to 2029 (Notes 33 and 35).

Income earned from the investments in government and other debt securities amounted to P1,723, P974 and P964 in 2025, 2024 and 2023, respectively (Notes 33, 34 and 35).

Equity Securities

Equity securities include:

- Parent Company's investment in the shares of stock of Top Frontier, consists of 2,561,031 common shares amounting to P143 and P162 as at December 31, 2025 and 2024, respectively.
- Parent Company's investment in BankCom through SMCEC, consists of 416,666,670 Series 1 Preferred Shares amounting to P132.00 per preferred share or P5,500 as at December 31, 2025 and 2024 (Note 35).

Dividend income from the investment in preferred shares of stock of BankCom amounted to P220 and P303 in 2025 and 2024, respectively, presented as part of "Dividend income" under "Other income (charges) - net" account in the consolidated statements of income (Notes 34 and 35).

The preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of BankCom and subject to the other terms and conditions as may be fixed by the BOD of BankCom, required under regulations, and to the extent permitted by applicable law.

- c. San Miguel Global Power's investment in the shares of stock of Meralco, consists of 46,596,596 common shares amounting to P574.00 per share or P26,746 as at December 31, 2025. Consequently, San Miguel Global Power recognized a revaluation gain of P22,445, presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

Dividend income from the investment in common stock of Meralco amounted to P501 in 2025, presented as part of "Dividend income" under "Other income (charges) - net" account in the consolidated statement of income (Note 34).

- d. San Miguel Global Power's investment in SPPC, EERI, IPIEC, and LFC consists of 110,000 redeemable preferred shares amounting to P11 as at December 31, 2025 (Note 35).

The redeemable preferred shares are: (i) redeemable at the option of the issuer at the issue price, after all dividends to which it is entitled have been fully paid, and, once redeemed, shall not be reissuable; (ii) entitled to dividends as determined by the BOD of issuer; (iii) shall have preference in the distribution of dividends over common shares/all other classes of shares; and (iv) no voting rights except on fundamental matters prescribed under Section 6 of the RCC.

The Group has irrevocably elected to classify these investments as financial assets at FVOCI as it intends to hold these investments for strategic purposes.

The Group recognized gain on financial assets at FVOCI amounting to P44,672, P243 and P155 in 2025, 2024 and 2023, respectively, in the consolidated statements of comprehensive income.

The movements in investments in equity and debt instruments are as follows:

	Note	2025	2024
Balance at beginning of year		P22,064	P20,983
Additions		5,008	2,107
Fair value gain		22,507	340
Amortization of premium		13	15
Redemption/disposals		(732)	(1,384)
Currency translation adjustments and others		1	3
Balance at end of year	4, 11, 41, 42	P48,861	P22,064

The investments in equity and debt instruments are classified as follows:

	Note	2025	2024
Noncurrent			
Financial assets at FVOCI		P35,770	P8,988
Financial assets at amortized cost	<i>4</i>	11,604	11,604
Financial assets at FVPL		488	458
		47,862	21,050
Current			
Financial assets at amortized cost	<i>4</i>	601	576
Financial assets at FVPL		398	438
	<i>11</i>	999	1,014
		P48,861	P22,064

The methods and assumptions used to estimate the fair value of investments in equity and debt instruments are discussed in Notes 3, 4 and 42.

14. Property, Plant and Equipment

Property, plant and equipment consist of:

Cost	Note	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
January 1, 2024										
Additions		P58,324	P93,452	P225,369	P194,507	P19,845	P260,596	P12,681	P198,417	P1,063,191
Acquisition of a subsidiary	12	3,757	855	2,741	968	893	7,258	389	78,200	95,061
Disposals/retirement		1,414	-	-	-	-	22	-	14	1,450
Reclassifications and others	15, 16	(135)	(110)	-	(36)	(1,459)	(3,689)	(1)	(39)	(5,469)
Currency translation adjustments		1,907	8,633	128,627	3,343	122	18,121	4,040	(84,396)	80,397
		215	449	-	1,963	725	1,259	(21)	91	4,681
December 31, 2024										
Additions		65,482	103,279	356,737	200,745	20,126	283,567	17,088	192,287	1,239,311
Deconsolidation of subsidiaries	5	1,292	765	1,814	754	375	6,853	229	45,265	57,347
Disposals/retirement		(1,619)	(422)	(64,553)	-	-	(467)	-	(34,368)	(101,429)
Reclassifications and others	16	(7)	(45)	-	(4)	(119)	(7,205)	(27)	(117)	(7,524)
Currency translation adjustments		(829)	15,908	33,519	2,491	219	10,197	2,886	(63,669)	732
		383	586	-	3,350	1,257	1,860	9	146	7,591
December 31, 2025		64,702	120,071	327,517	207,336	21,858	294,805	20,195	139,544	1,196,028
Accumulated Depreciation										
January 1, 2024		4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	6, 30	585	2,826	10,850	6,536	784	13,609	782	-	35,972
Disposals/retirement		-	(76)	-	(34)	(1,406)	(2,842)	(1)	-	(4,359)
Reclassifications		(773)	89	-	293	293	3,386	(2)	-	2,993
Currency translation adjustments		2	244	-	920	388	782	(7)	-	2,319
December 31, 2024		4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation	6, 30	538	3,092	14,735	7,524	836	15,153	944	-	42,822
Deconsolidation of subsidiaries	5	(9)	(36)	(4,231)	-	-	(29)	-	-	(4,305)
Disposals/retirement		(7)	(29)	-	(1)	(119)	(4,353)	(6)	-	(4,515)
Reclassifications		(102)	1,556	(235)	10	1	(959)	5	-	276
Currency translation adjustments		3	295	-	1,598	767	1,202	6	-	3,871
December 31, 2025		5,199	32,750	61,427	92,771	16,930	156,251	5,063	-	370,391
Accumulated Impairment										
January 1, 2024		-	3,303	-	-	-	11,008	26	65	14,402
Impairment	34	-	460	-	-	-	179	-	207	846
Disposals/retirement		-	-	-	-	-	(92)	-	-	(92)
Reclassifications		-	(1)	-	-	-	-	-	-	(1)
Currency translation adjustments		-	104	-	-	-	361	(1)	-	464
December 31, 2024		-	3,866	-	-	-	11,456	25	272	15,619
Impairment	34	274	-	-	104	12	684	-	92	1,166
Disposals/retirement		-	(6)	-	-	-	(106)	-	-	(112)
Reclassifications		-	(2)	-	-	-	44	-	-	42
Currency translation adjustments		-	130	-	1	-	339	2	-	472
December 31, 2025		274	3,988	-	105	12	12,417	27	364	17,187
Carrying Amount										
December 31, 2024		P60,706	P71,541	P305,579	P117,105	P4,681	P126,874	P12,949	P192,015	P891,450
December 31, 2025		P59,229	P83,333	P266,090	P114,460	P4,916	P126,137	P15,105	P139,180	P808,450

“Equipment, furniture and fixtures” includes machinery, transportation equipment, office equipment and tools and small equipment.

Total depreciation and impairment losses recognized in the consolidated statements of income amounted to P43,988, P36,818 and P32,247 in 2025, 2024 and 2023, respectively (Notes 30 and 34). These amounts include annual amortization of capitalized borrowing costs amounting to P1,678, P1,252 and P1,213 in 2025, 2024 and 2023, respectively.

Reclassifications and others mainly pertain to: (a) the Sual Coal-fired Thermal Power Plant, which was reclassified from “Right-of-use assets - net” account following the expiration of its IPPA Agreement with PSALM and its turnover to SPI in October 2024 (Notes 15 and 36); (b) the full settlement of all obligations under the Settlement Agreement with TPEC and TSC in March 2025 (Note 18); (c) transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party (Note 16); and (d) reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

In 2024, Petron recognized the reversal of the conveyance of land declared as property dividends in 1993 amounting to P143 equivalent to the net book value of the land at the time of dividend declaration. The land was recognized as part of “Property, plant and equipment” and “Investment property” accounts at P110 and P33, respectively, presented as part of “Additions” (Notes 16 and 45).

Additions to property, plant and equipment in 2025 and 2024, include noncash or unpaid portion of payables amounting to P11,177 and P18,244, respectively, which represent noncash investing activities.

The Group has capitalized borrowing costs amounting to P2,881 and P5,061 in 2025 and 2024, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 2.95% to 8.28% and 2.81% to 9.43% in 2025 and 2024, respectively. The unamortized capitalized borrowing costs amounted to P31,385 and P30,182 as at December 31, 2025 and 2024, respectively.

Certain fully depreciated property, plant and equipment with aggregate costs of P129,922 and P116,544 as at December 31, 2025 and 2024, respectively are still being used in the Group’s operations.

As at December 31, 2025 and 2024, certain property, plant and equipment amounting to P294,127 and P269,015, respectively, were pledged as security for syndicated project finance loans (Note 23).

15. Right-of-Use Assets

Right-of-use assets consist of:

Cost	Note	Land	Buildings and Improvements	Power Plants	Service Stations and Other Equipment	Machinery and Equipment	Total
January 1, 2024		P17,548	P1,163	P113,399	P69	P648	P132,827
Additions		7,470	208	-	-	61	7,739
Disposals/retirement		(313)	(291)	-	-	(1)	(605)
Remeasurement, reclassifications and others	14, 45	(5,063)	(30)	(78,935)	-	(2)	(84,030)
Currency translation adjustments		(98)	12	-	4	(9)	(91)
December 31, 2024		19,544	1,062	34,464	73	697	55,840
Additions		2,040	1,885	-	5	135	3,865
Deconsolidation of subsidiaries	5	(591)	-	-	-	-	(591)
Disposals/retirement		(336)	(122)	-	(8)	(9)	(475)
Remeasurement, reclassifications and others		(798)	281	-	5	(4)	(516)
Currency translation adjustments		611	13	-	6	26	656
December 31, 2025		20,470	2,919	34,464	81	845	58,779
Accumulated Depreciation							
January 1, 2024		5,527	803	17,854	19	522	24,725
Depreciation	30	955	185	3,143	4	64	4,351
Disposals/retirement		(86)	(227)	-	-	(1)	(314)
Remeasurement, reclassifications and others	14, 45	(1,237)	(61)	(14,974)	-	-	(16,272)
Currency translation adjustments		(45)	5	-	-	(5)	(45)
December 31, 2024		5,114	705	6,023	23	580	12,445
Depreciation	30	808	220	1,004	5	81	2,118
Deconsolidation of subsidiaries	5	(63)	-	-	-	-	(63)
Disposals/retirement		(192)	(120)	-	(8)	(9)	(329)
Remeasurement, reclassifications and others		(165)	162	-	5	2	4
Currency translation adjustments		275	9	-	1	14	299
December 31, 2025		5,777	976	7,027	26	668	14,474
Accumulated Impairment							
January 1, 2024		88	-	-	-	-	88
Currency translation adjustments		5	-	-	-	-	5
December 31, 2024		93	-	-	-	-	93
Currency translation adjustments		2	-	-	-	-	2
December 31, 2025		95	-	-	-	-	95
Carrying Amount							
December 31, 2024		P14,337	P357	P28,441	P50	P117	P43,302
December 31, 2025		P14,598	P1,943	P27,437	P55	P177	P44,210

The Group recognized right-of-use assets for leases of office space, warehouse, factory facilities and parcels of land. The leases typically run for a period of 2 to 50 years. Some leases contain an option to renew at the end of the lease term and are subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group.

Total depreciation recognized in the consolidated statements of income amounted to P2,118, P4,351 and P4,899 in 2025, 2024 and 2023, respectively (Note 30).

The remeasurements pertain mainly to the change in the estimated dismantling costs of ARO during the year (Note 4).

The reclassifications and others in 2024 mainly relates to the Sual Coal-fired Thermal Power Plant which was reclassified to "Property, plant and equipment - net" account following the expiration of the IPPA Agreement between SPPC and PSALM and its turnover to SPI in October 2024 (Notes 14 and 36) and the reversal of right-of-use assets recognized previously by Petron due to pretermination of the lease contracts with Philippine National Oil Company (PNOC) as a result of the conveyance of the landholdings (Note 45).

No impairment loss was recognized in 2025, 2024 and 2023.

The Group recognized interest expense related to these leases amounting to P2,200, P2,803 and P3,772 in 2025, 2024 and 2023, respectively (Note 32).

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate amounted to P118, P15 and P4,018, respectively, in 2025, P169, P18 and P3,621, respectively, in 2024, and P194, P8 and P3,294, respectively, in 2023 (Notes 28 and 29).

The Group had total cash outflows for leases of P18,246, P26,610 and P28,222 in 2025, 2024 and 2023, respectively.

16. Investment Property

Investment property consist of:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-Use Asset	Total
Cost							
January 1, 2024		P58,080	P20,220	P68	P2,954	P20,786	P102,108
Additions		4,873	171	-	3,230	1,744	10,018
Acquisition of a subsidiary		390	-	-	-	-	390
Reclassifications	14	268	225	(4)	(385)	(150)	(46)
Disposals/retirement		(21)	(59)	-	-	(274)	(354)
Currency translation adjustments		297	864	-	14	751	1,926
December 31, 2024		63,887	21,421	64	5,813	22,857	114,042
Additions		2,722	106	-	1,210	2,319	6,357
Deconsolidation of subsidiaries	5	(219)	-	-	(916)	-	(1,135)
Reclassifications	14	4,187	226	15	(412)	138	4,154
Disposals/retirement		(148)	(24)	-	-	(314)	(486)
Currency translation adjustments		434	1,384	-	8	1,295	3,121
December 31, 2025		70,863	23,113	79	5,703	26,295	126,053
Accumulated Depreciation							
January 1, 2024		855	12,841	17	-	8,860	22,573
Depreciation		17	714	6	-	1,403	2,140
Reclassifications	30	759	81	(2)	-	(65)	773
Disposals/retirement		(1)	(57)	-	-	(262)	(320)
Currency translation adjustments		-	567	-	-	378	945
December 31, 2024		1,630	14,146	21	-	10,314	26,111
Depreciation		12	723	2	-	1,532	2,269
Reclassifications	30	(7)	(133)	15	-	(57)	(182)
Disposals/retirement		-	(24)	-	-	(314)	(338)
Currency translation adjustments		-	944	-	-	641	1,585
December 31, 2025		1,635	15,656	38	-	12,116	29,445
Accumulated Impairment							
January 1, 2024		8	-	-	14	-	22
Impairment	34	-	-	-	2	-	2
Reclassifications and others		-	-	-	(2)	-	(2)
December 31, 2024		8	-	-	14	-	22
Impairment	34	108	21	-	24	-	153
Reclassifications and others		-	-	-	1	-	1
Currency translation adjustments		1	-	-	-	-	1
December 31, 2025		117	21	-	39	-	177
Carrying Amount							
December 31, 2024		P62,249	P7,275	P43	P5,799	P12,543	P87,909
December 31, 2025		P69,111	P7,436	P41	P5,664	P14,179	P96,431

Total depreciation recognized in the consolidated statements of income amounted to P2,269, P2,140 and P2,046 in 2025, 2024 and 2023, respectively (Note 30).

The reclassification relates to the change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party which was reclassified from "Property, plant and equipment - net" account mainly by SMPI and Multi-Ventures Investment Holdings, Inc. (Note 14).

Additions in investment property in 2024 include land recognized by Petron arising from the reversal of the reconveyance of land declared as property dividends in 1993 amounting to P33 (Notes 14 and 45).

Impairment loss of P153, P2 and P14 was recognized in 2025, 2024 and 2023, respectively (Note 34).

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2025, 2024 and 2023.

The fair value of investment property amounting to P214,939 and P187,191 as at December 31, 2025 and 2024, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied the following approaches:

Cost Approach. This approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The methodology of this approach is a set of procedures that estimate the current reproduction cost of the improvements, deducts accrued depreciation from all sources, and adds the value of investment property.

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics; size; time element; quality and prospective use; bargaining allowance and marketability.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then the proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined based on what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment ranges from 2% to 7%.

17. Biological Assets

Biological assets consist of:

	Note	2025	2024
Current:			
Growing stocks		P2,218	P2,446
Goods in process		856	795
		3,074	3,241
Noncurrent:			
Breeding stocks - net		2,661	2,652
	4	P5,735	P5,893

Growing stocks pertain to growing broilers and hogs, while goods in process pertain to hatching eggs.

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P3,508, P3,339 and P4,054 in 2025, 2024 and 2023, respectively (Note 30).

The movements in biological assets are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		P5,907	P6,210
Increase (decrease) due to:			
Production		66,888	61,112
Purchases		1,437	897
Mortality		(280)	(338)
Harvest		(64,681)	(58,580)
Retirement		(3,515)	(3,394)
Balance at end of year		5,756	5,907
Accumulated Amortization			
Balance at beginning of year		14	28
Amortization	30	3,508	3,339
Retirement		(3,501)	(3,353)
Balance at end of year		21	14
Carrying Amount		P5,735	P5,893

The Group harvested approximately 600.6 million and 574.0 million kilograms of grown broilers in 2025 and 2024, respectively, and 0.03 million heads of marketable hogs in 2025 and 2024.

The aggregate fair value less estimated costs to sell of agricultural produce harvested during the year, determined at point of harvest amounted to P66,193 and P61,738 in 2025 and 2024, respectively.

18. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	2025	2024
Goodwill	P186,145	P184,994
Other intangible assets	359,842	340,496
	P545,987	P525,490

The movements in goodwill are as follows:

	Note	2025	2024
Gross Carrying Amount			
Balance at beginning of year		P186,814	P184,660
Additions	40	-	1,488
Cumulative translation adjustments and others		1,239	666
Balance at end of year		188,053	186,814
Accumulated Impairment			
Balance at beginning of year		1,820	1,869
Cumulative translation adjustments		88	(49)
Balance at end of year		1,908	1,820
	4	P186,145	P184,994

The movements in other intangible assets with indefinite useful lives are as follows:

	Licenses	Trademarks and Brand Names	Total
Cost			
January 1, 2024	P2,132	P440	P2,572
Currency translation adjustments	111	12	123
December 31, 2024	2,243	452	2,695
Currency translation adjustments	209	3	212
December 31, 2025	2,452	455	2,907
Accumulated Impairment			
January 1, 2024	-	223	223
Currency translation adjustments	-	12	12
December 31, 2024	-	235	235
Currency translation adjustments	-	4	4
December 31, 2025	-	239	239
Carrying Amount			
December 31, 2024	P2,243	P217	P2,460
December 31, 2025	P2,452	P216	P2,668

The movements in other intangible assets with finite useful lives are as follows:

		Concession Rights			Mineral Rights and Evaluation Assets	Computer Software and Licenses and Others	Total
	Note	Toll Road	Airport	Water			
Cost							
January 1, 2024		P207,200	P118,853	P6,978	P13,550	P22,645	P369,226
Additions	8	10,927	27,753	4	51	1,644	40,379
Acquisition of subsidiaries		-	-	950	-	-	950
Reclassifications and others		392	363	23	(3)	(15)	760
Currency translation adjustments		-	-	-	-	45	45
December 31, 2024		218,519	146,969	7,955	13,598	24,319	411,360
Additions		14,232	12,012	184	-	1,579	28,007
Deconsolidation of subsidiaries	5	-	-	-	-	(9)	(9)
Reclassifications and others	14	573	427	(2)	24	(1,453)	(431)
Currency translation adjustments		-	-	-	-	108	108
December 31, 2025		233,324	159,408	8,137	13,622	24,544	439,035
Accumulated Amortization							
January 1, 2024		56,535	2,449	1,235	850	3,829	64,898
Amortization	30	6,977	371	271	334	380	8,333
Reclassifications and others		-	-	23	(1)	(13)	9
Currency translation adjustments		-	-	-	-	45	45
December 31, 2024		63,512	2,820	1,529	1,183	4,241	73,285
Amortization	30	7,126	314	310	349	353	8,452
Deconsolidation of subsidiaries	5	-	-	-	-	(5)	(5)
Reclassifications and others		-	-	6	-	(16)	(10)
Currency translation adjustments		-	-	-	-	100	100
December 31, 2025		70,638	3,134	1,845	1,532	4,673	81,822
Accumulated Impairment							
January 1, 2024		-	-	-	-	39	39
December 31, 2025 and 2024		-	-	-	-	39	39
Carrying Amount							
December 31, 2024		P155,007	P144,149	P6,426	P12,415	P20,039	P338,036
December 31, 2025		P162,686	P156,274	P6,292	P12,090	P19,832	P357,174

The Group has capitalized borrowing costs amounting to P43 and P30 in 2025 and 2024, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 6.76% to 8.20% and 8.81% to 8.91% in 2025 and 2024, respectively. The unamortized capitalized borrowing costs amounted to P39 as at December 31, 2025 and 2024.

Goodwill, licenses and trademarks and brand names with indefinite lives acquired through business combinations, have been allocated to individual cash-generating units, for impairment testing as follows:

	2025		2024	
	Goodwill	Licenses, Trademarks and Brand Names	Goodwill	Licenses, Trademarks and Brand Names
Energy	P69,944	P -	P69,944	P -
Cement	53,920	-	53,923	-
Fuel and oil	31,792	-	30,757	-
Infrastructure	23,100	-	23,105	-
Packaging	3,676	-	3,552	-
Food and beverage	3,639	2,668	3,639	2,460
Others	74	-	74	-
Total	P186,145	P2,668	P184,994	P2,460

The recoverable amount of goodwill has been determined based on fair value less costs to sell or a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit to arrive at its terminal value. The growth rates used, which range from 1% to 7% and 1% to 10% in 2025 and 2024, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 5% to 10% and 6% to 10% in 2025 and 2024, respectively. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

No impairment loss was recognized for goodwill in 2025 and 2024. Impairment loss recognized in 2023 amounted to P188 (Notes 4 and 34).

The recoverable amount of licenses, trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates used, which range from 2% to 6% and 2% to 5% in 2025 and 2024, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 6% to 12% and 7% to 12% in 2025 and 2024, respectively. The recoverable amount of trademarks and brand names has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Management's calculations are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make.

No impairment loss was recognized for licenses, trademarks and brand names in 2025, 2024 and 2023.

Other than the items on which impairment losses were already recognized, management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

- *Gross Margins.* Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- *Discount Rates.* The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

- *Raw Material Price Inflation.* Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

As at December 31, 2025 and 2024, certain other intangible assets amounting to P73,833 and P96,021, respectively, were pledged as security for syndicated project finance loans (Note 23).

19. Contract Assets

Contract assets consist of:

	2025	2024
Balance at beginning of year	P56,028	P39,138
Additions	8,931	12,166
Recoupment of advances	1,232	1,220
Others	3,372	3,504
Balance at end of year	P69,563	P56,028

Contract asset represents the conditional right of the Group to receive the consideration under the Concession Agreement upon substantial completion of the MRT 7 Project. The contract asset is reclassified to financial asset and/or an intangible asset based on the relevant terms of the Concession Agreement.

The recoupment of advances is based on the progress billings made by the contractors for the percentage of accomplishment of their work. The Group made advances to contractors prior to the execution of the Accession Agreement in 2017.

The MRT 7 Project is an integrated transportation system which consists of a highway, Intermodal Transport Terminal and Metro Rail Transit System, including a depot and rolling stock, aimed to address the transportation needs of passengers and to alleviate traffic in Metro Manila, particularly traffic going to and coming from North Luzon.

“Others” consist mainly of capitalized expenditures.

20. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2025	2024
Advances to contractors and suppliers		P29,695	P27,005
Deferred containers - net	4	22,058	20,643
Restricted cash	4, 41, 42	6,265	5,400
Noncurrent receivables and deposits - net	4, 8, 35, 36, 41, 42	6,155	8,797
Deposits on land for future development		4,743	4,987
Derivative assets - noncurrent	3, 41, 42	2,300	1,584
Retirement assets	37	1,317	77
Idle assets	4	964	1,296
Noncurrent prepaid expense		528	527
Catalyst		413	515
Noncurrent prepaid rent		167	299
Deferred exploration and development costs	4	92	92
Noncurrent prepaid input tax		32	66
Others		2,871	2,334
		P77,600	P73,622

The movements in deferred containers - net are as follows:

	<i>Note</i>	2025	2024
Gross Carrying Amount			
Balance at beginning of year		P46,284	P38,601
Additions		8,610	11,355
Disposals/retirement/reclassifications		(3,683)	(3,673)
Currency translation adjustments		(38)	1
Balance at end of year		51,173	46,284
Accumulated Depreciation			
Balance at beginning of year		25,096	20,189
Depreciation	30	5,832	4,834
Disposals/retirement/reclassifications		(2,337)	69
Currency translation adjustments		(1)	4
Balance at end of year		28,590	25,096
Accumulated Impairment			
Balance at beginning of year		545	928
Impairment	29, 34	260	-
Retirement/reclassifications		(280)	(383)
Balance at end of year		525	545
		P22,058	P20,643

In 2024, Petron reassessed its accounting policy for LPG cylinders which had previously been recognized as an outright expense. Petron considered its legal ownership of LPG cylinders, compliance with regulatory requirements under the LPG Industry Regulation Act and alignment with the recent interpretation of the SEC on the matter. The LPG cylinders were recognized as part of “Deferred containers - net” account amounting to P3,176 presented as part of “Additions” in 2024.

Noncurrent receivables and deposits include amounts owed by related parties amounting to P3,240 and P4,412 as at December 31, 2025 and 2024, respectively (Note 35) and are presented net of allowance for impairment losses amounting to P268 and P590 as at December 31, 2025 and 2024, respectively (Note 4).

Restricted cash mainly represents:

- i. MPCL’s cash flow waterfall accounts and environmental guarantee fund amounting to P3,148 and P2,974 as at December 31, 2025 and 2024, respectively;
- ii. LPI, MPGC and SMGP BESS’ cash flow waterfall accounts amounting to P2,301 and P1,654 as at December 31, 2025 and 2024, respectively;
- iii. Cash in bank maintained by NCC in accordance with the specific purpose and term as required under its loan agreement, amounting to P578 and P554 as at December 31, 2025 and 2024, respectively;
- iv. Rehabilitation funds established by Solid North Mineral Corp. (SNMC), NCC and ECC in compliance with DENR Administrative Order No. 2005-07 for environmental protection and enhancement amounting to P179 and P157 as at December 31, 2025 and 2024, respectively; and
- v. Deposit in escrow by ECC for a pending legal case amounting to P59 and P56 as at December 31, 2025 and 2024, respectively.

The methods and assumptions used to estimate the fair values of noncurrent receivables and deposits, and restricted cash are discussed in Note 42.

“Others” include marketing assistance to dealers and other noncurrent prepaid expenses.

21. Loans Payable

Loans payable consist of:

	<i>Note</i>	2025	2024
Parent Company			
Peso-denominated		P25,575	P49,903
Foreign currency-denominated		41,013	17,323
Subsidiaries			
Peso-denominated		162,741	201,697
Foreign currency-denominated		1,263	24,307
	<i>40, 41, 42</i>	P230,592	P293,230

Loans payable mainly represent unsecured Peso and foreign currency-denominated amounts obtained from local and foreign banks. Interest rates per annum for Peso-denominated loans ranged from 4.00% to 7.05% and from 3.96% to 8.32% in 2025 and 2024, respectively. Interest rates per annum for foreign currency-denominated loans ranged from 3.71% to 6.16% and 3.96% to 8.00% in 2025 and 2024, respectively (Note 32).

Loans payable include interest-bearing amounts payable to BankCom amounting to P2,131 and P6,941 as at December 31, 2025 and 2024, respectively (Note 35).

The movements in debt issue costs are as follows:

	Note	2025	2024
Balance at beginning of year		P31	P -
Additions		345	63
Amortization	32	(236)	(32)
Balance at end of year		P140	P31

22. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2025	2024
Trade	36	P118,220	P120,062
Non-trade		101,051	135,587
Customers' deposits		14,893	14,101
Accrued interest payable		6,321	6,215
Accrued payroll		6,059	6,105
Amounts owed to related parties	35	2,826	2,066
Derivative liabilities	41, 42	1,999	1,890
Deferred liability on consumer loyalty program		1,054	831
Retention payable		398	947
Current portion of IRO	4	339	581
Retirement liabilities	37	104	170
Deferred income		90	83
Redeemable preferred shares	4	19	19
Others		650	381
	41, 42	P254,023	P289,038

Trade payables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade payables include liability relating to power rate adjustments, payables to contractors, guarantee deposits, freight, contracted services, rent and other payable to third parties.

Redeemable Preferred Shares. These represent the preferred shares of TADHC issued in 2010. The preferred shares are cumulative, non-voting, redeemable and with liquidation preference. The shares are preferred as to dividends, which are given in the form of coupons, at the rate of 90% of the applicable base rate (i.e., one year Bloomberg Valuation or BVAL). The dividends are cumulative from and after the date of issue of the preferred shares, whether or not in any period the amount is covered by available unrestricted retained earnings.

The preferred shares are required to be redeemed at the end of the ten-year period from and after the issuance of the preferred shares by paying the principal amount, plus all unpaid coupons (at the sole option of TADHC, the preferred shares may be redeemed earlier in whole or in part).

In the event of liquidation, dissolution, bankruptcy or winding up of the affairs of TADHC, the holders of the preferred shares are entitled to be paid in full, an amount equivalent to the issue price of such preferred shares plus all accumulated and unpaid dividends up to the current dividend period or proportionately to the extent of the remaining assets of TADHC, before any assets of TADHC will be paid or distributed to the holders of the common shares.

As at December 31, 2025 and 2024, the preferred shares remain outstanding as other requirements prior to redemption are pending from the shareholders.

“Others” include ARO, accruals for materials, repairs and maintenance, advertising, handling, contracted labor, supplies and various other payables.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 42.

23. Long-Term Debt

Long-term debt consists of:

	2025	2024
Parent Company		
Peso-denominated Bonds:		
Fixed interest rate of 7.4458%, 7.8467% and 8.489% maturing in 2028, 2029 and 2032, respectively (a)	P59,603	P59,446
Fixed interest rate of 5.2704% and 5.8434% maturing in 2027 and 2029, respectively (b)	29,820	29,758
Fixed interest rate of 7.2584% and 7.7197% maturing in 2031 and 2034, respectively (c)	19,777	19,748
Fixed interest rate of 7.465% maturing in 2027 (d)	18,693	18,652
Fixed interest rate of 5.7613% and 7.125% maturing in 2027 and 2028, respectively (e)	10,413	12,835
Peso-denominated Term Notes:		
Fixed interest rate of 6.9375% with maturities up to 2026 (f)	14,950	15,089
Fixed interest rate of 6.3% maturing in 2028 (g)	5,646	-
Fixed interest rate of 7.4998% with maturities up to 2029 (h)	5,060	5,104
Foreign Currency-denominated Term Notes:		
Fixed interest rate of 6.55% maturing in 2028 (i)	8,784	8,630
Fixed interest rate of 6.68% maturing in 2029 (j)	8,771	8,619
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2029 (k)	115,461	112,973
Floating interest rate based on SOFR plus margin, with maturities up to 2035 (l)	109,275	108,534

Forward

	2025	2024
Floating interest rate based on SOFR plus margin, maturing in 2028 (m)	P77,205	P75,553
Floating interest rate based on SOFR plus margin, maturing in 2026 (n)	52,685	51,564
Floating interest rate based on SOFR plus margin, maturing in 2027 (o)	40,879	40,016
Floating interest rate based on Tokyo Overnight Average Rate (TONA) plus margin, maturing in 2028 and 2030 (p)	22,646	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (q)	17,410	17,054
Floating interest rate based on SOFR plus margin, maturing in 2030 (r)	17,385	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (s)	17,355	16,987
Floating interest rate based on SOFR plus margin, maturing in 2030 (t)	16,874	-
Floating interest rate based on SOFR plus margin, maturing in 2028 (u)	11,602	11,369
Floating interest rate based on SOFR plus margin, maturing in 2026 (v)	5,863	5,751
Floating interest rate based on SOFR plus margin, maturing in 2027 (w)	5,857	5,748
Floating interest rate based on SOFR plus margin, maturing in 2029 (x)	2,917	2,864
	694,931	626,294
Subsidiaries		
Peso-denominated Bonds:		
Fixed interest rate of 7.1051% and 8.0288% maturing in 2028 and 2032, respectively (y)	34,737	39,650
Fixed interest rate of 6.4783%, 6.7026% and 6.9331% maturing in 2030, 2031 and 2034, respectively (z)	34,579	34,529
Fixed interest rate of 6.5945%, 6.9761% and 7.3896% maturing in 2030, 2032 and 2035, respectively (aa)	31,603	-
Fixed interest rate of 4.3368% maturing in 2027 (ab)	8,962	17,917
Fixed interest rate of 5.25% maturing in 2027 (ac)	6,982	14,963
Fixed interest rate of 7.60% maturing in 2026 (ad)	6,918	6,902
Fixed interest rate of 5.1792% maturing in 2026 (ae)	4,752	4,746
Fixed interest rate of 6.625% maturing in 2027 (af)	3,599	3,594
Fixed interest rate of 8.0551% (ag)	-	6,788
Fixed interest rate of 6.4872% (ah)	-	2,498
Peso-denominated Term Notes:		
Fixed interest rate of 7.5758% and 8.0808% with maturities up to 2034 (ai)	41,334	31,854
Fixed interest rate of 8.2104% and 7.7497% with maturities up to 2033 (aj)	36,572	38,503
Fixed interest rate of 7.1913% with maturities up to 2033 (ak)	26,258	28,625
Fixed interest rate of 8.6228% with maturities up to 2029 (al)	26,097	29,415

Forward

	2025	2024
Fixed interest rate of 7.3232% with maturities up to 2032 (am)	P12,334	P9,873
Fixed interest rate of 8.7118% with maturities up to 2027 (an)	12,211	17,731
Fixed interest rate of 8.5915% with maturities up to 2030 (ao)	12,158	13,410
Fixed interest rate of 3.80%, 3.875%, 3.95% and 4.15% with maturities up to 2028 (ap)	11,891	11,894
Fixed interest rate of 6.75%, 6.875%, 7.00% and 7.125% maturing in 2028, 2030, 2032 and 2035, respectively (aq)	10,101	-
Fixed interest rate of 6.9253% maturing in 2027 (ar)	9,966	9,951
Fixed interest rate of 5.7971% and 5.8003% maturing in 2029 and 2031, respectively (as)	9,937	9,925
Fixed interest rate of 4.8356% with maturities up to 2031 (at)	9,875	11,246
Fixed interest rate of 7.5758% with maturities up to 2032 (au)	9,869	9,883
Fixed interest rate of 3.5483% with maturities up to 2029 (av)	9,521	9,662
Fixed interest rate of 7.9276% with maturities up to 2029 (aw)	9,205	9,684
Fixed interest rate of 7.968% and 8.541% maturing in 2028 (ax)	7,464	7,451
Fixed interest rate of 3.846% maturing in 2026 (ay)	6,992	6,981
Fixed interest rate of 7.4941% with maturities up to 2029 (az)	6,973	6,959
Fixed interest rate of 7.8002% with maturities up to 2029 (ba)	6,809	8,173
Fixed interest rate of 6.1566% and 6.2954% with maturities up to 2032 (bb)	4,965	-
Fixed interest rate of 7.0004% with maturities up to 2030 (bc)	4,419	-
Fixed interest rate of 7.1663% with maturities up to 2027 (bd)	3,990	4,483
Fixed interest rate of 6.1858% maturing in 2030 (be)	3,973	-
Fixed interest rate of 5.7513% maturing in 2027 (bf)	2,994	6,986
Fixed interest rate of 8.7815% with maturities up to 2030 (bg)	2,597	3,011
Fixed interest rate of 4.20% maturing in 2026 (bh)	1,998	1,995
Fixed interest rate of 7.4206% with maturities up to 2027 (bi)	1,871	3,114
Fixed interest rate of 7.5496% with maturities up to 2027 (bj)	1,871	3,114
Fixed interest rate of 3.284% with maturities up to 2026 (bk)	1,838	1,889
Fixed interest rate of 6.8182% and 6.7399% with maturities up to 2034 (bl)	995	-
Fixed interest rate of 7.3725%, 7.0071%, 6.8047% and 6.6224% with maturities up to 2033 (bm)	129	129
Fixed interest rate of 5.00% (bn)	-	4,819

Forward

	2025	2024
Fixed interest rate of 6.492% (bo)	P -	P2,370
Fixed interest rate of 5.1657% (bp)	-	1,500
Fixed interest rate of 4.59% (bq)	-	625
Fixed interest rate of 6.8672% (br)	-	624
Floating interest rate based on BVAL plus margin, with maturities up to 2038 (bs)	43,783	30,255
Floating interest rate based on BVAL plus margin, or Bangko Sentral ng Pilipinas (BSP) Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, with maturities up to 2029 (av)	7,616	7,729
Floating interest rate based on BVAL plus margin, with maturities up to 2029 (bt)	4,978	4,969
Floating interest rate based on BVAL plus margin, with maturities up to 2030 (bu)	4,908	6,050
Floating interest rate based on BVAL plus margin, with maturities up to 2030 (bv)	4,473	-
Floating interest rate based on BVAL plus margin or BSP TDF plus margin, whichever is higher, maturing in 2032 (bb)	4,126	-
Floating interest rate based on BVAL plus margin, or BSP Overnight Lending Facility Rate plus margin, whichever is higher, with maturities up to 2030 (bw)	4,120	4,199
Foreign Currency-denominated Term Notes:		
Fixed interest rate of 8.331% with maturities up to 2030 (bx)	15,320	16,494
Fixed interest rate of 5.74% with maturities up to 2030 (by)	11,679	-
Floating interest rate based on SOFR plus margin, with maturities up to 2029 (bz)	28,995	28,347
Floating interest rate based on SOFR plus margin, maturing in 2026 (ca)	17,620	17,249
Floating interest rate based on SOFR plus margin, maturing in 2027 (cb)	17,466	17,085
Floating interest rate based on SOFR plus margin, maturing in 2027 (cc)	17,377	16,954
Floating interest rate based on SOFR plus margin, with maturities up to 2027 (cd)	13,565	27,118
Floating interest rate based on SOFR plus margin, maturing in 2028 (ce)	8,677	-
Floating interest rate based on SOFR plus margin, maturing in 2030 (cf)	5,788	-
Floating interest rate based on SOFR plus margin, with maturities up to 2028 (cg)	5,517	10,227
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (bx)	5,042	5,428
Floating interest rate based on Bank Bill Swap Rate (BBSY) plus margin, with maturities up to 2027 (ch)	1,731	1,603
Floating interest rate based on BBSY plus margin, with maturities up to 2027 (ci)	236	324
Floating interest rate based on BBSY plus margin, with maturities up to 2026 (cj)	9	40

Forward

	Note	2025	2024
Floating interest rate based on SOFR plus margin (ck)		P -	P5,770
Floating interest rate based on SOFR plus margin (cl)		-	2,880
Floating interest rate based on TONA plus margin (cm)		-	788
		662,365	640,975
	40, 41, 42	1,357,296	1,267,269
Less current maturities		176,286	94,123
		P1,181,010	P1,173,146

- a. The amount represents the P60,000 fixed rate bonds issued by the Parent Company consisting of: (i) five-year and three months Series L Bonds, due in 2028 with an interest rate of 7.4458% per annum; (ii) seven-year Series M Bonds, due in 2029 with an interest rate of 7.8467% per annum; and (iii) ten-year Series N Bonds, due in 2032 with an interest rate of 8.489% per annum. The Bonds were listed on the Philippine Dealing & Exchange Corp. (PDEX). Interest is payable every 14th of March, June, September and December of each year.

The proceeds of the issuance of the bonds were used for: (i) the optional redemption of the Parent Company's Series "2" Preferred Shares - Subseries "2-H"; (ii) the repayment of the Peso-denominated short-term loan facilities that were used to pay the Series A and Series D Bonds; (iii) the payment of Series E Bonds; and (iv) the refinancing of certain US Dollar-denominated obligations.

Unamortized debt issue costs amounted to P397 and P554 as at December 31, 2025 and 2024, respectively.

- b. The amount represents the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P30,000. The Bonds were listed on the PDEX.

The first tranche of the fixed rate bonds listed on March 4, 2022, consists of: (i) five-year Series J Bonds, due in 2027 with an interest rate of 5.2704% per annum; and (ii) seven-year Series K Bonds, due in 2029 with an interest rate of 5.8434% per annum. Interest is payable every 4th of March, June, September and December of each year.

The proceeds of the issuance of the bonds were used for refinancing the Parent Company's short-term loan facilities and other general corporate purposes.

Unamortized debt issue costs amounted to P180 and P242 as at December 31, 2025 and 2024, respectively.

- c. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P20,000. The Bonds were listed on the PDEX.

The first tranche of the fixed rate bonds listed on July 3, 2024, consists of: (i) six-year and six months Series O Bonds, due in 2031 with an interest rate of 7.2584% per annum; and (ii) ten-year Series P Bonds, due in 2034 with an interest rate of 7.7197% per annum. Interest is payable every 3rd of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used for the partial payment of Series I Bonds, for additional investment in the MIA Project and other airport-related projects in Bulacan and the repayment of Series F Bonds on March 19, 2025.

Unamortized debt issue costs amounted to P223 and P252 as at December 31, 2025 and 2024, respectively.

- d. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P30,000. The Bonds were listed on the PDEX.

The first tranche of the fixed rate bonds listed on July 8, 2021, comprises six-year Series I Bonds, due in 2027 with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used to repay existing obligations.

The Parent Company partially paid P11,240 of the Series I Bonds on July 8, 2024, as a result of the Put Option Exercise by the exercising Series I Bondholders. The remaining balance of the Series I Fixed Rate Peso-denominated Bonds was repriced at 7.465% per annum from 3.3832% per annum effective July 8, 2024, until maturity on July 8, 2027.

Unamortized debt issue costs amounted to P67 and P108 as at December 31, 2025 and 2024, respectively.

- e. The amount represents the first, third and fourth tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by the Parent Company amounting to P20,000, P20,000 and P10,000, respectively. The Bonds were listed on the PDEX.

- The first tranche of the fixed rate bonds listed on March 1, 2017 amounting to P20,000 consists of: (i) five-year Series A Bonds, due in 2022 with an interest rate of 4.8243% per annum; (ii) seven-year Series B Bonds, due in 2024 with an interest rate of 5.284% per annum; and (iii) ten-year Series C Bonds, due in 2027 with an interest rate of 5.7613% per annum. Interest is payable every 1st of March, June, September and December of each year.
- The third tranche of the fixed rate bonds listed on March 19, 2018 amounting to P20,000 consists of: (i) five-year Series E Bonds, due in 2023 with an interest rate of 6.25% per annum; (ii) seven-year Series F Bonds, due in 2025 with an interest rate of 6.625% per annum; and (iii) ten-year Series G Bonds, due in 2028 with an interest rate of 7.125% per annum. Interest is payable every 19th of March, June, September and December of each year.
- The fourth tranche of the fixed rate bonds listed on October 4, 2019 amounting to P10,000 comprises five-year Series H Bonds, due in 2024 with an interest rate of 5.55% per annum. Interest is payable every 4th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used to partially refinance various loans.

The Parent Company paid the P7,294 Series B Bonds, P10,000 Series H Bonds and P2,438 Series F Bonds on March 1, 2024, October 4, 2024 and March 19, 2025, respectively.

Unamortized debt issue costs amounted to P26 and P42 as at December 31, 2025 and 2024, respectively.

- f. The amount represents the drawdown by the Parent Company on June 24, 2019 from its term loan facility dated June 20, 2019 amounting to P16,000. The loan is amortized over seven years and is subject to a fixed interest rate of 6.9375% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

The Parent Company paid the scheduled amortizations amounting to P1,040 and P880 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P10 and P31 as at December 31, 2025 and 2024, respectively.

- g. The amount represents the P5,700 Fixed-Rate Corporate Notes due in 2028 issued by the Parent Company on December 23, 2025. The Fixed-Rate Notes were listed on the same day with the PDEX, with an interest rate of 6.3% per annum payable every 23rd of March, June, September and December of each year. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P54 as at December 31, 2025.

- h. The amount represents the drawdown by the Parent Company on June 30, 2023 from its term loan facility dated June 26, 2023 amounting to P5,200. The loan is amortized over six years and is subject to a fixed interest rate of 7.4998% per annum payable semi-annually and with a put option on the part of the lender on the third anniversary of the first drawdown date. The proceeds of the loan were used for the refinancing of Corona Virus Disease 2019 response activities during the period 2020 to 2022.

The Parent Company paid the scheduled amortization amounting to P104 and P52 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P36 and P44 as at December 31, 2025 and 2024, respectively.

- i. The amount represents the drawdown by the Parent Company on July 31, 2023 from its term loan facility dated July 21, 2019 amounting to US\$150. The term of the loan is for five years and is subject to a fixed interest rate of 6.55% per annum, payable quarterly. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction-related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P34 and P47 as at December 31, 2025 and 2024, respectively.

- j. The amount represents the drawdown by the Parent Company on May 17, 2024 from its term loan facility dated May 13, 2024 amounting to US\$150. The term of the loan is for five years and is subject to a fixed interest rate of 6.68% per annum, payable quarterly. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P47 and P58 as at December 31, 2025 and 2024, respectively.

- k. The amount represents the drawdown by the Parent Company on September 27, 2024 from its term loan facility dated February 8, 2024 amounting to US\$2,000. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance the matured loans drawn by the Parent Company amounting to US\$50 and US\$1,950 on December 27, 2019 and March 19, 2020, respectively.

Unamortized debt issue costs amounted to P2,119 and P2,717 as at December 31, 2025 and 2024, respectively.

- l. The amount represents the drawdown by the Parent Company of US\$1,984 on various dates in 2025, 2024, 2023 and 2022 from its US\$2,165 term loan facility dated March 31, 2022. The term of the loan is for 13 years and is subject to a floating interest rate. The proceeds of the loan were used to fund the land development works of the MIA Project in Bulacan.

The Parent Company paid the scheduled amortization amounting to US\$102 as at December 31, 2025.

Unamortized debt issue costs amounted to P1,407 and P1,535 as at December 31, 2025 and 2024, respectively.

- m. The amount represents the drawdown by the Parent Company of US\$1,330 on various dates in 2023 from its term loan facility dated May 21, 2023. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction-related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P986 and P1,381 as at December 31, 2025 and 2024, respectively.

- n. The amount represents the drawdown by the Parent Company on various dates in 2022 and 2021 from its term loan facility dated October 21, 2021 amounting to US\$900. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P226 and P497 as at December 31, 2025 and 2024, respectively.

- o. The amount represents the drawdown by the Parent Company on various dates in 2022 from its term loan facility dated March 28, 2022 amounting to US\$700. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P274 and P475 as at December 31, 2025 and 2024, respectively.

- p. The amount represents the drawdown by the Parent Company on May 8, 2025 of Facility A and Facility B from its term loan facilities dated March 13, 2025 in the aggregate amount of JPY61,600. The term of Facility A is three years, with an option to extend for an additional two years, while the term of Facility B is five years. Both facilities are subject to floating interest rates. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P470 as at December 31, 2025.

- q. The amount represents the drawdown by the Parent Company on September 20, 2023 from its term loan facility dated September 12, 2023 amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used to refinance a total of US\$300 term loans availed in 2018.

Unamortized debt issue costs amounted to P227 and P300 as at December 31, 2025 and 2024, respectively.

- r. The amount represents the drawdown by the Parent Company on December 3, 2025 from its term loan facility dated August 22, 2025 amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P252 as at December 31, 2025.

- s. The amount represents the drawdown by the Parent Company on November 15 and 24, 2023 of US\$200 and US\$100, respectively, from its term loan facility dated November 6, 2023 amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction-related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P282 and P367 as at December 31, 2025 and 2024, respectively.

- t. The amount represents the drawdown of Facility A by the Parent Company totaling US\$300 on July 1, August 5 and October 15, 2025, from its term loan facilities dated February 26, 2025 in the aggregate amount of US\$600. The term of the Tranche A Facility is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P763 as at December 31, 2025.

- u. The amount represents the drawdown by the Parent Company on July 10, 2023 from its term loan facility dated June 27, 2023 amounting to US\$200. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction-related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P156 and P200 as at December 31, 2025 and 2024, respectively.

- v. The amount represents the drawdown by the Parent Company on December 23, 2021 from its term loan facility dated December 13, 2021 amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P16 and P33 as at December 31, 2025 and 2024, respectively.

- w. The amount represents the drawdown by the Parent Company on August 2, 2022 from its term loan facility dated May 27, 2022 amounting to US\$100. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P22 and P36 as at December 31, 2025 and 2024, respectively.

- x. The amount represents the drawdown by the Parent Company on August 2, 2024 from its term loan facility dated July 26, 2024 amounting to US\$50. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes.

Unamortized debt issue costs amounted to P23 and P28 as at December 31, 2025 and 2024, respectively.

- y. The amount represents the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power amounting to P40,000 on July 26, 2022. The Bonds were listed on the PDEX.

The Bonds consists of: (i) three-year Series K Bonds due in 2025 with an interest rate of 5.9077% per annum; (ii) five-year and nine months Series L Bonds due in 2028 with an interest rate of 7.1051% per annum; and (iii) ten-year Series M Bonds due in 2032 with an interest rate of 8.0288% per annum. Interest is payable every 26th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used: (i) to partially finance San Miguel Global Power's investments in power-related assets, particularly the LNG projects and related assets, coal power plant projects, Battery Energy Storage Systems (BESS) and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

San Miguel Global Power paid the P5,000 Series K Bonds on July 28, 2025.

Unamortized debt issue costs amounted to P263 and P350 as at December 31, 2025 and 2024, respectively.

- z. The amount represents the P35,000 fixed rate bonds issued by SMC Tollways on December 5, 2024, divided into: (i) five-year and three months Series A Bonds, due in 2030 with an interest rate of 6.4783% per annum; (ii) seven-year Series B Bonds, due in 2031 with an interest rate of 6.7026% per annum; and (iii) ten-year Series C Bonds, due 2034 with an interest rate of 6.9331% per annum. Interest is payable every 5th of March, June, September and December of each year. The Bonds were listed on the PDEX.

The proceeds of the issuance of the bonds were used for the prepayment of existing indebtedness and to fund capital expenditure requirements of the Skyway Project and the SMC Skyway Stage 3 Project.

Unamortized debt issue costs amounted to P421 and P471 as at December 31, 2025 and 2024, respectively.

- aa. The amount represents the P32,000 Fixed Rate Peso-denominated Bonds issued by Petron on July 7, 2025, divided into: (i) Series G Bonds due in 2030 with an interest rate of 6.5945% per annum; (ii) Series H Bonds due in 2032 with an interest rate of 6.9761% per annum; and (iii) Series I Bonds due in 2035 with an interest rate of 7.3896% per annum. Interest is payable every 7th of January, April, July, and October of each year.

The proceeds of the issuance of the bonds were used for the payment of Series D and Series E Fixed Rate Peso-denominated Bonds, repayment of other existing indebtedness and for general corporate purposes. The Bonds were listed on the PDEX.

Unamortized debt issue costs amounted to P397 as at December 31, 2025.

- ab. The amount represents the first tranche of the P50,000 Shelf Registered Fixed Rate Bonds issued by Petron on October 12, 2021 amounting to P18,000. The Bonds were listed on the PDEX.

The first tranche of the fixed rate bonds amounting to P18,000, consist of four-year Series E Bonds, due in 2025 with an interest rate of 3.4408% per annum and six-year Series F Bonds, due in 2027 with an interest rate of 4.3368% per annum. Interest is payable every 12th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used primarily for the redemption of its outstanding Series A Bonds, partial financing of the power plant project and payment of existing indebtedness.

Petron paid the P9,000 Series E Bonds on October 12, 2025.

Unamortized debt issue costs amounted to P38 and P83 as at December 31, 2025 and 2024, respectively.

- ac. The amount represents the P15,000 fixed rate bonds issued by SMFB on March 10, 2020, divided into five-year Series A Bonds, due in 2025 with an interest rate of 5.05% per annum, and seven-year Series B Bonds, due in 2027 with an interest rate of 5.25% per annum. Interest is payable every 10th of March, June, September and December of each year. The Bonds were listed on the PDEX.

The proceeds of the issuance of the bonds were used to redeem the outstanding Series "2" Perpetual Preferred Shares of SMFB and payment of transaction-related fees, costs and expenses.

SMFB paid the P8,000 Series A Bonds on March 10, 2025.

Unamortized debt issue costs amounted to P18 and P37 as at December 31, 2025 and 2024, respectively.

- ad. The amount represents the balance of the first tranche of the P60,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power on April 24, 2019 amounting to P16,155. The Bonds were listed on the PDEX.

The Bonds consist of: (i) five-year Series I Bonds, due in 2024 with an interest rate of 7.1783% per annum; and (ii) seven-year Series J Bonds, due in 2026 with an interest rate of 7.60% per annum. Interest is payable every 24th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used for refinancing of maturing long-term and short-term loans, investments in power-related assets and payment of transaction-related expenses.

San Miguel Global Power paid the P9,232 Series I Bonds on April 24, 2024.

Unamortized debt issue costs amounted to P5 and P21 as at December 31, 2025 and 2024, respectively.

- ae. The amount represents the balance of the P15,000 fixed rate bonds issued by San Miguel Global Power on July 11, 2016, comprises ten-year Series C Bonds amounting to P4,756, due in 2026 with an interest rate of 5.1792% per annum. Interest is payable every 11th of January, April, July and October of each year. The Bonds were listed on the PDEX.

The proceeds of the issuance of the bonds were used to refinance the US\$300 short-term loan that matured on July 25, 2016, which were used for the redemption of the US\$300 bond in January 2016.

Unamortized debt issue costs amounted to P4 and P10 as at December 31, 2025 and 2024, respectively.

- af. The amount represents the balance of the first tranche of the P35,000 Shelf Registered Fixed Rate Bonds issued by San Miguel Global Power on December 22, 2017 amounting to P10,087. The Bonds were listed on the PDEX.

The Bonds consist of: (i) seven-year Series E Bonds, due in 2024 with an interest rate of 6.25% per annum; and (ii) ten-year Series F Bonds, due in 2027 with an interest rate of 6.625% per annum. Interest is payable every 22nd of March, June, September and December of each year.

The proceeds of the issuance of the bonds were used to refinance Peso-denominated short-term loans.

San Miguel Global Power paid the P6,478 Series E Bonds on December 23, 2024.

Unamortized debt issue costs amounted to P10 and P15 as at December 31, 2025 and 2024, respectively.

- ag. The amount represents the second tranche of the P40,000 Shelf Registered Fixed Rate Bonds issued by Petron amounting to P20,000 on October 19, 2018. The Bonds were listed on the PDEX.

The second tranche of the fixed rate bonds listed on October 19, 2018 amounting to P20,000, consists of: (i) five-year and six months Series C Bonds, due in 2024 with an interest rate of 7.8183% per annum; and (ii) seven-year Series D Bonds, due in 2025 with an interest rate of 8.0551% per annum. Interest is payable every 19th of January, April, July and October of each year.

The proceeds of the issuance of the bonds were used for the payment of short-term loans, redemption of a portion of Petron's Undated Subordinated Capital Securities and for general corporate purposes.

Petron paid the P13,200 Series C Bonds and P6,800 Series D Bonds on April 19, 2024 and October 19, 2025, respectively.

Unamortized debt issue costs amounted to P12 as at December 31, 2024.

- ah. The amount represents the balance of the P7,300 fixed rate bonds issued by SMC SLEX on May 22, 2015, comprises ten-year Series C Bonds amounting to P2,500, due in 2025 with an interest rate of 6.4872% per annum. Interest is payable every 22nd of February, May, August and November of each year. The Bonds were listed on the PDEX.

The proceeds of the issuance of bonds were used to prepay the Peso-denominated Corporate Notes drawn in 2012.

SMC SLEX paid the bonds on May 22, 2025.

Unamortized debt issue costs amounted P2 as at December 31, 2024.

- ai. The amount represents the drawdown by MPGC from its Omnibus Loan and Security Agreement (OLSA) with various banks dated December 17, 2024 amounting to P32,500 and P9,400 on December 27, 2024 and March 27, 2025, respectively. The loan is subject to a fixed interest rate of 7.5758% and 8.0808% per annum and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant project.

The drawdown includes payable to BankCom amounting to P7,500 as at December 31, 2025 and 2024 (Note 35).

Unamortized debt issue costs amounted to P566 and P646 as at December 31, 2025 and 2024, respectively.

- aj. The amount represents the drawdown by SMGP BESS from its P40,000 OLSA with various banks dated October 23, 2023 amounting to P28,000 and P12,000 on October 27, 2023, and March 25, 2024, respectively. The loan is subject to fixed interest rates of 8.2104% and 7.7497% per annum and payable quarterly up to October 2033. The proceeds of the loan were used for the purchase of outstanding perpetual securities issued to the Parent Company and repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payments for interest, design, construction and the operation of its BESS projects, and cover transaction-related costs, fees and expenses.

Payments made amounted to P3,000 and P1,000 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P5,365 and P5,655 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P428 and P497 as at December 31, 2025 and 2024, respectively.

- ak. The amount represents the drawdown by SMEII on July 14, 2023 from its term loan facility dated July 12, 2023 amounting to P30,000. The loan is amortized over ten years up to May 2033 and is subject to a fixed interest rate of 7.1913% per annum. The proceeds of the loan were used for refinancing of existing short-term loan and/or other general corporate purposes.

Payments made amounted to P3,600 and P1,200 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P142 and P175 as at December 31, 2025 and 2024, respectively.

- al. The amount represents the drawdown by LPI from its P44,000 OLSA with various banks dated June 22, 2017. The loan consists of Tranche A amounting to P42,000 and Tranche B amounting to P2,000 drawn on June 28, 2017 and January 31, 2018, respectively. The loan is payable quarterly up to June 2029.

The proceeds of the loan were used for the settlement of the US\$360 short-term loan, acquisition of the Phase II Limay Greenfield Power Plant, repayment of shareholder advances and payment of transaction-related fees and expenses.

Payments made amounted to P17,721 and P14,338 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P182 and P247 as at December 31, 2025 and 2024, respectively.

- am. The amount represents the drawdown by SMC SLEX amounting to P2,500 and P10,000 on May 19, 2025 and December 12, 2024, respectively, from its term loan facility dated December 9, 2024 amounting to P12,500. The loan is subject to a fixed interest rate of 7.3232% per annum and will mature on June 11, 2032. The proceeds of the loan were used to pay Series C Fixed Rate Bonds on May 22, 2025 and to refinance existing debt obligations.

Payments made amounted to P62 as at December 31, 2025.

The drawdown includes payable to BankCom amounting to P622 and P500 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P104 and P127 as at December 31, 2025 and 2024, respectively.

- an. The amount represents the loan drawn by MMSS3 from its P31,000 OLSA with various banks dated December 15, 2014.

The proceeds of the loan were used to partially finance the design, construction and operation and maintenance of the Skyway Stage 3 Project. The loan is payable in 35 unequal consecutive quarterly installments starting on the earlier of March 30, 2020 or one quarter after issuance of toll operation certificate by TRB. Final repayment date is 12 years after initial drawdown date.

Payments made amounted to P18,758 and P13,203 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P1,461 and P2,124 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P31 and P66 as at December 31, 2025 and 2024, respectively.

- ao. The amount represents the loan drawn by MPI from its P21,300 12-year OLSA with various banks dated August 9, 2018.

The proceeds of the loan were used by MPI for the repayment of the short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant and payment of transaction-related fees and expenses. On August 17, 2025, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 8.2443% to 8.5915% per annum, pursuant to the terms of the OLSA.

Payments made amounted to P9,075 and P7,778 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P1,837 and P2,031 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P67 and P112 as at December 31, 2025 and 2024, respectively.

- ap. The amount represents the loans drawn by SMB on March 30, 2021 from its loan facilities amounting to P12,000 with various banks. The loans are subject to fixed interest rates, where P10,000 and P2,000 will mature on March 30, 2026 and March 30, 2028, respectively. The proceeds of the loans were used for the payment of Series G Bonds.

Payments made amounted to P100 and P79 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P9 and P27 as at December 31, 2025 and 2024, respectively.

- aq. The amount represents the P10,200 Fixed Rate Notes issued by San Miguel Global Power on August 11, 2025. The notes were divided into: (i) P1,625 with an interest rate of 6.75% per annum due in 2028; (ii) P3,438 with an interest rate of 6.875% per annum due in 2030; (iii) P433 with an interest rate of 7.00% per annum due in 2032; and (iv) P4,704 with an interest rate of 7.125% per annum due in 2035. The notes were enrolled with the PDEX.

The proceeds of the notes were used to refinance existing obligations and for general corporate purposes.

Unamortized debt issue costs amounted to P99 as at December 31, 2025.

- ar. The amount represents the loan drawn by SMB amounting to P5,000 and P5,000 on December 20, 2022 and February 21, 2023 from its P10,000 term loan facility executed with a local bank on December 19, 2022. The loan is subject to a fixed, repriced interest rate of 6.9253% per annum. The loan is payable in five years and four years and ten months and will mature in December 2027.

The proceeds of the loan were used to partially finance capital expenditures.

Unamortized debt issue costs amounted to P34 and P49 as at December 31, 2025 and 2024, respectively.

- as. The amount represents the loans drawn by SMB amounting to P5,000, P2,000 and P3,000 from its P10,000 unsecured term loan facility executed with various local banks on December 10, 2024. The P5,000 loan is subject to a fixed interest rate of 6.5719% per annum while the P2,000 and P3,000 loans are subject to a fixed interest rate of 6.5719% per annum for one year, subject to repricing on the first and third anniversary from the initial drawdown date. Following the first anniversary of the drawdown, the interest rate of P5,000 was repriced to 5.7971%, while the P2,000 and P3,000 loans were repriced to 5.8003% per annum. The P5,000 and P2,000 are payable in five years and will mature in December 2029, while the P3,000 is payable in seven years and will mature in December 2031.

The proceeds of the loan were used to refinance existing debt obligations.

Unamortized debt issue costs amounted to P63 and P75 as at December 31, 2025 and 2024, respectively.

- at. The amount represents the loan drawn by NCC on various dates in 2023, 2022 and 2021 from the P12,500 OLSA with various banks dated June 22, 2021.

The loan is subject to a fixed interest rate of 4.8356% per annum and is payable in 34 unequal quarterly installments commencing on the seventh quarter from initial advance. Final repayment date is ten years from initial advance.

The proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement plant in Sison, Pangasinan, repay the reimbursable sponsor advances and finance the transaction costs, other taxes, costs and operation expenses and other financing costs incurred in availing the loan.

Payments made amounted to P2,525 and P1,125 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P1,756 and P2,002 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P100 and P129 as at December 31, 2025 and 2024, respectively.

- au. The amount represents the drawdown by SSHCI on December 12, 2024 from its term loan facility dated December 9, 2024 amounting to P10,000. The loan is subject to a fixed interest rate of 7.5758% per annum and will mature on June 11, 2032. The proceeds of the loan were used to partially finance its existing debt obligations under the original loan facility.

Payments made amounted to P50 as at December 31, 2025.

The drawdown includes payable to BankCom amounting to P498 and P500 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P81 and P117 as at December 31, 2025 and 2024, respectively.

- av. The amount represents the loan drawn by SMFI amounting to P8,000 and P10,000 in 2020 and 2019, respectively, from its term loan facility dated December 9, 2019 amounting to P18,000. The loan is amortized for ten years and is subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to a fixed interest rate. The proceeds of the loan were used to refinance its existing short-term obligations, fund capital expansion projects and for other general corporate purposes.

On December 14, 2020, SMFI exercised its one-time option to convert its P10,000 loan to a fixed interest rate of 3.5483% per annum.

Payments made for the fixed interest loan amounted to P447 and P298 as at December 31, 2025 and 2024, respectively.

Payments made for the floating interest loan amounted to P358 and P238 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs for the fixed interest loan amounted to P32 and P40 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs for the floating interest loan amounted to P26 and P33 as at December 31, 2025 and 2024, respectively.

- aw. The amount represents the drawdown by San Miguel Global Power on July 19, 2024 amounting to P9,750 from its P10,000 term loan facility dated July 14, 2024. The loan is subject to a fixed interest rate of 7.9276% per annum and will mature in June 2029. The proceeds of the loan were used to refinance an existing loan.

Payments made amounted to P500 as at December 31, 2025.

Unamortized debt issue costs amounted to P45 and P66 as at December 31, 2025 and 2024, respectively.

- ax. The amount represents the drawdown by San Miguel Global Power from its P10,000 term loan facility on June 15 and August 8, 2023 amounting to P5,000 and P2,500, respectively. The loan is subject to fixed interest rates of 7.968% and 8.541% per annum and will mature in June 2028. The proceeds of the loan were used to: (a) partially refinance maturing debt obligations; (b) fund general corporate purposes, including investments in LNG and BESS; and (c) cover transaction-related costs, fees and expenses.

Unamortized debt issue costs amounted to P36 and P49 as at December 31, 2025 and 2024, respectively.

- ay. The amount represents the drawdown by PF-Hormel on September 29, 2021 from its loan facilities with various banks dated September 23, 2021 amounting to P7,000. The loan will mature on September 29, 2026 and is subject to a fixed interest rate of 3.846% per annum. The proceeds of the loan were used for refinancing of existing indebtedness and general corporate purposes.

Unamortized debt issue costs amounted to P8 and P19 as at December 31, 2025 and 2024, respectively.

- az. The amount represents the drawdown by Petron on March 6, 2024 from its term loan facility dated January 16, 2024 amounting to P7,000. The loan is amortized over five years with two years grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning March 6, 2026. The loan is subject to interest payable in semi-annual amortizations with fixed interest rate of 7.4941% per annum for the first two years and will thereafter be repriced to a new fixed rate until maturity on March 6, 2029. The proceeds of the loan were used to partially redeem Series C Offer Bonds on April 19, 2024.

Unamortized debt issue costs amounted to P27 and P41 as at December 31, 2025 and 2024, respectively.

- ba. The amount represents the drawdown by SMCTC on December 19, 2019 amounting to P12,000 from its P42,000 Second Amendment to the OLSA with various local banks dated December 16, 2019.

The proceeds of the loan were used for consolidation of project loans, re-leveraging the project, repayment of certain shareholder advance and partial financing of operation and maintenance of the project. The loan is payable in 39 quarterly installments commencing on the third month from initial drawdown. Final repayment date shall be ten years after receipt.

The loan is subject to repricing on the fifth year from date of initial drawdown.

Payments made amounted to P5,160 and P3,780 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P31 and P47 as at December 31, 2025 and 2024, respectively.

- bb. The amount represents the loan drawn by SMFB on March 7 and August 18, 2025, amounting to P5,000 and P4,200 subject to fixed and floating interest rates respectively, from its term loan facility amounting to P10,000. The loan is amortized for seven years. The proceeds of the loans were used for the payment on March 10, 2025, of the Series A Fixed Rate Peso-denominated Bonds and for general corporate purposes.

Payments made for the floating interest loan amounted to P46 as at December 31, 2025.

Unamortized debt issue costs for the fixed and floating interest loans amounted to P35 and P28, respectively as at December 31, 2025.

- bc. The amount represents the drawdown by SMYPC on January 30, 2025 from its term loan facility dated January 17, 2025 amounting to P5,000. The loan is subject to a fixed interest rate of 7.0004% and with a term of five years. The proceeds of the loan were used to partially refinance maturing obligations and fund general corporate requirements.

Payments made amounted to P553 as at December 31, 2025.

Unamortized debt issue costs amounted to P28 as at December 31, 2025.

- bd. The amount represents the drawdown by Petron on May 19, 2022 from its term loan facility dated May 16, 2022 amounting to P5,000. The facility is subject to a fixed interest rate of 7.1663% per annum and amortized over five years with a two-year grace period, after which the total principal will be amortized in seven semi-annual payments beginning May 19, 2024. The proceeds of the loan were used for partial financing of the power plant project.

Payments made amounted to P1,000 and P500 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P10 and P17 as at December 31, 2025 and 2024, respectively.

- be. The amount represents the drawdown by SMB on May 15, 2025 from its term loan facility dated April 29, 2025 amounting to P4,000 with a term of five years subject to a fixed interest rate of 6.1858% per annum. The proceeds of the loan were used to refinance existing debt obligations.

Unamortized debt issue costs amounted to P27 as at December 31, 2025.

- bf. The amount represents the loans drawn by SMB from a local bank on April 1, 2022 from its term loan facility dated March 21, 2022 amounting to P4,000 with a term of three years subject to a fixed interest rate of 4.6332% per annum and P3,000 with a term of five years subject to a fixed interest rate of 5.7513% per annum, payable quarterly. The proceeds of the loan were used to pay the Series F Bonds which matured on April 2, 2022.

Payments made amounted to P4,000 as at December 31, 2025.

Unamortized debt issue costs amounted to P6 and P14 as at December 31, 2025 and 2024, respectively.

- bg. The amount represents the drawdown by LCWDC in 2018 amounting to P4,200 from its P5,400 OLSA with various local banks dated September 16, 2016. The loan bears a fixed interest rate of 8.7815% per annum, subject to repricing on the seventh year from the initial drawdown date. The proceeds of the loan were used for the Bulacan Bulk Water Supply Project.

Payments made amounted to P1,596 and P1,176 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P7 and P13 as at December 31, 2025 and 2024, respectively.

- bh. The amount represents the drawdown by SMCSLC on July 14, 2021 from its term loan facilities with various banks amounting to P2,000. The loan will mature on July 14, 2026, and is subject to a fixed interest rate of 4.20% per annum payable quarterly. The proceeds of the loan were used to refinance existing indebtedness and for general corporate purposes.

Unamortized debt issue costs amounted to P2 and P5 as at December 31, 2025 and 2024, respectively.

- bi. The amount represents the drawdown by Petron on June 15, 2022 from its term loan facility dated June 10, 2022 amounting to P5,000. The facility is subject to a fixed interest rate of 7.4206% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 15, 2023. The proceeds of the loan were used to partially pay its US Dollar-denominated term loan.

Payments made amounted to P3,125 and P1,875 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P4 and P11 as at December 31, 2025 and 2024, respectively.

- bj. The amount represents the drawdown by Petron on June 16, 2022 from its term loan facility dated June 7, 2022 amounting to P5,000. The facility is subject to a fixed interest rate of 7.5496% per annum and amortized over five years with a 15-month grace period, after which the total principal will be amortized in 16 equal quarterly payments beginning September 16, 2023. The proceeds of the loan were used to pay its US Dollar-denominated term loan and various loan facilities.

Payments made amounted to P3,125 and P1,875 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P4 and P11 as at December 31, 2025 and 2024, respectively.

- bk. The amount represents the P2,000 seven-year term loan availed by SMMI on December 19, 2019 from its term loan facility dated December 11, 2019. The loan is amortized for seven years and is subject to a floating interest rate based on BVAL plus margin with a one-time option to convert to a fixed interest rate within two years. The proceeds of the loan were used to refinance existing short-term loans, fund its capital expenditure requirements for the upgrade or expansion of its production facilities and/or finance other general corporate requirements.

On December 19, 2020, SMMI exercised its option to convert the interest rate from floating to fixed. As a result, the interest rate was fixed at 3.284% per annum.

Payments made amounted to P160 and P107 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P2 and P4 as at December 31, 2025 and 2024, respectively.

- bl. The amount represents the drawdown by SIDC on December 23, 2025 amounting to P1,000 from its P10,700 term loan facility with local banks dated December 18, 2025. The loan is amortized over eight years and six months and is subject to fixed interest rates of 6.8182% and 6.7399% per annum. The proceeds of the loan were used to partially finance the STAR Widening Project, refinance existing debt and finance all related transaction fees, costs and expenses.

Unamortized debt issue costs amounted to P5 as at December 31, 2025.

bm. The amount represents the drawdown by BWCI on various dates in 2023 amounting to a total of P130 from its P200 OLSA dated January 20, 2023. The loan is amortized over ten years and is subject to a fixed interest rate payable quarterly. The loan will mature on January 31, 2033.

Unamortized debt issue costs amounted to P1 and P1 as at December 31, 2025 and 2024, respectively.

bn. The amount represents the drawdown by San Miguel Global Power on May 28, 2021 from its term loan facility dated April 19, 2024 amounting to P5,000. The principal repayment is in semi-annual installments up to May 2025 and is subject to a fixed interest rate of 5.00% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

Payments made amounted to P175 as at December 31, 2024.

The loan was fully paid on May 28, 2025.

Unamortized debt issue costs amounted to P6 as at December 31, 2024.

bo. The amount represents the drawdown by Petron on September 8, 2022 from its term loan facility dated September 5, 2022 amounting to P2,375. The loan is subject to a fixed interest rate of 6.492% per annum and matured on September 8, 2025. The proceeds of the loan were used to pay existing indebtedness.

The loan was fully paid on September 8, 2025.

Unamortized debt issue costs amounted to P5 as at December 31, 2024.

bp. The amount represents the drawdown by SMYPC on January 30, 2020, from its term loan facility dated January 23, 2020 amounting to P5,000. The loan matured on January 30, 2025 and is subject to a fixed interest rate of 5.1657% per annum payable quarterly. The proceeds of the loan were used to refinance existing short-term loans.

Payments made amounted to P3,500 as at December 31, 2024.

The loan was fully paid on January 30, 2025.

bq. The amount represents the drawdown by Petron on April 27, 2020 from its term loan facility dated April 3, 2020 amounting to P5,000. The loan is amortized over five years and is subject to a fixed interest rate of 4.59% per annum payable quarterly. The proceeds of the loan were used for general corporate purposes.

Payments made amounted to P4,375 as at December 31, 2024.

The loan was fully paid on April 28, 2025.

br. The amount represents the drawdown by Petron on September 30, 2022 from its term loan facility dated September 5, 2022 amounting to P625. The loan is subject to a fixed interest rate of 6.8672% per annum and with a term of three years. The proceeds of the loan were used to pay existing indebtedness.

The loan was fully paid on September 28, 2025.

Unamortized debt issue costs amounted to P1 as at December 31, 2024.

- bs. The amount represents the drawdown by SMC MRT 7 on various dates in 2023, 2024 and 2025 amounting to P14,300, P16,400 and P13,700, respectively, from the P100,000 OLSA with various banks dated May 18, 2023. The loan is subject to a floating interest rate and with a term of 15 years. The proceeds of the loan were used to finance the MRT 7 Project.

The drawdown includes payable to BankCom amounting to P2,886 and P1,996 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P617 and P445 as at December 31, 2025 and 2024, respectively.

- bt. The amount represents the drawdown by Petron on April 18, 2024 from its unsecured term loan facility dated April 15, 2024 amounting to P5,000. The loan is amortized over five years with two-year and six months grace period, after which the total principal will be amortized in six equal semi-annual installments beginning October 18, 2026. The loan is subject to a floating interest rate payable in semi-annual amortizations. The proceeds of the loan were used to partially redeem Series C Bonds on April 19, 2024.

Unamortized debt issue costs amounted to P22 and P31 as at December 31, 2025 and 2024, respectively.

- bu. The amount represents the outstanding balance from the amended Omnibus Refinancing Agreement (ORA) executed by MPCL with local banks on January 17, 2023 (the "Amended ORA") amounting to P8,155. The loan is subject to a floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary as allowed under the terms of the agreement.

