



SAN MIGUEL
FOOD AND BEVERAGE, INC.

August 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.

Gentlemen:

Please be informed that the disclosure sent herewith was submitted by San Miguel Food and Beverage, Inc. to the Philippine Stock Exchange, Inc. on August 14, 2025.

Very truly yours,

ALEXANDRA VICTORIA B. TRILLANA
Corporate Secretary and Compliance Officer

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
Jun 30, 2025
2. SEC Identification Number
11840
3. BIR Tax Identification No.
000-100-341-000
4. Exact name of issuer as specified in its charter
SAN MIGUEL FOOD AND BEVERAGE, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
40 San Miguel Avenue, Mandaluyong City, Metro Manila
Postal Code
1555
8. Issuer's telephone number, including area code
(632) 5317-5000
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES (FB)	5,909,220,090
SERIES B BONDS DUE MARCH 2027 (IN PESO)	7,000,000,000.00
TOTAL DEBT as of 30JUN25 (IN MIL PESO - CONSO)	186,421

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

Yes No

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

PHILIPPINE STOCK EXCHANGE, INC. - COMMON SHARES PHILIPPINE DEALING
& EXCHANGE CORP. - SERIES B BONDS DUE 2027

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

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



SAN MIGUEL
FOOD AND BEVERAGE, INC.

San Miguel Food and Beverage, Inc. FB

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

For the period ended	Jun 30, 2025
Currency (indicate units, if applicable)	PHP (In Millions)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2025	Dec 31, 2024
Current Assets	141,012	144,192
Total Assets	376,666	377,106
Current Liabilities	104,266	116,706

Total Liabilities	186,421	196,917
Retained Earnings/(Deficit)	111,937	102,926
Stockholders' Equity	190,245	180,189
Stockholders' Equity - Parent	124,840	116,111
Book Value per Share	21.13	19.65

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	102,322	97,450	201,200	192,882
Gross Expense	87,485	83,928	171,159	166,241
Non-Operating Income	1,234	1,143	2,515	2,316
Non-Operating Expense	1,290	1,510	2,715	2,780
Income/(Loss) Before Tax	14,781	13,155	29,841	26,177
Income Tax Expense	3,399	3,152	6,877	6,200
Net Income/(Loss) After Tax	11,382	10,003	22,964	19,977
Net Income Attributable to Parent Equity Holder	7,439	6,387	14,948	12,391
Earnings/(Loss) Per Share (Basic)	1.26	1.08	2.53	2.1
Earnings/(Loss) Per Share (Diluted)	1.26	1.08	2.53	2.1

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	4.79	4.18
Earnings/(Loss) Per Share (Diluted)	4.79	4.18

Other Relevant Information

Please see attached SEC Form 17-Q (Quarterly Report) of the Company for the period ended June 30, 2025 submitted to the Securities and Exchange Commission via electronic filing and submission tool (eFAST) on August 14, 2025.

Filed on behalf by:

Name	Alexandra Victoria Trillana
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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

ALEXANDRA VICTORIA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

SEC Form

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Month

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Day

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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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 June 30, 2025
2. SEC Identification Number 11840
3. BIR Tax Identification No. 000-100-341-000
4. Exact name of issuer as specified in its charter SAN MIGUEL FOOD AND BEVERAGE, INC.
5. Philippines
Province, Country or other jurisdiction
Of incorporation or organization
6. _____ SEC Use Only
Industry Classification Code
7. 40 San Miguel Avenue, Mandaluyong City 1555
Address of issuer's principal office Postal code
8. (02) 5317-5000
Issuer's telephone number, including area code
9. 100 E. Rodriguez Jr. Avenue (C5 Road), 1604
Barangay Ugong, Pasig City Postal code
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 Section 4 and 8 of the RSA

Number of Shares Issued and Outstanding
and Total Liabilities (As of June 30, 2025)

Common Shares - P1.00 par value 5,909,220,090

Series B Bonds Due March 2027 P7,000,000,000

Total Liabilities (in '000,000) P186,421

11. Are any or all these securities listed on the Philippine Stock Exchange?

Yes (✓) No ()

12. Indicate by check mark whether the registrant:

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

Yes (✓) No ()

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

Yes (✓) No ()

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Food and Beverage, Inc. (“SMFB” or the “Parent Company” and its subsidiaries (collectively, the “Group”) as of and for the period ended June 30, 2025 (with comparative figures as of December 31, 2024 and for the period ended June 30, 2024) and Selected Notes to the Consolidated Financial Statements are 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

SMFB 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 would 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 FOOD AND BEVERAGE, INC.**

Signature and Title


MONICA L. ANG-MERCADO
Chief Finance Officer

Date

August 14, 2025

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2025 and December 31, 2024 and
For the Periods Ended June 30, 2025 and 2024**

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND DECEMBER 31, 2024
(In Millions)

	<i>Note</i>	2025 Unaudited	2024 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	8, 9	P64,428	P58,221
Trade and other receivables - net	6, 8, 9	22,864	29,456
Inventories		45,010	47,582
Current portion of biological assets - net		3,427	3,241
Prepaid expenses and other current assets	6, 8, 9	5,097	5,506
Assets held for sale		186	186
Total Current Assets		141,012	144,192
Noncurrent Assets			
Investments - net	6, 8, 9	17,237	17,388
Property, plant and equipment - net	4	132,104	128,590
Right-of-use assets - net		5,062	4,923
Investment property - net		3,580	3,576
Biological assets - net of current portion		2,612	2,652
Goodwill - net		996	996
Other intangible assets - net		39,603	39,665
Deferred tax assets		3,591	3,657
Other noncurrent assets - net	6, 8, 9	30,869	31,467
Total Noncurrent Assets		235,654	232,914
		P376,666	P377,106
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	6, 8, 9	P6,853	P17,103
Trade payables and other current liabilities	6, 8, 9	76,252	76,416
Lease liabilities - current portion	6, 8, 9	779	735
Income and other taxes payable		9,365	10,035
Dividends payable	5	700	89
Current maturities of long-term debt – net of debt issue costs	8, 9	10,317	12,328
Total Current Liabilities		104,266	116,706
Noncurrent Liabilities			
Long-term debt – net of current maturities and debt issue costs	8, 9	69,443	67,652
Deferred tax liabilities		23	23
Lease liabilities – net of current portion	6, 8, 9	5,122	4,864
Other noncurrent liabilities	6, 8, 9	7,567	7,672
Total Noncurrent Liabilities		82,155	80,211

Forward

CERTIFIED CORRECT.


Monica L. Ang-Mercado
Chief Finance Officer

	2025 Unaudited	2024 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	P6,251	P6,251
Additional paid-in capital	366,620	366,620
Equity adjustments from common control transactions	(327,793)	(327,793)
Equity reserves	(1,993)	(1,711)
Retained earnings:		
Appropriated	46,810	45,375
Unappropriated	65,127	57,551
Treasury stock	(30,182)	(30,182)
	124,840	116,111
Non-controlling Interests	65,405	64,078
Total Equity	190,245	180,189
	P376,666	P377,106

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Chief Finance Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30, 2025 AND 2024
(In Millions, Except Per Share Data)

	Note	For the Quarter Ended			
		2025 Unaudited	2024 Unaudited	2025 Unaudited	2024 Unaudited
SALES	3	P201,200	P192,882	P102,322	P97,450
COST OF SALES		143,084	140,156	72,767	70,464
GROSS PROFIT		58,116	52,726	29,555	26,986
SELLING AND ADMINISTRATIVE EXPENSES		(28,075)	(26,085)	(14,718)	(13,464)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(2,612)	(2,246)	(1,238)	(1,117)
INTEREST INCOME		1,868	1,867	894	953
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT		2	1	1	-
OTHER INCOME (CHARGES) - Net	8, 9	543	(86)	288	(203)
INCOME BEFORE INCOME TAX		29,842	26,177	14,782	13,155
INCOME TAX EXPENSE		6,878	6,200	3,400	3,152
NET INCOME		P22,964	P19,977	P11,382	P10,003
Attributable to:					
Equity holders of the Parent Company		P14,948	P12,391	P7,439	P6,387
Non-controlling interests		8,016	7,586	3,943	3,616
		P22,964	P19,977	P11,382	P10,003
Basic and Diluted Earnings Per Common Share Attributable to Equity Holders of the Parent Company	7	P2.53	P2.10	P1.26	P1.08

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Chief Finance Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2025 AND 2024
(In Millions)**

	For the Quarter Ended			
	2025 Unaudited	2024 Unaudited	2025 Unaudited	2024 Unaudited
NET INCOME	P22,964	P19,977	P11,382	P10,003
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Net gain on financial assets at fair value through other comprehensive income	(1)	7	(2)	2
	(1)	7	(2)	2
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations	(646)	1,265	(298)	1,141
	(646)	1,265	(298)	1,141
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax	(647)	1,272	(300)	1,143
TOTAL COMPREHENSIVE INCOME - Net of tax	P22,317	P21,249	P11,082	P11,146
Attributable to:				
Equity holders of the Parent Company	P14,666	P13,018	P7,302	P6,941
Non-controlling interests	7,651	8,231	3,780	4,205
	P22,317	P21,249	P11,082	P11,146

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Chief Finance Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2025 AND 2024**

(In Millions)

