



November 14, 2025

Philippine Dealing & Exchange Corp.  
29th Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Suzy Claire R. Selleza  
Head – Issuer Compliance and Disclosure Department  
Philippine Dealing & Exchange Corp.  
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Re: SEC FORM 17-Q (2025 – 3<sup>rd</sup> quarter)  
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Gentlemen:

We are submitting herewith an electronic copy of the SEC Form 17-Q (2025 – 3<sup>rd</sup> Quarter) of San Miguel Corporation.

Very truly yours,

  
**MARY ROSE S. TAN**  
Assistant Corporate Secretary

# COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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P	H	I	L	I	P	P	I	N	E	S									

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

Atty. Mary Rose S. Tan
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Contact Person

(632) 632-3000
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Company Telephone Number

1 2	3 1	SEC FORM (3rd Quarter-2025)	1 7 - Q	2 <sup>nd</sup> Tuesday of June
Month	Day	FORM TYPE	Month	Day
			Annual Meeting	

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q  
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2025
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  
September 30, 2025

Common Shares	2,383,896,588
Series "2-I" Preferred Shares	169,333,400
Series "2-J" Preferred Shares	266,666,667
Series "2-K" Preferred Shares	183,904,900
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
<b>TOTAL</b>	<b>3,630,468,280</b>

Total Liabilities

P1,968,223 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-I**
- (c) **Series "2" Preferred Shares - 2-J**
- (d) **Series "2" Preferred Shares - 2-K**
- (e) **Series "2" Preferred Shares - 2-L**
- (f) **Series "2" Preferred Shares - 2-M**
- (g) **Series "2" Preferred Shares - 2-N**
- (h) **Series "2" Preferred Shares - 2-O**

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 September 30, 2025 (with comparative figures as of December 31, 2024 and for the period ended September 30, 2024) 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**

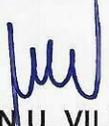
The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which otherwise be required to be filed with respect to such information, 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 November 14, 2025

Signature and Title   
**BELLA O. NAVARRA**  
Comptrollership Manager/  
Principal Accounting Officer

Date November 14, 2025

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2025 AND DECEMBER 31, 2024**  
(In Millions)

	<i>Note</i>	2025 Unaudited	2024 Audited
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9, 10	P343,681	P293,677
Trade and other receivables - net	5, 9, 10	244,563	266,981
Inventories		161,765	178,355
Current portion of biological assets - net		3,206	3,241
Prepaid taxes and licenses		101,717	126,022
Prepaid expenses and other current assets	5, 9, 10	36,122	32,158
<b>Total Current Assets</b>		<b>891,054</b>	<b>900,434</b>
<b>Noncurrent Assets</b>			
Investments and advances - net	2, 3	120,372	52,948
Investments in equity and debt instruments	5, 9, 10	44,931	21,050
Property, plant and equipment - net	6	799,477	891,450
Right-of-use assets - net		44,533	43,302
Investment property - net		91,556	87,909
Biological assets - net of current portion		2,734	2,652
Goodwill - net		185,626	184,994
Other intangible assets - net		352,242	340,496
Deferred tax assets		22,514	22,045
Contract assets		66,126	56,028
Other noncurrent assets - net	5, 9, 10	79,579	73,622
<b>Total Noncurrent Assets</b>		<b>1,809,690</b>	<b>1,776,496</b>
		<b>P2,700,744</b>	<b>P2,676,930</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Loans payable	5, 9, 10	P229,347	P293,230
Accounts payable and accrued expenses	5, 9, 10	253,383	289,038
Lease liabilities - current portion	5, 9, 10	7,357	11,736
Income and other taxes payable		39,932	43,628
Dividends and distributions payable	5, 8, 9, 10	4,868	5,160
Current maturities of long-term debt - net of debt issue costs	5, 9, 10	128,347	94,123
<b>Total Current Liabilities</b>		<b>663,234</b>	<b>736,915</b>
<b>Noncurrent Liabilities</b>			
Long-term debt - net of current maturities and debt issue costs	5, 9, 10	1,222,886	1,173,146
Lease liabilities - net of current portion	5, 9, 10	29,546	30,809
Deferred tax liabilities		29,333	34,861
Other noncurrent liabilities	5, 9, 10	23,224	24,758
<b>Total Noncurrent Liabilities</b>		<b>1,304,989</b>	<b>1,263,574</b>
<b>Total Liabilities</b>		<b>1,968,223</b>	<b>2,000,489</b>

Forward

	<i>Note</i>	2025 Unaudited	2024 Audited
<b>Equity</b>			
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock - common		P16,443	P16,443
Capital stock - preferred		10,187	10,187
Additional paid-in capital		177,442	177,442
Capital securities		-	24,211
Equity reserves		11,706	(5,275)
Retained earnings:			
Appropriated		84,266	79,849
Unappropriated	2	131,673	89,413
Treasury stock		(126,413)	(109,763)
		<b>305,304</b>	<b>282,507</b>
<b>Non-controlling Interests</b>		<b>427,217</b>	<b>393,934</b>
<b>Total Equity</b>		<b>732,521</b>	<b>676,441</b>
		<b>P2,700,744</b>	<b>P2,676,930</b>

*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 SEPTEMBER 30, 2025 AND 2024**  
(In Millions, Except Per Share Data)

	Note	For the Quarter Ended			
		2025 Unaudited	2024 Unaudited	2025 Unaudited	2024 Unaudited
<b>SALES</b>	3, 5	<b>P1,091,119</b>	P1,179,521	<b>P372,914</b>	P390,500
<b>COST OF SALES</b>		<b>882,676</b>	983,803	<b>299,338</b>	328,608
<b>GROSS PROFIT</b>		<b>208,443</b>	195,718	<b>73,576</b>	61,892
<b>SELLING AND ADMINISTRATIVE EXPENSES</b>		<b>(71,059)</b>	(73,864)	<b>(23,850)</b>	(25,127)
<b>INTEREST EXPENSE AND OTHER FINANCING CHARGES</b>	5	<b>(74,474)</b>	(72,693)	<b>(25,545)</b>	(25,048)
<b>INTEREST INCOME</b>	5	<b>11,978</b>	11,063	<b>4,136</b>	3,739
<b>EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES</b>		<b>8,013</b>	1,612	<b>2,874</b>	375
<b>GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT</b>		<b>898</b>	142	<b>32</b>	84
<b>OTHER INCOME (CHARGES) - Net</b>	2, 4, 9, 10	<b>17,319</b>	(2,336)	<b>(14,334)</b>	22,051
<b>INCOME BEFORE INCOME TAX</b>		<b>101,118</b>	59,642	<b>16,889</b>	37,966
<b>INCOME TAX EXPENSE</b>		<b>22,475</b>	22,548	<b>5,013</b>	14,450
<b>NET INCOME</b>		<b>P78,643</b>	P37,094	<b>P11,876</b>	P23,516
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>P39,210</b>	P4,978	<b>(P1,570)</b>	P13,681
Non-controlling interests		<b>39,433</b>	32,116	<b>13,446</b>	9,835
		<b>P78,643</b>	P37,094	<b>P11,876</b>	P23,516
<b>Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company</b>	7	<b>P13.59</b>	(P0.90)	<b>(P1.51)</b>	P4.74
<b>Cash Dividends Declared Per Common Share</b>	8	<b>P1.05</b>	P0.70	<b>P 0.35</b>	P -

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 SEPTEMBER 30, 2025 AND 2024**  
(In Millions)

	Note	For the Quarter Ended			
		2025 Unaudited	2024 Unaudited	2025 Unaudited	2024 Unaudited
<b>NET INCOME</b>		<b>P78,643</b>	P37,094	<b>P11,876</b>	P23,516
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement loss on defined benefit retirement plan		(7)	(2)	(1)	(1)
Income tax benefit		2	-	-	-
Net gain on financial assets at fair value through other comprehensive income	2	<b>42,612</b>	133	<b>19,661</b>	3
Income tax expense	2	<b>(808)</b>	(18)	<b>(118)</b>	(4)
Share in other comprehensive income of associates and joint ventures - net		<b>3</b>	6	<b>3</b>	-
		<b>41,802</b>	119	<b>19,545</b>	(2)
<b>Items that may be reclassified to profit or loss</b>					
Net gain on exchange differences on translation of foreign operations		<b>3,719</b>	7,416	<b>2,730</b>	4,905
Net gain on financial assets at fair value through other comprehensive income		<b>27</b>	5	<b>4</b>	11
Income tax expense		(7)	(1)	(1)	(3)
Net loss on cash flow hedges	10	<b>(580)</b>	(1,726)	<b>(956)</b>	(778)
Income tax benefit		<b>145</b>	432	<b>239</b>	195
Share in other comprehensive income of associates and joint ventures - net		<b>227</b>	16	<b>147</b>	137
		<b>3,531</b>	6,142	<b>2,163</b>	4,467
<b>OTHER COMPREHENSIVE INCOME - Net of tax</b>		<b>45,333</b>	6,261	<b>21,708</b>	4,465
<b>TOTAL COMPREHENSIVE INCOME - Net of tax</b>		<b>P123,976</b>	P43,355	<b>P33,584</b>	P27,981
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>P82,933</b>	P7,894	<b>P18,712</b>	P16,344
Non-controlling interests		<b>41,043</b>	35,461	<b>14,872</b>	11,637
		<b>P123,976</b>	P43,355	<b>P33,584</b>	P27,981

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

  
**BELLA C. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2025 AND 2024**  
(In Millions)

	Note	Equity Attributable to Equity Holders of the Parent Company														Non-controlling Interests	Total Equity
		Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Equity Reserves					Retained Earnings		Treasury Stock		Total		
		Common	Preferred			Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common	Preferred			
<b>As at January 1, 2025 (Audited)</b>		P16,443	P10,187	P177,442	P24,211	(P11,767)	(P681)	P671	P5,089	P1,413	P79,849	P89,413	(P67,093)	(P42,670)	P282,507	P393,934	P676,441
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	2,115	-	-	-	-	-	2,115	1,604	3,719
Share in other comprehensive income (loss) of associates and joint ventures - net		-	-	-	-	-	-	229	(1)	-	-	-	-	-	228	2	230
Net loss on cash flow hedges		-	-	-	-	-	(435)	-	-	-	-	-	-	-	(435)	-	(435)
Net gain on financial assets at fair value through other comprehensive income	2	-	-	-	-	-	-	19,558	-	22,262	-	-	-	-	41,820	4	41,824
Remeasurement loss on defined benefit retirement plan		-	-	-	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)	
Other comprehensive income (loss)		-	-	-	-	(5)	(435)	19,787	2,114	22,262	-	-	-	-	43,723	1,610	45,333
Net income		-	-	-	-	-	-	-	-	-	-	39,210	-	-	39,210	39,433	78,643
Total comprehensive income (loss)		-	-	-	-	(5)	(435)	19,787	2,114	22,262	-	39,210	-	-	82,933	41,043	123,976
Reclassification of treasury shares		-	-	-	-	-	-	-	-	-	-	-	67,093	(67,093)	-	-	-
Redemption of preferred shares		-	-	-	-	-	-	-	-	-	-	-	-	(16,650)	(16,650)	(16,650)	
Redemption of capital securities		-	-	-	(24,211)	-	-	-	-	-	-	(4,444)	-	-	(28,655)	-	(28,655)
Redemption of investment in redeemable preferred shares held by a subsidiary	2	-	-	-	-	-	-	-	-	(22,262)	-	22,262	-	-	-	-	-
Net addition (reduction) to non-controlling interests and others		-	-	-	-	(271)	-	(14)	53	(4,248)	-	(164)	-	-	(4,644)	23,391	18,747
Appropriations - net		-	-	-	-	-	-	-	-	-	4,417	(4,417)	-	-	-	-	-
Cash dividends and distributions:	8	-	-	-	-	-	-	-	-	-	-	(2,503)	-	-	(2,503)	(11,505)	(14,008)
Common		-	-	-	-	-	-	-	-	-	-	(2,503)	-	-	(2,503)	(11,505)	(14,008)
Preferred		-	-	-	-	-	-	-	-	-	-	(5,562)	-	-	(5,562)	(1,604)	(7,166)
Capital securities		-	-	-	-	-	-	-	-	-	-	(2,122)	-	-	(2,122)	(18,042)	(20,164)
<b>As at September 30, 2025 (Unaudited)</b>		P16,443	P10,187	P177,442	P-	(P12,043)	(P1,116)	P20,444	P7,256	(P2,835)	P84,266	P131,673	P-	(P126,413)	P305,304	P427,217	P732,521

Forward

	Equity Attributable to Equity Holders of the Parent Company															Non-controlling Interests	Total Equity
	Note	Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Equity Reserves					Retained Earnings		Treasury Stock		Total		
		Common	Preferred			Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common	Preferred			
As at January 1, 2024 (Audited)		P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P67,093)	(P42,670)	P316,221	P348,945	P665,166
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	4,003	-	-	-	-	-	4,003	3,413	7,416
Share in other comprehensive income (loss) of associates and joint ventures - net		-	-	-	-	-	-	22	(2)	-	-	-	-	-	20	2	22
Net loss on cash flow hedges		-	-	-	-	-	(1,294)	-	-	-	-	-	-	-	(1,294)	-	(1,294)
Net gain (loss) on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	189	-	-	-	-	-	-	189	(70)	119
Remeasurement loss on defined benefit retirement plan		-	-	-	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Other comprehensive income (loss)		-	-	-	-	(2)	(1,294)	211	4,001	-	-	-	-	-	2,916	3,345	6,261
Net income		-	-	-	-	-	-	-	-	-	-	4,978	-	-	4,978	32,116	37,094
Total comprehensive income (loss)		-	-	-	-	(2)	(1,294)	211	4,001	-	-	4,978	-	-	7,894	35,461	43,355
Share issuance costs from reissuance of treasury shares		-	-	(26)	-	-	-	-	-	-	-	-	-	-	(26)	-	(26)
Net addition (reduction) to non-controlling interests and others		-	-	-	-	-	-	-	-	(10,202)	-	(92)	-	-	(10,294)	36,544	26,250
Appropriations - net		-	-	-	-	-	-	-	-	-	2,629	(2,629)	-	-	-	-	-
Cash dividends and distributions:	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common		-	-	-	-	-	-	-	-	-	-	(1,669)	-	-	(1,669)	(10,628)	(12,297)
Preferred		-	-	-	-	-	-	-	-	-	-	(5,826)	-	-	(5,826)	(1,478)	(7,304)
Capital securities		-	-	-	-	-	-	-	-	-	-	(2,102)	-	-	(2,102)	(12,863)	(14,985)
As at September 30, 2024 (Unaudited)		P16,443	P10,187	P177,442	P24,211	(P10,467)	(P1,697)	P541	P6,975	P4,716	P89,799	P95,811	(P67,093)	(P42,670)	P304,198	P395,961	P700,159

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 CASH FLOWS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2025 AND 2024**  
(In Millions)

	<i>Note</i>	2025 Unaudited	2024 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		P101,118	P59,642
Adjustments for:			
Interest expense and other financing charges		74,474	72,693
Depreciation, amortization and others - net	6	47,677	43,605
Loss on foreign exchange - net	4	2,661	3,088
Gain on fair valuation of investment	4	(21,933)	-
Interest income		(11,978)	(11,063)
Equity in net earnings of associates and joint ventures		(8,013)	(1,612)
Gain on sale of investments and property and equipment		(898)	(142)
Operating income before working capital changes		183,108	166,211
Changes in current assets, certain current liabilities and others		15,334	17,650
Cash generated from operations		198,442	183,861
Interest and other financing charges paid		(72,294)	(72,197)
Income taxes paid		(19,294)	(17,487)
Net cash flows provided by operating activities		106,854	94,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net proceeds of:			
Redemption of investment in redeemable preferred shares held by a subsidiary	2	78,717	-
Sale of property and equipment		3,687	828
Disposal of investments in debt instruments		621	519
Disposal of a subsidiary, net of cash and cash equivalents disposed of		-	8
Dividends received		12,841	1,210
Interest received		12,550	10,869
Collection of advances		12,084	-
Additions to:			
Property, plant and equipment	6	(40,308)	(54,968)
Investments and advances		(18,942)	(8,182)
Intangible assets		(18,677)	(30,132)
Contract assets		(6,507)	(10,583)
Advances to contractors and suppliers		(4,936)	(3,205)
Investments in equity and debt instruments		(4,742)	(1,962)
Investment property		(3,623)	(6,930)
Increase in other noncurrent assets and others		(11,839)	(7,632)
Cash and cash equivalents of deconsolidated subsidiaries	2	(5,679)	-
Net cash flows provided by (used in) investing activities		5,247	(110,160)