Payments made amounted to P3,206 and P2,041 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P2,985 and P3,687 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P41 and P64 as at December 31, 2025 and 2024, respectively.

- bv. The amount represents the drawdown by Petron on February 28, 2025 from its term loan facility dated February 26, 2025 amounting to P5,000. The loan is amortized over five years with ten equal semiannual installments beginning August 28, 2025. The loan is subject to a floating interest rate, payable quarterly. The proceeds of the loan were used to refinance the bridge loan availed in 2024.

Payments made amounted to P500 as at December 31, 2025.

Unamortized debt issue costs amounted to P27 as at December 31, 2025.

bw. The amount represents the drawdowns made by SMC NAIAX on various dates from 2022 to 2024 totaling P5,072, and in 2025 amounting to P584, from the P5,656 OLSA with various banks dated December 21, 2022. Proceeds of the loan were used mainly to refinance the remaining balance of the old loan facility, finance its investments, expansion, and capital expenditure programs in the Projects; and cover transaction costs, fees and expenses in connection with or arising from the making of the term loan facility. The loan is payable in 30 equal quarterly installments commencing on the third month from initial drawdown date. Final repayment date is seven years and six months from the signing date of the OLSA.

The loan is subject to annual repricing from the date of initial drawdown.

Payments made amounted to P1,503 and P834 as at December 31, 2025 and 2024, respectively.

The drawdown includes payable to BankCom amounting to P1,246 and P1,272 as at December 31, 2025 and 2024, respectively (Note 35).

Unamortized debt issue costs amounted to P33 and P39 as at December 31, 2025 and 2024, respectively.

bx. The amount represents total outstanding loan drawn in various tranches by MPCL from its Omnibus Expansion Financing Agreement with various local banks dated December 1, 2015, to finance the construction of the additional 335 MW Coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche amounting to US\$395 as at December 31, 2025 and 2024 and floating interest tranche based on six-month SOFR plus margin amounting to US\$130 as at December 31, 2025 and 2024. The loan has maturities up to December 15, 2030. On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 5.5959% to 8.331%, pursuant to the terms of the agreement.

Payments made for the fixed interest tranche amounted to US\$133 and US\$107 as at December 31, 2025 and 2024, respectively, while the payments made for the floating interest tranche amounted to US\$44 and US\$35 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs for the fixed interest tranche amounted to P109 and P140 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs for the floating interest tranche amounted to P36 and P46 as at December 31, 2025 and 2024, respectively.

by. The amount represents the drawdown by Petron on August 29, 2025 from its term loan facility dated August 14, 2025 amounting to US\$200. The loan is payable semi-annually over five years starting on August 29, 2027 and is subject to a fixed interest rate at 5.74% per annum. The proceeds of the loan were partially used to repay outstanding indebtedness and fund general corporate purposes.

Unamortized debt issue costs amounted to P79 as at December 31, 2025.

- bz. The amount represents the drawdown by Petron on various dates in 2024 from its term loan facility dated July 11, 2024 amounting to a total of US\$500. The loan is amortized over five years with two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning July 11, 2026. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every one, three or six months. The proceeds of the loan were used to partially repay outstanding debt obligations and settle liabilities for crude oil importations.

Unamortized debt issue costs amounted to P400 and P575 as at December 31, 2025 and 2024, respectively.

- ca. The amount represents the balance of the US\$300 five-year term loan availed in tranches by San Miguel Global Power on March 12 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021 which amended the Facility Agreement dated March 9, 2021, increasing the loan facility from US\$200 to US\$300. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in March 2026. The proceeds of the loan were used as repayment of Facility A Loan that matured on March 12, 2021, and the payment of Series A Bonds in July 2021.

Unamortized debt issue costs amounted to P17 and P105 as at December 31, 2025 and 2024, respectively.

- cb. The amount represents the drawdown of San Miguel Global Power on August 26, 2022, from its term loan facility dated August 18, 2022 amounting to US\$300. The term of the loan is for five years and is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027. The proceeds of the loan were used for general corporate purposes, including capital expenditures and refinancing of loans, and payment of other transaction-related fees, costs and expenses of the facility.

Unamortized debt issue costs amounted to P171 and P269 as at December 31, 2025 and 2024, respectively.

- cc. The amount represents the drawdown of San Miguel Global Power on September 9, 2024 from its three-year term loan facility dated August 30, 2024 amounting to US\$200, with option to increase up to US\$300 executed on August 30, 2024 with a foreign bank. On October 9, 2024, San Miguel Global Power exercised its option and availed of the additional US\$100 from the facility agreement. The loan is subject to a floating interest rate based on SOFR plus margin and will mature on August 30, 2027. The proceeds of the loan were used to refinance existing loan obligations.

Unamortized debt issue costs amounted to P260 and P400 as at December 31, 2025 and 2024, respectively.

- cd. The amount represents the drawdowns by Petron in November and December 2022 amounting to US\$267 and US\$228 loans, respectively, from its US\$550 term loan facility dated November 8, 2022. The loan is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning November 8, 2024. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every one, three or six months. The proceeds of the loan were used to partially prepay the US\$800 term loan facility availed in 2019 and the US\$150 term loan availed in 2020.

In 2023, Petron drew an additional US\$55 to partially prepay JPY15,000 and US\$800 term loan facilities.

On February 17, 2023, Petron increased its term loan facility from \$550 to US\$669 and availed US\$88 from the additional US\$119 loan facility in May 2023 to fully pre-terminate the US\$800 term loan facility. In August 2023, the remaining US\$31 was drawn to pay Petron's P7,000 Series B Bonds on October 27, 2023.

Payments made amounted to US\$435 and US\$192 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P192 and P474 as at December 31, 2025 and 2024, respectively.

- ce. The amount represents the drawdown of San Miguel Global Power amounting to US\$100 on May 19, 2025. This was drawn from a US\$100 credit facility, with option to increase up to US\$150, executed on May 13, 2025 with a group of foreign banks. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2028. The loan proceeds were used to refinance the US\$100 term loan that matured in May 2025.

On July 3, 2025, San Miguel Global Power availed of an additional US\$50 from the aforesaid credit facility. The proceeds from the additional loan were used for general corporate purposes and transaction-related fees, costs, and expenses in relation to the facility.

Unamortized debt issue costs amounted to P142 as at December 31, 2025.

- cf. The amount represents the drawdown of San Miguel Global Power amounting to US\$100 on May 19, 2025 from its term loan facility dated May 9, 2025. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2030. The proceeds of the loan were used for general corporate purposes, including advances for capital expenditures, and payment of transaction-related fees, costs, and expenses in relation to the facility.

Unamortized debt issue costs amounted to P91 as at December 31, 2025.

- cg. The amount represents the drawdown of Petron on July 13, 2023 from its term loan facility amounting to US\$225. The facility was signed on March 28, 2023, which subsequently increased from US\$150 to US\$225 on June 8, 2023. The facility is amortized over five years with a two-year grace period, after which the total principal will be amortized in seven equal semi-annual installments beginning on March 28, 2025. The facility is subject to a floating interest rate based on SOFR plus a spread, repriced every one, three or six months. The proceeds of the US\$225 Facility were used to partially refinance the redemption of US\$500 SPCS.

Payments made amounted to US\$129 and US\$45 as at December 31, 2025 and 2024, respectively.

Unamortized debt issue costs amounted to P127 and P185 as at December 31, 2025 and 2024, respectively.

- ch. The amount represents the drawdown by SMYA amounting to AU\$45 on July 22, 2024 from its syndicated facility agreement executed with various banks. The loan is subject to a floating interest rate and will mature in July 2027 but has an option to extend until July 2029. The proceeds of the loan were used to refinance existing indebtedness.

Payments made amounted to AU\$1 as at December 31, 2025.

Unamortized debt issue costs amounted to P8 and P14 as at December 31, 2025 and 2024, respectively.

- ci. The amount represents the drawdown by SMYA on November 11, 2022 amounting to AU\$10. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. The proceeds of the loan were used to finance short-term obligations and general corporate purposes.

Payments made amounted to AU\$4 and AU\$2 as at December 31, 2025 and 2024, respectively.

- cj. The amount represents the loan drawn by SMYA on February 25, 2021 amounting to AU\$5. The loan is amortized over five years and is subject to interest based on BBSY rate plus margin. The proceeds of the loan were used to refinance maturing short-term obligations and general corporate purposes.

Payments made amounted to AU\$4 and AU\$3 as at December 31, 2025 and 2024, respectively.

- ck. The amount represents drawdown by San Miguel Global Power on May 24, 2022 from its term loan facility dated May 18, 2022 amounting to US\$100. The term of the loan is three years and is subject to a floating interest rate based on SOFR plus margin and matured in May 2025. The proceeds of the loan were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction-related fees, costs and expenses of the facility.

The loan was fully paid on May 19, 2025.

Unamortized debt issue costs amounted to P15 as at December 31, 2024.

- cl. The amount represents drawdown by San Miguel Global Power on October 31, 2023, from its term loan facility dated October 24, 2023 amounting to US\$50. The loan is subject to a floating interest rate based on SOFR plus margin and was set to mature in April 2025. The proceeds of the loan were used for loan refinancing and payment of other transaction-related fees, costs and expenses of the facility.

The loan was fully paid on February 10, 2025.

Unamortized debt issue costs amounted to P12 as at December 31, 2024.

cm. The amount represents the drawdown by Petron on April 22, 2020 from its term loan facility dated March 27, 2020 amounting to JPY15,000 with various banks. The loan is amortized over five years and is subject to a floating interest rate based on JPY LIBOR plus a spread payable every one, three or six months as selected by the borrower. Due to the global discontinuation of JPY LIBOR by December 31, 2021, an amendment was made to the JPY Facility adopting the TONA as the new benchmark rate. Beginning December 29, 2021, the floating interest rate on the JPY15,000 facility is based on TONA plus a spread, repriced every one, three or six months. The proceeds of the loan were used to partially prepay its US\$1,000 term loan facility.

Payments made amounted to JPY12,857 as at December 31, 2024.

The loan was fully paid on March 27, 2025.

Unamortized debt issue costs amounted to P2 as at December 31, 2024.

The gross amount of long-term debt payable to BankCom amounted to P26,154 and P27,267 as at December 31, 2025 and 2024, respectively (Note 35).

The debt agreements contain, among others, covenants relating to merger and consolidation, negative pledge, maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, significant changes in the ownership or control of subsidiaries, payments of dividends and redemption of capital stock.

The Group is required to comply with the following financial ratios:

Parent Company	Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated total interest expense	Not less than 2.00:1.00
	Consolidated net debt to consolidated total equity	Does not exceed 2.10:1.00
Major subsidiaries:		
Petron	Net leverage	Not to exceed 6.50
	Consolidated gross debt to consolidated net worth	Not to exceed 2.75
San Miguel Global	Net debt to equity	Not more than 3.25x
Power	Interest coverage	Not less than 2.25x
SMFB	Consolidated debt to consolidated equity	Not more than 3.50x
	Consolidated total EBITDA to consolidated interest expense	Not less than 2.00x

The Group is in compliance with the covenants of the debt agreements as at December 31, 2025 and 2024.

Long-term debt includes syndicated project finance loans amounting to P139,096 and P141,287 as at December 31, 2025 and 2024, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 14 and 18).

The movements in debt issue costs are as follows:

	Note	2025	2024
Balance at beginning of year		P15,413	P13,250
Additions		2,946	6,310
Amortization	32	(4,069)	(3,821)
Reclassification, capitalized and others		(195)	(326)
Balance at end of year		P14,095	P15,413

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2026	P177,695	P1,409	P176,286
2027	240,864	3,044	237,820
2028	283,087	2,027	281,060
2029	253,894	2,944	250,950
2030 and thereafter	415,851	4,671	411,180
Total	P1,371,391	P14,095	P1,357,296

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 41.

24. Other Noncurrent Liabilities

Other noncurrent liabilities consist of:

	Note	2025	2024
Retirement liabilities - noncurrent	37	P12,360	P12,380
ARO	4	2,665	2,021
Retention payable - noncurrent		2,529	4,109
Deferred income		2,101	1,809
IRO	4	1,711	1,211
Derivative liabilities - noncurrent	4, 41, 42	790	127
Obligation to ROP - service concession agreement	4, 36	688	713
Customers' deposits	41, 42	464	418
Cash bonds		427	426
Mine rehabilitation obligation (MRO) and decommissioning	4	113	142
Amounts owed to related parties	35	4	2
Others		1,531	1,400
	41, 42	P25,383	P24,758

Deferred income primarily represents downpayments received by the Group in connection with executed agreements for the sale of various lots to third parties.

"Others" include liability to contractors and suppliers.

25. Income Taxes

The components of income tax expense are shown below:

	2025	2024	2023
Current	P27,781	P24,386	P21,678
Deferred	1,714	3,106	6,730
	P29,495	P27,492	P28,408

The movements of deferred tax assets and liabilities are accounted for as follows:

2025	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Deconsolidation of Subsidiaries and others	Balance at December 31
Allowance for impairment losses on trade and other receivables and inventory	P1,842	P273	P -	(P113)	P2,002
MCIT	1,478	955	-	-	2,433
NOLCO	8,046	(5,777)	-	-	2,269
Undistributed net earnings of foreign subsidiaries	(1,705)	-	-	-	(1,705)
Leases	(22,077)	1,013	-	10	(21,054)
Unrealized intercompany charges and others	(400)	1,822	(686)	9,212	9,948
	(P12,816)	(P1,714)	(P686)	P9,109	S(P6,107)

2024	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade and other receivables and inventory	P2,108	(P272)	P -	P6	P1,842
MCIT	1,174	304	-	-	1,478
NOLCO	7,855	191	-	-	8,046
Undistributed net losses (earnings) of foreign subsidiaries	(846)	(882)	-	23	(1,705)
Leases	(24,266)	2,211	-	(22)	(22,077)
Unrealized intercompany charges and others	4,105	(4,658)	566	(413)	(400)
	(P9,870)	(P3,106)	P566	(P406)	(P12,816)

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	2025	2024
Deferred tax assets	4	P23,196	P22,045
Deferred tax liabilities		(29,303)	(34,861)
		(P6,107)	(P12,816)

As at December 31, 2025, the NOLCO of the Group, which are presented as part of "Deferred tax assets" account in the consolidated statement of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO
2023	December 31, 2026	P4,816
2024	December 31, 2027	708
2025	December 31, 2028	3,552
		P9,076

As at December 31, 2025, the MCIT of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statement of financial position, that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	MCIT
2023	December 31, 2026	P520
2024	December 31, 2027	893
2025	December 31, 2028	1,020
		P2,433

As at December 31, 2025 and 2024, deferred tax assets in respect of NOLCO and others amounting to P25,412 and P58,182, respectively, has not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The reconciliation between the statutory income tax rate on income before income tax and the Group’s effective income tax rate is as follows:

	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subject to final tax	(3.25%)	(5.73%)	(4.80%)
Equity in net earnings of associates and joint ventures	(2.31%)	(0.92%)	(0.59%)
Gain on sale of investments subject to final or capital gains tax	(0.20%)	(0.85%)	(0.03%)
Others, mainly income subject to different tax rates - net	4.51%	25.34%	19.28%
Effective income tax rate	23.75%	42.84%	38.86%

*Percentages are computed based on amounts in nearest peso.

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. The rate of MCIT reverted to 2% based on gross income starting July 1, 2023.

Accordingly, current and deferred taxes as at and for the year ended December 31, 2025 and 2024 were computed and measured using the applicable income tax rates.

RA No. 12066 or the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act

The CREATE MORE Act, which seeks to improve the country's fiscal incentives policies by clarifying issues in the implementation of the CREATE Act, took effect on November 28, 2024. Key provisions of the CREATE MORE Act which have an impact on the Group are: (i) reduction of RCIT rate from 25% to 20% and expanded deductions for Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime; and (ii) broadened eligibility and extended period of incentives for RBEs.

International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to PAS 12, *Income Taxes*, relating to the International Tax Reform - Pillar Two Model Rules. These amendments provide a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from Pillar Two income taxes. Accordingly, no deferred tax assets or liabilities have been recognized in respect of Pillar Two legislation.

The Group is a member of the broader Top Frontier Group. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Top Frontier Group operates. As of December 31, 2025, the legislation has been in effect in Australia, Hong Kong, Indonesia, Japan, Malaysia, Mauritius, the Netherlands, New Zealand, Singapore, Thailand and Vietnam while not yet effective in the Philippines, Bermuda, the British Virgin Islands, the Cayman Islands, China and Taiwan.

The Top Frontier Group is within the scope of the enacted or substantively enacted legislation and has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) assessment to identify jurisdictions that may be excluded from detailed Pillar Two computations. The assessment was based on the most recent tax filings, CbCR reports and financial statements of the relevant entities. All jurisdictions met the TCSH criteria, except for Bermuda, Hong Kong, Singapore, and New Zealand. Full Pillar Two computations are currently being undertaken for these jurisdictions.

In line with the assessment of the Top Frontier Group, a provision for top-up tax has been recognized to the extent that it is reasonably estimable. The computation remains subject to refinement pending the Top Frontier Group's finalization of detailed calculations and any additional guidance or clarifications from relevant tax authorities

26. Equity

a. Amendments to the Articles of Incorporation

On July 23, 2009, during the annual stockholders' meeting of the Parent Company, the stockholders approved the amendments to the Articles of Incorporation for the declassification of the common shares of the Parent Company. The authorized capital stock of the Parent Company amounting to P22,500 was divided into 2,034,000,000 Class "A" common shares, 1,356,000,000 Class "B" common shares with a par value of P5.00 per share and 1,110,000,000 Series "1" Preferred Shares with a par value of P5.00 per share, and defined the terms and features of the Series "1" Preferred Shares. The SEC approved the amendments to the Amended Articles of Incorporation of the Parent Company on August 20, 2009.

During the April 18, 2012 and June 14, 2012 meetings of the BOD and stockholders of the Parent Company, respectively, the BOD and stockholders approved the amendments to the Articles of Incorporation of the Parent Company, to increase the authorized capital stock of the Parent Company from P22,500 to P30,000 as follows: (a) the increase in the number of the common shares from 3,390,000,000 common shares to 3,790,000,000, or an increase of 400,000,000 common shares; and (b) the creation and issuance of 1,100,000,000 Series "2" Preferred Shares with a par value of P5.00 per share.

On September 21, 2012, the SEC approved the amendment to the Articles of Incorporation of the Parent Company to increase the authorized capital stock, and consequently creating the Series "2" Preferred Shares.

On June 9, 2015, during the annual stockholders meeting of the Parent Company, the stockholders approved the amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares, consisting of 691,099,686 Series "1" preferred treasury shares to Series "2" preferred treasury shares and 118,900,314 Series "1" preferred unissued shares to Series "2" preferred unissued shares. With the approved reclassification, the resulting distribution of the preferred shares of the Parent Company was 300,000,000 for Series "1" Preferred Shares and 1,910,000,000 for Series "2" Preferred Shares. The stockholders also approved the issuance of the Series "2" Preferred Shares subject to the passage of Enabling Resolutions containing the details of the terms and conditions of the issuance.

The amendment to Article VII of the Amended Articles of Incorporation of the Parent Company to reclassify 810,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares was approved by the SEC on July 14, 2015.

On June 11, 2024 and August 8, 2024, the BOD and stockholders of the Parent Company, respectively, approved the amendment of the Articles of Incorporation of the Parent Company to reclassify 300,000,000 Series "1" Preferred Shares to Series "2" Preferred Shares. The purpose of the reclassification is to allow the Parent Company to issue additional preferred shares as a new subseries of Series "2" Preferred Shares under the more flexible terms and conditions of the Series "2" Preferred Shares.

The Amended Articles of Incorporation of the Parent Company reflecting the amendments were approved by the SEC on February 25, 2025.

On January 16 and March 27, 2025, the BOD and stockholders of the Parent Company approved and ratified, respectively, the amendments to the Articles of Incorporation of the Parent Company, specifically: (a) the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; and (b) the amendment of the authorized capital stock of the Parent Company from P30,000 with a par value of P5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares.

The Amended Articles of Incorporation of the Parent Company reflecting the amendments were approved by the SEC on July 7, 2025.

b. Capital Stock

Common Shares

On July 27, 2010, the BOD of the Parent Company approved the offer to issue approximately 1,000,000,000 common shares (from the unissued capital stock and treasury shares) at a price of not less than P75.00 per share.

Effective August 26, 2010, all Class "A" common shares and Class "B" common shares of the Parent Company were declassified and are considered as common shares without distinction, as approved by the SEC. Both are available to foreign investors, subject to the foreign ownership limit.

The Parent Company has a total of 33,048 and 33,162 common shareholders as at December 31, 2025 and 2024, respectively.

The number of issued and outstanding shares of common stock are as follows:

	2025	2024	2023
Issued shares	2,383,896,588	3,288,649,125	3,288,649,125
Less treasury shares	-	904,752,537	904,752,537
Issued and outstanding shares	2,383,896,588	2,383,896,588	2,383,896,588

Preferred Shares

i. Series "1" Preferred Shares

Series "1" Preferred Shares have a par value of P5.00 per share and are entitled to receive cash dividends upon declaration by and at the sole option of the BOD of the Parent Company at a fixed rate of 8% per annum calculated in respect of each Series "1" Preferred Share by reference to the Issue Price thereof in respect of each dividend period.

Series "1" Preferred Shares are non-voting except as provided for under the Corporation Code. The Series "1" Preferred Shares are redeemable in whole or in part, at the sole option of the Parent Company, at the end of three years from the issue date at P75.00 plus any accumulated and unpaid cash dividends.

All shares rank equally with regard to the residual assets of the Parent Company, except that holders of preferred shares participate only to the extent of the issue price of the shares plus any accumulated and unpaid cash dividends.

On July 23, 2009, the stockholders of the Parent Company approved the Offer by the Parent Company to exchange existing common shares of up to approximately 35% of the issued and outstanding capital stock of the Parent Company with Series "1" Preferred Shares. The exchange ratio was one common share for one Series "1" Preferred Share and the qualified shareholders of record as at July 2, 2009, were vested with the right to participate on the exchange.

On October 5, 2009, the Parent Company completed the exchange of 476,296,752 Class "A" Common Shares and 396,876,601 Class "B" Common Shares for Series "1" Preferred Shares.

On October 15, 2009, the BOD of the Parent Company approved the issuance, through private placement, of up to 226,800,000 Series “1” Preferred Shares.

On December 22, 2009, the Parent Company issued 97,333,000 Series “1” Preferred Shares to qualified buyers and by way of private placement to not more than 19 non-qualified buyers at the issue price of P75.00 per Series “1” Preferred Share.

On December 8, 2010 and October 3, 2011, the Parent Company listed 873,173,353 and 97,333,000 Series “1” Preferred Shares worth P65,488 and P7,300, respectively.

On August 13, 2012, the BOD of the Parent Company approved the redemption of Series “1” Preferred Shares at a redemption price of P75.00 per share.

On October 5, 2012, 970,506,353 Series “1” Preferred Shares were reverted to treasury.

On April 14, 2015, the Parent Company reissued 279,406,667 Series “1” Preferred Shares held in treasury in the name of certain subscribers at P75.00 per share. The Series “1” Preferred Shares became tradable on the PSE beginning June 10, 2015.

On March 12, 2020, the BOD of the Parent Company approved the redemption of Series “1” Preferred Shares at a redemption price of P75.00 per share.

On April 14, 2020, 279,406,667 Series “1” Preferred Shares were reverted to treasury.

On February 25, 2025, 300,000,000 Series “1” Preferred Shares, of which 279,406,667 are treasury shares and 20,593,333 are unissued, were reclassified to Series “2” Preferred Shares.

The Parent Company has no issued and outstanding Series “1” Preferred Shares as at December 31, 2025.

ii. Series “2” Preferred Shares

Subseries 2-A, Subseries 2-B and Subseries 2-C

In September 2012, the Parent Company issued 1,067,000,000 Series “2” Preferred Shares at the issue price of P75.00 per share. The said Series “2” Preferred Shares worth P80,025 were listed on the PSE on September 28, 2012. The SEC approved the registration and issued a permit to sell on August 10, 2012.

The Series “2” Preferred Shares were issued in three subseries (Subseries “2-A”, Subseries “2-B” and Subseries “2-C”) and are Peso-denominated, perpetual, cumulative, non-participating and non-voting.

The Parent Company has the redemption option starting on the third, fifth and seventh year and every dividend payment thereafter, with a step-up rate effective on the fifth, seventh and tenth year, respectively, if the shares are not redeemed. Dividend rates are 7.500%, 7.625% and 8.000% per annum for Subseries "2-A", Subseries "2-B" and Subseries "2-C" Preferred Shares, respectively.

On September 21, 2015, the Parent Company redeemed its 721,012,400 Series "2" Preferred Shares - Subseries "2-A" at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The Parent Company paid P54,076 to the holders of Subseries "2-A" Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 20, 2015.

On September 23, 2019, the Parent Company redeemed its 90,428,200 Series "2" Preferred Shares - Subseries "2-B" at a redemption price of P75.00 per share. The Parent Company paid P6,782 to the holders of Subseries "2-B" Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 12, 2019.

On September 21, 2021, the Parent Company redeemed its outstanding 255,559,400 Series "2" Preferred Shares - Subseries "2-C" at a redemption price of P75.00 per share. The Parent Company paid P19,167 to the holders of Subseries "2-C" Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

On September 11, 2025, the BOD of the Parent Company approved the delisting of 565,445,086 Series "2" Subseries "2-A", 90,428,200 Series "2" Subseries "2-B" and 255,559,400 Series "2" Subseries "2-C" Preferred Shares redeemed in September 2015, 2019 and 2021, respectively.

These preferred shares are no longer outstanding after their redemption by the Parent Company which resulted in the suspension by the PSE of the trading of these Series "2" Preferred Shares. Upon redemption, the said shares reverted to the Parent Company's treasury shares and, subsequently, have been reissued by the Parent Company as different subseries of Series "2" Preferred Shares, under separate applications for listing. With such reissuance and listing, the delisting of the Series "2" Subseries "2-A", Subseries "2-B" and Subseries "2-C" Preferred Shares is appropriate.

The Parent Company has no outstanding and issued Series "2" Subseries "2-A", Subseries "2-B" and Subseries "2-C" Preferred Shares as at December 31, 2025 and 2024.

Subseries 2-D, Subseries 2-E and Subseries 2-F

On September 21, 2015, the Parent Company issued and listed on the PSE 446,667,000 Series "2" Preferred Shares held in treasury in three subseries (Subseries "2-D", Subseries "2-E" and Subseries "2-F") and are Peso-denominated, perpetual, cumulative, non-participating and non-voting. Dividend rates are 5.9431%, 6.3255% and 6.8072% per annum for Subseries "2-D", Subseries "2-E" and Subseries "2-F" Preferred Shares, respectively. The SEC approved the registration and issued a permit to sell on August 6, 2015.

On September 21, 2020, the Parent Company redeemed its 89,333,400 Series "2" Preferred Shares - Subseries "2-D" at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The Parent Company paid P6,700 to the holders of Subseries "2-D" Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 6, 2020.

On September 11, 2025, the BOD of the Parent Company approved the delisting of 89,333,400 Series "2" Subseries "2-D" Preferred Shares redeemed in September 2020.

These preferred shares are no longer outstanding after their redemption by the Parent Company which resulted in the suspension by the PSE of the trading of these Series "2" Preferred Shares. Upon redemption, the said shares reverted to the Parent Company's treasury shares and, subsequently, have been reissued by the Parent Company as different subseries of Series "2" Preferred Shares, under separate applications for listing. With such reissuance and listing, the delisting of the Series "2" Subseries "2-D" is appropriate.

On September 21, 2021, the Parent Company redeemed its 134,000,100 Series "2" Preferred Shares - Subseries "2-E" at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The Parent Company paid P10,050 to the holders of Subseries "2-E" Preferred Shares. The redemption was approved by the BOD of the Parent Company on August 5, 2021.

The Subseries "2-F" Preferred Shares include 1,333,500 shares amounting to P100 held by a subsidiary, which were reclassified to treasury shares upon consolidation of the subsidiary on December 14, 2022.

On September 22, 2025, the Parent Company redeemed its 223,333,500 Series "2" Preferred Shares - Subseries "2-F" (including the 1,333,500 shares held by a subsidiary) at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of the Parent Company on August 7, 2025.

The Parent Company has no outstanding and issued Series "2" Subseries "2-D" as at December 31, 2025.

From the 134,000,100 Subseries "2-E" Preferred Shares, 57,527,894 shares are no longer outstanding but they remain issued as they are still in held in treasury, while the balance of 76,472,206 shares were reissued as Subseries "2-O" Preferred Shares.

As at December 31, 2025, the Subseries "2-F" Preferred Shares are no longer outstanding but they remain issued as they are still held in treasury.

Subseries 2-G, Subseries 2-H and Subseries 2-I

On February 24, 2016, the BOD of the PSE approved the listing application of the Parent Company of up to 975,571,800 shares of Series "2" Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 400,000,000 shares of Series "2" Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved the Shelf Registered Shares and issued a permit to sell on March 8, 2016.

The Parent Company offered the “First Tranche” of up to: (i) 280,000,000 shares of Series “2” Preferred Shares consisting of Subseries “2-G”, Subseries “2-H” and Subseries “2-I”; and (ii) 120,000,000 shares of Series “2” Preferred Shares to cover the oversubscription option. The First Tranche was reissued and offered from the Series “2” Preferred Shares Subseries held in treasury. The First Tranche was issued on March 30, 2016 which was also the listing date of the Shelf Registered Shares.

Dividend rates are 6.5793%, 6.3222% and 6.3355% per annum for Subseries “2-G”, Subseries “2-H” and Subseries “2-I” Preferred Shares, respectively.

Following the completion of the Parent Company’s follow-on offering of 280,000,000 Series “2” Preferred Shares, with an oversubscription option of 120,000,000 Series “2” Preferred Shares, the Parent Company reissued the Series “2” Preferred Shares held in treasury, as follows: (i) 244,432,686 Series “2” Preferred Shares; and (ii) 155,567,314 Subseries “2-A” Preferred Shares (collectively, the “Offer Shares”). The Series “2” Preferred Shares were Series “1” Preferred Shares held in treasury that were reclassified to Series “2” Preferred Shares on June 9, 2015.

The remaining 575,571,800 Shelf Registered Shares were no longer issued due to the expiration of the shelf registration, which is a period of three years from the date of approval.

On March 30, 2021, the Parent Company redeemed its 66,666,600 Series “2” Preferred Shares - Subseries “2-G” at a redemption price of P75.00 per share plus any unpaid cash dividends. The Parent Company paid P5,000 to the holders of Subseries “2-G” Preferred Shares. The redemption was approved by the BOD of the Parent Company on March 11, 2021.

On December 21, 2022, the Parent Company redeemed its 164,000,000 Series “2” Preferred Shares - Subseries “2-H” at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The Parent Company paid P12,300 to the holders of Subseries “2-H” Preferred Shares. The redemption was approved by the BOD of the Parent Company on September 22, 2022.

As at December 31, 2025 and 2024, only the 169,333,400 Series “2” Preferred Shares - Subseries “2-I” remain outstanding and issued, and the Subseries “2-G” and Subseries “2-H” Preferred Shares are no longer outstanding, but they remain issued as they are still held in treasury.

Subseries 2-J, Subseries 2-K, Subseries 2-P, Subseries 2-Q, Subseries 2-R
On September 30, 2020, the BOD of the PSE approved the listing application of the Parent Company of up to 533,333,334 Series “2” Preferred Shares under shelf registration (the Shelf Registered Shares) and the offering of up to 266,666,667 Series “2” Preferred Shares (the First Tranche) with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on October 9, 2020 and issued a permit to sell the First Tranche on the same date.

The Parent Company offered the First Tranche consisting of: (i) 133,333,400 Subseries "2-J" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-J" Preferred Shares at an offer price of P75.00 per share. The First Tranche consisting of 266,666,667 Subseries "2-J" Preferred Shares was issued on October 29, 2020, which was also the date when the First Tranche was listed on the PSE.

The Parent Company offered a Second Tranche of the Shelf Registered Shares, consisting of: (i) 133,333,400 Subseries "2-K" Preferred Shares; and (ii) an Oversubscription Option of up to 133,333,267 Subseries "2-K" Preferred Shares at an offer price of P75.00 per share. The Second Tranche consisting of 183,904,900 Subseries "2-K" Preferred Shares was issued and listed on the PSE on December 10, 2020.

Dividend rates are 4.75% and 4.50% per annum for Subseries "2-J" and Subseries "2-K" Preferred Shares, respectively.

On August 7, 2025, the BOD of the Parent Company approved the offer exchange to the holders of 266,666,667 Subseries "2-J" Preferred Shares and 183,904,900 Subseries "2-K" Preferred Shares (collectively, the "Exchange Share") at a rate of one Exchange Share to one of any of the Series "2" Preferred Shares, to be reissued in three subseries (Subseries "2-P", Subseries "2-Q" and Subseries "2-R"), which will be reissued from the treasury Series "2" Preferred Shares of the Parent Company.

On October 10, 2025, an aggregate of 251,474,020 Exchange Shares, consisting of 173,760,520 Subseries "2-J" Preferred Shares and 77,713,500 Subseries "2-K" Preferred Shares were tendered to the Parent Company in exchange for 171,370,380 Subseries "2-P" Preferred Shares, 53,815,840 Subseries "2-Q" Preferred Shares, and 26,287,800 Subseries "2-R" Preferred Shares. On October 24, 2025, the Parent Company issued and listed on the PSE the Series "2" Subseries "2-P", Subseries "2-Q" and Subseries "2-R" Preferred Shares.

On October 29 and December 10, 2025, the Parent Company redeemed the remaining 92,906,147 Subseries "2-J" and 106,191,400 Subseries "2-K" Preferred Shares, respectively. The redemption price was the issue price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of the Parent Company on August 7, 2025.

As at December 31, 2025, the Subseries "2-J" and Subseries "2-K" Preferred Shares are no longer outstanding but they remain issued as they are still held in treasury.

Subseries 2-M

On August 23, 2023, the Parent Company issued 173,333,325 Subseries "2-M" Preferred Shares via private placement at an offer price of P75.00 per share, with a fixed dividend rate of 8.375% per annum. Subseries "2-M" Preferred Shares were listed on the PSE on August 29, 2023. The Subseries "2-M" Preferred Shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of the Parent Company.

Subseries 2-L, Subseries 2-N and Subseries 2-O

On October 17, 2023, the BOD of the PSE approved the shelf registration application of the Parent Company of up to 866,666,700 Series "2" cumulative, non-voting, non-participating, non-convertible, redeemable and reissuable (the Shelf Registered Shares) and with an offer Supplement for the First Tranche of 400,000,000 Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares (the "Base Offer Shares") and an Oversubscription Option of up to 266,666,700 Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares, with a par value of P5.00 per share and an offer price of P75.00 per share. The SEC approved and rendered effective the shelf registration of the Shelf Registered Shares on November 9, 2023 and issued a permit to sell the First Tranche on the same date.

On December 1, 2023, the First Tranche consisting of 165,358,600 Subseries "2-L" Preferred Shares, 100,115,100 Subseries "2-N" Preferred Shares, and 187,859,700 Subseries "2-O" Preferred Shares was issued and listed on the PSE.

Dividend rates are 7.9145%, 8.3466% and 8.5936% per annum for Subseries "2-L", Subseries "2-N" and Subseries "2-O" Preferred Shares, respectively.

Subseries 2-S, Subseries 2-T and Subseries 2-U

On October 24, 2025, the Parent Company issued and listed on the PSE 179,837,540 Series "2" Subseries "2-S" Preferred Shares, 73,983,880 Subseries "2-T" Preferred Shares and 146,178,580 Subseries "2-U" Preferred Shares, under the 866,666,700 Series "2" Shelf Registered Preferred Shares. The Subseries "2-S", Subseries "2-T" and Subseries "2-U" Preferred Shares were issued at P75.00 per share, for a total amount of P30,000, with dividend rates per annum of 6.965%, 7.256% and 7.536%, respectively.

The Offer Shares are perpetual and have no fixed final maturity date.

The shares are cumulative, non-voting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated, perpetual Series "2" Preferred Shares, issued out of the Parent Company's treasury shares.

The Parent Company incurred share issuance costs amounting to P291, P26 and P251 in 2025, 2024 and 2023, respectively.

The Parent Company has 1,494,784,745 and 288,194,494, including the 1,333,500 preferred shares held by a subsidiary in 2024, Series "2" Preferred Shares held in treasury as at December 31, 2025 and 2024, respectively.

The Parent Company has 1,447,474,145 and 1,469,905,192 outstanding Series "2" Preferred Shares as at December 31, 2025 and 2024, respectively.

The Parent Company has a total of 172 and 290 preferred shareholders as at December 31, 2025 and 2024, respectively.

c. *Treasury Shares*

Treasury shares consist of:

	2025	2024	2023
Preferred	P111,345	P42,670	P42,670
Common	-	67,093	67,093
	P111,345	P109,763	P109,763

Common Shares

The Parent Company has no outstanding common shares held in treasury as at December 31, 2025. As at December 31, 2024 and 2023, the Parent Company has 904,752,537 common shares held in treasury.

1. In the Entry of Judgment received on January 27, 2015, the Supreme Court entered in the Book of Entries of Judgments the Resolution of September 4, 2012 in G.R. Nos. 177857-58 and 178193 wherein the Supreme Court clarified that the 753,848,312 SMC Series "1" Preferred Shares of the Coconut Industry Investment Fund (CIIF) companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising therefrom shall now be the subject matter of the January 29, 2012 Decision and declared owned by the Government and used only for the benefit of all coconut farmers and for the development of the coconut industry. Thus, the fallo of the Decision dated January 24, 2012 was accordingly modified.

On October 5, 2016, the Supreme Court of the Philippines in G.R. Nos. 177857-58 and 178193 issued a Judgment denying the "Manifestation and Omnibus Motion" filed by the Presidential Commission on Good Government to amend the Resolution Promulgated on September 4, 2012 to Include the "Treasury Shares" Which are Part and Parcel of the 33,133,266 CIIF Block of SMC Shares of 1983 Decreed by the Sandiganbayan, and Sustained by the Honorable Court, as Owned by the Government. The denial of the motion is without prejudice to the right of the ROP to file the appropriate action or proceeding to determine the legal right of the Parent Company to the 25,450,000 treasury shares of the Parent Company. On November 29, 2016, the Supreme Court denied with finality the Motion for Reconsideration of the ROP. To date, no such further action or proceeding has been filed by the ROP relating to the 25,450,000 Treasury Shares of the Parent Company.

2. In 2009, 873,173,353 common shares reverted to treasury were acquired through the exchange of common shares to preferred shares, on a one-for-one basis, at P75.00 per share amounting to P65,488.
3. On May 5, 2011, the Parent Company completed the secondary offering of its common shares. The offer consists of 110,320,000 shares of stock of the Parent Company consisting of 27,580,000 common shares from the treasury shares of the Parent Company and 82,740,000 SMC common shares held by Top Frontier, priced at P110.00 per share.

4. Also on May 5, 2011, US\$600 worth of exchangeable bonds of the Parent Company sold to overseas investors were simultaneously listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The exchangeable bonds have a maturity of three years, a coupon of 2% per annum and a conversion premium of 25% of the offer price. The exchangeable bonds are exchangeable for common shares to be reissued from the treasury shares of the Parent Company. The initial exchange price for the exchange of the exchangeable bonds into common shares is P137.50 per share.

On December 5, 2011, 765,451 common shares were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at an exchange price of P113.24 per share. Subsequently on December 8, 2011 and February 10 and 16, 2012, the delivered common shares of stock of the Parent Company were transacted and crossed on the PSE via a special block sale in relation to the issuance of common shares pursuant to the US\$600 exchangeable bonds of the Parent Company.

In 2014, 2013 and 2012, additional 1,077,573, 6,540,959 and 1,410,604 common shares, respectively, were delivered to the bondholders of the Parent Company's exchangeable bonds who exercised their exchange rights under the terms and conditions of the bonds at exchange prices ranging from P80.44 to P113.24 per share. The additional common shares of stock of the Parent Company were transacted and crossed on the PSE on various dates via special block sales.

A total of 9,794,587 common shares were issued to the bondholders of the Parent Company's exchangeable bonds as at December 31, 2014.

5. In 2014 and 2013, 68,150 common shares and 3,410,250 common shares, respectively, under the Parent Company's Employee Stock Purchase Plan (ESPP) were cancelled and held in treasury shares.

In 2016, the Parent Company discontinued the ESPP.

6. On July 7, 2025, the SEC approved the reclassification of the 904,752,537 common shares held as treasury shares into Series "2" Preferred Shares held in treasury. Consequently, the P67,093 "Treasury stock - common" was reclassified to "Treasury stock - preferred", both under "Treasury stock" account in the consolidated statement of financial position as at December 31, 2025.

d. Capital Securities

SPCS

On December 5, 2019, the BOD approved the establishment of a medium term note programme amounting to US\$3,000 (the "Programme"), and the issuance of US\$500 perpetual securities out of the Programme. The Programme and the initial issuance of perpetual securities were both registered on the SGX-ST.

The Programme will be available for a medium term and will allow the Parent Company to tap the financial market for funding through the issuance of securities, including but not limited to corporate notes, bonds, and perpetual securities and other similar instruments at different currencies (other than Philippine Peso). The establishment of the Programme will give the Parent Company ready access to funding and will give the Parent Company the flexibility to fund its contemplated investments and projects such as the MRT 7 construction, the MIA, as well as the refinancing of its existing obligations and for other general corporate purposes. All instruments and securities that will be issued out of the Programme shall be exempt securities and shall not be required to be registered with the PSE.

On July 29, 2020, the Parent Company issued US\$500 (P24,595) SPCS at an issue price of 100%, with a rate of distribution of 5.5% per annum, payable every January 29 and July 29 of each year. The securities were issued under the Programme. The net proceeds were used to finance investments and various projects, to refinance existing obligations and for general corporate purposes.

On July 29, 2025, the Parent Company redeemed all the outstanding US\$500 SPCS at an amount equivalent to its face value.

The redemption of US\$500 SPCS was approved by the BOD of the Parent Company on June 10, 2025. The Parent Company recognized a loss of P4,444 on the redemption presented as part of "Retained earnings" account in the consolidated statement of changes in equity as at December 31, 2025.

e. Unappropriated Retained Earnings

The unappropriated retained earnings of the Parent Company are restricted in the amount of P67,093 in 2024 and 2023, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

f. Appropriated Retained Earnings

The BOD of certain subsidiaries approved additional appropriations amounting to P16,894, P30,222 and P34,817 in 2025, 2024 and 2023, respectively, to finance future capital expenditure projects. Reversal of appropriations amounted to P10,812, P37,543 and P18,651 in 2025, 2024 and 2023, respectively.

g. Non-controlling Interests

Non-controlling interests consist of:

	2025	2024
Capital securities of subsidiaries	P240,256	P222,343
Share in the net assets of subsidiaries	138,880	126,768
Preferred shares of subsidiaries	44,823	44,823
	P423,959	P393,934

The following are the developments relating to the capital securities and preferred shares of subsidiaries:

Energy

▪ San Miguel Global Power

a) Issuance of SPCS

The outstanding SPCS of San Miguel Global Power are as follows:

Date of Issuance	Initial Rate of Distribution Per Annum	Balance as at December 31, 2025	
July 24 and August 11, 2025	8.95%	US\$515	P28,786
December 2, 2024 and February 19, 2025	8.125%	600	34,632
September 12 and 30, 2024	8.75%	900	49,849
June 9 and September 15, 2021	5.45%	683	32,417
January 21, 2020	5.70%	301	15,106
		US\$2,999	P160,790

**Net of directly attributable transaction costs.*

Date of Issuance	Initial Rate of Distribution Per Annum	Balance as at December 31, 2024	
December 2, 2024	8.125%	US\$500	P28,882
September 12 and 30, 2024	8.75%	900	49,849
June 9 and September 15, 2021	5.45%	683	32,417
October 21 and December 15, 2020	7.00%	193	9,613
January 21, 2020	5.70%	494	24,807
November 5, 2019	5.95%	113	5,627
		US\$2,883	P151,195

**Net of directly attributable transaction costs.*

On February 19, 2025, San Miguel Global Power completed the issuance of another US\$100 SPCS (equivalent to P5,750 net of directly attributable transaction costs amounting to P88), at an issue price of 100.503% plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100 SPCS is consolidated into and form a single series with the US\$500 SPCS issued on December 2, 2024, bringing the total securities to US\$600. The US\$100 SPCS are identical in all respects with the US\$500 SPCS, other than with respect to the date of issuance and issue price.

The net proceeds from the issuance of the US\$100 SPCS were used for the redemption of the outstanding 7.00% SPCS issued in October and December 2020.

On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 SPCS (equivalent to P22,329, net of directly attributable transaction costs amounting to P331), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum.

The US\$400 SPCS consists of the following:

- (i) US\$223 (equivalent to P12,459, net of directly attributable transaction costs amounting to P185) in aggregate principal amount of SPCS (the “Concurrent Exchange Offers”) issued in exchange for the remaining 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the “Remaining Existing Securities”), with a carrying value equivalent to P11,143; and
- (ii) US\$177 (equivalent to P9,870, net of directly attributable transaction costs amounting to P146) in aggregate principal amount of new securities (the “Additional New Securities”).

The net proceeds from the issuance of the Additional New Securities were applied to the following: (i) costs and expenses related to the Concurrent Exchange Offers, including payment of accrued distribution amounts in respect of the Remaining Existing Securities accepted for exchange pursuant and subject to, the terms and conditions of the Concurrent Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all Remaining Existing Securities following the Concurrent Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

As a result of the foregoing exchange, the movements in the Remaining Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$193	(US\$30)	US\$163	P8,171
5.70% SPCS issued on January 21, 2020	494	(193)	301	15,106
	US\$687	(US\$223)	US\$464	P23,277

**Net of transaction costs.*

The difference between the price and the carrying value of the outstanding Remaining Existing Securities accepted pursuant to the Concurrent Exchange Offers amounted to P1,501 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

On August 11, 2025, San Miguel Global Power completed the issuance of US\$115 SPCS (equivalent to P6,457, net of directly attributable transaction costs amounting to P103) at an issue price of 100% plus an amount corresponding to accrued distributions from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115 SPCS is consolidated into and form a single series with the US\$400 SPCS issued on July 24, 2025, bringing the total securities to US\$515. The US\$400 SPCS and US\$115 SPCS are identical in all respects, other than with respect to the date of issuance.

San Miguel Global Power used the net proceeds towards (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$100, US\$400 and US\$115 SPCS were listed on the SGX-ST on February 20, July 25 and August 12, 2025, respectively.

On August 27 and November 14, 2024, San Miguel Global Power announced on the SGX-ST website the following:

- a. that it will undertake to invite eligible holders of San Miguel Global Power's outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the "Existing Securities"): (i) 7.00% SPCS issued on October 21 and December 15, 2020; (ii) 5.70% SPCS issued on January 21, 2020; and (iii) 5.95% SPCS issued on November 5, 2019
 - (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by San Miguel Global Power (the "2024 Exchange Offers"); and
 - (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by San Miguel Global Power (the "Tender Offers", and together with the 2024 Exchange Offers, the "Offers"); and
- b. that it will undertake the offer and issuance of up to US\$600 in SPCS or such other amount as San Miguel Global Power may later determine (collectively together with the Tender Offers, the "Additional New Securities").

On September 12, 2024, San Miguel Global Power completed the issuance of US\$800 SPCS (equivalent to P44,300, net of directly attributable transaction costs amounting to P660) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US\$800 SPCS consist of the following:

- (i) US\$532 (equivalent to P29,456, net of directly attributable transaction costs amounting to P439) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801) pursuant to the 2024 Exchange Offers; and
- (ii) US\$268 (equivalent to P14,844, net of directly attributable transaction costs amounting to P221) in aggregate principal amount of Additional New Securities. The proceeds of the issuance of SPCS covered the purchase of Existing Securities, amounting to US\$157 (with a carrying value equivalent to P7,679), accepted pursuant to the Tender Offers.

On September 30, 2024, San Miguel Global Power completed the issuance of US\$100 SPCS (equivalent to P5,549, net of directly attributable transaction costs amounting to P54) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US\$100 SPCS is consolidated into and form a single series with the US\$800 SPCS issued on September 12, 2024, bringing the total securities to US\$900. The US\$800 SPCS and US\$100 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, San Miguel Global Power completed the issuance of US\$500 SPCS (equivalent to P28,882, net of directly attributable transaction costs amounting to P445) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US\$500 SPCS consist of the following:

- (i) US\$274 (equivalent to P15,823, net of directly attributable transaction costs amounting to P244) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,402) pursuant to the 2024 Exchange Offers; and
- (ii) US\$226 (equivalent to P13,059, net of directly attributable transaction costs amounting to P201) in aggregate principal amount of Additional New Securities. The proceeds of the issuance of SPCS partly covered the purchase of Existing Securities, amounting to US\$46 (with a carrying value equivalent to P2,236), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Accepted Tender Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$723	(US\$436)	(US\$94)	US\$193	P9,613
5.70% SPCS issued on January 21, 2020	594	(100)	-	494	24,807
5.95% SPCS issued on November 5, 2019	492	(270)	(109)	113	5,627
	US\$1,809	(US\$806)	(US\$203)	US\$800	P40,047

*Net of transaction costs.

The difference between the price and net carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,574 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds of the issuances of the Additional New Securities and the US\$100 SPCS were applied to the following: (i) costs and expenses related to the 2024 Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the 2024 Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US\$800, US\$100 and US\$500 SPCS were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The Securities were offered to holders of Existing Securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the Securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the Securities Regulation Code were required to be filed with the SEC.

The holders of the Securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. San Miguel Global Power has a right to defer this distribution under certain conditions.

The Securities constitute direct, unconditional, unsecured and unsubordinated obligations of San Miguel Global Power with no fixed redemption date and are redeemable in whole, but not in part, at San Miguel Global Power's option on the step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

b) Redemption of SPCS

- On May 9, 2025, San Miguel Global Power completed the redemption of its US\$113 remaining securities (with a net carrying value of P5,627), out of the US\$500 SPCS issued in November 2019.
- On October 17, 2025, San Miguel Global Power completed the redemption of its US\$163 remaining securities (with a net carrying value of P8,171), out of the US\$750 SPCS issued in October and December 2020.

The securities were redeemed at a price equal to its principal amount pursuant to the terms and conditions of the securities. Any unpaid distributions up to (but excluding) the redemption date was also settled. The difference between the price paid and the carrying value of securities redeemed amounted to P1,977 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

- On April 23, 2024, San Miguel Global Power completed the redemption of its US\$783 remaining securities (with a net carrying value of P40,187) out of the US\$800 SPCS issued in April and July 2019, at the redemption price equal to its principal amount and settled the distributions related thereto pursuant to the terms and conditions of the securities.

The difference between the price paid and the carrying value of the US\$783 securities amounted to P4,853 and was recognized as part of the “Equity reserves” account in the consolidated statement of financial position.

The US\$783 securities were redeemed using in part the proceeds of the RPS issued in April 2024 and cash generated from operations.

c) Issuance of RPCS

On April 19, 2024, San Miguel Global Power issued US\$800 RPCS to a third party (equivalent to P43,432, net of directly attributable transaction costs amounting to P2,688) at an issue price of 100%, with an initial rate of distribution of 8.5% per annum. Proceeds of the issuance were used for general corporate purposes, including capital expenditures and refinancing of maturing obligations.

Fuel and Oil

▪ Petron

a) Exchange, Tender and Issuance of SPCS

On September 22, 2025, Petron completed the issuance of US\$475 SPCS (P26,794) at an issue price of 100% consisting of US\$333 (P18,795) securities pursuant to exchange offer and US\$142 (P7,999) new securities issued for cash. The securities were listed on the SGX-ST on September 23, 2025. The net proceeds were used to finance costs and expenses relating to the exchange and tender offer and issuance of the SPCS, and for general corporate purposes.

Concurrently, Petron has completed the settlement of US\$333 (P15,890) securities tendered for exchange and US\$54 (P2,585) securities tendered for purchase, both of which form part of the US\$550 SPCS issued in April 2021.

Holders of the SPCS are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 7.35% per annum, subject to a step-up rate. Petron has the sole and absolute discretion to defer payment of any or all of the distribution.

The SPCS have no fixed redemption date and are redeemable in whole, but not in part, at their principal amounts together with any accrued, unpaid, or deferred distributions, at Petron's option on or after September 28, 2028 or on any distribution payment date thereafter or upon the occurrence of certain other events.

The SPCS were offered to institutional lenders not exceeding 19 or to not more than 19 non-qualified buyers or to any number of qualified buyers in the Philippines as defined in the Securities Regulation Code and their offer and sale and therefore qualified as exempt transactions pursuant to Sections 10.1(k) and 10.1(l) of the Securities Regulation Code. Hence, no confirmation of exemption from the registration requirements of the Securities Regulation Code was required to be filed with the SEC.

b) Redemption of SPCS

On January 19, 2023, Petron redeemed US\$22 (P1,118) from US\$500 SPCS issued in 2018 at a purchase price of US\$927.00 per US\$1,000.00 in principal amount.

On July 19, 2023, the remaining outstanding SPCS with an aggregate amount of US\$478 (P23,763) was fully redeemed at a purchase price of US\$1,000.00 per US\$1,000.00 in principal amount. Following such redemption, distributions ceased to accrue and the redeemed securities were cancelled and delisted from the SGX-ST.

The difference between the price paid and the net carrying amount of the SPCS redeemed amounting to P1,538, net of transaction costs, was recognized as part of "Equity reserves" account in the consolidated statements of financial position as at December 31, 2025 and 2024.

c) Redemption of Series 3A Preferred Shares

On December 26, 2024, Petron redeemed its 13,403,000 Series 3A Preferred Shares issued on June 25, 2019 at a redemption price of P1,000.00 per share or a total of P13,403. The redemption was approved by the BOD of Petron on June 26, 2024.

d) Issuance of Series 4 Preferred Shares

On July 7, 2023, Petron issued and listed on the PSE 5,000,000 Series 4A, 2,995,000 Series 4B, and 6,005,000 Series 4C Preferred Shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P14,000. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the SEC on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares. The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US\$478 SPCS issued in 2018.

Petron has the redemption option starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C Preferred Shares, respectively. Dividend rates are 6.7079%, 6.7972% and 7.0861% per annum for Series 4A, Series 4B and Series 4C Preferred Shares, respectively.

On September 23, 2024, Petron issued and listed on the PSE additional 16,830,000 Series 4 Preferred Shares at an offer price of P1,000.00 per share for a total amount of P16,830. The additional Series 4 Preferred Shares were issued in two subseries: (i) 8,500,000 Series 4D Preferred Shares; and (ii) 8,330,000 Series 4E Preferred Shares. The Series 4D and 4E Preferred Shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares.

Petron has the redemption option starting on the third and fifth year from listing date or on any dividend payment date thereafter for Series 4D and 4E Preferred Shares, respectively. Series 4D and 4E Preferred Shares have dividend rates of 6.8364% and 7.1032% per annum, respectively. Cash dividends are payable quarterly every March 23, June 23, September 23 and December 23 of each year, as and if declared by Petron's BOD. The net proceeds were used to fully redeem Petron's Series 3A Preferred Shares on December 26, 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

The details of material share in the net assets of subsidiaries are as follows:

	December 31, 2025		December 31, 2024	
	Petron	SMFB	Petron	SMFB
Percentage of non-controlling interests	28.18%	11.24%	31.74%	11.24%
Carrying amount of non-controlling interests	P20,718	P80,752	P17,232	P75,254
Net income attributable to non-controlling interests	P3,741	P19,472	P1,031	P18,010
Other comprehensive income attributable to non-controlling interests	P2,575	P343	P1,251	P553
Dividends paid to non-controlling interests	P426	P14,314	P511	P13,778

The following are the audited condensed financial information of subsidiaries with material non-controlling interests:

	December 31, 2025		December 31, 2024	
	Petron	SMFB	Petron	SMFB
Current assets	P238,666	P146,262	P255,873	P144,192
Noncurrent assets	213,296	243,045	212,929	232,914
Current liabilities	(193,572)	(120,269)	(252,259)	(116,706)
Noncurrent liabilities	(137,367)	(72,295)	(112,333)	(80,211)
Net assets	P121,023	P196,743	P104,210	P180,189
Sales	P809,766	P419,060	P867,966	P400,872
Net income	P15,627	P46,280	P8,471	P40,933
Other comprehensive income	6,260	615	2,926	899
Total comprehensive income	P21,887	P46,895	P11,397	P41,832
Cash flows provided by operating activities	P68,745	P64,876	P13,208	P58,143
Cash flows used in investing activities	(7,064)	(25,615)	(10,216)	(25,439)
Cash flows used in financing activities	(50,481)	(33,155)	(1,285)	(32,080)
Effect of exchange rate changes on cash and cash equivalents	470	179	1,163	590
Net increase in cash and cash equivalents	P11,670	P6,285	P2,870	P1,214

27. Sales

Sales consist of:

	Note	2025	2024	2023
Goods		P1,438,141	P1,532,679	P1,408,087
Services		47,204	42,700	38,616
	6, 35	P1,485,345	P1,575,379	P1,446,703

28. Cost of Sales

Cost of sales consist of:

	Note	2025	2024	2023
Inventories	9, 42	P879,570	P1,008,671	P921,860
Taxes and licenses		132,741	125,643	115,944
Depreciation and amortization	30	50,983	46,427	43,390
Power purchases	36	23,257	29,665	25,250
Contracted services		22,189	16,610	14,932
Personnel	31	20,474	17,720	15,347
Fuel and oil		19,770	19,725	21,850
Freight, trucking and handling		15,823	14,204	13,728
Repairs and maintenance		10,455	9,019	7,614
Tolling fees	36	5,715	5,777	5,825
Communications, light and water		5,480	6,143	9,846
Energy fees	36	1,723	1,574	1,641
Rent	15	742	812	839
Others	9, 36	11,368	10,037	10,344
		P1,200,290	P1,312,027	P1,208,410

29. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	2025	2024	2023
Selling	P52,408	P48,517	P46,871
Administrative	51,061	54,019	46,937
	P103,469	P102,536	P93,808

Selling expenses consist of:

	Note	2025	2024	2023
Personnel	31	P16,237	P15,081	P13,769
Freight, trucking and handling		9,740	9,756	9,833
Depreciation and amortization	30	9,298	8,138	7,611
Advertising and promotions		8,430	7,934	7,015
Rent	15	2,513	2,306	2,179
Repairs and maintenance		2,255	2,069	2,171
Taxes and licenses		1,245	1,101	1,056
Supplies		834	950	1,219
Professional fees		748	603	575
Communications, light and water		440	498	491
Others		668	81	952
		P52,408	P48,517	P46,871

Administrative expenses consist of:

	Note	2025	2024	2023
Personnel	31	P22,002	P19,732	P18,002
Taxes and licenses		5,669	4,711	4,673
Contracted services		5,279	7,242	6,375
Depreciation and amortization	30	5,002	4,767	4,856
Travel, entertainment and representation		3,057	4,641	4,680
Professional fees		2,613	3,162	2,899
Repairs and maintenance		2,030	2,624	1,908
Impairment loss	8, 9, 14, 16, 20	2,007	2,323	319
Supplies		1,128	1,208	945
Communications, light and water		1,042	885	930
Rent	15	896	690	478
Research and development		68	89	80
Others		268	1,945	792
		P51,061	P54,019	P46,937

30. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2025	2024	2023
Cost of sales:				
Property, plant and equipment	14	P37,592	P31,048	P27,091
Other intangible assets	18	8,147	7,985	7,813
Right-of-use assets	15	1,292	3,575	3,950
Biological assets and others	16, 17, 20	3,952	3,819	4,536
	28	50,983	46,427	43,390
Selling and administrative expenses:				
Property, plant and equipment	14	5,230	4,924	5,076
Right-of-use assets	15	826	776	949
Investment property, deferred containers and others	16, 18, 20	8,244	7,205	6,442
	29	14,300	12,905	12,467
		P65,283	P59,332	P55,857

“Others” include depreciation of investment property and amortization of catalyst in cost of sales, and depreciation of idle assets and amortization of computer software and licenses in selling and administrative expenses.

31. Personnel Expenses

Personnel expenses consist of:

	Note	2025	2024	2023
Salaries and wages		P36,290	P33,229	P29,863
Retirement costs	37	2,399	2,088	1,787
Other employee benefits		20,024	17,216	15,468
		P58,713	P52,533	P47,118

Personnel expenses are distributed as follows:

	Note	2025	2024	2023
Cost of sales	28	P20,474	P17,720	P15,347
Selling expenses	29	16,237	15,081	13,769
Administrative expenses	29	22,002	19,732	18,002
		P58,713	P52,533	P47,118

32. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	Note	2025	2024	2023
Interest expense		P90,621	P91,505	P83,083
Other financing charges	21, 23, 37	9,647	7,908	8,220
		P100,268	P99,413	P91,303

Amortization of debt issue costs included as part of "Other financing charges" amounted to P4,305, P3,853 and P4,002 in 2025, 2024 and 2023, respectively (Notes 21 and 23).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	Note	2025	2024	2023
Loans payable	21	P15,335	P17,713	P15,400
Long-term debt	23	73,086	70,989	63,911
Lease liabilities	15, 36	2,200	2,803	3,772
		P90,621	P91,505	P83,083

33. Interest Income

Interest income consists of:

	Note	2025	2024	2023
Interest from short-term investments, cash in banks and others	7, 13, 37	P15,550	P14,042	P13,206
Interest from amounts owed by related parties	13, 35, 37	606	662	821
		P16,156	P14,704	P14,027

34. Other Income (Charges)

Other income (charges) consists of:

	<i>Note</i>	2025	2024	2023
Construction revenue				
(a)	4, 18, 36	P42,241	P57,772	P60,606
Gain on fair valuation of investment (b)	5	21,933	-	-
Miscellaneous gain (c)	45	963	3,509	2,291
Dividend income	13, 35	740	330	25
Rent income		638	552	364
Construction costs (a)	4, 18, 36	(42,241)	(57,772)	(60,606)
Gain (loss) on foreign exchange - net	41	(8,709)	(20,514)	2,485
Provision on impairment (d)	8, 12, 14, 18, 20	(1,644)	(1,688)	(780)
Gain (loss) on derivatives - net	42	(1,008)	614	(1,379)
Others - net (e)	4, 36	1,327	718	1,080
		P14,240	(P16,479)	P4,086

- a. The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, port, and water concession rights as at the reporting date.

- b. Gain on fair valuation of the retained investment in SPPC, EERI and IPIEC was recognized, following the dilution of San Miguel Global Power's ownership interest from 100% to 33%.
- c. Miscellaneous gain mainly consists of:

SMB

In 2025, SMB recognized income from the return of container deposits amounting to P597.

Petron

Petron recognized income from the write-on of LPG cylinder deposits amounting to P335 in 2025 and reversal of ARO and pretermination of lease related to the reconveyance of landholdings from PNOC amounting to P1,794 and P1,715, respectively, in 2024.

GSMI

In 2023, GSMI recognized income from the assignment of products rights amounting to P1,530.

SMB and the Parent Company

The Group recognized income from the Tax Credit Certificates (TCC) issued by the Bureau of Internal Revenue (BIR) in relation to the claims for refund filed for overpayment of excise taxes for San Mig Light amounting to P30 and P761 in 2025 and 2023, respectively (Note 45).

- d. Provision on impairment mainly consists of:

NCC

In 2023, NCC decided to shut down the operations of the old cement line, except for assets involved in the crushing process and the facilities shared between the old and new cement lines. The decision to shut down is considered as an impairment indicator in the assets under the old cement line. Based on NCC's impairment assessment, the resulting recoverable amount is lower than the carrying amount of assets under the old cement line. Accordingly, impairment loss amounting to P577 was recognized in 2025.

Petron

In 2025, Petron recognized impairment loss in relation to: (i) damage to Petron Malaysia's product jetty facility caused by Tropical Storm Senyar in November 2025, as well as LPG cylinders in circulation that are not expected to be recovered amounting to P255; and (ii) three service stations and a leasehold land in Malaysia as their recoverable amounts were lower than their carrying amounts amounting to P153.

SMBHK

In 2024, SMBHK identified a shortfall in the actual results against previous forecasts due to various factors, including but not limited to, a decline in demand for its own brewed products in light of fierce market competition and more outbound travel spending. Indicators of impairment existed for the noncurrent assets employed in the manufacturing operations in Hong Kong, comprising primarily the production plant and machinery.

SMBHK determined the recoverable amount of the cash-generating unit to which these assets belong to be P1,706 as at December 31, 2024, which is lower than the carrying amount. Based on SMBHK management's assessment, impairment loss of P673 was recognized in property, plant and equipment employed in SMBHK's production plant.

SMFI

In 2024, impairment loss amounting to P784 was recognized by SMFI due to discontinued project hog farm operations and indefinitely suspended capital projects. This was based on management's assessment that the recoverable amount of certain idle assets consisting of buildings and improvements, and machinery and equipment is lower than the carrying amount.

SMYA

The Group's packaging operations in Australia particularly the wine filling and bottling operations is being challenged by the ongoing restrictions imposed by China on importations from Australia, including wines. In 2021, China imposed a punitive tariff on Australian wines which severely impacted the Australian wine industry. The ongoing trade restriction and the lingering effect of COVID-19 led to the decline in demand for products of SMYA compared to forecasted revenues. Management has determined that the carrying amount of the cash-generating unit is higher than the recoverable value. Accordingly, impairment loss of P188 in 2023 was recognized by SMYA.

SMPI

SMPI made advances to future investees that will be applied against future stock subscriptions. Management assessed that the carrying amount of advances for investments may not be recoverable in full. Accordingly, additional impairment losses amounting to P3, P12 and P498 were recognized in 2025, 2024 and 2023, respectively (Note 12).

- e. "Others" consist of casualty loss, expenses of closed facilities, management income, royalty income, commission income, insurance claims, income from pretermination of lease, and changes in fair value of financial assets at FVPL.

35. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Related Party Transactions Policy of the Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are expected to be collected/settled in cash. Annual assessment is undertaken by examining the financial position of the related parties and the economic conditions in the market in which they operate.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	8, 38	2025	P8	P -	P -	P516	Settled on dividend payment date	Unsecured
		2024	9	-	-	516		
	20	2025	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest-bearing	Unsecured; no impairment
		2024	-	-	3,037	-		
Retirement plans	8, 37	2025	33	1,119	2,954	-	On demand; non-interest-bearing	Unsecured; no impairment
		2024	30	-	3,166	-		
	8, 33, 37	2025	192	-	3,110	-	On demand; interest-bearing	Unsecured; no impairment
		2024	234	-	4,127	-		
Associates	8, 12, 20, 22, 24	2025	5,063	582	9,228	2,564	On demand and will be applied to subscription; non-interest-bearing	Unsecured; no impairment
		2024	1,984	-	940	161		
	8, 11, 13, 20, 21, 23, 33	2025	627	2,111	9,741	28,285	Less than 1 to 12 years; interest-bearing	Unsecured and secured; no impairment
		2024	637	1,394	9,720	34,208		
Joint ventures	8, 20, 22, 24	2025	600	2,793	183	276	On demand; non-interest-bearing	Unsecured; no impairment
		2024	88	1,103	7	456		
	8	2025	14	-	621	-	On demand; interest-bearing	Unsecured; with impairment
		2024	13	-	621	-		
	8, 20, 33	2025	52	-	341	-	Less than 1 to 10.5 years; interest-bearing	Unsecured; no impairment
		2024	81	-	1,746	-		
Shareholder of the Ultimate Parent Company	8, 22	2025	-	-	1,200	-	On demand; non-interest-bearing	Unsecured; no impairment
		2024	-	-	1,300	-		
Shareholders in subsidiaries	8, 22	2025	61	1,337	94	1,389	On demand; non-interest-bearing	Unsecured; no impairment
		2024	43	1,265	96	1,368		
Others	8, 12, 22, 24	2025	1,031	3,523	1,241	132	On demand and will be applied to subscription; non-interest-bearing	Unsecured; no impairment
		2024	543	1,559	1,022	126		
Total		2025	P7,681	P11,465	P31,750	P33,162		
Total		2024	P3,662	P5,321	P25,782	P36,835		

1. Revenue consists of sale of power, fuel and other products and services to related parties.
2. Purchases consist of purchase of inventories, power and other products and services from related parties.
3. On March 18, 2025, Petron repurchased all of the 459,156,097 common shares held by PCERP pursuant to the common share buyback program approved by the BOD on March 4, 2025 via a block sale aggregating to P1,119.
4. Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.
 - a) Amounts owed by related parties include interest bearing receivable from the Ultimate Parent Company related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.
 - (i) *Amounts owed by the Ultimate Parent Company amounting to P2,312:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.
 - (ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* On September 27, 2019, the parties agreed in writing that the amounts plus 5.75% interest rate per annum of any portion thereof unpaid shall be payable and the interest shall be accrued, upon commencement of commercial operations of the Nonoc Project.

The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte, and is undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., all indirect subsidiaries of Clariden. As at December 31, 2025 and 2024, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at December 31, 2025 and 2024 (Note 20).

- b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan (SMCRP) amounting to P6,064 and P6,311 as at December 31, 2025 and 2024, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8). Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to P182, P189 and P188 in 2025, 2024 and 2023, respectively (Notes 33 and 37).

- c) Petron has advances to PCERP amounting to P982 as at December 31, 2024, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position, which was fully paid on March 20, 2025 (Note 8). Portion of the advances are subject to interest of 5% per annum. Interest income earned from the advances amounted to P10 in 2025 and P45 in 2024 and 2023 (Notes 33 and 37).
 - d) Amounts owed by related parties include advances for investment which will be applied against future stock subscription amounting to P7,158 and P814, presented as part of "Investments and Advances - net" in the consolidated statements of financial position as at December 31, 2025 and 2024, respectively (Note 12).
 - e) Amounts owed by associates include investments in equity and debt instruments under an investment management agreement with BankCom for a total amount of P9,711 and P9,718 as at December 31, 2025 and 2024, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position (Notes 11 and 13). Income earned from investments in equity and debt instruments amounted to P545, P627 and P466 in 2025, 2024 and 2023, respectively (Notes 33 and 34).
 - f) Amounts owed by related parties include interest-bearing receivable from joint ventures amounting to P621 included as part of "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8). Allowance for impairment losses pertaining to these receivables amounted to P621 as at December 31, 2025 and 2024. Interest income earned from the receivable amounted to P14, P13 and P30 in 2025, 2024 and 2023, respectively (Note 33).
 - g) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydro by PVEI amounting to P284 and P1,485 as at December 31, 2025 and 2024, respectively, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statements of financial position (Notes 8 and 20). Interest income earned from the advances amounted to P52, P81 and P77 in 2025, 2024 and 2023, respectively (Note 33).
 - h) Amounts owed by related parties include the receivable from Far East Holdings, Inc. on the assignment by ECC of the advances for future investment in KB Space Holdings, Inc. amounting to P1,200 and P1,300, as at December 31, 2025 and 2024, respectively, presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position (Note 8).
5. Amounts owed to related parties consist of trade payables, professional fees and lease obligations. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P107 and P9 as at December 31, 2025 and 2024, respectively, and as part of "Lease liabilities - net of current portion" amounted to P1,425 and P35 as at December 31, 2025 and 2024, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable (Note 38).

The interest-bearing loans payable to BankCom presented as part of “Loans payable” account amounting to P2,131 and P6,941 and “Long-term debt” account amounting to P26,154 and P27,267 in the consolidated statements of financial position as at December 31, 2025 and 2024, respectively (Notes 21 and 23). Interest expense incurred on the loans amounted to P2,111, P1,394 and P1,447 in 2025, 2024 and 2023, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P25,036 and P26,267 as at December 31, 2025 and 2024, respectively, which were secured by certain property, plant and equipment and other intangible assets (Notes 14 and 18).

The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2025	2024	2023
Short-term employee benefits		P624	P659	P544
Retirement benefits	37	57	57	47
		P681	P716	P591

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

36. Significant Agreements and Lease Commitments

Significant Agreements

- Energy
 - *IPPA Agreements*

As a result of the biddings conducted by PSALM for the appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of RA No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

- i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;
- ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;
- iv. previously for SPI, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts and the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;
- v. maintain the performance bond in full force and effect with a qualified bank; and
- vi. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024 (Notes 14 and 15).

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,723, P1,574, and P1,641 in 2025, 2024 and 2023, respectively (Note 28). SRHI renewed its performance bonds amounting US\$20 which will expire on January 25, 2027.

The lease liabilities of SHRI are carried at amortized cost using the US Dollar and Philippine Peso discount rates of 3.30% and 7.90%, respectively.

The discount determined at the inception of the agreement is amortized over the period of the IPPA Agreements and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P801, P1,347 and P2,421 in 2025, 2024 and 2023, respectively (Note 32).

The power plants under the remaining IPPA lease arrangements with PSALM, presented as part of “Right-of-use assets - net” account in the consolidated statements of financial position, amounted to P27,437 and P28,441 as at December 31, 2025 and 2024, respectively (Note 15).

Maturity analysis of lease payments as at December 31, 2025 and 2024 are disclosed in Note 41.

○ *Land Lease Agreement with PSALM*

SPPC

On April 4, 2022, SPPC entered into a long-term lease agreement with PSALM for parcels of land with an aggregate area of 242,445.50 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Ilijan Power Plant. The lease term is for a period of 25 years, which commenced upon the expiration of the IPPA Agreement between PSALM and SPPC in June 2022, and is subject to renewal upon mutual agreement of both parties.

Subsequently, upon the request of SPPC, PSALM issued a certification for the inclusion in the lease agreement of certain parcels of land, with an aggregate area of 24,116 square meters, where the Ilijan switchyard is located.

In 2022, SPPC paid in advance the total lease charges amounting to P1,823 covering the entire leased premises and whole duration of the lease term.

On April 17, 2023, SPPC paid a consent fee amounting to P104 to PSALM for the planned lease of 37,870 square meters of land to NGCP.

On July 26, 2024, an agreement was executed with PSALM for the purchase by SPPC of a portion of the leased premises, with an area of 258,701 square meters, for a total consideration of P1,210 (inclusive of the unamortized balance of the advance rental paid in 2022). Consequently, the total area covered by the long-term lease agreement was reduced to 7,860.50 square meters.

SPI

On October 25, 2024, SPI entered into a long-term lease agreement with PSALM covering certain parcels of land with an aggregate area of 2,887,329 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Sual Power Plant. The lease term is for 25 years commencing in October 2024, upon expiration of the IPPA Agreement between SPI and PSALM, and is subject to renewal upon mutual agreement of both parties.

The total lease charges, covering the entire leased premises and whole duration of the lease term, was fully paid in advance by SPI in October 2024 and in March 2025 for P277 and P6,459, respectively.

MPCL

MPCL has an existing lease agreement with PSALM covering certain parcels of land, with an area 183,747 square meters, located in Barangay Bani, Masinloc, Zambales. The lease agreement includes an assignable option in favor of MPCL to purchase the leased premises and will expire on April 11, 2028.

The land under lease agreements with PSALM, presented under “Right-of-use assets - net” account in the consolidated statements of financial position, amounted to P6,823 and P7,223 as at December 31, 2025 and 2024, respectively (Note 15).

