SAN MIGUEL
CORPORATION

August 14, 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 see attached SEC Form 17-Q of San Miguel Corporation for the 2nd quarter of 2026.

Very truly yours,

MARY ROSE S. TAN
Assistant Corporate Secretary

CR06190-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended

   Jun 30, 2026

2. SEC Identification Number

   PW00000277

3. BIR Tax Identification No.

   000-060-741-000

4. Exact name of issuer as specified in its charter

   SAN MIGUEL CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

   Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, Philippines
   Postal Code
   1550

8. Issuer's telephone number, including area code

   (02) 8632-3000

9. Former name or former address, and former fiscal year, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

SMC2U	146,178,580

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

☑ Yes ☐ No

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

Philippine Stock Exchange ; Common and Series 2 Preferred Shares

12. Indicate by check mark whether the registrant:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

San Miguel Corporation
SMC

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

For the period ended	Jun 30, 2026
Currency (indicate units, if applicable)	Php (In Millions)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)

	Jun 30, 2026	Dec 31, 2025
Current Assets	1,083,418	882,942
Total Assets	2,996,151	2,726,160
Current Liabilities	825,920	715,287
Total Liabilities	2,202,254	1,978,820
Retained Earnings/(Deficit)	220,703	215,321
Stockholders' Equity	793,897	747,340
Stockholders' Equity - Parent	305,888	323,381
Book Value per Share	88.1	90.11

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	535,781	357,294	964,102	718,205
Gross Expense	493,113	315,241	861,813	630,547
Non-Operating Income	8,917	15,577	19,215	48,353
Non-Operating Expense	31,315	26,211	74,685	51,782
Income/(Loss) Before Tax	20,270	31,419	46,819	84,229
Income Tax Expense	5,061	8,033	9,145	17,462
Net Income/(Loss) After Tax	15,209	23,386	37,674	66,767
Net Income Attributable to Parent Equity Holder	3,533	10,565	11,092	40,780
Earnings/(Loss) Per Share (Basic)	0.7	3.43	3.01	15.1
Earnings/(Loss) Per Share (Diluted)	0.7	3.43	3.01	15.1

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	1.56	13.64
Earnings/(Loss) Per Share (Diluted)	1.56	13.64

Other Relevant Information
Please see the attached SEC Form 17-Q of the Corporation for the 2nd Quarter of 2026. The same was filed with the SEC via e-FAST on 14 August 2026.

Filed on behalf by:

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

COVER SHEET

P	W	-	2	7	7				

S. E. C. Registration Number

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

(Company's Full Name)

N	O	.	4	0		S	A	N		M	I	G	U	E	L		A	V	E
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y				
M	E	T	R	O		M	A	N	I	L	A								
P	H	I	L	I	P	P	I	N	E	S									

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

Atty. Mary Rose S. Tan
Contact Person

(632) 632-3000
Company Telephone Number

1	2

Month

3	1

Day

SEC Form 17-Q
(2nd Quarter of 2026)
FORM TYPE

2nd Tuesday of June

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.
Number/Section

Amended Articles

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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

1. For the quarterly period ended **June 30, 2026**

2. Commission identification number **PW00000227**

3. BIR Tax Identification No. **000-060-741-000**

4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**

5. **Philippines**
   Province, country or other jurisdiction
   of incorporation or organization

6. Industry Classification Code: ______ (SEC Use Only)

7. **No. 40 San Miguel Avenue,**
   Mandaluyong City, Metro Manila — **1550**
   Address of issuer's principal office — Postal Code

8. **(632) 8632-3000**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Number of Shares of Stock and Debt Outstanding as of June 30, 2026
Common Shares	2,383,896,588
Series "2-L" Preferred Shares	165,358,600
Series "2-M" Preferred Shares	173,333,325
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	187,859,700
Series "2-P" Preferred Shares	171,370,380
Series "2-Q" Preferred Shares	53,815,840
Series "2-R" Preferred Shares	26,287,800
Series "2-S" Preferred Shares	179,837,540
Series "2-T" Preferred Shares	73,983,880
Series "2-U" Preferred Shares	146,178,580
Total Preferred Shares	**1,278,140,745**
Total Liabilities	P2,202,254 million

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes [√] No [ ]

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

(a) Common Shares
(b) Series "2" Preferred Shares - 2-L
(c) Series "2" Preferred Shares - 2-M
(d) Series "2" Preferred Shares - 2-N
(e) Series "2" Preferred Shares - 2-O
(f) Series "2" Preferred Shares - 2-P
(g) Series "2" Preferred Shares - 2-Q
(h) Series "2" Preferred Shares - 2-R
(i) Series "2" Preferred Shares - 2-S
(j) Series "2" Preferred Shares - 2-T
(k) Series "2" Preferred Shares - 2-U

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.
Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [√] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended June 30, 2026 (with comparative figures as of December 31, 2025 and for the period ended June 30, 2025) and Selected Notes to the Consolidated Financial Statements is hereto attached as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B".**

PART II--OTHER INFORMATION

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

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**SAN MIGUEL CORPORATION**
Signature and Title	**BRYAN U. VILLANUEVA** Chief Finance Officer
Date	August 14, 2026
Signature and Title	**BELLA O. NAVARRA** Comptrollership Manager/ Principal Accounting Officer
Date	August 14, 2026

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND DECEMBER 31, 2025
(In Millions)

	Note	**2026 Unaudited**	2025 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*8, 9*	**P453,901**	P351,715
Trade and other receivables - net	*4, 8, 9*	**284,212**	247,559
Inventories		**203,453**	145,800
Current portion of biological assets - net		**3,141**	3,074
Prepaid taxes and licenses		**100,332**	103,105
Prepaid expenses and other current assets	*4, 8, 9*	**38,379**	31,689
Total Current Assets		**1,083,418**	882,942
Noncurrent Assets			
Investments and advances - net	*2, 4*	**143,697**	127,258
Investments in equity and debt instruments	*4, 8, 9*	**47,673**	47,862
Property, plant and equipment - net	*5*	**821,757**	808,450
Right-of-use assets - net		**44,523**	44,210
Investment property - net		**96,521**	96,431
Biological assets - net of current portion		**2,694**	2,661
Goodwill - net		**186,738**	186,145
Other intangible assets - net		**371,379**	359,842
Contract assets		**75,309**	69,563
Deferred tax assets		**29,603**	23,196
Other noncurrent assets - net	*4, 8, 9*	**92,839**	77,600
Total Noncurrent Assets		**1,912,733**	1,843,218
		P2,996,151	P2,726,160
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*2, 4, 8, 9*	**P275,972**	P230,592
Accounts payable and accrued expenses	*4, 8, 9*	**263,091**	254,023
Lease liabilities - current portion	*4, 8, 9*	**8,783**	7,994
Income and other taxes payable		**44,845**	41,753
Dividends and distributions payable	*4, 7, 8, 9*	**3,771**	4,639
Current maturities of long-term debt - net of debt issue costs	*2, 4, 8, 9*	**229,458**	176,286
Total Current Liabilities		**825,920**	715,287
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*2, 4, 8, 9*	**1,292,969**	1,181,010
Lease liabilities - net of current portion	*4, 8, 9*	**25,462**	27,837
Deferred tax liabilities		**31,000**	29,303
Other noncurrent liabilities	*4, 8, 9*	**26,903**	25,383
Total Noncurrent Liabilities		**1,376,334**	1,263,533
Total Liabilities		**2,202,254**	1,978,820

Forward

	2026 Unaudited	2025 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**P16,443**	P16,443
Capital stock - preferred	**10,187**	10,187
Additional paid-in capital	**177,151**	177,151
Equity reserves	**5,449**	15,624
Retained earnings:		
Appropriated	**118,600**	85,931
Unappropriated	**102,103**	129,390
Treasury stock	**(124,045)**	(111,345)
	305,888	323,381
Non-controlling Interests	**488,009**	423,959
Total Equity	**793,897**	747,340
	P2,996,151	P2,726,160

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Millions, Except Per Share Data)

				For the Quarter Ended	
	Note	**2026 Unaudited**	2025 Unaudited	**2026 Unaudited**	2025 Unaudited
SALES	*2, 4*	**P964,102**	P718,205	**P535,781**	P357,294
COST OF SALES		**808,828**	583,338	**465,686**	292,027
GROSS PROFIT		**155,274**	134,867	**70,095**	65,267
SELLING AND ADMINISTRATIVE EXPENSES		**(52,985)**	(47,209)	**(27,427)**	(23,214)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*2, 4*	**(51,236)**	(48,929)	**(27,393)**	(24,309)
INTEREST INCOME	*4*	**9,035**	7,842	**4,968**	3,835
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES		**7,255**	5,139	**3,197**	3,124
GAIN ON SALE OF PROPERTY AND EQUIPMENT		**686**	866	**471**	401
OTHER INCOME (CHARGES) - Net	*3, 8, 9*	**(21,210)**	31,653	**(3,641)**	6,315
INCOME BEFORE INCOME TAX		**46,819**	84,229	**20,270**	31,419
INCOME TAX EXPENSE		**9,145**	17,462	**5,061**	8,033
NET INCOME		**P37,674**	P66,767	**P15,209**	P23,386
Attributable to:					
Equity holders of the Parent Company		**P11,092**	P40,780	**P3,533**	P10,565
Non-controlling interests		**26,582**	25,987	**11,676**	12,821
		P37,674	P66,767	**P15,209**	P23,386
Basic and Diluted Earnings Per Common Share Attributable to Equity Holders of the Parent Company	*6*	**P3.01**	P15.10	**P0.70**	P3.43
Cash Dividends Declared Per Common Share	*7*	**P0.70**	P0.70	**P0.35**	P0.35

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Millions)

	Note	2026 Unaudited	2025 Unaudited	For the Quarter Ended 2026 Unaudited	For the Quarter Ended 2025 Unaudited
NET INCOME		**P37,674**	P66,767	**P15,209**	P23,386
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss					
Remeasurement loss on defined benefit retirement plan		**(2)**	(6)	-	-
Income tax benefit		-	2	-	-
Net gain (loss) on financial assets at fair value through other comprehensive income		**(191)**	22,951	**(1,627)**	(2)
Income tax benefit (expense)		**1**	(690)	**2**	-
Share in other comprehensive income of associates and joint ventures - net		**58**	-	**2**	-
		(134)	22,257	**(1,623)**	(2)
Items that may be reclassified to profit or loss					
Net gain on exchange differences on translation of foreign operations		**3,245**	989	**292**	1,513
Net gain (loss) on financial assets at fair value through other comprehensive income		**(10)**	23	**(1)**	1
Income tax benefit (expense)		**2**	(6)	-	(1)
Net gain (loss) on cash flow hedges	*9*	**(1,857)**	376	**(743)**	198
Income tax benefit (expense)		**464**	(94)	**186**	(49)
Share in other comprehensive income (loss) of associates and joint ventures - net		**(531)**	80	**(122)**	31
		1,313	1,368	**(388)**	1,693
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**1,179**	23,625	**(2,011)**	1,691
TOTAL COMPREHENSIVE INCOME - Net of tax		**P38,853**	P90,392	**P13,198**	P25,077
Attributable to:					
Equity holders of the Parent Company		**P10,631**	P64,221	**P1,364**	P11,718
Non-controlling interests		**28,222**	26,171	**11,834**	13,359
		P38,853	P90,392	**P13,198**	P25,077

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Millions)

		Equity Attributable to Equity Holders of the Parent Company													
					Equity Reserves										
		Capital Stock								Retained Earnings					
	Note	Common	Preferred	Additional Paid-in Capital	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appro-priated	Unappro-priated	Treasury Stock - Preferred	Total	Non-controlling Interests	Total Equity
As at January 1, 2026 (Audited)		P16,443	P10,187	P177,151	(P11,303)	(P1,447)	P23,266	P9,259	(P4,151)	P85,931	P129,390	(P111,345)	P323,381	P423,959	P747,340
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	1,604	-	-	-	-	1,604	1,641	3,245
Share in other comprehensive loss of associates and joint ventures - net		-	-	-	-	-	(473)	-	-	-	-	-	(473)	-	(473)
Net loss on cash flow hedges	9	-	-	-	-	(1,393)	-	-	-	-	-	-	(1,393)	-	(1,393)
Net loss on financial assets at fair value through other comprehensive income		-	-	-	-	-	(197)	-	-	-	-	-	(197)	(1)	(198)
Remeasurement loss on defined benefit retirement plan		-	-	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Other comprehensive income (loss)		-	-	-	(2)	(1,393)	(670)	1,604	-	-	-	-	(461)	1,640	1,179
Net income		-	-	-	-	-	-	-	-	-	11,092	-	11,092	26,582	37,674
Total comprehensive income (loss)		-	-	-	(2)	(1,393)	(670)	1,604	-	-	11,092	-	10,631	28,222	38,853
Redemption of preferred shares		-	-	-	-	-	-	-	-	-	-	(12,700)	(12,700)	-	(12,700)
Net addition to non-controlling interests and others		-	-	-	(9)	-	-	8	(9,713)	-	(133)	-	(9,847)	61,174	51,327
Appropriations - net		-	-	-	-	-	-	-	-	32,669	(32,669)	-	-	-	-
Cash dividends and distributions:	7														
Common		-	-	-	-	-	-	-	-	-	(1,669)	-	(1,669)	(10,255)	(11,924)
Preferred		-	-	-	-	-	-	-	-	-	(3,908)	-	(3,908)	(1,404)	(5,312)
Capital securities		-	-	-	-	-	-	-	-	-	-	-	-	(13,687)	(13,687)
As at June 30, 2026 (Unaudited)		P16,443	P10,187	P177,151	(P11,314)	(P2,840)	P22,596	P10,871	(P13,864)	P118,600	P102,103	(P124,045)	P305,888	P488,009	P793,897

