

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
Mar 31, 2026
2. SEC Identification Number
PW00000277
3. BIR Tax Identification No.
000-060-741-000
4. Exact name of issuer as specified in its charter
SAN MIGUEL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines
Postal Code
1550
8. Issuer's telephone number, including area code
(632) 8 632-3000
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
SMC	2,383,896,588
SMC2L	165,358,600
SMC2M	173,333,325
SMC2N	100,115,100
SMC2O	187,859,700
SMC2P	171,370,380
SMC2Q	53,815,840
SMC2R	26,287,800
SMC2S	179,837,540
SMC2T	73,983,880

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

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange ; Common and Series 2 Preferred Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☒ Yes ☐ No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

San Miguel Corporation

SMC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2026
Currency (indicate units, if applicable)	Php (In Millions)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
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	Mar 31, 2026	Dec 31, 2025
Current Assets	1,083,015	882,942
Total Assets	2,947,566	2,726,160
Current Liabilities	898,869	715,287
Total Liabilities	2,190,650	1,978,820
Retained Earnings/(Deficit)	219,976	215,321
Stockholders' Equity	756,916	747,340
Stockholders' Equity - Parent	314,289	323,381
Book Value per Share	91.63	90.11

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	428,321	360,911	428,321	360,911
Gross Expense	368,700	315,306	368,700	315,306
Non-Operating Income	10,298	32,776	10,298	32,776
Non-Operating Expense	43,370	25,571	43,370	25,571
Income/(Loss) Before Tax	26,549	52,810	26,549	52,810
Income Tax Expense	4,084	9,429	4,084	9,429
Net Income/(Loss) After Tax	22,465	43,381	22,465	43,381
Net Income Attributable to Parent Equity Holder	7,559	30,215	7,559	30,215
Earnings/(Loss) Per Share (Basic)	2.31	11.67	2.31	11.67
Earnings/(Loss) Per Share (Diluted)	2.31	11.67	2.31	11.67

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	4.29	5.35
Earnings/(Loss) Per Share (Diluted)	4.29	5.35

Other Relevant Information

Please see the attached SEC Form 17-Q of the Corporation for the 1st Quarter of 2026. The same was filed with the SEC via e-FAST on even date.

Filed on behalf by:

Name	Mary Rose Tan
Designation	Associate General Counsel and Assistant Corporate Secretary

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

S T A M P S

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)

	Equity Attributable to Equity Holders of the Parent Company													Non-controlling Interests	Total Equity
	Note	Equity Reserves													
		Capital Stock Common	Preferred	Additional Paid-in Capital	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings Appropriated	Unappropriated	Treasury Stock -Preferred	Total		
As at January 1, 2026 (Audited)		P16,443	P10,187	P177,151	(P11,303)	(P1,447)	P23,266	P9,259	(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	-	-	7,559	-	7,559	1,482	3,190
Net income		-	-	-	-	-	-	-	-	-	-	-	7,559	14,906	22,465
Total comprehensive income (loss)		-	-	-	(2)	(836)	1,075	1,471	-	-	7,559	-	9,267	16,388	25,655
Redemption of preferred shares		-	-	-	-	-	-	-	-	-	-	(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:	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common		-	-	-	-	-	-	-	-	-	(834)	-	(834)	(5,986)	(6,819)
Preferred		-	-	-	-	-	-	-	-	-	(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	(P124,045)	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)

	Total	Current	Past Due			
			1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
P	185,094	P 145,882	P 8,707	P 3,706	P 1,386	P 25,413
Trade						
Non-trade	86,753	44,812	1,529	4,830	294	35,288
Amounts Owed by Related Parties	9,693	8,177	154	93	73	1,196
Total	281,540	P 198,871	P 10,390	P 8,629	P 1,753	P 61,897
Less allowance for impairment losses	16,862					
Net	P 264,678					

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	P6,029	P5,475	P -	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	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	P16,267	P15,054	(P19,289)	(P17,531)	P428,321	P360,911	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	P4,641	P4,786	(P8,148)	(P8,495)	P265,730	P214,956	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	1,422	1,531	(52)	953	59,621	45,605	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)	(10,845)	(10,236)	377	436	(23,843)	(24,620)	(24,620)
Interest income																		
Equity in net earnings of associates and joint ventures																		
Gain on sale of property and equipment																		
Other income																		
(charges) - net																		
Income tax expense																		
Net Income (Loss)	P11,783	P11,582	P274	P662	P23,879	P1,778	P4,025	P4,776	P2,872	P887	P884	(P14,938)	P15,106	(P5,974)	(P18,136)	P22,465	P43,381	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	P407,400	P364,067	(P189,847)	(P189,781)	P2,556,068	P2,339,599	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	28,682	26,411	-	-	126,336	127,258	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	(12,416)	(12,354)	186,881	186,361	186,361
Other assets																		
Deferred tax assets																		
Consolidated Total Assets																P2,947,566	P2,726,160	P2,726,160
Forward																		

	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)	P65,482	P103,279	P356,737	P200,745	P20,126	P283,567	P17,088	P192,287	P1,239,311
Additions	1,292	765	1,814	754	375	6,853	229	45,265	57,347
Deconsolidation of subsidiaries	(1,619)	(422)	(64,553)	-	-	(467)	-	(34,368)	(101,429)
Disposals/retirement	(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 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:

March 31, 2026	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	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
		Assets	Liabilities		Comprehensive Income	Income				
Foreign currency risk: Non-deliverable call spreads	US\$1,415	P3,570	P -	Prepaid expenses and other current assets and Other noncurrent assets - net	P2,179	(P2,093)	(P2,179)	P132		Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options	US\$1,275	160	(111)	Prepaid expenses and other current assets, Other noncurrent assets - net, and Other noncurrent liabilities	(81)	217	(24)	-		Interest expense and other financing charges
Foreign currency and interest rate risks: Non-deliverable swap and options	JPY61,600	232	-	Other noncurrent assets - net	(184)	735	184	-		Interest expense and other financing charges, and Other income (charges) - net
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	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
		Assets	Liabilities		Comprehensive Income	Income				
Foreign currency risk: Non-deliverable call spreads	US\$1,015	P2,375	P -	Prepaid expenses and other current assets and Other noncurrent assets - net	P970	(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

<i>(Amounts in Millions)</i>	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

(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)			Horizontal Analysis		Vertical Analysis	
	March 31 2025	December 31 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.