Forward

	<i>Note</i>	2025 Unaudited	2024 Unaudited
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds of:			
Short-term borrowings		P964,096	P933,794
Long-term borrowings		149,257	239,571
Payments of:			
Short-term borrowings		(1,024,088)	(898,657)
Long-term borrowings		(73,768)	(212,256)
Cash dividends and distributions paid to non-controlling shareholders		(31,454)	(25,780)
Redemption of capital securities		(28,655)	-
Redemption of capital securities of subsidiaries		(28,417)	(45,040)
Redemption of preferred shares		(16,650)	-
Payments of lease liabilities		(10,332)	(17,172)
Cash dividends and distributions paid	8	(10,178)	(9,726)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others		(1,159)	(6)
Acquisition of treasury shares of a subsidiary		(1,130)	-
Net proceeds of issuance of capital securities of subsidiaries		48,728	71,384
Share issuance costs from reissuance of treasury shares		-	(26)
Net cash flows provided by (used in) financing activities		(63,750)	36,086
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		1,653	(299)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		50,004	19,804
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		293,677	261,358
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		P343,681	P281,162

*Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.*

CERTIFIED CORRECT:

  
**BELLA C. NAVARRA**  
SVP, Corporate Finance - Comptrollership

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**

**TRADE AND OTHER RECEIVABLES**

**September 30, 2025**

(In Millions)

	<b>Total</b>	<b>Current</b>	<b>Past Due</b>			
			<b>1 - 30 Days</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>Over 90 Days</b>
Trade	P 164,772	P 121,461	P 9,990	P 2,226	P 1,871	P 29,224
Non-trade	74,287	39,987	235	2,552	436	31,077
Amounts Owed by Related Parties	20,459	14,986	95	88	36	5,254
Total	259,518	<b>P 176,434</b>	<b>P 10,320</b>	<b>P 4,866</b>	<b>P 2,343</b>	<b>P 65,555</b>
Less allowance for impairment losses	14,955					
Net	<b>P 244,563</b>					

**San Miguel Corporation**  
**Proceeds of the Offering of Series "O" and Series "P" Fixed-Rate Bonds**  
**September 30, 2025**  
*(Amounts in Millions)*

**i) Gross and Net Proceeds as Disclosed in the Final Prospectus**

Gross Proceeds		P	20,000
Estimated Fees, Commissions and Expenses Relating to the Issue:			
Taxes to be paid by the Company	P	150	
Underwriting fees		80	
Estimated legal and other professional fees		6	
Philippine SEC filing and legal research fee		5	
Estimated other expenses		10	
			<u>251</u>
Net Proceeds		P	<u>19,749</u>

**ii) Actual Gross and Net Proceeds**

Gross Proceeds		P	20,000
Expenses related to the Offering			<u>270</u> *
Net Proceeds		P	<u>19,730</u>

**iii) Each Expenditure Item Where the Proceeds were Used**

Partial redemption of Series "I" Fixed-Rate Bonds		P	11,240
Repayment of Series "F" Fixed-Rate Bonds			2,438
Additional investment in the Manila International Airport			5,055
Total Expenditure Where the Proceeds Were Used		P	<u>18,733</u>

**iv) Balance of the Proceeds as of End of Reporting Period**

		P	<u>997</u>
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\* *Expenses of the Offering include: (i) payment of filing fees with the SEC; (ii) other miscellaneous fees (i.e., expenses for publication, marketing and other out-of-pocket expenses); (iii) issue management, underwriting and selling agent fees; (iv) payment of documentary stamp taxes; (v) listing application, listing and maintenance fees with the PDEX; (vi) additional miscellaneous fees; (vii) registry fees with PDTC, (viii) additional fees to the PDTC, and (ix) legal counsel's fees.*

**SAN MIGUEL CORPORATION AND SUBSIDIARIES**  
**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Amounts in Millions, Except Per Share Data)**

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**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, 2024.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on November 13, 2025.

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

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

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

The adoption of the amendments to standards did not have a material effect on the 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, 2025 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:

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:
  - 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 profit or loss; and
  - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1, *Presentation of Financial Statements*. 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; and
  - Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

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

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board.

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the 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.

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## **2. Investments and Advances**

On March 1, 2024, Meralco PowerGen Corporation [MGen, a subsidiary of Manila Electric Company (Meralco)] and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power Corporation), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power Holdings Corp. (San Miguel Global Power) and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power's gas-fired power plants, namely: (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas Liquefied Natural Gas (LNG) Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company) filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting in a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling to P52,706, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at September 30, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted in a gain amounting to P21,933, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended September 30, 2025 (Note 4).

The following summarizes the derecognized accounts at the deconsolidation date:

Current assets	<b>P62,420</b>
Noncurrent assets	<b>99,364</b>
Current liabilities	<b>(71,748)</b>
Noncurrent liabilities	<b>(59,263)</b>
<b>Net Assets</b>	<b>P30,773</b>

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at September 30, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling to P78,717. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262, presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended September 30, 2025.

### **3. Segment Information**

#### Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure, cement, and real estate.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats, canned meats, ready-to-eat viands, seafood and plant-based food products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as “Prepared and Packaged Food”); (ii) the production and sale of feeds, veterinary medicine and pet care products (“Animal Nutrition and Health”); (iii) poultry and livestock farming, and the processing and sale of poultry and fresh meats (“Protein”); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, foodservice, 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 Meralco, 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 has investments in companies which hold 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 September 30, 2025, December 31, 2024 and September 30, 2024 follows:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024
<b>Sales</b>																		
External sales	P302,729	P291,035	P18,136	P18,282	P112,042	P147,337	P588,160	P650,764	P28,943	P26,987	P25,088	P26,536	P16,021	P18,580	P -	P -	P1,091,119	P1,179,521
Inter-segment sales	192	73	10,259	10,198	6,753	6,255	6,740	7,169	675	667	443	505	30,666	28,511	(55,728)	(53,378)	-	-
Total sales	P302,921	P291,108	P28,395	P28,480	P118,795	P153,592	P594,900	P657,933	P29,618	P27,654	P25,531	P27,041	P46,687	P47,091	(P55,728)	(P53,378)	P1,091,119	P1,179,521
<b>Result</b>																		
Segment result	P44,668	P39,914	P2,173	P2,098	P34,834	P33,481	P26,636	P22,245	P16,681	P14,936	P5,092	P5,305	P5,025	P3,570	P2,275	P305	P137,384	P121,854
Interest expense and other financing charges																	(74,474)	(72,693)
Interest income																	11,978	11,063
Equity in net earnings of associates and joint ventures																	8,013	1,612
Gain on sale of investments and property and equipment																	898	142
Other income (charges) - net																	17,319	(2,336)
Income tax expense																	(22,475)	(22,548)
<b>Net Income</b>																	P78,643	P37,094

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024
<b>Other Information</b>																		
Segment assets	P319,441	P317,550	P49,197	P49,218	P707,975	P790,293	P437,516	P457,756	P517,822	P492,423	P111,685	P113,340	P369,454	P366,344	(P187,086)	(P193,154)	P2,326,004	P2,393,770
Investments in and advances to associates and joint ventures	1,169	-	-	-	83,625	19,894	9	11	9,298	9,334	819	819	25,452	22,890	-	-	120,372	52,948
Goodwill and trademarks																	185,841	185,212
Other assets																	46,013	22,955
Deferred tax assets																	22,514	22,045
<b>Consolidated Total Assets</b>																	P2,700,744	P2,676,930

Forward

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024	September 2025	December 2024
Segment liabilities	P82,401	P83,615	P10,354	P10,689	P84,754	P124,537	P83,640	P81,162	P67,564	P59,873	P6,035	P6,805	P93,528	P98,598	(P158,824)	(P157,705)	P269,452	P307,574
Loans payable																	229,347	293,230
Long-term debt																	1,351,233	1,267,269
Lease liabilities																	36,903	42,545
Income and other taxes payable																	39,932	43,628
Dividends and distributions payable and others																	12,023	11,382
Deferred tax liabilities																	29,333	34,861
<b>Consolidated Total Liabilities</b>																	<b>P1,968,223</b>	<b>P2,000,489</b>

## 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 September 30, 2025 and 2024:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated	
	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024	September 2025	September 2024
<b>Timing of recognition</b>																
Sales recognized at point in time	P302,717	P291,026	P17,350	P17,646	P -	P -	P588,160	P650,764	P -	P -	P25,088	P26,536	P11,408	P15,645	P944,723	P1,001,617
Sales recognized over time	12	9	786	636	112,042	147,337	-	-	28,943	26,987	-	-	4,613	2,935	146,396	177,904
<b>Total external sales</b>	<b>P302,729</b>	<b>P291,035</b>	<b>P18,136</b>	<b>P18,282</b>	<b>P112,042</b>	<b>P147,337</b>	<b>P588,160</b>	<b>P650,764</b>	<b>P28,943</b>	<b>P26,987</b>	<b>P25,088</b>	<b>P26,536</b>	<b>P16,021</b>	<b>P18,580</b>	<b>P1,091,119</b>	<b>P1,179,521</b>

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#### 4. Other Income (Charges) - Net

Other income (charges) - net consists of:

	<i>Note</i>	<b>For the Periods Ended</b>	
		<b>September 30</b>	
		<b>2025</b>	<b>2024</b>
Construction revenue		<b>P28,706</b>	P41,431
Gain on fair valuation of investment	2	<b>21,933</b>	-
Dividend income		<b>723</b>	330
Rent income		<b>466</b>	413
Construction costs		<b>(28,706)</b>	(41,431)
Loss on foreign exchange - net	9	<b>(4,245)</b>	(2,241)
Loss on derivatives - net	10	<b>(1,340)</b>	(1,646)
Others		<b>(218)</b>	808
		<b>P17,319</b>	(P2,336)

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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 retained investment in SPPC, EERI and IPIEC was recognized, following the dilution of San Miguel Global Power's ownership interest from 100% to 33% (Note 2).

"Others" consist of 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).

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#### 5. 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 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 collectible/payable in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at September 30, 2025 and December 31, 2024:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	September 30, 2025	P7	P -	P1	P516	Settled on dividend payment date	Unsecured
	December 31, 2024	9	-	-	516		
	September 30, 2025	-	-	3,037	-	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest-bearing	Unsecured; no impairment
	December 31, 2024	-	-	3,037	-		
Retirement plans	September 30, 2025	22	1,119	2,914	-	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	30	-	3,166	-		
	September 30, 2025	146	-	3,110	-	On demand; interest-bearing	Unsecured; no impairment
	December 31, 2024	234	-	4,127	-		
Associates	September 30, 2025	3,636	-	11,925	1,843	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	1,984	-	940	161		
	September 30, 2025	463	1,583	9,707	29,113	Less than 1 to 12 years; interest-bearing	Unsecured and secured; no impairment
	December 31, 2024	637	1,394	9,720	34,208		
Joint ventures	September 30, 2025	406	2,234	142	520	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	88	1,103	7	456		
	September 30, 2025	14	-	621	-	On demand; interest-bearing	Unsecured; with impairment
	December 31, 2024	13	-	621	-		
	September 30, 2025	49	-	330	-	Less than 1 to 10.5 years; interest-bearing	Unsecured; no impairment
	December 31, 2024	81	-	1,746	-		
Shareholder of the Ultimate Parent Company	September 30, 2025	-	-	1,200	-	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	-	-	1,300	-		
Shareholders of subsidiaries	September 30, 2025	37	962	96	1,432	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	43	1,265	96	1,368		
Others	September 30, 2025	560	2,543	431	76	On demand; non-interest-bearing	Unsecured; no impairment
	December 31, 2024	543	1,559	208	126		
<b>Total</b>	<b>September 30, 2025</b>	<b>P5,340</b>	<b>P8,441</b>	<b>P33,514</b>	<b>P33,500</b>		
<b>Total</b>	<b>December 31, 2024</b>	<b>P3,662</b>	<b>P5,321</b>	<b>P24,968</b>	<b>P36,835</b>		

- 1) Revenue consists primarily of sale of power, fuel and other products and services to related parties.
- 2) Purchases consist primarily of purchase of inventories, power and other products and services from related parties.
- 3) On March 18, 2025, Petron Corporation (Petron) repurchased all of the 459,156,097 common shares held by Petron Corporation Employee Retirement Plan (PCERP) via a block sale based on the simple average of the three-day close prior to the execution date 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 receivable, 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 September 30, 2025 and December 31, 2024, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at September 30, 2025 and December 31, 2024.

- b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P6,024 and P6,311 as at September 30, 2025 and December 31, 2024, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to P136 and P142 for the periods ended September 30, 2025 and 2024, respectively.
- c) Petron has advances to PCERP amounting to P982 as at December 31, 2024, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position, which was fully paid on March 20, 2025. Portion of the advances are subject to interest of 5% per annum. Interest income earned from the advances amounted to P10 and P34 for the periods ended September 30, 2025 and 2024, respectively.
- d) The non-interest bearing amounts owed by associates as at September 30, 2025, mainly consist of advances granted and management and shared service fees charged to SPPC and EERI amounting to P10,908, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statement of financial position.
- e) Amounts owed by associates include investments in equity and debt instruments under an investment management agreement with Bank of Commerce (BankCom) amounting to P9,696 and P9,718 as at September 30, 2025 and December 31, 2024, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position. Interest income earned from investments in debt instruments amounted to P243 for the periods ended September 30, 2025 and 2024.

- f) Amounts owed by related parties include an interest-bearing receivable from joint ventures amounting to P621 included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at September 30, 2025 and December 31, 2024. Interest income earned from the receivable amounted to P14 and P13 for the periods ended September 30, 2025 and 2024, respectively.
- g) Amounts owed by joint ventures include the interest-bearing loans granted to Angat Hydropower Corporation (Angat Hydro) by PowerOne Ventures Energy Inc. (PVEI).
- In January 2017, PVEI granted shareholder advances to Angat Hydro amounting to US\$32 (P1,579). The advances are subject to interest of 4.5% per annum and were due on April 30, 2017. The due date of the advances was extended to December 31, 2025, as agreed by the parties. As at September 30, 2025 and December 31, 2024, the remaining balance of the shareholder advances amounted to US\$2 (P133) and US\$2 (P132), respectively.
- In February 2023, and in June and October 2021, PVEI granted additional shareholder advances to Angat Hydro amounting to P344, P600 and P409, respectively. The advances are subject to interest of 6.125%, 4.6% and 6.125% per annum, respectively, and are due on January 5, 2032.
- As at September 30, 2025 and December 31, 2024, the outstanding balance of advances amounted to P283 and P1,485, 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 P49 and P61 for the periods ended September 30, 2025 and 2024, respectively.
- h) 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 and P1,300, as at September 30, 2025 and December 31, 2024, respectively, 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 P97 and P9 as at September 30, 2025 and December 31, 2024, respectively, and as part of "Lease liabilities - net of current portion" amounted to P1,497 and P35 as at September 30, 2025 and December 31, 2024, 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 P2,636 and P6,941 and "Long-term debt" account amounted to P26,477 and P27,267 in the consolidated statements of financial position as at September 30, 2025 and December 31, 2024, respectively. Interest expense incurred on the loans amounted to P1,583 and P1,405 for the periods ended September 30, 2025 and 2024, respectively.

The amounts owed to associates include syndicated project finance loans amounting to P19,582 and P20,584 as at September 30, 2025 and December 31, 2024, 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.

