



May 6, 2026

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 May 6, 2026.

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
Mar 31, 2026
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 31MAR26 (IN MIL PESO-CONSO)	186,515

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	Mar 31, 2026
Currency (indicate units, if applicable)	PHP (In Millions)

Balance Sheet

	Period Ended		Fiscal Year Ended (Audited)	
	Mar 31, 2026		Dec 31, 2025	
Current Assets	145,617		146,262	
Total Assets	388,110		389,307	
Current Liabilities	111,442		120,269	
Total Liabilities	186,515		192,564	
Retained Earnings/(Deficit)	119,885		115,001	
Stockholders' Equity	201,595		196,743	
Stockholders' Equity - Parent	133,664		128,483	

Book Value per Share	22.62	21.74
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Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	103,102	98,878	103,102	98,878
Gross Expense	87,373	83,674	87,373	83,674
Non-Operating Income	1,107	1,281	1,107	1,281
Non-Operating Expense	1,547	1,425	1,547	1,425
Income/(Loss) Before Tax	15,289	15,060	15,289	15,060
Income Tax Expense	3,506	3,478	3,506	3,478
Net Income/(Loss) After Tax	11,783	11,582	11,783	11,582
Net Income Attributable to Parent Equity Holder	7,839	7,509	7,839	7,509
Earnings/(Loss) Per Share (Basic)	1.33	1.27	1.33	1.27
Earnings/(Loss) Per Share (Diluted)	1.33	1.27	1.33	1.27

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	5.15	4.61
Earnings/(Loss) Per Share (Diluted)	5.15	4.61

Other Relevant Information

Please see attached SEC Form 17-Q (Quarterly Report) of the Company for the quarter ended March 31, 2026 submitted to the Securities and Exchange Commission via SEC eFAST on May 6, 2026.

Filed on behalf by:

Name	Alexandra Victoria Trillana
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

1 1 8 4 0

S. E. C. Registration Number

S A N M I G U E L F O O D A N D

B E V E R A G E , I N C .

(Company's Full Name)

4 0 S A N M I G U E L

A V E N U E , M A N D A L U Y O N G

C I T Y M E T R O M A N I L A

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

ALEXANDRA VICTORIA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

SEC Form

Month

Day

1 7 - Q

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

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Cashier

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND
SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2026
2. 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 Address of issuer's principal office
1555 Postal code
8. (02) 5317-5000 Issuer's telephone number, including area code
9. 100 E. Rodriguez Jr. Avenue (C5 Road), Address of issuer's principal office
Barangay Ugong, Pasig City Former name, former address, and former fiscal year, if changed since last report
1604 Postal code
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 March 31, 2026)

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) P186,515

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 March 31, 2026 (with comparative figures as of December 31, 2025 and for the period ended March 31, 2025) and Selected Notes to the Consolidated Financial Statements 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
Treasurer and Chief Finance Officer

Date

May 6, 2026

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

**CONSOLIDATED FINANCIAL STATEMENTS
As at March 31, 2026 and December 31, 2025 and
For the Periods Ended March 31, 2026 and 2025**

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(In Millions)**

	<i>Note</i>	2026 Unaudited	2025 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	8, 9	P64,781	P64,506
Trade and other receivables - net	6, 8, 9	24,768	29,891
Inventories		47,160	43,659
Current portion of biological assets - net		3,277	3,074
Prepaid expenses and other current assets	6, 8, 9	5,445	4,946
Assets held for sale		186	186
Total Current Assets		145,617	146,262
Noncurrent Assets			
Investments - net	6, 8, 9	18,872	18,672
Property, plant and equipment - net	4	137,155	136,768
Right-of-use assets - net		4,634	4,814
Investment property - net		3,892	4,304
Biological assets - net of current portion		2,566	2,661
Goodwill - net		996	996
Other intangible assets - net		39,893	39,816
Deferred tax assets		3,497	3,377
Other noncurrent assets - net	6, 8, 9	30,988	31,637
Total Noncurrent Assets		242,493	243,045
		P388,110	P389,307
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	6, 8, 9	P11,147	P14,346
Trade payables and other current liabilities	6, 8, 9	71,262	74,542
Lease liabilities - current portion	6, 8, 9	656	727
Income and other taxes payable		11,727	11,369
Dividends payable	5	356	111
Current maturities of long-term debt – net of debt issue costs	8, 9	16,294	19,174
Total Current Liabilities		111,442	120,269
Noncurrent Liabilities			
Long-term debt – net of current maturities and debt issue costs	8, 9	64,460	61,626
Deferred tax liabilities		30	31
Lease liabilities – net of current portion	6, 8, 9	4,784	4,865
Other noncurrent liabilities	6, 8, 9	5,799	5,773
Total Noncurrent Liabilities		75,073	72,295

Forward

CERTIFIED CORRECT:

Monica L. Ang-Mercado
Treasurer and Chief Finance Officer

	2026	2025
	Unaudited	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	(1,117)	(1,414)
Retained earnings:		
Appropriated	43,787	46,807
Unappropriated	76,098	68,194
Treasury stock	(30,182)	(30,182)
	133,664	128,483
Non-controlling Interests	67,931	68,260
Total Equity	201,595	196,743
	P388,110	P389,307

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

CERTIFIED CORRECT:

 Monica L. Ang-Mercado
 Treasurer and Chief Finance Officer


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

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions, Except Per Share Data)

	<i>Note</i>	2026 Unaudited	2025 Unaudited
SALES	3	P103,102	P98,878
COST OF SALES		73,217	70,317
GROSS PROFIT		29,885	28,561
SELLING AND ADMINISTRATIVE EXPENSES		(14,156)	(13,357)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(1,210)	(1,374)
INTEREST INCOME		886	974
EQUITY NET GAIN OF ASSOCIATE		1	-
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT		-	1
OTHER INCOME (CHARGES) - Net	8, 9	(117)	255
INCOME BEFORE INCOME TAX		15,289	15,060
INCOME TAX EXPENSE		3,506	3,478
NET INCOME		P11,783	P11,582
Attributable to:			
Equity holders of the Parent Company		P7,839	P7,509
Non-controlling interests		3,944	4,073
		P11,783	P11,582
Basic and Diluted Earnings Per Common Share Attributable to Equity Holders of the Parent Company	7	P1.33	P1.27

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

CERTIFIED CORRECT:


Monica L. Ang Mercado
Treasurer and Chief Finance Officer

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions)**

	2026 Unaudited	2025 Unaudited
NET INCOME	P11,783	P11,582
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Net gain on financial assets at fair value through other comprehensive income	1	1
Items that may be reclassified to profit or loss		
Gain (loss) on exchange differences on translation of foreign operations	623	(348)
OTHER COMPREHENSIVE GAIN (LOSS) - Net of tax	624	(347)
TOTAL COMPREHENSIVE INCOME - Net of tax	P12,407	P11,235
Attributable to:		
Equity holders of the Parent Company	P8,136	P7,364
Non-controlling interests	4,271	3,871
	P12,407	P11,235

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

CERTIFIED CORRECT:


Monica L. Ang-Mercado
Treasurer and Chief Finance Officer

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Millions)**

Equity Attributable to Equity Holders of the Parent Company
Equity Reserves

Note	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock	Total	Non- controlling Interests	Total Equity
	Common	Preferred							Appropriated	Unappropriated				
As at January 1, 2026 (Audited)	P5,951	P300	P366,620	(P327,793)	(P3,305)	P45	P1,923	(P77)	P46,807	P68,194	(P182)	P128,483	P68,260	P196,743
Net gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	1	-	-	-	-	-	1	-	1
Gain on exchange differences on translation of foreign operations	-	-	-	-	-	-	296	-	-	-	-	296	327	623
Other comprehensive income	-	-	-	-	-	1	296	-	-	-	-	297	327	624
Net income	-	-	-	-	-	-	-	-	-	7,839	-	7,839	3,944	11,783
Total comprehensive income	-	-	-	-	-	1	296	-	-	7,839	-	8,136	4,271	12,407
Net reversal of appropriation	-	-	-	-	-	-	-	-	(3,020)	3,020	-	-	-	-
Cash dividends declared	-	-	-	-	-	-	-	-	-	(2,955)	-	(2,955)	(4,600)	(7,555)
As at March 31, 2026 (Unaudited)	P5,951	P300	P366,620	(P327,793)	(P3,305)	P46	P2,219	(P77)	P43,787	P76,098	(P182)	P133,664	P67,931	P201,595

Forward

CERTIFIED CORRECT:

Mónica L. Angulo
Mónica L. Angulo
Treasurer and Chief Finance Officer

Equity Attributable to Equity Holders of the Parent Company

	Note	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions		Reserve for Retirement (P3,275)	Fair Value Reserve (P41)	Equity Reserves		Other Equity Reserve (P77)	Retained Earnings		Treasury Stock		Total	Non-controlling Interests	Total Equity
		Common	Preferred		Common	Preferred			Translation Reserve	Appropriated		Unappropriated	Common	Preferred	Appropriated			
As at January 1, 2025 (Audited)		P5,951	P300	P366,620	(P327,793)	P41	P1,600	(P77)	P45,375	P57,551	(P182)	(P30,000)	P116,111	P64,078	P180,189			
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	1	-	-	-	-	-	-	1	-	-	-	-	1
Loss on exchange differences on translation of foreign operations		-	-	-	-	-	(146)	-	-	-	-	-	(146)	-	-	-	(202)	(348)
Other comprehensive income (loss)		-	-	-	-	1	(146)	-	-	-	-	-	(145)	-	-	-	(202)	(347)
Net income		-	-	-	-	-	-	-	7,509	-	-	-	7,509	-	-	-	4,073	11,582
Total comprehensive income (loss)		-	-	-	-	1	(146)	-	7,509	-	-	-	7,364	-	-	-	3,871	11,235
Appropriation – net		-	-	-	-	-	-	-	3,070	-	-	-	(3,070)	-	-	-	-	-
Cash dividends declared	5	-	-	-	-	-	-	-	(2,955)	-	-	-	(2,955)	-	-	-	(3,102)	(6,057)
As at March 31, 2025 (Unaudited)		P5,951	P300	P366,620	(P327,793)	P42	P1,454	(P77)	P48,445	P59,035	(P182)	(P30,000)	P120,520	P64,847	P185,367			

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

CERTIFIED CORRECT:


Monica Lang-Morcedo

Treasurer and Chief Finance Officer

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025**
(In Millions)

	<i>Note</i>	2026 Unaudited	2025 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P15,289	P15,060
Adjustments for:			
Depreciation and amortization	4	4,784	4,223
Interest expense and other financing charges		1,210	1,374
Retirement costs		358	356
Impairment losses on receivables and write-down of inventories		166	151
Gain on sale of investments and property and equipment		57	-
Net unrealized foreign exchange gain		(46)	(33)
Equity in net earnings of associate		(1)	-
Gain on fair valuation of agricultural produce		(4)	(30)
Dividend income		(37)	(36)
Interest income		(886)	(974)
Net other charges (gain) on derivative transactions		111	(43)
Operating income before working capital changes		21,001	20,048
Decrease (increase) in:			
Trade and other receivables		5,136	6,775
Inventories		(3,694)	(3,804)
Current portion of biological assets		(203)	(173)
Prepaid expenses and other current assets		(481)	(247)
Increase (decrease) in trade payables and other current liabilities		(4,784)	187
Cash generated from operations		16,975	22,786
Income taxes paid		(2,726)	(1,007)
Interest paid		(1,549)	(1,830)
Contributions paid		(918)	(409)
Net cash flows provided by operating activities		11,782	19,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property	4	(1,803)	(3,374)
Increase in biological assets, intangible assets and other noncurrent assets		(287)	(860)
Proceeds from sale of investments and property and equipment		-	1
Dividends received		37	36
Interest received		877	960
Net cash flows used in investing activities		(1,176)	(3,237)

Forward

CERTIFIED CORRECT:

Monica L. Ang Mercado
Treasurer and Chief Finance Officer

	2026	2025
	Unaudited	Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term borrowings	P38,779	P59,729
Long-term borrowings	9,925	7,940
Payments of:		
Short-term borrowings	(41,979)	(63,450)
Long-term borrowings	(9,996)	(12,085)
Lease liabilities	(175)	(171)
Decrease in other noncurrent liabilities	(56)	-
Cash dividends paid	(7,269)	(5,411)
Net cash flows used in financing activities	(10,771)	(13,448)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	441	(90)
NET INCREASE IN CASH AND CASH EQUIVALENTS	276	2,765
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,505	58,221
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P64,781	P60,986

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

CERTIFIED CORRECT:

 Monica L. Ang-Mercado
 Treasurer and 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, 2025.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 6, 2026.

The interim consolidated financial statements are presented in Philippine Peso and all financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to PFRS effective January 1, 2026 and accordingly, changed its accounting policies in the following areas:

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to

'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

- Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2026 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

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

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

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

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2026 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

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, specialty oils, salad aids, snacks and condiments, marketing of flour mixes, and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds ("Animal Nutrition and Health"); (iii) poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations ("Others").

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	
	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025
Sales														
External	P49,624	P46,312	P36,751	P36,297	P16,727	P16,269	P-	P-	P103,102	P98,878	P-	P-	P103,102	P98,878
Inter-segment	1	1	-	-	-	1	13	12	14	14	(14)	(14)	-	-
Total sales	P49,625	P46,313	P36,751	P36,297	P16,727	P16,270	P13	P12	P103,116	P98,892	(P14)	(P14)	P103,102	P98,878
Expenses														
Inventories	P32,379	P30,317	P3,339	P3,676	P4,130	P4,534	P-	P-	P39,848	P38,527	(P1)	(P1)	P39,847	P38,526
Excise taxes	-	-	17,329	16,616	7,540	7,159	-	-	24,869	23,775	-	-	24,869	23,775
Total Expenses	P32,379	P30,317	P20,668	P20,292	P11,670	P11,693	P-	P-	P64,717	P62,302	(P1)	(P1)	P64,716	P62,301
Results														
Segment operating result	P4,860	P4,419	P7,925	P8,215	P2,829	P2,464	P100	P103	P15,714	P15,201	P15	P3	P15,729	P15,204
Interest expense and other financing charges	-	-	-	-	-	-	-	-	-	-	-	-	(1,210)	(1,374)
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	886	974
Gain on sale of investments and property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Other income (charges) - net	-	-	-	-	-	-	-	-	-	-	-	-	(117)	255
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	(3,506)	(3,478)
Net income													P11,783	P11,582
Other Information														
Segments assets	P152,502	P153,628	P126,991	P131,156	P36,870	P32,983	P11,795	P8,610	P328,158	P326,377	(P5,458)	(P2,271)	P322,700	P324,106
Investments	51	50	16,131	15,934	1,500	1,500	360,767	360,767	378,449	378,251	(359,577)	(359,579)	18,872	18,672
Right-of-use assets - net	-	-	-	-	-	-	-	-	-	-	-	-	4,634	4,814
Goodwill, trademarks and brand names	-	-	-	-	-	-	-	-	-	-	-	-	38,256	38,191
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	151	147
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	3,497	3,377
Consolidated total assets													P388,110	P389,307
Segment liabilities	P50,442	P51,804	P18,057	P21,501	P8,676	P6,924	P7,508	P7,147	P84,683	P87,376	(P7,873)	(P7,511)	P76,810	P79,865
Loans payable	-	-	-	-	-	-	-	-	-	-	-	-	11,147	14,346
Long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	80,754	80,800
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5,440	5,592
Income and other taxes payable	-	-	-	-	-	-	-	-	-	-	-	-	11,727	11,369
Dividends and interest payable	-	-	-	-	-	-	-	-	-	-	-	-	607	561
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	30	31
Consolidated total liabilities													P186,515	P192,564

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	
	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025	March 2026	March 2025
Timing of Revenue Recognition								
Sales recognized at point in time	P49,619	P46,308	P36,751	P36,297	P16,727	P16,269	P103,097	P98,874
Sales recognized over time	5	4	-	-	-	-	5	4
Total External Sales	P49,624	P46,312	P36,751	P36,297	P16,727	P16,269	P103,102	P98,878