Equity Attributable to Equity Holders of the Parent Company

Note	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Equity Reserves			Retained Earnings Appropriated	Treasury Stock Common	Total	Non- controlling Interests	Total Equity
	Common	Preferred			Fair Value Reserve	Translation Reserve	Other Equity Reserve					
As at January 1, 2025 (Audited)	P5,951	P300	P366,620	(P327,793)	P41	P1,600	(P77)	P45,375	(P182)	P116,111	P64,078	P180,189
Net loss on financial assets at fair value through other comprehensive income	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Loss on exchange differences on translation of foreign operations	-	-	-	-	-	(281)	-	-	-	(281)	(365)	(646)
Other comprehensive loss	-	-	-	-	-	(281)	-	-	-	(282)	(365)	(647)
Net income	-	-	-	-	(1)	-	-	14,948	-	14,948	8,016	22,964
Total comprehensive income (loss)	-	-	-	-	(1)	(281)	-	14,948	-	14,866	7,651	22,517
Share issuance costs	-	-	-	-	-	-	-	(28)	-	(28)	-	(28)
Appropriation – net	-	-	-	-	-	-	1,435	(1,435)	-	-	-	-
Cash dividends declared	-	-	-	-	-	-	-	(5,909)	-	(5,909)	(6,324)	(12,233)
As at June 30, 2025 (Unaudited)	P5,951	P300	P366,620	(P327,793)	P40	P1,319	(P77)	P45,810	(P182)	P124,340	P65,405	P190,245

Forward

CERTIFIED CORRECT:

Monica L. Ang-Mercado
Monica L. Ang-Mercado
Chief Finance Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2025 AND 2024**
(In Millions)

	Note	2025 Unaudited	2024 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P29,842	P26,177
Adjustments for:			
Depreciation and amortization	4	8,703	7,395
Interest expense and other financing charges		2,612	2,246
Retirement costs		701	720
Impairment losses on receivables and write-down of inventories		264	249
Gain on sale of investments and property and equipment		(14)	(1)
Gain on fair valuation of agricultural produce		(79)	(40)
Dividend income		(72)	(72)
Interest income		(1,868)	(1,867)
Net other charges (gain) on derivative transactions		(66)	262
Operating income before working capital changes		40,023	35,069
Decrease (increase) in:			
Trade and other receivables		6,783	3,928
Inventories		2,662	(3,196)
Current portion of biological assets		(186)	184
Prepaid expenses and other current assets		282	811
Increase (decrease) in trade payables and other current liabilities		(634)	2,475
Cash generated from operations		48,930	39,271
Income taxes paid		(6,656)	(5,821)
Interest paid		(3,258)	(3,169)
Contributions paid		(573)	(553)
Net cash flows provided by operating activities		38,443	29,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property	4	(6,304)	(5,533)
Increase in biological assets, intangible assets and other noncurrent assets		(5,089)	(5,634)
Proceeds from sale of investments and property and equipment		28	5
Dividends received		72	72
Interest received		1,850	1,792
Net cash flows used in investing activities		(9,443)	(9,298)

Forward

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Chief Finance Officer

	2025 Unaudited	2024 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term borrowings	P106,867	P148,644
Long-term borrowings	11,910	-
Payments of:		
Short-term borrowings	(117,117)	(146,708)
Long-term borrowings	(12,186)	(2,710)
Lease liabilities	(353)	(218)
Cash dividends paid	(11,622)	(10,604)
Share issuance costs	(28)	-
Net cash flows used in financing activities	(22,529)	(11,596)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(264)	858
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,207	9,692
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	58,221	57,007
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P64,428	P66,699

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Chief Finance Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Data)

1. Reporting Entity

San Miguel Food and Beverage, Inc. (SMFB or the “Parent Company”), a subsidiary of San Miguel Corporation (SMC or the “Intermediate Parent Company”), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) in October 1956.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed in the Philippine Stock Exchange (PSE) since 1973 and 2011, respectively. Top Frontier Investment Holdings, Inc. (“Top Frontier”) is the ultimate parent company of SMFB and its subsidiaries (SMFB and its subsidiaries collectively referred to as the “Group”). SMC and Top Frontier are both public companies under Section 17.2 of the Securities Regulation Code.

The accompanying consolidated financial statements comprise the financial statements of the Group.

The Group is engaged in various business activities, which as of reporting date include poultry operations, livestock farming and processing and selling of meat products, processing and marketing of refrigerated and canned meat products, manufacturing and marketing of feeds and flour products, spreads, and dairy-based products, importation and marketing of coffee and coffee-related products, and grain terminal handling. Following the corporate reorganization in June 2018, the Group is also engaged in manufacturing, selling and distribution of alcoholic and non-alcoholic beverages.

On August 7, 2024, the Board of Directors (BOD) of SMFB approved the amendment of the Company’s principal address from 100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City to 40 San Miguel Avenue, Mandaluyong City. The change of the principal address was approved by the SEC on January 10, 2025. Accordingly, the Company filed an application for registration information with the Bureau of Internal Revenue (BIR) and BIR issued the updated certificate of registration dated January 31, 2025.

2. 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 August 6, 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.

- 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.

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.

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 by SMC 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 has three reportable segments, namely: Food, Beer and Non-alcoholic Beverages (NAB), and Spirits. Management identified and grouped the operating units in its operating segments with the objective of transforming the Group into a more rationalized and focused organization. The structure aims to boost efficiencies across the Group and raise effectiveness in defining and meeting the needs of consumers in innovative ways.

The Food Segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats and canned meats products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream and salad aids, 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, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services and international operations ("Others").

The Beer and NAB segment is engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets.

The Spirits segment is engaged in the 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.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, and property, plant and equipment, net of allowances, accumulated depreciation and amortization, and impairment. Segment liabilities include all operating liabilities and consist primarily of trade payables and other current liabilities, and other noncurrent liabilities, excluding interest and dividends 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.

Financial information about reportable segments follows:

	Food		Beer and NAB		Spirits		Others		Total Reportable Segments		Eliminations		Consolidated	
	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024
Sales														
External	P94,379	P87,818	P74,588	P75,073	P32,233	P29,991	P-	P-	P201,200	P192,882	P-	P-	P201,200	P192,882
Inter-segment	-	1	-	-	2	1	20	P-	22	2	(22)	(2)	-	-
Total sales	P94,379	P87,819	P74,588	P75,073	P32,235	P29,992	P20	P-	P201,222	P192,884	(P22)	(P2)	P201,200	P192,882
Expenses														
Inventories	P62,116	P59,302	P7,423	P8,119	P8,728	P8,455	P-	P-	P78,267	P75,876	(P4)	(P11)	P78,263	P75,865
Excise taxes	-	-	34,349	35,688	13,980	12,992	-	-	48,329	48,680	-	-	48,329	48,680
Total Expenses	P62,116	P59,302	P41,772	P43,807	P22,708	P21,447	P-	P-	P126,596	P124,556	(P4)	(P11)	P126,592	P124,545
Results														
Segment operating result	P8,648	P6,127	P16,214	P15,887	P4,952	P4,411	P220	P214	P30,034	P26,639	P7	P2	P30,041	P26,641
Interest expense and other financing charges													(2,612)	(2,246)
Interest income													1,868	1,867
Gain on sale of investments and property and equipment													2	1
Other income (charges) - net													543	(86)
Income tax expense													(6,878)	(6,200)
Net income													P22,964	P19,977
Other Information														
Segments assets	P149,569	P162,818	P123,174	P124,727	P31,578	P28,180	P3,365	P1,523	P307,686	P317,248	P3,835	(P4,434)	P311,521	P312,814
Investments	54	52	15,678	15,832	1,500	1,500	358,391	358,390	375,623	375,774	(358,386)	(358,386)	17,237	17,388
Right-of-use assets - net					1,500	1,500							5,062	4,923
Goodwill, trademarks and brand names													39,098	38,163
Other assets													157	161
Deferred tax assets													3,591	3,657
Consolidated total assets									P376,666	P377,106			P376,666	P377,106
Segment liabilities	P57,354	P55,800	P18,733	P21,518	P7,725	P6,689	P4,077	P4,089	P87,889	P88,096	(P4,403)	(P4,482)	P83,486	P83,614
Loans payable													6,853	17,103
Long-term debt													79,760	79,980
Lease liabilities													5,901	5,599
Income and other taxes payable													9,365	10,034
Dividends and interest payable													1,033	564
Deferred tax liabilities													23	23
Consolidated total liabilities									P186,421	P196,917			P186,421	P196,917

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food		Beer and NAB		Spirits		Consolidated	
	June 2025	June 2024	June 2025	June 2024	June 2025	June 2024	June 2025	June 2024
Timing of Revenue Recognition								
Sales recognized at point in time	P94,369	P87,805	P74,588	P75,073	P32,233	P29,991	P201,190	P192,869
Sales recognized over time	10	13	-	-	-	-	10	13
Total External Sales	P94,379	P87,818	P74,588	P75,073	P32,233	P29,991	P201,200	P192,882

4. Property, Plant and Equipment

The movements and balances of property, plant and equipment are as follows:

June 30, 2025 and December 31, 2024

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Cost							
January 1, 2024 (Audited)	P18,676	P43,681	P101,124	P7,247	P2,152	P33,992	P206,872
Acquisition of a subsidiary	121	-	-	-	-	-	121
Additions	2	255	141	180	4	16,105	16,687
Disposals	-	(19)	(483)	(200)	(1)	(3)	(706)
Reclassifications	791	6,033	6,970	897	165	(13,938)	918
Currency translation adjustments	61	330	775	21	-	7	1,194
December 31, 2024 (Audited)	19,651	50,280	108,527	8,145	2,320	36,163	225,086
Additions	29	-	34	57	2	6,177	6,299
Disposals	-	(35)	(603)	(44)	-	-	(682)
Reclassifications	883	1,881	2,846	729	1,302	(6,651)	990
Currency translation adjustments	17	(233)	(527)	(15)	-	(2)	(760)
June 30, 2025 (Unaudited)	20,580	51,893	110,277	8,872	3,624	35,687	230,933
Accumulated Depreciation							
January 1, 2024 (Audited)	1,907	13,007	55,589	4,021	596	-	75,120
Depreciation	198	1,364	4,196	783	108	-	6,649
Disposals	-	(19)	(391)	(193)	(1)	-	(604)
Reclassifications	-	1	(7)	(15)	-	-	(21)
Currency translation adjustments	2	150	384	15	-	-	551
December 31, 2024 (Audited)	2,107	14,503	59,771	4,611	703	-	81,695
Depreciation	75	738	2,237	442	62	-	3,554
Disposals	-	(25)	(584)	(43)	-	-	(652)
Reclassifications	12	8	94	9	-	-	123
Currency translation adjustments	(1)	(101)	(230)	(10)	-	-	(342)
June 30, 2025 (Unaudited)	2,193	15,123	61,288	5,009	765	-	84,378
Accumulated Impairment Losses							
January 1, 2024 (Audited)	-	3,301	10,384	66	1	-	13,752
Impairment	-	460	168	45	-	-	673
Disposals	-	-	(91)	(1)	-	-	(92)
Currency translation adjustments	-	104	361	3	-	-	468
December 31, 2024 (Audited)	-	3,865	10,822	113	1	-	14,801
Disposals	-	(7)	(3)	(2)	-	-	(12)
Reclassification	-	-	43	-	-	-	43
Currency translation adjustments	-	(98)	(281)	(2)	-	-	(381)
June 30, 2025 (Unaudited)	-	3,760	10,581	109	1	-	14,451
Carrying Amount							
December 31, 2024 (Audited)	P17,544	P31,912	P37,934	P3,421	P1,616	P36,163	P128,590
June 30, 2025 (Unaudited)	P18,387	P33,010	P38,408	P3,754	P2,858	P35,687	P132,104

June 30, 2024

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects In Progress	Total
Cost							
January 1, 2024 (Audited)	P18,676	P43,681	P101,124	P7,247	P2,152	P33,992	P206,872
Acquisition of a subsidiary	8						8
Additions	-	16	57	34	-	5,334	5,441
Disposals	-	(18)	(424)	(85)	-	(3)	(531)
Reclassifications	363	2,702	2,991	278	134	(5,773)	695
Currency translation adjustments	(20)	413	958	16	-	4	1,371
June 30, 2024 (Unaudited)	19,027	46,794	104,706	7,490	2,285	33,554	213,856
Accumulated Depreciation							
January 1, 2024 (Audited)	1,907	13,007	55,589	4,021	596	-	75,120
Depreciation	104	647	2,034	388	55	-	3,228
Disposals	-	(18)	(343)	(79)	(1)	-	(441)
Reclassifications	-	-	1	-	-	-	1
Currency translation adjustments	(1)	162	391	11	-	-	563
June 30, 2024 (Unaudited)	2,010	13,798	57,672	4,341	650	-	78,471
Accumulated Impairment Losses							
January 1, 2024 (Audited)	-	3,301	10,384	66	1	-	13,752
Disposals	-	-	(81)	-	-	-	(81)
Currency translation adjustments	-	174	545	5	-	-	724
June 30, 2024 (Unaudited)	-	3,475	10,848	71	1	-	14,395
Carrying Amount							
June 30, 2024 (Unaudited)	P17,017	P29,521	P36,186	P3,078	P1,634	P33,554	P120,990

Depreciation and amortization recognized in the consolidated statements of income amounted to P3,554 and P3,228 for the periods ended June 30, 2025 and 2024, respectively.

5. Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends to common stockholders:

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 5, 2025	February 19, 2025	March 6, 2025	P0.50
	May 7, 2025	May 22, 2025	June 6, 2025	0.50

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 1, 2024	February 16, 2024	March 1, 2024	P0.45
	May 8, 2024	May 23, 2024	June 7, 2024	0.45

6. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The 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/will be settled 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 June 30, 2025 and December 31, 2024:

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	June 30, 2025	P254	P916	P5,935	P992	On demand except redeemable perpetual securities; non-interest bearing	Unsecured; no impairment
	December 31, 2024	302	1,827	5,986	1,026		
Entities under Common Control of the Intermediate Parent Company	June 30, 2025	437	21,609	1,810	21,408	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2024	1,142	44,372	2,481	22,220		
Joint Venture	June 30, 2025	15	-	622	-	On demand; interest bearing	Unsecured; with impairment
	December 31, 2024	13	-	622	5		
Associate of Intermediate Parent Company	June 30, 2025	134	-	3,517	-	Upon maturity; interest bearing	Unsecured; no impairment
	December 31, 2024	269	-	3,515	-		
Shareholders in Subsidiaries	June 30, 2025	66	2,156	100	59	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2024	72	2,773	118	60		
Total	June 30, 2025	P906	P24,681	P11,984	P22,459		
Total	December 31, 2024	P1,798	P48,972	P12,722	P23,311		

- a. Amounts owed by related parties consist of current and noncurrent receivables arising from sale of goods and services, deposits and share in expenses. It also includes investments in equity that pertains to subscription in redeemable perpetual securities and investments in debt securities under investment agreement with Bank of Commerce, both are presented as part of "Investments – net" account in the consolidated statement of financial position.
- b. The amounts owed by joint venture includes receivables from Thai San Miguel Liquor Company Limited included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position amounting to P540 as at December 31, 2024.
- c. Amounts owed to related parties consist of trade and non-trade payables arising from purchases of materials, bottles, shells, cartons, fuel and power and non-trade payables arising from professional fees, insurance, lease of outdoor advertising spaces, lease of land and building, management fees, reimbursement of expenses, and other services rendered by related parties.
- d. The Group has entered into various lease agreements with related parties as a lessor and lessee.

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.

7. Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company 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:

	June 30	
	2025	2024
Net income attributable to common shareholders of the Parent Company (a)	P14,948	P12,391
Weighted average number of common shares issued and outstanding (in millions) (b)	5,909	5,909
Basic and diluted earnings per common share attributable to equity holders of the Parent Company – basic and diluted (a/b)	P2.53	P2.10

As at June 30, 2025 and 2024, the Parent Company has no dilutive debt or equity instruments.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, investments in equity and debt instruments, restricted cash, noncurrent receivables and deposit, short-term and long-term loans, lease liabilities and derivative instruments. These financial instruments, except 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, trade payables and other current liabilities, excluding statutory 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 commodity and currency options and forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to commodity price and foreign currency risks arising from the operating 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 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, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; f) evaluation and monitoring of related party transactions; and g) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also review the financial reports.

The Audit Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate

disclosures as may be required by the SEC and/or the PSE.

The Audit 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The BOD also constituted the Board Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's enterprise risk management (ERM) system to ensure its functionality and effectiveness. The Board Risk Oversight Committee is tasked to develop and oversee the implementation of a formal ERM plan and annually review and advise the BOD of the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework and external economic environment. It shall also assess the probability of each identified risk becoming a reality and estimate its possible financial impact and likelihood of occurrence, and oversee management's activities in identifying, monitoring, assessing and managing credit, market, liquidity, operational, legal and other risk exposures of the Group.

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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, 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. 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.

Interest Rate Risk Table

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

June 30, 2025	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated	P10,154	P31,072	P20,593	P6,960	P68,779
Interest rate	3.284%- 4.150%	3.284%- 6.925%	3.548%- 6.572%	6.295%- 6.572%	
Floating Rate					
Philippine peso-denominated	178	357	7,464	3,688	11,687
Interest rate		BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	
	P10,332	P31,429	P28,057	P10,648	P80,466

December 31, 2024	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated	P12,223	P29,318	P28,273	P3,000	P72,814
Interest rate	3.284%- 5.050%	3.284%- 5.751%	3.548%- 6.841%	6.572%	
Floating Rate					
Philippine peso-denominated	119	238	7,404	-	7,761
Interest rate		BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	
	P12,342	P29,556	P35,677	P3,000	P80,575

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 P58 and P78 for the period ended June 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 revenues. 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 derivative and non-derivative instruments to manage its foreign currency risk exposure.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	June 30, 2025		December 31, 2024	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$247	P13,886	US\$220	P12,718
Trade and other receivables	28	1,584	30	1,738
Prepaid expenses and other current assets	10	581	9	534
Noncurrent receivables	3	178	-	-
	288	16,229	259	14,990
Liabilities				
Trade payables and other current liabilities	102	5,720	144	8,343
Lease liabilities	1	83	-	-
	103	5,803	144	8,343
Net Foreign Currency-denominated Monetary Assets	US\$185	P10,426	US\$115	P6,647

The Group reported net gain on foreign exchange amounting to P46 and P5 for the periods ended June 30, 2025 and 2024, respectively, with the translation of its foreign currency-denominated assets and liabilities. These mainly resulted from the movements of the Philippine Peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
June 30, 2025	P56.330
December 31, 2024	57.845
June 30, 2024	58.610
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):

June 30, 2025	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash and cash equivalents	(P21)	(P241)	P21	P241
Trade and other receivables	(7)	(31)	7	31
Prepaid expenses and other current assets	(6)	(9)	6	9
Non-current receivables	-	(3)	-	3
	(34)	(284)	34	284
Trade payables and other current liabilities	14	98	(14)	(98)
Other noncurrent liabilities	-	1	-	(1)
	14	99	(14)	(99)
	(P20)	(P185)	P20	P185

December 31, 2024	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash and cash equivalents	(P35)	(P211)	P35	P211
Trade and other receivables	(4)	(29)	4	29
Prepaid expenses and other current assets	(5)	(8)	5	8
	(44)	(248)	44	248
Trade payables and other current liabilities	57	130	(57)	(130)
	57	130	(57)	(130)
	P13	(P118)	(P13)	P118

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, through SMC, 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.