○ *Market Participation Agreements (MPA)*

SPI, SRHI, SPPC, LPI, MPI, and MPCL each entered into separate MPAs with the Philippine Electricity Market Corporation (PEMC) to satisfy the conditions contained in the Philippine WESM Rules on WESM membership and to set forth the rights and obligations of a WESM member.

The relevant parties in each of the MPAs acknowledged that PEMC was entering into the agreement in its capacity as both governing arm and autonomous group market operator of the WESM, and that in due time the market operator functions shall be transferred to an independent market operator (IMO) pursuant to RA No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA). The parties further agreed that upon such transfer, all rights, obligations, and authority of PEMC under the MPA shall also pertain to the IMO and that all references to PEMC shall also refer to such IMO.

Upon the initiative of the DOE and PEMC, Independent Electricity Market Operator of the Philippines (IEMOP) was incorporated and assumed the functions and obligations as the market operator of the WESM commencing on September 26, 2018. Consequently, SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate Supplemental MPAs with PEMC and IEMOP for the transfer of rights of the market operator to IEMOP. SMGP Kabankalan, SMGP BESS, MPGC and EERI also entered into separate MPAs with IEMOP and PEMC upon commencement of their commercial operations.

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to the relevant subsidiaries amounted to P1,245, P1,102 and P372 in 2025, 2024 and 2023, respectively (Note 28).

MPCL and LPI each has a guarantee, in the form of surety bond or standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM which is valid until July 31, 2025 and October 24, 2026, respectively.

○ *PSAs and RSCs*

SPI, SPPC, SRHI, MPI, LPI, MPCL, MPGC and EERI have offtake contracts such as PSAs and RSCs with various counterparties to sell electricity produced by the power plants. Counterparties for PSAs include DUs, electric cooperatives, third party Retail Electricity Suppliers (RES) and other entities.

Counterparties for RSCs are contestable customers, or large industrial users who have been certified contestable by the ERC.

The consolidated sales of the Group include long-term offtake contracts, which may have provisions for take-or-pay, passing on fuel costs, foreign exchange differentials or certain other fixed costs and minimum offtake level. Most of the agreements provide for renewals or extensions subject to mutually agreed terms and conditions by the parties and applicable rules and regulations. Tariff structures vary depending on the customer and their needs, with some having structures based on energy-based pricing or capacity-based pricing.

For capacity-based contracts, the customers are charged with the capacity fees based on the contracted capacity plus the energy fees for the associated energy taken during the month. As stipulated in the contracts, energy-based contracts on the other hand are based on the actual energy consumption of customers using the basic energy charge and/or adjustments.

SPI, SPPC, SRHI, MPI, LPI, MPCL and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers' power requirements. Power purchases amounted to P23,257, P29,665 and P25,250 in 2025, 2024 and 2023, respectively (Note 28).

The Group regularly participates in competitive selection process (CSPs) to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as winning bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively, for a term of 15 years. With the issuance by the ERC of a Notice of Resolution on December 10, 2024 providing for the approval of the PSA of EERI, Unit 1 and Unit 2 of the BCCPP were declared operational in December 2024 and January 2025, respectively, for the supply of 400 MW each to Meralco. On May 9, 2024, the ERC granted provisional authority to implement the PSA of SPPC with Meralco initially covering 910 MW which commenced in June 2024. The PSA of MPGC with Meralco commenced in June 2025 after securing the approval of ERC.

On March 20, 2024, LPI also executed a PSA with Meralco, pursuant to a CSP conducted on February 26, 2024, for an interim supply of 400 MW baseload power requirement, which took effect starting in August 2024 until February 2025.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit supply capacity to be sourced from the San Roque Hydroelectric Power Plant for a term of ten years, which commenced in September 2025.

In another CSP conducted by Meralco on August 28, 2024, MPCL emerged as the winning bidder to supply 500 MW out of the 600 MW baseload power requirement of Meralco for a term of 15 years. The PSA commenced in August 2025.

- *ASPA*

- i. On May 2, 2023, MPCL entered into an ASPA with NGCP for a period of five years to allocate the 8 megawatt-hour (MWh) capacity of the Masinloc Phase 1 BESS as contingency reserve. On August 15, 2023, the ERC granted provisional authority to MPCL for the implementation of the ASPA which commenced on September 9, 2023.
- ii. On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of five years commencing on January 26, 2022, allocating its 20 MWh Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC.
- iii. On May 2, 2023, SMGP BESS entered into several ASPAs with NGCP for its 330 MWh BESS located in various sites nationwide, to provide ancillary services for a period of five years, of which 220 MWh and 110 MWh commenced operations in 2023 and March 2024, respectively, following the Provisional Authority granted by the ERC on the relevant ASPA.

- *Coal Supply Agreements*

SPI, MPI, LPI, MPCL and MPGC have supply agreements with various coal suppliers for the coal requirements of the power plants.

- *LNG Supply Agreements*

SPPC and EERI have supply agreements with various LNG suppliers for the natural gas requirements of the Ilijan Power Plant and BCCPP.

- *Engineering, Procurement, and Construction (EPC) Contracts*

MPCL and SMGP BESS have EPC agreements with various third-party contractors for the ongoing construction of its respective power plants and BESS projects.

- *Distribution Wheeling Service (DWS) Agreements*

As RES, LPI, MPI and MPCL each entered into DWS Agreements with certain DUs for the conveyance of electricity through its distribution systems in order to supply the power requirements of their respective contestable customers. The agreements are valid and binding upon execution unless terminated by either party.

The DWS charges from the DUs are passed on to the contestable customers who have opted for a single billing arrangement as provided in the ERC Supplemental Switching Rules.

- *Agreement for the use of LNG Terminal*

On May 26, 2023, SPPC entered into a Novation Agreement with SMCGP Transpower Pte. Ltd. (SMCGP Transpower). This agreement involved the transfer and assignment to SPPC of all the rights and obligations held by SMCGP Transpower under its Terminal Use Agreement (TUA) with LFC dated April 11, 2022.

EERI, LFC, and SPPC, entered into an Amendment Agreement dated October 22, 2024, wherein EERI was made a party to the TUA and shall have the same rights, obligations, and liabilities granted to SPPC under the TUA.

- Fuel and Oil

- *Supply Agreements*

Petron has assigned all its rights and obligations to PSTPL (as Assignee) to have a term contract to purchase Petron's crude oil requirements from Saudi Arabian Oil Company (Saudi Aramco), Kuwait Petroleum Corporation (KPC), Chevron USA Inc. Singapore Branch (Chevron) and Shell International Eastern Trading Company (SIETCO). The contract with Saudi Aramco is from January 1, 2025 to December 31, 2025 with automatic annual extension thereafter, unless terminated at the option of either party, upon at least 60 days written notice. The contract with Saudi Aramco has been extended for another year. The contract with KPC from January 1, 2025 to December 31, 2025 was renewed from January 1, 2026 to December 31, 2026. The contract with Chevron is from December 1, 2024 to November 30, 2025 and was renewed from February 1, 2026 to January 31, 2027. The contract with SIETCO is for three years from November 6, 2023.

PMRMB acquires crude oil and condensate for its Port Dickson Refinery from various sources through a combination of term purchase contracts and spot market purchases. PMRMB has a term supply contract for Tapis crude oil and Terengganu condensate with Exxon Mobile Exploration and Production Malaysia Inc. ("EMEPMI") for a period of two years until March 2026 supplemented by other short-term supply contracts and spot crude purchases. As at December 31, 2025, about 45% of the crude and condensate volume is sourced from EMEPMI, while the balance from other term and spot purchases. Pricing is determined through a formula that is linked to international industry benchmarks. PMRMB also utilizes Port Dickson Refinery spare capacity for crude processing arrangement of third parties to optimize utilization and benefits.

Outstanding liabilities of the Group for such purchases are shown as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position as at December 31, 2025 and 2024 (Note 22).

- *Lease Agreement with PNOG*

On September 30, 2009, Petron through NVRC entered into a 30-year lease with PNOG without rent-free period, covering a property which it shall use as site for its refinery, commencing on January 1, 2010 and ending on December 31, 2039. Based on the latest valuation of the property conducted by a third-party appraiser acceptable to both parties, the annual rental shall be P238 retroactive to year 2022, payable on the 15th day of January each year without the necessity of demand. This lease is subject to renewal options and annual escalation clauses of 3% per annum to be applied starting 2018 until the next re-appraisal is conducted. The leased premises shall be reappraised every fifth year in which the new rental rate shall be determined equivalent to 5% of the reappraised value, and still subject to annual escalation clause of 3% for the four years following the re-appraisal.

As at December 31, 2025, said lease contract along with the lease contracts for its bulk plants and service stations which are the subject landholdings of the rescinded deeds of conveyance were considered deemed canceled with the Supreme Court's ruling in favor of Petron (Note 45). As at December 31, 2025 and 2024, Petron leases other parcels of land from PNOC for its pipeline right-of-way and service stations.

- Infrastructure
 - *Airport Concession Agreement*
 - i. *Boracay Airport*

The ROP awarded TADHC the Airport Project through a Notice of Award (NOA) issued on May 15, 2009. The Airport Project is proposed to be implemented through a Contract-Add-Operate and Transfer Arrangement, a variant of the Build-Operate-Transfer (BOT) contractual arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations.

On June 22, 2009, TADHC entered into a Concession Agreement with the ROP, through the DOTr and CAAP. Based on the Concession Agreement, TADHC has been granted with the concession of the Airport Project which includes the development and upgrade of the Caticlan Airport (marketed and promoted as Boracay Airport) as an international airport. Subject to existing law, the Concession Agreement also grants to TADHC the franchise to operate and maintain the Boracay Airport up to the end of the concession period, which is for a period of 25 years (as may be renewed or extended for another 25 years upon written agreement of the parties), and to collect the fees, rentals and other charges as may be determined in accordance with the Concession Agreement.

The salient features of the Concession Agreement are presented below:

1. The operations and management of the Boracay Airport shall be transferred to TADHC, provided that the ROP shall retain the operations and control of air traffic services, national security matters, immigration, customs and other governmental functions and the regulatory powers insofar as aviation security, standards and regulations are concerned at the Boracay Airport.
2. As concessionaire, TADHC shall have full responsibility in all aspects of the operation and maintenance of the Boracay Airport and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligations in respect to the operation and maintenance of the Boracay Airport, TADHC shall post in favor of the ROP, an Operations and Maintenance Performance Security (OMPS) amounting to P25, which must be valid for the entire concession period of 25 years. As at December 31, 2025, TADHC has yet to pay the OMPS as the Airport Project has not yet entered the In-Service Date.

3. Immediately upon receiving the Notice to Commence Implementation (NCI) and provided all conditions precedent in the Concession Agreement are fulfilled or waived, TADHC shall start all the activities necessary to upgrade and rehabilitate the Boracay Airport into a larger and more technologically advanced aviation facility to allow international airport operations.
4. TADHC shall finance the cost of the Airport Project, while maintaining a debt-to-equity ratio of 70:30. TADHC's estimated capital commitment to develop the Airport Project amounts to P2,500, including possible advances to the ROP for the right of way up to the amount of P466. Such ratio is complied with as TADHC fully issued its authorized capital stock as a leverage to the loan obtained (Notes 23 and 35).
5. TADHC shall also post a P250 Work Performance Security in favor of the ROP as guarantee for faithful performance by TADHC of the works required to be carried out in connection with the construction and completion of civil, structural, sanitary, mechanical, electrical and architectural infrastructure. This performance security shall be partially released by the ROP from time to time to the extent of the percentage-of-completion of the Airport Project. TADHC has paid P0.8 premiums in 2025 and 2024 for the Work Performance Security and is included as part of "Airport concession rights" under "Other intangible assets" account in the consolidated statements of financial position (Note 18). The unamortized portion is included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position (Note 11).
6. In consideration for allowing TADHC to operate and manage the Boracay Airport, TADHC shall pay the ROP P8 annually. The first payment shall be made immediately upon the turnover by the ROP of the operations and management of the Boracay Airport to TADHC, and every year thereafter until the end of the concession period. The operations and management of the Boracay Airport was turned over to TADHC on October 16, 2010.

After fulfillment of all contractual and legal requirements, the Concession Agreement became effective on December 7, 2009. The NCI issued to TADHC by the DOTr was accepted by TADHC on December 18, 2009.

In accordance with the license granted by the ROP, as expressly indicated in the Concession Agreement, TADHC presently operates the Boracay Airport. TADHC completed the rehabilitation of the existing airport terminal building and facilities on June 25, 2011. Construction work for the extension of runway to 1,800 meters has been completed in 2016. The construction of the new terminal building is ongoing and expected to be completed in 2027.

ii. MIA

On August 14, 2019, the ROP, through the DOTr, issued a NOA to SMHC, awarding the MIA Project. In accordance with the NOA, SMAI was registered by SMHC as the concessionaire.

The MIA Project shall create a gateway for international and domestic travel, with the necessary ancillary facilities to support the creation of a new airport city outside Metro Manila to decongest the existing road networks and provide an alternative higher capacity airport facility.

A. Concession Agreement

On September 18, 2019, SMAI entered into a Concession Agreement with the ROP, through the DOTr, for the right to finance, design, construct, supply, complete, test, commission and eventually operate and maintain the MIA Project for a period of 50 years commencing on the business day immediately following the issuance of the Certificate of Substantial Completion for the first implementation phase.

The salient features of the Concession Agreement are presented below:

1. The MIA shall consist of airfield facilities, passenger and cargo terminal buildings, airline support facilities, airport support facilities, airport access and parking facility, as well as an airport toll road which will connect the MIA to the North Luzon Expressway. The MIA will be implemented in three phases, with increasing capacity for each phase completed.
2. Commercial operation of the first implementation phase of the MIA is expected to commence within a period of five years from the issuance of the Certificate of Substantial Completion for the said first phase, with the remaining two implementation phases subject to the timely submission and approval of the required documentation for the various components of each phase.
3. SMAI shall turnover a total area of 100 hectares of land to the ROP as Government Center Land Area. SMAI and ROP shall execute the necessary documents to transfer full ownership thereof in favor of the ROP.
4. SMAI shall be responsible for the acquisition of sufficient title to, or procurement of possession and use of, and unrestricted access to and quiet enjoyment of, the airport site and airport toll road site, as well as the removal or abatement of all liens, encumbrances and hazardous substances within the airport site and the airport toll road site.
5. SMAI shall provide proper maintenance of the MIA's facilities and ensure that all airport facilities and airport toll road are in the condition required upon turnover to the ROP at the end of the concession period.
6. All revenues derived from the operations, maintenance and management of the MIA shall accrue to SMAI, including the income collected and received from all business or commercial ventures and activities consistent with the MIA's operations.

B. Legislative Franchise

On December 20, 2020, RA No. 11506 lapsed into law, granting SMAI a franchise to construct, develop, establish, operate and maintain a domestic and international airport in the municipality of Bulakan and to construct, develop, establish, operate and maintain an adjacent Airport City. The franchise is for a period of 50 years.

The salient features of RA No. 11506 are as follows:

1. SMAI shall be exempt from any and all direct and indirect taxes and fees of any kind, nature or description, which emanate exclusively from the construction, development, establishment and operation of the airport and Airport City, including but not limited to income taxes, value-added taxes, excise taxes, customs duties and tariffs, and business taxes, among others, during the ten-year construction period. After such ten-year construction period and during the remaining term of the franchise, SMAI shall be exempt from income taxes and taxes on real estate, buildings and personal property until it is determined by the BIR that SMAI has fully recovered its investment costs on the airport and on the Airport City.
2. After SMAI has fully recovered its investment costs on the Airport City, as determined by the BIR, SMAI shall be entitled to generate income from the Airport City equivalent to an internal rate of return (IRR) of 12% per annum. Any amount in excess of the 12% IRR shall be remitted to the national government.
3. SMAI is also required to offer at least 20% of its outstanding capital stock to any securities exchange in the Philippines to encourage public participation within 5 years from the determination of the BIR that SMAI has fully recovered its investment costs.

o MRT 7 Concession Agreement

The ROP awarded ULC BVI the financing, design, construction, supply, completion, testing, commissioning and operation and maintenance of the MRT 7 Project through a NOA issued on January 31, 2008. The MRT 7 Project is an integrated transportation system, under a Build-Gradual Transfer-Operate, Maintain and Manage scheme, which is a modified Build-Transfer-Operate arrangement under RA No. 6957, as amended by RA No. 7718, otherwise known as the BOT Law, and its Revised Implementing Rules and Regulations, to address the transportation needs of passengers and to alleviate traffic in Metro Manila, particularly traffic going to and coming from North Luzon.

On June 18, 2008, ULC BVI entered into the MRT 7 Agreement or Concession Agreement with the ROP through the DOTr, for a 25-year concession period, subject to extensions as may be provided for under the Concession Agreement and by law. Based on the Concession Agreement, ULC BVI has been granted the right to finance, design, test, commission, construct and operate and maintain the MRT 7 Project, which consists of a highway, Intermodal Transport Terminal and Metro Rail Transit System including the depot and rolling stock.

The ROP through the DOTr granted ULC BVI the following rights under the Concession Agreement:

- To finance, design, construct, supply, complete and commission the MRT 7 Project;
- To designate a Facility Operator and/or a Maintenance Provider to Operate and Maintain the MRT 7 Project;
- To receive the Amortization Payments and the Revenue Share as specified in the Concession Agreement;
- To charge and collect the Agreed Fares or the Actual Fares and/or to receive the Fare Differential, if any;
- Development Rights as specified in the Concession Agreement; and
- To do any and all acts which are proper, necessary or incidental to the exercise of any of the above rights and the performance of its obligations under the Concession Agreement.

The salient features of the Concession Agreement are presented below:

1. The MRT 7 Project cost shall be financed by ULC BVI through debt and equity at a ratio of approximately 75:25 and in accordance with existing BSP regulations on foreign financing components, if any. Based on the Concession Agreement, ULC BVI's estimated capital commitment to develop the MRT 7 Project amounts to US\$1,236, adjusted to 2008 prices at US\$1,540 per National Economic and Development Authority Investment Coordination Committee approval on July 14, 2014.
2. ULC BVI shall post a Performance Security for Construction and Operations and Maintenance in favor of the ROP as guarantee for faithful performance by ULC BVI to develop the MRT 7 Project. This performance security for operations and maintenance shall be reduced every year of the concession period to the amounts as specified in the Concession Agreement.
3. All rail-based revenues above 11.90% internal rate of return of ULC BVI for the MRT 7 Project over the cooperation period, which means the period covering the construction and concession period, shall be shared equally by ULC BVI and the ROP at the end of the concession period. All rail-based revenues above 14% internal rate of return shall wholly accrue to the ROP.
4. As payment for the gradual transfer of the ownership of the assets of the MRT 7 Project, the ROP shall pay ULC BVI a fixed amortization payment on a semi-annual basis in accordance with the schedule of payment described in the Concession Agreement. The ROP's amortization payment to ULC BVI shall start when the MRT 7 Project is substantially completed.

5. For every semi-annual full payment made by the ROP through the DOTr, and actually received by ULC BVI, the latter shall issue a Certificate of Transfer of Ownership, in favor of the former representing a pro-indiviso interest in the assets of the MRT 7 Project in proportion to the amortization payment made over the total amortization payment to be made during the concession period. After the end of the concession period but provided that all the amortization payment and other amounts due to ULC BVI under the Concession Agreement shall have been fully paid, settled and otherwise received by ULC BVI, full ownership of the assets of the MRT 7 Project shall be transferred to it, free from all liens and encumbrances.
6. The amortization payments shall be adjusted pursuant to the escalation formula based on parametric formula for price adjustment reflecting changes in the prices of labor, materials and equipment necessary in the implementation/completion of the MRT 7 Project both local and at the country where the equipment/components shall be sourced.
7. Net passenger revenue shall be shared by the ROP and ULC BVI on a 30:70 basis.
8. The ROP grants ULC BVI the exclusive and irrevocable commercial Development Rights (including the right to lease or sublease or assign interests in, and to collect and receive any and all income from, but not limited to, advertising, installation of cables, telephone lines, fiber optics or water mains, water lines and other business or commercial ventures or activities over all areas and aspects of the MRT 7 Project with commercial development potentials) from the effectivity date of the Concession Agreement until the end of the concession period, which can be extended for another 25 years, subject to the ROP's approval. In consideration of the Development Rights granted, ULC BVI or its assignee shall pay the ROP 20% of the net income before tax actually realized from the exercise of the Development Rights.
9. Upon the expiration of the concession period and payment in full of the amortization payments and the other obligations of the ROP through the DOTr, the Concession Agreement shall be deemed terminated, and all the rights and obligations thereunder shall correspondingly cease to exist, other than all rights and obligations accrued prior to the date of such expiration including, without limitation, the obligations of ROP through the DOTr to make termination payments in accordance with the Concession Agreement and following expiration of the concession period, the Development Rights of ULC BVI pursuant to the Concession Agreement shall survive.

10. If ULC BVI and ROP through the DOTr are not able to agree on the solution to be adopted in an appropriate Variation Order within the period specified in the Concession Agreement, then ULC BVI may proceed to terminate the Concession Agreement. Also, if either of ULC BVI and ROP through the DOTr intends to terminate the Concession Agreement, by mutual agreement under the Concession Agreement, it shall give a notice of intention to terminate to the other. Following receipt of the Intent Notice, the parties shall meet for a period of up to eight weeks and endeavor to agree on the terms, conditions arrangements, and the necessary payments for such termination. If at the expiration of the said period, ULC BVI and ROP through the DOTr are unable to agree on and execute an agreement for the mutual termination of the Concession Agreement, the same shall remain valid and in effect.

On July 23, 2014, the ROP through the DOTr confirmed their obligations under the MRT 7 Agreement dated June 18, 2008 through the Performance Undertaking issued by the Department of Finance (DOF), which was received by ULC BVI on August 19, 2014. The Performance Undertaking is a recognition of the obligations of the ROP through the DOTr under the Concession Agreement, particularly the remittance of semi-annual amortization payment in favor of ULC BVI. The issuance of the Performance Undertaking triggers the obligation of ULC BVI to achieve financial closure within 18 months from the date of the receipt of the Performance Undertaking. Within the aforementioned period, ULC BVI achieved Financial Closure, as defined in the MRT 7 Agreement. There were no changes in the terms of the Concession Agreement in 2025.

On April 20, 2016, ULC BVI through the Parent Company, led the ground breaking ceremony for the MRT 7 Project.

Pursuant to Section 19.1 of the Concession Agreement, on September 30, 2016, ULC BVI sent a request letter to the ROP through the DOTr to secure the latter's prior approval in relation to the intention of ULC BVI to assign all its rights and obligations under the Concession Agreement to SMC MRT 7, the designated special purpose company for the MRT 7 Project. The assignment of the rights and obligations from ULC BVI to SMC MRT 7 will be achieved through execution of the Accession Agreement. Based on the Concession Agreement, ULC BVI may assign its rights, title, interests or obligations therein, provided that the following conditions are met:

- The assignment will not in any way diminish ULC BVI's principal liability under the Concession Agreement; and
- ULC BVI secures from ROP, through the DOTr, its prior approval, which shall not be unreasonably withheld.

In addition, the letter dated September 30, 2016 from ULC BVI also requested that upon submission by SMC MRT 7 of the lenders' recognition that the Financing Agreements for the MRT 7 Project is for its benefit, the DOTr shall cause the amendment of the Performance Undertaking dated July 23, 2014 by changing the addressee and beneficiary thereof from ULC BVI to SMC MRT 7.

On December 12, 2016, the ROP through the DOTr gave its consent to the assignment of all the rights and obligations of ULC BVI under the Concession Agreement to SMC MRT 7.

Following the DOTr's approval, SMC MRT 7 and ULC BVI carried out the Accession Agreement on January 12, 2017.

The MRT 7 Project's civil works and electrical and mechanical works are ongoing as at December 31, 2025.

- *Toll Road Concession Agreements*

- i. *SLEX*

On February 1, 2006, SMC SLEX executed the Supplemental Toll Operation Agreement (STOA) with MATES, Philippine National Construction Corporation (PNCC) and the ROP through the TRB. The STOA authorizes SMC SLEX by virtue of a joint venture to carry out the rehabilitation, construction and expansion of the SLEX, comprising of: Toll Road (TR)1 (Alabang viaduct); TR2 (Filinvest to Calamba, Laguna); TR3 (Calamba, Laguna to Sto. Tomas, Batangas) and TR4 (Sto. Tomas, Batangas to Lucena City). The concession granted shall expire 30 years from February 1, 2006.

On December 14, 2010, the TRB issued the Toll Operations Certificate for Phase 1 of the SLEX i.e., TR1, TR2 and TR3, and approved the implementation of the initial toll rate starting April 1, 2011.

In 2012, SMC SLEX received a letter from the DOF informing SMC SLEX of the conveyance by PNCC to the ROP of its shares of stock in SMC SLEX, by way of deed of assignment. Moreover, SMC SLEX also received the Declarations of Trust signed by the individual nominees of PNCC, in favor of the ROP, in which each nominee affirmed their holding of single, qualifying share in SMC SLEX in favor of the ROP.

On July 21, 2015, SMC SLEX entered into a Memorandum of Agreement (MOA) with Ayala Corporation (AC), on the inter-operability of the SLEX and Muntinlupa-Cavite Expressway (MCX, formerly Daang Hari-SLEX Connector Road). AC is the concession holder of MCX while MCX Tollway, Inc. is the facility operator of MCX.

The MOA on inter-operability provides the framework that will govern the interface and integration of the technical operations and toll operation systems between the MCX and the SLEX, to ensure seamless travel access into MCX and SLEX for road users. MCX opened and operated as a toll expressway on July 24, 2015.

The TR4 Project covers the construction of a new 66.74-kilometer (km) four-lane toll road that will extend the SLEX operating toll roads from TR3 in Sto. Tomas, Batangas to Lucena City in Quezon Province per the STOA and Final Engineering Design.

In 2019, SMC SLEX commenced the construction of TR4 and is ongoing as at December 31, 2025.

ii. SLEXTR5

On June 3, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, SLEXTR5 as the Investor, and MATES as the Operator, wherein the SLEXTR5 was granted the exclusive right, privilege, responsibility, and obligation to design and construct the TR5 Project, and to finance the same, while MATES was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the TR5 Project.

The TR5 Project is a 420-km extension of SLEX from Lucena City, Quezon to Matnog, Sorsogon.

The TR5 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of SLEXTR5 and MATES under the STOA. The legal transfer of ownership of the TR5 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the TR5 Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire TR5 Project to SLEXTR5 and/or MATES.

iii. NAIA Expressway

On July 8, 2013, SMC NAIAX entered into a Concession Agreement with the ROP, through the Department of Public Works and Highways (DPWH), wherein SMC NAIAX was granted the right to finance, design, construct, operate and maintain the NAIA Expressway Project. The NAIA Expressway Project links the three NAIA terminals to the Skyway, the Manila-Cavite Toll Expressway and the Entertainment City of the Philippine Amusement and Gaming Corporation.

On September 22, 2016, SMC NAIAX started commercial operations of NAIA Expressway upon receipt of the Toll Operations Permit from the TRB. The Toll Operations Permit for Phase II A and B was issued on September 9, 2016 and December 19, 2016, respectively.

On March 11, 2024, the TRB issued an Amended Toll Operation Permit for Phase II B with the inclusion of the Tramo Ramp provision to the NAIAX Phase II Project.

At the end of the concession period, SMC NAIAX shall turnover the NAIA Expressway to the DPWH in the condition required for turnover as described in the Minimum Performance Standards Specifications of the Concession Agreement.

iv. Skyway

On June 10, 1994, PNCC, the franchise holder for the construction, operations and maintenance of the Metro Manila Expressway, including any and all extensions, linkages or stretches thereof, such as the proposed Metro Manila Skyway, and PT Citra Lamtoro Gung Persada (Citra), as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering not only the proposed Metro Manila Skyway but also the planned Metro Manila Tollway. The Joint Investment Proposal embodied, among others, that Citra in cooperation with PNCC committed itself to finance, design and construct the Metro Manila Skyway in three stages, consisting of: (a) South Metro Manila Skyway (SMMS) as Stages 1 and 2; (b) North Metro Manila Skyway and the Central Metro Manila Skyway as Stage 3; and (c) Metro Manila Tollway as Stage 4. The Joint Investment Proposal was approved by the TRB on November 27, 1995.

o Skyway Stages 1 and 2

The STOA for SMMS was executed on November 27, 1995 by and among SMC Skyway, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the SMMS and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of SMC Skyway as investor. On the other hand, the operations and maintenance of the SMMS shall be the primary and exclusive privilege, responsibility and obligation of PNCC, through its wholly-owned subsidiary, the PNCC Skyway Corporation (PSC).

On July 18, 2007, the STOA was amended (Amended STOA), to cover among others, the implementation of Stage 2 of the SMMS (Stage 2); the functional and financial integration of Stage 1 of the SMMS (Stage 1) and Stage 2 upon the completion of the construction of Stage 2; and the grant of right to SMC Skyway to nominate to the TRB a qualified party to perform the operations and maintenance of the SMMS to replace PSC. SMC Skyway, PNCC and PSC then entered into a MOA for the successful and seamless turnover of the operations and maintenance responsibilities for the SMMS from PSC to SOMCO.

The SMMS shall be owned by the ROP, without prejudice to the rights and entitlement of SMC Skyway and SOMCO under the Amended STOA. The legal transfer of ownership of the SMMS to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of its construction. The toll revenues are shared or distributed among SMC Skyway, SOMCO and PNCC for the operations and maintenance of the SMMS.

The 30-year franchise period for the Integrated Stage 1 and Stage 2 commenced on April 25, 2011.

Under the Amended STOA, SMC Skyway may file an application to adjust the toll rates which shall be of two kinds, namely periodic and provisional adjustments. Periodic adjustments for the Integrated Stage 1 and Stage 2 may be applied for every year. SMC Skyway may file an application for provisional adjustment upon the occurrence of any of the following: (a) a force majeure event and/or additional cost of any required repair or reconstruction works arising out of force majeure, to the extent that such additional cost is not covered by insurance; or (b) a significant currency devaluation. A currency devaluation shall be deemed significant if it results in a depreciation of the value of the Philippine Peso relative to the US Dollar by at least five percent. The applicable exchange rate shall be the exchange rate between the currencies in effect as at the date of approval of the prevailing preceding toll rate.

- Skyway Stage 3

The Stage 3 STOA was executed on July 8, 2013 by and among the ROP as the Grantor, acting by and through the TRB, PNCC, MMSS3 as the Investor, and Central Metro Manila Skyway Corporation (CMMSC) as the Operator, wherein MMSS3 was granted the primary and exclusive privilege, responsibility and obligation to design and construct the Skyway Stage 3 Project, and to finance the same, while CMMSC was granted the primary and exclusive privilege, responsibility and obligation to operate and maintain the Skyway Stage 3 Project.

The Skyway Stage 3 Project is an elevated roadway with the entire length of approximately 17.93 km from Buendia Avenue in Makati to Balintawak, Quezon City and will connect to the existing Skyway Stage 1 and 2. This is envisioned to inter-connect the northern and southern areas of Metro Manila to help decongest traffic in Metro Manila and stimulate the growth of trade and industry in Luzon, outside of Metro Manila.

The Skyway Stage 3 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS3 and CMMSC under the Stage 3 STOA. The legal transfer of ownership of the Skyway Stage 3 Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the Skyway Stage 3 Project is 30 consecutive years commencing from the issuance of the Toll Operation Certificate for the entire Skyway Stage 3 Project to MMSS3 and/or CMMSC.

MMSS3 and CMMSC shall enter into a revenue sharing agreement to set forth the terms and conditions of their sharing of the toll revenues from the Skyway Stage 3 Project.

On December 29, 2020, the Skyway Stage 3 Project was partially opened to the public. It was formally inaugurated and opened to motorists on January 14, 2021, free of toll fee. On July 1, 2021, MMSS3 received the Toll Operation Permit and started its full toll operation.

- Skyway Stage 4

On July 14, 2014, the Stage 4 STOA was executed by and among the ROP as the Grantor, acting through the TRB, PNCC, MMSS4 as the Investor, and Metro O&M Corporation (MOMCO) as the Operator. MMSS4 was granted the primary and exclusive privilege, responsibility and obligation to finance the design and construction of Skyway Stage 4 Project, while MOMCO was granted the primary and exclusive privilege, responsibility, and obligation to operate and maintain the same.

The Skyway Stage 4 Project shall be owned by the ROP, without prejudice to the rights and the entitlements of MMSS4 and MOMCO under the Stage 4 STOA. The legal transfer of ownership shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof. The 30-year concession period shall commence from the date of issuance of the Toll Operation Certificate by the TRB to MMSS4 and/or MOMCO.

As at December 31, 2025, the Skyway Stage 4 Project is in the inception of its construction stage.

- v. *TPLEX*

SMCTC entered into a Concession Agreement with the ROP through the DPWH and the TRB to finance, design, construct, operate and maintain and impose and collect tolls from the users of the TPLEX Project. The TPLEX Project is a toll expressway from La Paz, Tarlac to Rosario, La Union which is approximately 89.21 km and consists of four-lane expressway with nine toll plazas from start to end.

The TPLEX Project shall be owned by the ROP without prejudice to the rights and entitlement of SMCTC. The legal transfer of ownership of the TPLEX Project shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction and upon issuance of the Certificate of Substantial Completion for each segment of the TPLEX Project.

The toll revenue collected from the operation of the TPLEX Project is the property of SMCTC. SMCTC shall have the right to assign or to enter into such agreements with regard to the toll revenue and its collection, custody, security and safekeeping.

The concession period shall be for a term of 35 years starting from the effective date of the Concession Agreement and may be extended.

On October 31, 2013, SMCTC opened the first section of the TPLEX Project from Tarlac to Gerona. The Section 1B from Gerona to Rosales was opened to motorists on December 23, 2013. The 30.31 km stretch from Gerona to Carmen was fully operational on April 16, 2014. The 14.91 km stretch from Carmen (Tomana) to Urdaneta was fully operational starting February 17, 2015.

On July 28, 2016, the Segment 7A (Urdaneta to Binalonan) was opened. Segment 7B (Binalonan to Pozorrubio) was opened to motorists on December 7, 2017, while Segment 8 (Pozorrubio to Rosario), which is the final phase of the TPLEX Project, was completed and became operational on July 15, 2020.

vi. STAR

On June 18, 1998, SIDC and the ROP, individually and collectively through the DPWH and the TRB, entered into a Toll Concession Agreement covering the STAR Project. The STAR Project consists of two stages as follows:

Stage	Project Description
Stage I	Operations and maintenance of the 22.16 km toll road from Sto. Tomas, Batangas to Lipa City, Batangas
Stage II (Phases I and II)	Finance, design, construction, operations and maintenance of the 19.74 km toll road from Lipa City, Batangas to Batangas City, Batangas

Under the Toll Concession Agreement, the STAR Project and any stage or phase or ancillary facilities thereof of a fixed and permanent nature shall be owned by the ROP, without prejudice to the rights and entitlements of SIDC. The legal transfer of ownership of the STAR Project and/or any stage, phase or ancillary thereof shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction and upon the ROP's issuance of the Certificate of Substantial Completion. The right of way shall be titled in the ROP's name regardless of the construction.

In December 2006, the Toll Concession Agreement was amended to extend the original concession period from 30 years beginning January 1, 2000, to 36 years and shall be valid until December 31, 2035.

The TRB issued the Toll Operations Certificate for Stage II Phase II on December 13, 2016.

vii. PAREX

On November 29, 2019, the PNCC and SMHC, as joint proponents, submitted to the ROP through the TRB, the Joint Investment Proposal covering the PAREX Project. The said proposal embodied, among others, that SMHC in cooperation with PNCC committed itself to finance, design and construct the PAREX Project in three segments. The Joint Investment Proposal was approved by the TRB on March 4, 2020 and the STOA was executed on September 21, 2021 by and among PREC, SOMCO, PNCC and the ROP acting through the TRB. Under the STOA, the design and the construction of the PAREX Project and the financing thereof, shall be the primary and exclusive privilege, responsibility and obligation of PREC as investor. Whereas the operations and maintenance of the PAREX Project shall be the primary and exclusive privilege, responsibility, and obligation of SOMCO as operator.

The PAREX Project shall consist of three segments:

Segment I	- Radial Road No. 10 to Skyway Stage 3 to Plaza Azul, approximately 5.740 km
Segment II	- Skyway Stage 3 to San Juan River Circumferential Road No. 5 (C-5), approximately 7.325 km
Segment III	- C-5 to Southeast Metro Manila Expressway or (C-6), approximately 6.300 km

The PAREX shall be owned by the ROP, without prejudice to the rights and entitlement of PREC and SOMCO under the STOA. The legal transfer of ownership of the PAREX to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of construction. The toll revenues are shared or distributed between PREC and SOMCO for the operations and maintenance of the PAREX.

The 30-year franchise period shall commence from the issuance of the Toll Operation Certificate.

Under the STOA, PREC may file an application to adjust the toll rates which shall be of two kinds, namely periodic and contingency. Periodic adjustments can be applied every two years of the existing toll rate to a new toll rate on the respective toll review date. On the other hand, contingency adjustment can be applied upon the occurrence of a force majeure event and/or additional cost of any required repair or reconstruction works arising out of force majeure to the extent not covered by insurance.

viii. NALEX

On March 21, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, NALEC as the Investor, and SOMCO as the Operator, wherein NALEC was granted the exclusive right, privilege, responsibility and obligation to design and construct the NALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the NALEX Project.

The NALEX Project is a mixed at-grade and elevated viaduct expressway, with the entire length of approximately 136.4 km from Balintawak, Quezon City to Tarlac City, that will link the existing Skyway Stage 3 to TPLEX.

The NALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of NALEC and SOMCO under the STOA. The legal transfer of ownership of the NALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the NALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire NALEX Project to NALEC and/or SOMCO.

ix. SALEX

On June 20, 2022, a STOA was executed by and among the ROP as the Grantor, acting by and through the TRB, PNCC, SALEC as the Investor, and SOMCO as the Operator, wherein SALEC was granted the exclusive right, privilege, responsibility and obligation to design and construct the SALEX Project, and to finance the same, while SOMCO was granted the exclusive right, privilege, responsibility, and obligation to operate and maintain the SALEX Project.

The SALEX Project is a mixed at-grade and elevated viaduct expressway, with an entire length of approximately 40.65 km, that will link the existing Skyway Stage 3, PAREX, NAIA Expressway to the MIA.

The SALEX Project shall be owned by the ROP, without prejudice to the rights and the entitlements of SALEC and SOMCO under the STOA. The legal transfer of ownership of the SALEX Project to the ROP shall be deemed to occur automatically on a continuous basis in accordance with the progress of the construction thereof.

The franchise period for the SALEX Project shall be 30 consecutive years commencing from the issuance of the Toll Operation Certificate or the Toll Operation Permit for the entire SALEX Project to SALEC and/or SOMCO.

x. PLEX

On October 19, 2023, SMC PLEX entered into a Tollway Concession Agreement (TCA) with the Provincial Government of Pangasinan (PGP). Under the TCA, the PLEX Project will include the financing, engineering, design, construction, operation, and maintenance of a 76.8 km toll road. Subject to existing law, the TCA also grants to SMC PLEX the franchise to operate and maintain the PLEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. The PLEX Phase 1 involves the financing, engineering, design, construction, operation, and maintenance of a 42.76 km toll road. The PLEX Project covers the construction of a four-lane expressway composing of three Segments and a spur road as follows: (a) Segment 1: Binalonan - Manaoag (6.90 km); (b) Segment 2: Manaoag - Calasiao (11.30 km); (c) Segment 2-A: Calasiao Spur (2.39 km); and (d) Segment 3: Calasiao - Lingayen (22.17 km).
2. PLEX Phase 2 is approximately a 34.04 km toll road, from Lingayen, Pangasinan to Alaminos, Pangasinan. PLEX Phase 2 covers the construction of a four-lane expressway beginning from the end of PLEX Phase 1.
3. SMC PLEX shall have the right to designate an operator, with prior consent of the PGP, to operate and maintain the PLEX Project.

4. To guarantee the faithful performance by SMC PLEX of the construction of the PLEX Project, PLEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGP from time to time to the extent of the percentage-of-completion of the PLEX Project.
5. As concessionaire, SMC PLEX shall have full responsibility for all aspects of the Operation and Maintenance of the PLEX Project and shall collect, for its own account, the fees generated from the PLEX Project. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the PLEX Project, SMC PLEX shall post in favor of the PGP an OMPS amounting to P56, which must be valid for at least one year, and shall be renewed every year thereafter until the end of concession period.
6. SMC PLEX shall finance the cost of the PLEX Project, while maintaining a debt-to-equity ratio of 70:30.
7. SMC PLEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects, one year prior to the start of Operation and Maintenance.
8. The PGP shall be entitled to a five percent share in the Toll Revenue and Commercial Development Revenue of PLEX Phase 1 from the start of the concession period and shall terminate at the end of the concession period.
9. Ten years after the date of issuance of the Toll Operations Certificate for the PLEX Phase 1 and every year thereafter until the end of the concession period, SMC PLEX shall submit to the PGP its actual historical cash flows from Revenues based on the audited financial statements to test if the Project Internal Rate of Return has exceeded ten percent as of the relevant testing date. If the Project Internal Rate of Return has not exceeded ten percent as of the relevant testing date, the PGP shall not be entitled to any Province Earnings Share. If it exceeded ten percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to thirty percent of the Earnings before Taxes of the concessionaire. The amount of the Province Earnings Share shall be determined every quarter of the relevant calendar year where the PGP is entitled for such share. If it has exceeded twelve percent as of the relevant testing date, the PGP shall be entitled, starting from the calendar year immediately following the calendar year of such testing date, to seventy percent of the Earnings before Taxes of the concessionaire.
10. At the end of the concession period, SMC PLEX shall transfer the ownership and all its rights, title to, and interest in the PLEX Phase 1 to the PGP, free from any lien and encumbrance and in consideration of the sum of One Peso. On the transfer date, SMC PLEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

xi. CBEX

On February 7, 2023, SMC CBEX entered into a TCA with the Provincial Government of Cavite (PGC). Under the TCA, the CBEX Project will include the financing, engineering, design, construction, operation and maintenance of a 27.06 km toll road. Subject to existing law, the TCA also grants to SMC CBEX the franchise to operate and maintain the CBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC CBEX shall have the right to designate an operator, with prior consent of the PGC, to operate and maintain the CBEX Project.
2. To guarantee the faithful performance by SMC CBEX of the construction of the CBEX Project, SMC CBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGC from time to time to the extent of the percentage-of-completion of the CBEX Project.
3. As concessionaire, SMC CBEX shall have full responsibility in all aspects of the operation and maintenance of the CBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the CBEX Project, SMC CBEX shall post in favor of the PGC an OMPS amounting to P100, which must be valid for the entire concession period of 35 years.
4. SMC CBEX shall finance the cost of the CBEX Project, while maintaining a debt-to-equity ratio of 70:30.
5. SMC CBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.
6. SMC CBEX shall remit to the PGC the Province Earnings Share of 70% of the net income of the CBEX Project after SMC CBEX has achieved Return of Investment based on the CBEX Project's free cash flows. The Province Earnings Share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.
7. At the end of the concession period, SMC CBEX shall transfer ownership to the PGC without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC CBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

xii. NBEX

On July 31, 2023, SMC NBEX entered into a TCA with the Provincial Government of Batangas (PGB), following the issuance of a NOA on March 22, 2023. Under the TCA, the NBEX Project will include the financing, engineering, design, construction, operation and maintenance of a 60.9 km toll road. Subject to existing law, the TCA also grants to SMC NBEX the franchise to operate and maintain the NBEX Project up to the end of the concession period, which is for a period of 35 years (as may be renewed or extended for another 50 years upon written agreement of the parties), and to collect the toll fees, rentals and other charges, as may be determined in accordance with the TCA.

The following are the salient features of the TCA:

1. SMC NBEX shall have the right to designate an operator, with prior consent of the PGB, to operate and maintain the project.
2. To guarantee the faithful performance by SMC NBEX of the construction of the NBEX Project, SMC NBEX shall post in favor of the Grantor, prior to the Construction Commencement Date, a Construction Performance Security which shall be two percent of the total project cost before financing. This performance security shall be partially released by the PGB from time to time to the extent of the percentage-of-completion of the NBEX Project.
3. As concessionaire, SMC NBEX shall have full responsibility in all aspects of the operation and maintenance of the NBEX Project and shall collect the regulated and other fees generated from it and from the end users. To guarantee faithful performance of its obligation in respect to the operation and maintenance of the NBEX Project, SMC NBEX shall post in favor of the PGB an OMPS amounting to P100, which must be valid for the entire concession period of 35 years.
4. SMC NBEX shall finance the cost of the NBEX Project, while maintaining a debt-to-equity ratio of 70:30.
5. SMC NBEX shall enter into an interoperability agreement with the concessionaire/s and operator/s of other existing toll road projects within three months from issuance of the Toll Operation Permit.
6. SMC NBEX shall remit to the PGB the Province Earnings Share of 70% of the net income of the NBEX Project after SMC NBEX has achieved Return of Investment based on the NBEX Project's free cash flows. The Province Earnings Share shall be remitted quarterly after the date of issuance of Toll Operation Permit and every year thereafter until the end of the concession period.
7. At the end of the concession period, SMC NBEX shall transfer the ownership to the PGB without lien and encumbrance in an operational/serviceable condition as provided for by the TCA. On the transfer date, SMC NBEX shall deliver the Warranty Security, amounting to P100, which shall be valid for a period of one year from the turnover of the facilities.

xiii. TPLEX Extension

On July 3, 2024, TPLEXE was awarded by the Government of the ROP, through the DPWH, rights to the financing, design, construction, operation and maintenance of the TPLEX Extension Project under a BOT scheme under RA No. 6957, as amended by the RA No. 7718, and its Implementing Rules and Regulations.

The TPLEX Extension Project is comprised of a 59.4 km toll road from Rosario, La Union to San Juan, La Union, with four travel lanes, divided into three segments: (1) Rosario-Tubao; (2) Tubao-Naguilian and (3) Naguilian-San Juan. There shall be five interchanges located at: (1) Rosario, La Union; (2) Tubao, La Union; (3) Naguilian, La Union; (4) Bauang, La Union and (5) San Juan, La Union; inclusive of civil works, toll facilities and toll system of the toll road.

Ownership of land assets acquired for the TPLEX Extension Project shall be transferred to the ROP periodically and within a reasonable time after their acquisition. Ownership of all facilities and other improvements forming part of the TPLEX Extension Project shall be transferred to the ROP only upon the expiration of the concession period.

The concession period for the TPLEX Extension Project shall be 34 years commencing from the effectivity date of the STOA.

The TPLEX Extension Project is currently undergoing right-of-way acquisition. The Detailed Engineering Design has been submitted to the Grantor and is currently awaiting review and approval.

o Water Concession Agreements

i. Bulacan Bulk Water Supply Project

On December 7, 2015, MWSS issued a NOA to SMC - K-water Consortium (the Consortium) awarding the Bulacan Bulk Water Supply Project. In accordance with the NOA, the LCWDC was registered by the Consortium as the concessionaire.

On January 15, 2016, a Concession Agreement was executed between MWSS and LCWDC for a 30-year period, subject to extensions as may be provided under the Concession Agreement. The Bulacan Bulk Water Supply Project shall comprise of the supply of treated bulk water, planning, financing, development, design, engineering and construction of facilities including the management, operation and maintenance to alleviate the chronic water shortage and provide potable water needs of the province of Bulacan.

On January 24, 2019, LCWDC commenced operations upon issuance of the Certificate of Final Acceptance by the MWSS for the completion of all works required under Stage 1 of the Bulacan Bulk Water Supply Project.

On April 25, 2019, MWSS issued the Certificate of Final Acceptance for Stage 2 of the Bulacan Bulk Water Supply Project.

Upon issuance of the Certificate of Final Acceptance by MWSS for completion of all works for Stage 1, LCWDC officially commenced its operations and started delivery of potable bulk water to the first seven Water Districts of Bulacan. Thereafter, on April 24, 2020, LCWDC successfully completed Stages 1 & 2 of the Bulacan Bulk Water Supply Project and delivered potable bulk water to 12 Water Districts.

Other salient features of the Concession Agreement are as follows:

1. LCWDC shall pay annual water rights fee to the Provincial Government of Bulacan amounting to P5 for the first five years of operation, subject to adjustment based on the Concession Agreement starting on the sixth contract year onwards.
2. LCWDC shall pay an annual Concession Fee and Operation and Maintenance Fee to MWSS amounting to the equivalent of 2.5% of the Annual Gross Revenue of LCWDC and P5, respectively.
3. MWSS and the Water Service Providers (WSPs) of the Province of Bulacan entered a Memoranda of Understanding where the parties agreed to cooperate with each other towards the successful implementation of the Bulacan Bulk Water Supply Project. Pursuant thereto, MWSS, LCWDC, and the individual WSPs for Stages 1 & 2 have entered into individual MOAs where the MWSS, through LCWDC, has committed to supply the potable bulk water and the WSPs have agreed to accept the water and/or pay the Bulk Water Charges at the rate of Eight Pesos and Fifty Centavos plus VAT, subject to certain adjustments as provided under the Concession Agreement and the MOA.
4. LCWDC utilized the National Housing Authority (NHA) site for the water treatment facility. The NHA site is a 5.5 hectares property located at Pleasant Hills, San Jose Del Monte, Bulacan intended as the site for the water treatment facility. LCWDC paid in staggered cash in the aggregate amount of P165.
5. At the end of the concession period, LCWDC shall transfer the facilities to MWSS in the condition required for turnover as described in the Minimum Performance Standards and Specifications of the Concession Agreement.

ii. Obando Water Project

On October 12, 2017, OWCI entered into a Concession Agreement with OWD. The Concession Agreement sets forth the rights and obligations of OWCI as concessionaire throughout the 25-year concession period. The OWD will monitor and review the performance of the concessionaire during the concession period.

Under the Agreement, OWD grants OWCI (as contractor to perform certain functions and as agent for the exercise of certain rights and powers under PD No. 564), the sole right to manage, operate, maintain, repair, refurbish and expand the fixed and movable assets required to provide water and sanitation services in the entire Municipality of Obando for a period of 25 years commencing on January 1, 2018 until December 31, 2042 or the early termination date as the case may be.

While OWCI has the right to manage, operate, repair and refurbish specified OWD facilities in the service area, legal title to these assets remains with the OWD. The legal title to all fixed assets contributed to the existing OWD system by OWCI during the concession period remains with OWCI until the Expiration Date (or the early termination date) at which time all rights, titles and interest in such assets will automatically vest in OWD.

The initial water tariff, exclusive of VAT and/or any applicable tax, to be charged to the customers for the first three years of the Concession Agreement shall be based on the 2005 Local Water Utilities Administration (LWUA) approved tariff table of OWD.

Under the Concession Agreement, in the event that one or more grounds for extraordinary price adjustment has occurred or is expected to occur, an appropriate price adjustment to be applied to the tariff or an appropriate adjustment to the service obligations of the concessionaire will be determined by OWD.

Grounds for extraordinary price adjustment means any of the following circumstances:

- a. Change in law or change in the interpretation of the terms of the Concession Agreement;
- b. Extraordinary cost incurred due to prolonged force majeure;
- c. A material change has been made to the basis of calculation or definition of the Consumer Price Index or replacement index agreed;
- d. Change in assumptions at the time of the execution of the Agreement; and
- e. The concessionaire has incurred significant additional costs as a result of an event of force majeure which are not covered by insurance.

In 2023, the following provisions in the Concession Agreement were amended:

- Deferral of certain service obligations on continuity of supply, water availability and pressure, non-revenue water reduction, and supply of sanitation services and septage management system;
- Exclusion of the island barangays from the service area;
- Correction on provision of water other than through a water main and base and additional concession fee;
- Adjustment on the disconnection, performance security, tariff schedule and amendment on the extraordinary price adjustment;
- Adjustment for failure to meet service obligations and addition of formula for the early termination amount; and
- Basis of franchise tax has shifted from OWCI's gross receipt to OWD's gross receipt to align with BIR regulations.

iii. Bulakan Water Project

On June 14, 2019, BWCI entered into a Concession Agreement with BWD. The Concession Agreement sets forth the rights and obligations of BWCI as concessionaire throughout the 25-year concession period. BWD will monitor and review the performance of the concessionaire during the concession period.

Under the Concession Agreement, BWD grants BWCI, (as contractor to perform certain functions and as agent for the exercise of certain rights and powers), the sole right to manage, operate, maintain, repair, refurbish and expand, and as appropriate, decommission, the facilities in the entire Municipality of Bulakan for a period of 25 years commencing on June 14, 2019 until June 13, 2044 or the early termination date as the case may be.

While BWCI has the right to manage, operate, repair and refurbish specified BWD facilities in the service area, legal title to these assets remains with the BWD. The legal title to all fixed assets contributed to the existing BWD system by BWCI during the concession period remains with BWCI until the Expiration Date (or the early termination date) at which time all rights, titles and interest in such assets will automatically vest in BWD.

The water tariff, exclusive of VAT and/or any applicable tax, to be charged to the customers is adjusted based on the agreed tariff escalation clause under the Concession Agreement.

Under the Concession Agreement, in the event that one or more grounds for extraordinary price adjustment has occurred or is expected to occur, an appropriate price adjustment to be applied to the tariff or an appropriate adjustment to the service obligations of the concessionaire will be determined by BWD.

Grounds for extraordinary price adjustment means any of the following circumstances:

- Change in law or change in the interpretation of the terms of the Concession Agreement;
- Any event of force majeure;
- A material change has been made to the basis of calculation or definition of the Consumer Price Index or replacement index;
- The business assumptions of the concessionaire have proven to be incorrect in a material way; or
- The concessionaire has incurred significant additional costs as a result of an event of force majeure which are not covered by insurance.

On November 21, 2022, BWD received a tariff approval letter from LWUA approving the 43% tariff increase effective December 2022 (December 2022 consumption; January 2023 Billing). This is in accordance with the LWUA Board Resolution No. 55, Series of 2022 dated November 11, 2022.

As a result of the above terms of the Concession Agreement, BWCI recognized service concession asset and service concession obligation, on the commencement date.

On August 14, 2024, through its Board Resolution No. 030, Series 2024, BWD approved the adjusted timeline for the fulfillment of the service obligations of BWCI under the Concession Agreement.

- Food and Beverage

- *Toll Agreements*

The significant subsidiaries of SMFB have entered into toll processing with various contract growers, breeders, contractors and processing plant operators (collectively referred to as the “Parties”). The terms of the agreements include the following, among others:

- The Parties have the qualifications to provide the contracted services and have the necessary manpower, facilities and equipment to perform the services contracted.
- Tolling fees paid to the Parties are based on the agreed rate per acceptable output or processed product. The fees are normally subject to review in cases of changes in costs, volume and other factors.
- The periods of the agreement vary. Negotiations for the renewal of any agreement generally commence six months before expiry date.

Total tolling expenses included as part of “Cost of sales” account in the consolidated statements of income amounted to P5,715, P5,777 and P5,825 in 2025, 2024 and 2023, respectively (Note 28).

- Cement

- *Mineral Production Sharing Agreement (MPSA)*

NCC, ECC and its subsidiaries have the following existing MPSAs granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) and the DENR. Details of the MPSA are as follows:

- i. NCC

MPSA No.	Location	Date of Issuance
106-98-1	Labayug, Sison, Pangasinan	March 12, 1998

The MPSA has an initial term of 25 years from the date of issuance and an approved renewal of another 25 years or until March 12, 2048.

NCC has the following key commitments under its MPSA:

- The Philippine Government share shall be the excise tax on mineral products at the time of removal and at the rate provided for in RA No. 7729 amending Section 151 (a) of the Revised National Internal Revenue Code (NIRC), as well as other taxes, duties and fees levied by existing laws.

Excise taxes paid to the Philippine Government aggregated to P16, P15 and P14 in 2025, 2024 and 2023, respectively.

- Allotment of a minimum of 1.50% of the direct drilling and milling costs necessary to implement the activities for community development.

Allotment made amounted to P8 in 2025 and 2024.

ii. ECC and subsidiaries

MPSA No.	Location	Date of Issuance/Renewal
245-2007-III	Dona Remedios Trinidad and San Idefonso, Bulacan	July 25, 2007
181-2002-III	Akle, San Idefonso, Bulacan	June 20, 2022
161-00-III	Akle, San Idefonso, Bulacan	September 12, 2000
100-97-VII	Ginatilan, Cebu	December 29, 1997
101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997
059-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020
060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020

The MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII in Cebu sites for a period of nine years until November 18, 2030.

In 2024, ECC secured a 25-year extension for its MPSA 181-2002-III. Furthermore, ECC began commercial operations under MPSA 245-2007-III after receiving approval for its mining plan. Consequently, additional provision for MRO amounting to P34 was recognized (Note 14).

In August 2022, ECC applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites. As at December 31, 2025, ECC has not yet received the approval for the extension.

ECC and subsidiaries have the following key commitments under the MPSAs:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.

Excise taxes paid to the Philippine Government amounted to P58, P48, and P61 in 2025, 2024 and 2023, respectively.

- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

Pursuant to Administrative Order No. 2010-21: "Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995," the allotment for community development activities was revised to 1.5% of the operating costs.

Allotment for community development activities amounted to P19, P14 and P7 in 2025, 2024 and 2023, respectively.

As at December 31, 2025, ECC and subsidiaries are compliant with the foregoing commitments and obligations.

Lease Commitments

▪ Group as Lessor

The Group has entered into operating leases on its investment property portfolio, consisting of certain service stations and other related structures, machinery and equipment, surplus office spaces as well as leased property (Note 16). These non-cancellable leases will expire up to year 2038. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2025	2024
Within one year	P3,162	P1,929
More than one to two years	1,471	1,116
More than two to three years	1,226	872
More than three to four years	927	882
More than four to five years	1,058	725
More than five years	10,017	8,272
	P17,861	P13,796

Rent income recognized in the consolidated statements of income amounted to P2,567, P2,284 and P2,004 in 2025, 2024 and 2023, respectively (Note 34). Income from sub-leasing recognized in the consolidated statements of income amounted to P1,867, P1,696 and P1,608 in 2025, 2024 and 2023, respectively.

37. Retirement Plans

The Parent Company and majority of its subsidiaries have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Parent Company and majority of its subsidiaries pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined by using the projected unit credit method. Majority of the Group's latest actuarial valuation date is December 31, 2025. Valuations are obtained on a periodic basis.

Majority of the Retirement Plans are registered with the BIR as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Group's Retirement Plans are vested in the Board of Trustees of each Retirement Plan. The majority of the Board of Trustees of the Group's Retirement Plans who exercises voting rights over the shares and approves material transactions are employees and/or officers of the Parent Company and its subsidiaries. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of the Parent Company.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Retirement Obligation		Effect of Asset Ceiling		Net Defined Benefit Retirement Liability	
	2025	2024	2025	2024	2025	2024	2025	2024
Balance at beginning of year	P27,248	P25,908	(P39,710)	(P36,620)	(P11)	(P2)	(P12,473)	(P10,714)
Benefit obligation of consolidated subsidiaries	-	-	-	(4)	-	-	-	(4)
Recognized in Profit or Loss								
Current service costs	-	-	(2,274)	(2,068)	-	-	(2,274)	(2,068)
Past service costs	-	-	(121)	(9)	-	-	(121)	(9)
Interest expense	-	-	(2,383)	(2,236)	-	-	(2,383)	(2,236)
Interest income	1,651	1,598	-	-	-	-	1,651	1,598
Interest on the effect of asset ceiling	-	-	-	-	(1)	-	(1)	-
Settlement loss	-	-	(4)	(11)	-	-	(4)	(11)
	1,651	1,598	(4,782)	(4,324)	(1)	-	(3,132)	(2,726)
Recognized in Other Comprehensive Income								
Remeasurements								
Actuarial gains (losses) arising from:								
Experience adjustments	-	-	(1,058)	(1,644)	-	-	(1,058)	(1,644)
Changes in financial assumptions	-	-	736	(286)	-	-	736	(286)
Changes in demographic assumptions	-	-	(62)	19	-	-	(62)	19
Return on plan assets excluding interest income	1,738	(401)	-	-	-	-	1,738	(401)
Changes in the effect of asset ceiling	-	-	-	-	(534)	(9)	(534)	(9)
	1,738	(401)	(384)	(1,911)	(534)	(9)	820	(2,321)
Others								
Contributions	3,566	3,318	-	-	-	-	3,566	3,318
Benefits paid	(3,565)	(3,252)	3,893	3,479	-	-	328	227
Transfers from other plans	12	71	(12)	(71)	-	-	-	-
Transfers to other plans	(14)	(23)	14	23	-	-	-	-
Other adjustments	(2)	29	(248)	(282)	-	-	(250)	(253)
	(3)	143	3,647	3,149	-	-	3,644	3,292
Balance at end of year	P30,634	P27,248	(P41,229)	(P39,710)	(P546)	(P11)	(P11,141)	(P12,473)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the Parent Company amounted to P147, P113 and P89 in 2025, 2024 and 2023, respectively (Note 31).

Retirement costs recognized as part of "Personnel expenses" in the consolidated statements of income by the subsidiaries amounted to P2,252, P1,975 and P1,698 in 2025, 2024 and 2023, respectively (Note 31). Certain subsidiaries made amendments to their respective Retirement Plans in terms of the percentage of final pay based on the adjusted credited years of service. As a result, the Group recognized past service costs amounting to P121, P9 and P2 in 2025, 2024 and 2023, respectively.

The net interest expense on the defined benefit retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the Parent Company amounted to P28, P14 and P75 in 2025, 2024 and 2023, respectively (Note 32).

The net interest expense on the defined benefit retirement liability recognized as part of "Interest expense and other financing charges" and "Interest income" accounts in the consolidated statements of income by the subsidiaries amounted to P705, P624 and P557 in 2025, 2024 and 2023, respectively (Notes 32 and 33).

As at December 31, 2025, net retirement assets and liabilities, included as part of "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts, amounted to P6 and P1,317, respectively (Notes 11 and 20) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P104 and P12,360, respectively (Notes 22 and 24).

As at December 31, 2024, net retirement assets and liabilities, included as part of "Other noncurrent assets - net" account, amounted to P77 (Note 20) and under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts, amounted to P170 and P12,380, respectively (Notes 22 and 24).

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2025 and 2024.

The Group's plan assets consist of the following:

	In Percentages	
	2025	2024
Investments in marketable securities and shares of stock	76.71	80.51
Investments in pooled funds:		
Fixed income portfolio	2.23	3.59
Stock trading portfolio	0.74	0.74
Investments in real estate	3.30	2.60
Others	17.02	12.56

Investments in Marketable Securities

As at December 31, 2025, the plan assets include:

- 51,071,325 common shares and 9,782,770 Subseries "2-I", 2,995,200 Subseries "2-L", 7,441,600 Subseries "2-N", 3,873,600 Subseries "2-O", 4,561,800 Subseries "2-P", 144,750 Subseries "2-Q", 13,000 Subseries "2-R", 2,973,100 Subseries "2-S", 7,666,800 Subseries "2-T" and 7,136,000 Subseries "2-U" Preferred Shares of the Parent Company with fair market value per share of P82.00, P74.50, P79.00, P80.50, P81.00, P77.00, P77.80, P77.50, P77.80, P76.57 and P76.00, respectively;
- 373,201,500 common shares and 474,160 Series 3B, 13,390 Series 4A, 136,500 Series 4B, 736,500 Series 4C, 235,000 Series 4D and 286,000 Series 4E Preferred Shares of Petron with fair market value per share of P2.48, P1,005.00, P1,010.00, P1,000.00, P1,009.00, P998.00 and P1,015.00, respectively;
- 33,635,700 common shares of SMB with fair market value per share of P20.00;
- 19,154,430 common shares of GSML with fair market value per share of P295.00;
- 25,324,900 common shares of SMFB with fair market value per share of P55.00;
- 300 common shares of SMPI with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P61.00;
- 435,246,160 common shares of BankCom with fair market value per share of P9.20; and
- investment in shares of stock of the PSE, other equity securities and bonds which amounted to P7,281.

As at December 31, 2024, the plan assets include:

- 45,227,625 common shares and 9,252,860 Subseries "2-F", 9,782,770 Subseries "2-I", 3,900,620 Subseries "2-J", 4,008,450 Subseries "2-K", 2,995,200 Subseries "2-L", 7,441,600 Subseries "2-N" and 3,873,600 Subseries "2-O" Preferred Shares of the Parent Company with fair market value per share of P86.00, P73.30, P72.25, P71.90, P70.00, P77.65, P79.70 and P82.30, respectively;
- 832,357,597 common shares and 474,160 Series 3B, 136,500 Series 4B, 736,500 Series 4C, 235,000 Series 4D and 286,000 Series 4E Preferred Shares of Petron with fair market value per share of P2.43, P1,030.00, P1,020.00, P1,043.00, P1,050.00 and P1,050.00, respectively;
- 33,635,700 common shares of SMB with fair market value per share of P20.00;
- 19,154,430 common shares of GSML with fair market value per share of P275.00;
- 25,304,900 common shares of SMFB with fair market value per share of P52.75;

- 300 common shares of SMPI with fair market value per share of P134.12;
- 5,997,311 common shares of Top Frontier with fair market value per share of P63.10;
- 435,246,060 common shares of BankCom with fair market value per share of P6.75; and
- investment in shares of stock of the PSE, other equity securities and bonds which amounted to P8,233.

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as at the reporting date (Note 4).

The Group's Retirement Plans recognized a gain on the investment in marketable securities of Top Frontier, Parent Company and its subsidiaries amounting to P1,467, P382 and P2,180 in 2025, 2024 and 2023, respectively.

Dividend income from the investment in shares of stock of the Parent Company and its subsidiaries amounted to P1,157, P956 and P618 in 2025, 2024 and 2023, respectively.

Investments in Shares of Stock

The Group's plan assets also include San Miguel Brewery Inc. Retirement Plan's investment in 8,608,494 preferred shares of stock of BPI (inclusive of nominee shares), accounted for under the cost method since cost approximates fair value, amounting to P859 as at December 31, 2025 and 2024.

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investment in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Approximately 84% and 86% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2025 and 2024, respectively.

Approximately 32% and 58% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of the Parent Company and its subsidiaries as at December 31, 2025 and 2024, respectively.

Investments in Real Estate

The Retirement Plans of the Group have investments in real estate properties as at December 31, 2025 and 2024. The fair value of investment property amounted to P1,328 and P989 as at December 31, 2025 and 2024, respectively.

Others

Others include the Retirement Plans' investments in trust account, government securities, bonds and notes, cash and cash equivalents and receivables which earn interest. Investment in trust account represents funds entrusted to a financial institution for the purpose of maximizing the yield on investible funds.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation. The Group is expected to contribute P3,016 to the Retirement Plans in 2026.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants; and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2025	2024
Discount rate	2.70 - 6.59	3.50 - 7.00
Salary increase rate	3.00 - 8.00	3.00 - 8.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation ranges from 2.10 to 18.10 years and 2.30 to 19.40 years as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below:

	Defined Benefit Retirement Obligation			
	2025		2024	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P1,977)	P2,339	(P1,972)	P2,326
Salary increase rate	2,738	(2,422)	2,640	(2,333)

The outstanding balances of the Group's receivable from the retirement plans are as follows:

- a. The Parent Company has advances to and receivables from SMCRP amounting to P6,064 and P6,311 as at December 31, 2025 and 2024, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position (Notes 8 and 35). Portion of the advances are subject to 5.75% interest per annum in 2025 and 2024. Interest income earned from the advances amounted to P182, P189 and P188 in 2025, 2024 and 2023, respectively (Notes 33 and 35).
- b. Petron has advances to PCERP amounting to P982 as at December 31, 2024, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position, which was fully paid on March 20, 2025 (Notes 8 and 35). Portion of the advances are subject to interest per annum of 5% in 2025 and 2024. Interest income earned from the advances amounted to P10 in 2025, P45 in 2024 and 2023 (Notes 33 and 35).

Transactions with the Retirement Plans are made at normal market prices and terms. Outstanding balances as at December 31, 2025 and 2024 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivable. The Group has not made any provision for impairment losses relating to the receivables from the Retirement Plans in 2025, 2024 and 2023.

38. Dividends and Distributions

Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 13, 2025	March 28, 2025	April 25, 2025	P0.35
	June 10, 2025	June 27, 2025	July 23, 2025	0.35
	September 11, 2025	October 3, 2025	October 24, 2025	0.35
	December 4, 2025	January 2, 2026	January 23, 2026	0.35
Preferred SMC2F	January 16, 2025	March 21, 2025	April 4, 2025	1.27635
	May 8, 2025	June 20, 2025	July 4, 2025	1.27635
	August 7, 2025	September 19, 2025	October 3, 2025	1.27635
SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	1.18790625
	May 8, 2025	June 20, 2025	July 4, 2025	1.18790625
	August 7, 2025	September 19, 2025	October 3, 2025	1.18790625
	November 13, 2025	December 19, 2025	January 2, 2026	1.18790625
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	0.890625
	May 8, 2025	June 20, 2025	July 4, 2025	0.890625
	August 7, 2025	September 19, 2025	October 3, 2025	0.890625
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	0.84375
	May 8, 2025	June 20, 2025	July 4, 2025	0.84375
	August 7, 2025	September 19, 2025	October 3, 2025	0.84375
	November 13, 2025	December 19, 2025	January 2, 2026	0.740625
	November 13, 2025	December 19, 2025	January 2, 2026	0.309375
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	1.48396875
	May 8, 2025	June 20, 2025	July 4, 2025	1.48396875
	August 7, 2025	September 19, 2025	October 3, 2025	1.48396875
	November 13, 2025	December 19, 2025	January 2, 2026	1.48396875
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	1.5703125
	May 8, 2025	June 20, 2025	July 4, 2025	1.5703125
	August 7, 2025	September 19, 2025	October 3, 2025	1.5703125
	November 13, 2025	December 19, 2025	January 2, 2026	1.5703125
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	1.5649875
	May 8, 2025	June 20, 2025	July 4, 2025	1.5649875
	August 7, 2025	September 19, 2025	October 3, 2025	1.5649875
	November 13, 2025	December 19, 2025	January 2, 2026	1.5649875
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	1.611300
	May 8, 2025	June 20, 2025	July 4, 2025	1.611300
	August 7, 2025	September 19, 2025	October 3, 2025	1.611300
	November 13, 2025	December 19, 2025	January 2, 2026	1.611300
SMC2P	November 13, 2025	December 19, 2025	January 2, 2026	0.82709375
SMC2Q	November 13, 2025	December 19, 2025	January 2, 2026	0.86165
SMC2R	November 13, 2025	December 19, 2025	January 2, 2026	0.8949
SMC2S	November 13, 2025	December 19, 2025	January 2, 2026	0.82709375
SMC2T	November 13, 2025	December 19, 2025	January 2, 2026	0.86165
SMC2U	November 13, 2025	December 19, 2025	January 2, 2026	0.8949

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	March 11, 2024	March 27, 2024	April 26, 2024	P0.35
	June 11, 2024	June 28, 2024	July 26, 2024	0.35
	November 7, 2024	November 22, 2024	December 2, 2024	0.35
	December 5, 2024	January 3, 2025	January 24, 2025	0.35
Preferred SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	1.27635
	May 14, 2024	June 21, 2024	July 4, 2024	1.27635
	August 8, 2024	September 20, 2024	October 4, 2024	1.27635
	November 7, 2024	December 20, 2024	January 3, 2025	1.27635
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	1.18790625
	May 14, 2024	June 21, 2024	July 4, 2024	1.18790625
	August 8, 2024	September 20, 2024	October 4, 2024	1.18790625
	November 7, 2024	December 20, 2024	January 3, 2025	1.18790625
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	0.890625
	May 14, 2024	June 21, 2024	July 4, 2024	0.890625
	August 8, 2024	September 20, 2024	October 4, 2024	0.890625
	November 7, 2024	December 20, 2024	January 3, 2025	0.890625
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.1031250
	August 8, 2024	September 20, 2024	October 4, 2024	0.84375
	November 7, 2024	December 20, 2024	January 3, 2025	0.84375
SMC2L	January 18, 2024	March 21, 2024	April 4, 2024	1.48396875
	May 14, 2024	June 21, 2024	July 4, 2024	1.48396875
	May 14, 2024	June 21, 2024	July 4, 2024	0.329770833333333
	August 8, 2024	September 20, 2024	October 4, 2024	1.48396875
	November 7, 2024	December 20, 2024	January 3, 2025	1.48396875
SMC2M	January 18, 2024	March 21, 2024	April 4, 2024	1.5703125
	May 14, 2024	June 21, 2024	July 4, 2024	1.5703125
	May 14, 2024	June 21, 2024	July 4, 2024	0.505989583333333
	August 8, 2024	September 20, 2024	October 4, 2024	1.5703125
	November 7, 2024	December 20, 2024	January 3, 2025	1.5703125
SMC2N	January 18, 2024	March 21, 2024	April 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	0.347775
	August 8, 2024	September 20, 2024	October 4, 2024	1.5649875
	November 7, 2024	December 20, 2024	January 3, 2025	1.5649875
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	1.611300
	May 14, 2024	June 21, 2024	July 4, 2024	1.611300
	May 14, 2024	June 21, 2024	July 4, 2024	0.358066666666667
	August 8, 2024	September 20, 2024	October 4, 2024	1.611300
	November 7, 2024	December 20, 2024	January 3, 2025	1.611300

On January 15, 2026, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at March 20, 2026 the following shares to be paid on March 30, 2026, as follows:

Class of Shares	Dividends Per Share
SMC2I	P1.18790625
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.6113
SMC2P	1.3059375
SMC2Q	1.3605
SMC2R	1.413
SMC2S	1.3059375
SMC2T	1.3605
SMC2U	1.413

On March 12, 2026, the BOD of the Parent Company declared cash dividends at P0.35 per share to all common shareholders of record as at March 30, 2026 to be paid on April 17, 2026.

Distributions

The Parent Company declared and paid P2,122 and P2,102 to the holders of SPCS in 2025 and 2024, respectively, as distributions in accordance with the terms and conditions of their respective separate subscription agreements with the Parent Company.

39. Basic and Diluted Earnings Per Common Share

Basic and diluted EPS is computed as follows:

	Note	2025	2024	2023
Net income (loss) attributable to equity holders of the Parent Company		P41,291	(P7,411)	P198
Dividends on preferred shares	26, 38	(7,500)	(7,416)	(4,185)
Distributions on capital securities	26, 38	(1,247)	(2,102)	(2,007)
Net income (loss) attributable to common shareholders of the Parent Company (a)		P32,544	(P16,929)	(P5,994)
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)		2,384	2,384	2,384
Basic and diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)		P13.65	(P7.10)	(P2.51)

Earnings (loss) per common share is computed based on amounts in nearest Peso.

As at December 31, 2025, 2024 and 2023, the Parent Company has no dilutive debt or equity instruments.