4. Property, Plant and Equipment

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

March 31, 2026 and December 31, 2025

	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, 2025 (Audited)	P19,651	P50,280	P108,527	P8,145	P2,320	P36,163	P225,086
Additions	290	1,480	207	499	15	13,019	15,510
Disposals	-	(35)	(1,279)	(149)	-	-	(1,463)
Reclassifications	2,020	7,051	7,978	1,365	1,314	(19,206)	522
Currency translation adjustments	114	266	758	16	-	2	1,156
December 31, 2025 (Audited)	22,075	59,042	116,191	9,876	3,649	29,978	240,811
Additions	1	1	12	14	-	1,775	1,803
Retirement	-	-	(10)	(21)	-	-	(31)
Reclassifications	264	600	(529)	273	16	(193)	431
Currency translation adjustments	(6)	328	866	18	-	11	1,217
March 31, 2026 (Unaudited)	22,334	59,971	116,530	10,160	3,665	31,571	244,231
Accumulated Depreciation							
January 1, 2025 (Audited)	2,107	14,503	59,771	4,611	703	-	81,695
Depreciation	165	1,628	4,706	955	129	-	7,583
Disposals	-	(24)	(1,160)	(142)	-	-	(1,326)
Reclassifications	9	(29)	107	(2)	4	-	89
Currency translation adjustments	3	114	400	13	-	-	530
December 31, 2025 (Audited)	2,284	16,192	63,824	5,435	836	-	88,571
Depreciation	44	440	1,227	272	34	-	2,017
Retirement	-	-	(10)	(21)	-	-	(31)
Reclassifications	-	(8)	7	1	1	-	1
Currency translation adjustments	1	115	333	8	-	-	457
March 31, 2026 (Unaudited)	2,329	16,739	65,381	5,695	871	-	91,015
Accumulated Impairment Losses							
January 1, 2025 (Audited)	-	3,865	10,822	113	1	-	14,801
Impairment	274	-	-	-	-	-	274
Disposals	-	(7)	(104)	(2)	-	-	(113)
Reclassifications	-	(1)	45	1	-	-	45
Currency translation adjustments	-	130	333	2	-	-	465
December 31, 2025 (Audited)	274	3,987	11,096	114	1	-	15,472
Reclassifications	-	-	(45)	(45)	-	-	(45)
Currency translation adjustments	-	177	455	2	-	-	634
March 31, 2026 (Unaudited)	274	4,164	11,551	71	1	-	16,061
Carrying Amount							
December 31, 2025 (Audited)	P19,517	P38,863	P41,271	P4,327	P2,812	P29,978	P136,768
March 31, 2026 (Unaudited)	P19,731	P39,068	P39,598	P4,394	P2,793	P31,571	P137,155

March 31, 2025

	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, 2025 (Audited)	P19,651	P50,280	P108,527	P8,145	P2,320	P36,163	P225,086
Additions	-	1	19	11	1	3,337	3,369
Disposals	-	(10)	(115)	(18)	-	-	(143)
Reclassifications	593	1,099	1,429	434	1,222	(4,417)	360
Currency translation adjustments	(15)	(101)	(261)	(11)	-	(1)	(389)
March 31, 2025 (Unaudited)	20,229	51,269	109,599	8,561	3,543	35,082	223,283
Accumulated Depreciation							
January 1, 2025 (Audited)	2,107	14,503	59,771	4,611	703	-	81,695
Depreciation	37	365	1,103	214	31	-	1,750
Disposals	-	(3)	(112)	(17)	-	-	(132)
Reclassifications	-	(3)	3	-	-	-	-
Currency translation adjustments	(3)	(47)	(138)	(9)	-	-	(197)
March 31, 2025 (Unaudited)	2,141	14,815	60,627	4,799	734	-	83,116
Accumulated Impairment Losses							
January 1, 2025 (Audited)	-	3,865	10,822	113	1	-	14,801
Disposals	-	(7)	(3)	-	-	-	(10)
Currency translation adjustments	-	(40)	(111)	(1)	-	-	(152)
March 31, 2025 (Unaudited)	-	3,818	10,708	112	1	-	14,639
Carrying Amount							
March 31, 2025 (Unaudited)	P18,088	P32,636	P38,264	P3,650	P2,808	P35,082	P130,528

Depreciation and amortization recognized in the consolidated statements of income amounted to P2,017 and P1,750 for the periods ended March 31, 2026 and 2025, respectively.

5. Dividends

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

2026

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 6, 2026	February 20, 2026	March 6, 2026	P0.50

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

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 March 31, 2026 and December 31, 2025:

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions																																																																	
Intermediate Parent Company	March 31, 2026	P48	P428	P6,249	P823	On demand except redeemable perpetual securities; non-interest bearing	Unsecured; no impairment																																																																	
	December 31, 2025	425	1,640	6,083	924			Entities under Common Control of the Intermediate Parent Company	March 31, 2026	169	11,343	1,752	13,755	On demand; non-interest bearing	Unsecured; no impairment	December 31, 2025	1,045	45,148	2,134	17,193	Joint Venture	March 31, 2026	16	-	621	-	On demand; interest bearing	Unsecured; with impairment	December 31, 2025	15	-	622	-	Associate of Intermediate Parent Company	March 31, 2026	144	-	3,562	262	Upon maturity; interest bearing	Unsecured; no impairment	December 31, 2025	365	305	3,614	325	Shareholders in Subsidiaries	March 31, 2026	61	1,245	147	80	On demand; non-interest bearing	Unsecured; no impairment	December 31, 2025	179	4,830	159	61	Total	March 31, 2026	P438	P13,016	P12,331	P14,920			Total	December 31, 2025	P2,029	P51,923	P12,612
Entities under Common Control of the Intermediate Parent Company	March 31, 2026	169	11,343	1,752	13,755	On demand; non-interest bearing	Unsecured; no impairment																																																																	
	December 31, 2025	1,045	45,148	2,134	17,193			Joint Venture	March 31, 2026	16	-	621	-	On demand; interest bearing	Unsecured; with impairment	December 31, 2025	15	-	622	-	Associate of Intermediate Parent Company	March 31, 2026	144	-	3,562	262	Upon maturity; interest bearing	Unsecured; no impairment	December 31, 2025	365	305	3,614	325	Shareholders in Subsidiaries	March 31, 2026	61	1,245	147	80	On demand; non-interest bearing	Unsecured; no impairment	December 31, 2025	179	4,830	159	61	Total	March 31, 2026	P438	P13,016	P12,331	P14,920			Total	December 31, 2025	P2,029	P51,923	P12,612	P18,503												
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	December 31, 2025	15	-	622	-			Associate of Intermediate Parent Company	March 31, 2026	144	-	3,562	262	Upon maturity; interest bearing	Unsecured; no impairment	December 31, 2025	365	305	3,614	325	Shareholders in Subsidiaries	March 31, 2026	61	1,245	147	80	On demand; non-interest bearing	Unsecured; no impairment	December 31, 2025	179	4,830	159	61	Total	March 31, 2026	P438	P13,016	P12,331	P14,920			Total	December 31, 2025	P2,029	P51,923	P12,612	P18,503																									
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Total	December 31, 2025	P2,029	P51,923	P12,612	P18,503																																																																			

- 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, 2025.
- 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:

	March 31	
	2026	2025
Net income attributable to common shareholders of the Parent Company (a)	P7,839	P7,509
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)	P1.33	P1.27

As at March 31, 2026 and 2025, 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 and Foreign Currency 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 currency options and forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to 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:

March 31, 2026	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated Interest rate	P16,135 3.284%- 5.571%	P15,138 3.548%- 6.925%	P24,269 3.548%- 6.186%	P13,800 5.037%- 5.857%	P69,342
Floating Rate					
Philippine peso-denominated Interest rate	181 BVAL + margin or BSP TDF overnight rate, whichever is higher	363 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,381 BVAL + margin or BSP TDF overnight rate, whichever is higher	3,827 BVAL + margin or BSP TDF overnight rate, whichever is higher	11,752
	P16,316	P15,501	P31,650	P17,627	P81,094

December 31, 2025	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated Interest rate	P19,009 3.284%- 4.150%	P22,178 3.5830%- 6.9253%	P20,206 3.548%- 6.2954%	P7,900 6.1566%- 6.2954%	P69,293
Floating Rate					
Philippine peso-denominated Interest rate	181 BVAL + margin or BSP TDF overnight rate, whichever is higher	363 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,410 BVAL + margin or BSP TDF overnight rate, whichever is higher	3,842 BVAL + margin or BSP TDF overnight rate, whichever is higher	11,796
	P19,190	P22,541	P27,616	P11,742	P81,089

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 P118 for the period ended March 31, 2026 and for the year ended December 31, 2025. 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:

	March 31, 2026		December 31, 2025	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$231	14,030	US\$235	P13,802
Trade and other receivables	28	1,672	31	1,850
Prepaid expenses and other current assets	8	470	8	445
Noncurrent receivables	4	264	4	244
	271	16,436	278	16,341
Liabilities				
Trade payables and other current liabilities	(109)	(6,596)	(108)	(6,368)
Lease liabilities	(1)	(74)	(1)	(79)
	(110)	(6,670)	(109)	(6,447)
Net Foreign Currency-denominated Monetary Assets	US\$161	P9,766	US\$169	P9,894

The Group reported net gain (loss) on foreign exchange amounting to (P5) and P28 for the periods ended March 31, 2026 and 2025, 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
March 31, 2026	P60.748
December 31, 2025	58.790
March 31, 2025	57.210
December 31, 2024	57.845

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

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

March 31, 2026	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)	(P226)	P21	P226
Trade and other receivables	(7)	(30)	7	30
Prepaid expenses and other current assets	(4)	(7)	4	7
Non-current receivables	-	(4)	-	4
	(32)	(267)	32	267
Trade payables and other current liabilities	37	99	(37)	(99)
Other noncurrent liabilities	-	1	-	(1)
	37	100	(37)	(100)
	P5	(P167)	(P5)	P167

December 31, 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	(P25)	(P229)	P25	P229
Trade and other receivables	(11)	(33)	11	33
Prepaid expenses and other current assets	(4)	(7)	4	7
Noncurrent receivables and deposits -net	-	4	-	(4)
	(40)	(265)	40	265
Trade payables and other current liabilities	36	99	(36)	(99)
Finance lease liabilities	-	1	-	(1)
	36	100	(36)	(100)
	(P4)	(P165)	P4	P165

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.