SMC enters into commodity derivative transactions on behalf of the Group to reduce cost by optimizing purchasing synergies within the SMC Group of Companies and managing inventory levels of common materials.

The Group uses commodity futures, swaps, and options to manage the Group's exposures to volatility in prices of certain commodities such as soybean meal and wheat.

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 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.

June 30. 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P64,428	P64,428	P64,428	P -	P -	P -
Trade and other receivables - net	22,864	22,864	22,864	-	-	-
Restricted cash (included under "Prepaid expenses and other current assets" account)	224	224	224	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	118	118	118	-	-	-
Financial assets at FVOCI (included under "Investments" account)	5,737	5,737	-	-	-	5,737
Financial assets at amortized cost (included under "Investments" account)	11,500	14,118	800	841	12,477	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	397	397	-	36	97	264
Financial Liabilities						
Loans payable	6,853	6,839	6,839	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	76,095	76,095	76,095	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	157	157	157	-	-	-
Long-term debt (including current maturities)	79,760	93,918	14,347	22,542	45,525	11,504
Lease liabilities (including current portion)	5,901	13,341	1,179	963	2,313	8,886
Other noncurrent liabilities	1,727	1,727	-	1,726	1	-

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P58,221	P58,221	P58,221	P-	P-	P-
Trade and other receivables - net	29,456	29,456	29,456	-	-	-
Restricted cash (included under "Prepaid expenses and other current assets" account)	228	228	228	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	85	85	85	-	-	-
Financial assets at FVOCI (included under "Investments - net" account)	5,888	5,888	-	-	-	5,888
Financial assets at amortized cost (included under "Investments - net" account)	11,500	14,537	757	841	12,621	318
Noncurrent receivables and deposit - net (included under "Other noncurrent assets - net" account)	244	244	-	24	81	139
Financial Liabilities						
Loans payable	17,103	17,065	17,065	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	76,266	76,266	76,266	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	150	150	150	-	-	-
Long-term debt (including current maturities)	79,980	92,799	16,023	22,300	51,081	3,395
Lease liabilities (including current portion)	5,599	11,923	991	974	1,815	8,143
Other noncurrent liabilities	1,924	1,924	-	1,725	1	198

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 comprised 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, restricted cash, investment in debt instruments 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.

	June 30, 2025	December 31, 2024
Cash and cash equivalents (excluding cash on hand)	P63,847	P54,655
Trade and other receivables - net	22,864	29,456
Restricted cash	224	228
Derivative assets	118	85
Financial assets at amortized cost	11,500	11,500
Noncurrent receivables and deposits - net	227	244
	P98,780	P96,168

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.

June 30, 2025	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P63,847	P -	P -	P -	P63,847
Trade and other receivables - net	22,864	-	1,158	-	24,022
Restricted cash	224	-	-	-	224
Derivative assets	-	-	-	118	118
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits - net	-	227	-	-	227
Total	P98,435	P227	P1,158	P118	P99,938

December 31, 2024	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P54,655	P-	P-	P-	P54,655
Trade and other receivables -net	29,456	-	1,141	-	30,597
Restricted cash	228	-	-	-	228
Derivative assets	-	-	-	85	85
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	244	-	-	244
Total	P95,839	P244	P1,141	P85	P97,309

The aging of receivables is as follows:

June 30, 2025	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P16,698	P528	P154	P17,380
Past due:				
1-30 days	2,693	104	59	2,856
31-60 days	366	18	122	506
61-90 days	146	52	132	330
Over 90 days	554	561	1,835	2,950
	P20,457	P1,263	P2,302	P24,022

December 31, 2024	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P18,153	P568	P468	P19,189
Past due:				
1 - 30 days	6,502	82	281	6,865
31 - 60 days	1,206	74	82	1,362
61 - 90 days	226	22	210	458
Over 90 days	534	571	1,618	2,723
	P26,621	P1,317	P2,659	P30,597

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, restricted cash and investment in debt instruments at amortized cost 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 is not subject to externally-imposed capital requirements.

9. Financial Assets and Financial Liabilities

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

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

A financial asset (unless 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 those designated as 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.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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. 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 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 other financial liabilities. 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 accounting 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.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost 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 "pass-through" 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

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 component. The Group uses 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 components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P64,428	P64,428	P58,221	P58,221
Trade and other receivables - net	22,864	22,864	29,456	29,456
Restricted cash (included under "Prepaid expenses and other current assets" account)	224	224	228	228
Derivative assets (included under "Prepaid expenses and other current assets" account)	118	118	85	85
Financial assets at FVOCI (included under "Investments - net" account)	5,737	5,737	5,888	5,888
Financial assets at amortized cost (included under "Investments - net" account)	11,500	11,500	11,500	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	227	227	244	244
Financial Liabilities				
Loans payable	6,853	6,853	17,103	17,103
Trade payables and other current liabilities (excluding derivative liabilities)	76,095	76,095	76,266	76,266
Derivative liabilities (included under "Trade payables and other current liabilities" account)	157	157	150	150
Long-term debt (including current maturities)	79,760	79,143	79,980	78,615
Other noncurrent liabilities	1,727	1,727	1,924	1,924

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, Restricted Cash, and Noncurrent Receivables and Deposits. The carrying amount of cash and cash equivalents, trade and other receivables and restricted cash approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables and deposits, 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 commodity derivatives, the fair values are determined based on quoted prices obtained from 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 FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Financial Assets at Amortized Cost. The fair value of investment in debt instruments is estimated as the present value of all future cash flows discounted using prevailing market rate of interest for a similar instrument as of the end of the reporting period.

Loans Payable, Trade Payables and Other Current Liabilities, and Other Noncurrent Liabilities. The carrying amounts of loans payable and trade payables approximate fair value due to the relatively short-term maturities of these financial instruments. In the case of other noncurrent liabilities, 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.

Long-term Debt. 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 reporting date. As at June 30, 2025 and December 31, 2024, discount rates used ranges from 4.68% to 6.58% and from 5.37% to 6.44% respectively.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments are discussed below.

The Group, through SMC, enters into various commodity derivative contracts to manage its exposure on commodity price risk. The portfolio is a mixture of instruments including futures, swaps and options.

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding commodity options and embedded currency forwards 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 various commodity options entered into by SMC on behalf of the Group.

As at March 31, 2025 and December 31, 2024, the Group has no outstanding bought and sold options covering its wheat and soybean meal requirements.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As at June 30, 2025, March 31, 2025 and December 31, 2024, the total outstanding notional amount of such embedded currency forwards amounted to US\$132, US\$142, and US\$128, 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 (P39), (P49) and (P66) as at June 30, March 31, 2025 and December 31, 2024, respectively.

The Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to P73 and (P368), P22 and (P42) for the periods ended June 30, 2025 and 2024, and March 31, 2025 and 2024, respectively.

Fair Value Changes on Derivatives

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

	June 30, 2025	December 31, 2024
Balance at beginning of year	(P66)	(P30)
Net change in fair value of non-accounting hedges	73	(125)
	7	(155)
Less fair value of settled instruments	(46)	89
Balance at end of year	(P39)	(P66)

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 re-assessing 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:

	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P-	P118	P118	P-	P85	P85
Financial assets at FVOCI	5,737	-	5,737	5,850	38	5,888
Financial assets at amortized cost	11,500	-	11,500	11,500	-	11,500
Financial Liabilities						
Derivative liabilities	-	157	157	-	150	150

The Group has no financial instruments valued based on Level 3 as at June 30, 2025 and December 31, 2024. For the period ended June 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.

10. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P82,180 and P94,986 as at June 30, 2025 and December 31, 2024, respectively.

- 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.

11. Event After the Reporting Date

On August 6, 2025, the BOD of the Parent Company declared regular and special cash dividends to all common shareholders of record as of August 20, 2025, with both amounting to P0.50 per common share, respectively. Cash dividends for common shares, both for regular and special, are payable on September 5, 2025.



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 Food and Beverage, Inc. (“SMFB” or the “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended June 30, 2025 (with comparative figures as at December 31, 2024 and for the period ended June 30, 2024). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at June 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 the Philippine Financial Reporting Standards have been omitted.

Operating Segments

The Group has three primary operating segments, namely, the Beer and Non-alcoholic Beverages (NAB) Segment, the Spirits Segment, and the Food Segment.

The Beer and NAB Segment is engaged in the production, marketing, and selling of fermented, malt-based, and non-alcoholic beverages within the Philippines and several foreign markets.

The Spirits Segment is engaged in the 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 Food Segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats and canned meat products, the manufacturing 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, processing and selling 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”).

I. FINANCIAL PERFORMANCE

Three months ended June 30, 2025 compared to three months ended June 30, 2024

<i>(in millions)</i>	JUNE		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2025	2024	AMOUNT	%	2025	2024
SALES	201,200	192,882	8,318	4%	100%	100%
COST OF SALES	143,084	140,156	2,928	2%	71%	73%
GROSS PROFIT	58,116	52,726	5,390	10%	29%	27%
SELLING AND ADMINISTRATIVE EXPENSES	(28,075)	(26,085)	(1,990)	8%	(14%)	(14%)
OPERATING RESULTS	30,041	26,641	3,400	13%	15%	14%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(2,612)	(2,246)	(366)	16%	(1%)	(1%)
INTEREST INCOME	1,868	1,867	1	0%	1%	1%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	2	1	1	100%	0%	0%
OTHER INCOME (CHARGES) - NET	543	(86)	629	(731%)	0%	(0%)
INCOME BEFORE INCOME TAX	29,842	26,177	3,665	14%	15%	14%
INCOME TAX EXPENSE	6,878	6,200	678	11%	3%	3%
NET INCOME	22,964	19,977	2,987	15%	11%	10%
Attributable to:						
Equity holders of the Parent Company	14,948	12,391	2,557	21%	7%	6%
Non-controlling interests	8,016	7,586	430	6%	4%	4%
	22,964	19,977	2,987	15%	11%	10%

The Group continued to deliver strong consolidated financial results in the first half of 2025.