Forward

	Note	Capital Stock Common	Capital Stock Preferred	Additional Paid-in Capital	Senior Perpetual Capital Securities	Equity Reserves: Reserve for Retirement Plan	Equity Reserves: Hedging Reserve	Equity Reserves: Fair Value Reserve	Equity Reserves: Translation Reserve	Other Equity Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	Treasury Stock Common	Treasury Stock Preferred	Total	Non-controlling Interests	Total Equity
		Equity Attributable to Equity Holders of the Parent Company															
As at January 1, 2025 (Audited)		P16,443	P10,187	P177,442	P24,211	(P11,767)	(P681)	P671	P5,089	P1,413	P79,849	P89,413	(P67,093)	(P42,670)	P282,507	P393,934	P676,441
Net gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	795	-	-	-	-	-	795	194	989
Share in other comprehensive income (loss) of associates and joint ventures - net		-	-	-	-	-	-	83	8	-	-	-	-	-	91	(11)	80
Net gain on cash flow hedges		-	-	-	-	-	282	-	-	-	-	-	-	-	282	-	282
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	15	-	22,262	-	-	-	-	22,277	1	22,278
Remeasurement loss on defined benefit retirement plan		-	-	-	-	(4)	-	-	-	-	-	-	-	-	(4)	-	(4)
Other comprehensive income (loss)		-	-	-	-	(4)	282	98	803	22,262	-	-	-	-	23,441	184	23,625
Net income		-	-	-	-	-	-	-	-	-	-	40,780	-	-	40,780	25,987	66,767
Total comprehensive income (loss)		-	-	-	-	(4)	282	98	803	22,262	-	40,780	-	-	64,221	26,171	90,392
Transfer of net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	-	(22,262)	-	22,262	-	-	-	-	-
Net reduction to non-controlling interests and others		-	-	-	-	(269)	-	-	53	(207)	-	(133)	-	-	(556)	(1,540)	(2,096)
Appropriations - net		-	-	-	-	-	-	-	-	-	5,427	(5,427)	-	-	-	-	-
Cash dividends and distributions:	7																
Common		-	-	-	-	-	-	-	-	-	-	(1,669)	-	-	(1,669)	(7,675)	(9,344)
Preferred		-	-	-	-	-	-	-	-	-	-	(3,708)	-	-	(3,708)	(852)	(4,560)
Capital securities		-	-	-	-	-	-	-	-	-	-	(1,071)	-	-	(1,071)	(11,868)	(12,939)
As at June 30, 2025 (Unaudited)		P16,443	P10,187	P177,442	P24,211	(P12,040)	(P399)	P769	P5,945	P1,206	P85,276	P140,447	(P67,093)	(P42,670)	P339,724	P398,170	P737,894

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Millions)

	Note	2026 Unaudited	2025 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P46,819**	P84,229
Adjustments for:			
Interest expense and other financing charges		**51,236**	48,929
Depreciation, amortization and others - net	*5*	**34,471**	31,843
Unrealized loss (gain) on foreign exchange - net	*3*	**28,063**	(11,546)
Gain on fair valuation of investment	*3*	**-**	(21,933)
Interest income		**(9,035)**	(7,842)
Equity in net earnings of associates and joint ventures		**(7,255)**	(5,139)
Gain on sale of property and equipment		**(686)**	(866)
Operating income before working capital changes		**143,613**	117,675
Changes in current assets, certain current liabilities and others		**(80,292)**	8,190
Cash generated from operations		**63,321**	125,865
Interest and other financing charges paid		**(51,584)**	(49,368)
Income taxes paid		**(14,049)**	(12,988)
Net cash flows provided by (used in) operating activities		**(2,312)**	63,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	*5*	**(39,596)**	(24,467)
Investments and advances		**(21,346)**	(10,178)
Other intangible assets		**(15,708)**	(11,740)
Advances to contractors and suppliers		**(11,126)**	(2,082)
Contract assets		**(3,638)**	(4,724)
Investment property		**(1,750)**	(2,070)
Investments in debt instruments		**(987)**	(463)
Increase in other noncurrent assets and others		**(9,402)**	(9,728)
Cash and cash equivalents of deconsolidated subsidiaries		**-**	(5,679)
Collection of advances	*4*	**9,326**	12,084
Interest received		**8,684**	7,718
Net proceeds of:			
Sale of property and equipment		**3,970**	3,430
Maturity and disposal of investments		**1,324**	445
Redemption of investment in redeemable preferred shares held by a subsidiary		**-**	78,717
Dividends received		**2,942**	11,887
Net cash flows provided by (used in) investing activities		**(77,307)**	43,150

Forward

	Note	2026 Unaudited	2025 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds of:			
Short-term borrowings		**P609,054**	P608,499
Long-term borrowings		**208,378**	80,953
Payments of:			
Short-term borrowings		**(565,686)**	(681,265)
Long-term borrowings		**(78,206)**	(45,982)
Net proceeds of issuance of:			
Capital securities of subsidiaries		**49,394**	5,750
Preferred shares of a subsidiary		**36,299**	-
Redemption of:			
Capital securities of subsidiaries		**(27,631)**	(6,288)
Preferred shares of the Parent Company		**(12,700)**	-
Preferred shares of a subsidiary		**(6,597)**	-
Cash dividends and distributions paid to non-controlling shareholders		**(24,453)**	(20,339)
Cash dividends and distributions paid	7	**(7,335)**	(6,444)
Payments of lease liabilities		**(4,169)**	(9,132)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others		**(138)**	(1,093)
Acquisition of treasury shares of a subsidiary		**-**	(1,119)
Net cash flows provided by (used in) financing activities		**176,210**	(76,460)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**5,595**	(2,737)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**102,186**	27,462
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**351,715**	293,677
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P453,901**	P321,139

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

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
June 30, 2026
(In Millions)

			Past Due			
	Total	**Current**	**1 - 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**Over 90 Days**
Trade	P 198,481	P 150,435	P 10,779	P 9,584	P 1,885	P 25,798
Non-trade	91,960	52,629	1,130	4,278	1,868	32,055
Amounts Owed by Related Parties	10,636	9,066	86	76	50	1,358
Total	301,077	**P 212,130**	**P 11,995**	**P 13,938**	**P 3,803**	**P 59,211**
Less allowance for impairment losses	16,865					
Net	**P 284,212**					

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

1. Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting,* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2025.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on August 13, 2026.

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

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

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

Adoption of Amendments to Standards

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

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

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:

  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and

    - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

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

New and Amendments to Standards Not Yet Adopted

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

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

- PFRS 18, replaces PAS 1. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

  - Enhanced guidance is provided on how to group information in the financial statements.

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

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

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

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

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

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

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

2. Segment Information

Operating Segments

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

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

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats and canned meats products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, specialty oils, salad aids, snacks and condiments, marketing of flour mixes, and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds ("Animal Nutrition and Health"); (iii) poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations ("Others"). It is also engaged in the production, marketing and selling of alcoholic beverages, including beer of all kinds and classes and flavored alcoholic beverages, alcohol-free, non-fermented beverage, and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, vodka, rum and spirits which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements, retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company, electric cooperatives, industrial customers and National Grid Corporation of the Philippines) or through the Philippine Wholesale Electricity Spot Market.

The fuel and oil segment is engaged in refining of crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment holds long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

The real estate segment is primarily engaged in leasing, sale of real estate, management services, and hotel operations.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, property, plant and equipment and concession rights, net of allowances, accumulated depreciation and amortization and impairment. Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses and other noncurrent liabilities, excluding interest payable. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions
Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Major Customer
The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Financial information about reportable segments as at and for the periods ended June 30, 2026, December 31, 2025 and June 30, 2025 follows:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	June 2026	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025
Sales																		
External sales	**P205,233**	P201,016	**P13,473**	P11,914	**P96,570**	P75,704	**P597,815**	P382,017	**P20,031**	P19,422	**P17,707**	P17,491	**P13,273**	P10,641	**P -**	P -	**P964,102**	P718,205
Inter-segment sales	**21**	184	**5,841**	7,370	**5,286**	4,443	**8,076**	4,378	**491**	435	**443**	331	**22,927**	19,662	**(43,085)**	(36,803)	**-**	-
Total sales	**P205,254**	P201,200	**P19,314**	P19,284	**P101,856**	P80,147	**P605,891**	P386,395	**P20,522**	P19,857	**P18,150**	P17,822	**P36,200**	P30,303	**(P43,085)**	(P36,803)	**P964,102**	P718,205
Cost of Sales																		
Inventories	**P80,244**	P79,407	**P9,923**	P9,665	**P26,083**	P30,268	**P521,413**	P306,597	**P -**	P -	**P7,724**	P7,835	**P11,729**	P9,581	**(P18,890)**	(P15,911)	**P638,226**	P427,442
Result																		
Segment result	**28,811**	30,041	**1,151**	1,592	**41,968**	22,120	**12,640**	15,146	**11,124**	11,142	**3,164**	3,493	**3,287**	2,613	**144**	1,511	**102,289**	87,658
Interest expense and other financing charges	**(2,242)**	(2,612)	**(469)**	(479)	**(12,821)**	(11,761)	**(8,415)**	(9,389)	**(3,470)**	(3,781)	**(1,304)**	(1,443)	**(23,271)**	(20,263)	**756**	799	**(51,236)**	(48,929)
Interest income																	**9,035**	7,842
Equity in net earnings of associates and joint ventures																	**7,255**	5,139
Gain on sale of property and equipment																	**686**	866
Other income (charges) - net																	**(21,210)**	31,653
Income tax expense																	**(9,145)**	(17,462)
Net Income (Loss)	**P22,052**	P22,964	**P360**	P948	**P32,151**	P34,573	**P3,811**	P5,252	**P8,838**	P6,838	**P1,614**	P1,967	**(P21,451)**	P19,875	**(P9,701)**	(P25,650)	**P37,674**	P66,767

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	June 2026	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025
Other Information																		
Segment assets	**P328,913**	P328,731	**P50,962**	P50,905	**P819,236**	P703,697	**P511,550**	P440,367	**P550,697**	P530,333	**P109,955**	P111,280	**P409,252**	P364,067	**(P194,847)**	(P189,781)	**P2,585,718**	P2,339,599
Investments and advances - net	**1,186**	1,182	**-**	-	**102,922**	89,068	**-**	9	**10,384**	9,768	**820**	820	**28,385**	26,411	**-**	-	**143,697**	127,258
Goodwill and trademarks and brand names	**38,276**	38,193	**957**	769	**69,944**	69,944	**10,204**	9,798	**23,102**	23,102	**53,920**	53,920	**2,988**	2,989	**(12,435)**	(12,354)	**186,956**	186,361
Other assets																	**50,177**	49,746
Deferred tax assets																	**29,603**	23,196
Consolidated Total Assets																	**P2,996,151**	P2,726,160

Forward

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	June 2026	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025	**June 2026**	December 2025
Segment liabilities	**P76,472**	P79,863	**P10,802**	P10,948	**P79,852**	P86,900	**P105,182**	P85,353	**P77,292**	P67,925	**P6,980**	P6,655	**P86,298**	P85,022	**(P159,611)**	(P149,683)	**P283,267**	P272,983
Loans payable	**12,324**	14,346	**6,355**	5,682	**33,000**	33,000	**137,809**	91,900	**-**	-	-	170	**86,484**	85,494	**-**	-	**275,972**	230,592
Long-term debt	**80,647**	80,801	**6,064**	6,394	**338,270**	285,136	**136,461**	124,477	**130,968**	127,425	**34,113**	36,133	**795,904**	696,930	**-**	-	**1,522,427**	1,357,296
Lease liabilities																	**34,245**	35,831
Income and other taxes payable																	**44,845**	41,753
Dividends and distributions payable and others																	**10,498**	11,062
Deferred tax liabilities																	**31,000**	29,303
Consolidated Total Liabilities																	**P2,202,254**	P1,978,820

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments for the periods ended June 30, 2026 and 2025:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated	
	June 2026	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025	**June 2026**	June 2025
Timing of recognition																
Sales recognized at point in time	**P205,226**	P201,010	**P12,929**	P11,375	**P -**	P -	**P597,815**	P382,017	**P -**	P -	**P17,707**	P17,491	**P9,799**	P7,648	**P843,476**	P619,541
Sales recognized over time	**7**	6	**544**	539	**96,570**	75,704	**-**	-	**20,031**	19,422	**-**	-	**3,474**	2,993	**120,626**	98,664
Total external sales	**P205,233**	P201,016	**P13,473**	P11,914	**P96,570**	P75,704	**P597,815**	P382,017	**P20,031**	P19,422	**P17,707**	P17,491	**P13,273**	P10,641	**P964,102**	P718,205

3. Other Income (Charges) - Net

Other income (charges) - net consists of:

		For the Periods Ended June 30	
	Note	**2026**	2025
Gain (loss) on foreign exchange - net	*8*	**(P22,544)**	P11,797
Construction costs		**(21,106)**	(19,869)
Construction revenue		**21,106**	19,869
Gain (loss) on derivatives - net	*9*	**2,239**	(2,853)
Gain on fair valuation of investment		**-**	21,933
Others		**(905)**	776
		(P21,210)	P31,653

The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, and water concession rights as at the reporting date.