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.

March 31, 2026	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P64,781	P64,781	P64,781	P -	P -	P -
Trade and other receivables - net	24,768	24,768	24,768	-	-	-
Restricted cash (included under "Prepaid expenses and other current assets" account)	219	219	219	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	24	24	24	-	-	-
Investment in equity at FVOCI (included under "Investments" account)	6,189	6,189	-	-	-	6,189
Investment in debt instruments at amortized cost (included under "Investments" account)	11,500	13,451	822	812	11,817	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	253	509	-	33	110	366
Financial Liabilities						
Loans payable	11,147	11,147	11,147	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	70,862	70,862	70,862	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	400	400	400	-	-	-
Long-term debt (including current maturities)	80,754	95,963	18,128	17,959	38,422	21,454
Lease liabilities (including current portion)	5,440	12,031	946	634	1,837	8,614

December 31, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P64,506	P64,506	P64,506	P-	P-	P-
Trade and other receivables -net	29,891	29,891	29,891	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	37	37	37	-	-	-
Investment in equity at FVOCI (included under "Investments - net" account)	5,990	5,990	-	-	-	5,990
Investment in debt instruments at amortized cost (included under "Investments - net" account)	11,500	13,658	753	841	12,064	-
Noncurrent receivables and deposit - net (included under "Other noncurrent assets - net" account)	241	476	-	32	99	345
Restricted cash (included under "Prepaid expenses and other current assets" account)	215	215	215	-	-	-
Financial Liabilities						
Loans payable	14,346	14,314	14,314	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	74,336	74,336	74,336	-	-	-
Dividends payable	111	111	111	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	206	206	206	-	-	-
Long-term debt (including current maturities)	80,800	93,904	23,075	23,477	34,688	12,664
Lease liabilities (including current portion)	5,592	13,041	1,053	946	1,839	9,203

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.

	March 31, 2026	December 31, 2025
Cash and cash equivalents (excluding cash on hand)	P64,424	P61,644
Trade and other receivables - net	24,768	29,891
Restricted cash	219	215
Derivative assets	24	37
Investment in debt instruments at amortized cost	11,500	11,500
Noncurrent receivables and deposits - net	253	241
	P101,188	P103,528

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

March 31, 2026	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P64,424	P -	P -	P -	P64,424
Trade and other receivables - net	24,768	-	1,210	-	25,978
Restricted cash	219	-	-	-	219
Derivative assets	-	-	-	24	24
Investment in debt instruments at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits - net	-	253	-	-	253
Total	P100,911	P253	P1,210	P24	P102,398

December 31, 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)	P61,644	P-	P-	P-	P61,644
Trade and other receivables -net	29,891	-	1,135	-	31,026
Restricted cash	215	-	-	-	215
Derivative assets	-	-	-	38	38
Investment in debt instruments at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	241	-	-	241
	P103,250	P241	P1,135	P38	P104,664

The aging of receivables is as follows:

March 31, 2026	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P19,193	P478	P202	P19,873
Past due:				
1-30 days	2,368	273	49	2,690
31-60 days	399	83	25	507
61-90 days	292	89	118	499
Over 90 days	590	376	1,443	2,409
	P22,842	P1,299	P1,837	P25,978

December 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P20,935	P586	P481	P22,002
Past due:				
1 - 30 days	4,669	214	248	5,131
31 - 60 days	1,164	52	38	1,254
61 - 90 days	169	49	41	259
Over 90 days	544	407	1,429	2,380
	P27,481	P1,308	P2,237	P31,026

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:

	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P64,781	P64,781	P64,506	P64,506
Trade and other receivables - net	24,768	24,768	29,891	29,891
Restricted cash (included under "Prepaid expenses and other current assets" account)	219	219	215	215
Derivative assets (included under "Prepaid expenses and other current assets" account)	24	24	37	37
Investment in equity at FVOCI (included under "Investments - net" account)	6,189	6,189	5,990	5,990
Investment in debt instruments 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)	253	253	241	241
Financial Liabilities				
Loans payable	11,147	11,147	14,346	14,346
Trade payables and other current liabilities (excluding derivative liabilities)	70,862	70,862	74,336	74,336
Dividends payable			111	111
Derivative liabilities (included under "Trade payables and other current liabilities" account)	400	400	206	206
Long-term debt (including current maturities)	80,754	78,328	80,800	79,917

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 March 31, 2026 and December 31, 2025, discount rates used ranges from 4.26% to 7.29% and from 4.26% to 6.40% 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:

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As at March 31, 2026 and December 31, 2025, the total outstanding notional amount of such embedded currency forwards amounted to, US\$135, and US\$78, 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 (P376) and (P168) as at March 31, 2026 and December 31, 2025, respectively.

The Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to (P219) and P22 for the periods ended March 31, 2026 and 2025, respectively.

Fair Value Changes on Derivatives

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

	March 31, 2026	December 31, 2025
Balance at beginning of year	(P168)	(P66)
Net change in fair value of non-accounting hedges	(219)	(183)
	(387)	(249)
Less fair value of settled instruments	11	81
Balance at end of year	(P376)	(P168)

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:

	March 31, 2026			December 31, 2025		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P-	P24	P24	P-	P37	P37
Investment in equity at FVOCI	6,189	-	6,189	5,990	-	5,990
Investment in debt instrument at amortized cost	11,500	-	11,500	11,500	-	11,500
Financial Liabilities						
Derivative liabilities	-	400	400	-	206	206

The Group has no financial instruments valued based on Level 3 as at March 31, 2026 and December 31, 2025. For the period ended March 31, 2026 and for the year ended December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

10. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P78,276 and P87,234 as at March 31, 2026 and December 31, 2025, 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.

d. The effect of US-Israel-Iran conflict in the performance of the Group is discussed in the Management's Discussion and Analysis of Financial Position and Financial Performance.

11. Event After the Reporting Date

On May 6, 2026, the BOD of the Parent Company declared regular cash dividends to all common shareholders of record as of May 21, 2026, amounting to P0.50 per common share, respectively. Cash dividends for common shares are payable on June 5, 2026.



MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel 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 March 31, 2026 (with comparative figures as at December 31, 2025 and for the period ended March 31, 2025). All necessary adjustments to present fairly the consolidated financial position, financial performance, and cash flows of the Group as at March 31, 2026, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with 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 sale of fermented, malt-based, and non-alcoholic beverages in 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. These products are available nationwide, while some are exported to select countries.

The Food Segment includes the following categories (i) the manufacture and marketing of branded value-added refrigerated and canned processed meat products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream, and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as “Prepared and Packaged Food”); (ii) the production and sale of feeds, veterinary medicine, and pet care products (“Animal Nutrition and Health”); (iii) poultry and livestock farming, processing, and sale of poultry and fresh meats (“Protein”); and (iv) the milling, production, and marketing of flour and bakery ingredients, grain terminal handling, foodservice, and international operations (“Others”).

I. FINANCIAL PERFORMANCE

Three months ended March 31, 2026, compared to three months ended March 31, 2025

<i>(in millions)</i>	MARCH		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2026	2025	AMOUNT	%	2026	2025
SALES	103,102	98,878	4,224	4%	100%	100%
COST OF SALES	73,217	70,317	2,900	4%	71%	71%
GROSS PROFIT	29,885	28,561	1,324	5%	29%	29%
SELLING AND ADMINISTRATIVE EXPENSES	(14,156)	(13,357)	799	6%	(14%)	(14%)
OPERATING RESULTS	15,729	15,204	525	3%	15%	15%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(1,210)	(1,374)	(164)	(12%)	(1%)	(1%)
INTEREST INCOME	886	974	(88)	(9%)	1%	1%
EQUITY NET GAIN OF ASSOCIATE	1	-	1	100%	0%	0%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	-	1	(1)	(100%)	0%	0%
OTHER INCOME (CHARGES) - NET	(117)	255	(372)	(146%)	(0%)	0%
INCOME BEFORE INCOME TAX	15,289	15,060	229	2%	15%	15%
INCOME TAX EXPENSE	3,506	3,478	28	1%	3%	4%
NET INCOME	11,783	11,582	201	2%	11%	12%
Attributable to:						
Equity holders of the Parent Company	7,839	7,509	330	4%	8%	8%
Non-controlling interests	3,944	4,073	(129)	(3%)	4%	4%
	11,783	11,582	201	2%	11%	12%

The Group sustained solid results at the start of 2026, reporting positive performance for the first quarter.