40. Supplemental Cash Flow Information

Supplemental information with respect to the consolidated statements of cash flows is presented below:

- a. Changes in current assets, certain current liabilities and others are as follows (amounts reflect actual cash flows rather than increases or decreases of the accounts in the consolidated statements of financial position):

	2025	2024	2023
Trade and other receivables - net	(P14,251)	(P1,561)	(P24,104)
Inventories	27,542	(16,046)	27,789
Prepaid expenses and other current assets	6,616	(13,154)	(13,928)
Accounts payable and accrued expenses	3,422	41,388	(2,026)
Income and other taxes payable and others	5,343	(10,803)	6,883
	P28,672	(P176)	(P5,386)

- b. Acquisition of subsidiaries, net of cash and cash equivalents acquired.

	2024
Current assets	P153
Noncurrent assets	2,832
Current liabilities	(1,765)
Noncurrent liabilities	(1,000)
Non-controlling interests	15
Net assets	235
Cash and cash equivalents	(110)
Goodwill in subsidiaries	1,488
Investments and advances - net	(573)
Net cash flows	P1,040

c. Changes in liabilities arising from financing activities

	Note	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance at January 1, 2025		P293,230	P1,267,269	P42,545	P5,160
Changes from Financing Cash Flows					
Proceeds of borrowings		1,234,685	183,696	-	-
Payments of borrowings		(1,293,970)	(108,963)	-	-
Payments of lease liabilities		-	-	(11,882)	-
Dividends and distributions paid		-	-	-	(54,909)
Total Changes from Financing Cash Flows		(59,285)	74,733	(11,882)	(54,909)
Effect of Changes in Foreign Exchange Rates		1,412	11,037	568	-
Deconsolidation of a Subsidiary	5	(5,000)	-	-	-
Other Changes		235	4,257	4,600	54,388
Balance at December 31, 2025		P230,592	P1,357,296	P35,831	P4,639

	Note	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance at January 1, 2024		P214,881	P1,190,584	P56,572	P4,605
Changes from Financing Cash Flows					
Proceeds of borrowings		1,334,679	357,390	-	-
Payments of borrowings		(1,256,795)	(309,435)	-	-
Payments of lease liabilities		-	-	(20,195)	-
Dividends and distributions paid		-	-	-	(50,928)
Total Changes from Financing Cash Flows		77,884	47,955	(20,195)	(50,928)
Effect of Changes in Foreign Exchange Rates		495	24,454	506	-
Other Changes		(30)	4,276	5,662	51,483
Balance at December 31, 2024		P293,230	P1,267,269	P42,545	P5,160

	Loans Payable	Long-term Debt	Lease Liabilities	Dividends and Distributions Payable
Balance at January 1, 2023	P267,704	P1,088,196	P75,475	P4,037
Changes from Financing Cash Flows				
Proceeds of borrowings	1,145,761	292,879	-	-
Payments of borrowings	(1,197,861)	(190,822)	-	-
Payments of lease liabilities	-	-	(20,995)	-
Dividends and distributions paid	-	-	-	(44,145)
Total Changes from Financing Cash Flows	(52,100)	102,057	(20,995)	(44,145)
Effect of Changes in Foreign Exchange Rates	(1,007)	(3,328)	(234)	-
Other Changes	284	3,659	2,326	44,713
Balance at December 31, 2023	P214,881	P1,190,584	P56,572	P4,605

41. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the SEC and/or the PSE.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2025	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P76,519 3.284% - 8.7815%	P114,142 3.5483% - 8.7815%	P103,226 3.5483% - 8.7815%	P84,558 3.5483% - 8.7815%	P66,195 4.8356% - 8.7815%	P163,026 4.8356% - 8.6074%	P607,666
Foreign currency-denominated Interest rate (expressed in Philippine Peso)	1,544 8.331%	3,294 5.166% - 8.331%	13,866 5.166% - 8.331%	13,945 5.166% - 8.331%	12,175 5.166% - 8.331%	-	44,824
Floating Rate							
Philippine Peso-denominated Interest rate	4,102 BVAL + margin or applicable reference rate, whichever is higher	5,444 BVAL + margin or applicable reference rate, whichever is higher	6,037 BVAL + margin or applicable reference rate, whichever is higher	12,758 BVAL + margin or applicable reference rate, whichever is higher	2,912 BVAL + margin or applicable reference rate, whichever is higher	43,546 BVAL + margin or applicable reference rate, whichever is higher	74,799
Foreign currency-denominated Interest rate (expressed in Philippine Peso)	95,530 SOFR/ applicable reference rate + margin	117,984 SOFR/ applicable reference rate + margin	159,958 SOFR/ applicable reference rate + margin	142,633 SOFR/ applicable reference rate + margin	75,646 SOFR/ applicable reference rate + margin	52,351 SOFR/ applicable reference rate + margin	644,102
	P177,695	P240,864	P283,087	P253,894	P156,928	P258,923	P1,371,391
December 31, 2024							
Fixed Rate							
Philippine Peso-denominated Interest rate	P69,559 3.284% - 9.635%	P75,072 3.284% - 9.635%	P111,758 3.5483% - 9.635%	P93,032 3.5483% - 9.635%	P81,440 3.5483% - 9.635%	P172,129 4.8356% - 9.635%	P602,990
Foreign currency-denominated Interest rate (expressed in Philippine Peso)	1,453 8.331%	1,519 8.331%	1,588 8.331%	10,338 6.55% - 8.331%	10,416 6.68% - 8.331%	8,674 8.331%	33,988
Floating Rate							
Philippine Peso-denominated Interest rate	1,895 BVAL + margin or applicable reference rate, whichever is higher	2,923 BVAL + margin or applicable reference rate, whichever is higher	4,045 BVAL + margin or applicable reference rate, whichever is higher	4,383 BVAL + margin or applicable reference rate, whichever is higher	10,936 BVAL + margin or applicable reference rate, whichever is higher	29,632 BVAL + margin or applicable reference rate, whichever is higher	53,814
Foreign currency-denominated Interest rate (expressed in Philippine Peso)	22,207 SOFR/ applicable reference rate + margin	105,707 SOFR/ applicable reference rate + margin	115,771 SOFR/ applicable reference rate + margin	146,395 SOFR/ applicable reference rate + margin	138,428 SOFR/ applicable reference rate + margin	63,382 SOFR/ applicable reference rate + margin	591,890
	P95,114	P185,221	P233,162	P254,148	P241,220	P273,817	P1,282,682

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P7,189, P6,457 and P5,830 in 2025, 2024 and 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and
- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	December 31, 2025		December 31, 2024	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$2,843	P167,215	US\$1,619	P93,731
Trade and other receivables	826	48,518	952	55,088
Prepaid expenses and other current assets	27	1,544	18	1,046
Noncurrent receivables	40	2,460	37	2,184
	3,736	219,737	2,626	152,049
Liabilities				
Loans payable	721	42,416	720	41,661
Accounts payable and accrued expenses	2,553	150,092	2,405	139,067
Long-term debt (including current maturities)	11,719	688,926	10,820	625,878
Lease liabilities (including current portion)	232	13,659	369	21,417
Other noncurrent liabilities	11	657	30	1,775
	15,236	895,750	14,344	829,798
Net foreign currency-denominated monetary liabilities	US\$11,500	P676,013	US\$11,718	P677,749

The Group reported net gain (loss) on foreign exchange amounting to (P8,709), (P20,514) and P2,485 in 2025, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 34). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2025	P58.790
December 31, 2024	57.845
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2025				
Cash and cash equivalents	(P2,202)	(P2,292)	P2,202	P2,292
Trade and other receivables	(328)	(778)	328	778
Prepaid expenses and other current assets	(11)	(24)	11	24
Noncurrent receivables	(35)	(31)	35	31
	(2,576)	(3,125)	2,576	3,125
Loans payable	700	545	(700)	(545)
Accounts payable and accrued expenses	1,669	2,384	(1,669)	(2,384)
Long-term debt (including current maturities)	11,685	8,797	(11,685)	(8,797)
Lease liabilities (including current portion)	132	199	(132)	(199)
Other noncurrent liabilities	8	9	(8)	(9)
	14,194	11,934	(14,194)	(11,934)
	P11,618	P8,809	(P11,618)	(P8,809)

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2024				
Cash and cash equivalents	(P1,454)	(P1,307)	P1,454	P1,307
Trade and other receivables	(431)	(898)	431	898
Prepaid expenses and other current assets	(10)	(15)	10	15
Noncurrent receivables	(34)	(28)	34	28
	(1,929)	(2,248)	1,929	2,248
Loans payable	425	612	(425)	(612)
Accounts payable and accrued expenses	1,874	2,387	(1,874)	(2,387)
Long-term debt (including current maturities)	10,786	8,123	(10,786)	(8,123)
Lease liabilities (including current portion)	277	301	(277)	(301)
Other noncurrent liabilities	28	23	(28)	(23)
	13,390	11,446	(13,390)	(11,446)
	P11,461	P9,198	(P11,461)	(P9,198)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

Commodity Swaps, Futures and Options. Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P351,715	P351,715	P351,715	P -	P -	P -
Trade and other receivables - net	247,559	247,559	247,559	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,664	3,664	1,364	109	2,191	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	886	886	398	-	-	488
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	35,770	35,946	54	53	769	35,070
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,205	14,390	1,376	947	12,067	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	6,155	6,155	-	1,664	750	3,741
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	28,777	28,777	22,512	4,382	1,696	187
Financial Liabilities						
Loans payable	230,592	232,485	232,485	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	250,350	250,350	250,350	-	-	-
Dividends and distributions payable	4,639	4,639	4,639	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,789	2,789	1,999	6	784	-
Long-term debt (including current maturities)	1,357,296	1,680,863	260,540	310,016	801,526	308,781
Lease liabilities (including current portion)	35,831	50,594	9,693	9,689	11,474	19,738
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	5,641	5,641	-	2,171	2,053	1,417

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P293,677	P293,677	P293,677	P -	P -	P -
Trade and other receivables - net	266,981	266,981	266,981	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,782	2,782	1,198	275	1,309	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	896	896	438	-	-	458
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	8,988	9,239	54	54	821	8,310
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,180	15,245	1,345	846	12,731	323
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,797	9,000	35	3,669	141	5,155
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	23,822	23,822	18,422	3,578	2	1,820
Financial Liabilities						
Loans payable	293,230	295,002	295,002	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	285,408	285,408	285,408	-	-	-
Dividends and distributions payable	5,160	5,160	5,160	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,017	2,017	1,890	-	127	-
Long-term debt (including current maturities)	1,267,269	1,627,846	178,609	260,245	857,456	331,536
Lease liabilities (including current portion)	42,545	52,752	12,655	8,750	16,299	15,048
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	7,068	7,068	-	2,824	1,738	2,506

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprise the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	December 31, 2025	December 31, 2024
Cash and cash equivalents (excluding cash on hand)	4, 7	P345,694	P287,803
Trade and other receivables - net	8	247,559	266,981
Derivative assets	11, 20	3,664	2,782
Investments in debt instruments at FVPL	11, 13	398	438
Investments in debt instruments at FVOCI	13	700	669
Investments in debt instruments at amortized cost	4, 11, 13	12,205	12,180
Noncurrent receivables and deposits - net	4, 20	6,155	8,797
Restricted cash	4, 11, 20	28,777	23,822
		P645,152	P603,472

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	December 31, 2025					
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P345,694	P -	P -	P -	P -	P345,694
Trade and other receivables	-	247,559	16,811	-	-	264,370
Derivative assets	-	-	-	1,164	2,500	3,664
Investments in debt instruments at FVPL	-	-	-	398	-	398
Investments in debt instruments at FVOCI	-	-	-	-	700	700
Investments in debt instruments at amortized cost	12,205	-	-	-	-	12,205
Noncurrent receivables and deposits	-	6,155	268	-	-	6,423
Restricted cash	28,777	-	-	-	-	28,777

	December 31, 2024					
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P287,803	P -	P -	P -	P -	P287,803
Trade and other receivables	-	266,981	15,343	-	-	282,324
Derivative assets	-	-	-	1,230	1,552	2,782
Investments in debt instruments at FVPL	-	-	-	438	-	438
Investments in debt instruments at FVOCI	-	-	-	-	669	669
Investments in debt instruments at amortized cost	12,180	-	-	-	-	12,180
Noncurrent receivables and deposits	-	8,797	590	-	-	9,387
Restricted cash	23,822	-	-	-	-	23,822

The aging of receivables is as follows:

December 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P134,967	P37,688	P9,953	P182,608
Past due:				
1 - 30 days	14,599	783	358	15,740
31 - 60 days	3,827	2,074	103	6,004
61 - 90 days	934	1,032	56	2,022
Over 90 days	25,666	31,447	883	57,996
	P179,993	P73,024	P11,353	P264,370

December 31, 2024	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P130,568	P40,453	P9,120	P180,141
Past due:				
1 - 30 days	23,898	2,197	105	26,200
31 - 60 days	5,447	5,572	38	11,057
61 - 90 days	2,309	151	30	2,490
Over 90 days	34,664	26,227	1,545	62,436
	P196,886	P74,600	P10,838	P282,324

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken and hogs in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the BSP, is not subject to externally imposed capital requirements.

42. Financial Assets and Financial Liabilities

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

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P351,715	P351,715	P293,677	P293,677
Trade and other receivables - net	247,559	247,559	266,981	266,981
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,664	3,664	2,782	2,782
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	886	886	896	896
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	35,770	35,770	8,988	8,988
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,205	12,205	12,180	12,180
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	6,155	6,155	8,797	8,797
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	28,777	28,777	23,822	23,822
Financial Liabilities				
Loans payable	230,592	230,592	293,230	293,230
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	250,378	250,378	285,456	285,456
Dividends and distributions payable	4,639	4,639	5,160	5,160
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,789	2,789	2,017	2,017
Long-term debt (including current maturities)	1,357,296	1,392,114	1,267,269	1,306,606
Lease liabilities (including current portion)	35,831	35,831	42,545	42,545
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	5,641	5,641	7,068	7,068

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted, using the applicable discount rates of comparable instruments quoted in active markets.

Loans Payable, Accounts Payable and Accrued Expenses and Dividends and Distributions Payable. The carrying amount of loans payable, accounts payable and accrued expenses and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.6% to 8.8% and 4.7% to 7.8% as at December 31, 2025 and 2024, respectively. The discount rates used for foreign currency-denominated loans range from 3.5% to 3.7% and 4.2% to 4.4% as at December 31, 2025 and 2024, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency, interest rate and commodity derivative contracts to manage its exposure on foreign currency, interest rate and commodity price risks. The portfolio is a mixture of instruments including forwards, swaps and options.

Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

December 31, 2025	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	US\$40	US\$40	US\$935	US\$1,015
Average strike rate	P51.35 to P55.40	P54.30 to P59.00	P55.35 to P61.845	
Interest rate risk:				
Interest rate options:				
Notional amount	US\$225	US\$ -	US\$1,050	US\$1,275
Interest rate	0.39% to 2.91%	-	0.50% to 6.25%	
Foreign currency and interest rate risks:				
Non-deliverable swap and options:				
Notional amount	JPY -	JPY -	JPY61,600	JPY61,600
Average strike rate	P -	P -	P0.3809 to P0.53326	
Fixed interest rate	-	-	6.25% to 6.40%	

December 31, 2024	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	US\$ -	US\$40	US\$515	US\$555
Average strike rate	-	P51.35 to P55.40	P54.30 to P61.62	
Interest rate risk:				
Interest rate options:				
Notional amount	US\$ -	US\$225	US\$1,050	US\$1,275
Interest rate	-	0.39% to 2.91%	0.50% to 6.25%	

The following are the amounts relating to hedged items:

December 31, 2025	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	(P970)	P -	(P953)
Interest rate risk:			
US Dollar-denominated borrowings	79	200	(247)
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	400	-	(447)

December 31, 2024	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	(P880)	P -	(P752)
Interest rate risk:			
US Dollar-denominated borrowings	(516)	380	(309)
Foreign currency and interest rate risks:			
US Dollar-denominated borrowings	(75)	-	-

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

	December 31, 2025	Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included			Changes in the Fair Value of the Hedging Instrument Recognized in Comprehensive Income		Cost of Hedging Recognized in Other Comprehensive Income		Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income		Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income		Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Notional Amount	Carrying Amount Assets	Liabilities	Comprehensive Income	Other Comprehensive Income	Income	Income	Income	Income	Income	Income	
Foreign currency risk: Non-deliverable call spreads		US\$1,015	P2,375	P -		P970	(P747)	(P970)		P479		P479	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options		US\$1,275	125	(187)		(79)	84	(161)		-		-	Interest expense and other financing charges
Foreign currency and interest rate risks: Non-deliverable swap and options		JPY61,600	-	(597)		(400)	(597)	400		-		-	Interest expense and other financing charges
	December 31, 2024	Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included			Changes in the Fair Value of the Hedging Instrument Recognized in Comprehensive Income		Cost of Hedging Recognized in Other Comprehensive Income		Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income		Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income		Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Notional Amount	Carrying Amount Assets	Liabilities	Comprehensive Income	Other Comprehensive Income	Income	Income	Income	Income	Income	Income	
Foreign currency risk: Non-deliverable call spreads		US\$555	P1,297	P -		P880	(P892)	(P880)		P276		P276	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options		1,275	255	(127)		516	(68)	(207)		-		-	Interest expense and other financing charges
Foreign currency and interest rate risks: Non-deliverable swap and options		-	-	-		75	(27)	(44)		-		-	Interest expense and other financing charges, and Other income (charges) - net

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized in the 2025, 2024 and 2023 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	2025		2024	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	P380	(P1,061)	P125	(P528)
Changes in fair value:				
Foreign currency risk	970	(747)	880	(892)
Interest rate risk	(79)	84	516	(68)
Foreign currency and interest rate risks	(400)	(597)	75	(27)
Amount reclassified to profit or loss	(731)	479	(1,131)	276
Tax effect	60	195	(85)	178
Ending balance	P200	(P1,647)	P380	(P1,061)

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Interest Rate Swap

The Group has outstanding interest rate swap with notional amount of US\$75 as at December 31, 2025 and 2024. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P15 and P32 as at December 31, 2025 and 2024, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,322 and US\$1,066 as at December 31, 2025 and 2024, respectively, and with various maturities in 2026 and 2025. The net negative fair value of these currency forwards amounted to P446 and P991 as at December 31, 2025 and 2024, respectively.

Currency Options

The Group has outstanding currency options with aggregate notional amount of US\$1,003 and US\$50 as at December 31, 2025 and 2024, respectively, and with various maturities in 2026 and 2025. The net negative fair value of these currency options amounted to P27 and P5 as at December 31, 2025 and 2024, respectively.

Commodity Swaps

The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities up to 2027. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil was 116.5 million barrels and 100.6 million barrels as at December 31, 2025 and 2024, respectively. The net positive (negative) fair value of these swaps amounted to (P198) and P339 as at December 31, 2025 and 2024, respectively.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$118 and US\$170 as at December 31, 2025 and 2024, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P185 and P35 as at December 31, 2025 and 2024, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to (P1,008), P614 and (P1,379) in 2025, 2024 and 2023, respectively (Note 34).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2025	2024
Balance at beginning of year	P765	P1,187
Net change in fair value of derivatives:		
Designated as accounting hedge	52	1,751
Not designated as accounting hedge	(1,008)	614
	(191)	3,552
Less fair value of settled instruments	(1,066)	2,787
Balance at end of year	P875	P765

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value by valuation method:

	December 31, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P3,664	P3,664	P -	P2,782	P2,782
Financial assets at FVPL	398	488	886	438	458	896
Financial assets at FVOCI	28,397	7,373	35,770	1,635	7,353	8,988
Financial Liabilities						
Derivative liabilities	-	2,789	2,789	-	2,017	2,017

The Group has no financial instruments valued based on Level 3 as at December 31, 2025 and 2024. In 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

43. Events After the Reporting Date

a. Issuance of US\$300 SPCS by San Miguel Global Power

On January 20, 2026, San Miguel Global Power completed the issuance of US\$300 SPCS at an issue price of 100.00%, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

San Miguel Global Power applied the net proceeds from the issuance towards the redemption of all outstanding 5.70% SPCS issued in January 2020.

The US\$300 SPCS were listed on the SGX-ST on January 21, 2026.

b. Issuance of Series N, Series O and Series P Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On February 6, 2026, the BOD of San Miguel Global Power approved the issuance, offer and sale to the public of Peso-denominated bonds with an aggregate principal amount of up to P30,000, comprised of a base offer of Bonds with an aggregate principal amount of up to P20,000 and an oversubscription option of Bonds with an aggregate principal amount of up to P10,000.

The net proceeds of the issuance of the bonds will be used for: (a) refinancing of debt obligations; (b) partial funding of the pipeline of renewable energy project; and (c) payment of transaction-related fees, costs and expenses.

c. Redemption of SPCS by Petron

On March 3, 2026, the BOD of Petron approved the redemption on April 19, 2026 of the remaining \$163 SPCS issued in April 2021.

d. Redemption of Series "2" Preferred Shares - Subseries "2-I" (SMC2I Preferred Shares) by the Parent Company

On March 30, 2026, the Parent Company redeemed the 169,333,400 SMC2I Preferred Shares issued on March 30, 2016 at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of the Parent Company on January 15, 2026.

The SMC2I Preferred Shares were redeemed using a portion of the proceeds from the US\$1,000 term loan drawn on March 11, 2026 under the US\$1,500 loan facility.

The redeemed shares were not retired and may be reissued by the Parent Company at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by the Parent Company, upon the approval of the application for lifting of trading suspension by the Parent Company, in accordance with the listing rules of the PSE.

44. Registration with the Board of Investments (BOI) and Others

a. San Miguel Global Power

- In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for six years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987 [Executive Order (EO) No. 226], the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or one month from the date of such commissioning or testing, whichever comes earlier as certified by NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI's request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations' specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.
- On September 20, 2016, Lumiere Energy Technologies, Inc. (LETI) was registered with the BOI under EO No. 226 as expanding operator of 2 x 150 MW Circulating Fluidized Bed Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for three years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations.

In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted the request of LPI to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

- On October 12, 2012, MPCL received the BOI approval for the application as expanding operator of 600 MW Coal-fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for three years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for six years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a four-year ITH reckoned from the start of commercial operations.

On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

- On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for six years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan Storage for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.
- On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility (R-Hub) covering various sites across the Philippines. The BOI has also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act. Said request was subsequently approved by the BOI on November 26, 2025.
- On November 29, 2022, the BOI approved the application of SMC Global Light and Power Corp. (SGLPC) as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a seven-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

On November 7, 2025, the BOI approved the transfer of SGLPC's BOI registration to Lucanin Solar, Inc. (LSI) subject to certain conditions.

Registration with the Authority of the Freeport Area of Bataan (AFAB)

On April 24, 2019, MPGC was registered with AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). As a FAB enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of four years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances brought about by Corona Virus Disease in 2019, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

On December 13, 2021, MPGC has been granted a renewed certificate of registration with AFAB which now remains valid and in effect as long as MPGC remains in good standing or until revoked or cancelled.

On October 8, 2025, AFAB has approved the registration of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility (R-Hub) in Mariveles, Bataan. As a FAB registered enterprise, SMGP BESS is entitled to incentives that includes ITH for six years and enhanced deductions for ten years, among others.

License Granted by the ERC

On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of five years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another five years valid from September 30, 2023 until September 29, 2028.

On August 13, 2025, MPI was granted a RES License by the ERC pursuant to Section 29 of the EPIRA. The term is for a period of five years from August 13, 2025 until August 12, 2030 and renewable thereafter.

b. SMFB

SMFI

SMFI is registered with the BOI and AFAB for certain feedmill, poultry, meats and ready-to-eat meals projects. In accordance with the provisions of EO No. 226 otherwise known as "The Omnibus Investment Code of 1987" and the RA No. 9728, also known as "The Freeport Area of Bataan Act of 2009", pursuant to RA No. 11534, the projects are entitled, among others, to fiscal incentives described as follows:

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash)*. The Barangay Soyung, Echague, Isabela feedmill project (Echague Feedmill Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on June 5, 2023 under Certificate of Registration No. 2023-100. The Echague Feedmill Project is entitled to ITH for six years from June 5, 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins).* The Barangay Darong, Sta. Cruz, Davao del Sur Magnolia Poultry Processing Plant project (MPPP Davao del Sur Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-006. The MPPP Davao del Sur Project is entitled to ITH for five years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- *New Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins).* The Barangay Ilaya, Palsabangon, Pagbilao, Quezon Magnolia Poultry Processing Plant project (MPPP Pagbilao Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on June 20, 2024 under Certificate of Registration No. 2024-133. The MPPP Pagbilao Project is entitled to ITH for six years from June 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- *New Domestic Producer of Animal Feeds.* The Barangay Pulong Balibaguhan, Mabini, Batangas feedmill project (Mabini Feedmill Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on July 16, 2024 under Certificate of Registration No. 2024-201. The Mabini Feedmill Project is entitled to ITH for six years from July 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- *New Domestic Producer of Animal Feeds.* The Sta. Cruz, Davao Tower 2 feedmill project (Davao Feedmill Tower 2 Project) was registered with the BOI pursuant to RA No. 11534 on a non-pioneer status on June 3, 2025 under Certificate of Registration No. 2025-140. The Davao Feedmill Tower 2 Project is entitled to ITH for six years from June 2025 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- Registered projects with expired ITH incentives:

IPA	CR No.	Registration Date	Registered Activity	Location	ITH Entitlement Period
AFA B	2025-083*	May 22, 2025	Manufacturer of Feeds for Poultry, Livestock and Marine Species	Bataan	May 2018 to April 2022
BOI	2016-074	April 14, 2016	Non-Pioneer New Producer of Animal Feeds	San Idelfonso, Bulacan	July 2018 to June 2022
BOI	2016-073	April 14, 2016	Non-Pioneer New Producer of Animal Feeds	Sta. Cruz, Davao	April 2019 to March 2023
BOI	2015-251	Nov 10, 2015	Non-Pioneer New Producer of Animal Feeds	Mandaue, Cebu	Dec 2019 to Nov 2023
BOI	2020-075	May 27, 2020	Non-Pioneer New Producer of Animal Feeds	Phividec, Tagoloan, Misamis Oriental	June 2020 to May 2024

*Latest registration renewal date

Notwithstanding the expiration of ITH benefit, SMFI is still required to continue the submission of annual reports to the BOI, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01. For AFAB registered projects, annual reports are required as long as registered with the IPA.

SMMI

SMMI was registered with the BOI under Registration No. 2016-035 on a non-pioneer status as an Expanding Producer of Wheat Flour and its By-Products (Bran and Pollard) for its flour mill expansion project in Mabini, Batangas on February 16, 2016.

Under the terms of SMMI's BOI registration and subject to certain requirements as provided in EO No. 226, SMMI is entitled to incentives which include, among others, ITH for three years from July 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On October 25, 2017, the BOI approved SMMI's request to adjust the ITH reckoning date to December 2018 or actual start of commercial operations, whichever is earlier.

On July 25, 2019, the BOI approved SMMI's subsequent request to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier. The ITH period of the project commenced on December 1, 2019.

On August 7, 2020, by virtue of Resolution No. 15-19, Series of 2020, the BOI approved SMMI's request for amendment of ITH Base Figure from Peso sales value of P9,582 to sales volume of 388,447 metric tons.

The three-year ITH incentive ended on June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMMI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

PF-Hormel

Expanding Producer of Processed Meat (Hotdog). PF-Hormel was registered with the BOI under Registration No. 2017-033 on a non-pioneer status as an Expanding Producer of Processed Meat (Hotdog) for its project in General Trias, Cavite on January 31, 2017.

Under the terms of PF-Hormel's BOI registration and subject to certain requirements as provided in EO No. 226, PF-Hormel is entitled to incentives which include, among others, ITH for three years from December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project commenced on December 1, 2017 until November 2020.

Notwithstanding the expiration of ITH benefit in 2020, PF-Hormel is still required to submit the annual reports to the BOI until 2025, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

Domestic Producer of Canned Meat Products. The Sitio de Fuego, Barangay San Francisco, General Trias, Cavite cannery project (PHC Cannery Project) was registered with the BOI pursuant to CREATE Act on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-005. The PHC Cannery Project is entitled to ITH for six years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

c. Petron

Petron Bataan Refinery

In December 2021, the Petron Bataan Refinery (PBR) renewed its registration with the AFAB as a registered enterprise. The registration shall be valid and in effect as long as the registered enterprise remains in good standing or until revoked or cancelled. As a registered domestic market enterprise engaged in the oil refinery facility as its registered business activity, PBR, under Sec. 311 of RA No. 11534 is granted duty-free importation of merchandise, including capital equipment, raw materials, spare parts, and accessories subject to compliance with the conditions specified under the CREATE Act. Meanwhile, pursuant to Section 295(G) of the Tax Code, as amended by the CREATE Act, PBR's crude oil importations are exempt from duties and taxes, while applicable taxes are paid upon the withdrawal of finished products sourced from the crude oil importation.

Petron Solid Fuel-Fired Power Plant

On October 11, 2019, the BOI approved Petron's application under EO No. 226 as a New Operator of its 44.4 MW Solid Fuel-Fired Power Plant. The BOI is extending the following major incentives:

- a. ITH for four years from January 2024 or actual start of commercial operations, whichever is earlier, but availment shall in no case earlier than the date of registration. Income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the net capacity of the registered project; with optional bonus year on specific cases provided that the aggregate ITH availment (regular and bonus year) shall not exceed eight years.
- b. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 85 and its Implementing Rules and Regulations; provided that such capital equipment shall be for the direct and exclusive use of the registered activity.
- c. Importation of consigned equipment for a period of ten years from date of registration subject to posting of the appropriate re-export bond.

The project commenced its commercial operation in January 2023 and Petron availed of the ITH in 2025 and 2024.

Certificate of entitlement has been timely obtained by Petron to support its ITH incentive.

d. Packaging

SYFMC

On December 3, 2019, the BOI issued the certificate of registration to SYFMC's project as a new producer of molds for glass on a pioneer status under EO No. 226. The registration entitles SYFMC to certain tax and other incentives.

The ITH incentive is for a period of six years starting May 1, 2020 when it started its commercial operations. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue granted from the registered project.

e. Cement

ECC

On July 31, 2017, the BOI approved the application of ECC as an expanding producer of cement (Line 3) in Bulacan on a non-pioneer status. ECC's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- i. ITH for income directly attributable to Line 3 for three years from May 2018 or actual start of commercial operations, whichever is earlier.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of ten years from start of commercial operation.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In April 2022, the ITH incentive for Line 3 expired.

On December 16, 2025, the BOI, pursuant to Republic Act No. 11534, extended the availment of duty exemption on importation of capital goods equipment, raw materials, spare parts or accessories including goods used for administrative purposes in relation to Line 3 until December 31, 2034.

On September 14, 2022, the BOI approved the application of ECC as an expanding producer of cement in under Tier 1, "All Qualified Manufacturing Activities including Agro-Processing" of the 2022 Strategic Investment Priority Plan (SIPP). ECC's registration with the BOI entitled to provide for the following fiscal and non-fiscal incentives:

- i. ITH for income directly attributable to Finishing Mill 5 for two years from December 2022 or actual start of commercial operations, whichever is earlier.

- ii. After ITH, enhanced deductions for five years.
- iii. Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the SIPP.
- iv. Employment of foreign nationals.
- v. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In December 2024, the ITH incentive for Finish Mill 5 expired.

In 2024, ECC availed benefits from ITH amounting to P398.

NCC

Lines A and B Cement Plant and Grinding Facility registration entitles NCC to the following benefits:

- i. ITH for four years from January 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
- ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its Implementing Rules and Regulations.
- iii. Additional deduction from taxable income of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
- iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On April 1, 2023, NCC's cement Line A has started its commercial operations.

NCC requested for the amendment of project timetable, movement of start of commercial operation and ITH Reckoning date and amendment of Line B from fully integrated cement manufacturing line to cement grinding facility.

On January 18, 2024, the BOI approved NCC's request for the amendment of project timetable, including the movement of start of commercial operation and ITH reckoning date and the amendment of Line B from fully integrated cement manufacturing line to cement grinding facility only.

SNMC

On March 23, 2018, the BOI approved the application of SNMC as a new producer of good, fine and coarse limestone on a non-pioneer status. SNMC's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- i. Four-year ITH incentive, starting April 1, 2019, for activities directly attributable in producing good, fine and coarse limestone.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vi. Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities.

On October 5, 2020, the BOI granted the deferment of SNMC's ITH availment for taxable year 2020 due to the adverse effects of the COVID-19 pandemic. SNMC is entitled to its remaining ITH entitlement equivalent to three years and three months or from January 1, 2021 to March 31, 2024.

South Western Cement Corporation (SWCC)

On August 23, 2017, SWCC was registered with the BOI as a new producer of cement on a non-pioneer status but with pioneer incentives (the project being located in a less-developed area) under the heading "All Qualified Manufacturing Activities including Agro-Processing" of the 2017 Investment Priorities Plan under EO No. 226. SWCC's registration with BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- i. ITH for six years from May 2020 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.
- ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its Implementing Rules and Regulations. Only equipment directly needed and exclusively used in its operation shall be entitled to capital equipment incentives.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI. This may be availed of for the first five years from date of registration but not simultaneously with ITH.

- iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and suppliers and semi-manufactured products used in producing its export product and forming part thereof for a period of ten years from start of commercial operations.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five years from date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not subject to the foregoing limitations.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.
- ix. Additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure and facilities.

On August 26, 2020, the BOI approved the request of SWCC for the movement of start of commercial operation and ITH reckoning date of its registered activity from May 2020 to December 2023 due to ongoing processing of permits in the Cebu site.

On September 6, 2022, the BOI approved the request of SWCC for the movement of start of commercial operation from December 2023 to January 2027 and partially granted the request for the movement of ITH reckoning date of December 2023 to December 2025 noting that its operation has been affected by the COVID-19 pandemic for two years. Accordingly, no tax benefits from ITH incentives have been availed of in 2025 and 2024.

In November 2025, SWCC request for a further deferment of the commercial operation and ITH reckoning date from December 2023 to March 2029 due to delays in securing critical licenses and permits, aggravated by the global disruption caused by COVID-19 pandemic. The request has not been approved as of January 9, 2026.

Ionic Cementworks Industries Inc. (ICII)

- *New Producer of Cement (Barangay Ilayang Palsabangon, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status on April 17, 2018, under Certificate of Registration No. 2018-086. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:
 - i. ITH
 - ITH for four years from May 2021 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
 - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.

- ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No.22 and its Implementing Rules and Regulation.
 - iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
 - iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
 - v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
 - vi. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.
 - vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- *New Producer of Cement (Malicboy Cement Plant Project, Barangay Kanlurang Malicboy, Pagbilao, Quezon).* ICII was registered with the BOI on a non-pioneer status under Certificate of Registration No. 2021-095 on May 21, 2021. ICII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:
 - i. ITH
 - ITH for four years from January 2026 or actual start of commercial operations of Line 1, whichever is earlier, but in no case earlier than the date of registration.
 - Application for Bonus years, provided that the aggregate availment shall not exceed eight years.
 - ii. Importation of capital equipment, spare parts and accessories at zero duty under EO No. 85 and its Implementing Rules and Regulation.
 - iii. Additional deduction from taxable income for a period of five years of 50% of wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the requirements as stated in the BOI Certificate.
 - iv. Importation of consigned equipment for a period of ten years from the date of registration, subject to posting of re-export bond.
 - v. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
 - vi. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.
 - vii. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.

ICII has not started commercial operations as at December 31, 2025. Thus, ICII has not availed yet of any tax incentives.

Armstrong Fly-Ash and Logistics Company, Inc. (AFALCI)

On December 1, 2017, the BOI approved the application of AFALCI as a new producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (ProAsh) on a non-pioneer status. AFALCI's registration with the BOI entitled to provide for the following fiscal and non-fiscal incentives:

- i. ITH for income directly attributable to the revenue generated from the registered project Ecotherm and ProAsh for four years from May 2018 or actual start of commercial operations, whichever is earlier.
- ii. Importation of capital equipment, spare parts and accessories at zero duty.
- iii. Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate.
- iv. Importation of consigned equipment for a period of ten years from date of registration, subject to posting of re-export bond.
- v. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export products and forming part thereof for a period of ten years from start of commercial operation.
- vi. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten years from date of registration.
- vii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration.
- viii. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On May 1, 2018, AFALCI started its commercial operations.

On September 17, 2020, the BOI granted the deferment of AFALCI's ITH availment for taxable year 2020 up to April 2023 due to the adverse effects of the COVID-19 pandemic.

In April 2023, AFALCI's ITH with the BOI as a New Producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (Pro-ash) on a non-pioneer status expired.

No tax benefits from ITH incentives have been availed of in 2025 and 2024.

SCII

SCII is registered with the BOI as a new producer of cement on a non-pioneer status under Certificate of Registration No. 2022-044 on April 8, 2022. In accordance with the provisions of EO No. 226, also known as the Omnibus Investments Code of 1987, SCII is eligible to the grant of several incentives.

SCII's registration with the BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

i. ITH

- a) ITH for two years from July 2022 for income directly attributable to the eligible revenue generated from the registered project.
- b) Enhanced deductions for five years, after ITH, as follows:
 - o Additional depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) - additional 10% for buildings; and additional 25% for machinery and equipment;
 - o Additional 50% deduction on the labor expense incurred in the taxable year;
 - o Additional 50% deduction on power expense incurred in the taxable year;
 - o Deduction for reinvestment allowance to manufacturing industry;
 - o Enhanced NOLCO; and
 - o Other types of enhanced deductions that shall be determined relevant and applicable to the registered project under SIPP.
- ii. Importation of capital equipment, raw materials, spare parts and accessories at zero duty.
- iii. Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from date of registration.
- iv. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On November 26, 2022, SCII requested the BOI to defer the start of its ITH availment period from July 1, 2022 to January 1, 2023 due to the delay in its commencement of commercial operations brought about by COVID-19 pandemic and the corresponding implementation of lockdowns and mobility restrictions.

On June 1, 2023, the BOI approved and confirmed the deferment of SCII's ITH. The entitlement period is January 1, 2023 to December 31, 2024. In December 31, 2024, the ITH for the Cement Grinding Plant-Line 1 has expired.

In compliance with the SCII's BOI COR Specific Terms and Conditions no. 7, SCII has incurred P2,239 domestic spending on capital equipment and raw materials in 2024.

f. SMCSLC

SMCSLC

SMCSLC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers, where SMCSLC is entitled to the following incentives:

- i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The president, general manager and treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- ii. *Additional Deduction for Labor Expense.* For the first five years from registration, SMCSLC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, SMCSLC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its Implementing Rules and Regulations.

On November 19, 2024, SMCSLC applied for the cancellation of the BOI registration for its vessels' Kalusugan 2, SL Tanglad, SL Banaba, SL Yakal, Katarungan 2, SL Bignay and Katapatan 2 under the provision of BOI Circular 2014-01 Section 2 par. d, Voluntary surrender of certificate of registration after a period of five years from the last year of ITH availment. BOI approved the cancellation on January 23, 2025.

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

SLHBTC

In 2014, SLHBTC's registration with the BOI as an oil terminal for storage and bulk marketing of petroleum products in its Main Office located at Tondo, Manila was granted with Registration No. 2013-068. In 2015, SLHBTC registered its own fuel storage facilities at Limay, Bataan under Registration No. 2015-027. In 2016, its newly built oil terminal located at Tagoloan, Cagayan de Oro was also registered with the BOI under Registration No. 2016-145. With the registration, SLHBTC is entitled to the following incentives under RA No. 8479 from date of registration or date of actual start of commercial operations, whichever is earlier, and upon fulfillment of the terms enumerated below:

- i. *Additional Deduction from Taxable Income.* SLHBTC shall be allowed an additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI and provided that this incentive shall not be availed of simultaneously with the ITH.

- ii. *Minimum Duty of 3% and VAT on Imported Capital Equipment.* Importation of brand new capital equipment, machinery and accompanying spare parts, shall be entitled to this incentive subject to the following conditions:
 - they are not manufactured domestically in sufficient quantity of comparable quality and at reasonable prices;
 - the equipment is reasonably needed and will be exclusively used in the registered activity; and
 - prior BOI approval is obtained for the importation as endorsed by the DOE.
- iii. *Tax Credit on Domestic Capital Equipment.* This shall be granted on locally fabricated capital equipment equivalent to the difference between the tariff rate and the three percent duty imposed on the imported counterpart.
- iv. *Importation of Consigned Equipment.* SLHBTC is entitled for importation of consigned equipment for a period of five years from the date of registration subject to posting of the appropriate bond, provided that such consigned equipment shall be for the exclusive use of the registered activity.
- v. *Exemption from Taxes and Duties on Imported Spare Parts for Consigned Equipment with Bonded Manufacturing Warehouse.* SLHBTC is entitled to this exemption upon compliance with the following requirements:
 - at least 70% of production is imported;
 - such spare parts and supplies are not locally available at reasonable prices, sufficient quantity and comparable quality; and
 - all such spare and supplies shall be used only on bonded manufacturing warehouse on the registered enterprise under such requirements as the Bureau of Customs may impose.
- vi. *Exemption from Real Property Tax on Production Equipment or Machinery.* Equipment and machinery shall refer to those reasonably needed in the operations of the registered enterprise and will be used exclusively in its registered activity. BOI Certification to the appropriate Local Government Unit will be issued stating therein the fact of the applicant's registration with the BOI.
- vii. *Exemption from the Contractor's Tax.* BOI certification to the BIR will be issued stating therein the fact of the applicant's registration with the BOI.
- viii. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from date of registration. The President, General Manager and Treasurer of foreign-owned registered enterprise or their equivalent shall not be subject to the foregoing limitations.

The incentives with no specific number of years of entitlement above may be enjoyed for a maximum period of ten years from the start of commercial operation and/or date of registration.

No ITH incentive was availed in 2025 and 2024 because entitlements were already expired.

Molave Tanker Corporation (MTC)

MTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where MTC is entitled to the following incentives:

- i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- ii. *Importation of Consigned Equipment.* For the operation of cargo vessels, MTC is entitled to importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.
- iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, MTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its Implementing Rules and Regulations.
- iv. *Additional Deduction for Labor Expense.* For the first five years from registration, MTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- v. *Simplification of Customs Procedures for the Importation of Equipment, Spare Parts, Raw Materials and Supplies.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No ITH incentive was availed in 2025 and 2024 because entitlements were already expired.

Balyena Tanker Corporation (BTC)

BTC is registered with the BOI under the Omnibus Investments Code of 1987, as amended, for the operation of domestic cargo vessels and motor tankers where BTC is entitled to the following incentives:

- i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- ii. *Importation of Consigned Equipment.* For the operation of cargo vessels, BTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.

- iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, BTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above pursuant to EO No. 528 and its Implementing Rules and Regulations.
- iv. *Additional Deduction for Labor Expense.* For the first five years from registration, BTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- v. *Simplification of Customs Procedures for the Importation of Equipment, Spare Parts, Raw Materials and Supplies.*
- vi. *Exemption from Wharfage Fees and Any Export Tax, Duty, Impost and Fees for a Period of Ten Years from Date of Registration.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No ITH incentive was availed in 2025 and 2024 because entitlements were already expired.

Narra Tanker Corporation (NTC)

NTC is registered with the BOI under the Omnibus Investments Code of 1987 for the operation of domestic cargo vessels and motor tankers where NTC is entitled to the following incentives:

- i. *Employment of Foreign Nationals.* This may be allowed in supervisory, technical or advisory positions for five years from the date of registration of the project as indicated above. The President, General Manager and Treasurer of foreign-owned registered firms or their equivalent shall not be subjected to the foregoing limitations.
- ii. *Importation of Consigned Equipment.* For the operation of cargo vessels, NTC is entitled for importation of consigned equipment for a period of ten years from the date of registration, subject to the posting of re-export bond.
- iii. *Importation of Capital Equipment, Spare Parts and Accessories.* For the operation of motor tankers, NTC may import capital equipment, spare parts and accessories at zero percent duty from the date of registration of the project as indicated above, pursuant to EO No. 528 and its Implementing Rules and Regulations.
- iv. *Additional Deduction for Labor Expense.* For the first five years from registration, NTC shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital to labor ratio and shall not be availed simultaneously with the ITH.
- v. *Simplification of Customs Procedures for the Importation of Equipment, Spare Parts, Raw Materials and Supplies.*

The incentives with no specific number of years of entitlement as discussed in the foregoing may be enjoyed for a maximum period of ten years from the start of commercial operations and/or date of registration.

No incentive was availed in 2025 and 2024 because entitlements were already expired.

Batangas Shipyard Corporation (BtSC)

BtSC is registered with Philippine Economic Zone Authority (PEZA) as an Ecozone Export Enterprise to engage in oil rig construction, shipbuilding, ship repair and conversion, and leasing activity taken over from Seatrium Philippines Marine, Inc. the Batangas Shipyard Special Economic Zone since June 10, 2024. Under its registration, BtSC is entitled to the following incentives:

- i. Income generated from its registered activities is subject to 5% Gross Income Tax Incentive (GIT) under the provisions of RA No. 11534 until December 31, 2034.
- ii. BtSC is exempted from Expanded Withholding Taxes on payments received from its registered activities until December 31, 2034.
- iii. BtSC is exempted from paying national and local taxes including local business tax, permits, fees and licenses until December 31, 2034.
- iv. BtSC is exempted from wharfage dues on exportation of its registered export products until December 31, 2025.

The availment of the foregoing incentives is subject to all evaluation and processing requirements of PEZA.

Gross income arising from the registered project with the PEZA amounting to P356 were subjected 5% GIT in 2025. Total tax incentives availed by BtSC amounted to P71 in 2025.

SMC Cebu Shipyard Land, Inc (SCSLI)

Effective September 2, 2024, SCSLI is registered with the PEZA as an Ecozone Developer/Operator to develop, administer, manage and operate the Batangas Shipyard Special Economic Zone.

SCSLI is liable to pay 5% final tax on gross taxable income in accordance with RA No. 11534.

45. Other Matters

a. Contingencies

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group.

- Excess Excise Tax Payments

Filed by the Parent Company

In 2004, the Parent Company was assessed excise taxes by the BIR on “San Mig Light” which at that time was one of its products. These assessments were contested by the Parent Company but nonetheless made the corresponding payments. Consequently, the Parent Company filed three claims for refund for overpayments of excise taxes with the BIR.

The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of the Parent Company. On September 8, 2020, the BIR issued TCC Nos. 121-20-00012 amounting to P782 and TCC No. 121-20-00013 amounting to P926 in favor of the Parent Company which were applied in full to the Parent Company's tax obligations as at December 31, 2024 and 2025, respectively.

The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, the Parent Company had spun off its domestic beer business. The claim was also favorably resolved in favor of the Parent Company and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of the Parent Company, which was applied in full to the Parent Company's tax obligations as at December 31, 2021.

Filed by SMB

SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of Petition for Review. Six of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591, 8748 and 9743) were decided by the Supreme Court in favor of SMB and TCC amounting to P1,430, P1,569, P761 and P30 were received in 2019, 2020, 2023, and 2025, respectively. The TCC for CTA Case No. 9743 in the amount of P30 was issued by the BIR on October 16, 2025. One claim (CTA Case No. 10241) was withdrawn with the issuance of a TCC in the amount of P162 in 2021. The remaining six claims for refund are still pending before the courts, as follows:

- (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);
- (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);
- (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);
- (d) Claim for refund of overpayments for the period from January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);

- (e) Claim for refund of overpayments for the period from January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and
- (f) Claim for refund of overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB's claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the RTC rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB's Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA *En Banc* by way of a Petition for Review. On September 19, 2018, the CTA *En Banc* reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA *En Banc* Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA *En Banc* in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records have been remanded with the CTA Third Division for the CTA Third Division's decision on the merits.

The CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light" removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

On March 20, 2024, the BIR elevated the case to the CTA *En Banc* by way of Petition for Review dated March 15, 2024 which was docketed as CTA *En Banc* No. 2890. On November 26, 2024, the CTA *En Banc* rendered its Decision denying the BIR's Petition for Review in CTA *En Banc* No. 2890. The BIR moved for reconsideration but the same was denied by the CTA *En Banc* on September 29, 2025.

The BIR then filed a Petition for Review with the Supreme Court which was docketed as G.R. No. E-02918.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc*. On February 21, 2022, the CTA *En Banc* rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB filed a Petition for Review with the Supreme Court which was docketed as G.R. No. 258812. The BIR also elevated the CTA *En Banc*'s Decision to the Supreme Court which was docketed as G.R. No. 261197. The petitions were consolidated pursuant to the Supreme Court's Resolution dated January 11, 2023. In G.R. No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition to which the Office of the Solicitor General filed a Comment dated February 19, 2024. In a Resolution dated June 3, 2024, the Supreme Court required SMB and the BIR to file their respective Replies on each other's Comment. SMB filed the required Reply on October 24, 2024 while the BIR filed its Reply on November 5, 2024.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA *En Banc*. On February 4, 2021, the CTA *En Banc* affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA *En Banc*'s Decision. In its October 22, 2021 Resolution, the CTA *En Banc* denied the parties' Motion for Reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court in its Resolution dated March 30, 2022, after which the BIR filed its comment to SMB's Petition as directed by the court. On September 11, 2023, SMB received the Supreme Court's Resolution dated March 22, 2023 requiring the former to file its Comment on the BIR's Petition for Review in G.R. No. 259263. SMB filed the required Comment on September 18, 2023.

CTA Case No. 10000, SMB's claim for refund for P123, was partially decided in favor of SMB by the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a Motion for Reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA *En Banc* docketed as CTA *En Banc* No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA *En Banc* promulgated its Decision in CTA *En Banc* No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA *En Banc* on January 8, 2024. The BIR then filed a Petition for Review with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was partially decided in favor of SMB by the CTA Second Division. On July 5, 2023, the CTA Second Division partially granted SMB's Petition for Review and ordered the refund of P147. The BIR filed for a Motion for Reconsideration which was denied by the CTA Second Division. The BIR filed a Petition for Review with the CTA *En Banc* docketed as CTA *En Banc* No. 2834.

SMB filed its Comment on February 1, 2024. On February 28, 2025, the CTA *En Banc* promulgated its Decision in CTA *En Banc* No. 2834 affirming the decision of the CTA Second Division in favor of SMB.

The BIR moved for reconsideration but the same was denied by the CTA *En Banc* on January 20, 2026. The BIR then filed a Petition for Review with the Supreme Court which was docketed as G.R. No. E-04680.

CTA Case No. 10745, SMB's claim for refund for P1,069, was decided in favor of SMB by the CTA First Division. The case is a consolidation of two claims, to wit:

- i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on Revenue Memorandum Circular (RMC) No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the NIRC, as amended by RA No. 10351 beginning January 1, 2020.
- ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

On November 18, 2024, the CTA First Division rendered a Decision ordering the BIR to refund or issue a TCC in favor of SMB in the amount of P1,069. The BIR filed a Motion for Partial Reconsideration which was denied by the CTA First Division on May 6, 2025. The BIR filed a Petition for Review with the CTA *En Banc* docketed as CTA *En Banc* No. 3157. SMB filed its Comment on June 23, 2025.

Filed by GSMI

GSMI filed two claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review as follows:

- (a) CTA Case Nos. 8953 and 8954: These cases pertain to GSMI's Claims for Refund with the BIR, in the amounts of P582 in Case No. 8953, and P133 in Case No. 8954, or in the total amount of P715, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the periods from January 1, 2013 up to May 31, 2013 in Case No. 8953, and from January 8, 2013 up to March 31, 2013 in Case No. 8954.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on said ethyl alcohol.

After several hearings and presentation of evidence, both parties filed their respective Formal Offers of Evidence.

On July 28, 2020, the CTA Third Division rendered its Decision and denied GSMI's Petition for Review. GSMI received the said Decision on August 24, 2020, for which it timely filed a Motion for Reconsideration on the aforementioned Decision on September 2, 2020, to which the Commissioner of Internal Revenue (CIR) filed its Opposition.

The CTA Third Division issued an Amended Decision dated February 1, 2021 which partially granted GSMI's Motion for Reconsideration and ruled that GSMI is entitled to a partial refund of its erroneously and excessively paid excise taxes in the amount of P320 out of its original claim of P715.

GSMI and CIR subsequently filed Motions for Reconsideration on the aforesaid Amended Decision and Oppositions to each other's Motion for Reconsideration. In a Resolution dated October 28, 2021, the CTA Third Division denied for lack of merit GSMI's Motion for Reconsideration and CIR's Motion for Partial Reconsideration of the Amended Decision.

On January 4, 2022, GSMI elevated to the CTA *En Banc* the Decision dated July 28, 2020, Amended Decision dated February 1, 2021, and Resolution dated October 28, 2021 of the CTA Third Division, by way of a Petition for Review, which was docketed as CTA *En Banc* No. 2555.

Earlier, the CIR also filed a Petition for Review with the CTA *En Banc* elevating thereto the Amended Decision dated February 1, 2021 and Resolution dated October 28, 2021 of the CTA Third Division, and the same was docketed as CTA *En Banc* No. 2544.

On March 28, 2022, the Court *En Banc* ordered the Parties to file their respective Comments/Oppositions to the Petitions for Review. On April 7, 2022, GSMI filed a Motion for Extension of Time to File Comment on the Petition for Review in CTA *En Banc* No. 2544.

On April 21, 2022, GSMI filed its Comment on the Petition for Review. On May 30, 2022, the Court *En Banc* promulgated a Resolution which denied GSMI's Motion for Extension and submitted the Petitions for Review for decision. On June 13, 2022, GSMI filed its Motion for Reconsideration assailing the said Resolution.

On October 4, 2022, the Court *En Banc* promulgated a Resolution which set aside the May 30, 2022 Resolution insofar as the Petitions for Review were submitted for decision. The Resolution likewise directed the CIR to file a Comment to GSMI's Motion for Reconsideration, to which the CIR failed despite due notice.

On January 18, 2023, the CTA *En Banc* granted GSMI's Motion for Extension of Time to File Comment on the Petition for Review in CTA *En Banc* No. 2544 and admitted GSMI's Comment as part of the records of the case.

In a Decision dated January 18, 2024 received by GSMI on January 23, 2024, the CTA *En Banc* denied both the Petitions for Review of GSMI and the CIR, and affirmed the Amended Decision of the CTA Third Division dated October 28, 2021 awarding GSMI a partial refund of P320 only.

GSMI had 15 days from January 23, 2024, or until February 7, 2024, within which to file a Petition for Review on Certiorari with the Supreme Court.

On January 30, 2024, GSMI filed a Motion for Extension of Time to File Petition for Review on Certiorari, praying for an extension of 30 days from February 7, 2024, or until March 8, 2024 within which to file a Petition for Review on Certiorari.

On March 4, 2024, GSMI filed with the Supreme Court a Petition for Review on Certiorari dated March 1, 2024, and the same was docketed as Supreme Court G.R. No. 271363. The CIR likewise filed its Petition for Review on Certiorari and the same was docketed as Supreme Court G.R. No. 275174.

These cases are still pending resolution.

- (b) CTA Case No. 11052: This case is a judicial claim for refund of alleged deficiency taxes paid under protest by GSMI in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020, in the aggregate amount of P66.

On July 22, 2020, GSMI received a Notice of Discrepancy dated July 6, 2020 issued by the BIR (the "Original NOD"), which enjoined GSMI to pay alleged deficiency excise taxes in the amount of P40, inclusive of interests, for the period covering January 27, 2020 to February 9, 2020.

On August 6, 2020, GSMI submitted to the BIR its Letter-Reply to the Original NOD, where it emphasized that it is not liable to pay the alleged deficiency excise tax liability, and thus, requested its cancellation and withdrawal.

On October 13, 2020, GSMI received from the BIR a Letter dated September 18, 2020 with an attached Amended Notice of Discrepancy, which modified the amount of the alleged deficiency excise tax liability to P72, inclusive of interests, for the period covering January 23, 2020 to February 9, 2020.

On October 28, 2020, GSMI submitted to the BIR its Letter-Reply to the Amended NOD, where it reiterated its position that it is not liable for the alleged deficiency excise taxes.

On November 11, 2020, GSMI received from the BIR a Letter dated November 6, 2020 which reiterated the finding of alleged deficiency excise tax under the Amended NOD.

On December 29, 2020, GSMI paid under protest the amount of P66, representing the deficiency excise tax portion under the Amended NOD, through the BIR Electronic Filing and Payment System (eFPS).

On January 8, 2021, GSMI submitted to the BIR a Letter-Reply to the BIR's Letter dated November 6, 2020. GSMI reiterated its position that it is not liable for the alleged deficiency excise tax liability under the Amended NOD and informed the BIR that it paid under protest the amount of P66 through eFPS on December 29, 2020. In the same Letter-Reply, GSMI explained that with respect to the assessed penalties from the alleged late payment of the deficiency excise tax, it would avail the remedies available under Revenue Regulations No. 13-2001, as amended.

On July 16, 2021, GSMI received a copy of Letter of Authority (LOA) No. LOA-121-2021-00000109 dated July 1, 2021 issued by the BIR, authorizing its revenue officers to examine GSMI's books of accounts and other accounting records for all internal revenue taxes except for value-added tax for taxable year 2020.

On August 3, 2021, GSMI filed with the CIR an administrative claim for refund of the erroneously or illegally collected deficiency excise tax for the period covering January 23, 2020 to February 9, 2020, in the amount of P66, which GSMI paid under protest on December 29, 2020.

On March 7, 2022, the BIR issued a letter notifying GSMI on the transmittal of the entire docket to CIR's Legal Service Division for its resolution and issuance of a clarificatory ruling on the administrative claim for refund.

Prior to the expiry of the two-year statutory period to file judicial action for the recovery of erroneously or illegally collected internal revenue taxes, GSMI filed a Petition for Review with the CTA on December 28, 2022 pursuant to Section 204(C) and 229, Tax Code, and Section 3(a), Rule 8, Revised Rules of the CTA in order to preserve its right to claim by judicial action its claims for refund of its erroneously or illegally collected deficiency excise taxes, in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020.

The case was docketed as CTA Case No.11052, and was raffled to the CTA's First Division. In a Resolution dated May 29, 2023, the CTA First Division ordered the transfer of the case to the CTA Third Division.

Upon service of Summons to the CIR and the filing of the CIR's Answer dated March 24, 2023, pre-trial conference was held on July 26, 2023. Pursuant to the CTA's Order, the parties filed their Joint Stipulation of Facts and Issues on August 29, 2023. Pre-trial was terminated upon the issuance of the CTA's Pre-Trial Order on September 5, 2023.

GSMI presented its lone witness during the hearing on October 4, 2023. At the same hearing, the CTA ordered GSMI to file its Formal Offer of Evidence within ten days therefrom, or not later than October 13, 2023.

GSMI filed its Formal Offer of Evidence on October 13, 2023. Respondent CIR filed his Comment with Manifestation on GSMI's Formal Offer of Evidence on November 17, 2023. Respondent CIR's counsel manifested that they will no longer present testimonial evidence since there was no report of the investigation on GSMI's refund claim forwarded to their office.

On January 25, 2024, GSMI received the CTA's Resolution dated January 23, 2024, which admitted its Exhibits "P-1" to "P-17" and "P-19" to "P-21", inclusive of sub-markings. Moreover, the CTA's Resolution noted the manifestation of Respondent CIR that he will no longer present evidence, constraining the CTA to direct the parties to submit their respective memorandum within 30 days from receipt of the Resolution.

GSMI filed its Memorandum on February 23, 2024. In a Resolution dated March 7, 2024, the CTA noted the filing of GSMI's Memorandum. On April 2, 2024, GSMI received the Minute Resolution of the CTA dated March 22, 2024, noting that the CIR failed to file his Memorandum, and thus the Court deemed the case submitted for decision.

On March 21, 2025, the CTA Third Division promulgated its Decision which granted GSMI's Petition for Review. In the Decision, the CTA ordered the CIR to refund or issue a TCC in favor of GSMI amounting to P66, representing erroneously and illegally collected basic excise tax on the removals of alcohol for the period from January 23, 2020 to February 9, 2020.

On April 10, 2025, the CIR filed a Motion for Reconsideration of the CTA's Decision. On April 25, 2025, GSMI received a copy of CIR's Motion, which sought the reversal and setting aside of the Decision, and prayed for the issuance of a new one denying or dismissing GSMI's Petition for Review for lack of merit and/or failure to exhaust administrative remedies. On May 14, 2025, GSMI filed its Comment to the CIR's Motion for Reconsideration.

In its Resolution dated September 9, 2025, the CTA Third Division resolved to deny the CIR's Motion for Reconsideration for lack of merit. Thus, the Decision promulgated on March 21, 2025 was affirmed. On October 6, 2025, the CIR filed his Petition for Review dated September 24, 2025 with the CTA *En Banc*, and the same was docketed as CTA *En Banc* No. 3235. On November 20, 2025, GSMI received CTA *En Banc*'s Resolution dated November 15, 2025, directing GSMI to file its comment or opposition to the CIR's Petition for Review. In compliance, GSMI filed its Comment on December 1, 2025.

The case is still pending resolution.

- (c) CTA Case No. 9059: This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the period from June 1, 2013 up to July 31, 2013.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on the said ethyl alcohol.

After the presentation of its testimonial and documentary evidence, GSMI filed its Formal Offer of Evidence and Supplemental Offer of Evidence, which were all admitted by the CTA. BIR's presentation of evidence was set to January 23, 2019.

In a decision dated February 6, 2020, the CTA denied GSMI's Claim for refund for insufficiency of evidence. On February 20, 2020, GSMI filed a Motion for Reconsideration of the said Decision. However, the Motion for Reconsideration was denied by the CTA on June 9, 2020. On August 28, 2020, GSMI elevated the case to the CTA *En Banc* by way of a Petition for Review.

In a Decision dated November 10, 2021, the CTA *En Banc* denied the Petition for Review filed by GSMI. The Decision dated February 6, 2020 and the Resolution dated June 9, 2020 of the CTA Second Division were affirmed.

On December 10, 2021, GSMI elevated the Decision of the CTA *En Banc* to the Supreme Court by way of a Petition for Review, which was docketed as Supreme Court G.R. No. 25839.

In its Resolution dated July 14, 2025, which GSMI received on November 11, 2025, the Supreme Court deferred action on this case. In its Resolution dated August 27, 2025, which GSMI received on November 13, 2025, the Supreme Court resolved to consolidate G.R. No. 257839, "GSMI vs. CIR", with G.R. No. 271363, "GSMI vs. CIR" and G.R. No. 275174, "CIR vs. GSMI", considering that all the cases arose from the same antecedent facts, involve the same parties, and raise interrelated issues.

These cases are still pending resolution.

- Deficiency Tax Liabilities

IBI

On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax (DST) and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, DST and compromise penalty are cancelled and set aside.

On October 29, 2020, the BIR filed a Petition for Review with the CTA *En Banc* docketed as CTA *En Banc* No. 2345. On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA *En Banc* denied the BIR's Petition for Review. Thereafter, the BIR filed for a Motion for Reconsideration which was also denied by the CTA *En Banc*.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

SMFI

SMFI vs. Office of the City Treasurer, City of Davao

SMFI filed several protests against the assessments issued by the City Treasurer of Davao City imposing permit fees to slaughter against its poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District both located in Davao City.

Following the dismissal of the appeals filed by SMFI with the Davao RTC, the following Petitions for review were filed with the CTA:

- CTA Case AC No. 209, filed on August 23, 2018
- CTA Case AC No. 210, filed on November 12, 2018
- CTA Case AC No. 249, filed on February 26, 2021

It is SMFI's position that Section 367 (a) of the 2005 Revenue Code of the City of Davao (Revenue Code of Davao City) on the imposition of permit fee to slaughter is applicable only to slaughterhouses operated by the City Government of Davao City. SMFI's poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District, being privately owned and operated slaughterhouses, are beyond the coverage of Section 357 (a) of the Revenue Code of Davao City. In addition, given that SMFI is already paying ante and post-mortem fees for the slaughter of poultry products pursuant to " Section 367 (d) of the same Revenue Code, the assessment of permit fee to slaughter would constitute double taxation.

In CTA Case AC No. 209, the CTA First Division dismissed SMFI's Petition on May 29, 2020, and denied the Motion for Reconsideration on February 22, 2021. A Petition for Review was filed on May 12, 2021 with the CTA *En Banc* and docketed as CTA Case *En Banc* No. 2474. On January 31, 2023, the CTA *En Banc* denied SMFI's Petition. SMFI filed for a Motion for Reconsideration which was likewise denied on August 4, 2023. Following the denial, SMFI elevated and filed a Petition for Review with the Supreme Court on December 27, 2023.

Moreover, the CTA First Division also dismissed on July 3, 2020 the Petition docketed as CTA Case AC No. 210, and on July 28, 2021, SMFI's Motion for Reconsideration was denied. On October 8, 2021, SMFI filed a Petition for Review with the CTA *En Banc* docketed as CTA Case *En Banc* No. 2535, which was likewise denied on May 18, 2023. Thus, a Motion for Reconsideration was filed on September 15, 2023, with the same being denied on March 4, 2024.

Lastly, the CTA Special Third Division on October 12, 2022, dismissed the Petition for Review docketed as CTA Case AC No. 249 on the ground of lack of jurisdiction on permit fees as it is not a tax, therefore outside the CTA's jurisdiction. On December 22, 2022, SMFI filed a Motion for Reconsideration but was denied on November 9, 2023.

On April 2, 2024, SMFI Management decided not to pursue the above cases as the poultry dressing plants were already closed, therefore SMFI will no longer have future economic benefit from winning the cases.

- Oil Spill Incident in Guimaras

On August 11, 2006, MT Solar I, a third-party vessel contracted by Petron to transport approximately two million liters of industrial fuel oil, sank 13 nautical miles southwest of Guimaras, an island province in the Western Visayas region of the Philippines. In separate investigations by the Philippine Department of Justice (DOJ) and the Special Board of Marine Inquiry (SBMI), both agencies found the owners of MT Solar I liable. The DOJ found Petron not criminally liable, but the SBMI found Petron to have overloaded the vessel. Petron has appealed the findings of the SBMI to the DOTr and is awaiting its resolution. Petron believes that SBMI can impose administrative penalties on vessel owners and crew, but has no authority to penalize other parties, such as Petron, which are charterers.

Complaints for damages for non-payment of compensation for the clean-up operations during the oil spill were filed with the RTC of Guimaras by a total of 1,063 plaintiffs who allegedly did not receive any payment of their claims for damages arising from the oil spill. The total claims amounted to P292. The cases were pending as at December 31, 2025. In the course of plaintiffs' presentation of evidence, they moved for trial by the commissioner, which was denied by the trial court. The plaintiffs elevated the matter by way of a Petition for Certiorari to the Court of Appeals in Cebu City. On January 9, 2020, the Court of Appeals issued a Resolution granting plaintiffs' Motion for Reconsideration of the earlier resolution denying their petition and ordering Petron to file its comment on plaintiffs' petition within ten days. On February 6, 2020, Petron filed a Motion for Reconsideration of said Resolution which remains pending as at December 31, 2024. On September 25, 2024, the Court of Appeals denied the Motion for Reconsideration of another respondent International Oil Pollution Compensation (IOPC) Funds and directed IOPC to file its comment. The Court of Appeals held in abeyance any further action on the petition pending compliance with the directives of the said resolution. In the meantime, proceedings before the trial court continue. In one of the cases, the plaintiffs have already rested its case and trial dates have been set for the presentation of defendants' evidence. In the other case, plaintiffs are already expected to complete the presentation of their evidence testified so far. As at December 31, 2025 and 2024, the Group has not set up any provision related to this case because while the case is still pending, Petron believes the resolution will be in its favor.

- Lease Agreements with PNOC

On October 20, 2017, Petron filed with the RTC of Mandaluyong City a complaint against the PNOC for the reconveyance of the various landholdings it conveyed to PNOC in 1993 as a result of the government-mandated privatization of Petron.

The subject landholdings consisted of the refinery lots in Limay, Bataan, 23 bulk plant sites and 66 service station lots located in different parts of the country. The Deeds of Conveyance covering the landholdings provide that the transfer of these lots to PNOC was without prejudice to the continued long-term use by Petron of the conveyed lots for its business operation. Thus, PNOC and Petron executed three lease agreements covering the refinery lots, the bulk plants, and the service station sites, all with an initial lease term of 25 years which expired in August 2018, with a provision for automatic renewal for another 25 years. In 2009, Petron, through its realty subsidiary, NVRC, had an early renewal of the lease agreement for the refinery lots with an initial lease term of 30 years, renewable for another 25 years.

The complaint alleged that PNOC committed a fundamental breach of the lease agreements when it refused to honor both the automatic renewal clause in the lease agreements for the bulk plants and the service station sites and the renewed lease agreement for the refinery lots on the alleged ground that all such lease agreements were grossly disadvantageous to PNOC, a government-owned-and-controlled corporation.

On December 11, 2017, the trial court granted Petron's prayer for a writ of preliminary injunction, enjoining PNOC from committing any act aimed at ousting Petron from possession of the subject properties until the case is decided.

The court-mandated mediation in 2018 and the judicial dispute resolution proceedings before the court in 2019 were likewise terminated, after the parties failed to agree to a settlement. Petron filed a motion for summary judgment on May 17, 2019. In a resolution dated November 13, 2019, the trial court granted Petron's motion for summary judgment and ordered: (i) the rescission of the Deeds of Conveyance dated 1993 relating to Petron's conveyance of such leased premises to PNOC pursuant to a property dividend declaration in 1993; (ii) the reconveyance by PNOC to Petron of all such properties; and (iii) the payment by Petron to PNOC of the amount of P143, with legal interest from 1993, representing the book value of the litigated properties at the time of the property dividend declaration. PNOC filed a Motion for Reconsideration. Petron also filed a motion for partial reconsideration seeking a modification of the judgment to include an order directing PNOC to return to Petron all lease payments the latter had paid to PNOC since 1993.

Following the trial court's denial of their separate motions for reconsideration, both PNOC and Petron filed their respective notices of appeal with the trial court. In a decision dated December 13, 2021, the Court of Appeals dismissed both appeals of Petron and PNOC and affirmed the resolution of the trial court as described above. In a resolution promulgated on October 6, 2022, the Court of Appeals denied the respective motions for reconsideration of Petron and PNOC. The PNOC filed a Petition for Review on Certiorari with the Supreme Court in December 2022 which the Supreme Court denied on July 25, 2023 on the ground that PNOC failed to sufficiently show that the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the Supreme Court's exercise of its discretionary appellate jurisdiction.

In a resolution dated November 25, 2024, the Supreme Court denied with finality the Motion for Reconsideration and the motion to refer to the Supreme Court *En Banc* that the PNOC filed in December 2023. The November 2024 resolution also ordered the immediate issuance of the entry of judgment and declared that no further pleadings or motions shall be entertained.

On January 21, 2025, PNOC filed a second Motion for Reconsideration. A second Motion for Reconsideration is generally prohibited under the Internal Rules of the Supreme Court.

Given the finality of the Supreme Courts's ruling, Petron recognized in its 2024 books the reversal of the conveyance of the land declared as property dividends in 1993 at P143 equivalent to the net book value of the land at the time of dividend declaration and instead recognized a liability for cash dividends to PNOC of the same amount plus legal interest of P267 computed from 1993 to 2024. The landholdings were recognized as part of "Property, plant and equipment" and "Investment property" amounting to P110 and P33, respectively (Notes 14 and 16). Correspondingly, all accruals related to the lease contracts with PNOC on the subject landholdings of the rescinded deeds of conveyance, namely, lease liabilities amounting to P3,629 (Note 21), ARO amounting to P2,600 (Note 22) for the cost of land restoration and remediation at the end of lease term, and the corresponding right-of-use assets amounting to P2,720 (Note 15) recognized previously were reversed which resulted in the recognition of gain on lease termination of P3,509 (Note 34).

On December 12, 2025, the trial court issued an order granting Petron's Motion for Issuance of Writ of Execution. On December 23, 2025, PNOC filed a Motion for Reconsideration with the trial court seeking the reversal of the trial court's order. In an Order dated January 8, 2026, the trial court denied PNOC's Omnibus Motion praying for the reversal of the trial court's December 12, 2025 Order granting the Writ of Execution and for the voluntary inhibition of presiding Judge Ryan Scott F. Robiños.

Petron recognized in its 2025 books additional legal interest amounting to P178 computed up to December 16, 2025 and made a valid tender of payment on December 17, 2025, when it offered to pay PNOC the amount of P588 through a Manager's Check. Petron's judgment debt in favor of PNOC could have been immediately satisfied had PNOC accepted the tender, but PNOC refused to do so. Petron's tender of payment was followed by its attempt to deposit the amount with the Branch Sheriff and the Branch Clerk of Court on January 27, 2026, pursuant to Rule 39 of the Rules of Court. When this was also refused without the payment of various fees, Petron filed a Motion for Consignation with the RTC on February 16, 2026. Also on February 16, 2026, Petron filed an Omnibus Motion seeking the court's order to divest PNOC of its ownership over all subject landholdings covered by the case and to vest ownership in Petron.

On February 19, 2026, Petron received an Order from the RTC divesting PNOC of its title over all the properties covered by the Deeds of Conveyance and vested title over them in Petron and ordered the relevant Registers of Deeds to cancel the transfer certificates of the title in the name of PNOC and to issue new ones in the name of Petron. The trial court also ordered Petron to consign the check that was refused acceptance by PNOC in December 2025.

On March 4, 2026, PNOC accepted the check amounting to P588 in full satisfaction of Petron's monetary obligations, inclusive of legal interest. The liability of Petron to PNOC was derecognized.

- Ilijan IPPA Agreement Dispute

SPPC and PSALM are parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour Temporary Restraining Order (TRO) be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended, and a Preliminary Injunction was later on granted maintaining status quo while the main case is pending.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

Trial on the merits proceeded until the RTC rendered a decision in favor of SPPC on June 13, 2025 (the "June 13, 2025 Decision"), which was received by SPPC on October 7, 2025. The June 13, 2025 Decision stated that PSALM's termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuance of the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM's counterclaim for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On January 16, 2026, the RTC issued an order denying PSALM's Motion for Reconsideration of the June 13, 2025 Decision (the "January 16, 2026 RTC Order").

On March 5, 2026, SPPC through its external counsel received the Notice of Appeal dated February 24, 2026, filed by PSALM where it notified the RTC that it is appealing the June 13, 2025 Decision and January 16, 2026 RTC Order.

- Imported Industrial Fuel Oil

SLHBTC has an on-going case with the CTA against the Commissioner of Customs (the Commissioner). On January 16, 2016, a Warrant of Seizure and Detention was issued against the 44,000 metric tons of fuel imported by SLHBTC with approximate value of P751. The Commissioner alleged that SLHBTC discharged fuel directly from the vessel carrying SLHBTC's imported fuel to another vessel via loop loading without paying duties and taxes and therefore, violating the Customs Modernization Tariff Act and other customs regulations. On January 20, 2017, the District Collector of Customs issued a decision forfeiting the fuel in favor of the government.

Subsequently on March 23, 2017, SLHBTC filed with the CTA a petition for review seeking the lifting and termination of the Warrant of Seizure and Detention and the reversal of the decision issued by the District Collector of Customs.