## 6. Property, Plant and Equipment

Property, plant and equipment consist of:

### September 30, 2025 and December 31, 2024

	Note	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
<b>Cost</b>										
January 1, 2024 (Audited)		P58,324	P93,452	P225,369	P194,507	P19,845	P260,596	P12,681	P198,417	P1,063,191
Additions		3,757	855	2,741	968	893	7,258	389	78,200	95,061
Acquisition of subsidiaries		1,414	-	-	-	-	22	-	14	1,450
Disposals/retirement		(135)	(110)	-	(36)	(1,459)	(3,689)	(1)	(39)	(5,469)
Reclassifications and others		1,907	8,633	128,627	3,343	122	18,121	4,040	(84,396)	80,397
Currency translation adjustments		215	449	-	1,963	725	1,259	(21)	91	4,681
December 31, 2024 (Audited)		65,482	103,279	356,737	200,745	20,126	283,567	17,088	192,287	1,239,311
Additions		45	98	1,954	264	270	4,877	145	34,612	42,265
Deconsolidation of subsidiaries	2	(1,619)	(422)	(64,553)	-	-	(467)	-	(34,368)	(101,429)
Disposals/retirement		(7)	(40)	-	(35)	(25)	(5,904)	(1)	(89)	(6,101)
Reclassifications and others		(1,158)	13,235	28,865	3,927	153	(1,543)	2,197	(55,945)	(10,269)
Currency translation adjustments		221	308	-	1,833	685	942	8	67	4,064
<b>September 30, 2025 (Unaudited)</b>		<b>62,964</b>	<b>116,458</b>	<b>323,003</b>	<b>206,734</b>	<b>21,209</b>	<b>281,472</b>	<b>19,437</b>	<b>136,564</b>	<b>1,167,841</b>
<b>Accumulated Depreciation</b>										
January 1, 2024 (Audited)		4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation		585	2,826	10,850	6,536	784	13,609	782	-	35,972
Disposals/retirement		-	(76)	-	(34)	(1,406)	(2,842)	(1)	-	(4,359)
Reclassifications		(773)	89	-	-	293	3,386	(2)	-	2,993
Currency translation adjustments		2	244	-	920	398	762	(7)	-	2,319
December 31, 2024 (Audited)		4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation		401	2,658	10,775	5,677	611	10,686	644	-	31,452
Deconsolidation of subsidiaries	2	(9)	(36)	(4,231)	-	-	(29)	-	-	(4,305)
Disposals/retirement		(7)	(29)	-	(10)	(18)	(3,351)	-	-	(3,415)
Reclassifications		(110)	831	(234)	-	-	(6,066)	(2)	-	(5,581)
Currency translation adjustments		1	156	-	867	415	620	4	-	2,063
<b>September 30, 2025 (Unaudited)</b>		<b>5,052</b>	<b>31,452</b>	<b>57,468</b>	<b>90,174</b>	<b>16,453</b>	<b>147,097</b>	<b>4,760</b>	<b>-</b>	<b>352,456</b>
<b>Accumulated Impairment</b>										
January 1, 2024 (Audited)		-	3,303	-	-	-	11,008	26	65	14,402
Impairment		-	460	-	-	-	179	-	207	846
Disposals/retirement		-	-	-	-	-	(92)	-	-	(92)
Reclassifications		-	(1)	-	-	-	-	-	-	(1)
Currency translation adjustments		-	104	-	-	-	361	(1)	-	464
December 31, 2024 (Audited)		-	3,866	-	-	-	11,456	25	272	15,619
Impairment		-	-	-	-	-	66	-	-	66
Disposals/retirement		-	(6)	-	-	-	(16)	-	-	(22)
Reclassifications		-	(2)	-	-	-	44	-	-	42
Currency translation adjustments		-	56	-	-	-	145	2	-	203
<b>September 30, 2025 (Unaudited)</b>		<b>-</b>	<b>3,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,695</b>	<b>27</b>	<b>272</b>	<b>15,908</b>
<b>Carrying Amount</b>										
December 31, 2024 (Audited)		P60,706	P71,541	P305,579	P117,105	P4,681	P126,874	P12,949	P192,015	P891,450
<b>September 30, 2025 (Unaudited)</b>		<b>P57,912</b>	<b>P81,092</b>	<b>P265,535</b>	<b>P116,560</b>	<b>P4,756</b>	<b>P122,680</b>	<b>P14,650</b>	<b>P136,292</b>	<b>P799,477</b>

## September 30, 2024

	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
<b>Cost</b>									
January 1, 2024 (Audited)	P58,324	P93,452	P225,369	P194,507	P19,845	P260,596	P12,681	P198,417	P1,063,191
Additions	3,139	360	2,039	929	791	5,081	312	59,687	72,338
Disposals/retirement	(67)	(21)	-	(2)	(1,407)	(2,094)	(1)	(37)	(3,629)
Reclassifications and others	(204)	4,547	36,397	(11)	(22)	14,549	4,066	(47,597)	11,725
Currency translation adjustments	353	468	-	3,369	1,212	1,479	13	123	7,017
September 30, 2024 (Unaudited)	61,545	98,806	263,805	198,792	20,419	279,611	17,071	210,593	1,150,642
<b>Accumulated Depreciation</b>									
January 1, 2024 (Audited)	4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	440	2,080	7,544	4,646	610	10,090	566	-	25,976
Disposals/retirement	-	(20)	-	-	(1,352)	(1,372)	(1)	-	(2,745)
Reclassifications	(762)	(100)	-	-	(1)	3,134	2	-	2,273
Currency translation adjustments	5	265	-	1,568	666	1,023	2	-	3,529
September 30, 2024 (Unaudited)	4,645	27,014	47,852	82,432	15,299	143,197	3,911	-	324,350
<b>Accumulated Impairment</b>									
January 1, 2024 (Audited)	-	3,303	-	-	-	11,008	26	65	14,402
Impairment (Reversal of impairment)	-	-	-	-	-	(16)	-	9	(7)
Disposals/retirement	-	-	-	-	-	(92)	-	-	(92)
Currency translation adjustments	-	73	-	-	-	217	1	-	291
September 30, 2024 (Unaudited)	-	3,376	-	-	-	11,117	27	74	14,594
<b>Carrying Amount</b>									
September 30, 2024 (Unaudited)	P56,900	P68,416	P215,953	P116,360	P5,120	P125,297	P13,133	P210,519	P811,698

Depreciation charged to operations amounted to P31,452 and P25,976 for the periods ended September 30, 2025 and 2024, 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 the capital projects in progress account to specific property, plant and equipment accounts.

Additions to property, plant and equipment for the period ended September 30, 2025, include noncash or unpaid portion of payables amounting to P9,836, which represent noncash investing activities.

As at September 30, 2025 and December 31, 2024, certain property, plant and equipment amounting to P293,854 and P269,015, respectively, were pledged as security for syndicated project finance loans.

## 7. 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 September 30	
	2025	2024
Net income attributable to equity holders of the Parent Company	<b>P39,210</b>	P4,978
Less: Dividends on preferred shares for the period	<b>5,562</b>	5,562
Distributions on capital securities for the period	<b>1,246</b>	1,567
Net income (loss) attributable to common shareholders of the Parent Company (a)	<b>P32,402</b>	(P2,151)
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	<b>2,384</b>	2,384
Basic and diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)	<b>P13.59</b>	(P0.90)

*Earnings (loss) 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 September 30, 2025 and 2024.

## 8. Dividends and Distributions

### Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

### 2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
<b>Common</b>	March 13, 2025	March 28, 2025	April 25, 2025	<b>P0.35</b>
	June 10, 2025	June 27, 2025	July 23, 2025	<b>0.35</b>
	September 11, 2025	October 3, 2025	October 24, 2025	<b>0.35</b>
<b>Preferred</b>				
SMC2F	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.27635</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.27635</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.27635</b>
SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.18790625</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.18790625</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.18790625</b>
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	<b>0.890625</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>0.890625</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>0.890625</b>

*Forward*

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
<b>Preferred</b>				
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	<b>P0.84375</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>0.84375</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>0.84375</b>
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.48396875</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.48396875</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.48396875</b>
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.5703125</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.5703125</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.5703125</b>
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.5649875</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.5649875</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.5649875</b>
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	<b>1.611300</b>
	May 8, 2025	June 20, 2025	July 4, 2025	<b>1.611300</b>
	August 7, 2025	September 19, 2025	October 3, 2025	<b>1.611300</b>

## 2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
<b>Common</b>				
	March 11, 2024	March 27, 2024	April 26, 2024	P0.35
	June 11, 2024	June 28, 2024	July 26, 2024	0.35
<b>Preferred</b>				
SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	1.27635
	May 14, 2024	June 21, 2024	July 4, 2024	1.27635
	August 8, 2024	September 20, 2024	October 4, 2024	1.27635
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	1.18790625
	May 14, 2024	June 21, 2024	July 4, 2024	1.18790625
	August 8, 2024	September 20, 2024	October 4, 2024	1.18790625
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	0.890625
	May 14, 2024	June 21, 2024	July 4, 2024	0.890625
	August 8, 2024	September 20, 2024	October 4, 2024	0.890625
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.84375
	May 14, 2024	June 21, 2024	July 4, 2024	0.1031250
SMC2L	August 8, 2024	September 20, 2024	October 4, 2024	0.84375
	January 18, 2024	March 21, 2024	April 4, 2024	1.48396875
	May 14, 2024	June 21, 2024	July 4, 2024	1.48396875
SMC2M	May 14, 2024	June 21, 2024	July 4, 2024	0.3297708333333333
	August 8, 2024	September 20, 2024	October 4, 2024	1.48396875
	January 18, 2024	March 21, 2024	April 4, 2024	1.5703125
SMC2N	May 14, 2024	June 21, 2024	July 4, 2024	1.5703125
	May 14, 2024	June 21, 2024	July 4, 2024	0.5059895833333333
	August 8, 2024	September 20, 2024	October 4, 2024	1.5703125
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	1.5649875
	May 14, 2024	June 21, 2024	July 4, 2024	0.347775
SMC2O	August 8, 2024	September 20, 2024	October 4, 2024	1.5649875
	January 18, 2024	March 21, 2024	April 4, 2024	1.611300
	May 14, 2024	June 21, 2024	July 4, 2024	1.611300
	May 14, 2024	June 21, 2024	July 4, 2024	0.3580666666666667
	August 8, 2024	September 20, 2024	October 4, 2024	1.611300

On November 13, 2025, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at December 19, 2025 on the following shares to be paid on January 2, 2026, as follows:

<b>Class of Shares</b>	<b>Dividend Per Share</b>
SMC2I	P1.18790625
SMC2K (for holders that will be redeemed on December 10, 2025)	0.740625
SMC2K (for holders that participated in the Exchange Offer)	0.309375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300
SMC2P	0.82709375
SMC2Q	0.86165
SMC2R	0.8949
SMC2S	0.82709375
SMC2T	0.86165
SMC2U	0.8949

On October 10, 2025, 77,713,500 Series 2K Preferred Shares have been tendered to the Parent Company to be exchanged for any one of the Series 2P, 2Q, and 2R Preferred Shares. Any remaining 2K Preferred Shares which have not been exchanged shall be redeemed on December 10, 2025.

The dividends for the holders of the Series “2” Preferred Shares - Subseries “2-K” (SMC2K Preferred Shares) who did not participate in the Exchange Offer will be paid a dividend amount equivalent to 79 days from September 21, 2025 to December 10, 2025.

The dividends for the holders of the SMC2K Preferred Shares who participated in the Exchange Offer will be paid a dividend amount equivalent to 33 days from September 21, 2025 to October 24, 2025, which is the issue date of the tender offer shares for which they exchanged their shares.

The dividends for the Series “2” Preferred Shares - Subseries “2-P” (SMC2P Preferred Shares), Subseries “2-Q” (SMC2Q Preferred Shares), and Subseries “2-R” (SMC2R Preferred Shares); and the Subseries “2-S” (SMC2S Preferred Shares), Subseries “2-T” (SMC2T Preferred Shares) and Subseries “2-U” (SMC2U Preferred Shares) are for the initial dividend period of 57 days from the issue date of October 24, 2025 until December 20, 2025 in accordance with the terms and conditions of the Exchange Offer and the Public Offer, respectively. These subseries will receive dividends for the full 90-day dividend period in the succeeding dividend declarations.

#### Distributions

The Parent Company paid P2,122 and P2,102 for the periods ended September 30, 2025 and 2024, respectively, to the holders of Senior Perpetual Capital Securities (SPCS), as distributions in accordance with the terms and conditions of the subscription agreements.

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## **9. 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. (PSE).

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

### Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

## Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

<b>September 30, 2025</b>	<b>&lt;1 Year</b>	<b>1-2 Years</b>	<b>&gt;2-3 Years</b>	<b>&gt;3-4 Years</b>	<b>&gt;4-5 Years</b>	<b>&gt;5 Years</b>	<b>Total</b>
<b>Fixed Rate</b>							
Philippine Peso-denominated Interest rate	P88,405 3.284% - 8.7815%	P94,839 3.284% - 8.7815%	P119,253 3.5483% - 8.7815%	P60,086 3.5483% - 8.7815%	P91,270 3.5483% - 8.7815%	P168,782 4.8356% - 8.6074%	P622,635
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,494 8.331%	3,226 5.166% - 8.331%	13,687 5.166% - 8.331%	13,765 5.166% - 8.331%	5,114 5.166% - 8.331%	7,832 8.331%	45,118
<b>Floating Rate</b>							
Philippine Peso-denominated Interest rate	3,269 Bloomberg Valuation (BVAL) + margin or applicable reference rate, whichever is higher	4,935 BVAL + margin or applicable reference rate, whichever is higher	5,823 BVAL + margin or applicable reference rate, whichever is higher	6,082 BVAL + margin or applicable reference rate, whichever is higher	10,372 BVAL + margin or applicable reference rate, whichever is higher	40,685 BVAL + margin or applicable reference rate, whichever is higher	71,166
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	36,514 Secured Overnight Financing Rate (SOFR)/ applicable reference rate + margin	174,930 SOFR/ applicable reference rate + margin	146,564 SOFR/ applicable reference rate + margin	158,581 SOFR/ applicable reference rate + margin	50,411 SOFR/ applicable reference rate + margin	59,971 SOFR/ applicable reference rate + margin	626,971
	<b>P129,682</b>	<b>P277,930</b>	<b>P285,327</b>	<b>P238,514</b>	<b>P157,167</b>	<b>P277,270</b>	<b>P1,365,890</b>
<b>December 31, 2024</b>	<b>&lt;1 Year</b>	<b>1-2 Years</b>	<b>&gt;2-3 Years</b>	<b>&gt;3-4 Years</b>	<b>&gt;4-5 Years</b>	<b>&gt;5 Years</b>	<b>Total</b>
<b>Fixed Rate</b>							
Philippine Peso-denominated Interest rate	P69,559 3.284% - 9.635%	P75,072 3.284% - 9.635%	P111,758 3.5483% - 9.635%	P93,032 3.5483% - 9.635%	P81,440 3.5483% - 9.635%	P172,129 4.8356% - 9.635%	P602,990
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,453 8.331%	1,519 8.331%	1,588 8.331%	10,338 6.55% - 8.331%	10,416 6.68% - 8.331%	8,674 8.331%	33,988
<b>Floating Rate</b>							
Philippine Peso-denominated Interest rate	1,895 BVAL + margin or applicable reference rate, whichever is higher	2,923 BVAL + margin or applicable reference rate, whichever is higher	4,045 BVAL + margin or applicable reference rate, whichever is higher	4,383 BVAL + margin or applicable reference rate, whichever is higher	10,936 BVAL + margin or applicable reference rate, whichever is higher	29,632 BVAL + margin or applicable reference rate, whichever is higher	53,814
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	22,207 SOFR/ applicable reference rate + margin	105,707 SOFR/ applicable reference rate + margin	115,771 SOFR/ applicable reference rate + margin	146,395 SOFR/ applicable reference rate + margin	138,428 SOFR/ applicable reference rate + margin	63,382 SOFR/ applicable reference rate + margin	591,890
	<b>P95,114</b>	<b>P185,221</b>	<b>P233,162</b>	<b>P254,148</b>	<b>P241,220</b>	<b>P273,817</b>	<b>P1,282,682</b>

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 P5,236 and P6,457 for the period ended September 30, 2025 and for the year ended December 31, 2024, 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:

	<b>September 30, 2025</b>		December 31, 2024	
	<b>US Dollar</b>	<b>Peso Equivalent</b>	US Dollar	Peso Equivalent
<b>Assets</b>				
Cash and cash equivalents	<b>US\$2,910</b>	<b>P169,275</b>	US\$1,619	P93,731
Trade and other receivables	<b>968</b>	<b>56,395</b>	952	55,088
Prepaid expenses and other current assets	<b>42</b>	<b>2,399</b>	18	1,046
Noncurrent receivables	<b>40</b>	<b>2,458</b>	37	2,184
	<b>3,960</b>	<b>230,527</b>	2,626	152,049
<b>Liabilities</b>				
Loans payable	<b>720</b>	<b>41,887</b>	720	41,630
Accounts payable and accrued expenses	<b>2,463</b>	<b>143,231</b>	2,405	139,067
Long-term debt (including current maturities)	<b>11,549</b>	<b>672,089</b>	10,820	625,878
Lease liabilities (including current portion)	<b>241</b>	<b>14,119</b>	369	21,417
Other noncurrent liabilities	<b>10</b>	<b>629</b>	30	1,775
	<b>14,983</b>	<b>871,955</b>	14,344	829,767
Net foreign currency-denominated monetary liabilities	<b>US\$11,023</b>	<b>P641,428</b>	US\$11,718	P677,718

The Group reported net loss on foreign exchange amounting to P4,245 and P2,241 for the periods ended September 30, 2025 and 2024, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 4). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	<b>US Dollar to Philippine Peso</b>
<b>September 30, 2025</b>	<b>P58.196</b>
December 31, 2024	57.845
September 30, 2024	56.030
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

<b>September 30, 2025</b>	<b>P1 Decrease in the US Dollar Exchange Rate</b>		<b>P1 Increase in the US Dollar Exchange Rate</b>	
	<b>Effect on Income before Income Tax</b>	<b>Effect on Equity</b>	<b>Effect on Income before Income Tax</b>	<b>Effect on Equity</b>
Cash and cash equivalents	(P2,336)	(P2,321)	P2,336	P2,321
Trade and other receivables	(519)	(862)	519	862
Prepaid expenses and other current assets	(31)	(34)	31	34
Noncurrent receivables	(35)	(32)	35	32
	<b>(2,921)</b>	<b>(3,249)</b>	<b>2,921</b>	<b>3,249</b>
Loans payable	700	544	(700)	(544)
Accounts payable and accrued expenses	1,642	2,436	(1,642)	(2,436)
Long-term debt (including current maturities)	11,515	8,670	(11,515)	(8,670)
Lease liabilities (including current portion)	141	207	(141)	(207)
Other noncurrent liabilities	7	8	(7)	(8)
	<b>14,005</b>	<b>11,865</b>	<b>(14,005)</b>	<b>(11,865)</b>
	<b>P11,084</b>	<b>P8,616</b>	<b>(P11,084)</b>	<b>(P8,616)</b>

<b>December 31, 2024</b>	<b>P1 Decrease in the US Dollar Exchange Rate</b>		<b>P1 Increase in the US Dollar Exchange Rate</b>	
	<b>Effect on Income before Income Tax</b>	<b>Effect on Equity</b>	<b>Effect on Income before Income Tax</b>	<b>Effect on Equity</b>
Cash and cash equivalents	(P1,454)	(P1,307)	P1,454	P1,307
Trade and other receivables	(431)	(898)	431	898
Prepaid expenses and other current assets	(10)	(15)	10	15
Noncurrent receivables	(34)	(28)	34	28
	<b>(1,929)</b>	<b>(2,248)</b>	<b>1,929</b>	<b>2,248</b>
Loans payable	425	612	(425)	(612)
Accounts payable and accrued expenses	1,874	2,387	(1,874)	(2,387)
Long-term debt (including current maturities)	10,786	8,123	(10,786)	(8,123)
Lease liabilities (including current portion)	277	301	(277)	(301)
Other noncurrent liabilities	28	23	(28)	(23)
	<b>13,390</b>	<b>11,446</b>	<b>(13,390)</b>	<b>(11,446)</b>
	<b>P11,461</b>	<b>P9,198</b>	<b>(P11,461)</b>	<b>(P9,198)</b>

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.