Gain on fair valuation of the residual investment in South Premiere Power Corp., Excellent Energy Resources Inc. and Ilijan Primeline Industrial Estate Corp. was recognized in 2025, following the dilution of San Miguel Global Power Holdings Corp.'s ownership interest from 100% to 33%.

"Others" consist of impairment loss, casualty loss, expenses of closed facilities, dividend income, rent income, management income, commission income, royalty income, insurance claims, income from pretermination of lease, and changes in fair value of financial assets at fair value through profit or loss (FVPL).

4. Related Party Disclosures

San Miguel Corporation (SMC or the Parent Company), certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Related Party Transactions Policy of the Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are expected to be collected/settled in cash. Annual assessment is undertaken by examining the financial position of the related parties and the economic conditions in the market in which they operate.

The following are the transactions with related parties and the outstanding balances as at June 30, 2026 and December 31, 2025:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	**June 30, 2026**	**P3**	**P -**	**P1**	**P516**	Settled on dividend	Unsecured;
	December 31, 2025	8	-	-	516	payment date	no impairment
	June 30, 2026	**-**	**-**	**3,037**	**-**	To be settled on the	Unsecured;
	December 31, 2025	-	-	3,037	-	first anniversary of commercial operations of the Nonoc Project; interest-bearing	no impairment
Retirement plans	**June 30, 2026**	**16**	**-**	**3,041**	**-**	On demand;	Unsecured;
	December 31, 2025	33	1,119	2,954	-	non-interest-bearing	no impairment
	June 30, 2026	**90**	**-**	**3,110**	**-**	On demand;	Unsecured;
	December 31, 2025	192	-	3,110	-	interest-bearing	no impairment
Associates	**June 30, 2026**	**2,111**	**269**	**14,599**	**2,806**	On demand and will be	Unsecured;
	December 31, 2025	5,063	582	11,014	2,564	applied to subscription; non-interest-bearing	no impairment
	June 30, 2026	**464**	**935**	**9,732**	**27,996**	Less than 1	Unsecured and
	December 31, 2025	627	2,111	9,741	28,285	to 12 years; interest-bearing	secured; no impairment
Joint ventures	**June 30, 2026**	**270**	**1,143**	**323**	**237**	On demand;	Unsecured;
	December 31, 2025	600	2,793	183	276	non-interest-bearing	no impairment
	June 30, 2026	**16**	**-**	**621**	**-**	On demand;	Unsecured;
	December 31, 2025	14	-	621	-	interest-bearing	with impairment
	June 30, 2026	**7**	**-**	**351**	**-**	Less than 1	Unsecured;
	December 31, 2025	52	-	341	-	to 10.5 years; interest-bearing	no impairment
Shareholder of the Ultimate Parent Company	**June 30, 2026**	**-**	**-**	**1,200**	**-**	On demand;	Unsecured;
	December 31, 2025	-	-	1,200	-	non-interest-bearing	no impairment
Shareholders of subsidiaries	**June 30, 2026**	**35**	**784**	**93**	**1,519**	On demand;	Unsecured;
	December 31, 2025	61	1,337	94	1,389	non-interest-bearing	no impairment
Others	**June 30, 2026**	**688**	**1,809**	**1,281**	**139**	On demand and will be	Unsecured;
	December 31, 2025	1,031	3,523	1,241	132	applied to subscription; non-interest-bearing	no impairment
Total	**June 30, 2026**	**P3,700**	**P4,940**	**P37,389**	**P33,213**		
Total	December 31, 2025	P7,681	P11,465	P33,536	P33,162		

1) Revenue consists of sale of power, fuel and other products and services to related parties.

2) Purchases consist of purchase of inventories, power and other products and services from related parties.

3) On March 18, 2025, Petron Corporation (Petron) repurchased via a block sale all of the 459,156,097 common shares held by Petron Corporation Employee Retirement Plan aggregating to P1,119 pursuant to the common share buyback program approved by the BOD of Petron on March 4, 2025.

4) Amounts owed by related parties consist of current and noncurrent receivables, advances to suppliers and deposits and share in expenses.

    a) Amounts owed by related parties include interest-bearing receivable from Top Frontier Investment Holdings, Inc. (Top Frontier or Ultimate Parent Company) related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.

(i) *Amounts owed by the Ultimate Parent Company amounting to P2,312:* On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing.

(ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* On September 27, 2019, the parties agreed in writing that the amounts plus 5.75% interest rate per annum of any portion thereof unpaid shall be payable and the interest shall be accrued, upon commencement of commercial operations of the Nonoc Project.

The Nonoc Project is primarily focused on extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte, and is undertaken by Philnico Industrial Corporation, Pacific Nickel Philippines, Inc., and Philnico Processing Corp., all indirect subsidiaries of Clariden. As at June 30, 2026 and December 31, 2025, the Nonoc Project has not yet started commercial operations.

These amounts are included as part of noncurrent receivables and deposits under “Other noncurrent assets - net” account in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025.

b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P6,151 and P6,064 as at June 30, 2026 and December 31, 2025, respectively, included as part of “Amounts owed by related parties” under “Trade and other receivables - net” account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum. Interest income earned from the advances amounted to P90 and P91 for the periods ended June 30, 2026 and 2025, respectively.

c) Amounts owed by related parties include advances for investment which will be applied against future stock subscription amounting to P13,720 and P8,944, presented as part of “Investments and advances - net” account in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025, respectively.

d) Amounts owed by associates include investments in equity and debt instruments under an investment management agreement with Bank of Commerce (BankCom) for a total amount of P9,701 and P9,711 as at June 30, 2026 and December 31, 2025, respectively, presented as part of “Investments in equity and debt instruments” account in the consolidated statements of financial position. Interest income earned from investments in debt instruments amounted to P189 and P162 for the periods ended June 30, 2026 and 2025, respectively.

e) Amounts owed by associates collected during the period ended June 30, 2025, amounted to P12,084.

f) Amounts owed by joint ventures include an interest-bearing receivable from a joint venture amounting to P621, included as part of “Trade and other receivables - net” account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at June 30, 2026 and December 31, 2025. Interest income earned from the receivable amounted to P16 and P14 for the periods ended June 30, 2026 and 2025, respectively.

g) Amounts owed by joint ventures include interest-bearing loans granted to Angat Hydropower Corporation by PowerOne Ventures Energy Inc. amounting to P290 and P284 as at June 30, 2026 and December 31, 2025, respectively, presented as part of “Trade and other receivables - net” and “Other noncurrent assets - net” accounts in the consolidated statements of financial position. Interest income earned from the loans amounted to P7 and P40 for the periods ended June 30, 2026 and 2025, respectively.

h) Amounts owed by related parties include the receivable from Far East Holdings, Inc. on the assignment by Eagle Cement Corporation of the advances for future investment in KB Space Holdings, Inc. amounting to P1,200, as at June 30, 2026 and December 31, 2025, presented as part of “Trade and other receivables - net” account in the consolidated statements of financial position.

5) Amounts owed to related parties consist of trade payables, professional fees and lease obligations. Amounts owed to related parties for the lease of office space, presented as part of “Lease liabilities - current portion” amounted to P111 and P107 as at June 30, 2026 and December 31, 2025, respectively, and as part of “Lease liabilities - net of current portion” amounted to P1,964 and P1,425 as at June 30, 2026 and December 31, 2025, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable.

   Amounts owed to associates include interest-bearing loans payable to BankCom, presented as part of “Loans payable” account amounting to P2,642 and P2,131 and “Long-term debt” account amounting to P25,354 and P26,154 in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025, respectively. Interest expense incurred on the loans amounted to P935 and P1,126 for the periods ended June 30, 2026 and 2025, respectively.

   The amounts owed to BankCom include syndicated project finance loans amounting to P24,240 and P25,036 as at June 30, 2026 and December 31, 2025, respectively. These loans were secured by certain property, plant and equipment and other intangible assets.

6) On June 23, 2026, San Miguel Brewery Inc. (SMB) distributed as stock dividends, a total of 1,622,192,515 common shares at P1.00 par value per stock dividend or amounting to P1,622, to San Miguel Brewery Retirement Plan and Kirin Holdings Company, Ltd., shareholders of SMB, pursuant to the stock dividend declaration approved by the BOD and stockholders of SMB on April 27 and May 26, 2026, respectively.

There were no known transactions with parties that fall outside the definition of "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

5. Property, Plant and Equipment

Property, plant and equipment consist of:

June 30, 2026 and December 31, 2025

	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost									
January 1, 2025 (Audited)	P65,482	P103,279	P356,737	P200,745	P20,126	P283,567	P17,088	P192,287	P1,239,311
Additions	1,292	765	1,814	754	375	6,853	229	45,265	57,347
Deconsolidation of subsidiaries	(1,619)	(422)	(64,553)	-	-	(467)	-	(34,368)	(101,429)
Disposals/retirement	(7)	(45)	-	(4)	(119)	(7,205)	(27)	(117)	(7,524)
Reclassifications and others	(829)	15,908	33,519	2,491	219	10,197	2,896	(63,669)	732
Currency translation adjustments	383	586	-	3,350	1,257	1,860	9	146	7,591
December 31, 2025 (Audited)	64,702	120,071	327,517	207,336	21,858	294,805	20,195	139,544	1,196,028
Additions	38	487	162	1,200	208	4,744	174	26,892	33,905
Disposals/retirement	(41)	(59)	-	(14)	(90)	(715)	(3)	(3,111)	(4,033)
Reclassifications and others	1,603	1,400	377	432	164	5,964	962	(7,913)	2,989
Currency translation adjustments	95	647	-	1,298	494	2,164	11	134	4,843
June 30, 2026 (Unaudited)	**66,397**	**122,546**	**328,056**	**210,252**	**22,634**	**306,962**	**21,339**	**155,546**	**1,233,732**
Accumulated Depreciation									
January 1, 2025 (Audited)	4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation	538	3,092	14,735	7,524	836	15,153	944	-	42,822
Deconsolidation of subsidiaries	(9)	(36)	(4,231)	-	-	(29)	-	-	(4,305)
Disposals/retirement	(7)	(29)	-	(1)	(119)	(4,353)	(6)	-	(4,515)
Reclassifications	(102)	1,556	(235)	10	1	(959)	5	-	276
Currency translation adjustments	3	295	-	1,598	767	1,202	6	-	3,871
December 31, 2025 (Audited)	5,199	32,750	61,427	92,771	16,930	156,251	5,063	-	370,391
Depreciation	287	1,641	7,188	3,288	463	8,308	472	-	21,647
Disposals/retirement	(11)	(59)	-	(14)	(90)	(539)	(2)	-	(715)
Reclassifications	(2)	10	-	-	-	67	(6)	-	69
Currency translation adjustments	(2)	255	-	637	305	1,135	6	-	2,336
June 30, 2026 (Unaudited)	**5,471**	**34,597**	**68,615**	**96,682**	**17,608**	**165,222**	**5,533**	**-**	**393,728**
Accumulated Impairment									
January 1, 2025 (Audited)	-	3,866	-	-	-	11,456	25	272	15,619
Impairment	274	-	-	104	12	684	-	92	1,166
Disposals/retirement	-	(6)	-	-	-	(106)	-	-	(112)
Reclassifications	-	(2)	-	-	-	44	-	-	42
Currency translation adjustments	-	130	-	1	-	339	2	-	472
December 31, 2025 (Audited)	274	3,988	-	105	12	12,417	27	364	17,187
Impairment	-	-	-	-	-	147	-	-	147
Disposals/retirement	-	-	-	-	-	(64)	-	-	(64)
Currency translation adjustments	-	271	-	4	-	700	2	-	977
June 30, 2026 (Unaudited)	**274**	**4,259**	**-**	**109**	**12**	**13,200**	**29**	**364**	**18,247**
Carrying Amount									
December 31, 2025 (Audited)	P59,229	P83,333	P266,090	P114,460	P4,916	P126,137	P15,105	P139,180	P808,450
June 30, 2026 (Unaudited)	**P60,652**	**P83,690**	**P259,441**	**P113,461**	**P5,014**	**P128,540**	**P15,777**	**P155,182**	**P821,757**

June 30, 2025

	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost									
January 1, 2025 (Audited)	P65,482	P103,279	P356,737	P200,745	P20,126	P283,567	P17,088	P192,287	P1,239,311
Additions	64	51	1,049	189	165	2,870	144	22,615	27,147
Deconsolidation of subsidiaries	(1,619)	(422)	(78,260)	-	-	(467)	-	(20,716)	(101,484)
Disposals/retirement	(7)	(36)	-	-	(1)	(5,091)	-	(87)	(5,222)
Reclassifications and others	126	3,104	28,564	2,431	132	7,133	2,096	(40,741)	2,845
Currency translation adjustments	85	(155)	-	795	296	(511)	4	22	536
June 30, 2025 (Unaudited)	64,131	105,821	308,090	204,160	20,718	287,501	19,332	153,380	1,163,133
Accumulated Depreciation									
January 1, 2025 (Audited)	4,776	27,872	51,158	83,640	15,445	145,237	4,114	-	332,242
Depreciation	267	1,457	7,275	3,761	393	7,308	418	-	20,879
Deconsolidation of subsidiaries	(9)	(38)	(4,260)	-	-	(31)	-	-	(4,338)
Disposals/retirement	(7)	(25)	-	-	(1)	(2,737)	-	-	(2,770)
Reclassifications	17	107	(439)	-	-	133	(9)	-	(191)
Currency translation adjustments	(1)	(61)	-	374	178	(216)	4	-	278
June 30, 2025 (Unaudited)	5,043	29,312	53,734	87,775	16,015	149,694	4,527	-	346,100
Accumulated Impairment									
January 1, 2025 (Audited)	-	3,866	-	-	-	11,456	25	272	15,619
Impairment	-	-	-	-	-	64	-	-	64
Disposals/retirement	-	(7)	-	-	-	(5)	-	-	(12)
Reclassifications	-	-	-	-	-	43	-	-	43
Currency translation adjustments	-	(98)	-	-	-	(282)	1	-	(379)
June 30, 2025 (Unaudited)	-	3,761	-	-	-	11,276	26	272	15,335
Carrying Amount									
June 30, 2025 (Unaudited)	P59,088	P72,748	P254,356	P116,385	P4,703	P126,531	P14,779	P153,108	P801,698

“Equipment, furniture and fixtures” includes machinery, transportation equipment, office equipment and tools and small equipment.