On April 19, 2017, SLHBTC filed with the CTA a Motion for Special Order to release the 44,000 metric tons of fuel, which was granted on January 28, 2018 subject to the posting of a surety bond amounting to P123 or one and one-half times of the assessed amount of P82 representing VAT. SLHBTC posted the surety bond and the 44,000 metric tons of fuel were released.

On December 1, 2021, the customs officer representing the District Collector of Customs was cross-examined by SLHBTC legal counsel. He admitted that he did not examine the imported documents prior to recommending the issuance of a Writ of Seizure and Detention.

On February 24, 2022, the CTA decided to lift and terminate the Warrant of Seizure and Detention issued by the Commissioner and reversed the decision issued by the District Collector of Customs in January 2017 to forfeit the fuel in favor of the government. Moreover, the order granted by the CTA in January 2018 to release the 44,000 metric tons of fuel is now permanent and the surety bond of P123 shall be released and discharged to SLHBTC upon finality of judgment.

On October 5, 2022, the Commissioner filed a Petition for Review with the CTA *En Banc*. After technical issues were clarified, SLHBTC filed its comment on January 30, 2023. There has been no action from the CTA since then.

On April 16, 2024, the Commissioner filed a Motion for Reconsideration that seeks to reverse the CTA *En Banc*'s decision on denying the Commissioner's petition for review last October 2022. Subsequently, on October 15, 2024, CTA *En Banc* released its Notice for Resolution, denying the Commissioner's Motion for Reconsideration last April 16, 2024 due to lack of merit.

On January 23, 2025, SLHBTC's legal counsel received a copy of the Petition for Certiorari under Rule 45 of the Rules of Court, filed by the Commissioner before the Supreme Court. In this petition, the Commissioner now seeks to annul the CTA *En Banc*'s decision dated March 8, 2024 and Resolution October 15, 2024. As of November 12, 2025, SLHBTC's legal counsel have yet to receive an order to comment, or any other action from the Supreme Court since the filing of the Commissioner's petition.

SLHBTC and its legal counsel assessed that it has a meritorious case and the final outcome will not have a material adverse effect on the SLHBTC's business financial condition and results of operations.

- Criminal Cases

Complaint against PSALM, TPEC, and TSC

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act", before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Section 3(e) and 3(f) of RA No. 3019 (the "July 29, 2016 DOJ Resolution"). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice while the PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

- SPI Consignation Case

On June 17, 2016, SPI filed with the RTC of Pasig City (the “RTC Pasig”) a civil complaint for consignation against PSALM arising from PSALM’s refusal to accept SPI’s remittances corresponding to the proceeds from the sale to the WESM of electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the “Sale of the Excess Capacity”). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds from the Sale of the Excess Capacity and that the consigned amount should belong to TPEC as it is rightfully entitled to the 200 MW excess capacity of the Sual Power Plant (the “Excess Capacity”).

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the “Omnibus Motion”). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. Subsequently, SPI continuously consigned additional proceeds from the Sale of the Excess Capacity for succeeding billing periods, with the RTC Pasig.

On May 22, 2018, the RTC Pasig issued an Order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of “contracted capacity”, the fairness of the settlement formula and the legality of the memorandum of agreement. SPI filed its Motion for Reconsideration to this Order.

After the case was later re-raffled, the RTC Pasig Branch 268, in an Order dated September 30, 2021: (a) granted SPI’s Motion for Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI’s Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint.

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, agreed to the release of the said amounts to TPEC. Relying on PSALM’s representation and acknowledgment, did not object to the release of the consigned amounts to TPEC, which was later granted by the RTC Pasig Branch 268.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to issues on the Excess Capacity issues, which have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within five days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2025, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491 was released to TPEC on December 20, 2022.

- Petition to Stop the Imposition of the Increase in Generation Charge

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court issued a resolution consolidating both petitions and issued a TRO, originally for a period of 60 days, enjoining: (i) the ERC from implementing its letter dated December 9, 2013; and (ii) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the Supreme Court issued an Order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the Supreme Court extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the Supreme Court extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the Supreme Court was made aware of the order of the ERC dated March 3, 2014 (the “March 3, 2014 ERC Order”) (as defined and discussed under “*ERC Order Voiding WESM Prices*”), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these “regulated prices” based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions; and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court *En Banc* on August 3, 2021 (the “Supreme Court Decision”), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the Supreme Court Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the Supreme Court Decision by filing separate Motions for Reconsideration where they prayed that the Supreme Court Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the Supreme Court Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the Supreme Court *En Banc*, in its resolution dated October 11, 2022, which also directed the entry of judgment of the Supreme Court Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the Supreme Court *En Banc* dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the Supreme Court Decision as at December 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,276 included under “Trade and other receivables - net” account in the consolidated statements of financial position as at December 31, 2025.

- **ERC Order Voiding WESM Prices**

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the “March 3, 2014 ERC Order”).

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the Supreme Court to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, and on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals through their respective Petitions for Review.

After consolidating the cases, the Court of Appeals, in its decision dated November 7, 2017 (the “November 7, 2017 Decision”), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the Court of Appeals through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the Supreme Court, which were also denied by the Supreme Court through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment were subsequently issued by the Supreme Court.

The ERC and Meralco also filed separate Petitions for Review appealing the above orders, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void. The Supreme Court directed the consolidation of the separate petitions to the Third Division of the Supreme Court.

The Supreme Court has not yet promulgated a decision as at December 31, 2025. However, on August 3, 2021, a Decision was rendered by the Supreme Court *En Banc* in a separate case (as discussed under “*Petition to Stop the Imposition of the Increase in Generation Charge*”) declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the Supreme Court *En Banc* covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,322 will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant San Miguel Global Power subsidiaries.

b. EPIRA

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which San Miguel Global Power was selected winning bidder of the IPPA Agreements (Note 36).

The EPIRA requires generation and DU companies to undergo public offering within five years from the effective date and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2025 and 2024.

c. Claims for Contract Price Adjustments on Certain “Fixed Price” PSAs with Meralco

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the “Application”). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco (“SPPC PSA”) while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco (“SPI PSA”) both for a period of ten years. The SPPC PSA and SPI PSA were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the “Joint Motion”) seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of six months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of six months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the “September 29, 2022 ERC Orders”).

SPPC Petition

On November 10, 2022, SPPC filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the “SPPC Court of Appeals Petition”). The Court of Appeals issued a TRO on December 2, 2022, and a writ of preliminary injunction on February 23, 2023.

On July 10, 2023, SPPC received the Court of Appeals’ Joint Decision dated June 27, 2023 (the “June 27, 2023 Court of Appeals Decision”) which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 Court of Appeal’s Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 Court of Appeals Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024 which denied the ERC’s Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court’s discretionary appellate jurisdiction.” The ERC’s Motion for Reconsideration of the Supreme Court Resolution was also denied with finality in another Supreme Court Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 Court of Appeals Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of Writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the Court of Appeals in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 Court of Appeals Decision, the Court of Appeals partially granted its motions and directed the ERC to immediately implement the June 27, 2023 Court of Appeals Decision and act on SPPC’s motions without further delay.

On September 2, 2025, SPPC received the Compliance filed by the ERC with the Court of Appeals. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC’s Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of six months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to San Miguel Global Power.

Related thereto, pursuant to the June 27, 2023 Court of Appeals Decision, SPPC issued a Notice of Change in Circumstances (CIC) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA (the "2nd SPPC CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the Court of Appeals in its June 27, 2023 Court of Appeals Decision and confirmed by the Supreme Court with finality.

On January 27, 2026, SPPC received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPPC CIC Claim allowing SPPC to recover from Meralco the aggregate amount of P15,850 over a recovery period of 36 months commencing from the March 2026 billing period.

SPI Petition

On November 10, 2022, SPI also filed with the Court of Appeals a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI Court of Appeals Petition").

On January 13, 2023, the Court of Appeals: (i) denied SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction; and (ii) granted the consolidation of the SPI Court of Appeals Petition with the SPPC Court of Appeals Petition.

On July 10, 2023, SPI received the Court of Appeals Joint Decision dated June 27, 2023 (the "June 27, 2023 Court of Appeals Decision") which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 Court of Appeals Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 Court of Appeals Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic.

The June 27, 2023 Court of Appeals Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of the Supreme Court Resolution dated April 3, 2024 was denied with finality in a Supreme Court Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 Court of Appeals Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the Court of Appeals in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 Court of Appeals Decision, the Court of Appeals partially granted its motions and directed the ERC to immediately implement the June 27, 2023 Court of Appeals Decision and act on SPI's motions without further delay.

On September 2, 2025, SPI received the Compliance filed by the ERC with the Court of Appeals. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of six months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to SPI.

Related thereto, pursuant to the June 27, 2023 Court of Appeals Decision, SPI issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPI PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA (the "2nd SPI CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the Court of Appeals in its June 27, 2023 Court of Appeals Decision and confirmed by the Supreme Court with finality.

On January 27, 2026, SPI received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPI CIC Claim allowing SPI to recover from Meralco the aggregate amount of P13,362 over a recovery period of 36 months commencing from the March 2026 billing period.

In view of the dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of these cases by the relevant court and/or the ERC, the parties to the Chromite Transaction acknowledged and agreed that San Miguel Global Power shall be entitled, pursuant to the relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the aforesaid cases and claims involving SPPC.

d. *Joint Agreement with Citicore Renewable Energy Corporation (CREC) for the Group's Solar Projects*

On June 28, 2024, San Miguel Global Power through its subsidiary, SGLPC, signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2027. The solar power plant to be owned by a wholly-owned subsidiary of SGLPC, LSI, shall be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

LSI was incorporated in the Philippines and registered with the Philippine SEC on August 9, 2024 primarily to carry on the business of producing, generating and storing electricity and processing fuels alternatives for the power generation.

On May 21, 2025, CREC subscribed to 105,560 common shares of LSI at a subscription price of P100.00 per share or for a total subscription amount of P11. As a result of the subscription, CREC now owns 49% of the outstanding capital stock of LSI while SGLPC retains 51% equity interest in the same.

e. *Investment Agreement*

The Parent Company entered into an Investment Agreement with Cerulean Infrastructure Investments Limited subject to terms and conditions defined in the Investment Agreement.

f. *Impact of the United States of America-Israel-Iran Conflict*

The joint attack of the United States of America and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil markets. Dubai crude prices increased sharply and remained elevated. The market reaction was driven by concerns over global oil supply following the closure of the Strait of Hormuz, a key transit route through which about 20% of global oil and a significant share of liquefied natural gas supply pass. As a result, prices have remained volatile, with notable movements observed across refined products, particularly middle distillates such as kerosene, jet fuel and diesel.

The Parent Company, through its Fuel and Oil business, sources most of its crude oil requirements from the Middle East under term supply arrangements. The closure of the Strait of Hormuz has affected the movement of crude oil from the region. The Group has undertaken measures to support the continuity of supply, including pursuing alternative sources of crude oil through its network of suppliers and securing imported fuel products to supplement refinery production and maintain product availability.

The increase in oil prices may affect the Group's working capital requirements. This impact may be further influenced by depreciation of the Philippine Peso, as crude oil and fuel purchases and a portion of the Group's borrowings are denominated in US Dollars. The Group manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies.

In a deregulated market environment, the Group generally adjusts product prices in response to changes in prevailing regional prices and related costs, subject to market conditions. Prolonged elevated prices may affect demand levels, while refining margins may be influenced by prevailing market conditions.

In light of the evolving situation, management continues to monitor developments and their potential impact on the Group's financial position.

These developments represent non-adjusting events after the reporting date, as the conditions arose subsequent to December 31, 2025 and did not exist at the reporting date. Accordingly, these events do not affect the amounts recognized in the consolidated financial statements as at December 31, 2025. Considering the rapidly evolving nature of the situation, volatility in global oil prices, and uncertainty over the duration and extent of supply disruptions, the Group is currently unable to reliably estimate the potential financial impact on its financial position, financial performance, and cash flows for the subsequent reporting periods.

The Group remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing cost management initiatives. The Group continues to adopt prudent risk management to mitigate the adverse effects of the war, and implement appropriate measures to ensure continuity of supply, operations, and cash flows, amid the oil market volatility and disruptions in 2026.

g. Commitments

The outstanding purchase commitments of the Group amounted to P181,959 and P245,288 as at December 31, 2025 and 2024, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

h. Foreign Exchange Rates

The foreign exchange rates used in translating the US Dollar accounts of foreign subsidiaries, associates and joint ventures to Philippine Peso were closing rates of P58.790 and P57.845 in 2025 and 2024, respectively, for consolidated statements of financial position accounts; and average rates of P57.508, P57.279 and P55.632 in 2025, 2024 and 2023, respectively, for income and expense accounts.

- i.* Certain accounts in the statements of financial position and statements of cash flows in prior years have been reclassified for consistency with the current year presentation to provide more reliable and relevant information and better referencing to other information in the notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

ANNEX “B-1”

SAN MIGUEL CORPORATION
SEC FORM -17Q
(as of March 31, 2026)

COVER SHEET

P W - 2 7 7

S. E. C. Registration Number

S A N

M I G U E L

C O R P O R A T I O N

(Company's Full Name)

N O . 4 0 S A N M I G U E L A V E

M A N D A L U Y O N G C I T Y

M E T R O M A N I L A

P H I L I P P I N E S

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

Atty. Mary Rose S. Tan

Contact Person

(632) 632-3000

Company Telephone Number

1 2

Month

3 1

Day

SEC FORM (1st Quarter-2026)

1 7 - Q

FORM TYPE

2nd Tuesday of June

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.
Number/Section

Amended Articles

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **March 31, 2026**
2. Commission identification number **PW00000227**
3. BIR Tax Identification No. **000-060-741-000**
4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**
5. **Philippines**
Province, country or other jurisdiction
of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **No. 40 San Miguel Avenue,**
Mandaluyong City, Metro Manila **1550**
Address of issuer's principal office Postal Code
8. **(632) 8632-3000**
Issuer's telephone number, including area code
9. **N/A**
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

Number of Shares of Stock and
Debt Outstanding as of
March 31, 2026

Common Shares	2,383,896,588
Series "2-L" Preferred Shares	165,358,600
Series "2-M" Preferred Shares	173,333,325
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	187,859,700
Series "2-P" Preferred Shares	171,370,380
Series "2-Q" Preferred Shares	53,815,840
Series "2-R" Preferred Shares	26,287,800
Series "2-S" Preferred Shares	179,837,540
Series "2-T" Preferred Shares	73,983,880
Series "2-U" Preferred Shares	146,178,580
Total Preferred Shares	<u>1,278,140,745</u>
Total Liabilities	P2,190,650 million

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [☒] No [☐]

If yes, disclose name of the Stock Exchange and class of securities listed therein:

Philippine Stock Exchange

- (a) Common Shares
- (b) Series "2" Preferred Shares - 2-L
- (c) Series "2" Preferred Shares - 2-M
- (d) Series "2" Preferred Shares - 2-N
- (e) Series "2" Preferred Shares - 2-O
- (f) Series "2" Preferred Shares - 2-P
- (g) Series "2" Preferred Shares - 2-Q
- (h) Series "2" Preferred Shares - 2-R
- (i) Series "2" Preferred Shares - 2-S
- (j) Series "2" Preferred Shares - 2-T
- (k) Series "2" Preferred Shares - 2-U

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No [☐]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended March 31, 2026 (with comparative figures as of December 31, 2025 and for the period ended March 31, 2025) and Selected Notes to the Consolidated Financial Statements is hereto attached as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B"**.

PART II--OTHER INFORMATION

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

NONE

SIGNATURES

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

Issuer **SAN MIGUEL CORPORATION**

Signature and Title  **BRYAN U. VILLANUEVA**
Chief Finance Officer

Date **May 15, 2026**

Signature and Title  **BELLA O. NAVARRA**
Comptrollership Manager/
Principal Accounting Officer

Date **May 15, 2026**

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(In Millions)

	<i>Note</i>	2026 Unaudited	2025 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	8, 9	P424,462	P351,715
Trade and other receivables - net	4, 8, 9	264,678	247,559
Inventories		245,644	145,800
Current portion of biological assets - net		3,277	3,074
Prepaid taxes and licenses		99,433	103,105
Prepaid expenses and other current assets	4, 8, 9	45,521	31,689
Total Current Assets		1,083,015	882,942
Noncurrent Assets			
Investments and advances - net	2	126,336	127,258
Investments in equity and debt instruments	4, 8, 9	49,300	47,862
Property, plant and equipment - net	5	809,918	808,450
Right-of-use assets - net		43,879	44,210
Investment property - net		98,224	96,431
Biological assets - net of current portion		2,566	2,661
Goodwill - net		186,663	186,145
Other intangible assets - net		364,676	359,842
Deferred tax assets		26,895	23,196
Contract assets		71,807	69,563
Other noncurrent assets - net	4, 8, 9	84,287	77,600
Total Noncurrent Assets		1,864,551	1,843,218
		P2,947,566	P2,726,160
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	2, 4, 8, 9	P226,010	P230,592
Accounts payable and accrued expenses	4, 8, 9	384,325	254,023
Lease liabilities - current portion	4, 8, 9	8,214	7,994
Income and other taxes payable		42,587	41,753
Dividends and distributions payable	4, 7, 8, 9	3,742	4,639
Current maturities of long-term debt - net of debt issue costs	2, 4, 8, 9	233,991	176,286
Total Current Liabilities		898,869	715,287
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	2, 4, 8, 9	1,208,825	1,181,010
Lease liabilities - net of current portion	4, 8, 9	26,592	27,837
Deferred tax liabilities		30,132	29,303
Other noncurrent liabilities	4, 8, 9	26,232	25,383
Total Noncurrent Liabilities		1,291,781	1,263,533
Total Liabilities		2,190,650	1,978,820

Forward

	2026 Unaudited	2025 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	P16,443	P16,443
Capital stock - preferred	10,187	10,187
Additional paid-in capital	177,151	177,151
Equity reserves	14,577	15,624
Retained earnings:		
Appropriated	84,339	85,931
Unappropriated	135,637	129,390
Treasury stock	(124,045)	(111,345)
	314,289	323,381
Non-controlling Interests	442,627	423,959
Total Equity	756,916	747,340
	P2,947,566	P2,726,160

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions, Except Per Share Data)

	<i>Note</i>	2026 Unaudited	2025 Unaudited
SALES	2, 4	P428,321	P360,911
COST OF SALES		343,142	291,311
GROSS PROFIT		85,179	69,600
SELLING AND ADMINISTRATIVE EXPENSES		(25,558)	(23,995)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	2, 4	(23,843)	(24,620)
INTEREST INCOME	4	4,067	4,007
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES		4,058	2,015
GAIN ON SALE OF PROPERTY AND EQUIPMENT		215	465
OTHER INCOME (CHARGES) - Net	3, 8, 9	(17,569)	25,338
INCOME BEFORE INCOME TAX		26,549	52,810
INCOME TAX EXPENSE		4,084	9,429
NET INCOME		P22,465	P43,381
Attributable to:			
Equity holders of the Parent Company		P7,559	P30,215
Non-controlling interests		14,906	13,166
		P22,465	P43,381
Basic and Diluted Earnings Per Common Share Attributable to Equity Holders of the Parent Company	6	P2.31	P11.67
Cash Dividends Declared Per Common Share	7	P0.35	P0.35

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions)

	Note	2026 Unaudited	2025 Unaudited
NET INCOME		P22,465	P43,381
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit retirement plan		(2)	(6)
Income tax benefit		-	2
Net gain on financial assets at fair value through other comprehensive income		1,436	22,953
Income tax expense		(1)	(690)
Share in other comprehensive income of associates and joint ventures - net		56	-
		1,489	22,259
Items that may be reclassified to profit or loss			
Net gain (loss) on exchange differences on translation of foreign operations		2,953	(524)
Net gain (loss) on financial assets at fair value through other comprehensive income		(9)	22
Income tax benefit (expense)		2	(5)
Net gain (loss) on cash flow hedges	9	(1,114)	178
Income tax benefit (expense)		278	(45)
Share in other comprehensive income (loss) of associates and joint ventures - net		(409)	49
		1,701	(325)
OTHER COMPREHENSIVE INCOME - Net of tax		3,190	21,934
TOTAL COMPREHENSIVE INCOME - Net of tax		P25,655	P65,315
Attributable to:			
Equity holders of the Parent Company		P9,267	P52,503
Non-controlling interests		16,388	12,812
		P25,655	P65,315

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

CERTIFIED CORRECT:

BELLA D. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions)

Note	Equity Attributable to Equity Holders of the Parent Company												Non-controlling Interests	Total Equity
	Equity Reserves													
	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock - Preferred	Total		
	Common	Preferred							Appropriated	Unappropriated				
As at January 1, 2026 (Audited)	P16,443	P10,187	P177,151	(P11,303)	(P1,447)	P23,266	P9,289	(P4,151)	P85,931	P129,390	(P111,345)	P323,381	P423,959	P747,340
Net gain on exchange differences on translation of foreign operations	-	-	-	-	-	-	1,471	-	-	-	-	1,471	1,482	2,953
Share in other comprehensive loss of associates and joint ventures - net	-	-	-	-	-	(353)	-	-	-	-	-	(353)	-	(353)
Net loss on cash flow hedges	-	-	-	-	(836)	-	-	-	-	-	-	(836)	-	(836)
Net gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	1,428	-	-	-	-	-	1,428	-	1,428
Re measurement loss on defined benefit retirement plan	-	-	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Other comprehensive income (loss)	-	-	-	(2)	(836)	1,075	1,471	-	-	-	-	1,708	1,482	3,190
Net income	-	-	-	-	-	-	-	-	7,559	-	-	7,559	14,906	22,465
Total comprehensive income (loss)	-	-	-	(2)	(836)	1,075	1,471	-	-	-	-	9,267	16,388	25,655
Redemption of preferred shares	-	-	-	-	-	-	-	-	7,559	(12,700)	-	(12,700)	-	(12,700)
Net addition to non-controlling interests and others	-	-	-	-	-	-	-	(2,755)	-	(15)	-	(2,770)	17,297	14,527
Reversal of appropriations - net	-	-	-	-	-	-	-	-	(1,592)	1,592	-	-	-	-
Cash dividends and distributions:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common	-	-	-	-	-	-	-	-	(834)	(834)	-	(834)	(5,986)	(6,819)
Preferred	-	-	-	-	-	-	-	-	(2,055)	(2,055)	-	(2,055)	(652)	(2,707)
Capital securities	-	-	-	-	-	-	-	-	-	-	-	-	(8,380)	(8,380)
As at March 31, 2026 (Unaudited)	P16,443	P10,187	P177,151	(P11,305)	(P2,283)	P24,341	P10,730	(P6,906)	P84,339	P135,637	(P124,046)	P314,289	P442,627	P756,916

Forward

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions)

	<i>Note</i>	2026 Unaudited	2025 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P26,549	P52,810
Adjustments for:			
Interest expense and other financing charges		23,843	24,620
Loss (gain) on foreign exchange - net	3	18,070	(3,682)
Depreciation, amortization and others - net	5	14,861	15,834
Gain on fair valuation of investment	3	-	(21,933)
Interest income		(4,067)	(4,007)
Equity in net earnings of associates and joint ventures		(4,058)	(2,015)
Gain on sale of property and equipment		(215)	(465)
Operating income before working capital changes		74,983	61,162
Changes in current assets, certain current liabilities and others		4,116	(8,537)
Cash generated from operations		79,099	52,625
Interest and other financing charges paid		(22,067)	(23,952)
Income taxes paid		(5,374)	(3,268)
Net cash flows provided by operating activities		51,658	25,405
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	5	(16,183)	(15,445)
Other intangible assets		(7,115)	(5,929)
Investments and advances		(6,766)	(8,985)
Advances to contractors and suppliers		(4,112)	(500)
Contract assets		(1,272)	(1,282)
Investment property		(1,111)	(1,015)
Investments in debt instruments		-	(82)
Increase in other noncurrent assets and others		(4,840)	(5,629)
Cash and cash equivalents of deconsolidated subsidiaries		-	(5,668)
Collection of advances		9,351	12,084
Interest received		4,488	4,757
Net proceeds of:			
Sale of property and equipment		3,378	2,063
Redemption of investment in redeemable preferred shares held by a subsidiary		-	78,717
Disposal of investments in debt instruments		-	89
Dividends received		2,103	11,650
Net cash flows provided by (used in) investing activities		(22,079)	64,825

Forward

	Note	2026 Unaudited	2025 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds of:			
Short-term borrowings		P260,445	P314,067
Long-term borrowings		95,757	32,991
Payments of:			
Short-term borrowings		(266,540)	(359,783)
Long-term borrowings		(35,393)	(25,671)
Redemption of capital securities of a subsidiary		(17,862)	-
Cash dividends and distributions paid to non-controlling shareholders		(14,155)	(9,069)
Redemption of preferred shares		(12,700)	-
Cash dividends and distributions paid	7	(4,646)	(3,750)
Payments of lease liabilities		(2,134)	(7,792)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others		(14)	(979)
Net proceeds of issuance of capital securities of a subsidiary		17,555	5,750
Net proceeds of issuance of preferred shares of a subsidiary		14,850	-
Net cash flows provided by (used in) financing activities		35,163	(54,236)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		8,005	(1,744)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		72,747	34,250
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		351,715	293,677
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		P424,462	P327,927

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
March 31, 2026
(In Millions)

	Past Due					
	Total	Current		1 - 30 Days	31 - 60 Days	Over 90 Days
P	185,094	P	145,882	P	3,706	P
Trade				8,707		1,386
Non-trade	86,753	44,812		1,529	4,830	294
Amounts Owed by Related Parties	9,693	8,177		154	93	73
Total	281,540	P	198,871	P	8,629	P
Less allowance for impairment losses	16,862					
Net	264,678					
P				10,390	1,753	61,897

SAN MIGUEL CORPORATION AND SUBSIDIARIES

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Amounts in Millions, Except Per Share Data)

1. Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2025.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 14, 2026.

The interim consolidated financial statements are presented in Philippine Peso and all financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

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

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2026 and accordingly, changed its accounting policies in the following areas:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments* and PFRS 7). The amendments clarify that a financial liability is derecognized on the settlement date when the related obligation is discharged, cancelled or expires. The amendments also introduce an accounting policy option to derecognize financial liabilities settled through an electronic payment system before the settlement date, if certain specified conditions are met.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income (FVOCI).

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.
- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

The adoption of the amendments to standards did not have a material effect on the interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2026 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- PFRS 18, replaces PAS 1. The new standard introduces the following key requirements:
 - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.
 - Management-defined performance measures are disclosed in a single note to the financial statements.
 - Enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

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

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, 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 will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. 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) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2026 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

2. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure, cement, and real estate.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats and canned meats products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, specialty oils, salad aids, snacks and condiments, marketing of flour mixes, and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds ("Animal Nutrition and Health"); (iii) poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations ("Others"). It is also engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements, retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company, electric cooperatives, industrial customers and National Grid Corporation of the Philippines) or through the Philippine Wholesale Electricity Spot Market.

The fuel and oil segment is engaged in refining of crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment holds long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

The real estate segment is primarily engaged in leasing, sale of real estate, management services, and hotel operations.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, property, plant and equipment and concession rights, net of allowances, accumulated depreciation and amortization and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses and other noncurrent liabilities, excluding interest payable. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Financial information about reportable segments as at and for the periods ended March 31, 2026, December 31, 2025 and March 31, 2025 follows:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025
Sales																		
External sales	P103,091	P98,824	P6,217	P5,981	P40,205	P242,652	P192,122	P10,212	P9,532	P9,019	P8,772	P5,475	P6,029	P5,475	P -	P -	P428,321	P360,911
Inter-segment sales	11	54	2,707	2,990	2,292	3,367	2,254	226	200	224	162	9,579	10,238	9,579	(19,289)	(17,531)	-	-
Total sales	P103,102	P98,878	P8,924	P8,971	P42,497	P246,019	P194,376	P10,438	P9,732	P9,243	P8,934	P15,054	P16,267	P15,054	(P19,289)	(P17,531)	P428,321	P360,911
Cost of Sales																		
Inventories	P40,612	P39,458	P4,565	P4,283	P17,539	P208,593	P153,700	P -	P -	P4,072	P3,685	P4,786	P4,641	P4,786	(P8,148)	(P8,495)	P265,730	P214,956
Result																		
Segment result	15,729	15,204	715	788	28,109	6,063	9,472	5,961	5,343	1,674	1,626	1,531	1,422	1,531	(52)	953	59,621	45,605
Interest expense and other financing charges	(1,210)	(1,374)	(232)	(245)	(5,863)	(3,668)	(4,802)	(1,738)	(1,885)	(664)	(737)	(10,236)	(10,845)	(10,236)	377	436	(23,843)	(24,620)
Interest income																	4,067	4,007
Equity in net earnings of associates and joint ventures																		
Gain on sale of property and equipment																		
Other income																	4,058	2,015
(charges) - net																	215	465
Income tax expense																	(17,569)	25,338
Net Income (Loss)	P11,783	P11,582	P274	P662	P23,879	P1,778	P4,025	P4,776	P2,872	P887	P884	P15,106	(P14,938)	P15,106	(P5,974)	(P18,136)	P22,465	P43,381
Other Information																		
Segment assets	P327,149	P328,731	P49,274	P50,905	P735,362	P576,406	P440,367	P539,552	P530,333	P110,772	P111,280	P364,067	P407,400	P364,067	(P189,847)	(P189,781)	P2,556,068	P2,339,599
Investments in and advances to associates and joint ventures	1,183	1,182	-	-	85,943	10	9	9,698	9,768	820	820	26,411	28,682	26,411	-	-	126,336	127,258
Goodwill and trademarks and brand names	38,256	38,193	914	769	69,944	10,172	9,798	23,102	23,102	53,920	53,920	2,989	2,989	2,989	(12,416)	(12,354)	186,881	186,361
Other assets																	51,386	49,746
Deferred tax assets																	26,895	23,196
Consolidated Total Assets																	P2,947,566	P2,726,160
<i>Forward</i>																		

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025
Segment liabilities	P76,810	P79,863	P10,105	P10,948	P84,032	P86,900	P217,729	P85,353	P71,468	P67,925	P6,936	P6,655	P86,958	P85,022	(P150,888)	(P149,683)	P403,150	P272,983
Loans payable	11,147	14,346	4,898	5,682	33,000	33,000	93,700	91,900	-	-	100	170	83,165	85,494	-	-	226,010	230,592
Long-term debt	80,754	80,801	6,266	6,394	287,811	285,136	124,498	124,477	128,156	127,425	35,198	36,133	780,133	696,930	-	-	1,442,816	1,357,296
Lease liabilities																	34,806	35,831
Income and other taxes payable																	42,587	41,753
Dividends and distributions payable																	11,149	11,062
and others																	30,132	29,303
Deferred tax liabilities																		
Consolidated																	P2,190,650	P1,978,820
Total Liabilities																		

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments for the periods ended March 31, 2026 and 2025:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated	
	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025
Timing of recognition																
Sales recognized at point in time	P103,085	P98,822	P5,994	P5,729	P -	P -	P242,652	P192,122	P -	P -	P9,019	P8,772	P4,190	P3,969	P364,940	P309,414
Sales recognized over time	6	2	223	252	51,101	40,205	-	-	10,212	9,532	-	-	1,839	1,506	63,381	51,497
Total external sales	P103,091	P98,824	P6,217	P5,981	P51,101	P40,205	P242,652	P192,122	P10,212	P9,532	P9,019	P8,772	P6,029	P5,475	P428,321	P360,911

3. Other Income (Charges) - Net

Other income (charges) - net consists of:

	<i>Note</i>	For the Periods Ended March 31	
		2026	2025
Gain (loss) on foreign exchange - net	8	(P18,865)	P4,013
Construction costs		(8,764)	(8,102)
Construction revenue		8,764	8,102
Gain (loss) on derivatives - net	9	1,958	(951)
Gain on fair valuation of investment		-	21,933
Others		(662)	343
		(P17,569)	P25,338

The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, port, and water concession rights as at the reporting date.

Gain on fair valuation of the residual investment in South Premiere Power Corp., Excellent Energy Resources Inc. and Ilijan Primeline Industrial Estate, Inc. was recognized in 2025, following the dilution of San Miguel Global Power Holdings Corp.'s (San Miguel Global Power) ownership interest from 100% to 33%.

"Others" consist of dividend income, rent income, impairment, casualty loss, expenses of closed facilities, management income, royalty income, commission income, insurance claims, income from pretermination of lease, and changes in fair value of financial assets at fair value through profit or loss (FVPL).

4. Related Party Disclosures

San Miguel Corporation (SMC or the Parent Company), certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Related Party Transactions Policy of the Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are expected to be collected/settled in cash. Annual assessment is undertaken by examining the financial position of the related parties and the economic conditions in the market in which they operate.

The following are the transactions with related parties and the outstanding balances as at March 31, 2026 and December 31, 2025:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	March 31, 2026	P1	P -	P -	P516	Settled on dividend payment date	Unsecured
	December 31, 2025	8	-	-	516		
	March 31, 2026	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest-bearing	Unsecured; no impairment
	December 31, 2025	-	-	3,037	-		
Retirement plans	March 31, 2026	7	-	2,996	-	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	33	1,119	2,954	-		
	March 31, 2026	45	-	3,110	-	On demand; interest-bearing	Unsecured; no impairment
	December 31, 2025	192	-	3,110	-		
Associates	March 31, 2026	1,446	20	8,661	2,345	On demand and will be applied to subscription; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	5,063	582	9,228	2,564		
	March 31, 2026	110	427	9,727	27,585	Less than 1 to 12 years; interest-bearing	Unsecured and secured; no impairment
	December 31, 2025	627	2,111	9,741	28,285		
Joint ventures	March 31, 2026	79	542	276	514	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	600	2,793	183	276		
	March 31, 2026	16	-	621	-	On demand; interest-bearing	Unsecured; with impairment
	December 31, 2025	14	-	621	-		
Shareholder of the Ultimate Parent Company	March 31, 2026	-	-	1,200	-	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	-	-	1,200	-		
Shareholders of subsidiaries	March 31, 2026	25	408	95	1,580	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	61	1,337	94	1,389		
Others	March 31, 2026	184	835	1,015	183	On demand and will be applied to subscription; non-interest-bearing	Unsecured; no impairment
	December 31, 2025	1,031	3,523	1,241	132		
Total	March 31, 2026	P1,916	P2,232	P31,086	P32,723		
Total	December 31, 2025	P7,681	P11,465	P31,750	P33,162		

- 1) Revenue consists of sale of power, fuel and other products and services to related parties.
- 2) Purchases consist of purchase of inventories, power and other products and services from related parties.
- 3) On March 18, 2025, Petron Corporation (Petron) repurchased via a block sale all of the 459,156,097 common shares held by Petron Corporation Employee Retirement Plan aggregating to P1,119 pursuant to the common share buyback program approved by the BOD on March 4, 2025.
- 4) Amounts owed by related parties consist of current and noncurrent receivables, advances to suppliers and deposits and share in expenses.
 - a) Amounts owed by related parties include interest-bearing receivable from Top Frontier related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.

- (i) *Amounts owed by the Ultimate Parent Company amounting to P2,312:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.
- (ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* On September 27, 2019, the parties agreed in writing that the amounts plus 5.75% interest rate per annum of any portion thereof unpaid shall be payable and the interest shall be accrued, upon commencement of commercial operations of the Nonoc Project.

The Nonoc Project is primarily focused on extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte, and is undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., all indirect subsidiaries of Clariden. As at March 31, 2026 and December 31, 2025, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025.

- b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P6,106 and P6,064 as at March 31, 2026 and December 31, 2025, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to P45 for the periods ended March 31, 2026 and 2025.
- c) Amounts owed by related parties include advances for investment which will be applied against future stock subscription amounting to P8,390 and P7,158, presented as part of "Investments and advances - net" account in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025, respectively.
- d) Amounts owed by associates include investments in equity and debt instruments under an investment management agreement with Bank of Commerce (BankCom) for a total amount of P9,702 and P9,711 as at March 31, 2026 and December 31, 2025, respectively, presented as part of "Investments in equity and debt instruments" account in the consolidated statements of financial position. Interest income earned from investments in equity and debt instruments amounted to P110 and P81 for the periods ended March 31, 2026 and 2025, respectively.
- e) Amounts owed by joint ventures include an interest-bearing receivable from a joint venture amounting to P621 included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at March 31, 2026 and December 31, 2025. Interest income earned from the receivable amounted to P16 and P14 for the periods ended March 31, 2026 and 2025, respectively.

- f) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydropower Corporation by PowerOne Ventures Energy Inc. amounting to P288 and P284 as at March 31, 2026 and December 31, 2025, respectively, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statements of financial position. Interest income earned from the advances amounted to P3 and P20 for the periods ended March 31, 2026 and 2025, respectively.
 - g) Amounts owed by related parties include the receivable from Far East Holdings, Inc. on the assignment by Eagle Cement Corporation of the advances for future investment in KB Space Holdings, Inc. amounting to P1,200, as at March 31, 2026 and December 31, 2025, presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position.
- 5) Amounts owed to related parties consist of trade payables, professional fees and lease obligations. Amounts owed to a related party for the lease of office space presented as part of "Lease liabilities - current portion" amounted to P108 and P107 as at March 31, 2026 and December 31, 2025, respectively, and as part of "Lease liabilities - net of current portion" amounted to P1,398 and P1,425 as at March 31, 2026 and December 31, 2025, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable.

The interest-bearing loans payable to BankCom presented as part of "Loans payable" account amounted to P1,902 and P2,131 and "Long-term debt" account amounted to P25,683 and P26,154 in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025, respectively. Interest expense incurred on the loans amounted to P427 and P548 for the periods ended March 31, 2026 and 2025, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P24,567 and P25,036 as at March 31, 2026 and December 31, 2025, respectively, which were secured by certain property, plant and equipment and other intangible assets.

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

5. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2026 and December 31, 2025

Cost	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
January 1, 2025 (Audited)									
Additions	P65,482	P103,279	P356,737	P200,745	P20,126	P283,567	P17,088	P192,287	P1,239,311
Deconsolidation of subsidiaries	1,292	765	1,814	754	375	6,853	229	45,265	57,347
Disposals/retirement	(1,619)	(422)	(64,553)	-	-	(467)	-	(34,368)	(101,429)
Reclassifications and others	(7)	(45)	-	(4)	(119)	(7,205)	(27)	(117)	(7,524)
Reclassifications and others	(829)	15,908	33,519	2,491	219	10,197	2,896	(63,669)	732
Currency translation adjustments	383	586	-	3,350	1,257	1,860	9	146	7,591
December 31, 2025 (Audited)	64,702	120,071	327,517	207,336	21,858	294,805	20,195	139,544	1,196,028
Additions	26	16	16	95	79	1,713	-	10,729	12,674
Disposals/retirement	(11)	(47)	-	(14)	(78)	(179)	-	(3,128)	(3,457)
Reclassifications and others	210	520	141	151	15	3,094	427	(3,316)	1,242
Currency translation adjustments	98	480	-	1,216	456	1,624	5	115	3,994
March 31, 2026 (Unaudited)	65,025	121,040	327,674	208,784	22,330	301,057	20,627	143,944	1,210,481
Accumulated Depreciation									
January 1, 2025 (Audited)	4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation	538	3,092	14,735	7,524	836	15,153	944	-	42,822
Deconsolidation of subsidiaries	(9)	(36)	(4,231)	-	-	(29)	-	-	(4,305)
Disposals/retirement	(7)	(29)	-	(1)	(119)	(4,353)	(6)	-	(4,515)
Reclassifications	(102)	1,556	(235)	10	1	(959)	5	-	276
Currency translation adjustments	3	295	-	1,598	767	1,202	6	-	3,871
December 31, 2025 (Audited)	5,199	32,750	61,427	92,771	16,930	156,251	5,063	-	370,391
Depreciation	136	857	3,522	1,417	222	4,034	237	-	10,425
Disposals/retirement	(11)	(47)	-	(14)	(78)	(146)	-	-	(296)
Reclassifications	(8)	(66)	-	-	-	239	33	-	198
Currency translation adjustments	1	199	-	588	282	867	5	-	1,942
March 31, 2026 (Unaudited)	5,317	33,693	64,949	94,762	17,356	161,245	5,338	-	382,660
Accumulated Impairment									
January 1, 2025 (Audited)	-	3,866	-	-	-	11,456	25	272	15,619
Impairment	274	-	-	104	12	684	-	92	1,166
Disposals/retirement	-	(6)	-	-	-	(106)	-	-	(112)
Reclassifications	-	(2)	-	-	-	44	-	-	42
Currency translation adjustments	-	130	-	1	-	339	2	-	472
December 31, 2025 (Audited)	274	3,988	-	105	12	12,417	27	364	17,187
Impairment	-	-	-	-	-	74	-	-	74
Currency translation adjustments	-	177	-	4	-	459	2	-	642
March 31, 2026 (Unaudited)	274	4,165	-	109	12	12,950	29	364	17,903
Carrying Amount									
December 31, 2025 (Audited)	P59,229	P83,333	P266,090	P114,460	P4,916	P126,137	P15,105	P139,180	P808,450
March 31, 2026 (Unaudited)	P59,434	P83,182	P262,725	P113,913	P4,962	P126,862	P15,260	P143,580	P809,918

March 31, 2025

Cost	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
January 1, 2025 (Audited)	P65,482	P103,279	P356,737	P200,745	P20,126	P283,567	P17,088	P192,287	P1,239,311
Additions	27	8	1,633	132	358	1,249	33	12,908	16,348
Deconsolidation of subsidiaries	(1,619)	(422)	(64,553)	-	-	(467)	-	(34,364)	(101,425)
Disposals/retirement	-	(10)	-	-	-	(2,862)	-	-	(2,872)
Reclassifications and others	(332)	(300)	5,499	2,315	59	(4,426)	1,311	(12,949)	(8,823)
Currency translation adjustments	(24)	(103)	-	(146)	(55)	(370)	-	(7)	(705)
March 31, 2025 (Unaudited)	63,534	102,452	299,316	203,046	20,488	276,691	18,432	157,875	1,141,834
Accumulated Depreciation									
January 1, 2025 (Audited)	4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation	134	725	3,916	1,866	240	3,555	207	-	10,643
Deconsolidation of subsidiaries	(9)	(36)	(4,231)	-	-	(29)	-	-	(4,305)
Disposals/retirement	-	(3)	-	-	-	(1,257)	-	-	(1,260)
Reclassifications	(164)	(1,843)	(468)	-	-	(7,096)	1	-	(9,570)
Currency translation adjustments	(3)	(51)	-	(68)	(33)	(215)	-	-	(370)
March 31, 2025 (Unaudited)	4,734	26,664	50,375	85,438	15,652	140,195	4,322	-	327,380
Accumulated Impairment									
January 1, 2025 (Audited)	-	3,866	-	-	-	11,456	25	272	15,619
Impairment	-	-	-	-	-	58	-	-	58
Disposals/retirement	-	(7)	-	-	-	(3)	-	-	(10)
Currency translation adjustments	-	(39)	-	-	-	(112)	-	-	(151)
March 31, 2025 (Unaudited)	-	3,820	-	-	-	11,399	25	272	15,516
Carrying Amount									
March 31, 2025 (Unaudited)	P58,800	P71,968	P248,941	P117,608	P4,836	P125,097	P14,085	P157,603	P798,938

“Equipment, furniture and fixtures” includes machinery, transportation equipment, office equipment and tools and small equipment.

Depreciation charged to operations amounted to P10,425 and P10,643 for the periods ended March 31, 2026 and 2025, respectively.

Reclassifications and others include transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party, and reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

Additions to property, plant and equipment for the periods ended March 31, 2026 and 2025, include noncash or unpaid portion of payables amounting to P4,806 and P5,377, respectively, which represent noncash investing activities.

As at March 31, 2026 and December 31, 2025, certain property, plant and equipment amounting to P299,093 and P294,127, respectively, were pledged as security for syndicated project finance loans.

6. Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of capital securities, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	For the Periods Ended March 31	
	2026	2025
Net income attributable to equity holders of the Parent Company	P7,559	P30,215
Less: Dividends on preferred shares for the period	2,054	1,854
Distributions on capital securities for the period	-	536
Net income attributable to common shareholders of the Parent Company (a)	P5,505	P27,825
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	2,384	2,384
Basic and diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	P2.31	P11.67

Earnings per common share is computed based on amounts in nearest Peso.

The Parent Company has no dilutive debt or equity instruments for the periods ended March 31, 2026 and 2025.

7. Dividends and Distributions

Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2026

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 12, 2026	March 30, 2026	April 17, 2026	P0.35
Preferred				
SMC2I	January 15, 2026	March 20, 2026	March 30, 2026	1.18790625
SMC2L	January 15, 2026	March 20, 2026	March 30, 2026	1.48396875
SMC2M	January 15, 2026	March 20, 2026	March 30, 2026	1.5703125
SMC2N	January 15, 2026	March 20, 2026	March 30, 2026	1.5649875
SMC2O	January 15, 2026	March 20, 2026	March 30, 2026	1.6113
SMC2P	January 15, 2026	March 20, 2026	March 30, 2026	1.3059375
SMC2Q	January 15, 2026	March 20, 2026	March 30, 2026	1.3605
SMC2R	January 15, 2026	March 20, 2026	March 30, 2026	1.413
SMC2S	January 15, 2026	March 20, 2026	March 30, 2026	1.3059375
SMC2T	January 15, 2026	March 20, 2026	March 30, 2026	1.3605
SMC2U	January 15, 2026	March 20, 2026	March 30, 2026	1.413

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 13, 2025	March 28, 2025	April 25, 2025	P0.35
Preferred				
SMC2F	January 16, 2025	March 21, 2025	April 4, 2025	1.27635
SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	1.18790625
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	0.890625
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	0.84375
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	1.48396875
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	1.5703125
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	1.5649875
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	1.6113

On May 14, 2026, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at June 19, 2026 on the following shares to be paid on June 30, 2026, as follows:

Class of Shares	Dividend Per Share
SMC2L	P1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.6113
SMC2P	1.3059375
SMC2Q	1.3605
SMC2R	1.413
SMC2S	1.3059375
SMC2T	1.3605
SMC2U	1.413

Distributions

The Parent Company declared and paid P1,071 to the holders of Senior Perpetual Capital Securities (SPCS) for the period ended March 31, 2025, as distributions in accordance with the terms and conditions of the subscription agreements with the Parent Company.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: (a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; (b) performance of the internal auditors; (c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (d) compliance with tax, legal and regulatory requirements; (e) evaluation of management's process to assess and manage the enterprise risk issues; and (f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2026	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P100,651 3.284% - 8.7815%	P114,630 3.5483% - 8.7815%	P85,314 3.5483% - 8.7815%	P82,816 3.5483% - 8.7815%	P73,139 3.8462% - 8.6074%	P165,770 3.8462% - 8.6074%	P622,320
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,596 8.331%	5,139 5.166% - 8.331%	14,328 5.166% - 8.331%	14,409 5.166% - 8.331%	10,845 5.166% - 8.331%	-	46,317
Floating Rate							
Philippine Peso-denominated Interest rate	4,102 Bloomberg Valuation (BVAL) + margin or applicable reference rate, whichever is higher	5,471 BVAL + margin or applicable reference rate, whichever is higher	6,096 BVAL + margin or applicable reference rate, whichever is higher	12,808 BVAL + margin or applicable reference rate, whichever is higher	1,976 BVAL + margin or applicable reference rate, whichever is higher	44,979 BVAL + margin or applicable reference rate, whichever is higher	75,432
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	129,285 Secured Overnight Financing Rate (SOFR) applicable reference rate + margin	171,253 SOFR/ applicable reference rate + margin	200,514 SOFR/ applicable reference rate + margin	58,562 SOFR/ applicable reference rate + margin	100,099 SOFR/ applicable reference rate + margin	54,094 SOFR/ applicable reference rate + margin	713,807
	P235,634	P296,493	P306,252	P168,595	P186,059	P264,843	P1,457,876
December 31, 2025							
Fixed Rate							
Philippine Peso-denominated Interest rate	P76,519 3.284% - 8.7815%	P114,142 3.5483% - 8.7815%	P103,226 3.5483% - 8.7815%	P84,558 3.5483% - 8.7815%	P66,195 4.8356% - 8.7815%	P163,026 4.8356% - 8.6074%	P607,666
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,544 8.331%	3,294 5.166% - 8.331%	13,866 5.166% - 8.331%	13,945 5.166% - 8.331%	12,175 5.166% - 8.331%	-	44,824
Floating Rate							
Philippine Peso-denominated Interest rate	4,102 BVAL + margin or applicable reference rate, whichever is higher	5,444 BVAL + margin or applicable reference rate, whichever is higher	6,037 BVAL + margin or applicable reference rate, whichever is higher	12,758 BVAL + margin or applicable reference rate, whichever is higher	2,912 BVAL + margin or applicable reference rate, whichever is higher	43,546 BVAL + margin or applicable reference rate, whichever is higher	74,799
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	95,530 SOFR/ applicable reference rate + margin	117,984 SOFR/ applicable reference rate + margin	159,958 SOFR/ applicable reference rate + margin	142,633 SOFR/ applicable reference rate + margin	75,646 SOFR/ applicable reference rate + margin	52,351 SOFR/ applicable reference rate + margin	644,102
	P177,695	P240,864	P283,087	P253,894	P156,928	P258,923	P1,371,391

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P1,973 and P7,189 for the period ended March 31, 2026 and for the year ended December 31, 2025, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and
- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	March 31, 2026		December 31, 2025	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$3,539	P214,935	US\$2,843	P167,215
Trade and other receivables	1,134	68,888	826	48,518
Prepaid expenses and other current assets	220	13,345	27	1,544
Noncurrent receivables	41	2,563	40	2,460
	4,934	299,731	3,736	219,737
Liabilities				
Loans payable	722	43,866	721	42,416
Accounts payable and accrued expenses	4,343	263,870	2,553	150,092
Long-term debt (including current maturities)	12,512	760,124	11,719	688,926
Lease liabilities (including current portion)	207	12,568	232	13,659
Other noncurrent liabilities	11	712	11	657
	17,795	1,081,140	15,236	895,750
Net foreign currency-denominated monetary liabilities	US\$12,861	P781,409	US\$11,500	P676,013

The Group reported net gain (loss) on foreign exchange amounting to (P18,865) and P4,013 for the periods ended March 31, 2026 and 2025, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 3). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2026	P60.748
December 31, 2025	58.790
March 31, 2025	57.210
December 31, 2024	57.845

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
March 31, 2026				
Cash and cash equivalents	(P2,713)	(P2,865)	P2,713	P2,865
Trade and other receivables	(406)	(1,036)	406	1,036
Prepaid expenses and other current assets	(202)	(169)	202	169
Noncurrent receivables	(36)	(32)	36	32
	(3,357)	(4,102)	3,357	4,102
Loans payable	700	546	(700)	(546)
Accounts payable and accrued expenses	1,583	3,898	(1,583)	(3,898)
Long-term debt (including current maturities)	12,479	9,393	(12,479)	(9,393)
Lease liabilities (including current portion)	118	186	(118)	(186)
Other noncurrent liabilities	8	9	(8)	(9)
	14,888	14,032	(14,888)	(14,032)
	P11,531	P9,930	(P11,531)	(P9,930)
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2025				
Cash and cash equivalents	(P2,202)	(P2,292)	P2,202	P2,292
Trade and other receivables	(328)	(778)	328	778
Prepaid expenses and other current assets	(11)	(24)	11	24
Noncurrent receivables	(35)	(31)	35	31
	(2,576)	(3,125)	2,576	3,125
Loans payable	700	545	(700)	(545)
Accounts payable and accrued expenses	1,669	2,384	(1,669)	(2,384)
Long-term debt (including current maturities)	11,685	8,797	(11,685)	(8,797)
Lease liabilities (including current portion)	132	199	(132)	(199)
Other noncurrent liabilities	8	9	(8)	(9)
	14,194	11,934	(14,194)	(11,934)
	P11,618	P8,809	(P11,618)	(P8,809)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

Commodity Swaps, Futures and Options. Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

March 31, 2026	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P424,462	P424,462	P424,462	P -	P -	P -
Trade and other receivables - net	264,678	264,678	264,678	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	16,964	16,964	13,304	12	3,648	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	893	893	396	-	-	497
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	37,199	37,329	7	54	769	36,499
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,210	14,210	1,525	867	11,818	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,552	8,552	-	4,717	85	3,750
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	30,409	30,409	23,694	4,201	1,730	784
Financial Liabilities						
Loans payable	226,010	227,871	227,871	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO) and deferred income)	370,748	370,748	370,748	-	-	-
Dividends and distributions payable	3,742	3,742	3,742	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	11,814	11,814	11,645	46	123	-
Long-term debt (including current maturities)	1,442,816	1,763,736	318,958	365,161	766,288	313,329
Lease liabilities (including current portion)	34,806	48,521	9,875	11,876	8,248	18,522
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	6,594	6,594	-	3,245	2,341	1,008

December 31, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P351,715	P351,715	P351,715	P -	P -	P -
Trade and other receivables - net	247,559	247,559	247,559	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,664	3,664	1,364	109	2,191	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	886	886	398	-	-	488
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	35,770	35,946	54	53	769	35,070
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,205	14,390	1,376	947	12,067	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	6,155	6,155	-	1,664	750	3,741
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	28,777	28,777	22,512	4,382	1,696	187
Financial Liabilities						
Loans payable	230,592	232,485	232,485	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	250,350	250,350	250,350	-	-	-
Dividends and distributions payable	4,639	4,639	4,639	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,789	2,789	1,999	6	784	-
Long-term debt (including current maturities)	1,357,296	1,680,863	260,540	310,016	801,526	308,781
Lease liabilities (including current portion)	35,831	50,594	9,693	9,689	11,474	19,738
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	5,641	5,641	-	2,171	2,053	1,417

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprise of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	March 31, 2026	December 31, 2025
Cash and cash equivalents (excluding cash on hand)	P421,952	P345,694
Trade and other receivables - net	264,678	247,559
Derivative assets	16,964	3,664
Investments in debt instruments at FVPL	396	398
Investments in debt instruments at FVOCI	691	700
Investments in debt instruments at amortized cost	12,210	12,205
Noncurrent receivables and deposits - net	8,552	6,155
Restricted cash	30,409	28,777
	P755,852	P645,152

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month expected credit loss (ECL) or lifetime ECL. Assets that are credit-impaired are separately presented.

March 31, 2026						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P421,952	P -	P -	P -	P -	P421,952
Trade and other receivables	-	264,678	16,862	-	-	281,540
Derivative assets	-	-	-	13,002	3,962	16,964
Investments in debt instruments at FVPL	-	-	-	396	-	396
Investments in debt instruments at FVOCI	-	-	-	-	691	691
Investments in debt instruments at amortized cost	12,210	-	-	-	-	12,210
Noncurrent receivables and deposits	-	8,552	268	-	-	8,820
Restricted cash	30,409	-	-	-	-	30,409

December 31, 2025						
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Financial Assets at FVOCI	Total
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired			
Cash and cash equivalents (excluding cash on hand)	P345,694	P -	P -	P -	P -	P345,694
Trade and other receivables	-	247,559	16,811	-	-	264,370
Derivative assets	-	-	-	1,164	2,500	3,664
Investments in debt instruments at FVPL	-	-	-	398	-	398
Investments in debt instruments at FVOCI	-	-	-	-	700	700
Investments in debt instruments at amortized cost	12,205	-	-	-	-	12,205
Noncurrent receivables and deposits	-	6,155	268	-	-	6,423
Restricted cash	28,777	-	-	-	-	28,777

The aging of receivables is as follows:

March 31, 2026	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P145,882	P44,812	P8,177	P198,871
Past due:				
1 - 30 days	8,707	1,529	154	10,390
31 - 60 days	3,706	4,830	93	8,629
61 - 90 days	1,386	294	73	1,753
Over 90 days	25,413	35,288	1,196	61,897
	P185,094	P86,753	P9,693	P281,540

December 31, 2025	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P134,967	P37,688	P9,953	P182,608
Past due:				
1 - 30 days	14,599	783	358	15,740
31 - 60 days	3,827	2,074	103	6,004
61 - 90 days	934	1,032	56	2,022
Over 90 days	25,666	31,447	883	57,996
	P179,993	P73,024	P11,353	P264,370

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken and hogs in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the Bangko Sentral ng Pilipinas, is not subject to externally imposed capital requirements.

9. Financial Assets and Financial Liabilities

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost; financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments and debt instruments at FVPL are classified under this category.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

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

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

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “passthrough” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing components. The Group uses a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

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

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

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

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

	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P424,462	P424,462	P351,715	P351,715
Trade and other receivables - net	264,678	264,678	247,559	247,559
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	16,964	16,964	3,664	3,664
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	893	893	886	886
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	37,199	37,199	35,770	35,770
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,210	12,210	12,205	12,205
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,552	8,552	6,155	6,155
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	30,409	30,409	28,777	28,777
Financial Liabilities				
Loans payable	226,010	226,010	230,592	230,592
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	370,748	370,748	250,350	250,350
Dividends and distributions payable	3,742	3,742	4,639	4,639
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	11,814	11,814	2,789	2,789
Long-term debt (including current maturities)	1,442,816	1,463,451	1,357,296	1,392,114
Lease liabilities (including current portion)	34,806	34,806	35,831	35,831
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	6,594	6,594	5,641	5,641

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash. The carrying amount of cash and cash equivalents, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted, using the applicable discount rates of comparable instruments quoted in active markets.

Loans Payable, Accounts Payable and Accrued Expenses, and Dividends and Distributions Payable. The carrying amount of loans payable, accounts payable and accrued expenses and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.6% to 6.9% and 4.6% to 8.8% as at March 31, 2026 and December 31, 2025, respectively. The discount rates used for foreign currency-denominated loans range from 3.7% to 3.9% and 3.5% to 3.7% as at March 31, 2026 and December 31, 2025, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the "Hedging reserve" account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction-related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated, or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

The Group has outstanding derivatives accounted for as cash flow hedge as at March 31, 2026 and December 31, 2025.

Embedded Derivatives

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has embedded derivatives as at March 31, 2026 and December 31, 2025.

Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

March 31, 2026	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	US\$80	US\$ -	US\$1,335	US\$1,415
Average strike rate	P51.35 to P59.00	-	P55.35 to P63.15	
Interest rate risk:				
Interest rate options:				
Notional amount	US\$225	US\$350	US\$700	US\$1,275
Interest rate	0.39% to 2.91%	0.50% to 5.80%	0.50% to 5.60%	
Foreign currency and interest rate risks:				
Non-deliverable swap and options:				
Notional amount	JPY -	JPY8,500	JPY53,100	JPY61,600
Average strike rate	P -	P0.3809	P0.3809 to P0.53326	
Fixed interest rate	-	6.25%	6.32% to 6.40%	

December 31, 2025	Maturity			Total
	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	US\$40	US\$40	US\$935	US\$1,015
Average strike rate	P51.35 to P55.40	P54.30 to P59.00	P55.35 to P61.845	
Interest rate risk:				
Interest rate options:				
Notional amount	US\$225	US\$ -	US\$1,050	US\$1,275
Interest rate	0.39% to 2.91%	-	0.50% to 6.25%	
Foreign currency and interest rate risks:				
Non-deliverable swap and options:				
Notional amount	JPY -	JPY -	JPY61,600	JPY61,600
Average strike rate	P -	P -	P0.3809 to P0.53326	
Fixed interest rate	-	-	6.25% to 6.40%	

The following are the amounts relating to hedged items:

March 31, 2026	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	(P2,179)	P -	(P2,424)
Interest rate risk:			
US Dollar-denominated borrowings	81	121	(84)
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	184	-	104

December 31, 2025	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	(P970)	P -	(P953)
Interest rate risk:			
US Dollar-denominated borrowings	79	200	(247)
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	400	-	(447)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

[illegible]

December 31, 2025	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Non-deliverable call spreads	US\$1,015	P 2,375	P -	Prepaid expenses and other current assets and Other noncurrent assets - net	P 970	(P747)	(P970)	P479	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate options	US\$1,275	125	(187)	Prepaid expenses and other current assets, Other noncurrent assets - net, and Other noncurrent liabilities	(79)	84	(161)	-	Interest expense and other financing charges
Foreign currency and interest rate risks:									
Non-deliverable swap and options	JPY61,600	-	(597)	Other noncurrent liabilities	(400)	(597)	400	-	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized for the periods ended March 31, 2026 and 2025 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	March 31, 2026		December 31, 2025	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	P200	(P1,647)	P380	(P1,061)
Changes in fair value:				
Foreign currency risk	2,179	(2,093)	970	(747)
Interest rate risk	(81)	217	(79)	84
Foreign currency and interest rate risks	(184)	735	(400)	(597)
Amount reclassified to profit or loss	(2,019)	132	(731)	479
Tax effect	26	252	60	195
Ending balance	P121	(P2,404)	P200	(P1,647)

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Interest Rate Swaps

The Group has outstanding interest rate swaps with aggregate notional amount of US\$225 and US\$75 as at March 31, 2026 and December 31, 2025, respectively. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2030. The net positive (negative) fair value of these swaps amounted to (P41) and P15 as at March 31, 2026 and December 31, 2025, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,800 and US\$1,322 as at March 31, 2026 and December 31, 2025, respectively, and with various maturities in 2026. The net positive (negative) fair value of these currency forwards amounted to P1,979 and (P446) as at March 31, 2026 and December 31, 2025, respectively.

Currency Options

The Group has outstanding currency options with aggregate notional amount of US\$2,390 and US\$1,003 as at March 31, 2026 and December 31, 2025, respectively, and with various maturities in 2026. The net positive (negative) fair value of these currency options amounted to P50 and (P27) as at March 31, 2026 and December 31, 2025, respectively.

Commodity Swaps

The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities up to 2027. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil was 91.8 million barrels and 116.5 million barrels as at March 31, 2026 and December 31, 2025, respectively. The net negative fair value of these swaps amounted to P267 and P198 as at March 31, 2026 and December 31, 2025, respectively.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$180 and US\$118 as at March 31, 2026 and December 31, 2025, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P422 and P185 as at March 31, 2026 and December 31, 2025, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to P1,958, (P951) and (P1,008) for the periods ended March 31, 2026 and 2025, and December 31, 2025, respectively (Note 3).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of year	P875	P765
Net change in fair value of derivatives:		
Designated as accounting hedge	1,882	52
Not designated as accounting hedge	1,958	(1,008)
	4,715	(191)
Less fair value of settled instruments	(435)	(1,066)
Balance at end of period	P5,150	P875

Fair Value Measurements

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The table below analyzes financial instruments carried at fair value by valuation method:

	March 31, 2026			December 31, 2025		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P16,964	P16,964	P -	P3,664	P3,664
Financial assets at FVPL	396	497	893	398	488	886
Financial assets at FVOCI	29,844	7,355	37,199	28,397	7,373	35,770
Financial Liabilities						
Derivative liabilities	-	11,814	11,814	-	2,789	2,789

The Group has no financial instruments valued based on Level 3 as at March 31, 2026 and December 31, 2025. For the period ended March 31, 2026 and for the year ended December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

10. Events After the Reporting Date

a. Issuance of Series N, Series O and Series P Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On April 17, 2026, San Miguel Global Power issued and listed on the Philippine Dealing & Exchange Corp. a total of P30,000 Fixed Rate Peso-denominated Bonds. The bonds consist of: (i) P14,607 Series N Bonds maturing in 2031 with an interest rate of 7.6264% per annum; (ii) P5,505 Series O Bonds maturing in 2033 with an interest rate of 7.8682% per annum; and (iii) P9,888 Series P Bonds maturing in 2036 with an interest rate of 8.1761% per annum.

The net proceeds of the issuance of the bonds were used for payment of: (i) P6,923 Series J Bonds on April 24, 2026; and (ii) transaction-related fees, costs and expenses. The remaining balance will be used for: (i) payment of Series C Bonds on July 11, 2026; and (ii) partial funding of renewable energy projects.

b. Repurchase of SPCS by Petron

On April 19, 2026, Petron repurchased US\$163 SPCS issued in April 2021, as approved by Petron's BOD on March 3, 2026. Accrued but unpaid distributions were also settled.

c. Issuance of Redeemable Perpetual Capital Securities (RPCS) by SMC Global Light and Power Corp. (SGLPC)

On April 20, 2026, SGLPC issued a US\$500 RPCS, with a prescribed initial distribution rate of 8.5% per annum, payable pursuant to the terms of the agreement.

The net proceeds will be used to fund the development of the Group's renewable energy projects.

d. Redemption of Series 3B Preferred Shares by Petron

On May 5, 2026, the BOD of Petron approved the redemption on June 25, 2026 of P6,597 Series 3B Preferred Shares issued in June 2019.

e. Issuance of Preferred Shares by SMC

On May 14, 2026, the BOD of SMC approved the issuance of 266,666,600 Series "2" Preferred Shares, with an oversubscription option of 133,333,400 Series "2" Preferred Shares at an issue price of P75.00 per share, to be issued in three subseries namely Subseries "2-V", "2-W" and "2-X", with the value of up to P30,000.

The net proceeds of the issuance will be used to refinance existing short-term loans and/or to fund airport and tollways projects.

11. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P213,881 and P181,959 as at March 31, 2026 and December 31, 2025, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

b. There were no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

c. There were no material changes in estimates of amounts reported in prior financial years.

d. Certain accounts in prior years have been reclassified for consistency with the current period presentation to provide more reliable and relevant information and better referencing to other information in the selected notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

e. The impact of the United States of America-Israel-Iran conflict in the performance of the Group for the first quarter of 2026 is discussed in the Management's Discussion and Analysis of Financial Position and Financial Performance.

SAN MIGUEL CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of March 31, 2026 and December 31, 2025 for liquidity, solvency and profitability ratios and for the periods ending March 31, 2026 and 2025 for operating efficiency ratios.

	March 31, 2026	December 31, 2025
<u>Liquidity:</u>		
Current Ratio	1.20	1.23
Quick Ratio	0.77	0.84
<u>Solvency:</u>		
Debt to Equity Ratio	2.89	2.65
Asset to Equity Ratio	3.89	3.65
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	5.84%	13.63%
Interest Rate Coverage Ratio	2.11	2.24
Return on Assets	2.60%	3.50%
	Periods Ended March 31	
	2026	2025
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	8%	(9%)
Revenue Growth (Decline)	19%	(8%)
Operating Margin	14%	13%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$

Forward

KPI	Formula
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.



**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation (“SMC” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended March 31, 2026 (with comparative figures as at December 31, 2025 and for the period ended March 31, 2025). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2026, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards Accounting Standards have been omitted.

I. 2026 SIGNIFICANT TRANSACTIONS

In 2026, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

FOREIGN CURRENCY-DENOMINATED LOAN BY SMC

On March 11, 2026, SMC drew US\$1,000 million from the US\$1,500 million loan facility executed on December 3, 2025, subject to a floating interest rate and maturing in December 2030. The proceeds of the loan will be used for general corporate purposes.

PESO TERM LOANS

▪ **San Miguel Global Power Holdings Corp. (San Miguel Global Power)**

On March 31, 2026, San Miguel Global Power availed of a P20,000 million term loan subject to a fixed interest rate and with maturities of up to seven years. The proceeds of the loan will be used to partially finance capital expenditures and for general corporate requirements pertaining to the pipeline of renewable energy projects under the Green Energy Auction Program.

▪ **San Miguel Brewery Inc. (SMB)**

On March 27, 2026, SMB availed a total of P10,000 million term loan subject to fixed interest rates and maturing up to March 2033. The proceeds of the loan were used to refinance the term loan that matured on March 31, 2026.

▪ **INFRASTRUCTURE**

a. SMC Mass Rail Transit 7 Inc. (SMC MRT 7)

On February 5 and March 12, 2026, SMC MRT 7 drew a total of P1,700 million from the P100,000 million Omnibus Loan and Security Agreement executed with various local banks on May 18, 2023. The loan is subject to a floating interest rate and with a term of 15 years. The proceeds of the loan will be used to partially finance the Mass Rail Transit 7 (MRT 7) Project.

b. Star Infrastructure Development Corporation (SIDC)

On January 27, 2026, SIDC drew P1,000 million from the P10,700 million term loan facility with local banks dated December 18, 2025. The loan is subject to a fixed interest rate and maturing in June 2034. The proceeds of the loan were used to partially finance the Southern Tagalog Arterial Road Widening Project.

PAYMENT OF MATURING OBLIGATIONS

For the first quarter of 2026, the Group paid a total of P25,493 million of its scheduled amortizations and maturing obligations, funded by cash generated from operations.

REDEMPTION OF PREFERRED SHARES BY SMC

On March 30, 2026, SMC redeemed 169,333,400 Series “2” Preferred Shares - Subseries “2-I” (SMC2I Preferred Shares) issued on March 30, 2016 at a redemption price of P75.00 per share. Cash dividends were also paid together with the redemption proceeds on the said redemption date. The redemption was approved by the Board of Directors (BOD) of SMC on January 15, 2026.

The SMC2I Preferred Shares were redeemed using a portion of the proceeds from the US\$1,000 million term loan drawn on March 11, 2026 under the US\$1,500 million loan facility and short-term loans.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares was suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the Philippine Stock Exchange, Inc.

ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS) BY SAN MIGUEL GLOBAL POWER

On January 20, 2026, San Miguel Global Power issued US\$300 million SPCS with an initial distribution rate of 8.375% per annum. The securities were listed on the Singapore Exchange Securities Trading Limited on January 21, 2026.

The net proceeds from the issuance were used for the redemption on January 20, 2026 of the remaining US\$300 million securities, out of the US\$600 million SPCS issued in January 2020.

EVENTS AFTER THE REPORTING DATE

a. Issuance of Series N, Series O and Series P Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On April 17, 2026, San Miguel Global Power issued and listed on the Philippine Dealing & Exchange Corp. a total of P30,000 million Fixed Rate Peso-denominated Bonds. The bonds consist of: (i) P14,607 million Series N Bonds maturing in 2031 with an interest rate of 7.6264% per annum; (ii) P5,505 million Series O Bonds maturing in 2033 with an interest rate of 7.8682% per annum; and (iii) P9,888 million Series P Bonds maturing in 2036 with an interest rate of 8.1761% per annum.

The net proceeds of the issuance of the bonds were used for payment of: (i) P6,923 million Series J Bonds on April 24, 2026; and (ii) transaction-related fees, costs and expenses. The remaining balance will be used for: (i) payment of Series C Bonds on July 11, 2026; and (ii) partial funding of renewable energy projects.

b. Repurchase of SPCS by Petron Corporation (Petron)

On April 19, 2026, Petron repurchased US\$163 million SPCS issued in April 2021, as approved by Petron's BOD on March 3, 2026. Accrued but unpaid distributions were also settled.

c. Issuance of Redeemable Perpetual Capital Securities (RPCS) by SMC Global Light and Power Corp. (SGLPC)

On April 20, 2026, SGLPC issued US\$500 million RPCS, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

The net proceeds of the issuance will be used to fund the development of the Group's renewable energy projects.

d. Redemption of Preferred Shares by Petron

On May 5, 2026, the BOD of Petron approved the redemption on June 25, 2026 of the P6,597 million Series 3B Preferred Shares issued in June 2019.

e. Issuance of Preferred Shares by SMC

On May 14, 2026, the BOD of SMC approved the issuance of 266,666,600 Series "2" Preferred Shares, with an oversubscription option of 133,333,400 Series "2" Preferred Shares at an issue price of P75.00 per share, to be issued in three subseries namely Subseries "2-V", "2-W" and "2-X", with the value of up to P30,000 million.

The net proceeds of the issuance will be used to refinance existing short-term loans and/or to fund airport and tollway projects.

II. FINANCIAL PERFORMANCE

2026 vs. 2025

(Amounts in Millions)	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2026	2025	Amount	%	2026	2025
Sales	P428,321	P360,911	P67,410	19%	100%	100%
Cost of sales	(343,142)	(291,311)	51,831	18%	(80%)	(81%)
Gross profit	85,179	69,600	15,579	22%	20%	19%
Selling and administrative expenses	(25,558)	(23,995)	1,563	7%	(6%)	(6%)
Operating income	59,621	45,605	14,016	31%	14%	13%
Interest expense and other financing charges	(23,843)	(24,620)	(777)	(3%)	(6%)	(7%)
Interest income	4,067	4,007	60	1%	1%	1%
Equity in net earnings of associates and joint ventures	4,058	2,015	2,043	101%	1%	1%
Gain on sale of property and equipment	215	465	(250)	(54%)	0%	0%
Other income (charges) - net	(17,569)	25,338	(42,907)	(169%)	(4%)	7%
Income before income tax	26,549	52,810	(26,261)	(50%)	6%	15%
Income tax expense	(4,084)	(9,429)	(5,345)	(57%)	(1%)	(3%)
Net Income	P22,465	P43,381	(P20,916)	(48%)	5%	12%
Net income attributable to:						
Equity holders of the Parent Company	P7,559	P30,215	(P22,656)	(75%)	2%	8%
Non-controlling interests	14,906	13,166	1,740	13%	3%	4%
Net Income	P22,465	P43,381	(P20,916)	(48%)	5%	12%

The Group's consolidated sales for the first quarter of 2026 amounted to P428,321 million, reflecting a 19% increase compared to the same period last year. The increase was primarily driven by: (a) Petron's higher average selling prices and a 13% growth in sales volume, particularly from the trading transactions of Petron Singapore Trading Pte. Ltd. (PSTPL); (b) recognition by the Energy business of additional revenues for the recovery from Manila Electric Company (Meralco) of the incremental power supply costs incurred in 2022, issued by the Energy Regulatory Commission on January 26, 2026; (c) full-quarter revenues of the five battery energy storage system (BESS) facilities which commenced commercial operations in 2025; and (d) strong volume growth in the Food division. This was partially offset by the effect of the deconsolidation of South Premiere Power Corp. (SPPC) and Excellent Energy Resources, Inc. (EERI) effective January 27, 2025.

The Group's cost of sales increased by P51,831 million or 18% mainly due to Petron on account of higher average cost per liter and higher volume sold. This was partially offset by the Energy business on account of expenses incurred by SPPC and EERI in January 2025 prior to its deconsolidation, and lower volume of power purchases resulting mainly from the improved net generation of the Sual, Malita and Limay Power Plants.

The increase in selling and administrative expenses by P1,563 million was mainly due to higher salaries and employee benefits of the Group, and depreciation mainly from the new facilities of the Food and Beverage business.

Consolidated operating income increased by 31% year-on-year to P59,621 million, driven mainly by the increased revenues, better contracted margins and increased contributions from BESS facilities of the Energy business, partially offset by lower margins at Petron, resulting from high cost of products sold with the reduced production at the refineries, compounded by the deepening tensions in the Middle East.

The increase in equity in net earnings of associates and joint ventures by P2,043 million was primarily due to the recognition of the Group's share in the net income of EERI and SPPC for three months, compared to approximately two months in 2025, following its deconsolidation.

The gain on sale of property and equipment in 2026 of P215 million and in 2025 of P465 million mainly pertains to the gain on sale of machinery and equipment and transportation equipment, respectively.

Other charges - net of P17,569 million in 2026 was a turnaround from the other income - net of P25,338 million in 2025. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and Ilijan Primeline Industrial Estate, Inc. (IPIEC) in 2025 and a net loss on foreign exchange in 2026, compared to a net foreign exchange gain in 2025.