*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.

<b>September 30, 2025</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>1 Year or Less</b>	<b>&gt; 1 Year - 2 Years</b>	<b>&gt; 2 Years - 5 Years</b>	<b>Over 5 Years</b>
<b>Financial Assets</b>						
Cash and cash equivalents	P343,681	P343,681	P343,681	P -	P -	P -
Trade and other receivables - net	244,563	244,563	244,563	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	4,568	4,568	2,048	326	2,194	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	883	883	396	-	-	487
Financial assets at fair value through other comprehensive income (FVOCI) (included under "Investments in equity and debt instruments" account)	32,840	32,840	54	54	590	32,142
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,199	14,560	1,378	895	12,287	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	7,128	8,187	240	3,968	202	3,777
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	31,205	31,205	25,321	3,998	1,702	184
<b>Financial Liabilities</b>						
Loans payable	229,347	232,069	232,069	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO) and deferred income)	249,603	249,603	249,603	-	-	-
Dividends and distributions payable	4,868	4,868	4,868	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,638	1,638	1,392	-	246	-
Long-term debt (including current maturities)	1,351,233	1,670,562	210,593	346,456	787,512	326,001
Lease liabilities (including current portion)	36,903	49,808	8,948	11,563	10,878	18,419
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	5,671	5,671	-	2,057	1,163	2,451

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
<b>Financial Assets</b>						
Cash and cash equivalents	P293,677	P293,677	P293,677	P -	P -	P -
Trade and other receivables - net	266,981	266,981	266,981	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,782	2,782	1,198	275	1,309	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	896	896	438	-	-	458
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	8,988	9,239	54	54	821	8,310
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,180	15,245	1,345	846	12,731	323
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	8,797	9,000	35	3,669	141	5,155
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	23,822	23,822	18,422	3,578	2	1,820
<b>Financial Liabilities</b>						
Loans payable	293,230	295,002	295,002	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	285,456	285,456	285,456	-	-	-
Dividends and distributions payable	5,160	5,160	5,160	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,017	2,017	1,890	-	127	-
Long-term debt (including current maturities)	1,267,269	1,627,846	178,609	260,245	857,456	331,536
Lease liabilities (including current portion)	42,545	52,752	12,655	8,750	16,299	15,048
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	7,068	7,068	-	2,824	1,738	2,506

### Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

#### Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

#### Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

#### Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprise 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.

	<b>September 30, 2025</b>	December 31, 2024
Cash and cash equivalents (excluding cash on hand)	<b>P340,822</b>	P287,803
Trade and other receivables - net	<b>244,563</b>	266,981
Derivative assets	<b>4,568</b>	2,782
Investment in debt instruments at FVPL	<b>396</b>	438
Investment in debt instruments at FVOCI	<b>697</b>	669
Investment in debt instruments at amortized cost	<b>12,199</b>	12,180
Noncurrent receivables and deposits - net	<b>7,128</b>	8,797
Restricted cash	<b>31,205</b>	23,822
	<b>P641,578</b>	P603,472

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month expected credit loss (ECL) or lifetime ECL. Assets that are credit-impaired are separately presented.

	<b>September 30, 2025</b>					
	<b>Financial Assets at Amortized Cost</b>			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)	<b>P340,822</b>	P -	P -	P -	P -	<b>P340,822</b>
Trade and other receivables	-	<b>244,563</b>	<b>14,955</b>	-	-	<b>259,518</b>
Derivative assets	-	-	-	<b>2,068</b>	<b>2,500</b>	<b>4,568</b>
Investment in debt instruments at FVPL	-	-	-	<b>396</b>	-	<b>396</b>
Investment in debt instruments at FVOCI	-	-	-	-	<b>697</b>	<b>697</b>
Investment in debt instruments at amortized cost	<b>12,199</b>	-	-	-	-	<b>12,199</b>
Noncurrent receivables and deposits	-	<b>7,128</b>	<b>268</b>	-	-	<b>7,396</b>
Restricted cash	<b>31,205</b>	-	-	-	-	<b>31,205</b>

	<b>December 31, 2024</b>					
	<b>Financial Assets at Amortized Cost</b>			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)	<b>P287,803</b>	P -	P -	P -	P -	<b>P287,803</b>
Trade and other receivables	-	<b>266,981</b>	<b>15,343</b>	-	-	<b>282,324</b>
Derivative assets	-	-	-	<b>1,230</b>	<b>1,552</b>	<b>2,782</b>
Investment in debt instruments at FVPL	-	-	-	<b>438</b>	-	<b>438</b>
Investment in debt instruments at FVOCI	-	-	-	-	<b>669</b>	<b>669</b>
Investment in debt instruments at amortized cost	<b>12,180</b>	-	-	-	-	<b>12,180</b>
Noncurrent receivables and deposits	-	<b>8,797</b>	<b>590</b>	-	-	<b>9,387</b>
Restricted cash	<b>23,822</b>	-	-	-	-	<b>23,822</b>

The aging of receivables is as follows:

<b>September 30, 2025</b>	<b>Amounts Owed by Related Parties</b>			<b>Total</b>
	<b>Trade</b>	<b>Non-trade</b>		
Current	<b>P121,461</b>	<b>P39,987</b>	<b>P14,986</b>	<b>P176,434</b>
Past due:				
1 - 30 days	<b>9,990</b>	<b>235</b>	<b>95</b>	<b>10,320</b>
31 - 60 days	<b>2,226</b>	<b>2,552</b>	<b>88</b>	<b>4,866</b>
61 - 90 days	<b>1,871</b>	<b>436</b>	<b>36</b>	<b>2,343</b>
Over 90 days	<b>29,224</b>	<b>31,077</b>	<b>5,254</b>	<b>65,555</b>
	<b>P164,772</b>	<b>P74,287</b>	<b>P20,459</b>	<b>P259,518</b>

December 31, 2024	<b>Amounts Owed by Related Parties</b>			<b>Total</b>
	<b>Trade</b>	<b>Non-trade</b>		
Current	P130,568	P40,453	P9,120	P180,141
Past due:				
1 - 30 days	23,898	2,197	105	26,200
31 - 60 days	5,447	5,572	38	11,057
61 - 90 days	2,309	151	30	2,490
Over 90 days	34,664	26,227	1,545	62,436
	P196,886	P74,600	P10,838	P282,324

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. 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.

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## 10. 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 liabilities 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 include observable data about the following events:

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

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

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

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

	September 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	<b>P343,681</b>	<b>P343,681</b>	P293,677	P293,677
Trade and other receivables - net	<b>244,563</b>	<b>244,563</b>	266,981	266,981
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	<b>4,568</b>	<b>4,568</b>	2,782	2,782
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	<b>883</b>	<b>883</b>	896	896
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	<b>32,840</b>	<b>32,840</b>	8,988	8,988
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	<b>12,199</b>	<b>12,199</b>	12,180	12,180
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	<b>7,128</b>	<b>7,128</b>	8,797	8,797
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	<b>31,205</b>	<b>31,205</b>	23,822	23,822
<i>Forward</i>				

	September 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities</b>				
Loans payable	<b>P299,347</b>	<b>P299,347</b>	P293,230	P293,230
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	<b>249,603</b>	<b>249,603</b>	285,456	285,456
Dividends and distributions payable	<b>4,868</b>	<b>4,868</b>	5,160	5,160
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	<b>1,638</b>	<b>1,638</b>	2,017	2,017
Long-term debt (including current maturities)	<b>1,351,233</b>	<b>1,384,973</b>	1,267,269	1,306,606
Lease liabilities (including current portion)	<b>36,903</b>	<b>36,903</b>	42,545	42,545
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	<b>5,671</b>	<b>5,671</b>	7,068	7,068

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash.* The carrying amount of cash and cash equivalents, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

*Derivatives.* The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

*Financial Assets at FVPL and Financial Assets at FVOCI.* The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted, using the applicable discount rates of comparable instruments quoted in active markets.

*Loans Payable, Accounts Payable and Accrued Expenses, and Dividends and Distributions Payable.* The carrying amount of loans payable, accounts payable and accrued expenses and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

*Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities.* The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.6% to 8.8% and 4.7% to 7.8% as at September 30, 2025 and December 31, 2024, respectively. The discount rates used for foreign currency-denominated loans range from 3.6% to 4.2% and 4.2% to 4.4% as at September 30, 2025 and December 31, 2024, 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 September 30, 2025 and December 31, 2024.

#### *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 September 30, 2025 and December 31, 2024.

#### Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

<b>September 30, 2025</b>	<b>Maturity</b>		<b>Total</b>
	<b>&gt; 1 Year - 2 Years</b>	<b>&gt; 2 Years - 5 Years</b>	
Foreign currency risk:			
Non-deliverable call spreads:			
Notional amount	<b>US\$80</b>	<b>US\$935</b>	<b>US\$1,015</b>
Average strike rate	<b>P51.35 to P59.00</b>	<b>P55.35 to P61.845</b>	
Interest rate risk:			
Interest rate options:			
Notional amount	<b>US\$225</b>	<b>US\$1,050</b>	<b>US\$1,275</b>
Interest rate	<b>0.39% to 2.91%</b>	<b>0.50% to 6.25%</b>	
Foreign currency and interest rate risks:			
Non-deliverable swap and options:			
Notional amount	<b>JPY -</b>	<b>JPY43,900</b>	<b>JPY43,900</b>
Average strike rate	<b>P -</b>	<b>P0.3809 to P0.53326</b>	
Fixed interest rate	-	<b>6.25% to 6.40%</b>	
<hr/>			
<b>December 31, 2024</b>	<b>Maturity</b>		<b>Total</b>
	<b>&gt; 1 Year - 2 Years</b>	<b>&gt; 2 Years - 5 Years</b>	
Foreign currency risk:			
Non-deliverable call spreads:			
Notional amount	US\$40	US\$515	US\$555
Average strike rate	P51.35 to P55.40	P54.30 to P61.62	
Interest rate risk:			
Interest rate options:			
Notional amount	US\$225	US\$1,050	US\$1,275
Interest rate	0.39% to 2.91%	0.50% to 6.25%	

The following are the amounts relating to hedged items:

<b>September 30, 2025</b>	<b>Change in Fair Value Used for Measuring Hedge Ineffectiveness</b>	<b>Hedging Reserve</b>	<b>Cost of Hedging Reserve</b>
Foreign currency risk:			
US Dollar-denominated borrowings	<b>(P401)</b>	<b>P -</b>	<b>(P677)</b>
Interest rate risk:			
US Dollar-denominated borrowings	<b>17</b>	<b>280</b>	<b>(357)</b>
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	<b>(18)</b>	<b>(301)</b>	<b>(61)</b>
<hr/>			
<b>December 31, 2024</b>	<b>Change in Fair Value Used for Measuring Hedge Ineffectiveness</b>	<b>Hedging Reserve</b>	<b>Cost of Hedging Reserve</b>
Foreign currency risk:			
US Dollar-denominated borrowings	<b>(P880)</b>	<b>P -</b>	<b>(P752)</b>
Interest rate risk:			
US Dollar-denominated borrowings	<b>(516)</b>	<b>380</b>	<b>(309)</b>
Foreign currency and interest rate risks:			
US Dollar-denominated borrowings	<b>(75)</b>	<b>-</b>	<b>-</b>

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:

September 30, 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						
Foreign currency risk: Non-deliverable call spreads	US\$1,015	P2,292	P -	Other noncurrent assets - net	P401	(P286)	(P401)	P412	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options	1,275	139	(241)	Other noncurrent assets - net, and Other noncurrent liabilities	(17)	(89)	(124)	-	Interest expense and other financing charges
Foreign currency and interest rate risks: Non-deliverable swap and options	JPY43,900	69	-	Other noncurrent assets - net	18	(82)	(412)	-	Interest expense and other financing charges, and Other income (charges) - net
December 31, 2024	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
Foreign currency risk: Non-deliverable call spreads	US\$555	P1,297	P -	Other noncurrent assets - net	P880	(P892)	(P880)	P276	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk: Interest rate options	1,275	255	(127)	Other noncurrent assets - net, and Other noncurrent liabilities	516	(68)	(207)	-	Interest expense and other financing charges
Foreign currency and interest rate risks: Cross currency swap	-	-	-		75	(27)	(44)	-	Interest expense and other financing charges, and Other income (charges) - net

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized for the periods ended September 30, 2025 and 2024 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.

	September 30, 2025		December 31, 2024	
	Hedging Reserve	Cost of Hedging Reserve	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	P380	(P1,061)	P125	(P528)
Changes in fair value:				
Foreign currency risk	401	(286)	880	(892)
Interest rate risk	(17)	(89)	516	(68)
Foreign currency and interest rate risks	18	(82)	75	(27)
Amount reclassified to profit or loss	(937)	412	(1,131)	276
Tax effect	134	11	(85)	178
Ending balance	(P21)	(P1,095)	P380	(P1,061)

#### Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

#### *Freestanding Derivatives*

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

#### *Interest Rate Swaps*

The Group has outstanding interest rate swaps with aggregate notional amount of US\$250, US\$100 and US\$75 as at September 30 and June 30, 2025 and December 31, 2024, respectively. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2029. The net positive fair value of these swaps amounted to P16, P24 and P32 as at September 30 and June 30, 2025 and December 31, 2024, respectively.

#### *Currency Forwards*

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US\$1,531, US\$1,677 and US\$1,259 as at September 30 and June 30, 2025 and December 31, 2024, respectively, and with various maturities in 2025. The net positive (negative) fair value of these currency forwards amounted to P1,043, (P156) and (P991) as at September 30 and June 30, 2025 and December 31, 2024, respectively.

#### *Currency Options*

The Group has outstanding currency options with aggregate notional amount of US\$311, US\$1,002 and US\$50 as at September 30 and June 30, 2025 and December 31, 2024, respectively, and with various maturities in 2025 and 2026. The net positive (negative) fair value of these currency options amounted to P32, (P251) and (P5) as at September 30 and June 30, 2025 and December 31, 2024, respectively.

#### *Commodity Swaps*

The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities up to 2027. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil was 33.9 million barrels, 58.4 million barrels and 100.6 million barrels as at September 30 and June 30, 2025 and December 31, 2024, respectively. The net positive (negative) fair value of these swaps amounted to (P139), P631 and P339 as at September 30 and June 30, 2025 and December 31, 2024, respectively.

#### Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

#### *Embedded Currency Forwards*

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$144, US\$172 and US\$170 as at September 30 and June 30, 2025 and December 31, 2024, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P281, P89 and P35 as at September 30 and June 30, 2025 and December 31, 2024, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to (P1,340), (P1,646), (P2,853) and P2,313 for the periods ended September 30, 2025 and 2024, and June 30, 2025 and 2024, respectively (Note 4).

#### Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	<b>September 30, 2025</b>	December 31, 2024
Balance at beginning of year	<b>P765</b>	P1,187
Net change in fair value of derivatives:		
Designated as accounting hedge	<b>(55)</b>	1,751
Not designated as accounting hedge	<b>(1,340)</b>	614
	<b>(630)</b>	3,552
Less fair value of settled instruments	<b>(3,560)</b>	2,787
Balance at end of period	<b>P2,930</b>	P765

#### 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:

	September 30, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
Derivative assets	P -	P4,568	P4,568	P -	P2,782	P2,782
Financial assets at FVPL	396	487	883	438	458	896
Financial assets at FVOCI	25,475	7,365	32,840	1,635	7,353	8,988
<b>Financial Liabilities</b>						
Derivative liabilities	-	1,638	1,638	-	2,017	2,017

The Group has no financial instruments valued based on Level 3 as at September 30, 2025 and December 31, 2024. For the period ended September 30, 2025 and for the year ended December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

## 11. Events After the Reporting Date

### Parent Company

#### a. Exchange and Issuance of Series "2" Preferred Shares

On August 7, 2025, the BOD of the Parent Company approved the offer exchange to the holders of 266,666,667 SMC2J Preferred Shares and 183,904,900 SMC2K Preferred Shares (collectively, the "Exchange Share") at a rate of one Exchange Share to one of any of the Series "2" Preferred Shares, to be reissued in three subseries, namely SMC2P, SMC2Q and SMC2R Preferred Shares which will be reissued from the treasury Series "2" Preferred Shares of the Parent Company.