Consolidated sales for the six months ended June 30, 2025, reached P201,200 million, representing a 4% increase compared to the same period in 2024. Meanwhile, consolidated net income amounted to P22,964 million, reflecting a 15% growth over the first half of 2024.

Sales

Consolidated sales rose by 4%, from P192,882 million for the six months ended June 30, 2024, to P201,200 million for the same period in 2025. The growth was primarily driven by higher sales volume and selective price increases. Sales in the Beer and NAB Segment slightly decreased by 1%, from P75,073 million in 2024 to P74,588 million in 2025. The Spirits Segment saw a 7% increase in sales, from P29,992 million in 2024 to P32,235 million in 2025, while sales in the Food Segment increased by 7%, from P87,819 million in 2024 to P94,379 million in 2025.

Cost of Sales

Consolidated cost of sales increased by 2%, from P140,156 million for the six months ended June 30, 2024, to P143,084 million for the same period in 2025, driven by higher sales volume and increased excise taxes. Cost of sales in the Beer and NAB Segment decreased by 4%, from P48,197 million in 2024 to P46,115 million in 2025. Meanwhile, cost of sales of the Spirits Segment increased by 5%, from P22,547 million in 2024 to P23,735 million in 2025. Likewise, the Food Segment saw a 5% increase in cost of sales, from P69,424 million in 2024 to P73,229 million in 2025.

The following table summarizes the cost of sales for the six months ended June 30, 2025:

<i>(in millions)</i>	Beer and NAB	Spirits	Food	Others	Eliminations / Reclassifications	Total
Inventories	P7,423	P8,728	P62,116	P-	(P4)	P78,263
Excise tax	34,349	13,980	-	-	-	48,329
Labor	1,155	240	1,486	5	1	2,887
Others	3,188	787	9,627	11	(8)	13,605
	P46,115	P23,735	P73,229	P16	(P11)	P143,084

Gross profit

Consolidated gross profit increased by 10%, from P52,726 million for the six months ended June 30, 2024, to P58,116 million for the same period in 2025. The increase was primarily due to adjustments in the selling prices of core brands, complemented by improvement in volumes and well-managed costs despite the rise in excise taxes.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 8%, from P26,085 million for the six months ended June 30, 2024, to P28,075 million for the same period in 2025. Breaking it down per segment, selling and administrative expenses for the Beer and NAB Segment rose by 12%, from P10,989 million in 2024 to P12,259 million in 2025. Selling and administrative expenses for the Spirits Segment grew by 17%, from P3,034 million in 2024 to P3,548 million in 2025, while expenses for the Food Segment slightly increased by 2%, from 12,268 million in 2024 to P12,502 million in 2025. The overall increase was mainly due to higher amortization of deferred containers, increased advertising, promotions, and distribution and handling costs from increased volumes, rate adjustments, depreciation, and manpower expenses related to new facilities.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges increased by 16%, from P2,246 million for the six months ended June 30, 2024, to P2,612 million for the same period in 2025. This increase was primarily due to new loan availments at higher interest rates.

Interest Income

Consolidated interest income remained at the same level, from P1,867 million for the six months ended June 30, 2024, to P1,868 million for the same period in 2025.

Other Income (charges) - Net

The Group recognized consolidated other income - net amounting to P543 million for the six months ended June 30, 2025, compared to consolidated other charges - net amounting to P86 million for the same period in 2024. This was primarily due to favorable foreign exchange and derivatives movements, lower casualty losses and facility closures, and higher tolling fees.

Net Income before Income Tax

Consolidated net income before income tax increased by 14%, from P26,177 million for the six months ended June 30, 2024, to P29,842 million for the same period in 2025.

Net Income

As a result of the aforementioned factors, SMFB's consolidated net income increased by 15%, rising from P19,977 million for the six months ended June 30, 2024, to P22,964 million for the same period in 2025. The net income of the Beer and NAB Segment increased by 3%, from P12,563 million in 2024 to P12,984 million in 2025; the Spirits Segment saw a 16% increase in net income, from P3,676 million in 2024 to P4,247 million in 2025; while the Food Segment recorded a significant increase in net income, amounting to P5,994 million in the first half of 2025, a 53% increase compared to P3,920 million for the same period in 2024.

Net Income after Tax and Minority Interest

SMFB's consolidated net income after tax and minority interest increased by 21%, rising from P12,391 million for the six months ended June 30, 2024 to P14,948 million for the same period in 2025. By segment, net income after tax and minority interest for the Beer and NAB Segment grew by 3%, from P12,341 million to P12,742 million; for the Spirits Segment, by 16%, from P3,676 million to P4,247 million; and for the Food Segment, by 58%, from P3,472 million to P5,474 million.

Business Highlights for the period ended June 30, 2025

Beer and NAB

The Beer and NAB Segment, under San Miguel Brewery Inc. (SMB), posted consolidated revenues of P74,588 million, 1% lower than in the same period last year, due to an 8% decline in sales volume. Domestic operations contributed P66,332 million, while international operations contributed US\$145 million.

Cost of sales decreased by 4% or P2,082 million, reflecting lower sales volume. Domestic operations accounted for P41,968 million, while international operations accounted for US\$73 million.

Selling and administrative expenses increased by 12% or by P1,270 million, mainly due to higher depreciation and amortization. Domestic operations accounted for P10,260 million, while international operations accounted for US\$35 million.

Despite the lower volumes, income from operations slightly increased to P16,214 million, supported by lower manufacturing costs. Domestic operations contributed P14,104 million, while international operations contributed US\$37 million.

Interest expense and other financing charges increased by 11%, mainly due to the higher interest rates on the recently drawn term loans.

Interest income rose by 3%, driven by higher money market placements in the domestic operations.

Consolidated net income, which reached P12,984 million, was slightly higher than same period last year's P12,563 million. Domestic operations contributed P10,806 million, while international operations contributed US\$38 million.

The operating and financial highlights of each sub-segment under the Beer and NAB Segment are as follows:

Domestic Beer Operations

Domestic operations posted second-quarter revenue of P34,367 million, higher by P430 million or 1% than in the second quarter of 2024, owing to the price increase effective September 1, 2024. Year-to-date revenue of P66,332 million is slightly lower by 1% from 2024, mainly due to lower sales volume. The soft performance was attributed to weaker economic and discretionary spending due to cautious consumption amid elevated local and global uncertainties.

Income from operations slightly improved to P14,104 million, mainly due to better prices and lower costs cushioning the impact of lower sales volume. Net income of P10,806 million is lower by 6% than in the comparable period last year.

International Beer Operations

San Miguel Brewing International Limited (SMBIL) posted consolidated revenues of US\$ 145 million in the first semester of 2025, a 2% increase from the US\$ 142 million registered in the same period in 2024, driven by the 4% growth in volumes. This was partly offset by an unfavorable market mix and the appreciation of the US dollar against most local currencies.

Global San Miguel brands of SMBIL sustained their strong performance, recording a 7% increase in volumes from same period last year. As a result, consolidated volumes as of June 2025, including local brands (i.e., beer brands owned by the subsidiaries in the relevant international markets) but excluding additional exports production allocated to the Philippines, were 4% ahead of 2024. Had the additional export volume allocated to the Philippines been included, consolidated SMBIL volumes would have reflected a 5% year-on-year growth. This was partly offset by lower sales of local and partner brands. South China volumes were 3% higher than last year, outperforming Guangdong industry growth of 1%, due to expanded distribution in the online platform and retail chains. Vietnam's Global San Miguel brand volumes grew 9% from the previous year, owing to higher sales in the modern trade off-premise channels. Exports business continued to thrive, with volumes growing 7% from last year on account of higher shipments to the United Arab Emirates (UAE), Qatar, Australia, Canada, Singapore, South Korea, Mongolia and Rwanda. These were partly offset by volume declines registered in Indonesia, Hong Kong and Thailand operations. In Indonesia, sales of Anker Bir in the first semester declined compared to the same period in 2024 owing to weaker sales in the wholesaler-served traditional trade outlets. In Hong Kong, volume performance was impacted by the overall contraction in the beer industry, driven largely by increased outbound tourism and cross-border travel to mainland China. Thailand volumes were behind last year due to lower sales in the modern trade off-premise channel and the East and South Thailand regions owing to the drop in the country's tourist arrivals.

SMBIL's consolidated operating income as of June 2025 reached US\$ 37 million, 10% better than the US\$ 34 million income reported in June 2024, as a result of favorable volumes, as well as lower production cost and contained advertising and promotion expenses.

Spirits

The Spirits Segment, under Ginebra San Miguel Inc. (GSMI), posted revenue of P32,235 million, up by 7% from the P29,992 million of the same period last year. This growth was mainly attributed to increase in selling price and modest uptick in volume.

Cost of sales increased to P23,735 million from P22,547 million, due to higher excise tax rates and input costs.

Selling and administrative expenses increased by 17%, from P3,034 million to P3,548 million, driven primarily by higher advertising, promotional, delivery, and related costs.

Interest expense and other financing charges increased by 14%, from P35 million to P40 million, mainly due to higher interest costs and related bank charges.