The decrease in income tax expense by P5,345 million was mainly due to the deferred income tax recognized on higher unrealized foreign exchange loss by SMC and the Energy business.

Consolidated net income declined to P22,465 million, compared to P43,381 million last year, mainly on account of the: (a) the one-time gain from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (b) loss on foreign exchange in 2026, compared to a foreign exchange gain in 2025. This was partially offset by the income from recovery of the incremental power supply costs by the Energy business and improved operations of the Infrastructure business, the Food division and Ginebra San Miguel Inc. (GSMI).

Net income attributable to equity holders of the Parent Company decreased by P22,656 million primarily due to lower consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P1,740 million was mainly due to the distribution to holders of SPCS of San Miguel Global Power and Petron and dividends to preferred shareholders of Petron, partially offset by lower share in the net income of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) reported a 4% improvement in consolidated revenues at P103,102 million, driven by favorable selling prices across all businesses and stronger volume growth in the Food division.

Favorable sales and continued cost efficiencies from both GSMI and the Food division resulted in consolidated operating income of P15,729 million and consolidated net income of P11,783 million, representing increases of 3% and 2%, respectively.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB reported consolidated revenues of P36,751 million, a 1% increase versus the same period last year despite the global economic challenges experienced in the first quarter of 2026. This was mainly due to the price increase implemented in domestic operations in January 2026.

Consolidated operating income declined by 4% to P7,925 million, reflecting softer volumes and higher depreciation of deferred containers and advertising and promotions, partially mitigated by improved gross contribution margins from lower cost of raw materials during the period.

Consolidated net income decreased by 5% to P6,248 million.

Domestic Operations

Domestic operations revenue was higher by 2% than in the same period last year despite the 3% decrease in volume. The higher revenue is mainly attributed to the price increase implemented in January 2026. The lower volumes in the first quarter of 2026 were partly caused by the inventory build-up in the trade in December in anticipation of the January price adjustment.

International Operations

SMB's international operations recorded consolidated revenues of US\$68.3 million in the first quarter of 2026, 9% lower than the same period in 2025. This was mainly driven by lower export volumes, partially offset by a favorable market mix. Volumes declined by 15%, largely due to reduced export shipments of global San Miguel brands following disruptions in the Middle East arising from the United States of America-Israel-Iran conflict.

b) Spirits Division

GSMI consolidated revenue increased by 3% to P16,727 million, primarily driven by a selling price adjustment implemented in the first quarter of 2026.

Consolidated operating income rose by 15% to P2,829 million, on account of lower material inputs.

Consolidated net income grew by 9% to P2,292 million.

c) Food Division

The Food division registered a 7% increase in consolidated revenues at P49,625 million, driven by steady volume growth in most segments, complemented by better selling prices, particularly in the Prepared and Packaged Food segments.

Consolidated operating income increased by 10% to P4,860 million. This growth was driven by volume expansion, improved operational efficiencies, and cost relief from key raw materials in commodity businesses.

Sales from the Protein segment, which includes poultry and fresh meats, was down by 2%, as softer market prices amid elevated industry inventories weighed on topline performance.

The Animal Nutrition and Health segment, comprising feeds, veterinary medicine, and pet care products, recorded revenues up by 26% compared to the first quarter of 2025. Hog, broiler, and layer feeds continued to deliver double-digit volume growth, mainly driven by improving hog population and efforts to convert more farms to use B-MEG feed products.

The Prepared and Packaged Food segment consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee, registered a 6% year-on-year increase versus the same period in 2025. Both volume growth and better selling prices across the businesses lifted topline performance.

2. PACKAGING

The Packaging business posted P8,924 million in consolidated revenues for the first quarter of 2026, 1% lower than last year, mainly due to the significant decline in glass business.

Consolidated operating income declined by 9% to P715 million, reflecting the weaker performance of the glass segment.

3. ENERGY

San Miguel Global Power delivered consolidated revenues of P53,617 million for the first quarter of 2026, higher by 26% from same period in 2025. The increase in revenues primarily represents the following: (a) full-quarter contributions from new power supply agreements (PSA) with a combined contracted capacity of 1,140 megawatts (MW) of Mariveles, Masinloc and San Roque Hydroelectric Power Plants that took effect in June, August and September 2025, respectively; (b) full-quarter revenues of the five BESS facilities which commenced operations in 2025; and (c) revenues for the recovery of incremental power supply costs incurred in 2022. This was partially offset by lower revenues from spot sales and from the Ilijan and Batangas Power Plants which contributed a month's worth of revenues in 2025 prior to its deconsolidation in January 2025.

Consolidated income from operations increased by 163% to P28,109 million, mainly driven by improved margins on contracted capacities, higher contributions from BESS facilities mainly through sales in the reserve market, as well as the revenues from the aforesaid recoveries of previously incurred power supply costs.

Consolidated net income declined to P23,879 million, mainly due to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC, recorded in the comparable period last year.

4. FUEL AND OIL

International oil prices in the first quarter of 2026 remained under pressure due to geopolitical risks, shifting supply dynamics and uneven demand recovery. By the end of February, coordinated US-Israel military strikes against Iran escalated into a direct conflict, significantly disruption crude oil and petroleum product flows from the Middle East.

At the same time, Petron's overall production was constrained by the scheduled maintenance at the Bataan refinery and the shutdown of Port Dickson Refinery in Malaysia. These combined factors led to higher product costs and negatively impacted refining margins for the period.

Petron posted a 27% consolidated revenue growth to P246,019 million, primarily driven by the growth in sales volume and elevated fuel prices.

Consolidated volumes grew by 13%, reaching 34.62 million barrels (MMB) from 30.68 MMB in the prior year, primarily driven by the significant increase in the trading transaction of PSTPL.

However, consolidated operating income declined by 36% year-on-year to P6,063 million. Consolidated net income of P1,778 million was 56% lower than the previous year mainly due to lower margins, partially mitigated by lower financing costs during the period.

5. INFRASTRUCTURE

The Infrastructure business delivered P10,438 million in consolidated revenues for the first quarter of 2026, representing a 7% increase versus the same period last year. Growth was driven by higher traffic volume and improved operations across all concessionaires, with combined average daily vehicle volume rising 3% to 1,102,356 vehicles.

Consolidated operating income increased by 12% to P5,961 million, supported by strong revenues that more than offset increases in operating costs.

6. CEMENT

The Cement business posted consolidated revenues of P9,243 million, up by 3% year-on-year, driven by strong volume growth, which more than offset the decline in average selling prices amid a competitive market environment. The recovery in sales volume was driven by strong performance across all three cement businesses, supported by lower traded imports following the implementation of anti-dumping duties in February 2026. This was further supported by advance customer orders ahead of the announced price increases in March 2026.

Consolidated operating income reached P1,674 million, 3% higher relative to the same quarter last year.

2025 vs. 2024

<i>(Amounts in Millions)</i>	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	P360,911	P392,713	(P31,802)	(8%)	100%	100%
Cost of sales	(291,311)	(328,363)	(37,052)	(11%)	(81%)	(84%)
Gross profit	69,600	64,350	5,250	8%	19%	16%
Selling and administrative expenses	(23,995)	(23,886)	109	0%	(6%)	(6%)
Operating income	45,605	40,464	5,141	13%	13%	10%
Interest expense and other financing charges	(24,620)	(23,522)	1,098	5%	(7%)	(6%)
Interest income	4,007	3,634	373	10%	1%	1%
Equity in net earnings of associates and joint ventures	2,015	416	1,599	384%	1%	0%
Gain on sale of property and equipment	465	13	452	3477%	0%	0%
Other income (charges) - net	25,338	(6,847)	32,185	470%	7%	(2%)
Income before income tax	52,810	14,158	38,652	273%	15%	3%
Income tax expense	(9,429)	(5,271)	4,158	79%	(3%)	(1%)
Net Income	P43,381	P8,887	P34,494	388%	12%	2%
Net income attributable to:						
Equity holders of the Parent Company	P30,215	P509	P29,706	5836%	8%	0%
Non-controlling interests	13,166	8,378	4,788	57%	4%	2%
Net Income	P43,381	P8,887	P34,494	388%	12%	2%

The Group's consolidated sales of P360,911 million in the first quarter of 2025 decreased by 8% compared to the same period in 2024, primarily due to lower sales volume and average selling prices of Petron as well as to a lesser extent, lower sales from SMB, the Cement business, and the Energy business following the deconsolidation of SPPC effective January 27, 2025. The decrease was partially offset by strong performance of the Food division and GSML driven by higher average selling prices and volumes as well as steady traffic growth of the Infrastructure business.

The Group's cost of sales decreased by P37,052 million or 11% mainly due to: (a) Petron on account of decrease in volume sold and lower average cost per liter of petroleum products; and (b) Energy business on account of: (i) deconsolidation of SPPC; (ii) lower pass-on fuel cost of Sual Power Inc. (SPI), Limay Power Inc. and Masinloc Power Co. Ltd. (MPCL) as a result of the decrease in global coal prices in 2025, partially offset by the costs of the Batangas Combined Cycle Power Plant (BCCPP) of EERI prior to its deconsolidation and full quarter operations of Units 1, 2 and 3 of Mariveles Power Generation Corporation.

Consolidated operating income increased by 13% to P45,605 million from the same period in 2024 mainly driven by: (a) increase in gross profit of the Food and Beverage business due to improved sales and managed costs and expenses; (b) improved margins of the Energy business from contracted capacities with fuel passthrough arrangements for most bilateral customers and additional margins contributed by ancillary services rendered to the National Grid Corporation of the Philippines (NGCP) and offered to the reserve market through BESS; and (c) sustained growth in tollway revenue and continued cost management initiatives of the Infrastructure business, all of which more than compensated for the consolidated operating income decline experienced by Petron and the Cement business.

The increase in interest expense and other financing charges by P1,098 million was mainly due to higher average level of loans of the Energy business and from the additional short-term loans of SMC.

The increase in interest income by P373 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of short-term placements of the Infrastructure business.

The increase in equity in net earnings of associates and joint ventures by P1,599 million was mainly due to the share in the net income of EERI and SPPC from January 28, 2025 to March 31, 2025 and from the share in higher net income of Angat Hydropower Corporation.

The increase in gain on sale of property and equipment by P452 million pertains mainly to the disposal of transportation equipment.

Other income - net of P25,338 million in 2025 was a turnaround from the other charges - net of P6,847 million in 2024. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC and the gain on foreign exchange in 2025, a turnaround from the loss recognized in the same period in 2024.

The increase in income tax expense by P4,158 million mainly pertains to the deferred income tax on unrealized gains from the revaluation of foreign currency-denominated long-term debt, which was a turnaround from income tax benefit in the same period in 2024 mainly from unrealized losses on the revaluation of foreign currency-denominated long-term debt of SMC.

Consolidated net income significantly increased by 388% to P43,381 million in the first quarter of 2025, from P8,887 million in the same period in 2024. The increase was primarily due to the: (a) improved operations of the Energy and Food and Beverage businesses; (b) one-time gain from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (c) gain on foreign exchange in the first quarter of 2025, a turnaround from the loss recognized in the same period in 2024.

The increase in the income attributable to equity holders of the Parent Company by P29,706 million was primarily due to higher consolidated net income, partially reduced by the increase in the share of NCI on the Group's net income.

The increase in the net income attributable to NCI by P4,788 million was mainly due to the distribution on RPCS of San Miguel Global Power.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB started 2025 with strong performance across its divisions. Consolidated sales reached P98,878 million, a 4% increase from the same period in 2024. Consolidated operating income reached P15,204 million, up by 16% from 2024.

Consolidated net income for the quarter stood at P11,582 million, reflecting a 16% increase. This performance highlights the continued resilience of the diversified portfolio.

a) Beer and NAB Division

SMB posted consolidated revenues of P36,297 million, down by 3% year-on-year, primarily due to a decline in volumes. Despite the decline in volumes, the Beer division maintained strong profitability.

Consolidated operating income stood at P8,215 million, a 1% increase, reflecting disciplined cost control. Consolidated net income grew to P6,572 million, a modest 1% increase.

Domestic Operations

SMB's domestic operations reported consolidated revenues of P31,965 million, reflecting the impact of softer consumer demand and shifting Lenten holidays.

International Operations

SMB's international operations generated a slight decline in consolidated revenues by 3% as it navigated challenges in some key markets. However, SMB's international operations saw growth in strategic areas due to targeted brand initiatives and pricing adjustments.

b) Spirits Division

GSMI delivered strong results, with consolidated revenues rising by 8% to P16,270 million, driven by higher selling prices to offset higher excise taxes and input costs. Despite these price adjustments, GSMI achieved a 1% increase in volumes, reflecting solid consumer demand.

Consolidated operating income reached P2,464 million, an 8% increase, as it managed higher marketing and distribution expenses to defend its market share and expand its reach. Consolidated net income rose by 11% to P2,112 million, underscoring the strength of GSMI's brand portfolio and efficient operations.

c) Food Division

The Food division continued to deliver robust results, with consolidated revenues reaching P46,313 million, an 8% increase year-on-year, reflecting the strength of its diversified portfolio. This strong performance was driven by solid volume expansion across most business segments, alongside the sustained recovery of the Poultry business and favorable pricing in its branded business.

Strategic initiatives in brand marketing, particularly for *Purefoods* and *Magnolia*, which is celebrating its 100th anniversary in 2025, spurred offtake and reinforced consumer loyalty.

The Protein segment's Poultry business registered double-digit revenue growth, fueled by strong demand from food service and favorable chicken selling prices, which remained on the high side amidst tight industry supply. On the other hand, the prolonged impact of the African Swine Fever (ASF) on pork supply continued to weigh on Fresh Meats. Nevertheless, this was more than offset by the strong performance of Poultry, which remains the primary contributor to Protein segment.

The Animal Nutrition and Health segment's revenue was lower year-on-year due to the continued weakness of hog feeds sales which remained affected by low hog population due to ASF. This was partially offset by higher poultry feed sales but strategic pricing actions aimed at protecting market share tempered overall revenue.

The Prepared and Packaged Food segment's revenue growth remained steady, bolstered by strong volume performance, coupled with effective pricing initiatives.

The Prepared and Packaged Food segment, which consists of Processed Meats, Dairy, Spreads, and Coffee businesses, posted single-digit volume growth on the back of strong demand for *Purefoods Corned Beef* and *Luncheon Meat*, supported by additional production capacity from its new cannery. Meanwhile, Magnolia Dairy delivered strong double-digit volume growth, with Butter, Margarine, Cheese, and emerging categories like Salad Aids, Flour Mixes, All Purpose Cream, and Ice Cream, gaining traction. Coffee continued to deliver a healthy volume growth, led by the original variant and *Essenso*.

The Flour segment posted modest revenue growth despite double-digit volume expansion, as competitive pricing, made possible by lower wheat costs, was strategically implemented.

Consolidated operating income surged by 70% to P4,419 million, reflecting margin expansion. Consolidated net income of the Food division jumped by 83% to P3,029 million.

2. PACKAGING

The Packaging business grew its consolidated revenues by 7% in the first quarter of 2025 to P8,971 million. This was generated from the demand of glass, plastics, beverage filling, metal, and paper products from its food and beverage customers.

Higher revenue combined with improvements in productivity and the implementation of cost saving programs led to a double-digit increase in consolidated operating income to P788 million.

3. ENERGY

San Miguel Global Power reported a slight decline in consolidated revenues and offtake volumes to P42,497 million and 7,496 gigawatt hours, respectively, primarily due to the deconsolidation of the 1,200 megawatts (MW) Ilijan Power Plant effective January 27, 2025. The effect of the deconsolidation was compensated by the revenue contributions from: (a) Units 1 and 2 of EERI's 1,320 MW BCCPP which commenced commercial operations on December 29, 2024 and January 7, 2025, respectively, thereby contributing a month's worth of revenues prior to its deconsolidation; (b) the full quarter operations of the 4x150 MW Mariveles Greenfield Power Plant Units 1, 2, 3 and 4 and the additional three BESS facilities with a combined capacity of 110 MWh which started commercial operations in March 2024; (c) improved average realization price for Masinloc Power Plant's new and renewed bilateral contracts; and (d) the 400 MW PSA with Meralco of Limay Power Plant which took effect from August 2024 to February 2025.

Consolidated operating income increased by 21% to P10,688 million mainly driven by improved margins from contracted capacities with fuel passthrough arrangements for most bilateral customers, including the PSAs with Meralco, as well as the additional margins contributed from ancillary services rendered to the NGCP and offered to the reserve market through its BESS facilities.

Consolidated net income soared to P26,386 million primarily on the P21,933 million gain recognized from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%.

4. FUEL AND OIL

Petron reported consolidated revenues amounting to P194,376 million for the first quarter of 2025, a decline of 15% from the same period in 2024. The drop in consolidated revenues was mainly attributable to lower prices of crude oil and petroleum products and limited trading volumes.

Sales volume from Petron's Philippine operations totaled 19.0 million barrels, lower than the same period in 2024 due to the aforementioned decline in trading volumes. Nevertheless, a notable 14% volume increase was registered in the highly profitable retail segment, sales derived in its expansive network of service stations throughout the archipelago.

Petron Malaysia on the other hand, recorded sales volume of about 11.7 million barrels, as the new subsidy program imposed by the national government, and flooding in East Malaysia dampened retail demand. This was partially offset by the sales in its commercial segment, which still recorded double-digit growth of 11%.

Despite the aforementioned headwinds as well as continued volatility in prices, Petron remained profitable with consolidated operating income reaching P9,472 million, and consolidated net income at P4,025 million, sustaining notable performance in first quarter of 2024.

5. INFRASTRUCTURE

The Infrastructure business delivered a strong start in 2025 with consolidated revenue amounting to P9,732 million, a 7% year-on-year increase. This was driven by the continued ramp-up of existing toll roads, with combined average daily traffic volumes rising by 4% compared to the same period in 2024.

Consolidated operating income grew by a solid 10% to P5,343 million, primarily due to effective cost management.

6. CEMENT

The Cement business reported consolidated revenues of P8,934 million in the first quarter of 2025, a 4% decline year-on-year, primarily driven by lower average selling price as it implemented competitive pricing strategies to safeguard market share due to the influx of imported traded cement. This strategy supported a 1% increase in sales volume despite subdued market demand. Consolidated operating income declined by 10% to P1,626 million.

III. FINANCIAL POSITION

2026 vs. 2025

	Horizontal Analysis				Vertical Analysis	
	March 31	December 31	Increase (Decrease)			
(Amounts in Millions)	2026	2025	Amount	%	2026	2025
Cash and cash equivalents	P424,462	P351,715	P72,747	21%	14%	13%
Trade and other receivables - net	264,678	247,559	17,119	7%	9%	9%
Inventories	245,644	145,800	99,844	68%	8%	5%
Current portion of biological assets - net	3,277	3,074	203	7%	0%	0%
Prepaid taxes and licenses	99,433	103,105	(3,672)	(4%)	4%	4%
Prepaid expenses and other current assets	45,521	31,689	13,832	44%	2%	1%
Total Current Assets	1,083,015	882,942	200,073	23%	37%	32%
Investments and advances - net	126,336	127,258	(922)	(1%)	4%	5%
Investments in equity and debt instruments	49,300	47,862	1,438	3%	2%	2%
Property, plant and equipment - net	809,918	808,450	1,468	0%	28%	30%
Right-of-use assets - net	43,879	44,210	(331)	(1%)	1%	1%
Investment property - net	98,224	96,431	1,793	2%	3%	3%
Biological assets - net of current portion	2,566	2,661	(95)	(4%)	0%	0%
Goodwill - net	186,663	186,145	518	0%	6%	7%
Other intangible assets - net	364,676	359,842	4,834	1%	13%	13%
Deferred tax assets	26,895	23,196	3,699	16%	1%	1%
Contract assets	71,807	69,563	2,244	3%	2%	3%
Other noncurrent assets - net	84,287	77,600	6,687	9%	3%	3%
Total Noncurrent Assets	1,864,551	1,843,218	21,333	1%	63%	68%
Total Assets	P2,947,566	P2,726,160	P221,406	8%	100%	100%
Loans payable	P226,010	P230,592	(P4,582)	(2%)	8%	8%
Accounts payable and accrued expenses	384,325	254,023	130,302	51%	13%	9%
Lease liabilities - current portion	8,214	7,994	220	3%	0%	0%
Income and other taxes payable	42,587	41,753	834	2%	1%	2%
Dividends and distributions payable	3,742	4,639	(897)	(19%)	0%	0%
Current maturities of long-term debt - net of debt issue costs	233,991	176,286	57,705	33%	8%	7%
Total Current Liabilities	898,869	715,287	183,582	26%	30%	26%
Forward						

(Amounts in Millions)	Horizontal Analysis				Vertical Analysis	
	March 31 2026	December 31 2025	Increase (Decrease) Amount %		2026	2025
Long-term debt - net of current maturities and debt issue costs	P1,208,825	P1,181,010	P27,815	2%	41%	43%
Lease liabilities - net of current portion	26,592	27,837	(1,245)	(4%)	1%	1%
Deferred tax liabilities	30,132	29,303	829	3%	1%	1%
Other noncurrent liabilities	26,232	25,383	849	3%	1%	1%
Total Noncurrent Liabilities	1,291,781	1,263,533	28,248	2%	44%	46%
Total Liabilities	2,190,650	1,978,820	211,830	11%	74%	72%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,151	177,151	-	0%	6%	6%
Equity reserves	14,577	15,624	(1,047)	(7%)	0%	1%
Retained earnings:						
Appropriated	84,339	85,931	(1,592)	(2%)	3%	3%
Unappropriated	135,637	129,390	6,247	5%	5%	5%
Treasury stock	(124,045)	(111,345)	(12,700)	11%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	314,289	323,381	(9,092)	(3%)	11%	12%
Non-controlling interests	442,627	423,959	18,668	4%	15%	16%
Total Equity	756,916	747,340	9,576	1%	26%	28%
Total Liabilities and Equity	P2,947,566	P2,726,160	P221,406	8%	100%	100%

Consolidated total assets as at March 31, 2026 amounted to P2,947,566 million, P221,406 million higher than December 31, 2025. This was primarily due to the increase in cash and cash equivalents, trade and other receivables, inventories and prepaid expenses and other current assets.

The increase in cash and cash equivalents of P72,747 million was mainly due to cash generated from operations, proceeds from net availment of long-term borrowings and issuance of preferred shares of the Energy business. This was reduced by the capital expenditures for the ongoing projects of the Energy and Infrastructure businesses, redemption of preferred shares by SMC, and payment of interests and dividends and distributions.

The increase in trade and other receivables - net of P17,119 million was primarily due to additional receivables recognized by: (a) the Energy business, on the recovery of incremental power supply costs from Meralco; and (b) Petron, from the Malaysian Government related to additional subsidy claims and from the Philippine Government pertaining to excise tax claims. This was partially offset by the collection of power sales and fuel cost recovery receivables from spot and bilateral sales by the Energy business and reclassification to noncurrent of MPCL receivables which are collectible beyond one year, based on approved recovery terms.

The increase in inventories by P99,844 million was attributable mainly to higher prices and increased volumes of crude oil and finished products of Petron.

The increase in total biological assets by P108 million was mainly attributable to the higher volume of flocks loaded in anticipation of growth in demand.

The increase in prepaid expenses and other current assets by P13,832 million was mainly due to: (a) outstanding commodity and currency hedges of Petron; and (b) net increase in restricted cash mainly set aside for debt servicing requirements of the Energy business.

The increase in deferred tax assets by P3,699 million was mainly due to the deferred income tax on unrealized losses on the revaluation of foreign currency-denominated long-term debt and short-term loans, partially offset by the deferred income tax on unrealized gains on the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The increase in other noncurrent assets - net by P6,687 million was primarily due to the: (a) additional advances to suppliers and contractors mainly for the power-related projects of the Energy business; (b) reclassification of receivables related to fuel cost recoveries with more than one year term by MPCL; and (c) new derivative contracts entered into by SMC in 2026.

The increase in accounts payable and accrued expenses by P130,302 million was mainly due to higher liabilities to suppliers for fuel and crude purchases and hedging counterparties of Petron.

The decrease in dividends and distributions payable by P897 million was mainly due to the payment in January 2026 of dividends declared in November 2025 to preferred shareholders of SMC, partially offset by the dividends declared in March 2026 to common shareholders of Petron and GSML, which were subsequently paid in April 2026.

The increase in total long-term debt, net of debt issue costs of P85,520 million was primarily due to the net availments made by the Group, and translation adjustments of foreign currency-denominated loans.

The decrease in equity reserves by P1,047 million was mainly due to the loss recognized on the redemption and exchange of SPCS in January 2026, partially offset by the gain recognized on the fair valuation of the investment in common shares of stock of Meralco by the Energy business.

The increase in unappropriated retained earnings by P6,247 million was mainly due to net income attributable to equity holders of the Parent Company and net reversal of appropriations, partially offset by the dividends and distributions declared during the period.

The increase in treasury stock by P12,700 million represents the redemption of 169,333,400 SMC2I Preferred Shares at P75.00 per share on March 30, 2026.

2025 vs. 2024

<i>(Amounts in Millions)</i>	March 31	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P327,927	P293,677	P34,250	12%	13%	11%
Trade and other receivables - net	238,739	266,981	(28,242)	(11%)	9%	10%
Inventories	171,948	178,355	(6,407)	(4%)	7%	7%
Current portion of biological assets - net	3,414	3,241	173	5%	0%	0%
Prepaid taxes and licenses	108,348	126,022	(17,674)	(14%)	4%	5%
Prepaid expenses and other current assets	30,124	32,158	(2,034)	(6%)	1%	1%
Total Current Assets	880,500	900,434	(19,934)	(2%)	34%	34%
Investments and advances - net	104,693	52,948	51,745	98%	4%	2%
Investments in equity and debt instruments	21,085	21,050	35	0%	1%	1%
Property, plant and equipment - net	798,938	891,450	(92,512)	(10%)	30%	33%
Right-of-use assets - net	42,697	43,302	(605)	(1%)	2%	1%
Investment property - net	86,881	87,909	(1,028)	(1%)	3%	3%
Biological assets - net of current portion	2,677	2,652	25	1%	0%	0%
Goodwill - net	184,913	184,994	(81)	(0%)	7%	7%
Other intangible assets - net	342,822	340,496	2,326	1%	13%	13%
Deferred tax assets	20,983	22,045	(1,062)	(5%)	1%	1%
Contract assets	58,706	56,028	2,678	5%	2%	2%
Other noncurrent assets - net	74,657	73,622	1,035	1%	3%	3%
Total Noncurrent Assets	1,739,052	1,776,496	(37,444)	(2%)	66%	66%
Total Assets	P2,619,552	P2,676,930	(P57,378)	(2%)	100%	100%
Loans payable	P242,641	P293,230	(P50,589)	(17%)	9%	11%
Accounts payable and accrued expenses	242,927	289,038	(46,111)	(16%)	9%	11%
Lease liabilities - current portion	5,864	11,736	(5,872)	(50%)	0%	0%
Income and other taxes payable	40,270	43,628	(3,358)	(8%)	2%	2%
Dividends and distributions payable	5,652	5,160	492	10%	0%	0%
Current maturities of long-term debt - net of debt issue costs	105,853	94,123	11,730	12%	4%	4%
Total Current Liabilities	643,207	736,915	(93,708)	(13%)	24%	28%

Forward

(Amounts in Millions)	March 31	December 31	Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease)		2025	2024
			Amount	%		
Long-term debt - net of current maturities and debt issue costs	P1,162,932	P1,173,146	(P10,214)	(1%)	45%	44%
Lease liabilities - net of current portion	29,130	30,809	(1,679)	(5%)	1%	1%
Deferred tax liabilities	28,058	34,861	(6,803)	(20%)	1%	1%
Other noncurrent liabilities	23,798	24,758	(960)	(4%)	1%	1%
Total Noncurrent Liabilities	1,243,918	1,263,574	(19,656)	(2%)	48%	47%
Total Liabilities	1,887,125	2,000,489	(113,364)	(6%)	72%	75%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,442	-	0%	7%	6%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	(6,039)	(5,275)	(764)	(14%)	(0%)	(0%)
Retained earnings:						
Appropriated	86,721	79,849	6,872	9%	3%	3%
Unappropriated	130,910	89,413	41,497	46%	5%	3%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	330,112	282,507	47,605	17%	13%	10%
Non-controlling interests	402,315	393,934	8,381	2%	15%	15%
Total Equity	732,427	676,441	55,986	8%	28%	25%
Total Liabilities and Equity	P2,619,552	P2,676,930	(P57,378)	(2%)	100%	100%

Consolidated total assets as at March 31, 2025 amounted to P2,619,552 million, P57,378 million lower than December 31, 2024. This was primarily due to the decrease in trade and other receivables, prepaid taxes and licenses and property, plant and equipment, partially offset by the increase in cash and cash equivalents and investments and advances.

The increase in cash and cash equivalents by P34,250 million to P327,927 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of San Miguel Global Power, collection of advances and dividends received. This was partially reduced by the capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, net payment of short-term loans and payment of interests, dividends and distributions, taxes and lease liabilities.

The decrease in trade and other receivables - net by P28,242 million was mainly attributable to the: (a) net effect of deconsolidation of SPPC, EERI and IPIEC's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025; (b) lower trade receivable balance brought by lower volume sold by Petron; and (c) lower receivable from the Malaysian Government due to subsidy claims received. The decrease was partially offset by the higher receivable of Petron from the Philippine Government due to increased excise tax refund claims.

The increase in total biological assets - net by P198 million was mainly attributable to increase in volume of flocks loaded as compared to December 31, 2024 balances, in anticipation of growth in demand.

The decrease in prepaid taxes and licenses by P17,674 million was primarily due to: (a) the deconsolidation of SPPC and EERI; and (b) Petron's lower excise tax claims for sales to tax-exempt entities, partially offset by increase in creditable withholding taxes and input value-added tax.

The decrease in prepaid expenses and other current assets by P2,034 million was primarily due to the deconsolidation of SPPC.

The increase in investments and advances - net by P51,745 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, and the investment in 32.98% equity interest in Linseed Field Corporation.

The decrease in property, plant and equipment - net by P92,512 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the costs of the ongoing projects of the Energy business.

The decrease in deferred tax assets by P1,062 million was mainly due to the deferred income tax on unrealized gains on the revaluation of foreign currency-denominated long-term debt, net of unrealized losses on the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The increase in contract assets by P2,678 million pertains to costs of the MRT 7 Project.

The decrease in loans payable by P50,589 million was mainly due to the net payment made by the Group.

The decrease in accounts payable and accrued expenses by P46,111 million was mainly due to the deconsolidation of trade and non-trade payables of SPPC and EERI, partially offset by net additional payables by the Energy business to contractors of its ongoing construction projects.

The decrease in income and other taxes payable and deferred tax liabilities by P3,358 million and P6,803 million, respectively, was mainly due to the deconsolidation of SPPC.

The increase in dividends and distributions payable by P492 million was mainly due to the declaration by The Purefoods-Hormel Company, Inc. of dividends to common shareholders in March 2025, which were paid in December 2025.

The increase in total long-term debt, net of debt issue costs, by P1,516 million was primarily due to the net availments made by the Group, partially offset by the translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P7,551 million was primarily due to payments made to Power Sector Assets and Liabilities Management by: (a) SPI for the lease agreement pertaining to the land where the Sual Coal-fired Thermal Power Plant is currently situated; and (b) San Roque Hydropower Inc. under the Independent Power Producer Administration Agreement.

The decrease in equity reserves by P764 million was mainly due to the foreign exchange differences on the translation of foreign operations with the appreciation of the Philippine Peso against the US Dollar.

The increase in appropriated retained earnings by P6,872 million was attributable to the appropriations made for the South Luzon Expressway Widening Project by SMC SLEX Inc. and for payment of loans in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P41,497 million was mainly due to net income attributable to equity holders of the Parent Company and net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power. This was partially offset by the net appropriations of retained earnings and dividends and distributions declared in 2025.

The increase in equity attributable to equity holders of the Parent Company by P47,605 million was mainly due to the net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power and share in the net income earned in 2025, reduced by the dividends declared to holders of common and preferred shares, and distributions to holders of SPCS of SMC.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Net cash flows provided by operating activities	P51,658	P25,405
Net cash flows provided by (used in) investing activities	(22,079)	64,825
Net cash flows provided by (used in) financing activities	35,163	(54,236)

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

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

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Additions to:		
Property, plant and equipment	(P16,183)	(P15,445)
Other intangible assets	(7,115)	(5,929)
Investments and advances	(6,766)	(8,985)
Advances to contractors and suppliers	(4,112)	(500)
Contract assets	(1,272)	(1,282)
Investment property	(1,111)	(1,015)
Investments in debt instruments	-	(82)
Increase in other noncurrent assets and others	(4,840)	(5,629)
Cash and cash equivalents of deconsolidated subsidiaries	-	(5,668)
Collection of advances	9,351	12,084
Interest received	4,488	4,757
Net proceeds of:		
Sale of property and equipment	3,378	2,063
Redemption of investment in redeemable preferred shares held by a subsidiary	-	78,717
Disposal of investments in debt instruments	-	89
Dividends received	2,103	11,650

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Net proceeds of long-term debt	P60,364	P7,320
Net proceeds of issuance of capital securities of a subsidiary	17,555	5,750
Net issuance of preferred shares of a subsidiary	14,850	-
Cash dividends and distributions paid	(18,801)	(12,819)
Redemption of capital securities of a subsidiary	(17,862)	-
Redemption of preferred shares	(12,700)	-
Net payments of short-term loans	(6,095)	(45,716)
Payments of lease liabilities	(2,134)	(7,792)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(14)	(979)

The effect of exchange rate changes on cash and cash equivalents amounted to P8,005 million and (P1,744 million) for the periods ended March 31, 2026 and 2025, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II "Financial Performance" and III "Financial Position" for the discussion of certain Key Performance Indicators.

	March 31, 2026	December 31, 2025
<u>Liquidity:</u>		
Current Ratio	1.20	1.23
Quick Ratio	0.77	0.84
<u>Solvency:</u>		
Debt to Equity Ratio	2.89	2.65
Asset to Equity Ratio	3.89	3.65
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	5.84%	13.63%
Interest Rate Coverage Ratio	2.11	2.24
Return on Assets	2.60%	3.50%
	For the Periods Ended March 31	
	2026	2025
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	8%	(9%)
Revenue Growth (Decline)	19%	(8%)
Operating Margin	14%	13%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P213,881 million as at March 31, 2026.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2025.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations, except for the impact of the United States of America-Israel-Iran conflict as discussed below:

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes.

In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position. It shall also continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

The increase in oil prices may affect the Group's working capital requirements. This impact may be further influenced by depreciation of the Philippine Peso, as crude oil and fuel purchases and a portion of the Group's borrowings are denominated in US Dollars. The Group manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies.

The Group remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing cost management initiatives. The Group continues to adopt prudent risk management to mitigate the adverse effects of the war, and implement appropriate measures to ensure continuity of supply, operations, and cash flows, amid the oil market volatility and disruptions in 2026.

Considering the rapidly evolving nature of the situation, volatility in global oil prices, and uncertainty over the duration and extent of supply disruptions, the Group is currently unable to reliably estimate the potential financial impact on its financial position, financial performance, and cash flows for the subsequent reporting periods.

- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “C”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE
(As of December 31, 2025)**



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Corporation ("SMC" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2025. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2025 and financial performance and cash flows for the year ended December 31, 2025 and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following tables.

<i>(In Millions)</i>	For the Years Ended December 31		
	2025	2024	2023
Sales	P1,485,345	P1,575,379	P1,446,703
Cost of sales	(1,200,290)	(1,312,027)	(1,208,410)
Gross profit	285,055	263,352	238,293
Selling and administrative expenses	(103,469)	(102,536)	(93,808)
Operating income	181,586	160,816	144,485
Interest expense and other financing charges	(100,268)	(99,413)	(91,303)
Interest income	16,156	14,704	14,027
Equity in net earnings of associates and joint ventures	11,482	2,364	1,729
Gain on sale of investments and property and equipment	977	2,175	83
Other income (charges) - net	14,240	(16,479)	4,086
Income tax expense	(29,495)	(27,492)	(28,408)
Net income	94,678	36,675	44,699
Net income (loss) attributable to equity holders of the Parent Company	41,291	(7,411)	198
Net income attributable to non-controlling interests	53,387	44,086	44,501

2025 vs. 2024

<i>(Amounts in Millions)</i>	For the Years Ended December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	P1,485,345	P1,575,379	(P90,034)	(6%)	100%	100%
Cost of sales	(1,200,290)	(1,312,027)	(111,737)	(9%)	(81%)	(83%)
Gross profit	285,055	263,352	21,703	8%	19%	17%
Selling and administrative expenses	(103,469)	(102,536)	933	1%	(7%)	(7%)
Operating income	181,586	160,816	20,770	13%	12%	10%
Interest expense and other financing charges	(100,268)	(99,413)	855	1%	(7%)	(6%)
Interest income	16,156	14,704	1,452	10%	1%	1%
Equity in net earnings of associates and joint ventures	11,482	2,364	9,118	386%	1%	0%
Gain on sale of investments and property and equipment	977	2,175	(1,198)	(55%)	0%	0%
Other income (charges) - net	14,240	(16,479)	30,719	186%	1%	(1%)
Income before income tax	124,173	64,167	60,006	94%	8%	4%
Income tax expense	(29,495)	(27,492)	2,003	7%	(2%)	(2%)
Net Income	P94,678	P36,675	P58,003	158%	6%	2%
Net income (loss) attributable to:						
Equity holders of the Parent Company	P41,291	(P7,411)	P48,702	657%	3%	(1%)
Non-controlling interests	53,387	44,086	9,301	21%	3%	3%
Net Income	P94,678	P36,675	P58,003	158%	6%	2%

The Group's consolidated sales for the year ended December 31, 2025 amounted to P1,485,345 million, reflecting a 6% decline compared to last year primarily due to: (a) lower average selling price and sales volume of Petron Corporation (Petron); and (b) lower sales of the Energy business, following the deconsolidation of South Premiere Power Corp. (SPPC) effective January 27, 2025, as well as to a lesser extent, lower sales of the Cement business. The decrease was partially offset by the strong performance of the Food and Beverage business, as well as steady traffic growth of the Infrastructure business.

The Group's cost of sales decreased by P111,737 million or 9% mainly due to: (a) Petron, driven by lower average cost per liter of petroleum products; and (b) the Energy business, reflecting the deconsolidation of SPPC and lower generation costs resulting from the decline in global coal prices, partially offset by full-year operations of the four units of Mariveles Greenfield Power Plant and one-month operation of Excellent Energy Resources Inc. (EERI)'s new gas plant prior to its deconsolidation.

Consolidated operating income increased by 13% to P181,586 million, mainly driven by: (a) growth in domestic sales volume, lower costs and improved production efficiency of Petron; (b) increase in gross profit of the Food division and Ginebra San Miguel Inc. (GSMI), due to improved sales and well-managed costs and expenses; (c) improved margins of the Energy business, from contracted capacities with fuel passthrough arrangements for most bilateral customers; and (d) sustained tollway revenue growth in the Infrastructure business.

The increase in interest income by P1,452 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of short-term placements and reduced interest rates of the Infrastructure and Cement businesses.

The increase in equity in net earnings of associates and joint ventures by P9,118 million was mainly due to the share in the net income of EERI and SPPC from January 28, 2025 to December 31, 2025.

The decrease in gain on sale of investments and property and equipment by P1,198 million pertains mainly to the gain recognized in 2024 by San Miguel Properties, Inc. (SMPI) from the sale of its investment in shares of stock of a subsidiary.

Other income - net of P14,240 million in 2025 was a turnaround from the other charges - net of P16,479 million in 2024. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and Ilijan Primeline Industrial Estate Corp. (IPIEC) and lower amount of foreign exchange loss in 2025.

The increase in income tax expense by P2,003 million was attributable mainly to the higher taxable income due to better operations of the Food and Beverage business and Petron.

Consolidated net income rose significantly to P94,678 million, compared to P36,675 million last year, mainly on account of: (a) the one-time gain from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power Holdings Corp. (San Miguel Global Power)'s ownership interest from 100% to 33%; (b) the share in net income of EERI and SPPC, from its remaining 33% ownership interest; and (c) the improved operations of Petron, the Food and Beverage, Energy and Infrastructure businesses.

Net income attributable to equity holders of the Parent Company in 2025 of P41,291 million was a turnaround from the net loss of P7,411 million recognized in 2024 primarily due to higher consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P9,301 million was mainly due to the distribution on capital securities of San Miguel Global Power and share in the higher consolidated net income of the Group.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered another year of solid performance in 2025, supported by steady contributions from its divisions. For the full-year, consolidated revenues reached P419,060 million, representing a 5% increase year-on-year.

Consolidated operating income increased by 9% to P61,040 million while consolidated net income grew by 13% to P46,280 million. These results reflect the strength of the diversified portfolio and the continued execution of the operating strategies.

a. Beer and Non-alcoholic Beverages (NAB) Division

San Miguel Brewery Inc. (SMB) recorded consolidated revenues of P155,437 million, reflecting a generally stable performance compared with the previous year.

Consolidated operating income at P32,859 million and consolidated net income at P26,494 million reflect the continued focus on disciplined cost management, portfolio optimization, and targeted investments in consumer engagement.

Domestic Operations

Domestic beer revenues reached P139,086 million, despite continued pressure on consumer spending following successive excise tax increases implemented since 2020.

International Operations

International operations remained a key contributor, with revenues increasing to US\$285 million, supported by stronger volumes and continued growth in several international markets.

Overall, SMB continues to focus on strengthening brand equity, expanding distribution, and improving operating efficiency.

b. Spirits Division

The Spirits division sustained its strong momentum in 2025 and delivered another year of solid growth. Consolidated revenues increased by 8% to P67,354 million, driven mainly by effective pricing and stable volumes. Consolidated operating income grew by 21% to P10,380 million, while consolidated net income rose by 20% to P8,677 million.

GSMI also continued to strengthen its leadership in the category, achieving another year of market share expansion. This marks the 11th consecutive year of market share gains and the highest level achieved in the past 14 years. This performance was supported by improved distillery efficiencies and lower raw material costs during the year.

Overall, the results underscore the strength of GSMI's brand portfolio and distribution network, which continue to support its clear leadership position in the Philippine spirits market.

c. Food Division

The Food division delivered a record year in 2025, posting its highest revenues, operating income, and net income to date. Consolidated revenues increased by 6% to P196,280 million, supported by stronger volumes and improved pricing across several segments.

Consolidated operating income rose by 30% to P17,315 million, while consolidated net income grew by 38% to P11,594 million, reflecting significant margin expansion during the year.

The improvement was driven by stronger performance across most segments, particularly Protein and Flour, which benefited from favorable input costs and improved operating efficiencies.

The Protein segment, which includes poultry and fresh meats, delivered an 8% revenue growth, supported by robust chicken demand from both food service and retail channels, as well as improved selling prices.

The Animal Nutrition and Health segment, which includes feeds, recorded a 4% revenue growth. While the segment experienced some softness earlier in the year, it staged a strong recovery in the second half as hog repopulation gained momentum and volumes improved across hog, broiler, and layer feeds.

The Prepared and Packaged Food segment, which includes *Purefoods* and *Magnolia* dairy and coffee, continued to deliver steady growth, with revenues increasing around 7%, driven by strong demand for core branded products such as dairy, coffee, and canned meats.

The Flour segment posted modest revenue growth of about 1%, but delivered strong profit expansion as lower wheat costs supported improved margins and a more competitive pricing strategy.

2. PACKAGING

The Packaging business posted stable results in 2025, with consolidated revenues reaching P40,359 million. Higher revenue generated from the food and beverage sectors for glass containers, plastics and paper packaging as well as metal closures offset the lower volumes of other packaging formats.

Despite flat revenues, consolidated income from operations increased by 4% to P2,694 million, driven by the continued implementation of cost containment measures and operational efficiency initiatives.

3. ENERGY

San Miguel Global Power's consolidated revenues amounted to P157,208 million, 23% lower compared to the previous year with offtake volumes dropping by 20% to 29.2 million megawatt hours. The decline was primarily due to the divestment and resulting deconsolidation of EERI and SPPC. Excluding this impact, volumes remained stable, supported by strong output from Masinloc, higher generation from San Roque, and the full-year contribution of the 600 megawatts (MW) Mariveles Greenfield Power Plant and battery energy storage system (BESS) facilities.

Consolidated operating income rose by 8% to P43,770 million, with operating margins expanding from 20% to 28% on account of better contracted margins and increased contribution from BESS facilities. Consolidated net income surged to P48,306 million, up by 290% year-on-year. Excluding the one-off gain, consolidated net income improved by 113% to P26,373 million.

The Energy business continues to accelerate its energy transition strategy. Through major wins under the government's Green Energy Auction Program, San Miguel Global Power secured substantial renewable capacity across hydropower and solar projects. These, together with new capacity additions expected in 2026, position San Miguel Global Power strongly to achieve its Net Zero objectives while expanding contribution to the country's clean energy transition.

4. FUEL AND OIL

Petron ended 2025 with its strongest financial performance to date, delivering record consolidated net income of P15,627 million, up by 84% year-on-year, driven by sustained domestic volume growth, improved productivity at the Philippine and Malaysian refineries, and savings on financial cost.

Total volumes in the Philippines and Malaysia reached 113.4 million barrels, 3% higher than last year's 110.0 million barrels.

While consolidated revenues fell by 7% to P809,766 million, primarily reflecting the 13% decline in Dubai crude prices to an average of US\$69 per barrel in 2025, consolidated operating income surged by 28% to P37,323 million from last year's P29,223 million.

5. INFRASTRUCTURE

The Infrastructure business sustained its growth trajectory, with consolidated revenues rising by 7% to P40,152 million, driven by the improved traffic volumes across all toll roads. Combined annual average daily traffic reached 1,079,889 vehicles, marking a 5% increase from last year.

Consolidated operating income rose by 9% to P22,081 million, supported by strong revenues and effective operational and management cost control, while consolidated net income grew by 5% ending at P14,766 million.

The Group's major infrastructure projects are in full swing.

On tollway projects, construction is progressing across priority projects, particularly South Luzon Expressway (SLEX) TR4 which has now reached 52.54% completion. Significant progress was also underway on the widening and expansion works for Southern Tagalog Arterial Road, SLEX, Ninoy Aquino International Airport Expressway and Skyway.

On railway projects, the Infrastructure business was making steady progress on Mass Rail Transit 7 (MRT 7) with overall completion rate at 82.01%, where civil works and site development activities were ongoing.

On airport projects, the Manila International Airport (MIA) maintained its overall progress and continues to advance toward completion. On the other hand, upon takeover of operations in September 2024, Ninoy Aquino International Airport (NAIA) delivered comprehensive terminal upgrades, modernized passenger processing systems, strengthened infrastructure partnerships, and improved ground transport and traffic management. These improvements led to the passenger volume growth of 4% to 52 million in 2025, marking the highest annual passenger volume in the airport's history.

6. CEMENT

The Cement business reported consolidated revenues of P33,163 million in 2025, down by 5% year-on-year on the back of muted market demand and lower average selling prices amid the continuous influx of traded imports, partially offset by stable sales volume. Despite lower consolidated operating income of P6,287 million, margins were held steady through ongoing operational efficiencies and cost management initiatives.

2024 vs. 2023

(Amounts In Millions)	For the Years Ended December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Sales	P1,575,379	P1,446,703	P128,676	9%	100%	100%
Cost of sales	(1,312,027)	(1,208,410)	103,617	9%	(83%)	(84%)
Gross profit	263,352	238,293	25,059	11%	17%	16%
Selling and administrative expenses	(102,536)	(93,808)	8,728	9%	(7%)	(6%)
Operating income	160,816	144,485	16,331	11%	10%	10%
Interest expense and other financing charges	(99,413)	(91,303)	8,110	9%	(6%)	(6%)
Interest income	14,704	14,027	677	5%	1%	1%
Equity in net earnings of associates and joint ventures	2,364	1,729	635	37%	0%	0%
Gain on sale of investments and property and equipment	2,175	83	2,092	2520%	0%	0%
Other income (charges) - net	(16,479)	4,086	(20,565)	(503%)	(1%)	0%
Income before income tax	64,167	73,107	(8,940)	(12%)	4%	5%
Income tax expense	(27,492)	(28,408)	(916)	(3%)	(2%)	(2%)
Net Income	P36,675	P44,699	(P8,024)	(18%)	2%	3%
Net income (loss) attributable to:						
Equity holders of the Parent Company	(P7,411)	P198	(P7,609)	(3843%)	(1%)	0%
Non-controlling interests	44,086	44,501	(415)	(1%)	3%	3%
Net Income	P36,675	P44,699	(P8,024)	(18%)	2%	3%

The Group's consolidated sales of P1,575,379 million for the year ended December 31, 2024, increased by 9% compared to 2023 mainly on account of the higher sales volume across all business segments especially Petron, the Energy and Food and Beverage businesses, combined with the higher average selling prices of SMB and GSML.

The Group's cost of sales increased by P103,617 million or 9% mainly driven by: (a) the increase in volume sold partially tempered by lower average cost per liter of petroleum products of Petron; and (b) the higher Liquefied Natural Gas (LNG) consumption of the Ilijan Power Plant as a result of the resumption of operations in June 2023, cost of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning in 2024, higher volume of power purchases from the spot market due to increased demand from bilateral customers, and additional operating costs from the 10 BESS facilities and Masinloc Power Plant, which became fully operational in 2024. This was partially reduced by the lower cost of coal due primarily to the decline in Newcastle coal price indices in 2024.

The increase in selling and administrative expenses by P8,728 million or 9% was mainly due to impairment loss on receivables from customers of the Energy business, repairs and maintenance expenses incurred for the annual preventive maintenance by Sual Power Inc. (SPI) and higher distribution, marketing, and manpower and contracted labor costs, following the government-mandated wage adjustments from the Food division.

Consolidated operating income increased by P16,331 million or 11% on account of improved margins of the Energy business, higher gross profit of the Food and Beverage business and sustained growth and continued cost management initiatives of the Infrastructure business.

The increase in interest expense and other financing charges by P8,110 million or 9% was mainly due to higher interest rates and increased average level of borrowings of SMC, Petron and the Energy business.

The increase in interest income by P677 million or 5% was primarily due to higher interest rates and average balance of short-term placements of the Infrastructure and Food and Beverage businesses. The increase was partially offset by the lower interest income from the reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P635 million or 37% was mainly due to the share on the net income, a turnaround from a net loss in 2023, of Angat Hydropower Corporation.

The increase in gain on sale of investments and property and equipment by P2,092 million or 2520% was mainly due to the gain recognized in 2024 by SMPI from the sale of its investment in shares of stock of a subsidiary.

Other charges - net of P16,479 million in 2024 was a reversal from other income - net of P4,086 million in 2023. This primarily pertains to the loss on foreign exchange in 2024 compared to the gain recognized in 2023 from the revaluation of foreign currency-denominated long-term debt of SMC, Petron and the Energy business. In December 2024, the Philippine Peso depreciated by P2.475 against the US Dollar, while in December 2023, the Philippine Peso appreciated by P0.385 against the US Dollar.

Consolidated net income decreased by 18% to P36,675 million, from P44,699 million in 2023, mainly on account of the loss on foreign exchange and higher net financing cost of SMC, Petron and the Energy business, tempered by improved operations of most businesses mainly Energy, Food and Beverage, Infrastructure and Cement.

The loss attributable to equity holders of the Parent Company of P7,411 million was a reversal from the gain recognized in 2023 of P198 million mainly due to higher net loss of SMC, reduced by the improved net income of the Infrastructure and Food and Beverage businesses.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB delivered an increase of 6% in consolidated net sales to P400,872 million, supported by higher volumes and pricing strategies across its divisions.

Consolidated income from operations rose by 15% to P55,792 million, reflecting disciplined cost management, efficiency improvements, and margin expansion. Consolidated net income grew by 7% to P40,933 million, underscoring SMFB's ability to drive profitability amid a dynamic market environment.

a. Beer and NAB Division

SMB sustained its growth in 2024, with consolidated net sales up by 4% to P153,362 million, driven by stable domestic volumes, price adjustments, and strong consumer engagement. Consolidated operating income grew by 6% to P33,422 million. Consolidated net income reached P25,625 million up by 1%, reflecting disciplined cost management despite a one-time impairment in Hong Kong and partly due to a one-time tax benefit of P761 million recorded in 2023 from the resolution of a 2012 San Mig Light tax refund case. Without these, consolidated net income would have grown by 6%.

Domestic Operations

Domestic revenues increased by 4% to P137,560 million, supported by brand-building initiatives, targeted promotions, and expanded distribution. New product innovations, including *San Miguel Chocolate Lager*, *Red Horse 500ml King Can*, and premium beer multi-packs, strengthened market presence.

Expanded retail and on-premise availability, coupled with enhanced wholesaler programs, drove sales. Operational efficiencies, such as optimized raw material sourcing, bottle retrieval, and production capacity expansions, helped sustain margins. To defend its market position, SMB intensified outlet conversions, trade promotions, and competitive initiatives.

International Operations

SMB's international operations reinforced its regional footprint with strategic distribution agreements and expanded on-premise presence in key markets. New distributor partnerships in Taiwan, South China, and Vietnam further strengthened its reach.

Cost-efficiency measures and targeted digital campaigns supported brand visibility while mitigating market challenges.

b. Spirits Division

GSML sustained its momentum in 2024, achieving eleven consecutive years of growth and surpassing the 50-million-case milestone. Consolidated net sales rose by 17% to P62,505 million, driven by record-high volumes, higher prices, and an expanded distribution network.

Key brands performed well, with *Ginebra San Miguel* growing at a high single-digit rate, while *GSM Blue*, *Vino Kulafu* and *Primera Light Brandy* all posted double-digit gains. Supporting these brands were well-crafted and relevant ad campaigns, exciting consumer promotions, and localized on-ground marketing activities. Additionally, GSML launched its most premium gin, *Archangel Reserve Gin*, along with *Freedom Island Light Rum*, specifically for the Visayas and Mindanao regions.

Gross profit per case increased to a high single-digit level as selling price adjustment covered excise tax hikes and input costs. As a result, consolidated operating income rose by 26% to P8,596 million, while consolidated net income reached a record of P7,257 million. Excluding the one-time gain from the assignment of product rights in 2023, consolidated net income would have grown by 23%.

c. Food Division

The Food division sustained its growth momentum in 2024, with consolidated net sales rising by 3% to P185,016 million, driven by strong volume growth across most segments, coupled with favorable selling prices of Prepared and Packaged Food products and the sustained recovery of chicken prices.

Consolidated operating income surged by 37% to P13,301 million, supported by sustained cost reductions in major raw materials and enhanced operational efficiencies enabled by new company-owned facilities.

The Processed Meats and Magnolia segments both posted 12% revenue growth on account of volume increase.

The Feeds segment reported an 8% revenue decline, primarily due to lower hog feed sales caused by sporadic African Swine Fever (ASF) outbreaks across the country.

The Poultry and Fresh Meats segment grew by 7%. Poultry volume increased by 8%, supported by improved supply. Meanwhile, Fresh Meat sales continue to be hampered by the impact of ASF, resulting to a 30% revenue drop.

2. PACKAGING

The Packaging business generated consolidated revenues of P40,162 million in 2024, up by 5% from 2023 as new products were introduced in both domestic and international operations. Growth was driven by the plastics, beverage filling, flexibles, paper, metal closures and Australia operations from strong demand from beverage, food and healthcare customers.

Consolidated operating income posted a remarkable 36% growth, reaching P2,600 million from P1,915 million in 2023.

3. ENERGY

San Miguel Global Power reported consolidated revenue growth of 21% to P205,091 million as offtake volumes rose by 45%. Revenue growth was driven by: (a) new power supply agreement (PSA) with Manila Electric Company (Meralco) and other distribution utilities, whether emergency PSAs or regular PSAs, in 2024 which contracted its available capacity by over 90%; (b) new retail electricity supply customers for Limay Power Plant; and (c) additional revenues from ancillary services rendered to the National Grid Corporation of the Philippines and offered to the reserve market through its BESS facilities.

San Miguel Global Power increased its power generation output due primarily to the full-year operations of the Ilijan Power Plant in 2024, which resumed operations in June 2023 when the adjacent LNG terminal began testing and commissioning, and the new volumes from the three units of the Mariveles Greenfield Power Plant with 150 MW capacity each which commenced operations last March 28, September 26, and October 26, 2024, respectively. The fourth unit started operations on January 9, 2025.

Consolidated operating income grew by 24% to P40,457 million as San Miguel Global Power transitioned to fuel passthrough arrangements for most of its bilateral customers, as well as additional margin contributions of BESS ancillary services. Consolidated net income amounted to P12,384 million, up by 25% from 2023.

4. FUEL AND OIL

Petron reported consolidated revenues of P867,966 million in 2024, an 8% increase from P801,027 million in 2023. Revenue growth was driven by the 10% growth in consolidated sales volume to 139.9 million barrels. Petron's Philippine operations and Singapore trading arm recorded a 16% jump from 2023, reaching 92.5 million barrels, supported by network expansion and strong marketing efforts.

Petron Malaysia, however, faced challenges due to policy changes in fuel subsidies, while a shutdown in Port Dickson refinery for maintenance in the fourth quarter of 2024 limited production and exports.

Despite volatility in the global oil market, driven by geopolitical tensions and weakened demand in China, Petron remained profitable, posting a consolidated operating income of P29,223 million. Consolidated net income declined to P8,471 million.

5. INFRASTRUCTURE

The Infrastructure business sustained its strong growth momentum in 2024, with combined annual average daily traffic volume increasing by 2% from 2023, driven by continued ramp-up of its existing toll roads.

Consolidated revenues reached P37,523 million, reflecting a 7% increase from 2023.

Consolidated operating income increased by 12% to P20,291 million, mainly driven by sustained volume growth of all operating toll roads and controlled costs.

Consolidated net income of the Infrastructure business rose by 23% to P14,019 million brought by improved operating margins.

SMC led-consortium started rehabilitation activities such as airside and landside works after the Concession Agreement (CA) was signed on March 18, 2024, and the operation of NAIA was turned over by the Manila International Airport Authority (MIAA) on September 14, 2024.

6. CEMENT

The Cement business reported 2024 consolidated revenues of P34,934 million, 6% lower from 2023. The decline was primarily driven by the significant decrease in the average selling price of cement due to the influx of imported traded cement, although this was partially offset by the 3% increase in sales volume. Consolidated operating income grew by 10% to P6,550 million, as lower costs offset the decline in revenues.

II. FINANCIAL POSITION

A. The following are the major developments in 2025:

INVESTING ACTIVITIES

a. Joint Investments with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas

On March 1, 2024, Meralco PowerGen Corporation (MGen, a subsidiary of Meralco) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely: (i) the brownfield 1,278 MW Ilijan Power Plant owned by SPPC; (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by EERI; and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc., the Ultimate Parent Company, filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting in a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling P52,706 million, included as part of "Investments in shares of stock of associates and joint ventures - at equity" under "Investments and advances - net" account, in the consolidated statement of financial position as at December 31, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted in a gain amounting to P21,933 million, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the year ended December 31, 2025.

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340 million, included as part of “Investments in shares of stock of associates” under “Investments and advances - net” account, in the consolidated statement of financial position as at December 31, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling P78,717 million. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262 million (net of tax amounting to P688 million), presented as part of “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

b. Purchase of Common Shares of Meralco by San Miguel Global Power

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals, San Miguel Global Power purchased on various dates through the Philippine Stock Exchange (PSE) a total of 46,596,596 common shares of Meralco at P90.00 per share from the Land Bank of the Philippines. As at December 31, 2025, the shares were revalued at fair market value of P574.00 per share and recognized a gain of P22,445 million presented under “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

In 2025, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

FOREIGN CURRENCY-DENOMINATED LOANS

• **SMC**

- a. On various dates in 2025, SMC drew a total of US\$82 million from the US\$2,165 million credit facility executed on March 31, 2022, increasing the total amount availed to US\$1,984 million as at December 31, 2025. On December 9, 2025, SMC settled the matured portion of the loan amounting to US\$102 million. The loan is subject to a floating interest rate and with a term of 13 years. The proceeds of the loan were used to fund the land development works of the MIA Project in Bulacan.
- b. On May 8, 2025, SMC drew a total of JPY61,600 million from the Facility A and Facility B, subject to floating interest rates. Facility A is maturing in three years, with an option to extend an additional two years, while Facility B is maturing in five years. The proceeds of the loan were used for general corporate purposes.
- c. On various dates in 2025, SMC drew a total of US\$300 million from the Facility A of the US\$600 million term loan facilities, subject to a floating interest rate maturing in February 2030. The proceeds of the loan were used for general corporate purposes.
- d. On December 3, 2025, SMC drew US\$300 million from the term loan facility, subject to a floating interest rate maturing in August 2030. The proceeds of the loan were used for general corporate purposes.

- **San Miguel Global Power**

- a. On May 19, 2025, San Miguel Global Power availed of a US\$100 million term loan, subject to a floating interest rate, maturing in May 2030. The proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.
- b. On May 19 and July 3, 2025, San Miguel Global Power drew a total of US\$150 million from the US\$100 million loan facility, with an option to increase up to US\$150 million, executed on May 13, 2025. The loan is subject to a floating interest rate, maturing in May 2028. The proceeds of the loan were used to refinance the US\$100 million matured term loan drawn on May 24, 2022, for general corporate purposes and transaction-related fees, costs, and expenses in relation to the facility.

- **Petron**

On August 29, 2025, Petron availed of a US\$200 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds of the loan were used for payment of existing indebtedness and for general corporate purposes.

PESO TERM LOANS

- **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On various dates in 2025, SMC MRT 7 drew a total of P13,700 million from the P100,000 million Omnibus Loan and Security Agreement (OLSA) executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 15 years. The proceeds of the loans were used to finance the MRT 7 Project.

- **Energy**

- a. **Mariveles Power Generation Corporation (MPGC)**

On March 27, 2025, MPGC drew a total of P9,400 million from the OLSA executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and is payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant Project.

- b. **San Miguel Global Power**

On August 11, 2025, San Miguel Global Power availed of a total of P10,200 million fixed rate notes from a Trust Agreement executed on July 30, 2025, with maturities of up to ten years. The proceeds of the loans were used to refinance existing obligations and for general corporate purposes.

- **SMFB**

On March 7 and August 18, 2025, SMFB drew a total of P8,000 million and P1,200 million, respectively, from the P10,000 million term loan facility, subject to fixed and floating interest rates, with maturity up to March 2032.

The proceeds of the loans were used for: (a) the repayment, on March 10, 2025, of the P8,000 million Series A Fixed Rate Peso-denominated Bonds, which formed part of the P15,000 million Series A and Series B Bonds, issued in March 2020; and (b) general corporate purposes.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

Issuance of Series G, Series H and Series I and Payment of Series D and Series E Fixed Rate Peso-denominated Bonds by Petron

On July 7, 2025, Petron issued and listed on the Philippine Dealing & Exchange Corp. (PDEX) a total of P32,000 million Fixed Rate Peso-denominated Bonds.

The bonds consist of: (a) P15,910 million Series G Bonds maturing in 2030 with an interest rate of 6.5945% per annum; (b) P4,604 million Series H Bonds maturing in 2032 with an interest rate of 6.9761% per annum; and (c) P11,486 million Series I Bonds maturing in 2035 with an interest rate of 7.3896% per annum.

The net proceeds were used primarily for: (a) the payment on October 19, 2025 of the P6,800 million Series D Fixed Rate Peso-denominated Bonds, which formed part of the P20,000 million Series C and Series D Bonds issued in October 2018; (b) the payment of the P9,000 million Series E Fixed Rate Peso-denominated Bonds on October 12, 2025, which formed part of the P18,000 million Series E and Series F Bonds issued in October 2021; (c) repayment of other existing indebtedness; and (d) general corporate purposes.

Payment of Fixed Rate Peso-denominated Bonds

- **Series F Bonds by SMC**

On March 19, 2025, SMC paid the P2,438 million Series F Fixed Rate Peso-denominated Bonds, which formed part of the third tranche of the P20,000 million Series E, Series F and Series G Bonds issued in March 2018.

The payment was funded by the proceeds of Series O and Series P Bonds issued in July 2024.

- **Series C Bonds by SMC SLEX Inc. (SMC SLEX)**

On May 22, 2025, SMC SLEX paid the P2,500 million Series C Fixed Rate Peso-denominated Bonds. The Series C Bonds formed part of the P7,300 million Fixed Rate Bonds issued in May 2015.

The payment was funded by cash generated from operations and the net proceeds of P2,500 million term loan drawn on May 19, 2025 from its P12,500 million term loan facility with various local banks executed on December 9, 2024. The loan is subject to a fixed interest rate with a term of seven years and six months.

- **Series K Bonds by San Miguel Global Power**

On July 28, 2025, San Miguel Global Power paid the P5,000 million Series K Fixed Rate Peso-denominated Bonds. The Series K Bonds, which formed part of the P40,000 million Series K, Series L and Series M Bonds were issued in July 2022.

The payment was funded by the proceeds of a short-term loan drawn in July 2025 and cash generated from operations.

PAYMENT OF TERM LOANS

During the year, the Group paid a total of P51,390 million of its scheduled amortizations and maturing obligations funded by the proceeds of long-term and short-term loan facilities and cash generated from operations.

ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS)

San Miguel Global Power

- a. On February 19, 2025, San Miguel Global Power completed the issuance of US\$100 million SPCS (the “Additional US\$100 million SPCS”), at an issue price of 100.503% of the principal amount, plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The Additional US\$100 million SPCS was consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, bringing the total securities to US\$600 million. The Additional US\$100 million SPCS is identical in all respects to the US\$500 million SPCS, except for the date of issuance and issue price.

The net proceeds were used for the partial purchase, repurchase, and/or redemption of the outstanding US\$163 million 7.00% SPCS issued on October 21 and December 15, 2020 which was completed on October 17, 2025.

- b. On July 24 and August 11, 2025, San Miguel Global Power completed the issuance of US\$515 million SPCS, consisting of: (a) US\$400 million in aggregate principal amount of SPCS with an initial distribution rate of 8.95% per annum; and (b) an additional US\$115 million SPCS at an issue price of 100% plus an amount corresponding to accrued distribution from (and including) July 24, 2025 to (but excluding) August 11, 2025. The US\$115 million SPCS were issued in exchange for certain existing securities namely: (a) the 7.00% SPCS issued on October 21 and December 15, 2020; and (b) the 5.70% SPCS issued on January 21, 2020, pursuant to the Exchange Offers.

The net proceeds were applied to the following: (a) costs and expenses related to the Concurrent Exchange Offers and the issuance of the Additional New Securities; (b) partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued on October 21, 2020 with an initial distribution rate of 7.00% and on January 21, 2020 with an initial distribution rate of 5.70%; and (c) pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

- c. On May 9 and October 17, 2025, San Miguel Global Power completed the redemption of the US\$113 million SPCS remaining out of the US\$500 million SPCS issued in November 2019 and US\$163 million remaining SPCS out of the US\$750 million SPCS issued in October and December 2020, respectively, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Accrued but unpaid distributions were also settled.

The US\$113 million SPCS were redeemed using a portion of the proceeds from the Chromite transaction and the issuances of SPCS in 2025.

SMC

On July 29, 2025, SMC redeemed all the outstanding US\$500 million SPCS under the US\$3,000 million Medium Term Note and Securities Programme (the "Redeemed Securities"). The Redeemed Securities were issued on July 29, 2020, with a distribution rate of 5.5% per annum.

The redemption of US\$500 million SPCS was approved by the Board of Directors (BOD) of SMC on June 10, 2025, and was funded by a bridge loan facility from a foreign bank.

Petron

On September 22, 2025, Petron completed the issuance of US\$475 million SPCS at an issue price of 100% consisting of US\$333 million securities pursuant to exchange offer and US\$142 million new securities issued for cash. The securities have distribution rate of 7.35% per annum and were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on September 23, 2025. The net proceeds were used to finance costs and expenses relating to the exchange and tender offer and issuance of the SPCS, and for general corporate purposes.

Concurrently, Petron has completed the settlement of US\$333 million securities tendered for exchange and US\$54 million securities tendered for purchase, both of which formed part of the US\$550 million SPCS issued in April 2021. Related distributions amounting to US\$10 million were also settled.

EQUITY TRANSACTIONS OF SMC

Approval by the Securities and Exchange Commission (SEC) of the Amendments to the Articles of Incorporation

On July 7, 2025, the SEC approved the amendments to the Articles of Incorporation of SMC, specifically:

1. the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; and
2. the amendment of the authorized capital stock of SMC from P30,000 million, with a par value of P5.00 per share or 6,000,000,000 shares, divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares, to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares.

Such amendments were pursuant to the approval by the BOD on January 16, 2025, which was approved, confirmed and ratified by the Stockholders of SMC on March 27, 2025.

Approval by the BOD of the Delisting of Series "2" Preferred Shares - Subseries "2-A" (SMC2A Preferred Shares), Subseries "2-B" (SMC2B Preferred Shares), Subseries "2-C" (SMC2C Preferred Shares) and Subseries "2-D" (SMC2D Preferred Shares)

On September 11, 2025, the BOD of SMC approved the delisting of 565,445,086 SMC2A Preferred Shares, 90,428,200 SMC2B Preferred Shares, 255,559,400 SMC2C Preferred Shares and 89,333,400 SMC2D Preferred Shares redeemed in September 2015, 2019, 2021 and 2020, respectively.

These preferred shares are no longer outstanding after their redemption by SMC which resulted in the suspension by the PSE of the trading of these Series “2” Preferred Shares. Upon redemption, the said shares reverted to SMC’s treasury shares and, subsequently, have been reissued by SMC as different subseries of Series “2” Preferred Shares, under separate applications for listing. With such reissuance and listing, the delisting of the SMC2A, SMC2B, SMC2C and SMC2D Preferred Shares is appropriate.

Redemption of Series “2” Preferred Shares - Subseries “2-F” (SMC2F Preferred Shares)

On September 22, 2025, SMC redeemed the 223,333,500 SMC2F Preferred Shares issued on September 21, 2015, at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of SMC on August 7, 2025.

The SMC2F Preferred Shares were redeemed using the proceeds from the Peso-denominated short-term loans availed in September 2025.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

Issuance of Series “2” Preferred Shares - Subseries “2-S” (SMC2S Preferred Shares), Subseries “2-T” (SMC2T Preferred Shares) and Subseries “2-U” (SMC2U Preferred Shares)

On October 24, 2025, SMC issued and listed on the PSE 179,837,540 SMC2S Preferred Shares, 73,983,880 SMC2T Preferred Shares and 146,178,580 SMC2U Preferred Shares, under the 866,666,700 Series 2 Shelf Registered Preferred Shares. The shares were issued at P75.00 per share, for a total amount of P30,000 million, with dividend rates per annum of 6.965%, 7.256% and 7.536%, respectively.

The Offer Shares are perpetual and have no fixed final maturity date.

The shares are cumulative, nonvoting, non-participating, non-convertible, redeemable, reissuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares, issued out of SMC’s treasury shares.

The net proceeds from the issuance were used to refinance short-term loans which were used to redeem the SMC2F Preferred Shares and redemption of the remaining SMC2J Preferred Shares and SMC2K Preferred Shares.

Exchange and Redemption of Preferred Shares

On August 7, 2025, the BOD of SMC approved the offer exchange to the holders of 266,666,667 Series “2” Preferred Shares - Subseries “2-J” (SMC2J Preferred Shares) and 183,904,900 Subseries “2-K” (SMC2K Preferred Shares) (collectively, the “Exchange Share”) at a rate of one Exchange Share to one of any of the Series “2” Preferred Shares, to be reissued in three subseries, namely Subseries “2-P” (SMC2P Preferred Shares), Subseries “2-Q” (SMC2Q Preferred Shares) and Subseries “2-R” (SMC2R Preferred Shares) which will be reissued from the treasury Series “2” Preferred Shares of SMC.

On October 10, 2025, an aggregate of 251,474,020 Exchange Shares, consisting of 173,760,520 SMC2J Preferred Shares and 77,713,500 SMC2K Preferred Shares were tendered to SMC in exchange for 171,370,380 SMC2P Preferred Shares, 53,815,840 SMC2Q Preferred Shares, and 26,287,800 SMC2R Preferred Shares. On October 24, 2025, SMC issued and listed on the PSE SMC2P, SMC2Q and SMC2R Preferred Shares.

October 29 and December 10, 2025, SMC redeemed the outstanding 92,906,147 SMC2J Preferred Shares and 106,191,400 SMC2K Preferred Shares issued in October 2020 and December 2020, respectively. The redemption price was the issue price of P75.00 per share. Unpaid cash dividends were also settled.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares was suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

EVENTS AFTER THE REPORTING DATE

SAN MIGUEL GLOBAL POWER

Issuance of Capital Securities

On January 20, 2026, San Miguel Global Power issued US\$300 million SPCS with an initial rate of distribution of 8.375% per annum.

The net proceeds from the issuance were used for the purchase, repurchase and/or redemption on January 20, 2026 of all outstanding 5.70% SPCS issued in January 2020 and the costs and expenses related to the Securities.

The US\$300 million SPCS was listed on the SGX-ST on January 21, 2026.

Issuance of Series N, Series O and Series P Fixed Rate Peso-denominated Bonds

On February 6, 2026, the BOD of San Miguel Global Power approved the issuance, offer and sale to the public of Peso-denominated bonds with an aggregate principal amount of up to P30,000 million, comprised of a base offer of bonds with an aggregate principal amount of up to P20,000 million and an oversubscription option of bonds with an aggregate principal amount of up to P10,000 million.

The net proceeds of the issuance of the bonds will be used for: (a) refinancing of debt obligations; (b) partial funding of the pipeline of renewable energy project; and (c) payment of transaction-related fees, costs and expenses.

Redemption of SPCS by Petron

On March 3, 2026, the BOD of Petron approved the redemption on April 19, 2026 of the remaining \$163 million SPCS issued in April 2021.

Redemption of Series “2” Preferred Shares - Subseries “2-I” (SMC2I Preferred Shares) by SMC

On March 30, 2026, SMC redeemed the 169,333,400 SMC2I Preferred Shares issued on March 30, 2016 at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of SMC on January 15, 2026.

The SMC2I Preferred Shares were redeemed using a portion of the proceeds from the US\$1,000 million term loan drawn on March 11, 2026 under the US\$1,500 million loan facility.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

B. The following are the major developments in 2024:

INVESTING ACTIVITIES

a. Rehabilitation, Operation and Maintenance (O&M) of NAIA

On February 15, 2024, New NAIA Infra Corp. (NNIC) was incorporated by the members of the SMC-SAP & Co. Consortium (the “Consortium”), namely San Miguel Holdings Corp. (SMHC) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc. at 27% and Incheon International Airport Corporation at 10%. On February 16, 2024, the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country’s main international gateway.

On March 18, 2024, the CA was signed between the DOTr, MIAA and the concession company, NNIC. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten-year extension subject to the fulfillment of Key Performance Indicators to be reviewed on the 8th year.