On October 10, 2025, an aggregate of 251,474,020 Exchange Shares, consisting of 173,760,520 SMC2J Preferred Shares and 77,713,500 SMC2K Preferred Shares were tendered to the Parent Company in exchange for 171,370,380 SMC2P Preferred Shares, 53,815,840 SMC2Q Preferred Shares, and 26,287,800 SMC2R Preferred Shares. On October 24, 2025, the Parent Company issued and listed on the PSE SMC2P, SMC2Q and SMC2R Preferred Shares.

**b. Issuance of SMC2S, SMC2T and SMC2U Preferred Shares**

On October 24, 2025, the Parent Company issued and listed on the PSE 179,837,540 SMC2S Preferred Shares, 73,983,880 SMC2T Preferred Shares and 146,178,580 SMC2U Preferred Shares, under the 866,666,700 Series 2 Shelf Registered Preferred Shares. The SMC2S, SMC2T and SMC2U Preferred Shares were issued at P75.00 per share, for a total amount of P30,000, with dividend rates per annum of 6.965%, 7.256% and 7.536%, respectively.

The Offer Shares are perpetual and have no fixed final maturity date.

The shares are cumulative, nonvoting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated, perpetual Series "2" Preferred Shares, issued out of the Parent Company's treasury shares.

The net proceeds from the issuance were used for the refinancing of existing short-term loans which were used to redeem the SMC2F Preferred Shares, and to redeem the remaining holders of SMC2J and SMC2K Preferred Shares.

**c. Redemption of Series "2" Preferred Shares**

On October 29, 2025, the Parent Company fully redeemed the remaining 92,906,147 SMC2J Preferred Shares issued on October 29, 2020. The redemption price was the issue price of P75.00 per share. Unpaid cash dividends were also settled. The remaining 106,191,400 SMC2K Preferred Shares issued on December 10, 2020 will be redeemed on December 10, 2025. The redemption was approved by the BOD of the Parent Company on August 7, 2025.

The SMC2J Preferred Shares were redeemed using the proceeds from the issuance of the SMC2S, SMC2T and SMC2U Preferred Shares.

The BOD also approved on August 7, 2025 the redemption of SMC2K Preferred Shares issued on December 10, 2020. On November 12, 2025, the Parent Company issued a Notice of Redemption of the remaining 106,191,400 SMC2K Preferred Shares which will be redeemed on December 10, 2025.

The SMC2J and SMC2K Preferred Shares which were redeemed were not retired and may be reissued by the Parent Company at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by the Parent Company, upon the approval of the application for lifting of trading suspension by the Parent Company, in accordance with the listing rules of the PSE.

**Payment of Series E and Series D Bonds by Petron**

On October 12 and October 19, 2025, Petron paid the P9,000 Series E Bonds issued in 2021 and P6,800 Series D Bonds issued in 2018, respectively.

## **San Miguel Global Power**

### **a. Redemption of SPCS**

On October 17, 2025, San Miguel Global Power completed the redemption of the US\$163 remaining SPCS, out of the US\$750 SPCS issued in October and December 2020 pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Accrued but unpaid distributions were also settled.

### **b. Additional Purchase of Common Shares of Meralco**

On various dates, San Miguel Global Power made additional purchases totaling 1,661,986 common shares of Meralco at P90.00 per share from Land Bank of the Philippines (LBP). With such purchases, a total of 46,596,596 shares of Meralco have been conveyed by LBP to San Miguel Global Power by virtue of the Deed of Absolute Sale of Shares executed by the parties.

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## **12. Other Matters**

### **a. Commitments**

The outstanding purchase commitments of the Group amounted to P182,106 and P245,288 as at September 30, 2025 and December 31, 2024, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- 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. These reclassifications had no effect on the reported financial performance for any period.

**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 September 30, 2025 and December 31, 2024 for liquidity, solvency and profitability ratios and for the periods ending September 30, 2025 and 2024 for operating efficiency ratios.

	<b>September 30, 2025</b>	December 31, 2024
<u>Liquidity:</u>		
Current Ratio	<b>1.34</b>	1.22
Quick Ratio	<b>0.89</b>	0.76
<u>Solvency:</u>		
Debt to Equity Ratio	<b>2.69</b>	2.96
Asset to Equity Ratio	<b>3.69</b>	3.96
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	<b>9.13%</b>	(2.48%)
Interest Rate Coverage Ratio	<b>2.36</b>	1.65
Return on Assets	<b>2.91%</b>	1.43%
	<b>Period Ended September 30</b>	
	<b>2025</b>	2024
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	<b>(5%)</b>	14%
Revenue Growth (Decline)	<b>(7%)</b>	11%
Operating Margin	<b>13%</b>	10%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$

*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 September 30, 2025 (with comparative figures as at December 31, 2024 and for the period ended September 30, 2024). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at September 30, 2025, 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 have been omitted.

**I. 2025 SIGNIFICANT TRANSACTIONS**

The following are the major developments in 2025:

**INVESTING ACTIVITIES**

**Joint Investments with Manila Electric Company (Meralco) and Aboitiz Power Corporation (AboitizPower) into the Country’s First Integrated Liquefied Natural Gas (LNG)-to-Power Facility Projects in Batangas City**

On March 1, 2024, Meralco PowerGen Corporation (MGen, a subsidiary of Meralco) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power Holdings Corp. (San Miguel Global Power) and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power’s gas-fired power plants, namely: (i) the brownfield 1,278 megawatts (MW) Ilijan Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation (LFC), the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC’s Ilijan Power Plant and for EERI’s BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc., the Ultimate Parent Company, filed its application for the approval of the transaction with the PCC. On December 23, 2024, PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in SPPC, EERI and IPIEC; and
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting in a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries. The 33% equity interests retained in SPPC, EERI and IPIEC were recognized at fair market value, totaling to P52,706 million, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at September 30, 2025. The revaluation of the investment in SPPC, EERI and IPIEC resulted in a gain amounting to P21,933 million, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended September 30, 2025.

Total consideration paid by San Miguel Global Power for the acquisition of 32.98% equity interest in LFC amounted to P4,340 million, included as part of "Investments in shares of stock of associates" under "Investments and advances - net" account, in the consolidated statement of financial position as at September 30, 2025.

Subsequently, SPPC, EERI and IPIEC redeemed and paid their respective redeemable preferred shares issued to San Miguel Global Power at a redemption price totaling to P78,717 million. Consequently, San Miguel Global Power recognized a net gain on investments in equity instruments amounting to P22,262 million, presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended September 30, 2025.

#### **Purchase of Common Shares of Meralco by San Miguel Global Power**

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals, San Miguel Global Power purchased on various dates through the Philippine Stock Exchange (PSE) a total of 44,934,610 common shares of Meralco at P90.00 per share from Land Bank of the Philippines (LBP). As at September 30, 2025, the shares were revalued at the fair market value of P530.00 per share and recognized a gain of P19,663 million presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended September 30, 2025.

In 2025, the Group has undertaken various financing activities. The significant transactions are as follows:

### **AVAILMENT OF LONG-TERM DEBT**

#### **FOREIGN CURRENCY-DENOMINATED LOANS**

##### **▪ SMC**

- a. On May 8, 2025, SMC availed of a JPY61,600 million corporate notes, subject to a floating interest rate and with a term of up to five years. The proceeds of the loan are being used for general corporate purposes.
- b. On July 1 and August 5, 2025, SMC drew a total of US\$200 million from the Facility A of the US\$600 million Export Credit Agencies-Covered facilities, subject to a floating interest rate maturing in February 2030. The proceeds of the loan were used for general corporate purposes.

##### **▪ San Miguel Global Power**

- a. On May 19, 2025, San Miguel Global Power availed of a US\$100 million term loan, subject to a floating interest rate, maturing in May 2030. The proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.
- b. On May 19 and July 3, 2025, San Miguel Global Power drew a total of US\$150 million from the US\$100 million loan facility, with an option to increase up to US\$150 million, executed on May 13, 2025. The loan is subject to a floating interest rate, maturing in May 2028. The proceeds of the loan were used to refinance the US\$100 million matured term loan drawn on May 24, 2022 and will be used for general corporate purposes and transaction-related fees, costs, and expenses in relation to the facility.

##### **▪ Petron Corporation (Petron)**

On August 29, 2025, Petron availed of a US\$200 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds of the loan were used for payment of existing indebtedness and for general corporate purposes.

#### **PESO TERM LOANS**

##### **▪ SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On various dates in 2025, SMC MRT 7 drew a total of P9,500 million from the P100,000 million Omnibus Loan and Security Agreement (OLSA) executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 15 years. The proceeds of the loans are being used to partially finance the Mass Rail Transit 7 (MRT 7) Project.

##### **▪ Energy**

###### **a. Mariveles Power Generation Corporation (MPGC)**

On March 27, 2025, MPGC drew a total of P9,400 million from its OLSA executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and is payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant Project.

#### **b. San Miguel Global Power**

On August 11, 2025, San Miguel Global Power availed of a total of P10,200 million fixed rate notes from a Trust Agreement executed on July 30, 2025, with maturities of up to ten years. The proceeds of the loans were used to refinance existing obligations and for general corporate purposes.

##### ▪ **San Miguel Food and Beverage, Inc. (SMFB)**

On March 7 and August 18, 2025, SMFB drew a total of P5,000 million and P4,200 million term loans subject to fixed and floating interest rates, respectively, from its P10,000 million term loan facility maturing in March 2032.

The proceeds of the loans were used for: (a) the repayment, on March 10, 2025, of the P8,000 million Series A Fixed Rate Peso-denominated Bonds, which formed part of the P15,000 million Series A and Series B Fixed Rate Peso-denominated Bonds, issued in March 2020; and (b) general corporate purposes.

#### **ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS**

##### **Issuance of Series G, Series H and Series I Fixed Rate Peso-denominated Bonds by Petron**

On July 7, 2025, Petron issued and listed on the Philippine Dealing & Exchange Corp. a total of P32,000 million Fixed Rate Peso-denominated Bonds.

The bonds consist of: (i) P15,910 million Series G Bonds maturing in 2030 with an interest rate of 6.5945% per annum; (ii) P4,604 million Series H Bonds maturing in 2032 with an interest rate of 6.9761% per annum; and (iii) P11,486 million Series I Bonds maturing in 2035 with an interest rate of 7.3896% per annum.

The proceeds of the issuance of the bonds were used for repayment of other existing indebtedness and for general corporate purposes, while the remaining balance will be used for the payment of P6,800 million Series D and P9,000 million Series E Fixed Rate Peso-denominated Bonds, maturing on October 19 and October 12, 2025, respectively.

##### **Payment of Fixed Rate Peso-denominated Bonds**

##### ▪ **Series F Bonds by SMC**

On March 19, 2025, SMC paid the P2,439 million Series F Fixed Rate Peso-denominated Bonds, which formed part of the third tranche of the P20,000 million Series E, Series F and Series G Fixed Rate Peso-denominated Bonds issued in March 2018.

The payment was funded by the proceeds of Series O and Series P Bonds issued in July 2024.

##### ▪ **Series C Bonds by SMC SLEX Inc. (SMC SLEX)**

On May 22, 2025, SMC SLEX paid the P2,500 million Series C Fixed Rate Peso-denominated Bonds. The Series C Bonds formed part of the P7,300 million Fixed Rate Bonds issued in May 2015.

The payment was funded by cash generated from operations and the net proceeds of P2,500 million term loan drawn on May 19, 2025. The loan is subject to a fixed interest rate with a term of seven years and six months.

▪ **Series K Bonds by San Miguel Global Power**

On July 28, 2025, San Miguel Global Power paid the P5,000 million Series K Fixed Rate Peso-denominated Bonds. The Series K Bonds, which formed part of the P40,000 million Series K, Series L and Series M Bonds were issued in July 2022.

The payment was funded by the proceeds of a short-term loan drawn in July 2025 and cash generated from operations.

**PAYMENT OF OTHER MATURING OBLIGATIONS**

For the nine-month period ended September 2025, the Group paid a total of P38,894 million of its other scheduled amortizations and maturing obligations funded by the proceeds of long-term and short-term loan facilities and from cash generated from operations.

**ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS)**

**San Miguel Global Power**

- a. On February 19, 2025, San Miguel Global Power completed the issuance of US\$100 million SPCS (the "Additional US\$100 million SPCS"), at an issue price of 100.503% of the principal amount, plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The Additional US\$100 million SPCS was consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, bringing the total securities to US\$600 million. The Additional US\$100 million SPCS is identical in all respects to the US\$500 million SPCS, except for the date of issuance and issue price.

The net proceeds will be used for the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued on October 21 and December 15, 2020.

- b. On July 24 and August 11, 2025, San Miguel Global Power completed the issuance of US\$515 million SPCS, consisting of: (i) US\$400 million in aggregate principal amount of SPCS with an initial distribution rate of 8.95% per annum; and (ii) an additional US\$115 million SPCS at an issue price of 100% plus an amount corresponding to accrued distribution from (and including) July 24, 2025 to (but excluding) August 11, 2025. The securities were issued in exchange for certain existing securities namely: (a) the 7.00% SPCS issued on October 21 and December 15, 2020; and (b) the 5.70% SPCS issued on January 21, 2020, pursuant to the Exchange Offers.

The net proceeds will be applied to the following: (i) purchase, repurchase and/or redemption including related costs and expenses related to the Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; and (iii) pre-development costs of solar and hydropower energy projects, and capital expenditures related to battery energy storage system (BESS) projects.

- c. On May 9, 2025, San Miguel Global Power redeemed the US\$113 million SPCS, pursuant to the terms and conditions of the securities. The US\$113 million SPCS is the remaining securities out of the US\$500 million SPCS issued in November 2019. The redemption price is equal to the principal amount of the SPCS. Accrued but unpaid distributions were also settled.

The US\$113 million SPCS were redeemed using part of the proceeds of the US\$500 million SPCS issued in December 2024.

## **SMC**

On July 29, 2025, SMC redeemed all the outstanding US\$500 million SPCS under the US\$3,000 million Medium Term Note and Securities Programme (the "Redeemed Securities"). The Redeemed Securities were issued on July 29, 2020, with a distribution rate of 5.5% per annum.

The redemption of US\$500 million SPCS was approved by the BOD of SMC on June 10, 2025, and was funded by a bridge loan facility from a foreign bank.

## **Petron**

On September 22, 2025, Petron completed the issuance of US\$475 million SPCS at an issue price of 100% consisting of US\$333 million securities pursuant to exchange offer and US\$142 million new securities issued for cash. The securities have distribution rate of 7.35% per annum and were listed on the Singapore Exchange Securities Trading Limited on September 23, 2025. The net proceeds were used to finance costs and expenses relating to the exchange and tender offer and issuance of the SPCS, and for general corporate purposes.

Concurrently, Petron has completed the settlement of US\$333 million securities tendered for exchange and US\$54 million securities tendered for purchase, both of which form part of the US\$550 million SPCS issued in April 2021. Related distributions amounting to US\$10 million were also settled.

## **ACQUISITION OF COMMON TREASURY SHARES BY PETRON**

Pursuant to the common share buyback program approved by the Board of Directors (BOD) of Petron on March 4, 2025, Petron repurchased on March 18, 2025, all of the 459,156,097 common shares held by Petron Corporation Employees' Retirement Plan via a block sale based on the simple average of the three-day close prior to the execution date, aggregating to P1,119 million.

Petron has also acquired a total of 4,502,000 common shares aggregating to P11 million from July 9, 2025 to August 29, 2025.

## **EQUITY TRANSACTIONS OF SMC**

### **Approval by the Securities and Exchange Commission (SEC) of the Amendments to the Articles of Incorporation of SMC**

On July 7, 2025, the SEC approved the amendments to the Articles of Incorporation of SMC, specifically:

1. the reclassification of the 904,752,537 common shares currently held as treasury shares, into Series "2" Preferred Shares held in treasury; and
2. the amendment of the authorized capital stock of SMC from P30,000 million with a par value of P5.00 per share or 6,000,000,000 shares divided into 3,790,000,000 common shares and 2,210,000,000 Series "2" Preferred Shares to 2,885,247,463 common shares and 3,114,752,537 Series "2" Preferred Shares.

Such amendments were approved by the BOD on January 16, 2025, and confirmed and ratified by the Stockholders of SMC on March 27, 2025.