Other income increased from P93 million to P305 million, primarily driven by gains from derivative instruments.

Consolidated net income for the first semester of 2025 amounted to P4,247 million, 16% higher than the P3,676 million recorded in the same period last year.

Food

The Food Segment remained on a growth path, posting consolidated revenues of P94,379 million for the first semester of 2025, 7% higher than in the same period in 2024, driven by strong volume growth in most businesses, and favorable selling prices of chicken and Prepared and Packaged Food products.

The Protein business, comprising poultry and fresh meats, led the Food Segment's topline growth and delivered revenues of P37,727 million, up by 15% compared to year-ago level. Strong demand from the foodservice segment and supermarkets boosted sales volume achievement. Steady internal chicken supply and favorable selling prices complemented revenue growth. Meanwhile, the fresh meats business continued to be challenged by limited hog supply due to the prolonged impact of African Swine Fever (ASF).

The Animal Nutrition and Health business remained largely affected by the ASF-induced industry depopulation, setting back hog feeds volume, which was only partly tempered by double-digit growth of both broiler and layer feeds. As a result, revenues of P20,613 million dipped by 5% against same period last year's level. Contributing also to lower revenue achievement was the business' implementation of purposive competitive pricing, backed by lower input costs, to preserve market share.

The Prepared and Packaged Food business, consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads and coffee businesses, registered revenues of P27,826 million, a 9% growth from same period in 2024, on the back of higher sales volume, favorable selling prices, and better sales mix. Magnolia Inc.'s butter, margarine, cheese, salad aids, all-purpose cream, and ice cream, as well as the coffee business' Original and Sugarfree variants, recorded double-digit volume growth. On the other hand, the company-owned canning facility sufficiently supported growing demand for canned processed meats, particularly corned beef and luncheon meat, enabling double-digit volume increase. Refrigerated meats such as hams, bacon and Purefoods native line likewise grew sales volume from same period last year's level.

The Food Segment's cost of sales at P73,229 million was 5% higher than same period year ago. Aside from sales volume growth, rising prices of imported meat and dairy materials, operating costs of new company-owned facilities, as well as higher fuel and power costs, also contributed to the increase in cost of sales.

The Food Segment's gross profit at P21,150 million was up by 15% compared to the first half of 2024, driven by volume gains, favorable selling prices, and cost breaks in some major raw materials of the Protein and Animal Nutrition and Health businesses.

Selling and administrative expenses at P12,502 million increased by only 2% from year-ago level, as operating expenses were tightly contained to support and drive volume growth.

Driven by the sustained strong performance of the poultry business, coupled with enhanced efficiencies from company-owned facilities, the Food Segment's operating income rose to P8,648 million, 41% higher than in the first semester of 2024.

Six months ended June 30, 2024 compared to six months ended June 30, 2023

<i>(in millions)</i>	JUNE		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2024	2023	AMOUNT	%	2024	2023
SALES	192,882	184,587	8,295	4%	100%	100%
COST OF SALES	140,156	137,472	2,684	2%	73%	74%
GROSS PROFIT	52,726	47,115	5,611	12%	27%	26%
SELLING AND ADMINISTRATIVE EXPENSES	(26,085)	(24,128)	(1,957)	8%	(14%)	(13%)
OPERATING RESULTS	26,641	22,987	3,654	16%	14%	12%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(2,246)	(2,463)	217	(9%)	(1%)	(1%)
INTEREST INCOME	1,867	1,454	413	28%	1%	1%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	1	2	(1)	(50%)	0%	0%
OTHER INCOME (CHARGES) - NET	(86)	2,878	(2,964)	(103%)	(0%)	2%
INCOME BEFORE INCOME TAX	26,177	24,858	1,319	5%	14%	13%
INCOME TAX EXPENSE	6,200	6,049	151	2%	3%	3%
NET INCOME	19,977	18,809	1,168	6%	10%	10%
Attributable to:						
Equity holders of the Parent Company	12,391	10,806	1,585	15%	6%	6%
Non-controlling interests	7,586	8,003	(417)	(5%)	4%	4%
	19,977	18,809	1,168	6%	10%	10%

The Group continued to deliver robust results for the first half of 2024, underscored by the sustained growth of its businesses.

Consolidated sales for the six months ended June 30, 2024, reached P192,882 million, representing a 4% increase compared to the same period in 2023. Meanwhile, consolidated net income amounted to P19,977 million, reflecting a 6% growth over the first half of 2023.

Sales

Consolidated sales rose by 4%, from P184,587 million for the six months ended June 30, 2023 to P192,882 million for the same period in 2024. The growth was primarily driven by higher sales volume and selective price increases. Sales in the Beer and NAB Segment increased by 1%, from P74,119 million in 2023 to P75,073 million in 2024. The Spirits Segment saw an 18% increase in sales, from P25,406 million in 2023 to P29,992 million in 2024, while sales in the Food Segment increased by 3%, from P85,065 million in 2023 to P87,819 million in 2024.

Cost of Sales

Consolidated cost of sales increased by 2%, from P137,472 million for the six months ended June 30, 2023, to P140,156 million for the same period in 2024, driven by higher sales volume and increased excise taxes. Cost of sales in the Beer and NAB Segment rose by 2%, from P47,255 million in 2023 to P48,197 million in 2024. In the Spirits Segment, cost of sales likewise increased by 18%, from P19,174 million in 2023 to P22,547 million in 2024. Meanwhile, the Food Segment saw a 2% decrease in cost of sales, from P71,045 million in 2023 to P69,423 million in 2024.

The following table summarizes the cost of sales for the six months ended June 30, 2024:

<i>(in millions)</i>	Beer and NAB	Spirits	Food	Eliminations/ Reclassification	Total
Inventories	P8,119	P8,455	P59,302	(P11)	P75,865
Excise tax	35,688	12,992	-		48,680
Labor	1,073	222	1,337		2,632
Others	3,317	878	8,784		12,979
	P48,197	P22,547	P69,423	(P11)	P140,156

Gross profit

Consolidated gross profit increased by 12%, from P47,115 million for the six months ended June 30, 2023, to P52,726 million for the same period in 2024. The increase was primarily due to higher sales volumes despite the rise in excise taxes.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 8%, from P24,128 million for the six months ended June 30, 2023 to P26,085 million for the same period in 2024. Breaking it down per segment, selling and administrative expenses for the Beer and NAB Segment rose by 5%, from P10,435 million in 2023 to P10,989 million in 2024. Selling and administrative expenses for the Spirits Segment increased by 6%, from P2,856 million in 2023 to P3,034 million in 2024, while selling and administrative expenses for the Food Segment grew by 11%, from P11,046 million in 2023 to P12,268 million in 2024. On a consolidated basis, this increase was primarily driven by higher distribution costs, marketing expenses, amortization of deferred containers in line with sales volume growth, and outside manpower services.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges decreased by 9%, from P2,463 million for the six months ended June 30, 2023 to P2,246 million for the same period in 2024. This decrease was primarily due to a lower monthly average loan balance.

Interest Income

Consolidated interest income increased by 28%, from P1,454 million for the six months ended June 30, 2023, to P1,867 million for the same period in 2024. This significant increase was primarily driven by higher money market placements with longer maturity periods and improved rates, as well as interest earned on investments in debt instruments.

Other Income (charges) - Net

The Group recognized consolidated other charges - net amounting to P86 million for the six months ended June 30, 2024, compared to consolidated other income - net amounting to P2,878 million for the same period in 2023. This shift was primarily due to a one-time gain in 2023 from the Spirits Segment's assignment of product rights and the Beer and NAB Segment's receipt of a tax credit certificate from tax refund cases.

Net Income before Income Tax

Consolidated net income before income tax increased by 5%, from P24,858 million for the six months ended June 30, 2023, to P26,177 million for the same period in 2024.

Net Income

As a result of the aforementioned factors, SMFB's consolidated net income increased by 6%, rising from P18,809 million for the six months ended June 30, 2023, to P19,977 million for the same period in 2024. The net income of the Beer and NAB Segment decreased by 7%, from P13,469 million in 2023 to P12,563 million in 2024, while the Spirits Segment saw a 10% decline in net income, from P4,077 million in 2023 to P3,676 million in 2024. In contrast, the Food Segment recorded a significant increase in net income, amounting to P3,920 million in the first half of 2024, a 159% surge compared to P1,510 million for the same period in 2023.

Net Income after Tax and Minority Interest

SMFB's consolidated net income after tax and minority interest increased by 15%, rising from P10,806 million for the six months ended June 30, 2023 to P12,391 million for the same period in 2024. The net income after tax and minority interest of the Beer and NAB Segment decreased by 6%, from P13,159 million in 2023 to P12,341 million in 2024. The Spirits Segment saw a 10% decline in net income after tax and minority interest, from P4,077 million in 2023 to P3,676 million in 2024. In contrast, the Food Segment experienced a substantial 181% increase in net income after tax and minority interest, surging from P1,232 million in 2023 to P3,472 million in 2024.

Business Highlights for the period ended June 30, 2024

Beer and NAB

The Beer and NAB Segment under SMB posted P75,073 million in consolidated revenues in the first semester of 2024, representing a 1% increase compared to the same period in 2023. The growth was primarily due to the full impact of the price increase implemented in the domestic operations in March 2023. Domestic operations contributed P66,992 million, while international operations contributed US\$142 million.

Cost of sales increased by 2% or P942 million, largely due to the P2/liter increase in excise taxes for fermented liquors in the Philippines, effective January 1, 2024. Domestic operations accounted for P44,013 million, while international operations accounted for US\$74 million.