Consolidated sales for the three months ended March 31, 2026, amounted to P103,102 million, 4% higher than in the same period in 2025. Consolidated net income reached P11,783 million, a 2% increase year-on-year.

Sales

Consolidated sales increased by 4%, from P98,878 million in the first quarter of 2025 to P103,102 million in the first quarter of 2026. Sales in the Beer and NAB Segment slightly increased by 1%, from P36,297 million to P36,751 million. On the other hand, sales in the Spirits Segment increased by 3%, from P16,270 million to P16,727 million, while sales in the Food Segment grew by 7%, from P46,313 million to P49,625 million. The overall increase was mainly driven by favorable selling prices across all businesses and stronger volume growth in the Food Segment.

Cost of Sales

Consolidated cost of sales also increased by 4% from P70,317 million in the first quarter of 2025 to P73,217 million in the first quarter of 2026. Cost of sales in the Beer and NAB Segment increased by 2%, from P22,410 million to P22,810 million. In the Spirits Segment, it maintained its level from P12,187 million to P12,216 million, while the Food Segment saw a 7% increase, from P35,720 million to P38,182 million. The overall increase reflects the impact of higher sales volume, the annual increase in excise taxes, and elevated input costs compared to the same period last year.

Gross profit

Consolidated gross profit rose by 5%, from P28,561 million for the three months ended March 31, 2025, to P29,885 million for the same period in 2026.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 6%, from P13,357 million for the first quarter of 2025 to P14,156 million in the first quarter of 2026. By segment, selling and administrative expenses in the Beer and NAB Segment rose by 6%, from P5,672 million to P6,016 million; in the Spirits Segment, by 4%, from P1,619 million to P1,682 million; and in the Food Segment, by 7%, from P6,174 million to P6,583 million. The overall increase was mainly due to higher advertising and promotional expenses, increased handling costs due to higher volume and rate increases, and higher depreciation and manpower costs from new facilities.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges decreased by 12%, from P1,374 million in the first quarter of 2025 to P1,210 million in the first quarter of 2026, primarily due to lower loan availments as well as lower average interest rates as compared to previous year.

Interest Income

Consolidated interest income decreased by 9%, from P974 million to P886 million, mainly attributable to lower yields on money market placements.

Other Income - Net

The Group recorded consolidated net other charges amounting to P117 million for the first quarter of 2026, compared to net other income of P255 million for the same period in 2025. The 146% decrease was primarily due to marked-to-market losses, as the peso's movements against multiple currencies, when transactions were converted to USD, contributed to losses on derivatives. The Food Segment also incurred higher casualty losses, while the Spirits Segment recorded lower tolling income.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax amounted to P15,289 million for the three months ended March 31, 2026.

Income Tax Expense

The Group's income tax expense slightly increased by 1%, from P3,478 million in the first quarter of 2025 to P3,506 million in the first quarter of 2026.

Net Income

As a result, SMFB's consolidated net income increased by 2%, from P11,582 million in the first quarter of 2025 to P11,783 million in the first quarter of 2026. Net income of the Beer and NAB Segment declined by 5%, from P6,572 million to P6,248 million; net income of the Spirits Segment grew by 8%, from P2,112 million to P2,291 million; and net income of the Food Segment likewise posted an 8% increase, from P3,029 million to P3,284 million.

Non-Controlling Interests

The share of non-controlling interests in the Group's net income decreased by 3%, from P4,073 million in the first quarter of 2025 to P3,944 million in the first quarter of 2026.

Net Income after Tax and Minority Interest

As a result of the foregoing, SMFB's consolidated net income after tax and minority interest rose by 4%, from P7,509 million for the three months ended March 31, 2025, to P7,839 million for the same period in 2026. By segment, net income after tax and minority interest for the Beer and NAB Segment declined by 4%, from P6,436 million to P6,151 million; for the Spirits Segment, grew by 8%, from P2,112 million to P2,291 million; and for the Food Segment, increased by 9%, from P2,750 million to P2,996 million.

Business Highlights for the period ended March 31, 2026

Beer and NAB

The Beer and NAB Segment, under San Miguel Brewery Inc. (SMB), posted consolidated revenues of P36,751 million, 1% higher than in the same period last year despite the global economic challenges experienced in the first quarter of 2026. This was mainly due to the price increase implemented in domestic operations in January 2026. Domestic operations contributed P32,737 million while international operations contributed US\$68.3 million.

Cost of sales slightly increased by 2% to P22,810 million due to higher excise taxes for fermented liquors in the Philippines. Domestic operations accounted for P20,712 million while international operations accounted for US\$35.8 million.

Selling and administrative expenses increased by 6% or by P344 million to P6,016 million mainly due to higher depreciation and amortization and advertising and promotions. Domestic operations accounted for P4,954 million while international operations accounted for US\$18 million.

Consequently, income from operations decreased by 4% or by P290 million from P8,215 million to P7,925 million. Domestic operations contributed P7,071 million while international operations contributed US\$14.5 million.

Interest income decreased by 10% or by P66 million to P613 million with the lower interest rates for domestic operations.

Consolidated net income decreased by 5% or by P324 million to P6,248 million. Domestic operations contributed P5,379 million while international operations contributed US\$14.8 million.

Net income attributable to equity holders of the company was lower by 4% while net income attributable to non-controlling interests decreased by 29% primarily due to lower net income of San Miguel Brewery Hong Kong Limited.

The operating and financial highlights of each subdivision in the Beer and NAB Segment are as follows:

Domestic Beer Operations

Domestic operations' revenue of P32,737 million was higher by 2% or by P772 million than in the same period last year despite the 3% decrease in volume. The higher revenue is mainly attributed to the price increase implemented in January 2026. The lower volumes in the first quarter of 2026 were partly caused by the inventory build-up in the trade in December in anticipation of the January price adjustment. Moreover, the hikes in fuel prices, inflation, and other uncertainties from the ongoing United States (US)-Israel-Iran conflict continued to slow down consumer spending on discretionary items, thus affecting the current period's demand.

Income from operations was slightly higher by 0.4% at P7,071 million while net income was slightly lower by P27 million at P7,071 million.

International Beer Operations

San Miguel Brewing International Limited (SMBIL) recorded consolidated revenues of US\$68.3 million in the first quarter of 2026, 9% lower than in the same period in 2025. This was mainly driven by lower export volumes, partially offset by a favorable market mix.

Consolidated volumes declined by 15%, largely due to reduced export shipments of global San Miguel brands following disruptions in the Middle East arising from the US-Israel-Iran conflict. While global San Miguel brands volumes declined as a result of weaker exports, San Miguel brand performance across domestic markets improved. The overall decline in consolidated volumes was also partially mitigated by the growth in local brands (i.e., beer brands owned by the subsidiaries in the relevant international markets) and partner brands, as domestic volumes across all subsidiaries improved. In South China, volumes grew by 6% with sales across all regions in Guangdong exceeding same period in the previous year. In Hong Kong, volumes were 3% ahead of the first quarter of 2025, outperforming a declining beer industry. Volumes in Indonesia were 7% better than in the three months ended March 31, 2025 due to stronger Anker Bir sales in the wholesaler channel. In Vietnam, San Miguel brand volumes exhibited double-digit growth, driven by expansion in draught outlets and volume increase in the modern-trade off-premise channel. Volumes in Thailand were 5% higher than in the same period in 2025 on the back of increased volumes from the modern trade off-premise channel.

Consolidated operating income for the first quarter of 2026 amounted to US\$14.5 million, 28% lower than the US\$20.2 million registered in the first quarter of 2025 as a result of the consolidated volume decline, as well as higher production and fixed costs during the period.

Spirits

The Spirits Segment, under Ginebra San Miguel Inc. (GSMI), generated revenues of P16,727 million, reflecting a 3% increase from first quarter last year's P16,270 million, primarily driven by a selling price adjustment implemented in the first quarter of 2026.