The project is a Rehabilitate-Expand-Operate and Transfer scheme and calls for NNIC to expand the terminal capacity from the current design capacity of 35 Million Passengers per Annum (MPAX) to 62 MPAX and to increase runway capacity from 42 to 48 peak hourly rate.

On September 13, 2024, NNIC remitted to MIAA the upfront fee required under the CA, including value-added tax (VAT), and annuity payment which was funded by loan availment and equity infusion.

On September 14, 2024, NNIC officially took over operations at NAIA following the completion of all required deliverables for turnover as outlined in the CA.

b. Turn-over of Sual Coal-fired Thermal Power Plant in Pangasinan

On October 25, 2024, the 1,294 MW Sual Coal-fired Thermal Power Plant, located in Pangasinan, was turned over to SPI by the Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Power Corporation, pursuant to the Independent Power Producer Administration (IPPA) Agreement effective November 6, 2009 and the Deed of Absolute Sale executed between PSALM and SPI dated October 24, 2024.

In 2024, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **Energy**

- a. SMGP BESS Power Inc. (SMGP BESS)**

On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the P40,000 million OLSA with various local banks executed on October 23, 2023. The loan is subject to a fixed interest rate of 7.7497% per annum and will mature in October 2033. The proceeds of the second tranche were used for the reimbursement or repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payments for interest, design, construction, and the operation of its BESS projects, and cover transaction-related costs, fees and expenses.

- b. San Miguel Global Power**

On July 19, 2024, San Miguel Global Power drew P9,750 million from the P10,000 million term loan facility. The loan is subject to a fixed interest rate of 7.9276% per annum and will mature in June 2029. The proceeds of the loan were used to refinance an existing loan.

- c. MPGC**

On December 27, 2024, MPGC drew the first and second tranches amounting to a total of P32,500 million from the ten-year OLSA with various local banks dated December 17, 2024. The loan is subject to a fixed interest rate of 7.5758% and 8.0808% per annum and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant Project.

- **Infrastructure**

- a. SMC MRT 7**

On various dates in 2024, SMC MRT 7 drew a total of P16,400 million from the P100,000 million OLSA executed with various banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 15 years. The proceeds of the loans were used to finance the MRT 7 Project.

- b. SMC SLEX Holdings Company Inc. (SSHCI) and SMC SLEX**

On December 12, 2024, SSHCI and SMC SLEX availed of a total of P20,000 million term loan, subject to a fixed interest rate and will mature on June 11, 2032. The proceeds of the loan were used to refinance existing debt obligations.

- **SMB**

On December 10, 2024, SMB availed of a total of P10,000 million term loan with various local banks, subject to a fixed interest rate and with maturity up to December 2031. The proceeds of the loan were used to refinance existing debt obligations.

FOREIGN CURRENCY-DENOMINATED LOANS

- **SMC**

a. On various dates in 2024, SMC drew a total of US\$410 million from the US\$2,165 million loan facility executed on March 31, 2022. The loans are subject to a floating interest rate and with a term of 13 years. The proceeds of the loans were used to fund the land development works of the MIA Project in Bulacan.

b. On September 27, 2024, SMC availed of a US\$2,000 million term loan, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used to refinance the matured loans drawn by SMC amounting to US\$50 million and US\$1,950 million on December 27, 2019 and March 19, 2020, respectively.

- **Petron**

On various dates in July, September and October 2024, Petron drew a total of US\$500 million from the term loan facility executed on July 11, 2024. The loans are subject to a floating interest rate and have a final maturity in July 2029. The proceeds of the loans were partially used to repay outstanding indebtedness and settle liabilities for crude oil importations.

- **San Miguel Global Power**

On various dates in September and October 2024, San Miguel Global Power drew a total of US\$300 million from the US\$200 million loan facility, with option to increase up to US\$300 million, executed with a foreign bank on August 30, 2024. The loan is subject to a floating interest rate and will mature in August 2027. The proceeds of the loan were used to refinance existing facility agreement and funding developmental costs and working capital requirements for renewables and emission reduction projects, and/or payment of transaction-related fees, costs and expenses in relation to the facility agreement.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

Issuance of Series O and Series P Fixed Rate Peso-denominated Bonds by SMC

On July 3, 2024, SMC issued and listed on the PDEX P13,000 million Series O and P7,000 million Series P Fixed Rate Peso-denominated Bonds from the P50,000 million Shelf Registered Fixed Rate Bonds approved by the SEC in 2021. The Series O Bonds have a term of six years and six months from the issue date with a fixed interest rate of 7.2584% per annum. The Series P Bonds have a term of ten years from the issue date with a fixed interest rate of 7.7197% per annum.

The proceeds of the issuance of the bonds were used for the partial payment of the Series I Fixed Rate Peso-denominated Bonds, repayment of Series F Bonds on March 19, 2025, and investments in the MIA Project and other airport-related projects in Bulacan.

Issuance of Series A, Series B and Series C Fixed Rate Peso-denominated Bonds by SMC Tollways Corporation (SMC Tollways)

On December 5, 2024, SMC Tollways issued and listed on the PDEX P10,560 million Series A, P5,899 million Series B and P18,541 million Series C Fixed Rate Peso-denominated Bonds approved by the SEC. The Series A Bonds have a term of five years and three months from the issue date with a fixed interest rate of 6.4783% per annum. The Series B Bonds have a term of seven years from the issue date with a fixed interest rate of 6.7026% per annum. The Series C Bonds have a term of ten years from the issue date with a fixed interest rate of 6.9331% per annum.

The proceeds of the issuance of the bonds were used for the prepayment of existing indebtedness and to fund the capital expenditure requirements of the Skyway Project and the SMC Skyway Stage 3 Project.

Payment of Series B Fixed Rate Peso-denominated Bonds by SMC

On March 1, 2024, SMC paid the P7,294 million Series B Fixed Rate Peso-denominated Bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million Series A, Series B and Series C Bonds, were issued in 2017.

The Series B Bonds were paid from the net proceeds of the issuance of Subseries “2-L”, “2-N” and “2-O” (Subseries 2-LNO) Preferred Shares in December 2023.

Partial Payment of Series I Fixed Rate Peso-denominated Bonds by SMC

On July 8, 2024, SMC partially paid the P11,240 million of the P30,000 million Series I Fixed Rate Peso-denominated Bonds as a result of the put option exercised by the bondholders. The Series I Bonds, which formed part of the first tranche of the P50,000 million Bonds were issued in 2021. The remaining balance of the Series I Fixed Rate Peso-denominated Bonds was repriced at 7.4650% per annum from 3.3832% per annum effective July 8, 2024, up to maturity on July 8, 2027.

The payment was funded partly from the proceeds of Series O and Series P Fixed Rate Peso-denominated Bonds.

Payment of Series H Fixed Rate Peso-denominated Bonds by SMC

On October 4, 2024, SMC paid the P10,000 million Series H Fixed Rate Peso-denominated Bonds, which matured on the same date. The Series H Bonds, the fourth tranche of the P60,000 million Shelf Registered Fixed Rate Bonds were issued in 2019.

The Series H Bonds were paid from the net proceeds of the issuance of Subseries 2-LNO Preferred Shares in December 2023.

Payment of Series C Fixed Rate Peso-denominated Bonds by Petron

On April 19, 2024, Petron paid the P13,200 million Series C Fixed Rate Peso-denominated Bonds, which matured on the same date. The Series C Bonds which formed part of the P20,000 million Bonds were issued in October 2018.

The payment was funded by the: (a) P7,000 million term loan availed on March 6, 2024 subject to a fixed interest rate for the first two years and will be repriced at a new fixed interest rate for the last three years; (b) P5,000 million term loan availed on April 18, 2024, subject to a floating interest rate and with a term of five years; and (c) cash generated from operations.

Payment of Series I Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On April 24, 2024, San Miguel Global Power paid the P9,232 million Series I Fixed Rate Peso-denominated Bonds, from the proceeds of short-term loan facilities and from cash generated from operations.

The Series I Bonds which formed part of the first tranche of the P30,000 million Series H, Series I and Series J Bonds were issued in April 2019.

Payment of Series E Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On December 23, 2024, San Miguel Global Power paid the P6,478 million Series E Fixed Rate Peso-denominated Bonds, from cash generated from operations.

The Series E Bonds which formed part of the first tranche of the P35,000 million Series D, Series E and Series F Bonds, were issued in December 2017.

PAYMENT OF PESO TERM LOAN BY SAN MIGUEL GLOBAL POWER

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate seven-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

The payment was funded by the proceeds of short-term loan facilities and from cash generated from operations.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2024, the Group paid a total of P34,232 million of its scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and cash generated from operations.

ISSUANCE AND REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

- a. On April 19, 2024, San Miguel Global Power issued US\$800 million Redeemable Perpetual Capital Securities at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

The net proceeds were used in part for the redemption of the US\$783 million SPCS on April 25, 2024, pursuant to the terms and conditions of the securities. The US\$783 million SPCS is the remaining securities out of the US\$800 million SPCS issued in April and July 2019. The redemption price included the principal amount and any accrued but unpaid distributions up to, but excluding, the step-up date.

The difference between the price paid and the net carrying amount of the SPCS repurchased amounting to P4,854 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at December 31, 2024.

- b. On September 12, 2024, San Miguel Global Power issued US\$800 million SPCS ("Securities") at an issue price of 100%, with a distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. The Securities were used in part for the exchange of certain existing SPCS amounting to US\$532 million and the repurchase of certain existing SPCS amounting to US\$157 million on September 12, 2024.

The remaining proceeds of US\$111 million were used for the payment of: (a) costs and expenses related to the issuance of the Securities; (b) accrued distribution in respect of the securities that was accepted for exchange and repurchase; and (c) pre-development costs of solar energy projects.

The difference between the price paid and the net carrying amount of the SPCS exchanged and repurchased amounting to P5,259 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at December 31, 2024.

On September 30, 2024, San Miguel Global Power issued an additional US\$100 million SPCS ("Additional Securities") at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024. The Additional Securities are consolidated into and form a single series with the Securities issued on September 12, 2024, bringing the total securities to US\$900 million and are identical in all respects, except for the date of issuance and issue price.

The net proceeds of the Additional Securities are intended for the pre-development costs of solar energy projects and capital expenditures related to the BESS projects.

The Securities and Additional Securities were listed on the SGX-ST on September 13, 2024 and October 1, 2024, respectively.

- c. On December 2, 2024, San Miguel Global Power issued US\$500 million SPCS. The net proceeds were used for the exchange and repurchase of SPCS amounting to US\$274 million and US\$46 million, respectively, in December 2024, payment of accrued distributions to the holders of exchanged and repurchased securities, and pre-development costs of solar energy projects and BESS projects.

ISSUANCE OF PREFERRED SHARES BY PETRON

On September 23, 2024, Petron issued and listed on the PSE 8,500,000 Series 4D and 8,330,000 Series 4E Preferred Shares, under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P16,830 million. The shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated perpetual Preferred Shares with a par value of P1.00 per share.

The preferred shares are perpetual and have no fixed final maturity date. Dividend rates are 6.8364% and 7.1032% per annum for Series 4D and Series 4E, respectively.

The net proceeds were used to fully redeem the Series 3A Preferred Shares, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

REDEMPTION OF PREFERRED SHARES BY PETRON

On December 26, 2024, Petron redeemed the 13,403,000 Series 3A Preferred Shares issued on June 25, 2019 at a redemption price of P1,000.00 per share, with a record date of November 21, 2024. The redemption was approved by the BOD of Petron on June 26, 2024.

C. MATERIAL CHANGES PER LINE OF ACCOUNT

2025 vs. 2024

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P351,715	P293,677	P58,038	20%	13%	11%
Trade and other receivables - net	247,559	266,981	(19,422)	(7%)	9%	10%
Inventories	145,800	178,355	(32,555)	(18%)	5%	7%
Current portion of biological assets - net	3,074	3,241	(167)	(5%)	0%	0%
Prepaid taxes and licenses	103,105	126,022	(22,917)	(18%)	4%	5%
Prepaid expenses and other current assets	31,689	32,158	(469)	(1%)	1%	1%
Total Current Assets	882,942	900,434	(17,492)	(2%)	32%	34%
Investments and advances - net	127,258	52,948	74,310	140%	5%	2%
Investments in equity and debt instruments	47,862	21,050	26,812	127%	2%	1%
Property, plant and equipment - net	808,450	891,450	(83,000)	(9%)	30%	33%
Right-of-use assets - net	44,210	43,302	908	2%	1%	1%
Investment property - net	96,431	87,909	8,522	10%	3%	3%
Biological assets - net of current portion	2,661	2,652	9	0%	0%	0%
Goodwill - net	186,145	184,994	1,151	1%	7%	7%
Other intangible assets - net	359,842	340,496	19,346	6%	13%	13%
Deferred tax assets	23,196	22,045	1,151	5%	1%	1%
Contract assets	69,563	56,028	13,535	24%	3%	2%
Other noncurrent assets - net	77,600	73,622	3,978	5%	3%	3%
Total Noncurrent Assets	1,843,218	1,776,496	66,722	4%	68%	66%
Total Assets	P2,726,160	P2,676,930	P49,230	2%	100%	100%
Loans payable	P230,592	P293,230	(P62,638)	(21%)	8%	11%
Accounts payable and accrued expenses	254,023	289,038	(35,015)	(12%)	9%	11%
Lease liabilities - current portion	7,994	11,736	(3,742)	(32%)	0%	0%
Income and other taxes payable	41,753	43,628	(1,875)	(4%)	2%	2%
Dividends and distributions payable	4,639	5,160	(521)	(10%)	0%	0%
Current maturities of long-term debt - net of debt issue costs	176,286	94,123	82,163	87%	7%	4%
Total Current Liabilities	715,287	736,915	(21,628)	(3%)	26%	28%

Forward

(Amounts in Millions)	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Long-term debt - net of current maturities and debt issue costs	P1,181,010	P1,173,146	P7,864	1%	43%	44%
Lease liabilities - net of current portion	27,837	30,809	(2,972)	(10%)	1%	1%
Deferred tax liabilities	29,303	34,861	(5,558)	(16%)	1%	1%
Other noncurrent liabilities	25,383	24,758	625	3%	1%	1%
Total Noncurrent Liabilities	1,263,533	1,263,574	(41)	(0%)	46%	47%
Total Liabilities	1,978,820	2,000,489	(21,669)	(1%)	72%	75%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,151	177,442	(291)	(0%)	6%	6%
Capital securities	-	24,211	(24,211)	(100%)	0%	1%
Equity reserves	15,624	(5,275)	20,899	396%	1%	(0%)
Retained earnings:						
Appropriated	85,931	79,849	6,082	8%	3%	3%
Unappropriated	129,390	89,413	39,977	45%	5%	3%
Treasury stock	(111,345)	(109,763)	(1,582)	(1%)	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	323,381	282,507	40,874	14%	12%	10%
Non-controlling interests	423,959	393,934	30,025	8%	16%	15%
Total Equity	747,340	676,441	70,899	10%	28%	25%
Total Liabilities and Equity	P2,726,160	P2,676,930	P49,230	2%	100%	100%

Consolidated total assets as at December 31, 2025 amounted to P2,726,160 million, P49,230 million higher than December 31, 2024. This was primarily due to the increase in cash and cash equivalents, investments and advances, investments in equity and debt instruments, other intangible assets and contract assets, partially offset by decreases in trade and other receivables, inventories, prepaid taxes and licenses and property, plant and equipment.

The increase in cash and cash equivalents by P58,038 million was mainly due to cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of San Miguel Global Power, availment of long-term borrowings, issuance of capital securities, and the reissuance of treasury shares by SMC. This was reduced by the redemption of capital securities and preferred shares, capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, investment in 32.98% equity interest in LFC, net payment of short-term loans and payments of interest, dividends and distributions and lease liabilities.

The decrease in trade and other receivables - net by P19,422 million was mainly attributable to the: (a) net effect of the deconsolidation of SPPC, EERI and IPIEC's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025; and (b) lower receivable by Petron Malaysia from the Malaysian Government due to subsidy claims received. This was partially offset by higher trade receivables arising from increased year-end sales of Petron Singapore Trading Pte. Ltd. which remained outstanding as at December 31, 2025, bilateral and spot sales of MPGC and revenues from the reserves market and ancillary services of SMGP BESS.

The decrease in inventories by P32,555 million was attributable mainly to: (a) lower volumes and prices of crude oil and finished products of Petron; (b) the deconsolidation of SPPC and EERI; and (c) reduced materials and supplies particularly in the Food division's Feeds segment.

The decrease in total biological assets by P158 million was primarily driven by higher sales volumes in the Food division's Poultry segment, which reduced ending inventory levels.

The decrease in prepaid taxes and licenses by P22,917 million was primarily due to the deconsolidation of SPPC and EERI as well as lower excise tax claims, reflecting the filing of excise tax and VAT refund claims and the decrease in deferred input VAT of Petron.

The increase in investments and advances - net by P74,310 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, and the investment in 32.98% equity interest in LFC.

The increase in investments in equity and debt instruments by P26,812 million was mainly due to the acquisition and subsequent revaluation of the investment in shares of stock of Meralco held by the Energy business.

The decrease in property, plant and equipment - net by P83,000 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the costs of the ongoing projects of the Energy business.

The increase in investment property - net by P8,522 million was mainly due to the acquisition of land for the MIA Project, as well as new and renewed land leases for Petron service stations.

The increase in other intangible assets - net by P19,346 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partially offset by the amortization during the year.

The increase in deferred tax assets by P1,151 million was mainly due to the deferred income tax on unrealized losses from the revaluation of foreign currency-denominated long-term debt, offset by the reversal of deferred income tax expense on realized foreign exchange gains arising from the hedging and payment of foreign currency-denominated borrowings of SMC.

The increase in contract assets by P13,535 million pertains to costs of the MRT 7 Project.

The increase in other noncurrent assets - net by P3,978 million pertains mainly to additional advances to suppliers and contractors for various projects of the Energy business and the recognition of net defined benefit retirement asset of SMC in 2025, resulting from unrealized gains on market value of the investments of San Miguel Corporation Retirement Plan.

The decrease in loans payable by P62,638 million was mainly due to the net payment made by the Group.

The decrease in accounts payable and accrued expenses by P35,015 million was mainly due to net payment of trade and non-trade payables of the Energy business and the deconsolidation of trade and non-trade payables of SPPC and EERI.

The decrease in dividends and distributions payable by P521 million was mainly due to the payment in 2025 of dividends declared in November 2024 to preferred shareholders of Petron.

The increase in total long-term debt, net of debt issue costs, by P90,027 million was primarily due to the net availments made by the Group and translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P6,714 million was primarily due to payments made to PSALM by: (a) SPI for the lease agreement pertaining to the land where the Sual Coal-fired Thermal Power Plant is currently situated; and (b) San Roque Hydropower Inc. (SRHI) under the IPPA Agreement.

The decrease in deferred tax liabilities by P5,558 million was mainly due to the deconsolidation of SPPC, reduced by the utilization of Net Operating Loss Carry Over (NOLCO) by Petron.

The decrease in capital securities by P24,211 million represents the redemption by SMC of the US\$500 million SPCS.

The increase in equity reserves by P20,899 million was mainly due to the fair valuation of the investment in shares of stock of Meralco by the Energy business.

The increase in appropriated retained earnings by P6,082 million was attributable to the appropriations made for: (a) the SLEX Widening Project by SMC SLEX; and (b) the payment of loans by SMB in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P39,977 million was mainly due to net income attributable to equity holders of the Parent Company and gain recognized by San Miguel Global Power on the redemption of investment in redeemable preferred shares of SPPC, EERI, and IPIEC. This was partially offset by the: (a) dividends and distributions declared; (b) difference of the redemption price and carrying amount of the US\$500 million SPCS issued by SMC on July 29, 2020; (c) and net appropriations of retained earnings during the year.

The increase in equity attributable to equity holders of the Parent Company by P40,874 million was mainly due to the: (a) share in the net income earned in 2025; (b) gain on fair valuation of the investment in shares of stock of Meralco; (c) net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power; and (d) reissuance of preferred treasury shares of SMC. These were reduced by the redemption of capital securities and preferred shares, dividends declared to holders of common and preferred shares, and distributions to holders of SPCS of SMC.

The increase in equity attributable to NCI by P30,025 million was mainly due to the net issuance of capital securities by San Miguel Global Power and Petron and the share of NCI in the total comprehensive income of the Group, net of dividends and distributions declared to NCI.

2024 vs. 2023

(Amounts in Millions)	December 31		Horizontal Analysis		Vertical Analysis	
	2024	2023	Increase (Decrease) Amount	%	2024	2023
Cash and cash equivalents	P293,677	P261,358	P32,319	12%	11%	11%
Trade and other receivables - net	266,981	263,119	3,862	1%	10%	11%
Inventories	178,355	161,986	16,369	10%	7%	6%
Current portion of biological assets - net	3,241	3,515	(274)	(8%)	0%	0%
Prepaid taxes and licenses	126,022	113,530	12,492	11%	5%	5%
Prepaid expenses and other current assets	32,158	27,894	4,264	15%	1%	1%
Total Current Assets	900,434	831,402	69,032	8%	34%	34%
Investments and advances - net	52,948	37,089	15,859	43%	2%	2%
Investments in equity and debt instruments	21,050	19,417	1,633	8%	1%	1%
Property, plant and equipment - net	891,450	753,472	137,978	18%	33%	31%
Right-of-use assets - net	43,302	108,014	(64,712)	(60%)	1%	4%
Investment property - net	87,909	79,513	8,396	11%	3%	3%
Biological assets - net of current portion	2,652	2,667	(15)	(1%)	0%	0%
Goodwill - net	184,994	182,791	2,203	1%	7%	7%
Other intangible assets - net	340,496	306,638	33,858	11%	13%	12%
Deferred tax assets	22,045	19,633	2,412	12%	1%	1%
Contract assets	56,028	39,138	16,890	43%	2%	2%
Other noncurrent assets - net	73,622	79,591	(5,969)	(7%)	3%	3%
Total Noncurrent Assets	1,776,496	1,627,963	148,533	9%	66%	66%
Total Assets	P2,676,930	P2,459,365	P217,565	9%	100%	100%
Loans payable	P293,230	P214,881	P78,349	36%	11%	9%
Accounts payable and accrued expenses	289,038	223,055	65,983	30%	11%	9%
Lease liabilities - current portion	11,736	19,631	(7,895)	(40%)	0%	1%
Income and other taxes payable	43,628	46,254	(2,626)	(6%)	2%	2%
Dividends and distributions payable	5,160	4,605	555	12%	0%	0%
Current maturities of long-term debt - net of debt issue costs	94,123	236,798	(142,675)	(60%)	4%	9%
Total Current Liabilities	736,915	745,224	(8,309)	(1%)	28%	30%

Forward

(Amounts in Millions)	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Long-term debt - net of current maturities and debt issue costs	P1,173,146	P953,786	P219,360	23%	44%	39%
Lease liabilities - net of current portion	30,809	36,941	(6,132)	(17%)	1%	2%
Deferred tax liabilities	34,861	29,503	5,358	18%	1%	1%
Other noncurrent liabilities	24,758	28,745	(3,987)	(14%)	1%	1%
Total Noncurrent Liabilities	1,263,574	1,048,975	214,599	20%	47%	43%
Total Liabilities	2,000,489	1,794,199	206,290	11%	75%	73%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	6%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	(5,275)	7,354	(12,629)	(172%)	(0%)	0%
Retained earnings:						
Appropriated	79,849	87,170	(7,321)	(8%)	3%	4%
Unappropriated	89,413	103,151	(13,738)	(13%)	3%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	282,507	316,221	(33,714)	(11%)	10%	13%
Non-controlling interests	393,934	348,945	44,989	13%	15%	14%
Total Equity	676,441	665,166	11,275	2%	25%	27%
Total Liabilities and Equity	P2,676,930	P2,459,365	P217,565	9%	100%	100%

Consolidated total assets as at December 31, 2024 amounted to P2,676,930 million, P217,565 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, inventories, prepaid taxes and licenses, investments and advances, property, plant and equipment, other intangible assets and contract assets, partially offset by the decrease in right-of-use assets.

The increase in cash and cash equivalents by P32,319 million was mainly due to cash generated from operations and net proceeds from borrowings and issuance of preferred shares and capital securities. This was partially offset by capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, redemption of preferred shares and capital securities and payments of interests, dividends and distributions, income taxes and lease liabilities.

The increase in inventories by P16,369 million was attributable mainly to the higher volume of crude oil of Petron and higher materials and supplies, mostly wheat, and lower usage of soybean meal of the Food division. This was reduced by the lower volume of finished products and lower prices of both crude oil and finished products of Petron.

The decrease in total biological assets by P289 million was mainly attributable to lower feed costs.

The increase in prepaid taxes and licenses by P12,492 million was primarily due to higher creditable withholding taxes and input VAT of Petron and higher creditable withholding taxes of SPI and SPPC.

The increase in prepaid expenses and other current assets by P4,264 million was mainly due to the increase in restricted cash balance for debt servicing requirements of the Infrastructure and Energy businesses.

The increase in investments and advances - net by P15,859 million was mainly due to the investment in NNIC by SMHC and advances for future investments to certain companies by the Energy business and SMC.

The increase in investments in equity and debt instruments by P1,633 million was mainly due to the investment of SMC in non-voting preferred shares of stock of a company.

The increase in property, plant and equipment - net by P137,978 million was mainly due the reclassification of the Sual Coal-fired Thermal Power Plant from right-of-use assets following the turn-over of the plant to SPI at the end of its IPPA agreement with PSALM in October 2024 and the costs of the ongoing projects of the Energy business and the Food division.

The increase in investment property - net by P8,396 million was mainly due to the acquisition of land for the MIA Project and for future projects of the Energy business.

The increase in other intangible assets - net by P33,858 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partially offset by the amortization in 2024.

The increase in deferred tax assets by P2,412 million was mainly due to the deferred income tax on unrealized losses from the revaluation of foreign currency-denominated long-term debt, partially offset by the reversal of deferred income tax expense on realized foreign exchange losses as a result of payment of foreign currency-denominated long-term loan of SMC in 2024.

The increase in contract assets by P16,890 million pertains to costs of the MRT 7 Project in 2024.

The decrease in other noncurrent assets - net by P5,969 million was mainly due to the application of advances to suppliers and contractors to progress billings for the projects of the Energy business.

The increase in loans payable by P78,349 million was mainly due to the net availment made by the Group.

The increase in accounts payable and accrued expenses by P65,983 million was mainly due to higher: (a) payables for capital expenditures and trade-related transactions mainly for power purchases, coal and fuel supply of the Energy business; (b) outstanding liabilities to contractors and suppliers and liabilities for crude oil and petroleum products of Petron; and (c) payables for the purchases of raw materials of the Food division.

The decrease in income and other taxes payable by P2,626 million was mainly due to the lower accrued taxes of Petron and the lower outstanding VAT payable of the Energy business. This was partially offset by the additional withholding taxes payable recognized on distributions to capital securities, interest expense on borrowings and purchases related to the ongoing projects by the Energy business.

The increase in dividends and distributions payable by P555 million was mainly due to the dividends declared by SMC to Subseries 2-LNO preferred shareholders on November 7, 2024, which were paid on January 3, 2025, partially reduced by the dividends paid to common shareholders of SMC Skyway Corporation in February 2024, relating to dividends declared in December 2023.

The increase in total long-term debt, net of debt issue costs, by P76,685 million was primarily due to the net loan avancement made by the Group.

The decrease in total lease liabilities by P14,027 million was primarily due to: (a) payments made to PSALM, reduced by the interest expense and foreign exchange loss recognized in 2024 by the entities of the Energy business under the IPPA Agreements; and (b) pretermination of lease contracts with Philippine National Oil Company as a result of the reconveyance of landholdings by Petron. The decrease was partially offset by the lease liability recognized by SPI for the lease agreement executed in October 2024 pertaining to the land where the Sual Coal-fired Thermal Power Plant is situated.

The increase in deferred tax liabilities by P5,358 million was mainly due to the: (a) difference in actual PSALM payments over finance lease liability-related expenses of SPI and SRHI; (b) change in the net deferred tax liability position of Petron which resulted from the utilization of NOLCO and write-off of lapsed Minimum Corporate Income Tax (MCIT); and (c) provision for partial impairment of NOLCO and MCIT which expired in 2025 and application of available NOLCO carryforward benefits to income tax liability of SPCC.

The decrease in other noncurrent liabilities by P3,987 million was mainly due to the application of the retention payable to billings of contractors for the Mariveles Greenfield Power Plant.

The decrease in equity reserves by P12,629 million was mainly due to the loss on foreign exchange recognized on the redemption, exchange and repurchase of foreign currency-denominated SPCS of San Miguel Global Power.

The decrease in appropriated retained earnings by P7,321 million was mainly due to the reversal of appropriations for the: (a) P10,000 million term loan with a local bank paid in December 2024 and payment of Series H Bonds on April 2, 2024 by SMB; and (b) construction of shipyard and warehouse and purchase of vessels by SMC Shipping and Lighterage Corporation partially reduced by appropriations for the capital expenditures of the various ongoing projects made by the Food division and the Infrastructure business.

The decrease in unappropriated retained earnings by P13,738 million was mainly due to the dividends and distributions declared and net loss attributable to equity holders of the Parent Company. This was partially offset by the net reversal of appropriations of retained earnings in 2024.

The decrease in equity attributable to equity holders of the Parent Company by P33,714 million was mainly due to the dividends declared to common and preferred shareholders and distributions to SPCS holders of SMC and comprehensive loss incurred in 2024.

The increase in equity attributable to NCI by P44,989 million was mainly due to the net issuance of capital securities of San Miguel Global Power, issuance of Series 4D and Series 4E Preferred Shares of Petron and the share of NCI in the total comprehensive income of the Group, net of dividends and distributions declared to NCI and the redemption of Series 3A Preferred Shares of Petron issued in 2019.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	For the Years Ended December 31		
	2025	2024	2023
Net cash flows provided by operating activities	P157,163	P101,587	P83,096
Net cash flows used in investing activities	(28,562)	(149,401)	(155,457)
Net cash flows provided by (used in) financing activities	(73,004)	78,303	15,303

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

Net cash flows provided by (used in) investing activities are as follows:

<i>(In Millions)</i>	For the Years Ended December 31		
	2025	2024	2023
Additions to:			
Property, plant and equipment	(P54,690)	(P76,707)	(P71,173)
Other intangible assets	(28,007)	(40,379)	(64,677)
Investments and advances	(22,578)	(16,475)	(5,271)
Contract assets	(8,931)	(12,166)	(6,571)
Advances to contractors and suppliers	(7,630)	(5,631)	(9,448)
Investment property	(6,357)	(9,985)	(5,450)
Investments in equity and debt instruments	(5,008)	(2,107)	(616)
Increase in other noncurrent assets and others	(14,040)	(5,133)	(9,128)
Cash and cash equivalents of deconsolidated subsidiaries	(5,679)	-	-
Net proceeds of:			
Redemption of investment in redeemable preferred shares held by a subsidiary	78,717	-	-
Sale of property and equipment and other intangible assets	3,911	1,168	1,307
Disposal of investments in equity and debt instruments	732	1,384	606
Disposal of subsidiaries, net of cash and cash equivalents disposed of	5	2,537	418
Interest received	15,899	13,623	13,396
Dividends received	13,010	1,510	1,150
Collection of advances	12,084	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(1,040)	-

Net cash flows provided by (used in) financing activities are as follows:

<i>(In Millions)</i>	For the Years Ended December 31		
	2025	2024	2023
Net proceeds (payments) of short-term borrowings	(P59,285)	P77,884	(P52,100)
Cash dividends and distributions paid	(54,909)	(50,928)	(44,145)
Repurchase of capital securities of subsidiaries	(37,903)	(45,040)	(27,134)
Redemption of preferred shares	(31,582)	-	-
Repurchase of capital securities	(28,655)	-	-
Payments of lease liabilities	(11,882)	(20,195)	(20,995)
Acquisition of common treasury shares of a subsidiary	(1,130)	-	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	(785)	853	(3,014)
Net proceeds of long-term borrowings	74,733	47,955	102,057
Net proceeds of issuance of capital securities of subsidiaries	48,685	64,473	-
Net proceeds of reissuance of treasury shares	29,709	-	46,749
Net proceeds of issuance of preferred shares of a subsidiary	-	16,730	13,885
Redemption of preferred shares of a subsidiary	-	(13,403)	-
Share issuance costs from reissuance of treasury shares	-	(26)	-

The effect of exchange rate changes on cash and cash equivalents amounted to P2,441 million, P1,830 million and P202 million in 2025, 2024 and 2023, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company are restricted in the amount of P67,093 million in 2024 and 2023, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of the previous year. Please refer to Items I “Financial Performance” and II “Financial Position” of the MD&A for the discussion of certain Key Performance Indicators.

	December 31	
	2025	2024
Liquidity:		
Current Ratio	1.23	1.22
Quick Ratio	0.84	0.76
Solvency:		
Debt to Equity Ratio	2.65	2.96
Asset to Equity Ratio	3.65	3.96
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	13.63%	(2.48%)
Interest Rate Coverage Ratio	2.24	1.65
Return on Assets	3.50%	1.43%
Operating Efficiency:		
Volume Growth (Decline)	(3%)	11%
Revenue Growth (Decline)	(6%)	9%
Operating Margin	12%	10%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

▪ Commitments

The outstanding purchase commitments of the Group amounted to P181,959 million as at December 31, 2025.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position, Financial Performance and Cash Flows.
- There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 45 (a) of the Audited Consolidated Financial Statements as at December 31, 2025.
- There are no significant elements of income or loss that did not arise from continuing operations.
- Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE
(as of March 31, 2026)**



**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation (“SMC” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended March 31, 2026 (with comparative figures as at December 31, 2025 and for the period ended March 31, 2025). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2026, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards Accounting Standards have been omitted.

I. 2026 SIGNIFICANT TRANSACTIONS

In 2026, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

FOREIGN CURRENCY-DENOMINATED LOAN BY SMC

On March 11, 2026, SMC drew US\$1,000 million from the US\$1,500 million loan facility executed on December 3, 2025, subject to a floating interest rate and maturing in December 2030. The proceeds of the loan will be used for general corporate purposes.

PESO TERM LOANS

▪ **San Miguel Global Power Holdings Corp. (San Miguel Global Power)**

On March 31, 2026, San Miguel Global Power availed of a P20,000 million term loan subject to a fixed interest rate and with maturities of up to seven years. The proceeds of the loan will be used to partially finance capital expenditures and for general corporate requirements pertaining to the pipeline of renewable energy projects under the Green Energy Auction Program.

▪ **San Miguel Brewery Inc. (SMB)**

On March 27, 2026, SMB availed a total of P10,000 million term loan subject to fixed interest rates and maturing up to March 2033. The proceeds of the loan were used to refinance the term loan that matured on March 31, 2026.

▪ **INFRASTRUCTURE**

a. SMC Mass Rail Transit 7 Inc. (SMC MRT 7)

On February 5 and March 12, 2026, SMC MRT 7 drew a total of P1,700 million from the P100,000 million Omnibus Loan and Security Agreement executed with various local banks on May 18, 2023. The loan is subject to a floating interest rate and with a term of 15 years. The proceeds of the loan will be used to partially finance the Mass Rail Transit 7 (MRT 7) Project.

b. Star Infrastructure Development Corporation (SIDC)

On January 27, 2026, SIDC drew P1,000 million from the P10,700 million term loan facility with local banks dated December 18, 2025. The loan is subject to a fixed interest rate and maturing in June 2034. The proceeds of the loan were used to partially finance the Southern Tagalog Arterial Road Widening Project.

PAYMENT OF MATURING OBLIGATIONS

For the first quarter of 2026, the Group paid a total of P25,493 million of its scheduled amortizations and maturing obligations, funded by cash generated from operations.

REDEMPTION OF PREFERRED SHARES BY SMC

On March 30, 2026, SMC redeemed 169,333,400 Series “2” Preferred Shares - Subseries “2-I” (SMC2I Preferred Shares) issued on March 30, 2016 at a redemption price of P75.00 per share. Cash dividends were also paid together with the redemption proceeds on the said redemption date. The redemption was approved by the Board of Directors (BOD) of SMC on January 15, 2026.

The SMC2I Preferred Shares were redeemed using a portion of the proceeds from the US\$1,000 million term loan drawn on March 11, 2026 under the US\$1,500 million loan facility and short-term loans.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares was suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the Philippine Stock Exchange, Inc.

ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS) BY SAN MIGUEL GLOBAL POWER

On January 20, 2026, San Miguel Global Power issued US\$300 million SPCS with an initial distribution rate of 8.375% per annum. The securities were listed on the Singapore Exchange Securities Trading Limited on January 21, 2026.

The net proceeds from the issuance were used for the redemption on January 20, 2026 of the remaining US\$300 million securities, out of the US\$600 million SPCS issued in January 2020.

EVENTS AFTER THE REPORTING DATE

a. Issuance of Series N, Series O and Series P Fixed Rate Peso-denominated Bonds by San Miguel Global Power

On April 17, 2026, San Miguel Global Power issued and listed on the Philippine Dealing & Exchange Corp. a total of P30,000 million Fixed Rate Peso-denominated Bonds. The bonds consist of: (i) P14,607 million Series N Bonds maturing in 2031 with an interest rate of 7.6264% per annum; (ii) P5,505 million Series O Bonds maturing in 2033 with an interest rate of 7.8682% per annum; and (iii) P9,888 million Series P Bonds maturing in 2036 with an interest rate of 8.1761% per annum.

The net proceeds of the issuance of the bonds were used for payment of: (i) P6,923 million Series J Bonds on April 24, 2026; and (ii) transaction-related fees, costs and expenses. The remaining balance will be used for: (i) payment of Series C Bonds on July 11, 2026; and (ii) partial funding of renewable energy projects.

b. Repurchase of SPCS by Petron Corporation (Petron)

On April 19, 2026, Petron repurchased US\$163 million SPCS issued in April 2021, as approved by Petron's BOD on March 3, 2026. Accrued but unpaid distributions were also settled.

c. Issuance of Redeemable Perpetual Capital Securities (RPCS) by SMC Global Light and Power Corp. (SGLPC)

On April 20, 2026, SGLPC issued US\$500 million RPCS, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

The net proceeds of the issuance will be used to fund the development of the Group's renewable energy projects.

d. Redemption of Preferred Shares by Petron

On May 5, 2026, the BOD of Petron approved the redemption on June 25, 2026 of the P6,597 million Series 3B Preferred Shares issued in June 2019.

e. Issuance of Preferred Shares by SMC

On May 14, 2026, the BOD of SMC approved the issuance of 266,666,600 Series "2" Preferred Shares, with an oversubscription option of 133,333,400 Series "2" Preferred Shares at an issue price of P75.00 per share, to be issued in three subseries namely Subseries "2-V", "2-W" and "2-X", with the value of up to P30,000 million.

The net proceeds of the issuance will be used to refinance existing short-term loans and/or to fund airport and tollway projects.

II. FINANCIAL PERFORMANCE

2026 vs. 2025

	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	2026	2025	Amount	%	2026	2025
Sales	P428,321	P360,911	P67,410	19%	100%	100%
Cost of sales	(343,142)	(291,311)	51,831	18%	(80%)	(81%)
Gross profit	85,179	69,600	15,579	22%	20%	19%
Selling and administrative expenses	(25,558)	(23,995)	1,563	7%	(6%)	(6%)
Operating income	59,621	45,605	14,016	31%	14%	13%
Interest expense and other financing charges	(23,843)	(24,620)	(777)	(3%)	(6%)	(7%)
Interest income	4,067	4,007	60	1%	1%	1%
Equity in net earnings of associates and joint ventures	4,058	2,015	2,043	101%	1%	1%
Gain on sale of property and equipment	215	465	(250)	(54%)	0%	0%
Other income (charges) - net	(17,569)	25,338	(42,907)	(169%)	(4%)	7%
Income before income tax	26,549	52,810	(26,261)	(50%)	6%	15%
Income tax expense	(4,084)	(9,429)	(5,345)	(57%)	(1%)	(3%)
Net Income	P22,465	P43,381	(P20,916)	(48%)	5%	12%
Net income attributable to:						
Equity holders of the Parent Company	P7,559	P30,215	(P22,656)	(75%)	2%	8%
Non-controlling interests	14,906	13,166	1,740	13%	3%	4%
Net Income	P22,465	P43,381	(P20,916)	(48%)	5%	12%

The Group's consolidated sales for the first quarter of 2026 amounted to P428,321 million, reflecting a 19% increase compared to the same period last year. The increase was primarily driven by: (a) Petron's higher average selling prices and a 13% growth in sales volume, particularly from the trading transactions of Petron Singapore Trading Pte. Ltd. (PSTPL); (b) recognition by the Energy business of additional revenues for the recovery from Manila Electric Company (Meralco) of the incremental power supply costs incurred in 2022, issued by the Energy Regulatory Commission on January 26, 2026; (c) full-quarter revenues of the five battery energy storage system (BESS) facilities which commenced commercial operations in 2025; and (d) strong volume growth in the Food division. This was partially offset by the effect of the deconsolidation of South Premiere Power Corp. (SPPC) and Excellent Energy Resources, Inc. (EERI) effective January 27, 2025.

The Group's cost of sales increased by P51,831 million or 18% mainly due to Petron on account of higher average cost per liter and higher volume sold. This was partially offset by the Energy business on account of expenses incurred by SPPC and EERI in January 2025 prior to its deconsolidation, and lower volume of power purchases resulting mainly from the improved net generation of the Sual, Malita and Limay Power Plants.

The increase in selling and administrative expenses by P1,563 million was mainly due to higher salaries and employee benefits of the Group, and depreciation mainly from the new facilities of the Food and Beverage business.

Consolidated operating income increased by 31% year-on-year to P59,621 million, driven mainly by the increased revenues, better contracted margins and increased contributions from BESS facilities of the Energy business, partially offset by lower margins at Petron, resulting from high cost of products sold with the reduced production at the refineries, compounded by the deepening tensions in the Middle East.

The increase in equity in net earnings of associates and joint ventures by P2,043 million was primarily due to the recognition of the Group's share in the net income of EERI and SPPC for three months, compared to approximately two months in 2025, following its deconsolidation.

The gain on sale of property and equipment in 2026 of P215 million and in 2025 of P465 million mainly pertains to the gain on sale of machinery and equipment and transportation equipment, respectively.

Other charges - net of P17,569 million in 2026 was a turnaround from the other income - net of P25,338 million in 2025. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and Ilijan Primeline Industrial Estate, Inc. (IPIEC) in 2025 and a net loss on foreign exchange in 2026, compared to a net foreign exchange gain in 2025.

The decrease in income tax expense by P5,345 million was mainly due to the deferred income tax recognized on higher unrealized foreign exchange loss by SMC and the Energy business.

Consolidated net income declined to P22,465 million, compared to P43,381 million last year, mainly on account of the: (a) the one-time gain from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (b) loss on foreign exchange in 2026, compared to a foreign exchange gain in 2025. This was partially offset by the income from recovery of the incremental power supply costs by the Energy business and improved operations of the Infrastructure business, the Food division and Ginebra San Miguel Inc. (GSMI).

Net income attributable to equity holders of the Parent Company decreased by P22,656 million primarily due to lower consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P1,740 million was mainly due to the distribution to holders of SPCS of San Miguel Global Power and Petron and dividends to preferred shareholders of Petron, partially offset by lower share in the net income of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) reported a 4% improvement in consolidated revenues at P103,102 million, driven by favorable selling prices across all businesses and stronger volume growth in the Food division.

Favorable sales and continued cost efficiencies from both GSMI and the Food division resulted in consolidated operating income of P15,729 million and consolidated net income of P11,783 million, representing increases of 3% and 2%, respectively.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB reported consolidated revenues of P36,751 million, a 1% increase versus the same period last year despite the global economic challenges experienced in the first quarter of 2026. This was mainly due to the price increase implemented in domestic operations in January 2026.

Consolidated operating income declined by 4% to P7,925 million, reflecting softer volumes and higher depreciation of deferred containers and advertising and promotions, partially mitigated by improved gross contribution margins from lower cost of raw materials during the period.

Consolidated net income decreased by 5% to P6,248 million.

Domestic Operations

Domestic operations revenue was higher by 2% than in the same period last year despite the 3% decrease in volume. The higher revenue is mainly attributed to the price increase implemented in January 2026. The lower volumes in the first quarter of 2026 were partly caused by the inventory build-up in the trade in December in anticipation of the January price adjustment.

International Operations

SMB's international operations recorded consolidated revenues of US\$68.3 million in the first quarter of 2026, 9% lower than the same period in 2025. This was mainly driven by lower export volumes, partially offset by a favorable market mix. Volumes declined by 15%, largely due to reduced export shipments of global San Miguel brands following disruptions in the Middle East arising from the United States of America-Israel-Iran conflict.

b) Spirits Division

GSML consolidated revenue increased by 3% to P16,727 million, primarily driven by a selling price adjustment implemented in the first quarter of 2026.

Consolidated operating income rose by 15% to P2,829 million, on account of lower material inputs.

Consolidated net income grew by 9% to P2,292 million.

c) Food Division

The Food division registered a 7% increase in consolidated revenues at P49,625 million, driven by steady volume growth in most segments, complemented by better selling prices, particularly in the Prepared and Packaged Food segments.

Consolidated operating income increased by 10% to P4,860 million. This growth was driven by volume expansion, improved operational efficiencies, and cost relief from key raw materials in commodity businesses.

Sales from the Protein segment, which includes poultry and fresh meats, was down by 2%, as softer market prices amid elevated industry inventories weighed on topline performance.

The Animal Nutrition and Health segment, comprising feeds, veterinary medicine, and pet care products, recorded revenues up by 26% compared to the first quarter of 2025. Hog, broiler, and layer feeds continued to deliver double-digit volume growth, mainly driven by improving hog population and efforts to convert more farms to use B-MEG feed products.

The Prepared and Packaged Food segment consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee, registered a 6% year-on-year increase versus the same period in 2025. Both volume growth and better selling prices across the businesses lifted topline performance.

2. PACKAGING

The Packaging business posted P8,924 million in consolidated revenues for the first quarter of 2026, 1% lower than last year, mainly due to the significant decline in glass business.

Consolidated operating income declined by 9% to P715 million, reflecting the weaker performance of the glass segment.

3. ENERGY

San Miguel Global Power delivered consolidated revenues of P53,617 million for the first quarter of 2026, higher by 26% from same period in 2025. The increase in revenues primarily represents the following: (a) full-quarter contributions from new power supply agreements (PSA) with a combined contracted capacity of 1,140 megawatts (MW) of Mariveles, Masinloc and San Roque Hydroelectric Power Plants that took effect in June, August and September 2025, respectively; (b) full-quarter revenues of the five BESS facilities which commenced operations in 2025; and (c) revenues for the recovery of incremental power supply costs incurred in 2022. This was partially offset by lower revenues from spot sales and from the Ilijan and Batangas Power Plants which contributed a month's worth of revenues in 2025 prior to its deconsolidation in January 2025.

Consolidated income from operations increased by 163% to P28,109 million, mainly driven by improved margins on contracted capacities, higher contributions from BESS facilities mainly through sales in the reserve market, as well as the revenues from the aforesaid recoveries of previously incurred power supply costs.

Consolidated net income declined to P23,879 million, mainly due to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC, recorded in the comparable period last year.

4. FUEL AND OIL

International oil prices in the first quarter of 2026 remained under pressure due to geopolitical risks, shifting supply dynamics and uneven demand recovery. By the end of February, coordinated US-Israel military strikes against Iran escalated into a direct conflict, significantly disruption crude oil and petroleum product flows from the Middle East.

At the same time, Petron's overall production was constrained by the scheduled maintenance at the Bataan refinery and the shutdown of Port Dickson Refinery in Malaysia. These combined factors led to higher product costs and negatively impacted refining margins for the period.

Petron posted a 27% consolidated revenue growth to P246,019 million, primarily driven by the growth in sales volume and elevated fuel prices.

Consolidated volumes grew by 13%, reaching 34.62 million barrels (MMB) from 30.68 MMB in the prior year, primarily driven by the significant increase in the trading transaction of PSTPL.

However, consolidated operating income declined by 36% year-on-year to P6,063 million. Consolidated net income of P1,778 million was 56% lower than the previous year mainly due to lower margins, partially mitigated by lower financing costs during the period.

5. INFRASTRUCTURE

The Infrastructure business delivered P10,438 million in consolidated revenues for the first quarter of 2026, representing a 7% increase versus the same period last year. Growth was driven by higher traffic volume and improved operations across all concessionaires, with combined average daily vehicle volume rising 3% to 1,102,356 vehicles.

Consolidated operating income increased by 12% to P5,961 million, supported by strong revenues that more than offset increases in operating costs.

6. CEMENT

The Cement business posted consolidated revenues of P9,243 million, up by 3% year-on-year, driven by strong volume growth, which more than offset the decline in average selling prices amid a competitive market environment. The recovery in sales volume was driven by strong performance across all three cement businesses, supported by lower traded imports following the implementation of anti-dumping duties in February 2026. This was further supported by advance customer orders ahead of the announced price increases in March 2026.

Consolidated operating income reached P1,674 million, 3% higher relative to the same quarter last year.

2025 vs. 2024

(Amounts in Millions)	For the Periods Ended March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	P360,911	P392,713	(P31,802)	(8%)	100%	100%
Cost of sales	(291,311)	(328,363)	(37,052)	(11%)	(81%)	(84%)
Gross profit	69,600	64,350	5,250	8%	19%	16%
Selling and administrative expenses	(23,995)	(23,886)	109	0%	(6%)	(6%)
Operating income	45,605	40,464	5,141	13%	13%	10%
Interest expense and other financing charges	(24,620)	(23,522)	1,098	5%	(7%)	(6%)
Interest income	4,007	3,634	373	10%	1%	1%
Equity in net earnings of associates and joint ventures	2,015	416	1,599	384%	1%	0%
Gain on sale of property and equipment	465	13	452	3477%	0%	0%
Other income (charges) - net	25,338	(6,847)	32,185	470%	7%	(2%)
Income before income tax	52,810	14,158	38,652	273%	15%	3%
Income tax expense	(9,429)	(5,271)	4,158	79%	(3%)	(1%)
Net Income	P43,381	P8,887	P34,494	388%	12%	2%
Net income attributable to:						
Equity holders of the Parent Company	P30,215	P509	P29,706	5836%	8%	0%
Non-controlling interests	13,166	8,378	4,788	57%	4%	2%
Net Income	P43,381	P8,887	P34,494	388%	12%	2%

The Group's consolidated sales of P360,911 million in the first quarter of 2025 decreased by 8% compared to the same period in 2024, primarily due to lower sales volume and average selling prices of Petron as well as to a lesser extent, lower sales from SMB, the Cement business, and the Energy business following the deconsolidation of SPPC effective January 27, 2025. The decrease was partially offset by strong performance of the Food division and GSML driven by higher average selling prices and volumes as well as steady traffic growth of the Infrastructure business.

The Group's cost of sales decreased by P37,052 million or 11% mainly due to: (a) Petron on account of decrease in volume sold and lower average cost per liter of petroleum products; and (b) Energy business on account of: (i) deconsolidation of SPPC; (ii) lower pass-on fuel cost of Sual Power Inc. (SPI), Limay Power Inc. and Masinloc Power Co. Ltd. (MPCL) as a result of the decrease in global coal prices in 2025, partially offset by the costs of the Batangas Combined Cycle Power Plant (BCCPP) of EERI prior to its deconsolidation and full quarter operations of Units 1, 2 and 3 of Mariveles Power Generation Corporation.

Consolidated operating income increased by 13% to P45,605 million from the same period in 2024 mainly driven by: (a) increase in gross profit of the Food and Beverage business due to improved sales and managed costs and expenses; (b) improved margins of the Energy business from contracted capacities with fuel passthrough arrangements for most bilateral customers and additional margins contributed by ancillary services rendered to the National Grid Corporation of the Philippines (NGCP) and offered to the reserve market through BESS; and (c) sustained growth in tollway revenue and continued cost management initiatives of the Infrastructure business, all of which more than compensated for the consolidated operating income decline experienced by Petron and the Cement business.

The increase in interest expense and other financing charges by P1,098 million was mainly due to higher average level of loans of the Energy business and from the additional short-term loans of SMC.

The increase in interest income by P373 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of short-term placements of the Infrastructure business.

The increase in equity in net earnings of associates and joint ventures by P1,599 million was mainly due to the share in the net income of EERI and SPPC from January 28, 2025 to March 31, 2025 and from the share in higher net income of Angat Hydropower Corporation.

The increase in gain on sale of property and equipment by P452 million pertains mainly to the disposal of transportation equipment.

Other income - net of P25,338 million in 2025 was a turnaround from the other charges - net of P6,847 million in 2024. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC and the gain on foreign exchange in 2025, a turnaround from the loss recognized in the same period in 2024.

The increase in income tax expense by P4,158 million mainly pertains to the deferred income tax on unrealized gains from the revaluation of foreign currency-denominated long-term debt, which was a turnaround from income tax benefit in the same period in 2024 mainly from unrealized losses on the revaluation of foreign currency-denominated long-term debt of SMC.

Consolidated net income significantly increased by 388% to P43,381 million in the first quarter of 2025, from P8,887 million in the same period in 2024. The increase was primarily due to the: (a) improved operations of the Energy and Food and Beverage businesses; (b) one-time gain from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (c) gain on foreign exchange in the first quarter of 2025, a turnaround from the loss recognized in the same period in 2024.

The increase in the income attributable to equity holders of the Parent Company by P29,706 million was primarily due to higher consolidated net income, partially reduced by the increase in the share of NCI on the Group's net income.

The increase in the net income attributable to NCI by P4,788 million was mainly due to the distribution on RPCS of San Miguel Global Power.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB started 2025 with strong performance across its divisions. Consolidated sales reached P98,878 million, a 4% increase from the same period in 2024. Consolidated operating income reached P15,204 million, up by 16% from 2024.

Consolidated net income for the quarter stood at P11,582 million, reflecting a 16% increase. This performance highlights the continued resilience of the diversified portfolio.

a) Beer and NAB Division

SMB posted consolidated revenues of P36,297 million, down by 3% year-on-year, primarily due to a decline in volumes. Despite the decline in volumes, the Beer division maintained strong profitability.

Consolidated operating income stood at P8,215 million, a 1% increase, reflecting disciplined cost control. Consolidated net income grew to P6,572 million, a modest 1% increase.

Domestic Operations

SMB's domestic operations reported consolidated revenues of P31,965 million, reflecting the impact of softer consumer demand and shifting Lenten holidays.

International Operations

SMB's international operations generated a slight decline in consolidated revenues by 3% as it navigated challenges in some key markets. However, SMB's international operations saw growth in strategic areas due to targeted brand initiatives and pricing adjustments.

b) Spirits Division

GSMI delivered strong results, with consolidated revenues rising by 8% to P16,270 million, driven by higher selling prices to offset higher excise taxes and input costs. Despite these price adjustments, GSMI achieved a 1% increase in volumes, reflecting solid consumer demand.

Consolidated operating income reached P2,464 million, an 8% increase, as it managed higher marketing and distribution expenses to defend its market share and expand its reach. Consolidated net income rose by 11% to P2,112 million, underscoring the strength of GSMI's brand portfolio and efficient operations.

c) Food Division

The Food division continued to deliver robust results, with consolidated revenues reaching P46,313 million, an 8% increase year-on-year, reflecting the strength of its diversified portfolio. This strong performance was driven by solid volume expansion across most business segments, alongside the sustained recovery of the Poultry business and favorable pricing in its branded business.

Strategic initiatives in brand marketing, particularly for *Purefoods* and *Magnolia*, which is celebrating its 100th anniversary in 2025, spurred offtake and reinforced consumer loyalty.

The Protein segment's Poultry business registered double-digit revenue growth, fueled by strong demand from food service and favorable chicken selling prices, which remained on the high side amidst tight industry supply. On the other hand, the prolonged impact of the African Swine Fever (ASF) on pork supply continued to weigh on Fresh Meats. Nevertheless, this was more than offset by the strong performance of Poultry, which remains the primary contributor to Protein segment.

The Animal Nutrition and Health segment's revenue was lower year-on-year due to the continued weakness of hog feeds sales which remained affected by low hog population due to ASF. This was partially offset by higher poultry feed sales but strategic pricing actions aimed at protecting market share tempered overall revenue.

The Prepared and Packaged Food segment's revenue growth remained steady, bolstered by strong volume performance, coupled with effective pricing initiatives.

The Prepared and Packaged Food segment, which consists of Processed Meats, Dairy, Spreads, and Coffee businesses, posted single-digit volume growth on the back of strong demand for *Purefoods Corned Beef* and *Luncheon Meat*, supported by additional production capacity from its new cannery. Meanwhile, Magnolia Dairy delivered strong double-digit volume growth, with Butter, Margarine, Cheese, and emerging categories like Salad Aids, Flour Mixes, All Purpose Cream, and Ice Cream, gaining traction. Coffee continued to deliver a healthy volume growth, led by the original variant and *Essenso*.

The Flour segment posted modest revenue growth despite double-digit volume expansion, as competitive pricing, made possible by lower wheat costs, was strategically implemented.

Consolidated operating income surged by 70% to P4,419 million, reflecting margin expansion. Consolidated net income of the Food division jumped by 83% to P3,029 million.

2. PACKAGING

The Packaging business grew its consolidated revenues by 7% in the first quarter of 2025 to P8,971 million. This was generated from the demand of glass, plastics, beverage filling, metal, and paper products from its food and beverage customers.

Higher revenue combined with improvements in productivity and the implementation of cost saving programs led to a double-digit increase in consolidated operating income to P788 million.

3. ENERGY

San Miguel Global Power reported a slight decline in consolidated revenues and offtake volumes to P42,497 million and 7,496 gigawatt hours, respectively, primarily due to the deconsolidation of the 1,200 megawatts (MW) Ilijan Power Plant effective January 27, 2025. The effect of the deconsolidation was compensated by the revenue contributions from: (a) Units 1 and 2 of EERI's 1,320 MW BCCPP which commenced commercial operations on December 29, 2024 and January 7, 2025, respectively, thereby contributing a month's worth of revenues prior to its deconsolidation; (b) the full quarter operations of the 4x150 MW Mariveles Greenfield Power Plant Units 1, 2, 3 and 4 and the additional three BESS facilities with a combined capacity of 110 MWh which started commercial operations in March 2024; (c) improved average realization price for Masinloc Power Plant's new and renewed bilateral contracts; and (d) the 400 MW PSA with Meralco of Limay Power Plant which took effect from August 2024 to February 2025.

Consolidated operating income increased by 21% to P10,688 million mainly driven by improved margins from contracted capacities with fuel passthrough arrangements for most bilateral customers, including the PSAs with Meralco, as well as the additional margins contributed from ancillary services rendered to the NGCP and offered to the reserve market through its BESS facilities.

Consolidated net income soared to P26,386 million primarily on the P21,933 million gain recognized from the fair valuation of investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%.

4. FUEL AND OIL

Petron reported consolidated revenues amounting to P194,376 million for the first quarter of 2025, a decline of 15% from the same period in 2024. The drop in consolidated revenues was mainly attributable to lower prices of crude oil and petroleum products and limited trading volumes.

Sales volume from Petron's Philippine operations totaled 19.0 million barrels, lower than the same period in 2024 due to the aforementioned decline in trading volumes. Nevertheless, a notable 14% volume increase was registered in the highly profitable retail segment, sales derived in its expansive network of service stations throughout the archipelago.

Petron Malaysia on the other hand, recorded sales volume of about 11.7 million barrels, as the new subsidy program imposed by the national government, and flooding in East Malaysia dampened retail demand. This was partially offset by the sales in its commercial segment, which still recorded double-digit growth of 11%.

Despite the aforementioned headwinds as well as continued volatility in prices, Petron remained profitable with consolidated operating income reaching P9,472 million, and consolidated net income at P4,025 million, sustaining notable performance in first quarter of 2024.

5. INFRASTRUCTURE

The Infrastructure business delivered a strong start in 2025 with consolidated revenue amounting to P9,732 million, a 7% year-on-year increase. This was driven by the continued ramp-up of existing toll roads, with combined average daily traffic volumes rising by 4% compared to the same period in 2024.

Consolidated operating income grew by a solid 10% to P5,343 million, primarily due to effective cost management.

6. CEMENT

The Cement business reported consolidated revenues of P8,934 million in the first quarter of 2025, a 4% decline year-on-year, primarily driven by lower average selling price as it implemented competitive pricing strategies to safeguard market share due to the influx of imported traded cement. This strategy supported a 1% increase in sales volume despite subdued market demand. Consolidated operating income declined by 10% to P1,626 million.

III. FINANCIAL POSITION

2026 vs. 2025

	Horizontal Analysis				Vertical Analysis	
	March 31	December 31	Increase (Decrease)			
(Amounts in Millions)	2026	2025	Amount	%	2026	2025
Cash and cash equivalents	P424,462	P351,715	P72,747	21%	14%	13%
Trade and other receivables - net	264,678	247,559	17,119	7%	9%	9%
Inventories	245,644	145,800	99,844	68%	8%	5%
Current portion of biological assets - net	3,277	3,074	203	7%	0%	0%
Prepaid taxes and licenses	99,433	103,105	(3,672)	(4%)	4%	4%
Prepaid expenses and other current assets	45,521	31,689	13,832	44%	2%	1%
Total Current Assets	1,083,015	882,942	200,073	23%	37%	32%
Investments and advances - net	126,336	127,258	(922)	(1%)	4%	5%
Investments in equity and debt instruments	49,300	47,862	1,438	3%	2%	2%
Property, plant and equipment - net	809,918	808,450	1,468	0%	28%	30%
Right-of-use assets - net	43,879	44,210	(331)	(1%)	1%	1%
Investment property - net	98,224	96,431	1,793	2%	3%	3%
Biological assets - net of current portion	2,566	2,661	(95)	(4%)	0%	0%
Goodwill - net	186,663	186,145	518	0%	6%	7%
Other intangible assets - net	364,676	359,842	4,834	1%	13%	13%
Deferred tax assets	26,895	23,196	3,699	16%	1%	1%
Contract assets	71,807	69,563	2,244	3%	2%	3%
Other noncurrent assets - net	84,287	77,600	6,687	9%	3%	3%
Total Noncurrent Assets	1,864,551	1,843,218	21,333	1%	63%	68%
Total Assets	P2,947,566	P2,726,160	P221,406	8%	100%	100%
Loans payable	P226,010	P230,592	(P4,582)	(2%)	8%	8%
Accounts payable and accrued expenses	384,325	254,023	130,302	51%	13%	9%
Lease liabilities - current portion	8,214	7,994	220	3%	0%	0%
Income and other taxes payable	42,587	41,753	834	2%	1%	2%
Dividends and distributions payable	3,742	4,639	(897)	(19%)	0%	0%
Current maturities of long-term debt - net of debt issue costs	233,991	176,286	57,705	33%	8%	7%
Total Current Liabilities	898,869	715,287	183,582	26%	30%	26%
Forward						

(Amounts in Millions)	Horizontal Analysis				Vertical Analysis	
	March 31 2026	December 31 2025	Increase (Decrease) Amount %		2026	2025
Long-term debt - net of current maturities and debt issue costs	P1,208,825	P1,181,010	P27,815	2%	41%	43%
Lease liabilities - net of current portion	26,592	27,837	(1,245)	(4%)	1%	1%
Deferred tax liabilities	30,132	29,303	829	3%	1%	1%
Other noncurrent liabilities	26,232	25,383	849	3%	1%	1%
Total Noncurrent Liabilities	1,291,781	1,263,533	28,248	2%	44%	46%
Total Liabilities	2,190,650	1,978,820	211,830	11%	74%	72%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,151	177,151	-	0%	6%	6%
Equity reserves	14,577	15,624	(1,047)	(7%)	0%	1%
Retained earnings:						
Appropriated	84,339	85,931	(1,592)	(2%)	3%	3%
Unappropriated	135,637	129,390	6,247	5%	5%	5%
Treasury stock	(124,045)	(111,345)	(12,700)	11%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	314,289	323,381	(9,092)	(3%)	11%	12%
Non-controlling interests	442,627	423,959	18,668	4%	15%	16%
Total Equity	756,916	747,340	9,576	1%	26%	28%
Total Liabilities and Equity	P2,947,566	P2,726,160	P221,406	8%	100%	100%

Consolidated total assets as at March 31, 2026 amounted to P2,947,566 million, P221,406 million higher than December 31, 2025. This was primarily due to the increase in cash and cash equivalents, trade and other receivables, inventories and prepaid expenses and other current assets.

The increase in cash and cash equivalents of P72,747 million was mainly due to cash generated from operations, proceeds from net availment of long-term borrowings and issuance of preferred shares of the Energy business. This was reduced by the capital expenditures for the ongoing projects of the Energy and Infrastructure businesses, redemption of preferred shares by SMC, and payment of interests and dividends and distributions.

The increase in trade and other receivables - net of P17,119 million was primarily due to additional receivables recognized by: (a) the Energy business, on the recovery of incremental power supply costs from Meralco; and (b) Petron, from the Malaysian Government related to additional subsidy claims and from the Philippine Government pertaining to excise tax claims. This was partially offset by the collection of power sales and fuel cost recovery receivables from spot and bilateral sales by the Energy business and reclassification to noncurrent of MPCL receivables which are collectible beyond one year, based on approved recovery terms.

The increase in inventories by P99,844 million was attributable mainly to higher prices and increased volumes of crude oil and finished products of Petron.

The increase in total biological assets by P108 million was mainly attributable to the higher volume of flocks loaded in anticipation of growth in demand.

The increase in prepaid expenses and other current assets by P13,832 million was mainly due to: (a) outstanding commodity and currency hedges of Petron; and (b) net increase in restricted cash mainly set aside for debt servicing requirements of the Energy business.

The increase in deferred tax assets by P3,699 million was mainly due to the deferred income tax on unrealized losses on the revaluation of foreign currency-denominated long-term debt and short-term loans, partially offset by the deferred income tax on unrealized gains on the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The increase in other noncurrent assets - net by P6,687 million was primarily due to the: (a) additional advances to suppliers and contractors mainly for the power-related projects of the Energy business; (b) reclassification of receivables related to fuel cost recoveries with more than one year term by MPCL; and (c) new derivative contracts entered into by SMC in 2026.

The increase in accounts payable and accrued expenses by P130,302 million was mainly due to higher liabilities to suppliers for fuel and crude purchases and hedging counterparties of Petron.

The decrease in dividends and distributions payable by P897 million was mainly due to the payment in January 2026 of dividends declared in November 2025 to preferred shareholders of SMC, partially offset by the dividends declared in March 2026 to common shareholders of Petron and GSML, which were subsequently paid in April 2026.

The increase in total long-term debt, net of debt issue costs of P85,520 million was primarily due to the net availments made by the Group, and translation adjustments of foreign currency-denominated loans.

The decrease in equity reserves by P1,047 million was mainly due to the loss recognized on the redemption and exchange of SPCS in January 2026, partially offset by the gain recognized on the fair valuation of the investment in common shares of stock of Meralco by the Energy business.

The increase in unappropriated retained earnings by P6,247 million was mainly due to net income attributable to equity holders of the Parent Company and net reversal of appropriations, partially offset by the dividends and distributions declared during the period.

The increase in treasury stock by P12,700 million represents the redemption of 169,333,400 SMC2I Preferred Shares at P75.00 per share on March 30, 2026.

2025 vs. 2024

<i>(Amounts in Millions)</i>	March 31	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P327,927	P293,677	P34,250	12%	13%	11%
Trade and other receivables - net	238,739	266,981	(28,242)	(11%)	9%	10%
Inventories	171,948	178,355	(6,407)	(4%)	7%	7%
Current portion of biological assets - net	3,414	3,241	173	5%	0%	0%
Prepaid taxes and licenses	108,348	126,022	(17,674)	(14%)	4%	5%
Prepaid expenses and other current assets	30,124	32,158	(2,034)	(6%)	1%	1%
Total Current Assets	880,500	900,434	(19,934)	(2%)	34%	34%
Investments and advances - net	104,693	52,948	51,745	98%	4%	2%
Investments in equity and debt instruments	21,085	21,050	35	0%	1%	1%
Property, plant and equipment - net	798,938	891,450	(92,512)	(10%)	30%	33%
Right-of-use assets - net	42,697	43,302	(605)	(1%)	2%	1%
Investment property - net	86,881	87,909	(1,028)	(1%)	3%	3%
Biological assets - net of current portion	2,677	2,652	25	1%	0%	0%
Goodwill - net	184,913	184,994	(81)	(0%)	7%	7%
Other intangible assets - net	342,822	340,496	2,326	1%	13%	13%
Deferred tax assets	20,983	22,045	(1,062)	(5%)	1%	1%
Contract assets	58,706	56,028	2,678	5%	2%	2%
Other noncurrent assets - net	74,657	73,622	1,035	1%	3%	3%
Total Noncurrent Assets	1,739,052	1,776,496	(37,444)	(2%)	66%	66%
Total Assets	P2,619,552	P2,676,930	(P57,378)	(2%)	100%	100%
Loans payable	P242,641	P293,230	(P50,589)	(17%)	9%	11%
Accounts payable and accrued expenses	242,927	289,038	(46,111)	(16%)	9%	11%
Lease liabilities - current portion	5,864	11,736	(5,872)	(50%)	0%	0%
Income and other taxes payable	40,270	43,628	(3,358)	(8%)	2%	2%
Dividends and distributions payable	5,652	5,160	492	10%	0%	0%
Current maturities of long-term debt - net of debt issue costs	105,853	94,123	11,730	12%	4%	4%
Total Current Liabilities	643,207	736,915	(93,708)	(13%)	24%	28%

Forward

(Amounts in Millions)	March 31	December 31	Horizontal Analysis		Vertical Analysis	
	2025	2024	Increase (Decrease)		2025	2024
			Amount	%		
Long-term debt - net of current maturities and debt issue costs	P1,162,932	P1,173,146	(P10,214)	(1%)	45%	44%
Lease liabilities - net of current portion	29,130	30,809	(1,679)	(5%)	1%	1%
Deferred tax liabilities	28,058	34,861	(6,803)	(20%)	1%	1%
Other noncurrent liabilities	23,798	24,758	(960)	(4%)	1%	1%
Total Noncurrent Liabilities	1,243,918	1,263,574	(19,656)	(2%)	48%	47%
Total Liabilities	1,887,125	2,000,489	(113,364)	(6%)	72%	75%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,442	-	0%	7%	6%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	(6,039)	(5,275)	(764)	(14%)	(0%)	(0%)
Retained earnings:						
Appropriated	86,721	79,849	6,872	9%	3%	3%
Unappropriated	130,910	89,413	41,497	46%	5%	3%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	330,112	282,507	47,605	17%	13%	10%
Non-controlling interests	402,315	393,934	8,381	2%	15%	15%
Total Equity	732,427	676,441	55,986	8%	28%	25%
Total Liabilities and Equity	P2,619,552	P2,676,930	(P57,378)	(2%)	100%	100%

Consolidated total assets as at March 31, 2025 amounted to P2,619,552 million, P57,378 million lower than December 31, 2024. This was primarily due to the decrease in trade and other receivables, prepaid taxes and licenses and property, plant and equipment, partially offset by the increase in cash and cash equivalents and investments and advances.

The increase in cash and cash equivalents by P34,250 million to P327,927 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of San Miguel Global Power, collection of advances and dividends received. This was partially reduced by the capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, net payment of short-term loans and payment of interests, dividends and distributions, taxes and lease liabilities.

The decrease in trade and other receivables - net by P28,242 million was mainly attributable to the: (a) net effect of deconsolidation of SPPC, EERI and IPIEC's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025; (b) lower trade receivable balance brought by lower volume sold by Petron; and (c) lower receivable from the Malaysian Government due to subsidy claims received. The decrease was partially offset by the higher receivable of Petron from the Philippine Government due to increased excise tax refund claims.

The increase in total biological assets - net by P198 million was mainly attributable to increase in volume of flocks loaded as compared to December 31, 2024 balances, in anticipation of growth in demand.

The decrease in prepaid taxes and licenses by P17,674 million was primarily due to: (a) the deconsolidation of SPPC and EERI; and (b) Petron's lower excise tax claims for sales to tax-exempt entities, partially offset by increase in creditable withholding taxes and input value-added tax.

The decrease in prepaid expenses and other current assets by P2,034 million was primarily due to the deconsolidation of SPPC.

The increase in investments and advances - net by P51,745 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, and the investment in 32.98% equity interest in Linseed Field Corporation.

The decrease in property, plant and equipment - net by P92,512 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the costs of the ongoing projects of the Energy business.

The decrease in deferred tax assets by P1,062 million was mainly due to the deferred income tax on unrealized gains on the revaluation of foreign currency-denominated long-term debt, net of unrealized losses on the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The increase in contract assets by P2,678 million pertains to costs of the MRT 7 Project.

The decrease in loans payable by P50,589 million was mainly due to the net payment made by the Group.

The decrease in accounts payable and accrued expenses by P46,111 million was mainly due to the deconsolidation of trade and non-trade payables of SPPC and EERI, partially offset by net additional payables by the Energy business to contractors of its ongoing construction projects.

The decrease in income and other taxes payable and deferred tax liabilities by P3,358 million and P6,803 million, respectively, was mainly due to the deconsolidation of SPPC.

The increase in dividends and distributions payable by P492 million was mainly due to the declaration by The Purefoods-Hormel Company, Inc. of dividends to common shareholders in March 2025, which were paid in December 2025.

The increase in total long-term debt, net of debt issue costs, by P1,516 million was primarily due to the net availments made by the Group, partially offset by the translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P7,551 million was primarily due to payments made to Power Sector Assets and Liabilities Management by: (a) SPI for the lease agreement pertaining to the land where the Sual Coal-fired Thermal Power Plant is currently situated; and (b) San Roque Hydropower Inc. under the Independent Power Producer Administration Agreement.

The decrease in equity reserves by P764 million was mainly due to the foreign exchange differences on the translation of foreign operations with the appreciation of the Philippine Peso against the US Dollar.

The increase in appropriated retained earnings by P6,872 million was attributable to the appropriations made for the South Luzon Expressway Widening Project by SMC SLEX Inc. and for payment of loans in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P41,497 million was mainly due to net income attributable to equity holders of the Parent Company and net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power. This was partially offset by the net appropriations of retained earnings and dividends and distributions declared in 2025.