Selling and administrative expenses increased by 5% or by P554 million, primarily due to higher advertising, promotions, and personnel expenses. Domestic operations accounted for P8,998 million while international operations accounted for US\$35 million.

As a result, income from operations decreased by 3% from P16,430 million to P15,889 million. Domestic operations contributed P13,981 million, while international operations contributed US\$34 million.

Interest income increased by 12% driven by higher money market placements and improved interest rates for both domestic and international operations.

Other income in the first half of 2023 was higher due to the recognition of a tax credit certificate issued by the Bureau of Internal Revenue for the San Mig Light tax case of 2012.

Income tax expense decreased by 9%, or P367 million, due to lower taxable income.

As a result of the foregoing, consolidated net income decreased by 7%. Domestic operations contributed P11,516 million while international operations contributed US\$34 million.

Domestic Beer Operations

Domestic operations accounted for 89% of total revenue, or P66,992 million, which was 1% higher than in the first six months of 2023, primarily due to the increase in selling prices effective March 1, 2023. Consolidated beer and non-alcoholic beverage volumes were slightly lower than in the first semester of 2023 due to the impact of still-elevated prices on consumer spending, the effects of El Niño, and soft consumer income. The company's performance was bolstered by effective sales and marketing programs.

Income from operations decreased by 4% due to slightly lower volume, higher excise taxes, increased advertising and promotional expenses, and higher personnel costs. Net income reached P11,516 million, a slight decrease of 2% compared to same period in 2023 of P11,710 million.

International Beer Operations

SMBIL registered consolidated revenue of US\$142 million in the first semester of 2024, a 3% decrease from the US\$147 million posted in the same period in 2023. This decline was primarily due to lower volumes, an unfavorable sales mix, and the appreciation of the US dollar against most local currencies.

Despite this, SMBIL's Global San Miguel brands continued to perform strongly, with volumes growing by 6% compared to the first semester of 2023. However, this growth was offset by lower sales of local and partner brands, resulting in consolidated volumes ending the first semester of 2024 at 1% below the equivalent period in 2023. South China volumes increased by 3% year-over-year, driven by improved penetration in the retail chain channel and the efficient execution of promotional programs. In Vietnam, Global San Miguel brands saw a 15% increase from the first half of 2023, attributed to the expansion of on-premise outlets and higher volume in the modern trade off-premise channels. Exports volume grew by 7% from the first six months of 2023, supported by higher off-take volumes in the United Arab Emirates (UAE), Malaysia, and several markets in Africa. Conversely, operations in Hong Kong, Thailand, and Indonesia registered volume declines as of the first semester of 2024. Thailand volumes were slightly lower than in the comparable period in 2023 due to a shortfall in the modern trade channel and the Bangkok region. Sales in Hong Kong operations continued to be impacted by the contraction in the beer industry

and an increase in outbound tourists, particularly those crossing the border to Mainland China. In Indonesia, sales of Anker Bir in Indonesia contracted due to a decline in wholesaler channel volumes.

SMBIL's consolidated operating income as of June 2024 settled at US\$34 million, slightly lower than the income posted as of June 2023, largely due to lower volumes and increased payroll, as well as higher advertising and promotion expenses.

Spirits

Revenue for the first semester of 2024 totaled P29,991 million, reflecting an 18% growth compared to the revenue in the same period in 2023 of P25,404 million. This was primarily driven by a 10% growth in volume, coupled with the price increase.

Gross profit for the six months ended June 30, 2024 amounted to P7,445 million, surpassing the same period in 2023 by 19% or by P1,213 million. The price increase helped offset the rise in excise tax and other input costs.

Selling and marketing expenses, along with general and administrative expenses, rose by 6% due to higher delivery and handling expenses, as well as increased personnel costs and outside services.

Interest income surged by 74%, to P409 million for the first half of 2024, up from P235 million in the same period in 2023. This growth was primarily due to interest received from money market placements and related party advances.

Other income amounted to P93 million for the six months ended June 30, 2024, down from P1,848 million in the same period in 2023, mainly due to the one-time miscellaneous income from the assignment of product rights recognized in 2023.

The group's net income after tax for the first half of 2024 amounted to P3,675 million, P401 million lower than the P4,077 million reported for the first half of 2023.

Food

The Food Segment delivered consolidated revenues of P87,818 million for the first half of 2024, 3% higher than in the same period in 2023, driven mainly by higher sales volumes across most Food Segment businesses.

The Protein business, comprising poultry and fresh meats, posted revenues of P32,924 million for the first six months of 2024, a 6% increase compared to same period in 2023. The poultry business began to recover in the middle of the second quarter, following an improvement in chicken prices due to a decline in imported frozen chicken inventory. Higher volumes, sustained by strong demand from foodservice, wet markets, and supermarkets, also contributed to revenue growth. However, the resurgence of ASF in several provinces continued to hinder repopulation efforts, thereby affecting fresh meats business' revenue performance.

The Animal Nutrition and Health business recorded revenues of P21,609 million, a 6% decline compared to same period 2023 level. Sales of hog feeds continue to be impacted by the ASF-induced industry depopulation. Additionally, unfavorable chicken prices in the first quarter of the year resulted in limited farm loading, affecting sales volume performance of broiler feeds. Competitive pricing strategies aimed at preserving market share also contributed to the lower revenue performance.

The Prepared and Packaged Food business, consisting of processed meats, ready-to-eat and plant-based foods, dairy, spreads, and coffee, remained to be the Food Segment's growth driver, posting revenues of P25,507 million, an 11% increase compared to same period in 2023, driven by better selling prices and higher sales volume. Volume growth was particularly strong for Tender Juicy® Hotdogs, Purefoods Luncheon Meat, Purefoods Corned Beef, sliced hams, and the Purefoods native line. Magnolia butter, cheese, salad aids, flour mixes, and ice cream, and San Mig Coffee Sugarfree and Original variants also recorded higher volume gains.

The Food Segment's cost of sales was P69,413 million, 2% lower compared to same period in 2023, mainly due to sustained cost reductions in major raw materials such as corn, soybean meal, feed wheat,

imported beef, chicken meat, skimmed milk powder, cheese curds, anhydrous milkfat, and coconut oil, coupled with enhanced operational efficiencies enabled by the company-owned facilities.

The Food Segment's gross profit rose to P18,405 million, 31% higher compared to the first half of 2023, driven by higher volumes sold at lower costs of major raw materials compared to in the comparable period of 2023.

Selling and administrative expenses increased by 11% to P12,012 million, mainly due to higher manpower requirements to support expansion, the implementation of government-mandated wage hikes, and increased spending on advertising and promotion to support and drive volume growth.

As a result, the Food Segment's operating income for the first semester soared to P6,384 million, 99% higher than same period in 2023.

II. FINANCIAL POSITION

Financial Position as of June 30, 2025 vs December 31, 2024

(in millions)	June 2025	December 2024	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	64,428	58,221	6,207	11%	17%	15%
Trade and other receivables - net	22,864	29,456	(6,592)	(22%)	6%	8%
Inventories	45,010	47,582	(2,572)	(5%)	12%	13%
Current portion of biological assets - net	3,427	3,241	186	6%	1%	1%
Prepaid expenses and other current assets	5,097	5,506	(409)	(7%)	1%	1%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	141,012	144,192	(3,180)	(2%)	37%	38%
Noncurrent Assets						
Investments - net	17,237	17,388	(151)	(1%)	5%	5%
Property, plant and equipment - net	132,104	128,590	3,514	3%	35%	34%
Right-of-use assets - net	5,062	4,923	139	3%	1%	1%
Investment property - net	3,580	3,576	4	0%	1%	1%
Biological assets - net of current portion	2,612	2,652	(40)	(2%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,603	39,665	(62)	(0%)	11%	11%
Deferred tax assets	3,591	3,657	(66)	(2%)	1%	1%
Other noncurrent assets - net	30,869	31,467	(598)	(2%)	8%	8%
Total Noncurrent Assets	235,654	232,914	2,740	1%	63%	62%
Total Assets	376,666	377,106	(440)	(0%)	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	6,853	17,103	(10,250)	(60%)	2%	5%
Trade payables and other current liabilities	76,252	76,416	(164)	(0%)	20%	20%
Lease liabilities - current portion	779	735	44	6%	0%	0%
Income and other taxes payable	9,365	10,035	(670)	(7%)	2%	3%
Dividends payable	700	89	611	687%	0%	0%
Current maturities of long-term debt - net of debt issue costs	10,317	12,328	(2,011)	(16%)	3%	3%
Total Current Liabilities	104,266	116,706	(12,440)	(11%)	28%	31%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	69,443	67,652	1,791	3%	18%	18%
Deferred tax liabilities	23	23	-	0%	0%	0%
Lease liabilities – net of current portion	5,122	4,864	258	5%	1%	1%
Other noncurrent liabilities	7,567	7,672	(105)	(1%)	2%	2%
Total Noncurrent Liabilities	82,155	80,211	1,944	2%	22%	21%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	97%	97%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(87%)	(87%)
Equity reserves	(1,993)	(1,711)	(282)	16%	(1%)	(0%)
Retained earnings:						
Appropriated	46,810	45,375	1,435	3%	12%	12%
Unappropriated	65,127	57,551	7,576	13%	17%	15%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	124,840	116,111	8,729	8%	33%	31%
Non-controlling Interests	65,405	64,078	1,327	2%	17%	17%
Total Equity	190,245	180,189	10,056	6%	51%	48%
Total Liabilities and Equity	376,666	377,106	(440)	(0%)	100%	100%

Consolidated total assets as of June 30, 2025 amounted to P376,666 million almost unchanged from the December 31, 2024 level.