Cost of sales remained stable at P12,216 million this quarter versus P12,187 million in the same period last year, as higher excise taxes were partly offset by lower material inputs. As a result, gross profit increased by 11% to P4,512 million from P4,083 million in the same period last year.

Selling and administrative expenses increased by 4%, from P1,619 million to P1,683 million, mainly due to higher delivery, personnel-related, and depreciation expenses.

Interest expense and other financing charges increased by 7% to P22 million from P20 million, because of higher interest in the defined benefit liability and other related charges.

Interest income increased by 5% to P237 million from P225 million, on account of higher money market placements.

Other income (charges) shifted to net charges of P1 million in the current period from net income of P141 million in the same period last year, as a result of losses from derivative instruments and lower tolling income.

The Spirits Segment posted a net income of P2,292 million for the first quarter of 2026, up 9% from P2,112 million in the same period last year.

Food

The Food Segment delivered consolidated revenues of P49,625 million for the first quarter of 2026, 7% higher versus same period in 2025, driven by steady volume growth in most businesses, complemented by better selling prices, particularly in the Prepared and Packaged Food businesses.

The Protein business, comprising poultry and fresh meats, posted revenues of P18,255 million for the first three months of 2026, 2% lower than in the first three months of 2025, as softer market prices amid elevated industry inventories weighed on topline performance. Despite this, the poultry business sustained its volume growth momentum, with internal supply adequately supporting increased demand across both foodservice and wet market channels. Meanwhile, the fresh meats business continued on a scaled-down level due to the persistent impact of African Swine Fever (ASF) and is slowly recovering with favorable selling prices and a slight increase in volumes.

The Animal Nutrition and Health business comprising feeds, veterinary medicine, and pet care products, recorded revenues of P12,379 million, up 26% compared to in the first quarter of 2025. Hog, broiler, and layer feeds continued to deliver double-digit volume growth, mainly driven by improving hog population and efforts to convert more farms to use B-MEG feed products. The business maintained its strategic pricing position to protect market share, supported by raw material costs that were more favorable than same period prior-year levels.

The Prepared and Packaged Food businesses, consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee, registered revenues of P14,672 million, reflecting a 6% year-on-year increase versus the same period in 2025. Both volume growth and better selling prices across the businesses lifted topline performance.

The Food Segment's cost of sales rose by 7% to P38,182 million, primarily driven by volume growth, as well as rising costs of imported meat and dairy inputs and increased fuel expenses.

The Food Segment's gross profit for the first three months of 2026 reached P11,443 million, up 8% compared to in the first three months of 2025. This growth was driven by volume expansion, improved operational efficiencies, and cost relief from key raw materials in commodity businesses.

Selling and administrative expenses amounted to P6,583 million, a 7% increase compared to same period in the previous year, mainly to support volume generation, particularly higher logistics costs, as well as increased manpower and advertising costs.

With a solid topline, backed by improved efficiencies and tightly managed costs, the Food Segment delivered an operating income of P4,860 million for the quarter ended March 2026, a 10% improvement versus the same period in 2025.

Three months ended March 31, 2025, compared to three months ended March 31, 2024

<i>(in millions)</i>	MARCH		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2025	2024	AMOUNT	%	2025	2024
SALES	98,878	95,432	3,446	4%	100%	100%
COST OF SALES	70,317	69,692	625	1%	71%	73%
GROSS PROFIT	28,561	25,740	2,821	11%	29%	27%
SELLING AND ADMINISTRATIVE EXPENSES	(13,357)	(12,621)	736	6%	(14%)	(13%)
OPERATING RESULTS	15,204	13,119	2,085	16%	15%	14%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(1,374)	(1,129)	245	22%	(1%)	(1%)
INTEREST INCOME	974	914	60	7%	1%	1%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	1	1	-	0%	0%	0%
OTHER INCOME (CHARGES) - NET	255	117	138	118%	0%	0%
INCOME BEFORE INCOME TAX	15,060	13,022	2,038	16%	15%	14%
INCOME TAX EXPENSE	3,478	3,048	430	14%	4%	3%
NET INCOME	11,582	9,974	1,608	16%	12%	10%
Attributable to:						
Equity holders of the Parent Company	7,509	6,004	1,505	25%	8%	6%
Non-controlling interests	4,073	3,970	103	3%	4%	4%
	11,582	9,974	1,608	16%	12%	10%

The Group started 2025 on a strong note, delivering positive financial results for the first quarter.

Consolidated sales for the three months ended March 31, 2025, amounted to P98,878 million, 4% higher than in the same period in 2024. Consolidated net income reached P11,582 million, a 16% increase year-on-year.

Sales

Consolidated sales increased by 4%, from P95,432 million in the first quarter of 2024 to P98,878 million in the first quarter of 2025. Sales in the Beer and NAB Segment declined by 3%, from P37,367 million to P36,297 million. On the other hand, sales in the Spirits Segment increased by 8%, from P15,117 million to P16,270 million, while sales in the Food Segment also grew by 8%, from P42,950 million to P46,313 million. The overall increase was mainly driven by favorable selling prices across all businesses and stronger volume growth in the Food Segment.

Cost of Sales

Consolidated cost of sales slightly increased by 1% from P69,692 million in the first quarter of 2024 to P70,317 million in the first quarter of 2025. Cost of sales in the Beer and NAB Segment declined by 7%, from P24,024 million to P22,410 million. In the Spirits Segment, it rose by 7%, from P11,394 million to P12,187 million, while the Food Segment saw a 4% increase, from P34,268 million to P35,720 million. The overall increase reflects the impact of higher sales volume, the annual increase in excise taxes, and some elevated input costs compared to the same period in 2024.

Gross profit

Consolidated gross profit rose by 11%, from P25,740 million for the three months ended March 31, 2024, to P28,561 million for the same period in 2025.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 6%, from P12,621 million for the first quarter of 2024 to P13,357 million in the first quarter of 2025. By segment, selling and administrative expenses in the Beer and NAB Segment rose by 9%, from P5,212 million to P5,672 million; in the Spirits Segment, by 12%, from P1,445 million to P1,619 million; and in the Food Segment, by 2%, from P6,077 million to P6,174 million. The overall increase was mainly due to higher amortization of deferred containers in the Beer and NAB Segment, increased advertising, promotions, and distribution and handling costs in the Spirits Segment, and higher handling costs from increased volumes, rate adjustments, depreciation, and manpower expenses related to new facilities in the Food Segment.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges increased by 22%, from P1,129 million in the first quarter of 2024 to P1,374 million in the first quarter of 2025, mainly due to new loan availments at higher interest rates.

Interest Income

Consolidated interest income increased by 7%, from P914 million to P974 million, primarily due to higher money market placements with longer maturity periods and better rates.

Other Income - Net

The Group recorded consolidated net other income amounting to P255 million for the first quarter of 2025, compared to P117 million for the same period in 2024. The 118% increase was mainly due to favorable foreign exchange and derivatives movements compared to a loss in 2024, as well as lower casualty losses and facility closures under the Food Segment.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax amounted to P15,061 million for the three months ended March 31, 2025.

Income Tax Expense

The Group's income tax expense increased by 14%, from P3,048 million in the first quarter of 2024 to P3,478 million in the first quarter of 2025.

Net Income

As a result, SMFB's consolidated net income increased by 16%, from P9,974 million in the first quarter of 2024 to P11,582 million in the first quarter of 2025. Net income of the Beer and NAB Segment rose slightly by 1%, from P6,514 million to P6,572 million; net income of the Spirits Segment grew by 11%, from P1,907 million to P2,112 million; and net income of the Food Segment posted an 83% increase, from P1,655 million to P3,029 million.

Non-Controlling Interests

The share of non-controlling interests in the Group's net income increased by 3%, from P3,970 million in the first quarter of 2024 to P4,073 million in the first quarter of 2025.

Net Income after Tax and Minority Interest

As a result of the foregoing, SMFB's consolidated net income after tax and minority interest rose by 25%, from P6,004 million for the three months ended March 31, 2024, to P7,509 million for the same period in 2025. By segment, net income after tax and minority interest for the Beer and NAB Segment grew by 1%, from P6,379 million to P6,436 million; for the Spirits Segment, by 11%, from P1,907 million to P2,112 million; and for the Food Segment, by 84%, from P1,397 million to P2,750 million.

Business Highlights for the period ended March 31, 2025

Beer and NAB

The Beer and NAB Segment, under SMB, posted consolidated revenues of P36,297 million, 3% lower than in the same period in 2024, due to a 10% decline in sales volume. Domestic operations contributed P31,965 million, while international operations contributed US\$75 million.