**Approval by the BOD of the Delisting of Series “2” Preferred Shares - Subseries “2-A” (SMC2A Preferred Shares), Subseries “2-B” (SMC2B Preferred Shares), Subseries “2-C” (SMC2C Preferred Shares) and Subseries “2-D” (SMC2D Preferred Shares) of SMC**

On September 11, 2025, the BOD of SMC approved the delisting of 565,445,086 SMC2A Preferred Shares, 90,428,200 SMC2B Preferred Shares, 255,559,400 SMC2C Preferred Shares and 89,333,400 SMC2D Preferred Shares redeemed in September 2015, 2019, 2021 and 2020, respectively.

These preferred shares are no longer outstanding after their redemption by SMC which resulted in the suspension by the PSE of the trading of these Series “2” Preferred Shares. Upon redemption, the said shares reverted to SMC’s treasury shares and, subsequently, have been reissued by SMC as different subseries of Series “2” Preferred Shares, under separate applications for listing. With such reissuance and listing, the delisting of the SMC2A, SMC2B, SMC2C and SMC2D Preferred Shares is appropriate.

**Redemption of Preferred Shares by SMC**

On September 22, 2025, SMC redeemed the 223,333,500 Series “2” Preferred Shares - Subseries “2-F” (SMC2F Preferred Shares) issued on September 21, 2015, at a redemption price of P75.00 per share. Unpaid cash dividends were also settled. The redemption was approved by the BOD of SMC on August 7, 2025.

The SMC2F Preferred Shares were redeemed using the proceeds from the Peso-denominated short-term loans availed in September 2025.

The redeemed shares were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

**EVENTS AFTER THE REPORTING DATE**

**Parent Company**

**a. Exchange and Issuance of Series “2” Preferred Shares**

On August 7, 2025, the BOD of SMC approved the offer exchange to the holders of 266,666,667 Series “2” Preferred Shares - Subseries “2-J” (SMC2J Preferred Shares) and 183,904,900 Subseries “2-K” (SMC2K Preferred Shares) (collectively, the “Exchange Share”) at a rate of one Exchange Share to one of any of the Series “2” Preferred Shares, to be reissued in three subseries, namely Subseries “2-P” (SMC2P Preferred Shares), Subseries “2-Q” (SMC2Q Preferred Shares) and Subseries “2-R” (SMC2R Preferred Shares) which will be reissued from the treasury Series “2” Preferred Shares of SMC.

On October 10, 2025, an aggregate of 251,474,020 Exchange Shares, consisting of 173,760,520 SMC2J Preferred Shares and 77,713,500 SMC2K Preferred Shares were tendered to SMC in exchange for 171,370,380 SMC2P Preferred Shares, 53,815,840 SMC2Q Preferred Shares, and 26,287,800 SMC2R Preferred Shares. On October 24, 2025, SMC issued and listed on the PSE SMC2P, SMC2Q and SMC2R Preferred Shares.

**b. Issuance of SMC2S, SMC2T and SMC2U Preferred Shares**

On October 24, 2025, SMC issued and listed on the PSE 179,837,540 SMC2S Preferred Shares, 73,983,880 SMC2T Preferred Shares and 146,178,580 SMC2U Preferred Shares, under the 866,666,700 Series 2 Shelf Registered Preferred Shares. The SMC2S, SMC2T and SMC2U Preferred Shares were issued at P75.00 per share, for a total amount of P30,000 million, with dividend rates per annum of 6.965%, 7.256% and 7.536%, respectively.

The Offer Shares are perpetual and have no fixed final maturity date.

The shares are cumulative, nonvoting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated, perpetual Series “2” Preferred Shares, issued out of SMC’s treasury shares.

The net proceeds from the issuance were used for the refinancing of existing short-term loans which were used to redeem the SMC2F Preferred Shares, and to redeem the remaining holders of SMC2J and SMC2K Preferred Shares.

**c. Redemption of Series “2” Preferred Shares**

On October 29, 2025, SMC fully redeemed the remaining 92,906,147 SMC2J Preferred Shares issued on October 29, 2020. The redemption price was the issue price of P75.00 per share. Unpaid cash dividends were also settled. The remaining 106,191,400 SMC2K Preferred Shares issued on December 10, 2020 will be redeemed on December 10, 2025. The redemption was approved by the BOD of SMC on August 7, 2025.

The SMC2J Preferred Shares were redeemed using the proceeds from the issuance of the SMC2S, SMC2T and SMC2U Preferred Shares.

The BOD also approved on August 7, 2025 the redemption of SMC2K Preferred Shares issued on December 10, 2020. On November 12, 2025, SMC issued a Notice of Redemption of the remaining 106,191,400 SMC2K Preferred Shares which will be redeemed on December 10, 2025.

The SMC2J and SMC2K Preferred Shares which were redeemed were not retired and may be reissued by SMC at a price to be determined by the BOD. The trading of the listed shares is suspended until reissued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

**Payment of Series E and Series D Bonds by Petron**

On October 12 and October 19, 2025, Petron paid the P9,000 million Series E Bonds issued in 2021 and P6,800 million Series D Bonds issued in 2018, respectively.

**San Miguel Global Power**

**a. Redemption of SPCS**

On October 17, 2025, San Miguel Global Power completed the redemption of the US\$163 million remaining SPCS, out of the US\$750 million SPCS issued in October and December 2020 pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Accrued but unpaid distributions were also settled.

**b. Additional Purchase of Common Shares of Meralco**

On various dates, San Miguel Global Power made additional purchases totaling 1,661,986 common shares of Meralco at P90.00 per share from LBP. With such purchases, a total of 46,596,596 shares of Meralco have been conveyed by LBP to San Miguel Global Power by virtue of the Deed of Absolute Sale of Shares executed by the parties.

**II. FINANCIAL PERFORMANCE**

**2025 vs. 2024**

<i>(Amounts in Millions)</i>	For the Periods Ended September 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Sales	<b>P1,091,119</b>	P1,179,521	(P88,402)	(7%)	<b>100%</b>	100%
Cost of sales	<b>(882,676)</b>	(983,803)	(101,127)	(10%)	<b>(81%)</b>	(84%)
Gross profit	<b>208,443</b>	195,718	12,725	7%	<b>19%</b>	16%
Selling and administrative expenses	<b>(71,059)</b>	(73,864)	(2,805)	(4%)	<b>(7%)</b>	(6%)
Operating income	<b>137,384</b>	121,854	15,530	13%	<b>12%</b>	10%
Interest expense and other financing charges	<b>(74,474)</b>	(72,693)	1,781	2%	<b>(7%)</b>	(6%)
Interest income	<b>11,978</b>	11,063	915	8%	<b>1%</b>	1%
Equity in net earnings of associates and joint ventures	<b>8,013</b>	1,612	6,401	397%	<b>1%</b>	0%
Gain on sale of investments and property and equipment	<b>898</b>	142	756	532%	<b>0%</b>	0%
Other income (charges) - net	<b>17,319</b>	(2,336)	19,655	841%	<b>2%</b>	(0%)
Income before income tax	<b>101,118</b>	59,642	41,476	70%	<b>9%</b>	5%
Income tax expense	<b>(22,475)</b>	(22,548)	(73)	(0%)	<b>(2%)</b>	(2%)
<b>Net Income</b>	<b>P78,643</b>	P37,094	P41,549	112%	<b>7%</b>	3%
Net income attributable to:						
Equity holders of the						
Parent Company	<b>P39,210</b>	P4,978	P34,232	688%	<b>3%</b>	0%
Non-controlling interests	<b>39,433</b>	32,116	7,317	23%	<b>4%</b>	3%
<b>Net Income</b>	<b>P78,643</b>	P37,094	P41,549	112%	<b>7%</b>	3%

The Group's consolidated sales of P1,091,119 million in the first nine months of 2025 decreased by 7% compared to the same period last year primarily due to: (a) lower average selling price and sales volume of Petron; and (b) lower sales of the Energy business, following the deconsolidation of SPPC effective January 27, 2025, as well as to a lesser extent, lower sales of the Cement business. The decrease was partially offset by the strong performance of the Food division and Ginebra San Miguel Inc. (GSMI), as well as steady traffic growth and price increase of the Infrastructure business.

The Group's cost of sales decreased by P101,127 million or 10% mainly due to: (a) Petron on account of lower average cost per liter and decrease in volume sold of petroleum products; and (b) the Energy business on account of deconsolidation of SPPC and lower generation costs as a result of the decrease in global coal prices, partially offset by full nine months operations of Units 1, 2, 3 and 4 of MPGC and the costs of the BCCPP of EERI prior to its deconsolidation.

Consolidated operating income increased by P15,530 million, mainly driven by: (a) increase in gross profit of the Food and Beverage business, driven by improved sales and well-managed costs and expenses; (b) growth in domestic sales volume, lower costs and improved production efficiency of Petron; (c) sustained tollway revenue growth in the Infrastructure business; and (d) 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 for National Grid Corporation of the Philippines (NGCP) and offered to the reserve market through BESS.

The increase in interest income by P915 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 and Cement businesses.

The increase in equity in net earnings of associates and joint ventures by P6,401 million was mainly due to the share in the net income of EERI and SPPC from January 28 to September 30, 2025.

The increase in gain on sale of investments and property and equipment by P756 million pertains mainly to the disposal of transportation equipment and land.

Other income - net of P17,319 million was a turnaround from the other charges - net of P2,336 million in 2024. This mainly pertains to the P21,933 million gain recognized from the fair valuation of the remaining 33% ownership interests in SPPC, EERI and IPIEC, reduced by the higher amount of forex loss in 2025 of P2,004 million.

Consolidated net income increased by P41,549 million primarily driven by: (a) gain recognized from the fair valuation of the investment in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; (b) the share in net income of EERI and SPPC, from its remaining 33% ownership interest; and (c) the improved operations of Petron, the Food and Beverage and Infrastructure businesses.

Net income attributable to equity holders of the Parent Company increased by P34,232 million primarily due to higher consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the net income attributable to NCI by P7,317 million was mainly due to the higher consolidated net income of the Group and distribution on capital securities of San Miguel Global Power and Petron.

The following are the highlights of the performance of the individual business segments:

## 1. FOOD AND BEVERAGE

SMFB posted consolidated revenues of P302,921 million, a 4% increase year-on-year, with growth contributions from GSMI and the Food division.

Consolidated operating income rose by 12% to P44,668 million, supported by improvements and margin expansion across all divisions. Consolidated net income stood at P33,699 million.

### a) Beer and Non-Alcoholic Beverages (NAB) Division

San Miguel Brewery Inc. (SMB) reported consolidated revenues of P110,742 million, almost matching last year's level. Consolidated operating income rose by 2% to P23,899 million, reflecting effective cost management, which was supported by a September 2024 price increase, resulting in improved margins.

Consolidated net income reached P18,795 million, up by 1% from the same period last year.

SMB continues to implement key initiatives to strengthen its brand presence. Domestically, SMB supported brand equity through thematic campaigns, consumer promotions, and product innovations. Internationally, SMB boosted consumer engagement through channel-specific programs, modern trade expansion, and sustained brand-building through seasonal campaigns, merchandising drives, and product innovations.

Amid a challenging market, SMB was able to deliver a solid earnings result with the implementation of the said initiatives, alongside prudent cost control, supply chain improvements, and organizational capacity building.

#### Domestic Operations

SMB's domestic operations revenues totaled P98,296 million, a slight 1% decline year-on-year. The softer performance was due to subdued consumer spending as well as trade loading in the previous period following a price increase implemented in September 2024.

#### International Operations

SMB's international operations registered modest growth with all key metrics registering growth. Revenues reached US\$218 million, up by 3% versus the same period in 2024. Growth was driven by strong volume growth in Hong Kong and Vietnam.

### b) Spirits Division

GSMI sustained its strong performance, with consolidated revenues reaching P48,663 million, up by 7% year-on-year. The increase was driven by higher average selling prices following a price adjustment implemented earlier in the year. Sales volume remained flat at 37.0 million cases, with steady consumption of core brands amid soft industry demand.

Consolidated operating income rose by 19% to P7,509 million, reflecting improved cost efficiency and favorable sales mix, which offset higher excise taxes and operating expenses. Consolidated net income grew by 17% reaching P6,347 million.

### **c) Food Division**

The Food division maintained its solid performance with a 7% revenue growth for the nine-month period in 2025 to P143,514 million. Strong volume growth was sustained across key segments.

Consolidated operating income grew by 32% to P12,920 million, reflecting sustained business growth. The Protein segment delivered stronger gross contribution margins, increasing to 14% from 11%. Continued cost efficiencies in the Flour segment helped offset elevated input costs in other segments, supporting consolidated operating margin expansion to 9% from 7%.

Consolidated net income posted a 33% increase to P8,920 million.

The Protein segment revenues grew by 11% for the nine-month period in 2025 fueled by higher volumes and continued favorable selling prices.

The Animal Nutrition and Health segment's year-to-date revenue declined to 1%, narrowing the gap from the 5% shortfall in the first half, supported by steady volume recovery.

The Prepared and Packaged Food segment maintained strong growth, posting 9% increase in revenues on the back of favorable selling prices and a 7% improvement in volumes, highlighted by Magnolia's double-digit increase by 16%.

## **2. PACKAGING**

The Packaging business posted September year-to-date consolidated revenues at P28,395 million. Consolidated operating income reached P2,173 million, a 4% increase from the same period last year, due to implemented cost savings programs.

## **3. ENERGY**

San Miguel Global Power's consolidated revenues for the first three quarters of 2025 amounted to P118,795 million, lower by 23% from the P153,592 million recognized in the same period last year. The decline was due primarily to the aforementioned dilution of its equity interest in and resulting deconsolidation of SPPC. In addition, the decline in revenues reflects a downward adjustment in fuel tariffs to bilateral customers as coal fuel prices went down by 22% with GC Newcastle prices declining from an average of US\$134 per metric ton (MT) for the first nine months of 2024 to US\$104/MT for the same period this year. These were compensated by the revenue contributions from the following: (a) the full nine-month operations of the 4 generation units of the 600 MW Mariveles Greenfield Power Plant and 3 BESS facilities, with a combined capacity of 110 MW-hour (MWh), which started commercial operations in March 2024; (b) additional 5 BESS facilities, with a total capacity of 140 MWh, that began commercial operations in the first half of 2025; and (c) Units 1 and 2 of EERI's BCCPP, which is 33% owned by the Group following the aforesaid dilution, were declared operational on December 26, 2024 and January 7, 2025, respectively.

Consolidated income from operations rose by 4% year-on-year to P34,834 million, with operating margins expanding to 29% from 22% in 2024. This improvement is a result of better contracted margins and reserve market sales and ancillary services rendered to the NGCP.

Consolidated net income surged to P42,399 million, up by 215% year-on-year, bolstered by the P21,933 million gain from the fair valuation of investment in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest from 100% to 33% and higher earnings from key operating assets. Excluding the one-off gain, consolidated net income improved by 52%.

#### **4. FUEL AND OIL**

Petron reported consolidated revenues of P594,900 million for the nine months ended September 30, 2025, 10% lower year-on-year. The decline was mainly driven by the drop in Dubai crude from an average of US\$81.62 per barrel in 2024 to US\$71.31 per barrel in 2025. Consolidated volumes reached 100.9 million barrels, 3% lower from the same period last year.

In the Philippines, domestic demand remained strong with retail and commercial volumes increasing by 11% and 5%, respectively. Including soft trading volumes, however, total Philippine volumes fell by 4%. In Malaysia, volumes declined by 3%, reflecting continued effects of targeted fuel subsidy implementation.

Consolidated operating income grew by 20% year-on-year to P26,636 million, supported by higher domestic sales, lower crude premium and improved plant efficiency.

Consolidated net income increased by 37% year-on-year to P9,670 million.

#### **5. INFRASTRUCTURE**

The Infrastructure business' consolidated revenues reached P29,618 million, a 7% increase from the same period last year. The growth was driven by higher traffic volume across all concessionaires, with combined average daily vehicle count increasing by 4% to 1,068,337 vehicles, complemented by the impact of partial toll rate increase of SLEX implemented in August 2024.

Consolidated operating income increased by 12% to P16,681 million, reflecting a double-digit growth supported by controlled costs.

#### **6. CEMENT**

The Cement business recorded consolidated revenues of P25,531 million for the nine-month period of 2025, down by 6% year-on-year. This was primarily due to lower volumes and weaker selling prices caused by the influx of cheap imports, estimated to account for 21% of industry volume as at end of September. Consolidated operating income reached P5,092 million.