Cash and cash equivalents increased by 11% or by P6,207 million, driven by higher cash generated from operations, and collection of receivables.

Trade and other receivables declined by 22% or by P6,592 million, reflecting collections from peak season sales and lower credit sales during the period.

Inventories declined by 5% or by P2,572 million due to lower balances of materials and supplies.

Prepaid expenses decreased by 7% or by P409 million due to lower excise tax requirements of the Beer and NAB Segment, partially offset by the Spirits Segment's higher retirement contributions.

Loans payable decreased by 60% or by P10,250 million, primarily due to lower availments during the period.

Income and other taxes payable decreased by 7% or by P670 million, attributed to the Group's lower income taxes and value-added tax (VAT) payable for the quarter.

Dividends payable surged by 687% or by P611 million, mainly due to higher declared dividends in the first half of 2025, with a portion remaining unpaid and unclaimed.

Consolidated total equity as of June 30, 2025 stood at P190,245 million, 6% or P10,056 million higher than December 31, 2024 level. The increase was primarily due to the net income of P22,964 million, partially offset by dividends declared during the period amounting P12,233 million.

Financial Position as of June 30, 2024 vs December 31, 2023

(in millions)	June 2024	December 2023	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	66,699	57,007	9,692	17%	18%	16%
Trade and other receivables - net	22,076	25,869	(3,793)	(15%)	6%	7%
Inventories	45,947	43,096	2,851	7%	12%	12%
Current portion of biological assets - net	3,331	3,515	(184)	(5%)	1%	1%
Prepaid expenses and other current assets	5,293	6,216	(923)	(15%)	1%	2%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	143,532	135,889	7,643	6%	39%	38%
Noncurrent Assets						
Investments - net	17,463	17,128	335	2%	5%	5%
Property, plant and equipment - net	120,990	118,000	2,990	3%	33%	33%
Right-of-use assets - net	4,463	4,633	(170)	(4%)	1%	1%
Investment property - net	3,560	3,537	23	1%	1%	1%
Biological assets - net of current portion	2,518	2,667	(149)	(6%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,574	39,444	130	0%	11%	11%
Deferred tax assets	3,326	3,209	117	4%	1%	1%
Other noncurrent assets - net	31,818	30,272	1,546	5%	9%	9%
Total Noncurrent Assets	224,708	219,886	4,822	2%	61%	62%
Total Assets	368,240	355,775	12,465	4%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	16,619	14,684	1,935	13%	5%	4%
Trade payables and other current liabilities	68,918	65,288	3,630	6%	19%	18%
Lease liabilities - current portion	402	418	(16)	(4%)	0%	0%
Income and other taxes payable	8,681	9,668	(987)	(10%)	2%	3%
Dividends payable	487	79	408	516%	0%	0%
Current maturities of long-term debt - net of debt issue costs	22,308	12,871	9,437	73%	6%	4%
Total Current Liabilities	117,415	103,008	14,407	14%	32%	29%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	57,856	69,939	(12,083)	(17%)	16%	20%
Deferred tax liabilities	26	26	-	0%	0%	0%
Lease liabilities – net of current portion	4,687	4,758	(71)	(1%)	1%	1%
Other noncurrent liabilities	8,904	8,929	(25)	(0%)	2%	3%
Total Noncurrent Liabilities	71,473	83,652	(12,179)	(15%)	19%	24%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	100%	103%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(89%)	(92%)
Equity reserves	(1,467)	(2,094)	627	(30%)	(0%)	(1%)
Retained earnings:						
Appropriated	48,713	45,392	3,321	7%	13%	13%
Unappropriated	54,748	50,996	3,752	7%	15%	14%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	116,890	109,190	7,700	7%	32%	31%
Non-controlling Interests	62,462	59,925	2,537	4%	17%	17%
Total Equity	179,352	169,115	10,237	6%	49%	48%
Total Liabilities and Equity	368,240	355,775	12,465	4%	100%	100%

As of June 30, 2024, consolidated total assets amounted to P368,240 million, representing a 4% increase, or P12,465 million higher than the level recorded on December 31, 2023. This growth was primarily driven by higher cash generated from operations. Consolidated total liabilities as of June 30, 2024, stood at P188,888 million, a 1% increase, or P2,228 million higher than the December 31, 2023 level. The slight increase was mainly due to the net availment of short-term loans and higher current payables.

Cash and cash equivalents increased by 17%, or by P9,692 million, driven by higher cash generated from operations that was offset by payment of dividends and funding of investing activities.

Trade and other receivables decreased by 15%, or by P3,793 million, due to the collection of receivables from peak season sales and better collection efforts.

Inventories increased by 7% or by P2,851 million, primarily due to higher levels of materials, supplies, and finished goods.

Biological assets decreased by 5%, or by P333 million, primarily due to lower production costs compared to the December 31, 2023 balances.

Prepaid expenses and other current assets decreased by 15%, or by P923 million, due to lower prepayments and input VAT resulting from reduced purchases during the off-peak season, as well as the reclassification of spare parts inventories to materials and supplies.

Loans payable increased by 13%, or by P1,935 million, due to net additional availments during the period.

Income and other taxes payable decreased by 10%, or by P987 million, driven by lower VAT and withholding tax payables.

Dividends payable increased by 516%, or by P408 million, primarily due to the dividends declared in the first half of 2024 but payable within the year.

As of June 30, 2024, consolidated total equity amounted to P179,352 million, reflecting a 6% increase, or P10,237 million higher than the December 31, 2023 level. The increase was primarily due to the net income of P19,977 million earned during the period, offset by dividends declared by the Group totaling P11,012 million.

III. SOURCES AND USES OF CASH

A brief summary of cash flow movements for the periods ended June 30, 2025 and 2024 is shown below:

<i>(in millions)</i>	2025	2024
Net cash flows provided by operating activities	P38,443	P29,728
Net cash flows used in investing activities	(9,443)	(9,298)
Net cash flows used in financing activities	(22,529)	(11,596)

Net cash from operations basically consisted of income for the period and changes in non-cash current assets, certain current liabilities and others.

Net cash used in investing activities include the following:

<i>(in millions)</i>	2025	2024
Additions to property, plant and equipment and investment property	(P6,304)	(P5,533)
Increase in biological assets, intangible assets and other noncurrent assets	(5,089)	(5,634)
Proceeds from sale of investments and property, and equipment	28	5
Dividends received	72	72
Interest received	1,850	1,792

Net cash used in financing activities consist of the following:

<i>(in millions)</i>	2025	2024
Proceeds from short-term and long-term borrowings	P118,777	P148,644
Payments of short-term and long-term borrowings	(129,303)	(149,418)
Cash dividends paid	(11,622)	(10,604)
Payment of lease liabilities	(353)	(218)
Share issuance costs	(28)	-

The effect of exchange rate changes on cash and cash equivalents amounted to (P264) million and P858 million for the periods ended June 30, 2025 and 2024, respectively.

IV. 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 periods indicated below.

KPI	As of June 30, 2025	As of December 31, 2024
Liquidity: Current Ratio	1.35	1.24
Quick Ratio	0.84	0.75
Solvency: Debt to Equity Ratio	0.98	1.09
Asset to Equity Ratio	1.98	2.09
Profitability: Return on Average Equity Attributable to Equity Holders of the Parent Company	23.49%	22.85%
Interest Rate Coverage Ratio	12.42	12.16
Return on Assets	11.65%	11.17%

	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Operating Efficiency: Volume Growth	(2.10%)	2.10%
Revenue Growth	4.31%	4.49%
Operating Margin	14.93%	13.81%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
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 Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}^{**}}$
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	$\left(\frac{\text{Sum of all Businesses' Sales at Prior Period Prices}}{\text{Prior Period Net Sales}} \right)^{-1}$
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

** Excluding preferred capital stock and related additional paid-in capital

V. OTHER MATTERS

a. Commitments

The Group's outstanding purchase commitments amounted to P82,180 million and P94,986 million as at June 30, 2025 and December 31, 2024, respectively.

- 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 any cash flow or liquidity problems within the next 12 months. The Group was not in default or breach in any material respect 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 since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- 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. Sales are affected by seasonality of customer purchase patterns. In the Philippines, food and alcoholic beverages, including those the Group produce, generally experience increased sales during the Christmas holiday season. In addition, alcoholic beverages experience increased sales in the summer months, and typically slow down in the third quarter during the rainy season. As a result, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial condition and results of operations may fluctuate significantly from quarter to quarter.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES

June 30, 2025
(In Millions)

	Total	Current	Past Due			
			1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade	P 20,457	P 16,698	P 2,693	P 366	P 146	P 554
Non-trade	1,263	528	104	18	52	561
Others	2,302	154	59	122	132	1,835
Total	24,022	17,380	2,856	506	330	2,950
Less allowance for impairment losses	1,158					
	P 22,864					

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS 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 periods indicated below.

KPI	As of June 30, 2025	As of December 31, 2024
Liquidity: Current Ratio	1.35	1.24
Quick Ratio	0.84	0.75
Solvency: Debt to Equity Ratio	0.98	1.09
Asset to Equity Ratio	1.98	2.09
Profitability: Return on Average Equity Attributable to Equity Holders of the Parent Company	23.49%	22.85%
Interest Rate Coverage Ratio	12.42	12.16
Return on Assets	11.65%	11.17%

	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Operating Efficiency: Volume Growth	(2.10%)	2.10%
Revenue Growth	4.31%	4.49%
Operating Margin	14.93%	13.81%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
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 Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}^{**}}$
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	$\left(\frac{\text{Sum of all Businesses' Sales at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
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

** Excluding preferred capital stock and related additional paid-in capital