Depreciation charged to operations amounted to P21,647 and P20,879 for the periods ended June 30, 2026 and 2025, respectively.

Reclassifications and others include transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party, capitalized borrowing costs, and reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

The Group has capitalized borrowing costs amounting to P1,535 and P1,605 for the periods ended June 30, 2026 and 2025, respectively.

Additions to property, plant and equipment for the periods ended June 30, 2026 and 2025, include noncash or unpaid portion of payables amounting to P5,541 and P7,981, respectively, which represent noncash investing activities.

As at June 30, 2026 and December 31, 2025, certain property, plant and equipment amounting to P301,948 and P294,127, respectively, were pledged as security for syndicated project finance loans.

6. Basic and Diluted Earnings Per Common Share (EPS)

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

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	For the Periods Ended June 30	
	2026	2025
Net income attributable to equity holders of the Parent Company	**P11,092**	P40,780
Less: Dividends on preferred shares for the period	**3,908**	3,708
Distributions on capital securities for the period	**-**	1,071
Net income attributable to common shareholders of the Parent Company (a)	**P7,184**	P36,001
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	**2,384**	2,384
Basic and diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	**P3.01**	P15.10

Earnings per common share is computed based on amounts in nearest Peso.

The Parent Company has no dilutive debt or equity instruments for the periods ended June 30, 2026 and 2025.

7. Dividends and Distributions

<u>Dividends</u>

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

<u>2026</u>

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 12, 2026	March 30, 2026	April 17, 2026	**P0.35**
	June 9, 2026	June 26, 2026	July 22, 2026	**0.35**
Preferred				
SMC2I	January 15, 2026	March 20, 2026	March 30, 2026	**1.18790625**
SMC2L	January 15, 2026	March 20, 2026	March 30, 2026	**1.48396875**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.48396875**
SMC2M	January 15, 2026	March 20, 2026	March 30, 2026	**1.5703125**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.5703125**
SMC2N	January 15, 2026	March 20, 2026	March 30, 2026	**1.5649875**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.5649875**
SMC2O	January 15, 2026	March 20, 2026	March 30, 2026	**1.6113**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.6113**
SMC2P	January 15, 2026	March 20, 2026	March 30, 2026	**1.3059375**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.3059375**

Forward

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Preferred				
SMC2Q	January 15, 2026	March 20, 2026	March 30, 2026	**P1.3605**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.3605**
SMC2R	January 15, 2026	March 20, 2026	March 30, 2026	**1.413**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.413**
SMC2S	January 15, 2026	March 20, 2026	March 30, 2026	**1.3059375**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.3059375**
SMC2T	January 15, 2026	March 20, 2026	March 30, 2026	**1.3605**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.3605**
SMC2U	January 15, 2026	March 20, 2026	March 30, 2026	**1.413**
	May 14, 2026	June 19, 2026	June 30, 2026	**1.413**

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common	March 13, 2025	March 28, 2025	April 25, 2025	P0.35
	June 10, 2025	June 27, 2025	July 23, 2025	0.35
Preferred				
SMC2F	January 16, 2025	March 21, 2025	April 4, 2025	1.27635
	May 8, 2025	June 20, 2025	July 4, 2025	1.27635
SMC2I	January 16, 2025	March 21, 2025	April 4, 2025	1.18790625
	May 8, 2025	June 20, 2025	July 4, 2025	1.18790625
SMC2J	January 16, 2025	March 21, 2025	April 4, 2025	0.890625
	May 8, 2025	June 20, 2025	July 4, 2025	0.890625
SMC2K	January 16, 2025	March 21, 2025	April 4, 2025	0.84375
	May 8, 2025	June 20, 2025	July 4, 2025	0.84375
SMC2L	January 16, 2025	March 21, 2025	April 4, 2025	1.48396875
	May 8, 2025	June 20, 2025	July 4, 2025	1.48396875
SMC2M	January 16, 2025	March 21, 2025	April 4, 2025	1.5703125
	May 8, 2025	June 20, 2025	July 4, 2025	1.5703125
SMC2N	January 16, 2025	March 21, 2025	April 4, 2025	1.5649875
	May 8, 2025	June 20, 2025	July 4, 2025	1.5649875
SMC2O	January 16, 2025	March 21, 2025	April 4, 2025	1.6113
	May 8, 2025	June 20, 2025	July 4, 2025	1.6113

On August 13, 2026, the BOD of the Parent Company declared cash dividends to all preferred shareholders of record as at September 21, 2026 on the following shares to be paid on September 30, 2026, as follows:

Class of Shares	**Dividend Per Share**
SMC2L	P1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.6113
SMC2P	1.3059375
SMC2Q	1.3605
SMC2R	1.413
SMC2S	1.3059375
SMC2T	1.3605
SMC2U	1.413
SMC2V	0.80401
SMC2W	0.8357
SMC2X	0.86483

The dividends for the Series “2” Preferred Shares - Subseries “2-V” (SMC2V Preferred Shares), Subseries “2-W” (SMC2W Preferred Shares), and Subseries “2-X” (SMC2X Preferred Shares) are for the Initial Dividend Period of 48 days from the Issue Date of August 3, 2026 until September 21, 2026 in accordance with the terms and conditions of the offering. These subseries will receive dividends for the full 90-day dividend period in the succeeding dividend declarations.

Distributions

The Parent Company declared and paid P1,071 to the holders of Senior Perpetual Capital Securities for the period ended June 30, 2025, as distributions in accordance with the terms and conditions of the subscription agreements with the Parent Company.

8. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

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

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

The principal non-trade-related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: (a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; (b) performance of the internal auditors; (c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (d) compliance with tax, legal and regulatory requirements; (e) evaluation of management's process to assess and manage the enterprise risk issues; and (f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc. (PSE).

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

Interest Rate Risk

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

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

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

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

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

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

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

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

- changes in the timing of the hedged transactions.

Interest Rate Risk Table

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

June 30, 2026	**<1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P88,725**	**P138,804**	**P71,212**	**P67,673**	**P70,273**	**P188,814**	**P625,501**
Interest rate	**3.284% - 8.7815%**	**3.5483% - 8.7815%**	**3.5483% - 8.7815%**	**3.5483% - 8.7815%**	**4.8356% - 8.6074%**	**5.5911% - 8.489%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,648**	**6,980**	**27,224**	**8,898**	**13,517**	**-**	**58,267**
Interest rate	**8.331%**	**5.74% - 8.331%**	**5.74% - 8.331%**	**5.74% - 8.331%**	**5.74% - 8.331%**		
Floating Rate							
Philippine Peso-denominated	**4,936**	**6,138**	**8,823**	**14,233**	**4,338**	**47,297**	**85,765**
Interest rate	**Bloomberg Valuation (BVAL) + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	
Foreign currency-denominated (expressed in Philippine Peso)	**135,557**	**180,860**	**212,053**	**65,980**	**125,342**	**48,398**	**768,190**
Interest rate	**Secured Overnight Financing Rate (SOFR)/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	
	P230,866	**P332,782**	**P319,312**	**P156,784**	**P213,470**	**P284,509**	**P1,537,723**

December 31, 2025	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P76,519	P114,142	P103,226	P84,558	P66,195	P163,026	P607,666
Interest rate	3.284% - 8.7815%	3.5483% - 8.7815%	3.5483% - 8.7815%	3.5483% - 8.7815%	4.8356% - 8.7815%	4.8356% - 8.6074%	
Foreign currency-denominated (expressed in Philippine Peso)	1,544	3,294	13,866	13,945	12,175	-	44,824
Interest rate	8.331%	5.166% - 8.331%	5.166% - 8.331%	5.166% - 8.331%	5.166% - 8.331%		
Floating Rate							
Philippine Peso-denominated	4,102	5,444	6,037	12,758	2,912	43,546	74,799
Interest rate	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	
Foreign currency-denominated (expressed in Philippine Peso)	95,530	117,984	159,958	142,633	75,646	52,351	644,102
Interest rate	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	
	P177,695	P240,864	P283,087	P253,894	P156,928	P258,923	P1,371,391

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P4,270 and P7,189 for the period ended June 30, 2026 and for the year ended December 31, 2025, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship are expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

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

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

- changes in the timing of the hedged transactions.

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

	June 30, 2026		December 31, 2025	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$3,964**	**P243,267**	US$2,843	P167,215
Trade and other receivables	**1,217**	**74,734**	826	48,518
Prepaid expenses and other current assets	**32**	**1,973**	27	1,544
Noncurrent receivables	**43**	**2,655**	40	2,460
	5,256	**322,629**	3,736	219,737
Liabilities				
Loans payable	**758**	**46,459**	721	42,416
Accounts payable and accrued expenses	**2,082**	**127,794**	2,553	150,092
Long-term debt (including current maturities)	**13,469**	**826,457**	11,719	688,926
Lease liabilities (including current portion)	**160**	**9,837**	232	13,659
Other noncurrent liabilities	**37**	**2,329**	11	657
	16,506	**1,012,876**	15,236	895,750
Net foreign currency-denominated monetary liabilities	**US$11,250**	**P690,247**	US$11,500	P676,013

The Group reported net gain (loss) on foreign exchange amounting to (P22,544) and P11,797 for the periods ended June 30, 2026 and 2025, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 3). These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
June 30, 2026	**P61.360**
December 31, 2025	58.790
June 30, 2025	56.330
December 31, 2024	57.845

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

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

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
June 30, 2026	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P3,538)**	**(P3,076)**	**P3,538**	**P3,076**
Trade and other receivables	**(504)**	**(1,102)**	**504**	**1,102**
Prepaid expenses and other current assets	**(24)**	**(26)**	**24**	**26**
Noncurrent receivables	**(35)**	**(33)**	**35**	**33**
	(4,101)	**(4,237)**	**4,101**	**4,237**
Loans payable	**700**	**582**	**(700)**	**(582)**
Accounts payable and accrued expenses	**745**	**1,896**	**(745)**	**(1,896)**
Long-term debt (including current maturities)	**13,436**	**10,109**	**(13,436)**	**(10,109)**
Lease liabilities (including current portion)	**105**	**134**	**(105)**	**(134)**
Other noncurrent liabilities	**14**	**14**	**(14)**	**(14)**
	15,000	**12,735**	**(15,000)**	**(12,735)**
	P10,899	**P8,498**	**(P10,899)**	**(P8,498)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2025	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P2,202)	(P2,292)	P2,202	P2,292
Trade and other receivables	(328)	(778)	328	778
Prepaid expenses and other current assets	(11)	(24)	11	24
Noncurrent receivables	(35)	(31)	35	31
	(2,576)	(3,125)	2,576	3,125
Loans payable	700	545	(700)	(545)
Accounts payable and accrued expenses	1,669	2,384	(1,669)	(2,384)
Long-term debt (including current maturities)	11,685	8,797	(11,685)	(8,797)
Lease liabilities (including current portion)	132	199	(132)	(199)
Other noncurrent liabilities	8	9	(8)	(9)
	14,194	11,934	(14,194)	(11,934)
	P11,618	P8,809	(P11,618)	(P8,809)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

Commodity Swaps, Futures and Options. Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

June 30, 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	**P453,901**	**P453,901**	**P453,901**	**P -**	**P -**	**P -**
Trade and other receivables - net	**284,212**	**284,212**	**284,212**	**-**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**6,644**	**6,644**	**2,070**	**5**	**4,569**	**-**
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**893**	**893**	**396**	**-**	**-**	**497**
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	**35,571**	**35,725**	**48**	**44**	**753**	**34,880**
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,716**	**14,479**	**2,036**	**664**	**11,779**	**-**
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**7,805**	**7,805**	**-**	**3,865**	**155**	**3,785**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**33,928**	**33,928**	**26,842**	**4,555**	**1,741**	**790**
Financial Liabilities						
Loans payable	**275,972**	**279,336**	**279,336**	**-**	**-**	**-**
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO) and deferred income)	**258,970**	**258,970**	**258,970**	**-**	**-**	**-**
Dividends and distributions payable	**3,771**	**3,771**	**3,771**	**-**	**-**	**-**
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**2,499**	**2,499**	**2,370**	**42**	**87**	**-**
Long-term debt (including current maturities)	**1,522,427**	**1,866,072**	**319,338**	**406,103**	**806,169**	**334,462**
Lease liabilities (including current portion)	**34,245**	**46,404**	**9,817**	**10,734**	**7,220**	**18,633**
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	**7,113**	**7,113**	**-**	**2,846**	**3,558**	**709**