The increase in equity attributable to equity holders of the Parent Company by P47,605 million was mainly due to the net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power and share in the net income earned in 2025, reduced by the dividends declared to holders of common and preferred shares, and distributions to holders of SPCS of SMC.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Net cash flows provided by operating activities	P51,658	P25,405
Net cash flows provided by (used in) investing activities	(22,079)	64,825
Net cash flows provided by (used in) financing activities	35,163	(54,236)

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

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

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Additions to:		
Property, plant and equipment	(P16,183)	(P15,445)
Other intangible assets	(7,115)	(5,929)
Investments and advances	(6,766)	(8,985)
Advances to contractors and suppliers	(4,112)	(500)
Contract assets	(1,272)	(1,282)
Investment property	(1,111)	(1,015)
Investments in debt instruments	-	(82)
Increase in other noncurrent assets and others	(4,840)	(5,629)
Cash and cash equivalents of deconsolidated subsidiaries	-	(5,668)
Collection of advances	9,351	12,084
Interest received	4,488	4,757
Net proceeds of:		
Sale of property and equipment	3,378	2,063
Redemption of investment in redeemable preferred shares held by a subsidiary	-	78,717
Disposal of investments in debt instruments	-	89
Dividends received	2,103	11,650

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	For the Periods Ended March 31	
	2026	2025
Net proceeds of long-term debt	P60,364	P7,320
Net proceeds of issuance of capital securities of a subsidiary	17,555	5,750
Net issuance of preferred shares of a subsidiary	14,850	-
Cash dividends and distributions paid	(18,801)	(12,819)
Redemption of capital securities of a subsidiary	(17,862)	-
Redemption of preferred shares	(12,700)	-
Net payments of short-term loans	(6,095)	(45,716)
Payments of lease liabilities	(2,134)	(7,792)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(14)	(979)

The effect of exchange rate changes on cash and cash equivalents amounted to P8,005 million and (P1,744 million) for the periods ended March 31, 2026 and 2025, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II "Financial Performance" and III "Financial Position" for the discussion of certain Key Performance Indicators.

	March 31, 2026	December 31, 2025
<u>Liquidity:</u>		
Current Ratio	1.20	1.23
Quick Ratio	0.77	0.84
<u>Solvency:</u>		
Debt to Equity Ratio	2.89	2.65
Asset to Equity Ratio	3.89	3.65
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	5.84%	13.63%
Interest Rate Coverage Ratio	2.11	2.24
Return on Assets	2.60%	3.50%
For the Periods Ended March 31		
	2026	2025
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	8%	(9%)
Revenue Growth (Decline)	19%	(8%)
Operating Margin	14%	13%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P213,881 million as at March 31, 2026.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2025.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations, except for the impact of the United States of America-Israel-Iran conflict as discussed below:

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes.

In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position. It shall also continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

The increase in oil prices may affect the Group's working capital requirements. This impact may be further influenced by depreciation of the Philippine Peso, as crude oil and fuel purchases and a portion of the Group's borrowings are denominated in US Dollars. The Group manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies.

The Group remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing cost management initiatives. The Group continues to adopt prudent risk management to mitigate the adverse effects of the war, and implement appropriate measures to ensure continuity of supply, operations, and cash flows, amid the oil market volatility and disruptions in 2026.

Considering the rapidly evolving nature of the situation, volatility in global oil prices, and uncertainty over the duration and extent of supply disruptions, the Group is currently unable to reliably estimate the potential financial impact on its financial position, financial performance, and cash flows for the subsequent reporting periods.

- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “D”

**MINUTES OF THE ANNUAL STOCKHOLDERS’
MEETING HELD ON JUNE 10, 2025**

**MINUTES OF THE REGULAR MEETING OF STOCKHOLDERS
OF**

SAN MIGUEL CORPORATION

Held on June 10, 2025
Via livestreaming at www.sanmiguel.com.ph/AGSM2025

SHAREHOLDERS PRESENT:

See Record of Attendance attached as Annex "A" to these minutes.

DIRECTORS:

Present (in person)

Ramon S. Ang
John Paul L. Ang
Aurora T. Calderon
Joselito D. Campos, Jr.
Teresita J. Leonardo-De Castro
Felipe M. Medalla
Diosdado M. Peralta
Ernesto M. Pernia
Alexander J. Poblador
Reynato S. Puno
Margarito B. Teves
Inigo Zobel

Also Present:

Cecile L. Ang
Douglas L. LuYm
Joseph N. Pineda
Thomas A. Tan
Bryan U. Villanueva

In attendance:

Ramon F. Villavicencio, Board Advisor
Ferdinand K. Constantino, Board Advisor
Virgilio S. Jacinto, Corporate Secretary
Mary Rose S. Tan, Assistant Corporate Secretary
Darwin Virocel, R. G. Manabat & Co.
Nina Frances Therese B. Tenorio, VP-Head – Investor Relations

I. CALL TO ORDER

The meeting was called to order at 2:00 p.m. by the Chairman, Mr. Ramon S. Ang. The singing of the National Anthem was followed by an invocation led by Ms. Nina Frances Therese B. Tenorio, Head of Investor Relations.

The Chairman, Mr. Ramon S. Ang requested everyone to offer a moment of silence and prayers for the former Chairman of the Company, Mr. Eduardo M. Cojuangco, Jr. whose birthday is on the same day as the stockholders' meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Virgilio S. Jacinto, certified that notices duly sent to the stockholders and there were present in the meeting, in person or by proxy, approximately 51.34% of the total outstanding common and preferred shares of capital stock of the Company.

The Corporate Secretary stated that, for the record, proxies for approximately 80.61% of the outstanding common shares of the Company have been issued by the stockholders in favor of the Chairman, Mr. Ramon S. Ang, authorizing him to vote for the election of the members of the Board of Directors and the approval of all corporate actions reflected in the agenda for the meeting.

III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON JUNE 10, 2024 AND THE MINUTES OF THE SPECIAL STOCKHOLDERS' MEETINGS HELD ON AUGUST 8, 2024 AND MARCH 27, 2025, RESPECTIVELY

Upon motion duly made and seconded, the stockholders approved and ratified the Minutes of the Regular Annual Meeting of Stockholders held on June 11, 2024, and the Minutes of the Special Stockholders' Meetings held on August 8, 2024 and March 27, 2025, respectively.

IV. CHAIRMAN'S MESSAGE AND PRESENTATION OF ANNUAL REPORT

Mr. Ramon S. Ang, delivered the following message to the stockholders.

"Thank you for joining us today. For 135 years, San Miguel has been part of the country's growth serving Filipinos and creating long-term value. Today, we carry that same commitment with focus, discipline, and a strong sense of purpose.

In 2024, we posted sales revenue of P1.6 trillion in consolidated revenue, with solid growth across most of our businesses. But more than the numbers, we measure success by jobs we create, the access we provide, and the opportunities we help build in many communities.

We continue to expand our Integrated Food Complexes to strengthen our supply chain, improve food security and provide affordable food for many Filipino families.

In Power, our priority is to help ensure energy security and keep electricity affordable—while steadily shifting to more renewable sources. Most of our 1,000 MWh battery storage are now energized, helping stabilize the grid while supporting the integration of renewables like solar and wind. We will build several hydro facilities, including a 2,000-MW pumped hydro project in San Roque, Pangasinan, to provide clean and reliable energy. We are also expanding our solar project to deliver clean power that help meet demand across many industries.

Meanwhile, Petron is investing in more service stations and fuel depots, while improving logistics for greater efficiency.

In Infrastructure, we are building better roads and transport systems to boost regional growth. South Luzon Expressways 36 kms has been expanded from 6 to 12 lanes, this is from Alabang to Sto. Tomas, Batangas, with ongoing bridge upgrades. STAR Tollway is also being widened from 4 to 8 lanes. We are also upgrading Skyways stage 1 and 2 from 6 to 8 lanes.

MRT-7 is now 80% complete, while South Luzon Expressway Tollway No. 4—a 66-kms highway from Sto. Tomas, Batangas to Lucena, Quezon—is 70% workable now, and 80% of the right of way already accessible for construction.

We are also preparing to build South Luzon Expressway Toll Road No.5, which is a 420-kms tollway that will stretch from Lucena, Quezon all the way to Matnog, Sorsogon. More projects are in the pipeline to further improve connectivity and support regional development.

Our airport projects are also moving forward. Land development for our New Manila International Airport in Bulacan is now 85% complete, with detailed engineering underway. And our Manila Ninoy Aquino International Airport, just eight months since we took over the operations, we have already introduced key upgrades to improve the passenger experience.

Sustainability continues to guide how we operate across the group. We are working toward “Net Zero” by cutting emissions in our power plant, fuel refinery, and cement businesses.

For our ongoing river cleanup initiative, we have removed over 8.4 million tons of waste from 160 kms of waterways. This includes the Pasig River, Tullahan River, San Juan River, Pampanga River, and several Bulacan rivers—as well as rivers in Laguna, Navotas, Parañaque, and portions of the Angat River, and waterways around NAIA. Our goal is to bring these rivers back to life, improve water flow, reduce flooding, and help revive the surrounding environment.

To our stockholders, we are not just building a bigger company—we are building a better one. One that helps more people, supports communities, and takes care of the future we all share. None of this would be possible without the hard work of our people, and your continued trust and support. Maraming salamat po sa inyo.”

After the message, Mr. Ramon S. Ang requested the President of the Company, Mr. John Paul L. Ang, to present to the stockholders the report on the performance of the businesses of the Company.

Mr. John Paul L. Ang thanked the Chairman and proceeded with his report as follows.

“In 2024, San Miguel Corporation achieved solid, broad-based growth across its businesses.

- Consolidated revenues reached a record P1.6 trillion, up 9% from the previous year. This was driven by broad-based topline growth and strong volume gains from Power, Spirits, Fuel and Oil, as well as contributions from Beer and Infrastructure.

- Consolidated operating income was 11% higher at P160.8 billion, on improved margins, across Power, Food and Beverage, and Infrastructure businesses.
- Excluding the effects of foreign exchange, core net income reached P52.3 billion, up 22% from 2023.
- We also met our full year 2024 EBITDA guidance and achieved a 10% growth to P225.9 billion.

Now let me provide the breakdown of how each of the businesses performed.

San Miguel Food and Beverage (SMFB) delivered a 6% increase in consolidated revenues to P400.9 billion, driven by higher volumes. Consolidated income from operations rose by 15% to P55.8 billion, while consolidated net income grew 7% to **P41** billion.

- **San Miguel Brewery** grew in 2024, with net sales up to stable domestic volumes and strong consumer engagement. Consolidated operating income and net income were also up due to various efforts to expand its brands' presence in the domestic and international markets.
- **Ginebra San Miguel Inc.** achieved its 11th year of uninterrupted growth surpassing its 50 million cases mark. Revenues and operating income were up, as profitability was driven further by record volumes and expanded distribution.
- **San Miguel Foods** likewise sustained its growth momentum, with net sales improving on strong volume growth across most segments, favorable selling prices for the Prepared and Packaged Food segment, and the recovery of poultry prices.

San Miguel Yamamura Packaging Corp. also generated higher revenues as new products were introduced in domestic and international markets.

San Miguel Global Power reported a 21% increase in revenues to P205.1 billion, as offtake volumes rose 45%. We attribute this growth to various factors, including: the signing of new power supply agreements, new retail supply customers for the Limay Power Plant; additional revenues from our Battery Storage System facilities, and increased generation output from newly-commissioned facilities. Consolidated operating income grew by 24% to P40 billion, on fuel-pass through arrangements and additional margins from our BESS facilities. As a result, net income from our power business increased 25% to P12.4 billion.

Petron Corporation also registered higher revenues, based on a 10% improvement in consolidated sales volumes, reaching **140** million barrels. Consolidated revenues rose by 8% to P868 billion. Despite volatility in the global oil market, Petron remained profitable, posting consolidated operating income of P29.2 billion and net income of P8.5 billion.

Meanwhile, **SMC Infrastructure** reported sustained volume growth at all its operating tollways, resulting in a 7% increase in consolidated revenues to P37.5 billion. Consolidated operating income was also up by 12% to P20.3 billion, driven by sustained volume growth and controlled costs.

Our Cement Group reported 6% lower consolidated revenues at P34.9 billion, due to a significant decrease in average selling prices due to mainly due to an influx of dump cement imports which have entered the market. Current market share of dump cement is at 21% in the Philippines. Despite these challenges, operating income improved 10% as lower costs offset the decline in revenues.

Overall, our momentum has carried over to the first quarter of this year. We saw a sharp increase in net income of P43.4 billion—on one-time gains from the partial sale of power assets, as well as foreign exchange gains.

Excluding these non-recurring items, core net income still grew 31% to P19.0 billion, driven by disciplined cost management and the solid performance of most of our core businesses.

Revenues declined by 8% to P360.9 billion, due to weaker crude prices and lower contributions from Power, following the deconsolidation of the Ilijan Power Plant. Operating income rose 13% to P45.6 billion. Consolidated EBITDA increased 17% year-on-year to P64.2 billion.

After the presentation of Mr. John Paul L. Ang, the Chairman Mr. Ramon S. Ang, opened the floor for questions. The questions addressed during the meeting are set forth below.

“A stockholder from Lucena City, submitted a question: “Maganda ang results ng first quarter ngayong 2025. Tuloy-tuloy na po ba ito?”

Mr. Ang replied: “Opo, lalo pa pong gaganda ang takbo ng ating kumpanya sa mga darating na panahon dahil po sa NAIA airport natin, magkokontribute na po yan ng additional revenue and income. Plus yung ating mga tollway, kamukha ng TR4 na 66 kilometers from Santo Tomas, Batangas to Lucena, Quezon, matatapos na yan next year. At marami po tayong mga tinatayo pa na mga bagong negosyo. At sa ngayon po, yung ating mga negosyo ay very stable. Salamat po.”

Another Stockholder from Makati City, submitted the following questions: “Ano po ba ang iba pang mga susunod na proyekto ng kumpanya?”

Mr. Ang replied: “Sa ngayon po, ang ating main focus is to finish Bulacan Airport. It is a massive \$15 billion airport. This project is a game changer. Alam niyo po ang Pilipinas, umaasa lang po tayo ngayon sa OFW at BPO. Ang kailangan po natin another push is to come from tourism. Alam niyo yung Thailand, 40 million foreign tourists per year. Eh ang Pilipinas po, kasama na po yung Pilipinong balikbayan, 7 million a year lang po. Can you imagine, if we can increase by 30 million more, it may create numerous job opportunities sa ating mga kababayan.

At alam nyo, yung ating lumang airport dito sa Manila, Ninoy Aquino International Airport, kung kayo'y bumibiyaha the last few months, mapapansin nyo, napakalaki ng improvement na nangyayari. Nawala na po yung congestion sa airport at pati yung runway congestion nawala dahil na-rearrange natin yung mga arrival time ng mga eroplano. At kung napapansin nyo, ultimo sa harapan ng airport, going to EDSA, going to BGC, nawalan din ng traffic. Dahil ho, inayos din natin yung pinaluwang natin yung mga kalsada.

Yun naman ating mga tollway, kung napapansin nyo, ongoing yung construction ngayon. Nilalapan pa natin yung Skyway para sa ganoon, it can add more carrying capacity.

Yun naman ating mga power business, nagdadagdag po tayo ng sunud-sunod na new renewable energy kamukha ng solar. At kapapanalo lang po natin kahapon nung green energy auction na 2,000-MW pumped project sa San Roque. Ito po, napakalaking project nito. At makakadagdag po sa magandang kinabukasan ng ating bayan.

Sa fuel and gas business ng Petron, eh napakaganda naman po ng takbo ngayon despite yung turbulence in international crude oil prices na pabago-bago. Maganda pa rin po ang takbo kasi magaling na yung management ng petrol natin at magaling tayo mag-hedging.

Sa food business naman po, nagtatayo tayo ng integrated food production para mapababa natin, para maging affordable po yung mga pagkain ng ating mga kababayan. Kaya napapansin nyo, napakarami natin project.

At malapit na rin po matapos yung MRT 7, from EDSA Trinoma all the way to San Jose del Monte, Bulacan. Kaya, makakatulong po itong mga ginagawa nga ating kumpanya nating San Miguel, hindi lamang sa kumpanya natin kundi sa mga kababayan at para sa kabutihan ng bayan natin.

Salamat po.”

A stockholder moved to close the open forum and approve and ratify the annual report as presented. Another stockholder seconded the motion and the Chairman declared the motion as carried.

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman proceeded to the next item on the agenda which is the ratification of all acts of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

The following acts were presented on the screen:

- a) offering and issuance of the fixed-rate Peso-denominated Bonds amounting to up to Php20 billion, out of the remainder of the existing Php50 billion SEC shelf-registered Peso-denominated bonds;
- b) election of Mr. Felipe M. Medalla as independent director of the Company;

- c) declaration of cash dividends for the common and preferred shares;
- d) appointment of corporate officers; and
- e) approval of signing authorities and limits.

A stockholder moved to approve, confirm and ratify all acts, resolutions and proceedings of the Board of Directors and corporate officers since the June 11, 2024 regular meeting of stockholders until June 10, 2025, as set forth in the minutes of the meetings of the Board of Directors.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2025-06-10-01

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on June 11, 2024 until today June 10, 2025, as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified.”

VI. APPROVAL AND RATIFICATION OF THE DIRECTORS' FEES

Atty. Jacinto reported that the Corporate Governance Committee favorably endorsed to the Board of Directors, during the meeting held earlier today, June 10, 2025, the payment of Directors' fees for 2024 in the amount of P72.39 million.

The Chairman of the Corporate Governance Committee, Independent Director Reynato S. Puno confirmed the same.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2025-06-10-02

“RESOLVED, as it is hereby resolved, that the Directors' Fees for the year 2024 in the amount of P72.39 million, as presented, be approved.”

VII. APPOINTMENT OF EXTERNAL AUDITORS AND RATIFICATION OF EXTERNAL AUDITOR'S FEES

The Chairman of the Audit and Risk Oversight Committee, Mr. Margarito B. Teves confirmed the summary presented by the Corporate Secretary that after the evaluation of the Audit and Risk Oversight Committee, the Committee recommended the appointment of the accounting firm of R.G. Manabat & Co./KPMG, CPAs as the external auditors of the Company for fiscal year 2025 and the approval and ratification of the auditor's fees for the preparation of the Audited Financial Statements of the Company and its subsidiaries.

Upon motion duly made and seconded, the following resolution was approved:

Resolution No. 2025-06-10-03

“**RESOLVED**, as it is hereby resolved, that the accounting firm of R.G. Manabat & Co./KPMG, CPAs be, as they are hereby appointed as the external auditors of the Company for fiscal year 2025, and that the auditor’s fees for the preparation of the Audited Financial Statements of the Company and its subsidiaries, be confirmed and ratified.”

VIII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman asked the Corporate Secretary to inform the stockholders of the nominees to be elected as members of the Board of Directors.

The Corporate Secretary read the names of the qualified nominees, as follows, namely:

Ramon S. Ang
John Paul L. Ang
Cecile L. Ang
Aurora T. Calderon
Joselito D. Campos, Jr.
Jose C. de Venecia, Jr.
Ernesto M. Pernia
Joseph N. Pineda
Alexander J. Poblador
Thomas A. Tan
Bryan U. Villanueva
Iñigo Zobel
Douglas L. LuYm
Felipe M. Medalla
Margarito B. Teves

In addition, the Corporate Secretary advised that the Proxy Statement circulated to the stockholders identified the nominees for election as independent directors, namely: Messrs. Douglas L. LuYm, Felipe M. Medalla and Margarito B. Teves. This is in accordance with the requirements of the Securities and Exchange Commission.

The Corporate Secretary stated that, in the annual stockholders meeting of the Company in 2025, the stockholders, with the favorable endorsement of the Board of Directors, approved and confirmed the re-election of Messrs. Margarito B. Teves as independent directors of the Company.

Upon motion of a stockholder, the following resolution was passed:

Resolution No. 2025-06-10-04

“**RESOLVED**, as it is hereby resolved, that considering there are only fifteen (15) nominees and there are only fifteen (15) seats in the Board to be filled up, the balloting for the election of directors will be dispensed with and all fifteen (15) nominees, including Independent Director Margarito B. Teves, be considered unanimously elected as Directors of the Company for the ensuing year, until their successors are elected and qualified, and that the

votes of the stockholders present and represented by proxies be distributed and recorded accordingly.”

With the resolution, the Chairman declared all the nominees elected. The Chairman, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

IX. ADJOURNMENT

The Chairman asked if there are any other matters that any stockholder wished to bring up and there being none, entertained a motion for adjournment.

A stockholder moved to adjourn the meeting, duly seconded by another stockholder. The Chairman adjourned the meeting and thanked all stockholders for attending.

A copy of the voting results is attached as Annex “B”.

ATTESTED BY:

RAMON S. ANG
Chairman



VIRGILIO S. JACINTO
Corporate Secretary

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San Miguel Corporation
PROXY VOTING MODULE
List of Stockholder Attendees

ANNEX "A"

PAGE 1

BALLOT NUMBER	ATTENDEE NAME	SHARES
000007	ANG*JOHN PAUL LIM	5,000
000008	PERNIA*ERNESTO M.	5,000
000009	TELOSA, JAN EMMET N. (LODGED)	40
	ANG*RAMON S.	1,345,429
	CAMPOS*JOSELITO D.*JR. &/OR OLIVIA M. CAMPOS	9,149
	JIMENEZ*MENARDO R.	5,000
	CALDERON*AURORA T.	22,600
	POBLADOR*ALEXANDER J.	5,000
	PUNO*REYNATO S.	5,000
	TEVES*MARGARITO B.	5,000
	ZOBEL*INIGO	16,171
	MEDALLA*FELIPE M.	5,000
	VENECIA, JR.*JOSE C. DE	5,000
	CASTRO*TERESITA LEONARDO DE	5,000
	PERALTA*DIOSDADO MADARANG	5,000
	CONSTANTINO*FERDINAND K.	415,092
	CONSTANTINO*FERDINAND K.	62,600
	JACINTO*VIRGILIO S.	155,208
	JACINTO*VIRGILIO	25,122
	JACINTO*VIRGILIO	500
	TAN*MARY ROSE S.	1,724
	CANUA, ISHMAEL SAM (LODGED)	1
	SAN MIGUEL CORP. RETIREMENT PLAN FIP	8,233,400
	SAN MIGUEL CORPORATION RETIREMENT PLAN - STP	900,000
	SMC SHIPPING AND LIGHTERAGE CORPORATION RETIREMENT PLAN	106,800
	SMC SHIPPING LIGHTERAGE CORP. RETIREMENT PLAN	67,400
	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	20,153,700
	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	2,630,000
	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	200,000
	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	2,000,200
	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	1,306,000
	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	155,000
	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	147,680
	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	1,456,300
	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	1,000,100
	GINEBRA SAN MIGUEL, INC. RETIREMENT PLAN	738,470
	GINEBRA SAN MIGUEL, INC. RETIREMENT PLAN	119,970
	GINEBRA SAN MIGUEL, INC. RETIREMENT PLAN	106,700
	GINEBRA SAN MIGUEL, INC. RETIREMENT PLAN	575,000
	SAN MIGUEL FOODS INC. RETIREMENT PLAN	2,066,900
	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	1,404,700
	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	68,000
	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	129,240
	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	1,456,300
	PINEDA, JOSEPH N. (LODGED)	62,715
	LICARDO, CONSUELO (LODGED)	26,600
	DE GUZMAN, DEXTER (LODGED)	100
	ANCHOR INSURANCE BROKERAGE CORPORATION RETIREMENT PLAN	125,500
	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	60,000
	CAN ASIA INC., RETIREMENT PLAN	101,000
	DISTILERIA BAGO, INC. RETIREMENT PLAN	314,100
	EAST PACIFIC STAR BOTTLERS PHILS., INC. RETIREMENT PLAN	26,800
	MAGNOLIA INC. RETIREMENT PLAN	600,100
	MINDANAO CORRUGATED FIBREBOARD INC. RETIREMENT PLAN	66,700
	NCC RETIREMENT PLAN	460,030
	PROCESS SYNERGY INC. RETIREMENT PLAN	67,500

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San Miguel Corporation
PROXY VOTING MODULE
List of Stockholder Attendees

PAGE 2

BALLOT NUMBER	ATTENDEE NAME	SHARES
	SMITS, INC. RETIREMENT PLAN	650,100
	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	60,000
	SMC STOCK TRANSFER SERVICE CORP. RETIREMENT PLAN	40,000
	SAN MIGUEL EQUITY INVESTMENTS INC. RETIREMENT PLAN	100,200
	SAN MIGUEL FOOD AND BEVERAGE INC. RETIREMENT PLAN	26,800
	SMHC MULTI-EMPLOYER RETIREMENT PLAN	613,050
	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	624,400
	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	107,400
	SMC YAMAMURA FUSO MOLDS CORPORATION RETIREMENT PLAN	20,000
	SLG MULTI-EMPLOYER RETIREMENT PLAN	13,400
	SAN MIGUEL FOUNDATION, INC. RETIREMENT PLAN	6,600
	THE PUREFOODS HORMEL CO., INC. EMPLOYEES RETIREMENT PLAN	600,100
TOTAL NO. OF ATTENDEES	: 68	
TOTAL NO. OF SHARES WITH BALLOT	: 10,040	
TOTAL NO. OF SHARES W/OUT BALLOT	: 51,888,651	
TOTAL NO. OF SHARES	: 51,898,691	

*** END OF REPORT ***

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San Miguel Corporation
PROXY VOTING MODULE
Stockholders' Meeting Vote Canvassing Results

ANNEX "B"

PAGE

1

NOM. NO.	NOMINEE	VOTES
1	RAMON S. ANG	1,918,796,590
2	CECILE L. ANG	1,909,008,806
3	JOHN PAUL L. ANG	1,908,572,056
4	AURORA T. CALDERON	1,908,558,806
5	JOSELITO D. CAMPOS, JR.	1,908,558,806
6	JOSE C. DE VENECIA	1,908,558,806
7	ERNESTO M. PERNIA	1,909,008,806
8	JOSEPH N. PINEDA	1,909,022,056
9	ALEXANDER J. POBLADOR	1,908,558,806
10	THOMAS A. TAN	1,908,558,806
11	BRYAN U. VILLANUEVA	1,909,022,056
12	INIGO ZOBEL	1,908,558,806
13	DOUGLAS L. LU YM	1,919,246,590
14	FELIPE M. MEDALLA	1,919,246,590
15	MARGARITO B. TEVES	1,918,775,000
Total votes registered		28,824,529,665
Total votes counted for election of board nominees		28,672,051,386
Total uncast votes for election of board nominees		152,478,279

RES. NO.	RESOLUTION	SHARES VOTED	% TO TOTAL O.S.
2	Approval of the Minutes of the 2024 Annual Stockholders' Meeting ("2024 ASM")	1,921,645,351	80.609%
	For 1,919,246,590 - 80.509%		
	Against 0 - 0.000%		
	Abstain 2,398,761 - 0.101%		
3	Approval of the Minutes of the 2024 Special Stockholders' Meeting ("2024 SSM")	1,921,645,351	80.609%
	For 1,919,246,590 - 80.509%		
	Against 0 - 0.000%		
	Abstain 2,398,761 - 0.101%		
4	Approval of the Minutes of the 2025 Special Stockholders' Meeting ("2025 SSM")	1,921,645,351	80.609%
	For 1,919,246,590 - 80.509%		
	Against 0 - 0.000%		
	Abstain 2,398,761 - 0.101%		
5	Approval of the Annual Report and the Audited Financial Statements of the Company for the Year ended December 31, 2024	1,921,645,351	80.609%
	For 1,918,114,890 - 80.461%		
	Against 450,000 - 0.019%		
	Abstain 3,080,461 - 0.129%		
6	Ratification of all Acts of the Board of Directors and Management since the 2024 ASM	1,921,645,351	80.609%
	For 1,918,114,890 - 80.461%		
	Against 0 - 0.000%		
	Abstain 3,530,461 - 0.148%		

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San Miguel Corporation
PROXY VOTING MODULE
Stockholders' Meeting Vote Canvassing Results

PAGE 2

7 Approval of the Directors Fees for 2024	1,921,645,351	80.609%
For	1,919,246,590 -	80.509%
Against	0 -	0.000%
Abstain	2,398,761 -	0.101%
8 Appointment of External Auditors of the Company for 2025	1,921,645,351	80.609%
For	1,918,780,020 -	80.489%
Against	466,570 -	0.020%
Abstain	2,398,761 -	0.101%

SUMMARY REPORT

% TO
TOTAL O.S.

OUTSTANDING COMMON SHARES	2,383,896,588	
OUTSTANDING PREFERRED SHARES	1,469,905,192	
TOTAL OUTSTANDING SHARES AS OF RECORD DATE	3,853,801,780	
TOTAL SHARES IN ATTENDANCE :		
Attending proxy assignees	1,926,735,918	
Attending stockholders	51,898,691	
	1,978,634,609	51.342%
LESS :		
Invalidated / knocked-off / Uncast shares - Proxy Assignees	5,100,607	
Knock-off by attending stockholder	0	
Invalidated shares - Stockholders	0	
Uncast shares of stockholders	51,888,651	
TOTAL SHARES/VOTES COUNTED	1,921,645,351	80.609%
NOTE:		
Total no. of stockholders in attendance	68	
Total no. of stockholder with ballots	3	

*** END OF REPORT ***

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San Miguel Corporation
PROXY VOTING MODULE
Voting Instructions (Grouped by Entry Date)
Jun 03, 2025 to Jun 09, 2025

PAGE 1

ENTRY DATE	PX FORM	SH NUMBER	STOCKHOLDER NAME	ASSIGNED SHARES	PX GROUP	VOTING INSTRUCTIONS
06/03/2025	0000001	000001000410	TOP FRONTIER INVESTMENT HOLDINGS, INC.	1,424,111,661	01	YYYYYYY
06/03/2025	0000002	PCD000000400	TOP FRONTIER INVESTMENT HOLDINGS, INC. (LODGED)	48,556,679	01	YYYYYYY
06/03/2025	0000003	000001009278	PRIVADO HOLDINGS, CORP.	368,140,516	01	YYYYYYY
06/03/2025	0000004	PCD000000401	PRIVADO HOLDINGS, CORP. (LODGED)	5,483,280	01	YYYYYYY
06/03/2025	0000005	000000164086	SAN MIGUEL CORPORATION RETIREMENT AND DEATH BENEFIT PLAN	1,394	01	YYYYYYY
06/03/2025	0000006	000000541389	SAN MIGUEL CORPORATION RETIREMENT PLAN	45,001	01	YYYYYYY
06/03/2025	0000007	PCD000000305	SAN MIGUEL CORPORATION RETIREMENT PLAN	2,318,967	01	YYYYYYY
06/03/2025	0000008	000001007434	PETRON CORPORATION EMPLOYEES' RETIREMENT PLAN	14,250,900	01	YYYYYYY
06/03/2025	0000009	000000723223	SMC SHIPPING LIGHTERAGE CORP. RETIREMENT PLAN	438	01	YYYYYYY
06/03/2025	0000010	PCD000000303	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	20,754,670	01	YYYYYYY
06/03/2025	0000011	PCD000000307	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	2,211,350	01	YYYYYYY
06/03/2025	0000012	PCD000000150	GINEBRA SAN MIGUEL, INC. RETIREMENT PLAN	2,712,140	01	YYYYYYY
06/03/2025	0000013	PCD000000306	SAN MIGUEL FOODS, INC. RETIREMENT PLAN	3,242,130	01	YYYYYYY
06/03/2025	0000014	PCD000000084	CITIBANK N.A.	8,910,006	01	YYYYYYY
06/03/2025	0000015	PCD000000086	CITIBANK N.A.	2,199,584	01	YYYYYYY
06/03/2025	0000016	PCD000000086	CITIBANK N.A.	62,642	01	AAAAAAA
06/03/2025	0000017	PCD000000086	CITIBANK N.A.	12,165,240	01	YYYYYYY
06/03/2025	0000018	PCD000000085	CITIBANK N.A.	2,336,119	01	AAAAAAA
06/03/2025	0000019	PCD000000102	DEUTSCHE BANK MANILA-CLIENTS A/C	201,580	01	YYYYYYY
06/03/2025	0000020	PCD000000102	DEUTSCHE BANK MANILA-CLIENTS A/C	681,700	01	YYAAAYY
06/03/2025	0000021	PCD000000350	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS ACCT.	174,060	01	YYYYYYY
06/03/2025	0000022	PCD000000350	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS ACCT.	450,000	01	YYNAYN
06/03/2025	0000023	PCD000000327	STANDARD CHARTERED BANK	140,220	01	YYYYYYY
06/03/2025	0000024	PCD000000327	STANDARD CHARTERED BANK	113,648	01	YYYYYYY
06/03/2025	0000025	PCD000000327	STANDARD CHARTERED BANK	16,570	01	YYYYYYN
06/03/2025	0000026	PCD000000327	STANDARD CHARTERED BANK	2,354,550	01	YYYYYYY
06/03/2025	0000027	000001000728	RAMIREZ*JESSIE F.	266	01	YYYYYYY
06/03/2025	0000028	000000117790	SYSMART CORPORATION	5,100,607	02	YYYYYYY

TOTAL PROXIES : 28
TOTAL SHARES ASSIGNED : 1,926,735,918
TOTAL UNASSIGNED SHARES : 5,451,550
TOTAL PROXIES SUPERCEDED : 0
TOTAL SHARES SUPERCEDED : 0

*** END OF REPORT ***

ANNEX “E”

LIST TOP 20 STOCKHOLDERS
(As of March 31, 2026)

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2026-04-23
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San Miguel Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Mar 31, 2026

PAGE 1

RANK	STOCKHOLDER NAME	Common	Preferred 2-L	Preferred 2-M	Preferred 2-N	Preferred 2-O	Preferred 2-P	Preferred 2-Q	Preferred 2-R	Preferred 2-S	Preferred 2-T	Preferred 2-U	TOTAL SHARES	% OF O/S
1	TOP FRONTIER INVESTMENT HOLDINGS, INC.	1,424,111,661	0	0	0	0	0	0	0	0	0	0	1,424,111,661	89.88507 %
2	FCD NOMINEE CORPORATION (FILIPINO)	314,944,583	160,754,870	0	50,711,780	142,753,390	163,586,200	39,220,540	20,921,890	173,009,350	66,070,970	138,078,300	1,303,271,763	89.58908 %
3	PRIVADO HOLDINGS, CORP.	368,140,516	0	0	0	0	0	0	0	0	0	0	368,140,516	10.02098 %
4	GOVERNMENT SERVICE INSURANCE SYSTEM	99,029,770	1,277,130	133,333,330	0	0	0	0	0	0	0	0	133,333,330	3.62090 %
5	FCD NOMINEE CORPORATION (NON-FILIPINO)	0	0	0	1,617,640	485,860	920,540	323,050	72,120	2,888,690	612,210	814,260	108,046,690	2.50493 %
6	SOCIAL SECURITY SYSTEM	0	0	17,333,333	0	27,800,000	0	0	0	0	0	0	45,133,333	1.02493 %
7	SECURE LIFE FINANCIAL SERVICES	27,636,336	0	0	0	0	0	0	0	0	0	0	27,636,336	0.72493 %
8	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	0	1,333,400	0	2,666,700	2,000,000	2,830,000	0	0	1,897,000	4,667,000	4,667,000	20,931,300	0.54571 %
9	SOCIAL SECURITY SYSTEM ASSIGNED TO MANDATORY PENSION FUND	14,250,900	0	7,999,999	0	10,000,000	0	0	0	0	0	0	17,999,999	0.49130 %
10	SETRON CORPORATION EMPLOYEES' RETIREMENT PLAN	0	0	0	0	0	0	0	0	0	0	0	14,250,900	0.39152 %
11	THE INSULAR LIFE ASSURANCE COMPANY LTD.	0	0	14,333,330	0	0	0	0	0	0	0	0	14,333,330	0.39496 %
12	MILLENNIUM ENERGY, INC.	10,807,380	0	0	0	0	0	0	0	0	0	0	10,807,380	0.28119 %
13	SYSMART CORPORATION	5,105,607	0	0	0	0	0	0	0	0	0	0	5,105,607	0.13420 %
14	GIMERRA SAN MIGUEL INC. RETIREMENT PLAN	0	132,400	0	600,000	266,700	681,700	0	0	252,300	934,000	934,000	3,602,100	0.10325 %
15	ILIS HOLDINGS INC.	126,074	0	0	0	0	1,006,120	0	2,347,630	0	0	0	3,473,824	0.09502 %
16	MANHIA HOLDINGS INC.	126,074	0	0	0	0	1,006,120	3,353,750	0	0	0	0	3,473,824	0.09502 %
17	KAY MITOY HOLDINGS INCORPORATED	0	0	0	0	0	0	0	2,347,630	0	0	0	2,347,630	0.06182 %
18	SANTA LAMAN HOLDINGS INC.	0	0	0	0	0	1,006,120	3,353,750	0	0	0	0	3,353,750	0.09182 %
19	SOCIAL SECURITY SYSTEM ASSIGNED TO EMPLOYEES' COMPENSATION COMMISSION FUND	0	0	1,333,333	0	2,000,000	0	0	0	0	0	0	3,333,333	0.09102 %
20	BELLERIE HOLDINGS, INC.	252,148	0	0	0	0	0	2,693,000	0	0	0	0	2,945,148	0.08151 %
			163,496,500	173,333,219	95,586,120	185,276,050	169,960,990	42,939,090	25,089,210	177,987,840	72,284,180	144,492,960	3,514,906,677	89.92355 %

TOTAL NO. OF OUTSTANDING SHARES : 3,662,037,333
TOTAL NO. OF DISTINCT STOCKHOLDERS : 32,084
TOTAL NO. OF ACCOUNTS : 33,070

ANNEX “F-1”

**AFFIDAVIT OF PUBLICATION
(Malaya Business Insight)**

REPUBLIC OF THE PHILIPPINE)
CITY OF MANILA) S.S.

AFFIDAVIT OF PUBLICATION

I, **Menchie L. Garcia**, Filipino of legal age, married and residing at No. 147 M. Santos St., Pasay City after having been duly sworn to in accordance with law, depose and say:

That I am the VP for Marketing of Malaya Business Insight, a daily newspaper published, edited and printed in Metro Manila and circulated nationwide, from Monday to Sunday with editorial and business offices at 4th Flr FEMI Bldg A. Soriano Jr. Avenue, Intramuros Manila

That the attached copy of notice re: Stockholders Regular Meeting of San Miguel Corporation (Print & Online)

was published in Malaya Business Insight in its issue/s
May 14, & 15, 2026

In witness whereof, I signed this affidavit in Manila Philippines, this 15th day of May 2026.


MENCHIE L. GARCIA
Affiant

MAY 15 2026

Subscribed and Sworn to before me this _____ day
of _____, in **MANILA**, Philippines, affiant
exhibiting to me her TIN No. 202-862-273.

Doc. No. 248
Page No. 49
Book No. n
Series of 2026


ATTY. MANUEL ABUYA RODRIGUEZ II
Notary Public for City of Manila-Until 12-31-2026
Notarial Commission No. 2025-146
2nd Floor Midland Plaza Hotel, Adriatico St., Ermita, Manila
I.B.P. No. 580441-January 5, 2026 for the year 2026
P.T.R. No. 0406616-January 6, 2026
MCLE Compliance No. VIII-0029662-Valid until 4-14-2028
Roll of Attorney No. 68732

Malaya Business Insight Online Placements (May 14 and May 15, 2026)
San Miguel Corporation (SMC) Notice of Annual Stockholders Meeting 2026

May 14, 2026 - <https://malaya.com.ph/notices/notice-of-regular-meeting-of-the-stockholders-san-miguel-corporation/>

Friday, May 15, 2026

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NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS: San Miguel Corporation

By Malaya Business Insight May 14, 2026 · 12:00 AM

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SAN MIGUEL CORPORATION

NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS

June 9, 2026

May 15, 2026 - <https://malaya.com.ph/notices/notice-of-regular-meeting-of-the-stockholders-san-miguel-corporation-2/>

Friday, May 15, 2026

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NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS: San Miguel Corporation

By Malaya Business Insight May 15, 2026 · 12:00 AM

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SAN MIGUEL CORPORATION

NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS

June 9, 2026

A2

THURSDAY 1 MAY 14, 2026

malaya.com.ph



SAN MIGUEL CORPORATION

NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS

June 9, 2026

The Regular Meeting of the Stockholders of San Miguel Corporation will be held on **Tuesday, June 9, 2026** at **2:00 P.M.**

The Stockholders' Meeting will be conducted via remote communication and livestreamed at the Company's website. Stockholders can attend the meeting by remote communication.

The Agenda for the Meeting is as follows.

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Regular Stockholders' Meeting held on June 10, 2025
3. Presentation of the Annual Report
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Approval of Directors' Fees for 2025
6. Appointment of External Auditors
7. Election of the Board of Directors
8. Other Matters
9. Adjournment

Stockholders who would like to attend the online meeting should access the 2026 SMC AGSM Website at <https://www.smc2026agsm.sanmiguel.com.ph> to obtain the following, namely:

- (a) the minutes of the 2025 Regular Stockholders' Meeting;
- (b) the resolutions of the Board of Directors beginning January 1, 2026 which will be available online beginning May 15, 2026;
- (c) the ballots and proxies to attend the meeting; and
- (d) the link to view the livestream of the meeting which will be available on the day of the meeting.

During the meeting, the Company shall entertain questions and comments from the stockholders after the presentation of the Annual Report. Questions and comments must be submitted either in advance or during the meeting by email to stockholders@sanmiguel.com.ph. Questions which were not answered during the meeting shall be forwarded to the Office of the Corporate Secretary for the appropriate response.

Ballots and proxies can be submitted via email at stockholders@sanmiguel.com.ph which submission shall be duly acknowledged and validated by the SMC Stock Transfer Service Corporation. For individual stockholders, the submissions must be accompanied by a copy of a government issued ID as proof of identification. For corporations, the submission must be accompanied by a certification from its Corporate Secretary stating the corporate officer's authority to represent and sign on behalf of the corporation. Kindly submit to the SMC Stock Transfer Service Corporation the original signed and notarized documents within a reasonable time after the resumption of regular business operations.

The deadline for submission of ballots and proxies is on **May 26, 2026**. Validation of ballots and proxies will be on **June 2, 2026**, at 10:00 a.m. at the SMC Stock Transfer Service Corporation Office, 2nd Floor, SMC Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City, Philippines.

(Originally signed)
Virgilio S. Jacinto
Corporate Secretary

A3

FRIDAY | MAY 15, 2026

malaya.com.ph



SAN MIGUEL CORPORATION

NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS

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(Originally signed)
Virgilio S. Jacinto
Corporate Secretary

ANNEX “F-2”

**AFFIDAVIT OF PUBLICATION
(The Philippine STAR)**

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) s.s.

AFFIDAVIT OF PUBLICATION

I, **MARIQUITA O. ADRIANO**, of legal age, single, Filipino and with office address at c/o PhilSTAR Daily, Inc., Amvel Business Park, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City after being duly sworn to in accordance with law depose.

That I am the **ADVERTISING MANAGER** of **The PhilSTAR Daily, Inc.** a domestic corporation duly organized and existing under by virtue of Philippine laws with office and business Amvel Business Park, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City.

That the said corporation publishes **The Philippine STAR**, a daily broadsheet newspaper published in English and of general circulation.

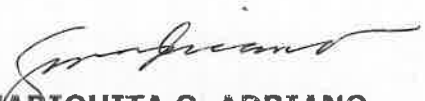
That the order of _____
SMC Stock Transfer Service Corporation

Captioned as follows: **SAN MIGUEL CORPORATION**
NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS
June 9, 2026

(Please see attached printed text) had been published in The Philippine STAR in its issue/s of: _____

May 14 and 15, 2026 published in The Philippine STAR;
May 14 and 15, 2026 uploaded on bworldonline.com

FURTHER AFFIANT SAYETH NAUGHT.
Manila, Philippines


MARIQUITA O. ADRIANO
Affiant

SUBSCRIBED AND SWORN to before me this 15th day of May 2026 affiant exhibited to me her Driver's License ID No. N25-09-013541 and which expires on 2028/02/22.


ATTY. GARY A. SANCIO

Notary Public

Until December 31, 2026

Adm. Matter NP-103 (2025-2026)

Roll No. 44261

IBP -No. 1082447 (Lifetime)/06-30-17/ Q.C.

PTR No. 8390688/01-05-26/Q.C.

MCLE Compliance No. VIII-0023572/03-04-25

Unit 203, STG Bldg. 190 P. Tuazon Blvd.

Araneta City, Quezon City, 1109

Doc. No. 178
Page No. 37
Book No. XI
Series of 2026

Philstar Online Placements (May 14 and May 15, 2026)

San Miguel Corporation (SMC) Notice of Annual Stockholders Meeting 2026

May 14, 2026 - <https://www.bworldonline.com/spotlight/2026/05/14/749619/san-miguel-corp-to-hold-regular-meeting-of-stockholders-on-june-9-via-remote-communication/>

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May 14, 2026 | 9:46 am

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May 14, 2026 | 9:30 am

Danger-level heat to hit nearly 50 areas on Friday, says PAGASA
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Taiwan thanks US for support ahead of further Trump-Xi talks
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SPOTLIGHT

San Miguel Corp. to hold Regular Meeting of Stockholders on June 9 via remote communication

May 15, 2026 | 12:02 am



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May 15, 2026 | 7:02 am

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**SAN MIGUEL CORPORATION****NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS**

June 9, 2026

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(Originally signed)
Virgilio S. Jacinto
Corporate Secretary

**SAN MIGUEL CORPORATION****NOTICE OF REGULAR MEETING OF THE STOCKHOLDERS**

June 9, 2026

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(Originally signed)
Virgilio S. Jacinto
Corporate Secretary

ANNEX “G”

PROXY FORM

SAN MIGUEL CORPORATION
ANNUAL MEETING OF STOCKHOLDERS
JUNE 9, 2026, 2:00 P.M., VIA LIVESTREAMING
("2026 SMC ASM")

Please mark as applicable:

- ☐ **Vote by ballot:** The undersigned stockholder of SAN MIGUEL CORPORATION (the "Company") casts his/her /its vote on the agenda items for the 2026 SMC ASM, as expressly indicated with "X" below in this ballot.
- ☐ **Vote by proxy:** The undersigned stockholder of the Company hereby appoints _____ or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the 2026 SMC ASM and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below.

PROPOSAL	ACTION			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors				
The nominees are: <ul style="list-style-type: none">Ramon S. AngCecile L. AngJohn Paul L. AngAurora T. CalderonJoselito D. Campos, Jr.Lorenzo G. Formoso IIIErnesto M. PerniaJoseph N. PinedaAlexander J. PobladorThomas A. TanBryan U. VillanuevaInigo ZobelAntonio S. Abacan, Jr.Douglas L. LuYm (independent)Felipe M. Medalla (independent) INSTRUCTIONS: <i>To withhold authority to vote for any individual nominee(s), please mark "Exception" box and list the name(s) under</i>				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2025 Annual Stockholders' Meeting ("2025 ASM")				
3. Approval of the Annual Report and the Audited Financial Statements of the Company for Year ended December 31, 2025				
4. Ratification of all Acts of the Board of Directors and Management since the 2025 ASM				
5. Approval of the Directors Fees for 2025				
6. Appointment of External Auditors of the Company for 2026				

Signed this ____ day of _____ 2026 at _____.

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE MAY 26, 2026 BY EMAIL SENT TO stockholders@sanmiguel.com.ph OR BY MAIL SENT TO THE OFFICE OF SMC STOCK TRANSFER SERVICE CORPORATION AT THE 2ND FLOOR, SMC HEAD OFFICE COMPLEX, 40 SAN MIGUEL AVENUE, MANDALUYONG CITY. THIS BALLOT/PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE IN A PROXY, SUCH PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY THE MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT EITHER IN AN INSTRUMENT IN WRITING DULY PRESENTED TO AND RECORDED WITH THE CORPORATE SECRETARY AT LEAST FIVE (5) DAYS PRIOR TO THE MEETING. NOTARIZATION OF THIS PROXY IS NOT REQUIRED. FOR AN INDIVIDUAL, HIS/HER BALLOT/PROXY MUST BE ACCOMPANIED BY A VALIDLY GOVERNMENT-ISSUED ID WITH A PHOTO. FOR A CORPORATION, ITS PROXY MUST BE ACCOMPANIED BY ITS CORPORATE SECRETARY'S CERTIFICATION SETTING THE REPRESENTATIVE'S AUTHORITY TO REPRESENT THE CORPORATION IN THE MEETING. VALIDATION OF BALLOTS AND PROXIES WILL BE ON JUNE 2, 2026 AT 10:00A.M. AT THE ABOVE-MENTIONED OFFICE OF THE SMC STOCK TRANSFER SERVICE CORPORATION.

ANNEX “H”

RESOLUTIONS FOR RATIFICATION

SAN MIGUEL CORPORATION**Resolutions approved by the Board of Directors since the 2025 Annual Stockholders' Meeting**

January 16, 2025 (Regular)	<p>Resolution No. 2025-01-16-02</p> <p>“RESOLVED, AS IT HEREBY RESOLVED, that the Board of Directors, approves the appointments of Mr. Villanueva as Chief Finance Officer and Mr. Joseph N. Pineda as Treasurer of the Company;</p> <p style="text-align: center;">xxx</p>
March 13, 2025 (Regular)	<p><u>Resolution No. 2025-03-13-04</u></p> <p>“RESOLVED, that the Board of Directors of the Company approves the adoption of the Amended Internal Audit Charter of the Corporation;</p> <p>RESOLVED FINALLY, that the Internal Audit Charter will be filed with the Securities and Exchange Commission and the Bureau of Internal Revenue, and will be made available at the website of the Corporation as soon as practicable, is approved.”</p>
March 27, 2025 (Special Stockholders)	<p><u>Resolution No. 2025-03-27-03</u></p> <p>“RESOLVED, AS IT HEREBY RESOLVED, that the delegation to the Board of Directors of the power to amend By Laws of the Corporation pursuant and subject to the relevant provisions of Section 47 of the Revised Corporation Code of the Philippines, is hereby authorized, approved and confirmed.”</p>
June 10, 2025 (Regular)	<p><u>Resolution No. 2025-06-10-01</u></p> <p>“RESOLVED, AS IT HEREBY RESOLVED, that the Board of Directors of the Company approved the redemption of all of the outstanding US\$500,000,000 Senior Perpetual Capital Securities of the Company under the US\$3,000,000,000 Medium Term Note and Securities Programme (the “Redeemed Securities”).</p> <p>RESOLVED, FURTHER, that the redemption date is on July 29, 2025 (the “Redemption Date”).</p> <p>RESOLVED, FINALLY, following such redemption, that the Company shall cease to accrue distributions on the Redeemed Securities as of the Redemption Date and the Redeemed Securities will be cancelled and delisted from the Singapore Exchange Securities Trading Limited, as presented by Management.”</p>
July 3, 2025 (Regular)	<p><u>Resolution No. 2025-07-03-01</u></p> <p>“RESOLVED, as it is hereby resolved, that the following provision of the Amended By-Laws of the Corporation, be amended to read, as follows:</p> <p style="text-align: center;">Article II</p> <p style="text-align: center;">“Section 1. xxx</p> <p style="text-align: center;">Special meetings may be called by the Chairman of the Board of Directors, or in his absence, by the Vice Chairman of the Board of Directors, or the President and Chief Operating Officer. <u>Subject to the relevant provisions of applicable laws and</u></p>

issuances of the Securities and Exchange Commission (the "SEC), there may also be called by the Board of Directors, or at the written request of stockholders representing a majority at least ten percent (10%) of the subscribed capital stock entitled to vote. (As amended on 16 July 1979, as further amended by the Board of Directors on April 15, 2021, and by the Stockholders on June 8, 2021, and as further amended by the Board of Directors on June 11, 2024, and by the Stockholders on August 8, 2024, **and as further amended by the Board of Directors on July 3, 2025).**

Section 2. Subject to the relevant provisions of applicable laws and issuances of the Securities and Exchange Commission (the "SEC), the regular meeting of the stockholders may be held without prior notice. Notices for regular meetings of stockholders may be sent by the Secretary by personal delivery or by mailing the notice at twenty one (21) calendar days prior to the date of the meeting to each stockholder of record at his last known post office address or by publishing the notice in a newspaper of national circulation at least ten (10) days prior to the date of the meeting. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. Only matters stated in the notice can be the subject of motion or discussions at the meeting. Notice of special meetings may be waived in writing by any shareholder, in person or by proxy, before or after the meeting.

Subject to the relevant provisions of applicable laws and issuances of the Securities and Exchange Commission (the "SEC), notices for the special meetings of stockholders may be sent by the Secretary by personal delivery or by mailing the notice at least ten (10) days prior to the date of the meeting to each stockholder of record at his last known post office address or by publishing the notice in a newspaper of national circulation at least ten (10) days prior to the date of the meeting. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. Only matters stated in the notice can be the subject of motion or discussions at the meeting. Notice of special meetings may be waived in writing by any shareholder, in person or by proxy, before or after the meeting. (As amended on 16 July 1979 **and as further amended by the Board of Directors on July 3, 2025).**

xxx

Article III

xxx

Section 1-A. Independent Directors

(a) ~~Two (2)~~ **Three (3)** of the fifteen (15) directors provided in Section 1, above shall be independent directors. For this purpose, an independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. (**As amended by the Board of Directors on July 3, 2025).**

	<p>xxx</p> <p>Section 6. No notice shall be required for the regular meetings of the Board. <u>Subject to the relevant provisions of applicable laws and issuances of the SEC, notice of regular and special meetings of the Board,</u> stating the purpose for which it is being called, shall be transmitted to each director either by telephone, telex, telegram, <u>email</u> or by written or oral message, at least twenty-four (24) hours previous to the time fixed for the <u>two (2) days prior to the scheduled</u> meeting. (As amended on 16 July 1979, as further amended by the Board of Directors on June 11, 2024 and by the Stockholders on August 8, 2024, <u>and as further amended by the Board of Directors on July 3, 2025</u>).</p> <p>xxx</p> <p>Section 10. As compensation, the Board of Directors shall receive no more than two percent (2%) of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation on buildings, machineries, transportation units, furniture and other properties. Such compensation shall be apportioned among the directors in such manner as the Board, duly assembled as a board, may deem proper <u>and approved by at least a majority of the outstanding capital stock of the Corporation.</u> (As amended on 16 July 1979 <u>and as further amended by the Board of Directors on July 3, 2025</u>).</p>
July 3, 2025 (Regular)	<p><u>Resolution No. 2025-07-03-02</u></p> <p>“RESOLVED, as it is hereby resolved, that the following provisions of the Amended Manual of Corporate Governance of the Corporation be amended as follows:</p> <ul style="list-style-type: none"> (1) Amendment of Section 2.2.1.6 to state that the Corporation shall have at least three (3) independent directors. (2) Addition of Section 2.2.2.4 in the Board Committees to add on the Sustainability Committee provisions in the Manual. (3) Amendment of Section 2.2.5.4 to reflect the provisions of SRC Rule 68 Implementing Rules on the rotation of external auditors to be in accordance with the provisions of the Code of Ethics for Professional Accountants.
August 07, 2025 (Regular)	<p><u>Resolution No. 2025-08-07-02</u></p> <p>“RESOLVED, AS IT HEREBY RESOLVED, that the Board of Directors authorized the Company to:</p> <ul style="list-style-type: none"> (i) redeem the outstanding SMC2F, SMC2J, and SMC2K preferred shares; (ii) set the record date for redemption on September 10, 2025, October 9, 2025 and November 20, 2025; and (iii) request the Philippine Stock Exchange for the voluntary suspension of trading of the SMC2F, SMC2J, and SMC2K preferred shares as follows:

	<p>SMC2F: from September 10, 2025; SMC2J: from October 9 to October 29, 2025; and SMC2K: from November 20 to December 10, 2025;</p> <p>RESOLVED, FURTHER, that the Company is authorized to issue the notice of redemption via online publication and by mail, as may be practicable.</p> <p>RESOLVED, FINALLY, that the either the Chairman and Chief Executive Officer, Mr. Ramon S. Ang, or the President and Chief Operating Officer, Mr. John Paul L. Ang, or any of the following:</p> <p style="text-align: center;">Ferdinand K. Constantino Aurora T. Calderon Virgilio S. Jacinto Joseph N. Pineda Bella O. Navarra Bryan U. Villanueva</p> <p>acting and signing jointly, be authorized to sign, execute and deliver, for and on behalf of the Corporation, all applications, registration forms, deeds, documents, contracts, agreements and instruments, and to perform such further acts and deeds and may be necessary, convenient or appropriate, to give force and effect to these resolutions.”</p>
<p>August 7, 2025 (Regular)</p>	<p><u>Resolution No. 2025-08-07-03</u></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be authorized, as it is hereby authorized and empowered, to conduct an exchange offer to the holders of the Series 2-J and 2-K Preferred Shares (the “Exchange Shares”) through a voluntary tender offer to exchange the Exchange Shares for 450,571,567 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual preferred shares to be re-issued from the treasury shares of the Corporation (the “Offer Shares”), at an exchange ratio of one (1) Offer Share for every one (1) Exchange Share (the “Exchange Offer”);</p> <p>“RESOLVED, FURTHER, that the Offer Shares shall be re-issued in three (3) subseries: Series 2-P, Series 2-Q, and Series 2-R, which have the features of optional redemption and dividend rate step up, ranging from 3 to 7 years, and 5 to 10 years, respectively;</p> <p>RESOLVED FURTHER, that the Management of the Corporation be authorized to determine such other terms and conditions of the re-issuance of the Offer Shares as may be advantageous to the Corporation and in accordance with the scope of authority by the Board, including but not limited to the determination of the dividend rate of the Offer Shares;</p> <p>RESOLVED, FURTHER, that the Corporation, through Management, be authorized to do the following acts:</p> <p style="margin-left: 40px;">(a) preparation, filing and submission of an (i) application for voluntary tender offer; (ii) application for confirmation of valuation of the Exchange Shares, and (iii) application for confirmation of exemption of the Exchange Offer, with the relevant departments of the Securities and Exchange Commission (the “SEC”), as may be necessary to effect and implement the Exchange Offer;</p>

	<p>(b) filing and submission of an application for lifting of trading suspension/application for listing of the Series 2 Preferred Shares, pursuant to its listing requirements, in order to effect the listing of the Offer Shares with the Philippine Stock Exchange (“PSE”);</p> <p>(c) signing, execution, and delivery of any and all documents, contracts, agreements and instruments as may be required or necessary in connection with (i) the application for voluntary tender offer; (ii) the application for confirmation of valuation, (iii) the application for confirmation of exempt transaction, (iv) the listing with the PSE, and (v) the Exchange Offer of the Offer Shares;</p> <p>(d) engagement of an independent valuation expert, legal counsels, and other agents as may be necessary, proper or desirable to effect and implement the Exchange Offer, and the listing with the PSE of the Offer Shares, under such terms and conditions as Management may deem to be fair and reasonable in the best interest of the Corporation;</p> <p>“RESOLVED FINALLY, that any one (1) of the Chairman and Chief Executive Officer, Mr. Ramon S. Ang or the President and Chief Operating Officer, Mr. John Paul L. Ang, acting singly, or any two (2) of Messrs. Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Bryan U. Villanueva, Mesdames Aurora T. Calderon and Bella O. Navarra, acting and signing jointly, are designated and authorized to sign, execute and deliver, for and on behalf of the Corporation, all applications, registration forms, deeds, documents, contracts, agreements and instruments, and to perform such further acts and deeds and may be necessary, convenient or appropriate, to give force and effect to the foregoing resolutions:</p>
<p>August 07, 2025 (Regular)</p>	<p><u>Resolution No. 2025-08-07-04</u></p> <p>“RESOLVED, THAT, that the Corporation be authorized to offer to the public (the “Offer”) up to Thirty Billion Pesos (₱30,000,000,000) worth of Series 2 Preferred Shares, at an offer price of Seventy Five Pesos (₱75.00) per share, or equivalent to Two Hundred Sixty-Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty-Seven (266,666,667) Series 2 Preferred Shares with an oversubscription option of One Hundred Thirty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (133,333,333) Series 2 Preferred Shares to be issued from the Eight Hundred Sixty-Six Million Six Hundred Sixty-Six Thousand Seven Hundred (866,666,700) Series 2 Preferred Shares shelf registration of the Corporation under SEC MSRD Order No. 62, Series of 2023;”</p> <p>RESOLVED, FURTHER, that the Public Offer Shares shall be re-issued in three (3) subseries: Series 2-S, Series 2-T, and Series 2-U, which have the features of optional redemption and dividend rate step up, ranging from 3 to 7 years and 5 to 10 years, respectively;</p> <p>RESOLVED, FURTHER, that the Corporation, through Management, be authorized to do the following acts:</p> <p>(a) preparation, filing and submission of a (i) Registration Statement, and (ii) the Offer Supplement for the offering of the Public Offer Shares, as may be required by the SEC;</p>

	<p>(b) approval of all the disclosures contained in the Registration Statement and the Offer Supplement to be filed with the SEC, and assumption of full responsibility for the information contained therein;</p> <p>(c) filing and submission of an application for listing of the Public Offer Shares, pursuant to its listing requirements, in order to effect the listing of the Public Offer Shares with the Philippine Stock Exchange (“PSE”);</p> <p>(d) signing, execution, and delivery of any and all documents, contracts, agreements and instruments as may be required or necessary in connection with (i) the registration with the SEC, (ii) the listing with the PSE, and (iii) the public offering of the Public Offer Shares;</p> <p>(e) determining the other relevant terms and conditions of the Offer including the engagement of underwriters, advisors, legal counsels, stock and transfer agent, receiving agent/bank, and other agents as may be necessary, proper or desirable to effect and implement the registration with the SEC, the listing with the PSE, and the offer for sale, to the public and investors, of the Public Offer Shares, under such terms and conditions as Management may deem to be fair and reasonable in the best interest of the Corporation;</p> <p>RESOLVED FINALLY, that either the Chairman and Chief Executive Officer, Mr. Ramon S. Ang, or the President and Chief Operating Officer, Mr. John Paul L. Ang, acting singly, or any two (2) of Messrs. Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Bryan U. Villanueva, Mesdames Aurora T. Calderon and Bella O. Navarra, acting and signing jointly, are designated and authorized to sign, execute and deliver, for and on behalf of the Corporation, all applications, registration forms, deeds, documents, contracts, agreements and instruments, and to perform such further acts and deeds and may be necessary, convenient or appropriate, to give force and effect to the foregoing resolutions.”</p>
<p>November 13, 2025 (Regular)</p>	<p><u>Resolution No. 2025-11-13-03</u></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Directors authorizes the Corporation to offer, sell, and issue fixed rate Philippine Peso-denominated corporate notes with an aggregate principal amount of up to Php10,000,000,000 (the “Notes”), which Notes shall be offered, sold, and issued in the Philippines to qualified institutional buyers and, for such purpose, to allocate the proceeds from the Notes to be used (a) to refinance and redenominate US Dollar-denominated obligations of the Corporation; (b) for general corporate purposes; and (c) to pay the fees and expenses arising from the issuance.</p> <p>RESOLVED, FURTHER, that the Management of the Corporation be authorized and empowered to determine the terms and conditions of the issuance of the Notes as may be advantageous to the Corporation and in accordance with the scope of authority granted by the Board of Directors, including but not limited to the coupon rate of the Notes;</p> <p>RESOLVED, FURTHER, that the Corporation be authorized and empowered to cause the enrolment of the Notes with the Philippine Dealing & Exchange Corp. (“PDEX”), in accordance with the relevant rules and regulations issued by PDEX;</p> <p>RESOLVED, FINALLY, the Corporation, through Management, be authorized and empowered to do the following acts:</p> <p>(a) the preparation, finalization and distribution of an Information Memorandum for the offering and issuance of the Notes (the “Information Memorandum”);</p>

- (b) the preparation, filing and submission to PDEx of an application to enroll the Notes, including the Information Memorandum, pursuant to the enrolment requirements of PDEx;
- (c) the signing, execution and delivery of any and all documents, contracts, agreements, and instruments as may be required or necessary in connection with the enrolment of the Notes with PDEx;
- (d) the performance by the Corporation of all its obligations under the Notes and all such documents, contracts, agreements, and instruments relating thereto, including the amendment of the same where necessary;
- (e) the engagement and appointment of (i) BDO Capital & Investment Corporation as issue manager and arranger for the Notes; (ii) the Philippine Depository & Trust Corp. as registrar and paying agent for the Notes; and (iii) RCBC Trust Corporation as trustee for the Notes; and
- (f) the engagement and appointment of advisors, legal counsels, and other agents as may be necessary, proper or desirable to effect and implement the enrolment of the Notes with the PDEx, and the offer for sale and issuance to qualified institutional buyers of the Notes, under such terms and conditions as Management may deem to be fair and reasonable and in the best interests of the Corporation;
- (g) the appointment of the Chairman and Chief Executive Officer, Mr. Ramon S. Ang or the Vice-Chairman, President and Chief Executive Officer, Mr. John Paul S. Ang, acting singly, or any two (2) of:

Ferdinand K. Constantino
Aurora T. Calderon
Virgilio S. Jacinto
Joseph N. Pineda
Bella O. Navarra
Bryan U. Villanueva

acting and signing jointly, to sign, execute, and deliver, for and on behalf of the Corporation, all applications, registration forms, deeds, documents, contracts, agreements and instruments, and to perform such further acts and deeds as may be necessary, convenient or appropriate, to give force and effect to the contemplated issuance.”

**January 16,
2025
(Regular)**

Resolution No. 2025-01-16-01

“RESOLVED, that cash dividends for the Series “2” Preferred Shares of the Company shall be paid as follows:

<u>Class of Shares</u>	<u>Dividend Amount per Share</u>
Series “2” Preferred Shares - Subseries “F”	₱1.27635
Series “2” Preferred Shares - Subseries “I”	₱1.18790625
Series “2” Preferred Shares - Subseries “J”	₱0.890625
Series “2” Preferred Shares - Subseries “K”	₱0.84375
Series “2” Preferred Shares – Subseries “L”	₱1.48396875
Series “2” Preferred Shares - Subseries “M”	₱1.5703125
Series “2” Preferred Shares - Subseries “N”	₱1.5649875
Series “2” Preferred Shares - Subseries “O”	₱1.611300

	<p>RESOLVED FURTHER, that the cash dividends shall be paid on April 4, 2025 to all stockholders of record of the Series “2” Preferred Shares as of March 21, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of December 31, 2024;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from March 24, 2025 to March 29, 2025.”</p>																		
March 13, 2025 (Regular)	<p><u>Resolution No. 2025-03-13-02</u></p> <p>“RESOLVED, that a cash dividend of THIRTY-FIVE CENTAVOS (P0.35) per share be paid on April 25, 2025 to all common stockholders of record as of March 28, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of December 31, 2024;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from March 31, 2025 to April 7, 2025.”</p>																		
May 08, 2025 (Regular)	<p><u>Resolution No. 2025-05-08-02</u></p> <p>“RESOLVED, that cash dividends for the Series “2” Preferred Shares of the Company shall be paid as follows:</p> <table border="1"> <thead> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per Share</u></th></tr> </thead> <tbody> <tr> <td>Series “2” Preferred Shares - Subseries “F”</td><td>₱1.27635</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “I”</td><td>₱1.18790625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “J”</td><td>₱0.890625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “K”</td><td>₱0.84375</td></tr> <tr> <td>Series “2” Preferred Shares – Subseries “L”</td><td>₱1.48396875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “M”</td><td>₱1.5703125</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “N”</td><td>₱1.5649875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “O”</td><td>P1 .611300</td></tr> </tbody> </table> <p>RESOLVED FURTHER, that the cash dividends shall be paid on July 4, 2025 to all stockholders of record of the Series “2” Preferred Shares as of June 20, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of December 31, 2024;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from June 23, 2025 to June 27, 2025.”</p>	<u>Class of Shares</u>	<u>Dividend Amount per Share</u>	Series “2” Preferred Shares - Subseries “F”	₱1.27635	Series “2” Preferred Shares - Subseries “I”	₱1.18790625	Series “2” Preferred Shares - Subseries “J”	₱0.890625	Series “2” Preferred Shares - Subseries “K”	₱0.84375	Series “2” Preferred Shares – Subseries “L”	₱1.48396875	Series “2” Preferred Shares - Subseries “M”	₱1.5703125	Series “2” Preferred Shares - Subseries “N”	₱1.5649875	Series “2” Preferred Shares - Subseries “O”	P1 .611300
<u>Class of Shares</u>	<u>Dividend Amount per Share</u>																		
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Series “2” Preferred Shares - Subseries “O”	P1 .611300																		
June 10, 2025 (Regular)	<p><u>Resolution No. 2025-06-10-02</u></p> <p>“RESOLVED, that a cash dividend of THIRTY-FIVE CENTAVOS (P0.35) per share be paid on July 23, 2025, to all common stockholders of record as of June 27, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Corporation available for distribution as dividends as of May 31, 2025;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from June 30, 2025 to July 4, 2025.”</p>																		

<p>August 07, 2025 (Regular)</p>	<p><u>Resolution No. 2025-08-07-01</u></p> <p>RESOLVED, that cash dividends for the Series “2” Preferred Shares of the Company shall be paid as follows.</p> <table border="1" data-bbox="418 289 1464 592"> <thead> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per Share</u></th></tr> </thead> <tbody> <tr> <td>Series “2” Preferred Shares - Subseries “F”</td><td>₱1.27635</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “I”</td><td>₱1.18790625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “J”</td><td>₱0.890625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “K”</td><td>₱0.84375</td></tr> <tr> <td>Series “2” Preferred Shares – Subseries “L”</td><td>₱1.48396875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “M”</td><td>₱1.5703125</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “N”</td><td>₱1.5649875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “O”</td><td>₱1.611300</td></tr> </tbody> </table> <p>RESOLVED FURTHER, that the cash dividends shall be paid on October 3, 2025 to all stockholders of record of the Series “2” Preferred Shares as of September 19, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of June 30, 2025;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from September 22, 2025 to September 26, 2025.”</p>	<u>Class of Shares</u>	<u>Dividend Amount per Share</u>	Series “2” Preferred Shares - Subseries “F”	₱1.27635	Series “2” Preferred Shares - Subseries “I”	₱1.18790625	Series “2” Preferred Shares - Subseries “J”	₱0.890625	Series “2” Preferred Shares - Subseries “K”	₱0.84375	Series “2” Preferred Shares – Subseries “L”	₱1.48396875	Series “2” Preferred Shares - Subseries “M”	₱1.5703125	Series “2” Preferred Shares - Subseries “N”	₱1.5649875	Series “2” Preferred Shares - Subseries “O”	₱1.611300		
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<p>September 11, 2025 (Regular)</p>	<p><u>Resolution No. 2025-09-11-01</u></p> <p>“RESOLVED, that a cash dividend of THIRTY-FIVE CENTAVOS (₱0.35) per share be paid on October 24, 2025 to all common stockholders of record as of October 3, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of August 31, 2025;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from October 6, 2025 to October 10, 2025.”</p>																				
<p>November 13, 2025 (Regular)</p>	<p><u>Resolution No. 2025-11-13-02</u></p> <p>“RESOLVED, that cash dividends for the Series “2” Preferred Shares of the Company shall be paid as follows:</p> <table border="1" data-bbox="418 1396 1437 1890"> <thead> <tr> <th><u>Class of Shares</u></th><th><u>Dividend Amount per share</u></th></tr> </thead> <tbody> <tr> <td>Series “2” Preferred Shares - Subseries “I”</td><td>₱1.18790625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “K” (for holders that will be redeemed on December 10, 2025)</td><td>₱0.740625</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “K” (for holders that participated in the Exchange Offer)</td><td>₱0.309375</td></tr> <tr> <td>Series “2” Preferred Shares – Subseries “L”</td><td>₱1.48396875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “M”</td><td>₱1.5703125</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “N”</td><td>₱1.5649875</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “O”</td><td>₱1.611300</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “P”</td><td>₱0.82709375</td></tr> <tr> <td>Series “2” Preferred Shares - Subseries “Q”</td><td>₱0.86165</td></tr> </tbody> </table>	<u>Class of Shares</u>	<u>Dividend Amount per share</u>	Series “2” Preferred Shares - Subseries “I”	₱1.18790625	Series “2” Preferred Shares - Subseries “K” (for holders that will be redeemed on December 10, 2025)	₱0.740625	Series “2” Preferred Shares - Subseries “K” (for holders that participated in the Exchange Offer)	₱0.309375	Series “2” Preferred Shares – Subseries “L”	₱1.48396875	Series “2” Preferred Shares - Subseries “M”	₱1.5703125	Series “2” Preferred Shares - Subseries “N”	₱1.5649875	Series “2” Preferred Shares - Subseries “O”	₱1.611300	Series “2” Preferred Shares - Subseries “P”	₱0.82709375	Series “2” Preferred Shares - Subseries “Q”	₱0.86165
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	Series "2" Preferred Shares - Subseries "T"	₱0.86165																								
	Series "2" Preferred Shares - Subseries "U"	₱0.8949																								
	<p>RESOLVED, FURTHER that the cash dividends shall be paid on January 2, 2026 to all stockholders of record of the Series "2" Preferred Shares as of December 19, 2025, and that such amount as may be necessary therefor be appropriated out of unappropriated retained earnings of the Company available for distribution as dividends as of September 30, 2025;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from December 22, 2025 to December 29, 2025."</p>																									
December 04, 2025 (Regular)	<p><u>Resolution No. 2025-12-04-01</u></p> <p>"RESOLVED, that a cash dividend of THIRTY-FIVE CENTAVOS (₱0.35) per share be paid on January 23, 2026 to all common stockholders of record as of January 2, 2026, and that such amount as may be necessary therefor be appropriated out of unrestricted retained earnings of the Company available for distribution as dividends as of October 31, 2025;</p> <p>RESOLVED, FINALLY, that the stock and transfer books of the Corporation be closed from January 5, 2026 to January 9, 2026."</p>																									
June 10, 2025 (Organizational)	<p>"RESOLVED, as it is hereby resolved, that the following were nominated and elected as officers of the Corporation for 2025 and until their successors are duly elected and qualified:</p> <table> <tr> <td>Ramon S. Ang</td><td>-</td><td>Chairman, Chief Executive Officer</td></tr> <tr> <td>John Paul L. Ang</td><td>-</td><td>Vice Chairman, President and Chief Operating Officer</td></tr> <tr> <td>Bryan U. Villanueva</td><td>-</td><td>Chief Finance Officer</td></tr> <tr> <td>Joseph N. Pineda</td><td>-</td><td>Treasurer</td></tr> <tr> <td>Virgilio S. Jacinto</td><td>-</td><td>General Counsel, Corporate Secretary and Compliance Officer</td></tr> <tr> <td>Mary Rose S. Tan</td><td>-</td><td>Assistant Corporate Secretary</td></tr> <tr> <td>Margarito B. Teves</td><td>-</td><td>Lead Independent Director</td></tr> <tr> <td>Ramon R. Bantigue</td><td>-</td><td>Head – Internal Audit</td></tr> </table>		Ramon S. Ang	-	Chairman, Chief Executive Officer	John Paul L. Ang	-	Vice Chairman, President and Chief Operating Officer	Bryan U. Villanueva	-	Chief Finance Officer	Joseph N. Pineda	-	Treasurer	Virgilio S. Jacinto	-	General Counsel, Corporate Secretary and Compliance Officer	Mary Rose S. Tan	-	Assistant Corporate Secretary	Margarito B. Teves	-	Lead Independent Director	Ramon R. Bantigue	-	Head – Internal Audit
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August 07, 2025	Resolved that the Board approved the recommendation to promote Ms. Royal Lyn G. Camacho-Singh and Atty. Noel D. Balsicas as Assistant Vice Presidents of the Corporation.																									
June 10, 2025 (Organizational)	Approval of Signing Authorities and Limits																									