Cost of sales decreased by 7% or by P1,614 million, reflecting lower sales volume. Domestic operations accounted for P20,219 million, while international operations accounted for US\$38 million.

Selling and administrative expenses increased by 9% or by P460 million, mainly due to higher depreciation and amortization. Domestic operations accounted for P4,701 million, while international operations accounted for US\$17 million.

Despite the lower volumes, income from operations slightly increased to P8,215 million, supported by lower manufacturing costs. Domestic operations contributed P7,045 million, while international operations contributed US\$20 million.

Interest expense and other financing charges increased by 7%, mainly due to the higher interest rates on the P10 billion term loans drawn in December 2024.

Interest income rose by 5%, driven by higher money market placements in the domestic operations.

Consolidated net income, which reached P6,572 million, was slightly higher than 2024's P6,514 million. Domestic operations contributed P5,416 million while international operations contributed US\$20 million.

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

Domestic Beer Operations

Domestic operations' revenue for the first quarter of 2025 amounted to P31,965 million, lower by P1,090 million or 3% due to a decline in volumes. The weaker volume performance was attributed mainly to the impact of price increases in the hard liquor category in the trade, and the shift in Lenten season timing from March 2024 to April 2025.

Income from operations reached P7,045 million, slightly higher than in the first quarter of 2024 due to improved pricing and lower costs. However, with the lower first quarter 2025 volumes, net income declined by 13% year-on-year to P5,416 million.

International Beer Operations

SMBIL recorded consolidated revenues of US\$75 million in the first quarter of 2025, down 3% from same period in the previous year. This decline was mainly due to lower volumes, an unfavorable market mix, and depreciation of most local currencies against the US dollar.

Global San Miguel brand volumes continued to perform well, registering a 4% increase year-on-year. However, consolidated volume as of March 2025, excluding additional export production allocated to the Philippines, was slightly lower than as of March 2024, as the growth in global San Miguel brands was offset by weaker sales of local and partner brands. Including export volumes allocated to the Philippines, total volume would have been 1% higher than in the first quarter of 2024.

South China operations saw a 4% volume increase driven by expanded distribution in the online and retail chain channels. The Exports business also sustained strong growth, up 5% from the first quarter of 2024, supported by higher sales in the UAE, South Korea, and other markets across Asia and the Middle East.

Meanwhile, operations in Hong Kong, Thailand, Indonesia, and Vietnam recorded lower volumes. In Hong Kong, volume was affected by a continued rise in outbound tourism, particularly to Mainland China, and a decline in overall beer industry volume. In Thailand, volume lagged due to underperformance in the modern trade channel, with mixed results across sales regions. In Indonesia, heightened competition in the wholesaler channel led to a reduction in Anker Bir volumes. In Vietnam, San Miguel brand volumes were slightly lower due to a reduction in the number of retail outlets.

SMBIL's consolidated operating income remained steady at US\$20 million, the same level reported in the first quarter of 2024.

Spirits

The Spirits Segment, under GSML, generated revenues of P16,270 million, reflecting an 8% increase from first quarter of 2024's P15,117 million, primarily driven by a selling price adjustment implemented in February 2025. Cost of sales rose by 7% to P12,187 million from P11,394 million, due to higher input costs and excise taxes. The increase in selling price more than offset these cost pressures, resulting in a 10% increase in gross profit.

Selling and administrative expenses rose by 12%, from P1,445 million to P1,619 million, mainly due to higher advertising and promotional spending, as well as increased delivery and marketing expenses.

Interest income climbed 19% to P225 million from P189 million, driven by higher money market placements.

Other income rose significantly by 57% from P90 million to P141 million, due mainly to a P51 million marked-to-market gain on derivatives.

The Spirits Segment posted a net income of P2,112 million for the first quarter of 2025, an 11% increase from P1,907 million in the same period of 2024.

Food

The Food Segment posted consolidated revenues of P46,313 million for the first quarter of 2025, 8% higher than same period in 2024, driven by strong volume growth across most businesses and favorable selling prices for chicken and Prepared and Packaged Food products.

The Protein business led the Food Segment's topline growth and posted revenues of P18,571 million, up 19% compared to the first quarter of 2024. Poultry sales volume was spurred by robust demand from the foodservice segment, supported by steady internal supply. Chicken selling prices remained elevated amidst tight industry supply, contributing to the revenue increase. Conversely, the prolonged impact of ASF continued to constrain revenue performance in the fresh meats business.

The Animal Nutrition and Health business recorded revenues of P9,812 million, 8% lower than in the same period in 2024. Hog feed sales remained affected by the ASF-induced industry depopulation. The business also implemented targeted competitive pricing, supported by lower input costs, to preserve market volume share, which partly contributed to the decline in revenues.

The Prepared and Packaged Food business, delivered revenues of P13,857 million, up 9% year-on-year, on the back of higher sales volumes and improved selling prices.

Cost of sales for the Food Segment amounted to P35,720 million, 4% higher than same period in 2024. In addition to volume growth, the increase was driven by rising prices of imported meat and dairy inputs, higher operating costs from newly established facilities, and increased fuel and power costs.

Gross profit rose to P10,593 million, up 22% from the first quarter of 2024, driven by volume gains, favorable pricing, and lower costs for certain key raw materials in the Protein, and Animal Nutrition and Health businesses.

Selling and administrative expenses stood at P6,174 million, a modest 2% increase from the same period in 2024, as operating expenses were tightly managed to support volume growth.

Supported by the full recovery of the poultry business and enhanced efficiencies from company-owned facilities, operating income for the Food Segment surged to P4,419 million, a 70% increase from first quarter of 2024.

II. FINANCIAL POSITION

Financial Position as of March 31, 2026, vs December 31, 2025

<i>(in millions)</i>	March 2026	December 2025	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2026	2025
ASSETS						
Current Assets						
Cash and cash equivalents	64,781	64,506	275	0%	17%	17%
Trade and other receivables - net	24,768	29,891	(5,123)	(17%)	6%	8%
Inventories	47,160	43,659	3,501	8%	12%	11%
Current portion of biological assets - net	3,277	3,074	203	7%	1%	1%
Prepaid expenses and other current assets	5,445	4,946	499	10%	1%	1%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	145,617	146,262	(645)	(0%)	38%	38%
Noncurrent Assets						
Investments - net	18,872	18,672	200	1%	5%	5%
Property, plant and equipment - net	137,155	136,768	387	0%	35%	35%
Right-of-use assets - net	4,634	4,814	(180)	(4%)	1%	1%
Investment property - net	3,892	4,304	(412)	(10%)	1%	1%
Biological assets - net of current portion	2,566	2,661	(95)	(4%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,893	39,816	77	0%	10%	10%
Deferred tax assets	3,497	3,377	120	4%	1%	1%
Other noncurrent assets - net	30,988	31,637	(649)	(2%)	8%	8%
Total Noncurrent Assets	242,493	243,045	(552)	(0%)	62%	62%
Total Assets	388,110	389,307	(1,197)	(0%)	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	11,147	14,346	(3,199)	(22%)	3%	4%
Trade payables and other current liabilities	71,262	74,542	(3,280)	(4%)	18%	19%
Lease liabilities - current portion	656	727	(71)	(10%)	0%	0%
Income and other taxes payable	11,727	11,369	358	3%	3%	3%
Dividends payable	356	111	245	221%	0%	0%
Current maturities of long-term debt - net of debt issue costs	16,294	19,174	(2,880)	(15%)	4%	5%
Total Current Liabilities	111,442	120,269	(8,827)	(7%)	29%	31%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	64,460	61,626	2,834	5%	17%	16%
Deferred tax liabilities	30	31	(1)	(3%)	0%	0%
Lease liabilities – net of current portion	4,784	4,865	(81)	(2%)	1%	1%
Other noncurrent liabilities	5,799	5,773	26	0%	1%	1%
Total Noncurrent Liabilities	75,073	72,295	2,778	4%	19%	19%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	94%	94%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(84%)	(84%)
Equity reserves	(1,117)	(1,414)	(297)	(21%)	(0%)	(0%)
Retained earnings:						
Appropriated	43,787	46,807	(3,020)	(6%)	11%	12%
Unappropriated	76,098	68,194	7,904	12%	20%	18%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	133,664	128,483	5,181	4%	34%	33%
Non-controlling Interests	67,931	68,260	(329)	(0%)	18%	18%
Total Equity	201,595	196,743	4,852	2%	52%	51%
Total Liabilities and Equity	388,110	389,307	(1,197)	(0%)	100%	100%

Consolidated total assets as of March 31, 2026 amounted to P388,110 million, almost unchanged from the December 31, 2025 level.