December 31, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P351,715	P351,715	P351,715	P -	P -	P -
Trade and other receivables - net	247,559	247,559	247,559	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	3,664	3,664	1,364	109	2,191	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	886	886	398	-	-	488
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	35,770	35,946	54	53	769	35,070
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,205	14,390	1,376	947	12,067	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	6,155	6,155	-	1,664	750	3,741
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	28,777	28,777	22,512	4,382	1,696	187
Financial Liabilities						
Loans payable	230,592	232,485	232,485	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	250,350	250,350	250,350	-	-	-
Dividends and distributions payable	4,639	4,639	4,639	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	2,789	2,789	1,999	6	784	-
Long-term debt (including current maturities)	1,357,296	1,680,863	260,540	310,016	801,526	308,781
Lease liabilities (including current portion)	35,831	50,594	9,693	9,689	11,474	19,738
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	5,641	5,641	-	2,171	2,053	1,417

Credit Risk

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

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

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

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

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

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

Credit Quality. In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprise of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	June 30, 2026	December 31, 2025
Cash and cash equivalents (excluding cash on hand)	**P450,814**	P345,694
Trade and other receivables - net	**284,212**	247,559
Derivative assets	**6,644**	3,664
Investments in debt instruments at FVPL	**396**	398
Investments in debt instruments at FVOCI	**690**	700
Investments in debt instruments at amortized cost	**12,716**	12,205
Noncurrent receivables and deposits - net	**7,805**	6,155
Restricted cash	**33,928**	28,777
	P797,205	P645,152

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

	June 30, 2026					
	Financial Assets at Amortized Cost					
	12-Month ECL	**Lifetime ECL not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P450,814**	**P -**	**P -**	**P -**	**P -**	**P450,814**
Trade and other receivables	**-**	**284,212**	**16,865**	**-**	**-**	**301,077**
Derivative assets	**-**	**-**	**-**	**1,758**	**4,886**	**6,644**
Investments in debt instruments at FVPL	**-**	**-**	**-**	**396**	**-**	**396**
Investments in debt instruments at FVOCI	**-**	**-**	**-**	**-**	**690**	**690**
Investments in debt instruments at amortized cost	**12,716**	**-**	**-**	**-**	**-**	**12,716**
Noncurrent receivables and deposits	**-**	**7,805**	**268**	**-**	**-**	**8,073**
Restricted cash	**33,928**	**-**	**-**	**-**	**-**	**33,928**

	December 31, 2025					
	Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents (excluding cash on hand)	P345,694	P -	P -	P -	P -	P345,694
Trade and other receivables	-	247,559	16,811	-	-	264,370
Derivative assets	-	-	-	1,164	2,500	3,664
Investments in debt instruments at FVPL	-	-	-	398	-	398
Investments in debt instruments at FVOCI	-	-	-	-	700	700
Investments in debt instruments at amortized cost	12,205	-	-	-	-	12,205
Noncurrent receivables and deposits	-	6,155	268	-	-	6,423
Restricted cash	28,777	-	-	-	-	28,777

The aging of receivables is as follows:

June 30, 2026	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P150,435**	**P52,629**	**P9,066**	**P212,130**
Past due:				
1 - 30 days	**10,779**	**1,130**	**86**	**11,995**
31 - 60 days	**9,584**	**4,278**	**76**	**13,938**
61 - 90 days	**1,885**	**1,868**	**50**	**3,803**
Over 90 days	**25,798**	**32,055**	**1,358**	**59,211**
	P198,481	**P91,960**	**P10,636**	**P301,077**

December 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P134,967	P37,688	P9,953	P182,608
Past due:				
1 - 30 days	14,599	783	358	15,740
31 - 60 days	3,827	2,074	103	6,004
61 - 90 days	934	1,032	56	2,022
Over 90 days	25,666	31,447	883	57,996
	P179,993	P73,024	P11,353	P264,370

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

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

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogeneous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock
The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken and hogs in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.

- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.

- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk
The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management
The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the Bangko Sentral ng Pilipinas, is not subject to externally imposed capital requirements.

9. Financial Assets and Financial Liabilities

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

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

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

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

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

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

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

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

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category.

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

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

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

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

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

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

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

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

The Group's investments in equity and debt instruments at FVOCI are classified under this category.

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

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

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

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments and debt instruments at FVPL are classified under this category.

Financial Liabilities

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

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

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

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

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

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

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

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

- the rights to receive cash flows from the asset have expired; or

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

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

Impairment of Financial Assets
The Group recognizes allowance for ECL on financial assets at amortized cost and investments in debt instruments at FVOCI.

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

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

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

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

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

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

<u>Classification of Financial Instruments between Liability and Equity</u>
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

	June 30, 2026		December 31, 2025	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P453,901**	**P453,901**	P351,715	P351,715
Trade and other receivables - net	**284,212**	**284,212**	247,559	247,559
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**6,644**	**6,644**	3,664	3,664
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**893**	**893**	886	886
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	**35,571**	**35,571**	35,770	35,770
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,716**	**12,716**	12,205	12,205
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**7,805**	**7,805**	6,155	6,155
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**33,928**	**33,928**	28,777	28,777
Financial Liabilities				
Loans payable	**275,972**	**275,972**	230,592	230,592
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO and deferred income)	**258,970**	**258,970**	250,350	250,350
Dividends and distributions payable	**3,771**	**3,771**	4,639	4,639
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**2,499**	**2,499**	2,789	2,789
Long-term debt (including current maturities)	**1,522,427**	**1,541,804**	1,357,296	1,392,114
Lease liabilities (including current portion)	**34,245**	**34,245**	35,831	35,831
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**7,113**	**7,113**	5,641	5,641

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

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

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

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

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

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at the reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.7% to 6.9% and 4.6% to 8.8% as at June 30, 2026 and December 31, 2025, respectively. The discount rates used for foreign currency-denominated loans range from 3.7% to 4.2% and 3.5% to 3.7% as at June 30, 2026 and December 31, 2025, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments and Hedge Accounting

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

Freestanding Derivatives

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

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

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

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

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

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

The Group has outstanding derivatives accounted for as cash flow hedge as at June 30, 2026 and December 31, 2025.

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

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

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid or combined instrument is not recognized as at FVPL.

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

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

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

The Group has embedded derivatives as at June 30, 2026 and December 31, 2025.

Derivative Instruments Accounted for as Cash Flow Hedges

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

June 30, 2026	**Maturity** **1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Total**
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	**US$80**	**US$ -**	**US$1,635**	**US$1,715**
Average strike rate	**P51.35 to P59.00**	**-**	**P55.35 to P63.15**	
Interest rate risk:				
Interest rate options:				
Notional amount	**US$225**	**US$350**	**US$700**	**US$1,275**
Interest rate	**0.39% to 2.91%**	**0.50% to 5.80%**	**0.50% to 6.01%**	
Foreign currency and interest rate risks:				
Non-deliverable swap and options:				
Notional amount	**JPY -**	**JPY8,500**	**JPY53,100**	**JPY61,600**
Average strike rate	**P -**	**P0.3809**	**P0.3809 to P0.53326**	
Fixed interest rate	**-**	**6.25%**	**6.32% to 6.40%**	

December 31, 2025	Maturity 1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Total
Foreign currency risk:				
Non-deliverable call spreads:				
Notional amount	US$40	US$40	US$935	US$1,015
Average strike rate	P51.35 to P55.40	P54.30 to P59.00	P55.35 to P61.845	
Interest rate risk:				
Interest rate options:				
Notional amount	US$225	US$ -	US$1,050	US$1,275
Interest rate	0.39% to 2.91%	-	0.50% to 6.25%	
Foreign currency and interest rate risks:				
Non-deliverable swap and options:				
Notional amount	JPY -	JPY -	JPY61,600	JPY61,600
Average strike rate	P -	P -	P0.3809 to P0.53326	
Fixed interest rate	-	-	6.25% to 6.40%	

The following are the amounts relating to hedged items:

June 30, 2026	**Change in Fair Value Used for Measuring Hedge Ineffectiveness**	**Hedging Reserve**	**Cost of Hedging Reserve**
Foreign currency risk:			
US Dollar-denominated borrowings	**(P3,394)**	**P -**	**(P2,978)**
Interest rate risk:			
US Dollar-denominated borrowings	**14**	**151**	**6**
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	**559**	**-**	**(19)**

December 31, 2025	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US Dollar-denominated borrowings	(P970)	P -	(P953)
Interest rate risk:			
US Dollar-denominated borrowings	79	200	(247)
Foreign currency and interest rate risks:			
Japanese Yen-denominated borrowings	400	-	(447)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

June 30, 2026	**Notional Amount**	**Carrying Amount**		**Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included**	**Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income**	**Cost of Hedging Recognized in Other Comprehensive Income**	**Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income**	**Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income**	**Line Item in the Consolidated Statement of Income Affected by the Reclassification**
		Assets	**Liabilities**						
Foreign currency risk:									
Non-deliverable call spreads	**US$1,715**	**P4,634**	**P -**	Prepaid expenses and other current assets and Other noncurrent assets - net	**P3,394**	**(P3,045)**	**(P3,394)**	**P345**	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate options	**US$1,275**	**211**	**(1)**	Prepaid expenses and other current assets, Other noncurrent assets - net, and Other noncurrent liabilities	**(14)**	**337**	**(51)**	**-**	Interest expense and other financing charges
Foreign currency and interest rate risks:									
Non-deliverable swap and options	**JPY61,600**	**41**	**(67)**	Other noncurrent assets - net and Other noncurrent liabilities	**(559)**	**571**	**559**	**-**	Interest expense and other financing charges

December 31, 2025	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Non-deliverable call spreads	US$1,015	P2,375	P -	Prepaid expenses and other current assets and Other noncurrent assets - net	P970	(P747)	(P970)	P479	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate options	US$1,275	125	(187)	Prepaid expenses and other current assets, Other noncurrent assets - net, and Other noncurrent liabilities	(79)	84	(161)	-	Interest expense and other financing charges
Foreign currency and interest rate risks:									
Non-deliverable swap and options	JPY61,600	-	(597)	Other noncurrent liabilities	(400)	(597)	400	-	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized for the periods ended June 30, 2026 and 2025 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	June 30, 2026		December 31, 2025	
	Hedging Reserve	**Cost of Hedging Reserve**	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	**P200**	**(P1,647)**	P380	(P1,061)
Changes in fair value:				
Foreign currency risk	**3,394**	**(3,045)**	970	(747)
Interest rate risk	**(14)**	**337**	(79)	84
Foreign currency and interest rate risks	**(559)**	**571**	(400)	(597)
Amount reclassified to profit or loss	**(2,886)**	**345**	(731)	479
Tax effect	**16**	**448**	60	195
Ending balance	**P151**	**(P2,991)**	P200	(P1,647)

Derivative Instruments Not Designated as Hedges

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

Freestanding Derivatives

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

Interest Rate Swaps

The Group has outstanding interest rate swaps with aggregate notional amount of US$375, US$225 and US$75 as at June 30 and March 31, 2026 and December 31, 2025, respectively. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2030. The net positive (negative) fair value of these swaps amounted to (P47), (P41) and P15 as at June 30 and March 31, 2026 and December 31, 2025, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US$1,244, US$1,800 and US$1,322 as at June 30 and March 31, 2026 and December 31, 2025, respectively, and with various maturities in 2026. The net positive (negative) fair value of these currency forwards amounted to P21, P1,979 and (P446) as at June 30 and March 31, 2026 and December 31, 2025, respectively.

Currency Options

The Group has outstanding currency options with aggregate notional amount of US$2,178, US$2,390 and US$1,003 as at June 30 and March 31, 2026 and December 31, 2025, respectively, and with various maturities in 2026. The net positive (negative) fair value of these currency options amounted to P15, P50 and (P27) as at June 30 and March 31, 2026 and December 31, 2025, respectively.

Commodity Swaps

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

The outstanding notional quantity of fuel oil was 61.0 million barrels, 91.8 million barrels and 116.5 million barrels as at June 30 and March 31, 2026 and December 31, 2025, respectively. The net negative fair value of these swaps amounted to P269, P267 and P198 as at June 30 and March 31, 2026 and December 31, 2025, respectively.

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

Embedded Currency Forwards
The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$187, US$180 and US$118 as at June 30 and March 31, 2026 and December 31, 2025, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P393, P422 and P185 as at June 30 and March 31, 2026 and December 31, 2025, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to P2,239, (P2,853), P1,958, and (P951) for the periods ended June 30, 2026 and 2025, and March 31, 2026 and 2025, respectively (Note 3).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of year	**P875**	P765
Net change in fair value of derivatives:		
Designated as accounting hedge	**2,594**	52
Not designated as accounting hedge	**2,239**	(1,008)
	5,708	(191)
Less fair value of settled instruments	**1,563**	(1,066)
Balance at end of period	**P4,145**	P875

Fair Value Measurements
The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

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

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The table below analyzes financial instruments carried at fair value by valuation method:

	June 30, 2026			December 31, 2025		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial Assets						
Derivative assets	**P -**	**P6,644**	**P6,644**	P -	P3,664	P3,664
Financial assets at FVPL	**396**	**497**	**893**	398	488	886
Financial assets at FVOCI	**28,217**	**7,354**	**35,571**	28,397	7,373	35,770
Financial Liabilities						
Derivative liabilities	**-**	**2,499**	**2,499**	-	2,789	2,789

The Group has no financial instruments valued based on Level 3 as at June 30, 2026 and December 31, 2025. For the period ended June 30, 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. Event After the Reporting Date

Issuance of SMC2V Preferred Shares, SMC2W Preferred Shares and SMC2X Preferred Shares by the Parent Company

On August 3, 2026, the Parent Company issued and listed on the PSE 192,269,030 SMC2V Preferred Shares, 104,558,760 SMC2W Preferred Shares, and 103,172,210 SMC2X Preferred Shares (the “Offer Shares”). The shares were issued at P75.00 per share, for a total amount of P30,000, with dividend rates per annum of 8.0401%, 8.3570% and 8.6483%, respectively.