**2024 vs. 2023**

<i>(Amounts in Millions)</i>	For the Periods Ended September 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Sales	P1,179,521	P1,061,088	P118,433	11%	100%	100%
Cost of sales	(983,803)	(884,199)	99,604	11%	(84%)	(83%)
Gross profit	195,718	176,889	18,829	11%	16%	17%
Selling and administrative expenses	(73,864)	(66,703)	7,161	11%	(6%)	(6%)
Operating income	121,854	110,186	11,668	11%	10%	11%
Interest expense and other financing charges	(72,693)	(66,086)	6,607	10%	(6%)	(6%)
Interest income	11,063	10,372	691	7%	1%	1%
Equity in net earnings of associates and joint ventures	1,612	1,392	220	16%	0%	0%
Gain on sale of investments and property and equipment	142	136	6	4%	0%	0%
Other charges - net	(2,336)	(6,439)	(4,103)	(64%)	(0%)	(1%)
Income before income tax	59,642	49,561	10,081	20%	5%	5%
Income tax expense	(22,548)	(18,374)	4,174	23%	(2%)	(2%)
<b>Net Income</b>	<b>P37,094</b>	<b>P31,187</b>	<b>P5,907</b>	<b>19%</b>	<b>3%</b>	<b>3%</b>
Net income attributable to:						
Equity holders of the						
Parent Company	P4,978	P146	P4,832	3310%	0%	0%
Non-controlling interests	32,116	31,041	1,075	3%	3%	3%
<b>Net Income</b>	<b>P37,094</b>	<b>P31,187</b>	<b>P5,907</b>	<b>19%</b>	<b>3%</b>	<b>3%</b>

The Group's consolidated sales of P1,179,521 million for the nine-month period of 2024 increased by 11% compared to the same period in 2023, mainly on account of the sales volume growth of Petron, the Energy and Food and Beverage businesses, combined with the higher average selling prices of GSMI and SMB.

Cost of sales increased by P99,604 million or 11%, mainly due to: (a) the increase in volume sold and increase in average cost per liter of petroleum products of Petron; and (b) the higher LNG consumption in 2024 of the Ilijan Power Plant as a result of the resumption of operations on May 31, 2023, costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning, and higher volume of power purchases due to the increased demand from bilateral customers from the spot market during the period of the Energy business. This was partially offset by the lower cost of coal due primarily to the decline in NewCastle coal price indices in 2024.

The increase in selling and administrative expenses by P7,161 million or 11% was mainly due to higher distribution and handling costs and other contracted services mainly from the Food and Beverage business, and salaries and employee benefits of the Group.

Consolidated operating income increased by P11,668 million or 11% from the same period in 2023 mainly driven by the: (a) improved margins on contracted volumes of the Energy business as it worked out a transition to fuel passthrough arrangements for most of its bilateral customers and the margin contributed by SMGP BESS Power Inc. through ancillary services; (b) higher sales volume of the Food and Beverage business; and (c) continued cost management initiatives and improvement works of the Infrastructure business. The increase was tempered by the decline in operating income of Petron due to correction in refining margins partially offset by the impact of higher volume.

The increase in interest expense and other financing charges by P6,607 million was mainly due to higher interest rates and increased average level of borrowings of the Energy business, SMC and Petron.

The increase in interest income by P691 million was primarily due to higher interest rates and average balance of short-term placements of the Food and Beverage and Infrastructure businesses. The increase was partially offset by the lower interest income from reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P220 million was mainly due to the share on higher net income of Angat Hydropower Corporation, reduced by the share on the net loss of New NAIA Infra Corp. (NNIC).

The lower amount of other charges - net by P4,103 million was mainly due to the: (a) lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar from P0.82 in 2023 to P0.66 in 2024; and (b) foreign exchange gain realized by Petron in 2024 due to payment in July to September of foreign currency-denominated crude oil liabilities when the Philippine Peso and Malaysian Ringgit drastically appreciated against the US Dollar, a turnaround from foreign exchange loss in 2023.

The increase in income tax expense by P4,174 million was mainly due to the reversal of deferred income tax benefit by: (a) SPPC as a result of the utilization of net operating loss carry over (NOLCO) in 2024 and (b) SMC on realized foreign exchange loss as a result of the payment of foreign currency-denominated long-term debt in 2024 and 2023.

Consolidated net income increased by 19% to P37,094 million from P31,187 million in the same period in 2023, mainly on account of the improved operations of most businesses mainly the Food division, the Energy, Infrastructure and Cement businesses, and the lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar.

The increase in net income attributable to equity holders of the Parent Company by P4,832 million was mainly due to the higher net income, partially reduced by the increase in share of NCI on the Group's net income.

The following are the highlights of the performance of the individual business segments:

## 1. FOOD AND BEVERAGE

SMFB delivered strong financial results for the first nine months of 2024 with significant growth registered across all division. Consolidated sales reached P291,108 million, a 5% increase compared to the same period in 2023.

Consolidated operating income rose 15%, reaching P39,914 million, primarily driven by higher sales volume across all divisions. Consolidated net income also saw robust growth, rising by 11% to P30,410 million compared to the same period in 2023.

### a) Beer and NAB Division

SMB reported consolidated sales of P111,220 million, an increase of 3% from the same period in 2023, driven by higher sales volume and the implementation of a price increase in the domestic market effective September 1, 2024.

Consolidated operating income declined by 3% to P23,433 million, reflecting the effects of the excise tax increase. Consolidated net income fell by 5% to P18,533 million.

#### Domestic Operations

Domestic operations experienced a 4% growth in the third quarter of 2024, reversing the slight decline seen in the first half of 2024. This resulted in total volumes of 152.7 million cases for the nine-month period of 2024, representing a 1% increase from the same period in 2023.

#### International Operations

International operations volumes also grew by 2% in the third quarter of 2024, up from the flat growth in the first half of 2024. This led to the September 2024 volume of 20.8 million cases.

### b) Spirits Division

GSMI continued its upward volume trend in the third quarter of 2024, closing the nine-month period with a 10% year-on-year increase to 37.0 million cases. This double-digit growth was driven by the consistent robust performance of its flagship *Ginebra San Miguel* and recovery of *Vino Kulafu*. The combination of strong volumes and a price increase implemented in February led to significant revenue growth, resulting in a 17% rise to P45,562 million.

Consolidated operating income grew by 26% to P6,336 million, benefiting from lower costs of packaging materials. Consolidated net income held steady at P5,441 million, aligned with 2023 level. Without the effects of the one-time gain from the assignment of product rights in March of 2023, consolidated net income would have risen by 25%.

### c) Food Division

The Food division sustained its positive performance, posting a 4% year-on-year revenue growth for the nine-month period of 2024 to P134,329 million, as most business segments continued to show strong volume growth.

Consolidated operating income nearly doubled to P9,805 million, supported by an expansion in gross margin from 17% to 22%, driven by a decline in raw material costs.

Consolidated net income surged to P6,701 million, more than doubling 2023 figure of P2,899 million.

The Protein segment revenues increased by 7%, fueled by a 9% rise in volume and continued favorable selling prices in the third quarter of 2024.

The Animal Nutrition and Health segment revenues declined by 6%, as volumes remained muted in the third quarter of 2024.

The Prepared and Packaged Food segment maintained its growth trajectory, posting an 11% revenue increase on account of favorable selling prices and a 9% rise in volume.

## **2. PACKAGING**

The Packaging business for the nine-month period of 2024, generated consolidated revenues of P28,480 million, up 3% against the comparable period in 2023 and a significant recovery from the second quarter of 2024.

Consolidated operating income posted a robust 31% year-on-year increase to P2,098 million on account of improved production efficiencies, coupled with cost measures implemented across the group.

## **3. ENERGY**

San Miguel Global Power sustained its exceptional performance, reporting a 57% increase in offtake volumes for the nine-month period of 2024, reaching 27,043 gigawatt hours (GWh). This growth was driven by: (a) Power Supply Agreements secured from Meralco and other distribution utilities; (b) new retail electricity supply customers for Limay Power Plant; (c) ancillary services provided to the NGCP and offered to the reserve market through BESS; and (d) the commencement of commercial operations of Mariveles Greenfield Power Plant's Units 1 and 2 on March 28 and September 26, 2024, respectively. Consequently, consolidated revenues rose by 23% to P153,592 million, compared to P125,213 million in the same period in 2023.

Consolidated operating income saw significant growth of 43% driven by improved margins as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and additional margin contributions of BESS ancillary services.

Consolidated net income surged by 48% to P13,465 million.

## **4. FUEL AND OIL**

Petron continued to report strong revenues in the first nine months of 2024 despite challenges in the international oil market. Consolidated revenues grew by 12% to P657,933 million from P587,283 million in the same period in 2023. This was driven by the sustained volume growth of 12% to 104.4 million barrels from 93.6 million barrels in 2023.

Petron's sales volume from its Philippine operations and Singapore trading arm posted a combined 16% increase to 67.8 million barrels, while sales volume from Malaysian operations rose by 4% to 36.6 million barrels.

Petron managed a consolidated operating income of P22,245 million in the first nine months of 2024 from P27,056 million in the same period in 2023, as the strong performance of the marketing segment weighed down by the correction in refining margins by as much as 30% year-on-year. This resulted in a consolidated net income for the nine-month period of 2024 of P7,068 million from P9,544 million in 2023.

## **5. INFRASTRUCTURE**

The Infrastructure business continues to deliver steady growth, posting consolidated revenues of P27,654 million in the nine-month period of 2024, a 10% increase compared to the same period in 2023. The revenue growth was buoyed by the 2% increase in total average daily traffic from all operating toll roads, reaching 1,024,881 vehicles. The Infrastructure business recorded a 10% increase in consolidated operating income to P14,936 million.

The land development and ground improvement works of the Manila International Airport (MIA) Project were ongoing with overall progress at 84.61%. Per the approved Department of Transportation (DOTr) timeline, airport development was expected to be completed by the end of 2028.

SMC-led consortium, NNIC, officially took over operations at Ninoy Aquino International Airport on September 14, 2024, following the completion of all required deliverables for turnover as outlined in the concession agreement.

The depot, detailed engineering and design, site development, and construction of other facilities of the MRT 7 Project were still ongoing. There was also an ongoing study of the realignment of the Highway Component. In addition, the new location of Station 14 had been agreed by the San Jose del Monte Local Government Unit with DOTr. In the third quarter of 2024, four additional trainsets were delivered on-site, bringing the total to 26 trainsets out of 36 trainsets ordered.

## **6. CEMENT**

The Cement business consolidated revenues in the nine-month period of 2024 declined by 6% to P27,041 million compared to the same period in 2023, while sales volume increased by 3%. The decline in revenue was driven by lower selling prices, influenced by the influx of cheaper imported traded cement. Despite the decline in topline, consolidated operating income grew by 16%, supported by lower costs and increased operating efficiencies.

### III. FINANCIAL POSITION

#### 2025 vs. 2024

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	September 30	December 31	Increase (Decrease)		2025	2024
	2025	2024	Amount	%		
Cash and cash equivalents	<b>P343,681</b>	P293,677	P50,004	17%	<b>13%</b>	11%
Trade and other receivables						
- net	<b>244,563</b>	266,981	(22,418)	(8%)	<b>9%</b>	10%
Inventories	<b>161,765</b>	178,355	(16,590)	(9%)	<b>6%</b>	7%
Current portion of biological assets - net	<b>3,206</b>	3,241	(35)	(1%)	<b>0%</b>	0%
Prepaid taxes and licenses	<b>101,717</b>	126,022	(24,305)	(19%)	<b>4%</b>	5%
Prepaid expenses and other current assets	<b>36,122</b>	32,158	3,964	12%	<b>1%</b>	1%
<b>Total Current Assets</b>	<b>891,054</b>	900,434	(9,380)	(1%)	<b>33%</b>	34%
Investments and advances - net	<b>120,372</b>	52,948	67,424	127%	<b>4%</b>	2%
Investments in equity and debt instruments	<b>44,931</b>	21,050	23,881	113%	<b>2%</b>	1%
Property, plant and equipment - net	<b>799,477</b>	891,450	(91,973)	(10%)	<b>30%</b>	33%
Right-of-use assets - net	<b>44,533</b>	43,302	1,231	3%	<b>2%</b>	1%
Investment property - net	<b>91,556</b>	87,909	3,647	4%	<b>3%</b>	3%
Biological assets - net of current portion	<b>2,734</b>	2,652	82	3%	<b>0%</b>	0%
Goodwill - net	<b>185,626</b>	184,994	632	0%	<b>7%</b>	7%
Other intangible assets - net	<b>352,242</b>	340,496	11,746	3%	<b>13%</b>	13%
Deferred tax assets	<b>22,514</b>	22,045	469	2%	<b>1%</b>	1%
Contract assets	<b>66,126</b>	56,028	10,098	18%	<b>2%</b>	2%
Other noncurrent assets - net	<b>79,579</b>	73,622	5,957	8%	<b>3%</b>	3%
<b>Total Noncurrent Assets</b>	<b>1,809,690</b>	1,776,496	33,194	2%	<b>67%</b>	66%
<b>Total Assets</b>	<b>P2,700,744</b>	P2,676,930	P23,814	1%	<b>100%</b>	100%
Loans payable	<b>P229,347</b>	P293,230	(P63,833)	(22%)	<b>9%</b>	11%
Accounts payable and accrued expenses	<b>253,383</b>	289,038	(35,655)	(12%)	<b>9%</b>	11%
Lease liabilities - current portion	<b>7,357</b>	11,736	(4,379)	(37%)	<b>0%</b>	0%
Income and other taxes payable	<b>39,932</b>	43,628	(3,696)	(8%)	<b>2%</b>	2%
Dividends and distributions payable	<b>4,868</b>	5,160	(292)	(6%)	<b>0%</b>	0%
Current maturities of long-term debt - net of debt issue costs	<b>128,347</b>	94,123	34,224	36%	<b>5%</b>	4%
<b>Total Current Liabilities</b>	<b>663,234</b>	736,915	(73,681)	(10%)	<b>25%</b>	28%

Forward

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	September 30 2025	December 31 2024	Increase (Decrease) Amount	%	2025	2024
Long-term debt - net of current maturities and debt issue costs	<b>P1,222,886</b>	P1,173,146	P49,740	4%	<b>45%</b>	44%
Lease liabilities - net of current portion	<b>29,546</b>	30,809	(1,263)	(4%)	<b>1%</b>	1%
Deferred tax liabilities	<b>29,333</b>	34,861	(5,528)	(16%)	<b>1%</b>	1%
Other noncurrent liabilities	<b>23,224</b>	24,758	(1,534)	(6%)	<b>1%</b>	1%
<b>Total Noncurrent Liabilities</b>	<b>1,304,989</b>	1,263,574	41,415	3%	<b>48%</b>	47%
<b>Total Liabilities</b>	<b>1,968,223</b>	2,000,489	(32,266)	(2%)	<b>73%</b>	75%
Capital stock - common	<b>16,443</b>	16,443	-	0%	<b>1%</b>	1%
Capital stock - preferred	<b>10,187</b>	10,187	-	0%	<b>0%</b>	0%
Additional paid-in capital	<b>177,442</b>	177,442	-	0%	<b>7%</b>	6%
Capital securities	-	24,211	(24,211)	(100%)	<b>0%</b>	1%
Equity reserves	<b>11,706</b>	(5,275)	16,981	322%	<b>0%</b>	(0%)
Retained earnings:						
Appropriated	<b>84,266</b>	79,849	4,417	6%	<b>3%</b>	3%
Unappropriated	<b>131,673</b>	89,413	42,260	47%	<b>5%</b>	3%
Treasury stock	<b>(126,413)</b>	(109,763)	(16,650)	(15%)	<b>(5%)</b>	(4%)
<b>Equity Attributable to:</b>						
Equity holders of the Parent Company	<b>305,304</b>	282,507	22,797	8%	<b>11%</b>	10%
Non-controlling interests	<b>427,217</b>	393,934	33,283	8%	<b>16%</b>	15%
<b>Total Equity</b>	<b>732,521</b>	676,441	56,080	8%	<b>27%</b>	25%
<b>Total Liabilities and Equity</b>	<b>P2,700,744</b>	P2,676,930	P23,814	1%	<b>100%</b>	100%

Consolidated total assets as at September 30, 2025 amounted to P2,700,744 million, P23,814 million higher than December 31, 2024. This was primarily due to the increase in cash and cash equivalents, investments and advances, investments in equity and debt instruments and contract assets, reduced by the decrease in trade and other receivables, inventories, prepaid taxes and licenses and property, plant and equipment.

The increase in cash and cash equivalents of P50,004 million to P343,681 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of San Miguel Global Power, proceeds from availment of long-term borrowings and proceeds from issuance of capital securities of San Miguel Global Power and Petron. This was reduced by the redemption of capital securities and preferred shares by SMC, Petron and the Energy business, capital expenditures for the ongoing projects of the Infrastructure and the Energy businesses and the Food division, investment in 32.98% equity interest in LFC net payment of short-term loans and payment of interest, dividends and distributions and lease liabilities.

The decrease in trade and other receivables - net by P22,418 million was mainly attributable to: (a) the 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; and (b) the lower trade receivable balance by Petron brought by lower volume sold and lower receivable by Petron Malaysia from the Malaysian Government due to subsidy payment received.

The decrease in inventories by P16,590 million was attributable mainly to: (a) Petron's lower volume of crude oil and lower prices of both crude oil and finished products; and (b) the deconsolidation of SPPC and EERI. The decrease was partially offset by the higher volume of finished products of Petron.