Trade and other receivables declined by 17% or by P5,123 million, as a result of reduced credit sales, collections from peak-season sales, and improved collection efforts.

Inventories rose by 8% or by P3,501 million due to higher finished goods levels across the Group resulting from lower sales offtake compared to December's seasonal peak, along with higher material costs in the Food Segment.

Prepaid expenses and other current assets increased by 10% primarily driven by higher prepaid excise tax requirements.

Investment property declined by 10% or by P412 million primarily driven by a reclassification of a parcel of land to property, plant and equipment.

Loans payable decreased by 22% or by P3,199 million, primarily due to lower loan availments during the period.

Dividends payable increased by 221% or by P245 million, mainly due to higher declared dividends in March 2026, with a portion remaining unpaid and unclaimed.

Long-term debt, including current maturities, showed minimal movement. The net change was mainly due to the Beer and NAB Segment's repayment of term loans that matured in March 2026, which were refinanced with a new term loan, and the reclassification to the current portion of SMFB's Series B bonds maturing in March 2027.

Consolidated total equity as of March 31, 2026 stood at P201,595 million, 2% or P4,852 million higher than December 31, 2025 level. The increase was primarily due to the net income of P11,783 million, partially offset by dividends declared during the period amounting to P7,555 million.

Financial Position as of March 31, 2025, vs December 31, 2024

<i>(in millions)</i>	MARCH 2025	December 2024	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	60,986	58,221	2,765	5%	16%	15%
Trade and other receivables - net	22,666	29,456	(6,790)	(23%)	6%	8%
Inventories	51,426	47,582	3,844	8%	14%	13%
Current portion of biological assets - net	3,414	3,241	173	5%	1%	1%
Prepaid expenses and other current assets	5,681	5,506	175	3%	1%	1%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	144,359	144,192	167	0%	38%	38%
Noncurrent Assets						
Investments - net	17,329	17,388	(59)	(0%)	5%	5%
Property, plant and equipment - net	130,528	128,590	1,938	2%	34%	34%
Right-of-use assets - net	5,224	4,923	301	6%	1%	1%
Investment property - net	3,584	3,576	8	0%	1%	1%
Biological assets - net of current portion	2,677	2,652	25	1%	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,602	39,665	(63)	(0%)	10%	11%
Deferred tax assets	3,656	3,657	(1)	(0%)	1%	1%
Other noncurrent assets - net	30,781	31,467	(686)	(2%)	8%	8%
Total Noncurrent Assets	234,377	232,914	1,463	1%	62%	62%
Total Assets	378,736	377,106	1,630	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	13,382	17,103	(3,721)	(22%)	4%	5%
Trade payables and other current liabilities	77,777	76,416	1,361	2%	21%	20%
Lease liabilities - current portion	729	735	(6)	(1%)	0%	0%
Income and other taxes payable	12,155	10,035	2,120	21%	3%	3%
Dividends payable	735	89	646	726%	0%	0%
Current maturities of long-term debt - net of debt issue costs	10,287	12,328	(2,041)	(17%)	3%	3%
Total Current Liabilities	115,065	116,706	(1,641)	(1%)	30%	31%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	65,578	67,652	(2,074)	(3%)	17%	18%
Deferred tax liabilities	23	23	-	0%	0%	0%
Lease liabilities – net of current portion	5,265	4,864	401	8%	1%	1%
Other noncurrent liabilities	7,438	7,672	(234)	(3%)	2%	2%
Total Noncurrent Liabilities	78,304	80,211	(1,907)	(2%)	21%	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	(1,856)	(1,711)	145	8%	(0%)	(0%)
Retained earnings:						
Appropriated	48,445	45,375	3,070	7%	13%	12%
Unappropriated	59,035	57,551	1,484	3%	16%	15%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	120,520	116,111	4,409	4%	32%	31%
Non-controlling Interests	64,847	64,078	769	1%	17%	17%
Total Equity	185,367	180,189	5,178	3%	49%	48%
Total Liabilities and Equity	378,736	377,106	1,630	0%	100%	100%

Consolidated total assets as of March 31, 2025 amounted to P378,736 million, almost unchanged from the December 31, 2024 level.

Cash and cash equivalents increased by 5% or by P2,765 million, driven by higher cash generated from operations, partially offset by dividend payments and funding of investing activities.

Trade and other receivables declined by 23% or by P6,790 million, reflecting collections from peak season sales and lower credit sales during the period.

Inventories rose by 8% or by P3,844 million due to higher balances of materials, supplies, and finished goods across the Group.

Loans payable decreased by 22% or by P3,721 million, primarily due to lower availments during the period.

Income and other taxes payable increased by 21% or by P2,120 million, attributed to the Group's higher taxable income and increased value-added tax (VAT) payable for the quarter.

Dividends payable surged by 726% or by P646 million, mainly due to higher dividends declared in March 2025, with a portion remaining unpaid and unclaimed.

Long-term debt, including the current maturities, declined by 5% or by P4,115 million, following the settlement of the Beer and NAB Segment's P4 billion term loan and Parent Company's redemption of P8 billion in Series A bonds. The redemption was funded by two P4 billion term loans, both completed in March 2025.

Consolidated total equity as of March 31, 2025 stood at P185,367 million, 3% or P5,178 million higher than December 31, 2024 level. The increase was primarily due to the net income of P11,582 million, partially offset by dividends declared during the period amounting to P6,057 million.

III. SOURCES AND USES OF CASH

A brief summary of cash flow movements for the periods ended March 31, 2026, and 2025 is shown below:

<i>(in millions)</i>	2026	2025
Net cash flows provided by operating activities	P11,782	P19,540
Net cash flows used in investing activities	(1,176)	(3,237)
Net cash flows used in financing activities	(10,771)	(13,448)

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 includes the following:

<i>(in millions)</i>	2026	2025
Additions to property, plant and equipment and investment property	(P1,803)	(P3,374)
Increase in biological assets, intangible assets and other noncurrent assets	(287)	(860)
Proceeds from sale of investments and property, and equipment	-	1
Dividends received	37	36
Interest received	877	960

Net cash used in financing activities consists of the following:

<i>(in millions)</i>	2026	2025
Proceeds from short-term and long-term borrowings	P48,704	P67,669
Payments of short-term and long-term borrowings	(51,975)	(75,535)
Cash dividends paid	(7,269)	(5,411)
Payment of lease liabilities	(175)	(171)
Decrease in other non-current liabilities	(56)	-

The effect of exchange rate changes on cash and cash equivalents amounted to P441 million and (P90) million for the periods ended March 31, 2026, and 2025, 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 March 31, 2026	As of December 31, 2025
Liquidity: Current Ratio	1.31	1.22
Quick Ratio	0.81	0.79
Solvency: Debt to Equity Ratio	0.93	0.98
Asset to Equity Ratio	1.93	1.98
Profitability: Return on Average Equity Attributable to Equity Holders of the Parent Company	23.24%	24.64%
Interest Rate Coverage Ratio	13.64	13.49
Return on Assets	11.96%	12.08%

	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
Operating Efficiency: Volume Growth	4.30%	(3.50%)
Revenue Growth	4.27%	3.61%
Operating Margin	15.26%	15.38%

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 P78,276 million and P87,234 million as at March 31, 2026, and December 31, 2025, 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 would trigger a 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 produced by the Group, generally experience increased sales during the Christmas holiday season. In addition, alcoholic beverages experience higher sales during 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.
- h. The impact of US-Israel-Iran conflict has no direct effect on the Group. However, based on the recent events and market sentiments, oil prices are high as a result of tight oil supply.

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

March 31, 2026

(In Millions)

	Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade	P 22,842	P 19,193	P 2,368	P 399	P 292	P 590
Non-trade	1,299	478	273	83	89	376
Others	1,837	202	49	25	118	1,443
Total	<u>25,978</u>	<u>19,873</u>	<u>2,690</u>	<u>507</u>	<u>499</u>	<u>2,409</u>
Less allowance for impairment losses	<u>1,210</u>					
Net	<u>P 24,768</u>					

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 March 31, 2026	As of December 31, 2025
Liquidity: Current Ratio	1.31	1.22
Quick Ratio	0.81	0.79
Solvency: Debt to Equity Ratio	0.93	0.98
Asset to Equity Ratio	1.93	1.98
Profitability: Return on Average Equity Attributable to Equity Holders of the Parent Company	23.24%	24.64%
Interest Rate Coverage Ratio	13.64	13.49
Return on Assets	11.96%	12.08%

	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
Operating Efficiency: Volume Growth	4.30%	(3.50%)
Revenue Growth	4.27%	3.61%
Operating Margin	15.26%	15.38%

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