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

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

The net proceeds from the issuance will be used for: (a) the refinancing of existing short-term loans incurred to redeem SMC2I Preferred Shares in March 2026; (b) the repayment of Series C and Series J Bonds maturing in March 2027; and (c) additional investments in the Infrastructure business, including the Manila International Airport and other airport-related projects in Bulakan, Bulacan.

11. Other Matters

a. Commitments

   The outstanding purchase commitments of the Group amounted to P188,217 and P181,959 as at June 30, 2026 and December 31, 2025, respectively.

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

b. There were no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

c. There were no material changes in estimates of amounts reported in prior financial years.

d. Certain accounts in prior years have been reclassified for consistency with the current period presentation to provide more reliable and relevant information and better referencing to other information in the selected notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

e. The impact of the United States of America-Israel-Iran conflict in the performance of the Group for the second quarter of 2026 is discussed in the Management's Discussion and Analysis of Financial Position and Financial Performance.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of June 30, 2026 and December 31, 2025 for liquidity, solvency and profitability ratios and for the periods ending June 30, 2026 and 2025 for operating efficiency ratios.

	June 30, 2026	December 31, 2025
Liquidity:		
Current Ratio	**1.31**	1.23
Quick Ratio	**0.89**	0.84
Solvency:		
Debt to Equity Ratio	**2.77**	2.65
Asset to Equity Ratio	**3.77**	3.65
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**3.69%**	13.63%
Interest Rate Coverage Ratio	**1.91**	2.24
Return on Assets	**2.29%**	3.50%

	Periods Ended June 30	
	2026	2025
Operating Efficiency:		
Volume Growth (Decline)	**4%**	(6%)
Revenue Growth (Decline)	**34%**	(9%)
Operating Margin	**11%**	12%

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

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

Forward

KPI	Formula
Interest Rate Coverage Ratio	$\dfrac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\dfrac{\text{Net Income*}}{\text{Average Total Assets}}$
Volume Growth	$\left(\dfrac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}}\right) -1$
Revenue Growth	$\left(\dfrac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}}\right) -1$
Operating Margin	$\dfrac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* *Annualized for interim reporting*

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

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended June 30, 2026 (with comparative figures as at December 31, 2025 and for the period ended June 30, 2025). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at June 30, 2026, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards Accounting Standards have been omitted.

I. 2026 SIGNIFICANT TRANSACTIONS

In 2026, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

FOREIGN CURRENCY-DENOMINATED LOANS

- **SMC**

  On March 11 and April 1, 2026, SMC drew a total of US$1,500 million from the loan facility executed on December 3, 2025, subject to a floating interest rate and will mature in December 2030. The proceeds of the loan will be used for general corporate purposes.

- **San Miguel Global Power Holdings Corp. (San Miguel Global Power)**

  On April 8 and June 26, 2026, San Miguel Global Power drew a total of US$500 million from the loan facility executed on March 26, 2026, subject to a floating interest rate and will mature in March 2029. The net proceeds of the loan will be used for financing and/or refinancing renewable energy projects, including hydro, wind, and solar power plants awarded under the Department of Energy's Green Energy Auction Program (GEAP).

- **Petron Corporation (Petron)**

  On June 26, 2026, Petron drew the US$200 million loan facility executed on June 19, 2026. The loan is subject to a fixed interest rate and amortized over five years with a two-year grace period. The proceeds of the loan were used for the repayment of existing indebtedness and for general corporate purposes.

PESO TERM LOANS

- **San Miguel Global Power**

  On March 31, 2026, San Miguel Global Power availed of a P20,000 million term loan subject to a fixed interest rate and with maturities up to seven years. The proceeds of the loan were used to partially finance capital expenditures and for general corporate requirements pertaining to the pipeline of renewable energy projects awarded under the GEAP.

ISSUANCE OF SERIES N, SERIES O AND SERIES P FIXED RATE PESO-DENOMINATED BONDS BY SAN MIGUEL GLOBAL POWER

On April 17, 2026, San Miguel Global Power issued and listed on the Philippine Dealing & Exchange Corp. a total of P30,000 million Fixed Rate Peso-denominated Bonds. The bonds consist of: (i) P14,607 million Series N Bonds due in 2031 with an interest rate of 7.6264% per annum; (ii) P5,505 million Series O Bonds due in 2033 with an interest rate of 7.8682% per annum; and (iii) P9,888 million Series P Bonds due in 2036 with an interest rate of 8.1761% per annum.

The net proceeds of issuance of the bonds were used for payment of: (i) P6,923 million Series J Bonds on April 24, 2026; and (ii) transaction-related fees, costs and expenses. The remaining balance were used for: (i) payment of Series C Bonds on July 13, 2026; and (ii) partial funding of renewable energy projects, including hydro and solar power plants.

PAYMENT OF MATURING OBLIGATIONS

During the first half of 2026, the Group paid a total of P54,335 million of its scheduled amortizations and maturing obligations, funded through loan proceeds and cash generated from operations.

ISSUANCE AND REDEMPTION OF PREFERRED SHARES

Issuance of Redeemable Preferred Shares by GP Renewable Power Corp. (GP Renewable)

On various dates in 2026, GP Renewable issued redeemable preferred shares amounting to P36,299 million which will be used for renewable energy projects and for general corporate purposes.

The redeemable preferred shares are: (a) non-voting, except in those cases expressly required under Section 6 of the Revised Corporation Code; (b) not convertible to any class or series of common shares or preferred shares; (c) redeemable at the option of the issuer at any time upon determination by Board of Directors (BOD) of GP Renewable, at a redemption price equivalent to the issue price; (d) shall have no pre-emptive right to any issue or disposition of any share of any class of the issuer; and (e) in case of dissolution and liquidation, the holder of the redeemable preferred shares shall be entitled to be paid in full, or ratably to the extent that the remaining assets of the issuer will permit, the issue price, without being entitled to any preference over holders of common shares in the distribution of assets.

Redemption of Series "2" Preferred Shares - Subseries "2-I" (SMC2I Preferred Shares) by SMC

On March 30, 2026, SMC redeemed 169,333,400 SMC2I Preferred Shares issued on March 30, 2016 at a redemption price of P75.00 per share. Cash dividends were also paid together with the redemption proceeds on the said redemption date. The redemption was approved by the BOD of SMC on January 15, 2026.

The SMC2I Preferred Shares were redeemed using a portion of the proceeds from the US$1,000 million term loan drawn on March 11, 2026 under the US$1,500 million loan facility and short-term loans.

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

Redemption of Series 3B Preferred Shares by Petron

On June 25, 2026, Petron redeemed 6,597,000 Series 3B Preferred Shares issued in June 2019 at a redemption price of P1,000.00 per share. The redemption was approved by the BOD of Petron on May 5, 2026.

The Series 3B Preferred Shares were redeemed using cash generated from operations.

<u>ISSUANCE AND REDEMPTION OF CAPITAL SECURITIES</u>

ENERGY

a. On January 20, 2026, San Miguel Global Power issued US$300 million (P17,837 million) Senior Perpetual Capital Securities (SPCS) with an initial distribution rate of 8.375% per annum. The securities were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on January 21, 2026.

   The net proceeds from the issuance were used for the redemption on January 20, 2026 of the remaining US$300 million (P15,107 million) securities, out of the US$600 million SPCS issued in January 2020.

b. On June 17, 2026, San Miguel Global Power issued US$430 million (P25,969 million) SPCS (the "Securities"), at an issue price of 100%, with an initial distribution rate of 8.875% per annum, payable pursuant to the terms of the agreement. On the same day, the Securities were used in part for the exchange of certain existing SPCS amounting to US$271 million (P12,875 million) and the repurchase of certain existing SPCS amounting to US$154 million (P7,282 million) (the "Tender Offers") pursuant to the Exchange and Tender Offers. The Securities were listed on the SGX-ST on June 18, 2026.

   The remaining proceeds were used for the payment of: (i) costs and expenses related to the issuance of the securities; (ii) accrued distribution in respect of the securities that was accepted for exchange and repurchase; and (iii) pre-development costs of solar and hydropower energy projects and capital expenditures related to battery energy storage system (BESS) projects.

c. On May 5, 2026, SMC Global Light and Power Corp. issued a US$500 million (P30,653 million) Redeemable Perpetual Capital Securities (RPCS), with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement. The proceeds of the issuance will be used to fund the development of the renewable energy projects.

PETRON

On April 19, 2026, Petron redeemed US$163 million (P7,755 million) SPCS issued in April 2021, as approved by Petron's BOD on March 3, 2026. Cash distributions were also paid together with the redemption proceeds on the said redemption date.

The SPCS were redeemed using cash generated from operations.

EVENT AFTER THE REPORTING DATE

Issuance of Series "2" Preferred Shares - Subseries "2-V" (SMC2V Preferred Shares), Subseries "2-W" (SMC2W Preferred Shares), and Subseries "2-X" (SMC2X Preferred Shares) by the Parent Company

On August 3, 2026, the Parent Company issued and listed on the PSE 192,269,030 SMC2V Preferred Shares, 104,558,760 SMC2W Preferred Shares, and 103,172,210 SMC2X Preferred Shares (the "Offer Shares"). The shares were issued at P75.00 per share, for a total amount of P30,000 million, with dividend rates per annum of 8.0401%, 8.3570% and 8.6483%, respectively.

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

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

The net proceeds from the issuance will be used for: (a) the refinancing of existing short-term loans incurred to redeem SMC2I Preferred Shares in March 2026; (b) the repayment of Series C and Series J Bonds maturing in March 2027; and (c) additional investments in the Infrastructure business, including the Manila International Airport and other airport-related projects in Bulakan, Bulacan.

II. FINANCIAL PERFORMANCE

2026 vs. 2025

	For the Periods Ended June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	**2026**	**2025**	**Amount**	**%**	**2026**	**2025**
Sales	**P964,102**	P718,205	P245,897	34%	**100%**	100%
Cost of sales	**(808,828)**	(583,338)	225,490	39%	**(84%)**	(81%)
Gross profit	**155,274**	134,867	20,407	15%	**16%**	19%
Selling and administrative expenses	**(52,985)**	(47,209)	5,776	12%	**(6%)**	(7%)
Operating income	**102,289**	87,658	14,631	17%	**10%**	12%
Interest expense and other financing charges	**(51,236)**	(48,929)	2,307	5%	**(5%)**	(7%)
Interest income	**9,035**	7,842	1,193	15%	**1%**	1%
Equity in net earnings of associates and joint ventures	**7,255**	5,139	2,116	41%	**1%**	1%
Gain on sale of property and equipment	**686**	866	(180)	(21%)	**0%**	0%
Other income (charges) - net	**(21,210)**	31,653	(52,863)	(167%)	**(2%)**	4%
Income before income tax	**46,819**	84,229	(37,410)	(44%)	**5%**	11%
Income tax expense	**(9,145)**	(17,462)	(8,317)	(48%)	**(1%)**	(2%)
Net Income	**P37,674**	P66,767	(P29,093)	(44%)	**4%**	9%
Net income attributable to:						
Equity holders of the Parent Company	**P11,092**	P40,780	(P29,688)	(73%)	**1%**	6%
Non-controlling interests	**26,582**	25,987	595	2%	**3%**	3%
Net Income	**P37,674**	P66,767	(P29,093)	(44%)	**4%**	9%

The Group's consolidated sales for the first half of 2026 amounted to P964,102 million, reflecting a 34% increase compared to the same period last year. The increase was primarily driven by: (a) Petron's higher average selling prices and a 6% growth in sales volume, particularly from the trading transactions of Petron Singapore Trading Pte. Ltd. (PSTPL) and retail sales; (b) recognition by the Energy business of additional revenues for the recovery of the incremental power supply costs incurred in 2022; (c) full six months revenues from new Power Supply Agreements (PSAs) of Mariveles, Masinloc and San Roque Power Plants that took effect in June, August and September 2025, respectively; (d) full six months revenues of the five BESS facilities that commenced commercial operations in 2025; and (e) strong volume growth in the Food division.

The Group's cost of sales increased by P225,490 million or 39% mainly due to Petron on account of higher average cost per liter and higher volume of petroleum products sold.

The increase in selling and administrative expenses by P5,776 million was mainly due to higher: (a) salaries and employee benefits and depreciation primarily attributable to the new facilities of the Group; (b) contracted services of the Energy business; and (c) handling costs from volume and rate increases, and stepped-up advertising and promotional expenses of the Food and Beverage business.