The decrease in prepaid taxes and licenses by P24,305 million was primarily due to the deconsolidation of SPPC and EERI and lower excise tax claims by Petron mainly due to filing of excise tax refund to Bureau of Internal Revenue.

The increase in prepaid expenses and other current assets by P3,964 million was mainly due to the additional restricted cash mainly set aside for debt servicing requirements by the Energy business, partially offset by the deconsolidation of SPPC.

The increase in investments and advances - net by P67,424 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025, and the investment in 32.98% equity interest in LFC.

The increase in investments in equity and debt instruments by P23,881 million was mainly due to acquisition and revaluation of the investment in shares of stock of Meralco by the Energy business.

The decrease in property, plant and equipment - net by P91,973 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the costs of the ongoing projects of the Energy business.

The increase in contract assets by P10,098 million pertains to additions for MRT 7 Project.

The increase in other noncurrent assets - net by P5,957 million was mainly due to the reclassification to idle assets from property, plant and equipment of the old cement line of the Cement business and the transaction costs incurred for a loan expected to be drawn in November 2025 by SMC.

The decrease in loans payable by P63,833 million was mainly due to the net payment made by Petron, the Food and Beverage and Energy businesses, partially offset by the net availment of SMC.

The decrease in accounts payable and accrued expenses by P35,655 million was mainly due to the deconsolidation of trade and non-trade payables of SPPC and EERI and payment of trade and non-trade payables of the Energy business, partially offset by the additional payables recognized by the Energy business relating to trade and ongoing projects.

The decrease in income and other taxes payable by P3,696 million was mainly due to the deconsolidation of SPPC, EERI and IPIEC.

The decrease in dividends and distributions payable by P292 million was mainly due to dividends paid to shareholders by Petron in 2025 for dividends declared in November 2024, offset by the declaration of The Purefoods-Hormel Company, Inc. of dividends to common shareholders in March 2025, payable in December 2025.

The increase in total long-term debt, net of debt issue costs, by P83,964 million was primarily due to the net availments made by the Group and translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P5,642 million was primarily due to payments made to Power Sector Assets and Liabilities Management Corporation (PSALM) by Sual Power Inc. (SPI) for the lease agreement pertaining to the land where the Sual Power Plant is currently situated and San Roque Hydropower Inc. (SRHI) under the Ilijan Independent Power Producer Administration (IPPA) Agreement, partially offset by the new lease contract of SMC Skyport Development Corporation.

The decrease in deferred tax liabilities by P5,528 million was mainly due to the deconsolidation of SPPC, reduced by the increase in the deferred tax liabilities from temporary differences on lease-related expenses in relation to the IPPA lease agreement of SPI and SRHI and utilization of NOLCO by Petron.

The decrease in other noncurrent liabilities by P1,534 million was mainly due to the release of retention payable to contractors for the completed projects of the Infrastructure business.

The decrease in capital securities by P24,211 million mainly represents the redemption of US\$500 million SPCS by SMC on July 29, 2025.

The increase in equity reserves by P16,981 million was mainly due to the fair valuation of the investment in shares of stock of Meralco by the Energy business.

The increase in appropriated retained earnings by P4,417 million was attributable to the appropriations made for: (a) the South Luzon Expressway Widening Project by SMC SLEX; and (b) the payment of loans by SMB in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P42,260 million was mainly due to net income attributable to equity holders of the Parent Company and gain recognized on the redemption of investment in redeemable preferred shares of SPPC, EERI, and IPIEC issued to San Miguel Global Power, partially offset by the: (a) dividends and distributions declared; (b) difference of the redemption price and carrying amount of the US\$500 million SPCS issued by SMC on July 29, 2020; (c) and net appropriations of retained earnings during the period.

The increase in treasury stock by P16,650 million represents the redemption of 223,333,500 SMC2F Preferred Shares at P75.00 per share on September 22, 2025.

The increase in equity attributable to equity holders of the Parent Company by P22,797 million was mainly due to the: (a) net income earned in 2025; (b) gain on fair valuation of the investment in shares of stock of Meralco; and (c) net gain on redemption of investment in redeemable preferred shares held by San Miguel Global Power. These were reduced by the (a) redemption of capital securities and preferred shares, and (b) dividends and distributions declared to holders of common and preferred shares, and SPCS of SMC.

The increase in equity attributable to NCI by P33,283 million was mainly due to the net issuance of capital securities by San Miguel Global Power and Petron and the share of NCI in the net income and other comprehensive income of the Group, net of dividends and distributions declared to NCI.

**2024 vs. 2023**

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	September 30	December 31	Increase (Decrease)		2024	2023
	2024	2023	Amount	%		
Cash and cash equivalents	P281,162	P261,358	P19,804	8%	11%	11%
Trade and other receivables - net	242,304	263,119	(20,815)	(8%)	9%	11%
Inventories	175,658	161,986	13,672	8%	7%	6%
Current portion of biological assets - net	3,215	3,515	(300)	(9%)	0%	0%
Prepaid taxes and licenses	127,338	113,530	13,808	12%	5%	5%
Prepaid expenses and other current assets	38,491	27,894	10,597	38%	1%	1%
<b>Total Current Assets</b>	<b>868,168</b>	<b>831,402</b>	<b>36,766</b>	<b>4%</b>	<b>33%</b>	<b>34%</b>
Investments and advances - net	43,926	37,089	6,837	18%	2%	2%
Investments in equity and debt instruments	21,070	19,417	1,653	9%	1%	1%
Property, plant and equipment - net	811,698	753,472	58,226	8%	31%	31%
Right-of-use assets - net	105,147	108,014	(2,867)	(3%)	4%	4%
Investment property - net	86,586	79,513	7,073	9%	3%	3%
Biological assets - net of current portion	2,460	2,667	(207)	(8%)	0%	0%
Goodwill - net	187,199	182,791	4,408	2%	7%	7%
Other intangible assets - net	330,831	306,638	24,193	8%	13%	12%
Deferred tax assets	18,746	19,633	(887)	(5%)	1%	1%
Contract assets	50,414	39,138	11,276	29%	2%	2%
Other noncurrent assets - net	123,590	118,729	4,861	4%	3%	3%
<b>Total Noncurrent Assets</b>	<b>1,731,253</b>	<b>1,627,963</b>	<b>103,290</b>	<b>6%</b>	<b>67%</b>	<b>66%</b>
<b>Total Assets</b>	<b>P2,599,421</b>	<b>P2,459,365</b>	<b>P140,056</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>
Loans payable	P251,136	P214,881	P36,255	17%	10%	9%
Accounts payable and accrued expenses	265,153	223,055	42,098	19%	10%	9%
Lease liabilities - current portion	6,792	19,631	(12,839)	(65%)	0%	1%
Income and other taxes payable	46,332	46,254	78	0%	2%	2%
Dividends and distributions payable	3,685	4,605	(920)	(20%)	0%	0%
Current maturities of long-term debt - net of debt issue costs	131,998	236,798	(104,800)	(44%)	5%	9%
<b>Total Current Liabilities</b>	<b>705,096</b>	<b>745,224</b>	<b>(40,128)</b>	<b>(5%)</b>	<b>27%</b>	<b>30%</b>
Long-term debt - net of current maturities and debt issue costs	1,094,134	953,786	140,348	15%	42%	39%
Lease liabilities - net of current portion	34,735	36,941	(2,206)	(6%)	1%	2%
Deferred tax liabilities	33,174	29,503	3,671	12%	1%	1%
Other noncurrent liabilities	32,123	28,745	3,378	12%	1%	1%
<b>Total Noncurrent Liabilities</b>	<b>1,194,166</b>	<b>1,048,975</b>	<b>145,191</b>	<b>14%</b>	<b>46%</b>	<b>43%</b>
<b>Total Liabilities</b>	<b>1,899,262</b>	<b>1,794,199</b>	<b>105,063</b>	<b>6%</b>	<b>73%</b>	<b>73%</b>

Forward

<i>(Amounts in Millions)</i>			Horizontal Analysis		Vertical Analysis	
	September 30	December 31	Increase (Decrease)		2024	2023
	2024	2023	Amount	%		
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	68	7,354	(7,286)	(99%)	0%	0%
Retained earnings:						
Appropriated	89,799	87,170	2,629	3%	3%	4%
Unappropriated	95,811	103,151	(7,340)	(7%)	4%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
<b>Equity Attributable to:</b>						
Equity holders of						
the Parent Company	304,198	316,221	(12,023)	(4%)	12%	13%
Non-controlling interests	395,961	348,945	47,016	13%	15%	14%
<b>Total Equity</b>	<b>700,159</b>	<b>665,166</b>	<b>34,993</b>	<b>5%</b>	<b>27%</b>	<b>27%</b>
<b>Total Liabilities and Equity</b>	<b>P2,599,421</b>	<b>P2,459,365</b>	<b>P140,056</b>	<b>6%</b>	<b>100%</b>	<b>100%</b>

Consolidated total assets as at September 30, 2024 amounted to P2,599,421 million, P140,056 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, inventories, prepaid taxes and licenses, prepaid expenses and other current assets, property, plant and equipment, other intangible assets and contract assets, partially offset by the decrease in trade and other receivables.

The increase in cash and cash equivalents by P19,804 million was mainly due to the cash generated from operations and net proceeds from borrowings and issuance of capital securities. This was partially offset by capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and Food division, redemption of capital securities, and payment of interests, dividends and distributions, income taxes and lease liabilities.

The decrease in trade and other receivables - net by P20,815 million was mainly attributable to Petron's lower receivable balance from trade customers and from the Malaysian and Philippine Government due to subsidy payment received and excise tax refund claims granted, respectively.

The increase in inventories by P13,672 million was attributable mainly to: (a) higher volume of both crude oil and finished products of Petron; (b) higher materials and supplies, mostly wheat, and increase in finished goods of the Food division; and (c) reclassification of properties due to change in use from investment property to inventory by San Miguel Properties, Inc. The increase was reduced by the lower prices of both crude oil and finished products of Petron and the utilization of spare parts during the combustor and turbine inspection conducted for the Ilijan Power Plant of the Energy business.

The decrease in total biological assets by P507 million was mainly attributable to lower production costs in 2024 compared to December 2023.

The increase in prepaid taxes and licenses by P13,808 million was primarily due to higher excise tax claims, input value added tax and unused creditable withholding taxes of Petron.

The increase in prepaid expenses and other current assets by P10,597 million was primarily due to additional advances paid to suppliers of coal and LNG of the Energy business and increase in restricted cash balance for debt servicing requirements of the Energy and Infrastructure businesses.

The increase in investments and advances - net by P6,837 million was mainly due to the investment in NNIC by San Miguel Holdings Corp. and advances for future investments to certain companies by the Energy business and SMC.

The increase in investments in equity and debt instruments by P1,653 million was mainly due to the investment of SMC in non-voting preferred shares of stock of a company.

The increase in property, plant and equipment - net by P58,226 million was mainly due to the costs of the ongoing projects of the Energy business and the Food division.

The increase in investment property - net by P7,073 million was mainly due to the acquisition of land for the MIA Project and for future projects of the Energy business and the effect of foreign currency translation adjustment on the investment property of Petron Malaysia.

The increase in other intangible assets - net by P24,193 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partially offset by the amortization in 2024.

The decrease in deferred tax assets by P887 million was primarily due to the reversal by SMC of deferred tax asset on realized foreign currency losses resulting from the payment of foreign currency-denominated long-term loan in 2024, net of the recognition of deferred tax asset on unrealized foreign currency losses on derivatives, cash flow hedges and foreign currency-denominated long-term debt.

The increase in contract assets by P11,276 million pertains to additions for MRT 7 Project.

The increase in loans payable by P36,255 million was mainly due to the net availment made by SMC and the Energy business.

The increase in accounts payable and accrued expenses by P42,098 million was mainly due to: (a) higher payables for capital expenditures and higher trade-related payables mainly for power purchases, coal and fuel supply of the Energy business; and (b) higher payables for the purchase of raw materials and acquisition of fixed assets for the various expansion projects of the Food division.

The decrease in dividends and distributions payable by P920 million was mainly due to the payment of dividends by: (a) Petron to Series 3A and Series 3B preferred shareholders on March 1, 2024, which were declared on November 7, 2023; and (b) SMC Skyway Corporation to common shareholders in February 2024 which were declared in December 2023.

The increase in total long-term debt, net of debt issue costs by P35,548 million was primarily due to the net availment made by the Group.

The decrease in total lease liabilities by P15,045 million was primarily due to the payments made to PSALM, partially offset by the interest expense and foreign exchange loss recognized in 2024 by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P3,671 million was mainly due to the difference in actual PSALM payments over finance lease liability-related expenses and the deferred income tax expense recognized by SPPC for the application of its available net operating loss carryforward benefits to its income tax liability.

The increase in other noncurrent liabilities by P3,378 million was mainly due to the higher amount of retention payable for the ongoing projects of the Infrastructure business, and higher derivative liabilities of SMC.

The decrease in equity reserves by P7,286 million was mainly due to the loss on foreign exchange recognized on the redemption, exchange and repurchase of foreign currency-denominated SPCS of San Miguel Global Power. The decrease was reduced by the gain on exchange differences on the translation of foreign operations in 2024 with the depreciation of the Philippine Peso against the US Dollar.

The decrease in unappropriated retained earnings by P7,340 million was mainly due to the dividends and distributions declared and net appropriations of retained earnings during the period. This was partially offset by the net income attributable to equity holders of the Parent Company.

The increase in equity attributable to NCI by P47,016 million was mainly due to the net issuance of capital securities by San Miguel Global Power, issuance of Series 4D and Series 4E Preferred Shares by Petron and the share of NCI in the net income and other comprehensive income of the Group, net of dividends and distributions declared to NCI.

#### IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	<b>For the Periods Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Net cash flows provided by operating activities	<b>P106,854</b>	P94,177
Net cash flows provided by (used in) investing activities	<b>5,247</b>	(110,160)
Net cash flows provided by (used in) financing activities	<b>(63,750)</b>	36,086

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>	<b>For the Periods Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Net proceeds of:		
Redemption of investment in redeemable preferred shares held by a subsidiary	<b>P78,717</b>	P -
Sale of property and equipment	<b>3,687</b>	828
Disposal of investments in debt instruments	<b>621</b>	519
Disposal of a subsidiary, net of cash and cash equivalents disposed of	-	8
Dividends received	<b>12,841</b>	1,210
Interest received	<b>12,550</b>	10,869
Collection of advances	<b>12,084</b>	-
Additions to:		
Property, plant and equipment	<b>(40,308)</b>	(54,968)
Investments and advances	<b>(18,942)</b>	(8,182)
Intangible assets	<b>(18,677)</b>	(30,132)
Contract assets	<b>(6,507)</b>	(10,583)
Advances to contractors and suppliers	<b>(4,936)</b>	(3,205)
Investments in equity and debt instruments	<b>(4,742)</b>	(1,962)
Investment property	<b>(3,623)</b>	(6,930)
Increase in other noncurrent assets and others	<b>(11,839)</b>	(7,632)
Cash and cash equivalents of deconsolidated subsidiaries	<b>(5,679)</b>	-

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	<b>For the Periods Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Net proceeds (payments) of short-term loans	<b>(P59,992)</b>	P35,137
Redemption of capital securities	<b>(57,072)</b>	(45,040)
Cash dividends and distributions paid	<b>(41,632)</b>	(35,506)
Redemption of preferred shares	<b>(16,650)</b>	-
Payments of lease liabilities	<b>(10,332)</b>	(17,172)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	<b>(1,159)</b>	(6)
Acquisition of treasury shares of a subsidiary	<b>(1,130)</b>	-
Net proceeds of long-term debt	<b>75,489</b>	27,315
Net proceeds of issuance of capital securities of subsidiaries	<b>48,728</b>	71,384
Share issuance costs from reissuance of treasury shares	-	(26)

The effect of exchange rate changes on cash and cash equivalents amounted to P1,653 million and (P299 million) in September 2025 and 2024, 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.

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
<u>Liquidity:</u>		
Current Ratio	<b>1.34</b>	1.22
Quick Ratio	<b>0.89</b>	0.76
<u>Solvency:</u>		
Debt to Equity Ratio	<b>2.69</b>	2.96
Asset to Equity Ratio	<b>3.69</b>	3.96
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	<b>9.13%</b>	(2.48%)
Interest Rate Coverage Ratio	<b>2.36</b>	1.65
Return on Assets	<b>2.91%</b>	1.43%
<b>For the Periods Ended September 30</b>		
<b>2025</b>		
<b>2024</b>		
<u>Operating Efficiency:</u>		
Volume Growth (Decline)	<b>(5%)</b>	14%
Revenue Growth (Decline)	<b>(7%)</b>	11%
Operating Margin	<b>13%</b>	10%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left( \frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left( \frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

\* Annualized for quarterly reporting.

## VI. OTHER MATTERS

### a. Commitments

The outstanding purchase commitments of the Group amounted to P182,106 million as at September 30, 2025.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- 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 obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2024.
- 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.
- 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.