Consolidated operating income increased by 17% year-on-year to P102,289 million, driven mainly by the increased revenues, better contracted margins, and increased contributions from the BESS facilities of the Energy business. This was partially offset by lower margins of Petron, resulting from higher cost of products sold and reduced production at the refineries, compounded by the deepening tensions in the Middle East.

The increase in interest expense and other financing charges by P2,307 million was mainly due to the higher interest expense incurred by SMC from new loans availed of starting July 2025.

The increase in interest income by P1,193 million was mainly due to higher interest rates and average balances of money market placements of the Energy business and SMC.

The increase in equity in net earnings of associates and joint ventures by P2,116 million was primarily due to the recognition of the Group's share in the net income of Excellent Energy Resources Inc. (EERI) and South Premiere Power Corp. (SPPC) for six months, compared with approximately five months in 2025, following its deconsolidation.

The gain on sale of property and equipment, amounting to P686 million and P866 million in 2026 and 2025, respectively, mainly represents gains recognized on the sale of land, machinery and equipment, and transportation equipment.

Other charges - net of P21,210 million in 2026 was a turnaround from the other income - net of P31,653 million in 2025. This mainly pertains to the one-time gain of P21,933 million from the fair valuation of the residual 33% ownership interests in SPPC, EERI and Ilijan Primeline Industrial Estate Corp. (IPIEC) in 2025 and a net foreign exchange loss in 2026, compared with a net foreign exchange gain in 2025.

The decrease in income tax expense by P8,317 million was mainly due to the deferred income tax benefit recognized on higher unrealized foreign exchange loss by SMC.

Consolidated net income declined to P37,674 million, compared to P66,767 million last year, mainly on account of the: (a) one-time gain from the fair valuation of the investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power’s ownership interest from 100% to 33%; and (b) net foreign exchange loss in 2026, compared with a net foreign exchange gain in 2025. These were partially mitigated by the income from recovery of the incremental power supply costs by the Energy business, and improved operations of the Infrastructure business and the Food division.

Net income attributable to equity holders of the Parent Company decreased to P11,092 million primarily due to lower consolidated net income.

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

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) has remained resilient through the first half of the year despite persistent inflation, slower economic growth, and the effects of the United States of America (US)-Israel-Iran conflict on its international operations. Consolidated sales rose by 2%, from P201,200 million for the six months ended June 30, 2025, to P205,254 million for the same period in 2026. The overall increase was mainly driven by sustained volume gains in the Food division and favorable selling prices across all divisions.

Consolidated operating income and consolidated net income declined to P28,811 million and P22,052 million, respectively.

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

San Miguel Brewery Inc. (SMB) posted consolidated revenues of P73,654 million, 1% lower than in the same period last year. This was mainly due to the slower consumer spending in the second quarter which affected consumption in the local market, while supply chain disruptions caused by the Middle East conflict impacted international operations.

Consequently, consolidated income from operations and consolidated net income decreased to P14,372 million and P11,447 million, respectively.

Domestic Operations
Domestic sales reached P65,973 million, at par with the same period last year, as the price increase in January 2026 offset a 5% easing in volume. The softer volumes in the second quarter of 2026 were partly due to the inventory build-up in the trade in December 2025 in anticipation of the January price adjustment. Moreover, the hikes in fuel prices, inflation and other uncertainties from the ongoing conflict in the Middle East continued to temper consumer spending on discretionary items, weighing on demand for the period.

International Operations
SMB’s international operations recorded consolidated revenues of US$128.5 million in the first half of 2026, 11% lower than in the same period in 2025. This was mainly driven by softer export volumes, partially offset by a favorable market mix. The US-Israel-Iran conflict tempered shipments to the Middle East Region, which declined by 29% or 2.6 million cases, below year-ago levels.

b) Spirits Division

Ginebra San Miguel Inc. (GSMI) maintained consolidated revenues of P32,335 million, at the same level as last year's P32,235 million, primarily driven by higher selling prices, which partially mitigated the negative impact of unfavorable market conditions during the period.

Consolidated operating income and consolidated net income rose to P5,360 million and P4,381 million, respectively.

c) **Food Division**

The Food division delivered consolidated revenues of P99,267 million for the first half of 2026, 5% higher than the same period in 2025, driven by strong volume growth in the Animal Nutrition and Health and Dairy segments, complemented by favorable selling prices across the Prepared and Packaged Food segment.

Consolidated operating income increased by 2% to P8,833 million.

The Protein segment, comprising the poultry and fresh meats, posted revenues 5% lower than the same period in 2025. Poultry sales volumes registered modest growth, supported by sustained demand from the food service and wet market channels and adequate internal supply. However, significantly higher imports of frozen chicken meat resulted in elevated industry supply, putting pressure on chicken selling prices and weighing on revenue performance. Meanwhile, the Fresh Meats benefited from improved selling prices, partly offsetting lower sales volumes as operations remained on a scaled-down level due to the continuing impact of African Swine Fever (ASF).

The Animal Nutrition and Health segment recorded revenues 26% higher than in the same period last year. Strong performance of hog feeds, driven by hog repopulation, improved distribution and strong trade execution, boosted volume achievement. Broiler and layer feeds likewise contributed to volume expansion. Strategic pricing was maintained to protect market share, supported by favorable costs of most major raw materials.

The Prepared and Packaged Food segment, consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads and coffee, delivered revenues 5% higher than the same period in 2025. Magnolia, Inc.'s cheese, salad aids, milk, margarine, flour mixes and all-purpose cream, as well as San Miguel Super Coffeemix Co., Inc.'s Sugarfree and Barako brands, posted volume growth. The Purefoods-Hormel Company, Inc. (PF-Hormel) Purefoods Luncheon Meat and Star Corned Beef likewise exceeded same period year-ago volumes, while high-value products such as Purefoods Pinoy Favorites and SPAM further improved product mix. Stable selling prices and better sales mix across the Prepared and Packaged Food segment likewise supported topline growth.

2. **PACKAGING**

The Packaging business' first-half consolidated revenues remained steady at P19,314 million, as strong gains from international operations offset lower demand in its core domestic businesses, particularly in the glass segment.

Despite cost-saving initiatives, lower demand and significantly higher fuel and power rates weighed on the business and more than offset these measures. As a result, consolidated operating income declined to P1,151 million.

3. ENERGY

San Miguel Global Power's consolidated revenues for the first half of 2026 amounted to P101,856 million, higher by 27% from same period in 2025. The increase in revenues primarily represents the: (i) contributions from new PSAs from the Mariveles, Masinloc and San Roque Power Plants that took effect in June, August and September 2025, respectively; (ii) revenues from sales to the Reserve Market of the five BESS facilities which commenced operations in 2025; and (iii) revenues for the recovery of incremental power supply costs incurred in 2022. This was partially offset by lower revenues from: (i) Ilijan and Batangas Power Plants which contributed a month's worth of revenues in 2025 prior to its deconsolidation in January 2025; (ii) Sual and Limay Power Plants due to the cessation of PSAs with certain distribution utilities in January 2026 and the first half of 2025, respectively; and (iii) lower spot sales.

Consolidated income from operations of P41,968 million for the first half of 2026 increased by 90% from the same period in 2025, driven by improved margins on contracted capacities, higher contributions from BESS facilities mainly through sales in the Reserve Market, as well as the revenues from the recovery of previously incurred power supply costs.

Consequently, the consolidated net income for the first half of 2026 decreased to P32,151 million or by 7%, from P34,573 million reported for the same period last year.

4. FUEL AND OIL

For the first half of 2026, global oil market was initially marked with oversupply concerns until lingering tensions in the Middle East escalated into a direct military attack of the US and Israel against Iran in late February. As a result, traffic through the Strait of Hormuz, where approximately 20% of the world oil supply passes, was severely disrupted, significantly affecting Middle East oil exports. The destruction of oil refineries and infrastructures within the conflict area and neighboring countries further pushed the international oil prices up to record-high levels in March and remained elevated in April to May. Premium and freight also rose due to heightened supply risk and logistical challenges. However, by June, prices began to decline as ceasefire negotiations progressed, the US–Iran Memorandum of Understanding was signed, and the partial reopening of the Strait of Hormuz alleviated fears of prolonged supply disruptions.

Petron's consolidated operating income for the six months ending June 30, 2026 declined by 17% to P12,640 million while consolidated net income of P3,811 million was 27% lower than the P5,252 million posted in the previous year. The increase in crude and product import costs, and operating expenses coupled with lower production volume from both its Port Dickson Refinery in Malaysia and Bataan refinery owing to the temporary shutdown and scheduled maintenance in the first quarter, respectively, negatively impacted the operations.

Consolidated sales volume went up by 6% to 67.9 million barrels (MMB) from 64.2 MMB in the first half of 2025 mainly attributable to the increase in PSTPL's trading transactions and growth in retail sales, which more than offset the lower volume from other domestic trades and export sales.

Consolidated revenues surged by 57% to P605,891 million from last year's P386,395 million prompted by the high fuel prices due to the ongoing conflict in the Middle East, additional sales volume and the higher foreign exchange rate.

5. INFRASTRUCTURE

The Infrastructure business operating toll roads in the first half of 2026 reflected the partial impact of higher fuel prices that started in March amid the ongoing Middle East conflict. As a result, traffic volumes slightly dropped by 1% to 1,070,355 vehicles. Despite softer traffic, consolidated revenues increased by 3% to P20,522 million, while consolidated operating income remained steady at P11,124 million.

Traffic volumes have begun to improve as fuel prices, though still elevated, have eased significantly from the surge seen in previous months.

6. CEMENT

The Cement business posted first-half consolidated revenues of P18,150 million, up by 2% year-on-year, driven by higher sales volume. The volume growth more than offset the decline in average selling prices, which remained under pressure by intense market competition.

The increase in volume was supported by solid performance across all three operating subsidiaries, with the Cement business gaining market share as imported traded cement volumes remained low following the implementation of anti-dumping duties in February, even as overall market demand weakened.

Despite higher consolidated revenues, consolidated operating income declined by 9% to P3,164 million, primarily due to elevated raw material and power costs resulting from heightened geopolitical tensions in the Middle East.

2025 vs. 2024

	For the Periods Ended June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	2025	2024	Amount	%	2025	2024
Sales	P718,205	P789,021	(P70,816)	(9%)	100%	100%
Cost of sales	(583,338)	(655,195)	(71,857)	(11%)	(81%)	(83%)
Gross profit	134,867	133,826	1,041	1%	19%	17%
Selling and administrative expenses	(47,209)	(48,737)	(1,528)	(3%)	(7%)	(6%)
Operating income	87,658	85,089	2,569	3%	12%	11%
Interest expense and other financing charges	(48,929)	(47,645)	1,284	3%	(7%)	(6%)
Interest income	7,842	7,324	518	7%	1%	1%
Equity in net earnings of associates and joint ventures	5,139	1,237	3,902	315%	1%	0%
Gain on sale of investments and property and equipment	866	58	808	1393%	0%	0%
Other income (charges) - net	31,653	(24,387)	56,040	230%	4%	(3%)
Income before income tax	84,229	21,676	62,553	289%	11%	3%
Income tax expense	(17,462)	(8,098)	9,364	116%	(2%)	(1%)
Net Income	P66,767	P13,578	P53,189	392%	9%	2%
Net income (loss) attributable to:						
Equity holders of the Parent Company	P40,780	(P8,703)	P49,483	569%	6%	(1%)
Non-controlling interests	25,987	22,281	3,706	17%	3%	3%
Net Income	P66,767	P13,578	P53,189	392%	9%	2%

The Group's consolidated sales for the first half of 2025 amounted to P718,205 million, reflecting a 9% decline compared to the same period in 2024. The decrease was primarily due to: (a) lower sales volume and average selling prices of Petron; (b) lower sales of the Energy business following the deconsolidation of SPPC effective January 27, 2025, as well as lower spot rates and realization prices due to continued softening of coal prices; and (c) to a lesser extent, lower sales of SMB and the Cement business. The decrease was partially offset by the strong performance of the Food division and GSMI, driven by higher average selling prices and volumes, as well as steady traffic growth and price increase of the Infrastructure business.

The Group's cost of sales decreased by P71,857 million or 11% mainly due to: (a) Petron on account of decrease in volume sold and lower average cost per liter of petroleum products; and (b) the Energy business on account of: (i) the deconsolidation of SPPC; (ii) lower generation cost of Sual Power Inc., Limay Power Inc. and Masinloc Power Co. Ltd. (MPCL) as a result of the decrease in global coal prices in 2025, partially offset by the costs of the Batangas Combined Cycle Power Plant (BCCPP) of EERI prior to its deconsolidation and full six months operations of Units 1, 2, 3 and 4 of Mariveles Power Generation Corporation.

The increase in interest income by P518 million was primarily due to higher average balance of cash and cash equivalents of the Energy business, partially offset by the lower average balance of money market placements of the Infrastructure business.

The increase in equity in net earnings of associates and joint ventures by P3,902 million was mainly due to the share in the net income of SPPC, EERI and IPIEC for about five months.

The increase in gain on sale of investments and property and equipment by P808 million pertains mainly to the disposal of transportation equipment and land.

Other income - net of P31,653 million was a turnaround from the other charges - net of P24,387 million in 2024. This mainly pertains to the P21,933 million gain recognized from the fair valuation of the residual 33% ownership interests in SPPC, EERI and IPIEC and the net foreign exchange gain in 2025, compared with the net foreign exchange loss recognized in the same period in 2024 mainly from the revaluation of foreign currency-denominated long-term debt of SMC, the Energy business and Petron.

The increase in income tax expense by P9,364 million mainly pertains to the deferred income tax on unrealized gains from the revaluation of foreign currency-denominated long-term debt, which was a turnaround from income tax benefit in the same period in 2024 mainly from unrealized losses on the revaluation of foreign currency-denominated long-term debt of SMC.

Consolidated net income significantly increased to P66,767 million in the first half of 2025, from P13,578 million in the same period in 2024. The increase was primarily driven by: (a) gain recognized from the fair valuation of the investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33%; and (b) net foreign exchange gain in the first half of 2025, compared with a net loss in the same period in 2024.

Net income attributable to equity holders of the Parent Company of P40,780 million was a turnaround from the net loss of P8,703 million in the comparative period in 2024. This was primarily due to higher consolidated net income, partially offset by the increase in the share of non-controlling interests (NCI) on the Group’s net income.

The increase in the net income attributable to NCI by P3,706 million was mainly due to the distribution on RPCS of San Miguel Global Power.

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

1. FOOD AND BEVERAGE

SMFB delivered strong results for the first half of 2025, with consolidated net sales reaching P201,200 million, a 4% increase from 2024.

This topline growth, combined with effective cost management and a better sales mix, lifted consolidated income from operations by 13% to P30,041 million. Consolidated net income rose by 15% to P22,964 million.

a) Beer and NAB Division

SMB delivered consolidated revenues of P74,588 million for the first half of 2025, 1% lower than 2024. The second quarter of 2025 showed a turnaround with positive growth, supported by the domestic price increase implemented in September 2024.

Consolidated operating income rose by 2% to P16,214 million, driven by better pricing and lower raw material costs. Consolidated net income improved by 3% to P12,984 million from P12,563 million in 2024.

Domestic Operations
SMB's domestic operations revenues reached P66,332 million, down by 1% from 2024. The softer performance was due to weaker economic and discretionary spending. To offset these challenges, SMB intensified its volume-generating and brand-building programs.

International Operations
SMB's international operations performed strongly, with revenues of US$145 million, up by 2% from 2024. Growth was driven by improved volumes in South China and stronger brand sales in Vietnam.

b) Spirits Division

For the first half of 2025, GSMI delivered a strong performance, navigating a challenging local spirits market. Consolidated net sales increased by 7% to P32,235 million, driven by higher selling prices and the continued strength of the brand portfolio. A modest increase in volume, helped lift the market share, reinforcing the leadership position in the industry.

Consolidated income from operations rose by 12% to P4,952 million, while consolidated net income grew by 16% to P4,247 million.

c) Food Division

The Food division sustained its growth momentum in the first half of 2025, with revenue, operating income, and net income all surpassing results in 2024.

Consolidated revenues reached P94,379 million, up by 7% from the same period in 2024. This was fueled by volume growth in most businesses and favorable pricing for chicken and branded products.

Consolidated operating income rose by 41% to P8,648 million, driven largely by Poultry's strong performance, tailwinds from lower raw material prices, and improved efficiencies in the company-owned facilities. As a result, consolidated net income surged by 53% to P5,994 million.

The Protein segment delivered mid-teens increase in revenue, supported by favorable chicken prices and strong demand from food service chains and supermarkets. These gains more than offset the continued weakness in Fresh Meats, which remained challenged by ASF.

The Animal Nutrition and Health segment revenue remained subdued, reflecting soft demand for hog feeds. However, an uptrend in sales volumes was seen since May 2025, buoyed by the strong growth of other feed segments, particularly, broiler and layer feeds. Hog feeds has also begun posting month-on-month growth.

The Flour segment revenue grew low single digit, driven by optimized capacity utilization and competitive pricing that boosted volumes.

The Prepared and Packaged Food segment continued to post strong results. Magnolia and Coffee sustained double-digit revenue growth led by butter, cheese, salad aids, cream, ice cream, and coffee. Purefoods revenue rose mid-single digit, driven by strong demand for canned meats, particularly corned beef and luncheon meat, as well as refrigerated meats like hams, bacon, and Pinoy favorites, tapa, tocino, and longanisa.

2. PACKAGING

The Packaging business sustained its growth momentum, posting a 7% increase in consolidated revenues to P19,284 million in the first half of 2025. The improvement was boosted by strong volume growth from the glass, plastics, and beverage filling segments.

Consolidated operating income recorded double-digit growth, climbing to P1,592 million.

3. ENERGY

San Miguel Global Power’s consolidated revenues fell by 19% to P80,147 million, with offtake volumes dropping by 15% to 14,773 gigawatt hours. The decline was primarily due to the divestment and resulting deconsolidation of SPPC. This was made with the completion of the divestment of 67% interest in the underlying gas power generation assets last January 27, 2025.

Moreover, the decline in revenues reflects a downward adjustment in fuel tariffs to bilateral customer due to the continued softening of global coal prices. These were compensated by revenue contributions from the: (a) full six-month operations of four generation units of the Mariveles Greenfield Power Plant and three BESS facilities; (b) additional five BESS facilities that commenced commercial operations in the first half of 2025; and (c) Units 1 and 2 of the BCCPP of EERI, which are 33% owned by the Group following the aforesaid divestment in January 2025, were declared operational on December 29, 2024 and January 7, 2025, respectively.

Consolidated operating income came in at P22,120 million, down by 4% due to the impact of the deconsolidation.

Consolidated net income surged to P34,573 million, mainly due to the P21,933 million one-time gain from the fair valuation of the investments in SPPC, EERI and IPIEC following the dilution of San Miguel Global Power's ownership interest from 100% to 33% as well as net earnings recognized by the Group mainly from its 33% equity interest retained in the deconsolidated Ilijan Power Plant and the new BCCPP. Excluding the aforesaid gain, consolidated net income still rose significantly by 70% to P12,640 million.

4. FUEL AND OIL

Petron in the first half of 2025 reported consolidated revenues of P386,395 million, a 13% decline from the same period in 2024. The drop in revenues was mainly due to the price decline in Dubai crude prices, which dropped by 14% to US$72 per barrel in the first half of 2025 from US$83 per barrel in the comparative period in 2024. Crude oil prices declined amid weakening global demand and market oversupply following the lifting of voluntary production cuts by Organization of the Petroleum Exporting Countries+ member countries.

The combined sales volume from the Philippines and Malaysia rose by 3% to 56.2 MMB versus 54.7 MMB in 2024, fueled particularly by Petron’s strong retail performance in the Philippines. Including trading transactions of PSTPL, consolidated sales volume ended at 64.2 MMB, down by 7% from 69.1 MMB in 2024.

Consolidated operating income declined by 13% to P15,146 million in first half of 2025. Consolidated net income finished at P5,252 million. Despite the contractions, Petron maintained its strong profitability.

5. INFRASTRUCTURE

The Infrastructure business sustained its growth trajectory, with consolidated revenues rising by 7%, buoyed by the improved traffic volumes across all toll roads. Combined average daily traffic reached 1,077,148 vehicles, marking a 4% increase from 2024.

Consolidated operating income rose by 13% to P11,142 million, supported by effective operational management and cost control.

6. CEMENT

The Cement business generated consolidated net sales of P17,822 million for the first half of 2025, a 6% decrease from the comparable period in 2024, due to lower sales volumes and weaker average selling prices. The decline in volume, driven by pricing pressures, resulted from heightened competition amid the continued influx of imported traded cement, and was further weighed down by subdued market demand. Consolidated operating income fell by 12% to P3,493 million.

III. FINANCIAL POSITION

2026 vs. 2025

	June 30	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	**2026**	**2025**	**Amount**	**%**	**2026**	**2025**
Cash and cash equivalents	**P453,901**	P351,715	P102,186	29%	**15%**	13%
Trade and other receivables - net	**284,212**	247,559	36,653	15%	**10%**	9%
Inventories	**203,453**	145,800	57,653	40%	**7%**	5%
Current portion of biological assets - net	**3,141**	3,074	67	2%	**0%**	0%
Prepaid taxes and licenses	**100,332**	103,105	(2,773)	(3%)	**3%**	4%
Prepaid expenses and other current assets	**38,379**	31,689	6,690	21%	**1%**	1%
Total Current Assets	**1,083,418**	882,942	200,476	23%	**36%**	32%
Investments and advances - net	**143,697**	127,258	16,439	13%	**5%**	5%
Investments in equity and debt instruments	**47,673**	47,862	(189)	(0%)	**2%**	2%
Property, plant and equipment - net	**821,757**	808,450	13,307	2%	**27%**	30%
Right-of-use assets - net	**44,523**	44,210	313	1%	**2%**	1%
Investment property - net	**96,521**	96,431	90	0%	**3%**	3%
Biological assets - net of current portion	**2,694**	2,661	33	1%	**0%**	0%
Goodwill - net	**186,738**	186,145	593	0%	**6%**	7%
Other intangible assets - net	**371,379**	359,842	11,537	3%	**12%**	13%
Contract assets	**75,309**	69,563	5,746	8%	**3%**	3%
Deferred tax assets	**29,603**	23,196	6,407	28%	**1%**	1%
Other noncurrent assets - net	**92,839**	77,600	15,239	20%	**3%**	3%
Total Noncurrent Assets	**1,912,733**	1,843,218	69,515	4%	**64%**	68%
Total Assets	**P2,996,151**	P2,726,160	P269,991	10%	**100%**	100%
Loans payable	**P275,972**	P230,592	P45,380	20%	**9%**	8%
Accounts payable and accrued expenses	**263,091**	254,023	9,068	4%	**9%**	9%
Lease liabilities - current portion	**8,783**	7,994	789	10%	**0%**	0%
Income and other taxes payable	**44,845**	41,753	3,092	7%	**2%**	2%
Dividends and distributions payable	**3,771**	4,639	(868)	(19%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**229,458**	176,286	53,172	30%	**8%**	7%
Total Current Liabilities	**825,920**	715,287	110,633	15%	**28%**	26%

Forward

(Amounts in Millions)	June 30 2026	December 31 2025	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2026	2025
Long-term debt - net of current maturities and debt issue costs	**P1,292,969**	P1,181,010	P111,959	9%	**43%**	43%
Lease liabilities - net of current portion	**25,462**	27,837	(2,375)	(9%)	**1%**	1%
Deferred tax liabilities	**31,000**	29,303	1,697	6%	**1%**	1%
Other noncurrent liabilities	**26,903**	25,383	1,520	6%	**1%**	1%
Total Noncurrent Liabilities	**1,376,334**	1,263,533	112,801	9%	**46%**	46%
Total Liabilities	**2,202,254**	1,978,820	223,434	11%	**74%**	72%
Capital stock - common	**16,443**	16,443	-	0%	**1%**	1%
Capital stock - preferred	**10,187**	10,187	-	0%	**0%**	0%
Additional paid-in capital	**177,151**	177,151	-	0%	**6%**	6%
Equity reserves	**5,449**	15,624	(10,175)	(65%)	**0%**	1%
Retained earnings:						
Appropriated	**118,600**	85,931	32,669	38%	**4%**	3%
Unappropriated	**102,103**	129,390	(27,287)	(21%)	**3%**	5%
Treasury stock	**(124,045)**	(111,345)	(12,700)	11%	**(4%)**	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	**305,888**	323,381	(17,493)	(5%)	**10%**	12%
Non-controlling interests	**488,009**	423,959	64,050	15%	**16%**	16%
Total Equity	**793,897**	747,340	46,557	6%	**26%**	28%
Total Liabilities and Equity	**P2,996,151**	P2,726,160	P269,991	10%	**100%**	100%

Consolidated total assets as at June 30, 2026 amounted to P2,996,151 million, P269,991 million higher than December 31, 2025. This was primarily due to the increase in cash and cash equivalents, trade and other receivables, inventories, investments and advances, and other noncurrent assets.

The increase in cash and cash equivalents by P102,186 million was mainly due to proceeds from the net availment of long-term debt and short-term loans and net issuance of capital securities and preferred shares by the Energy business. This was reduced by the capital expenditures for the ongoing projects of the Energy and Infrastructure businesses, net redemption of capital securities and preferred shares by Petron and SMC, and payment of dividends and distributions.

The increase in trade and other receivables - net by P36,653 million was primarily due to higher receivables recognized by: (a) Petron, due to increased trade customer balances resulting from higher sales volumes and prices, higher non-trade receivables, and additional subsidy claims from the Malaysian Government; and (b) the Energy business, following the recovery of incremental power supply costs incurred in 2022. The increase was partially offset by the collection of power sales and supply cost recovery receivables arising from spot and bilateral sales by the Energy business.

The increase in inventories by P57,653 million was attributable mainly to: (a) Petron's increased prices and higher volumes of crude oil and finished products; (b) the Food division's higher material costs, as well as higher finished goods levels across the Food and Beverage business as sales offtake trailed December’s seasonal peak; and (c) the Energy business' higher coal inventories attributable to increased purchases from various shipments and higher average coal price.

The increase in prepaid expenses and other current assets by P6,690 million was primarily due to the net increase in restricted cash, which was mainly set aside for debt servicing requirements of the Energy business.

The increase in investments and advances - net by P16,439 million was mainly due to: (a) advances made by the Energy business and SMC to certain companies, which will be applied against future stock subscriptions; (b) additional investments made by San Miguel Global Power in EERI; and (c) the recognition of San Miguel Global Power's share in the net income of EERI and SPPC.

The increase in contract assets by P5,746 million pertains to costs of the Mass Rail Transit Line 7 (MRT 7) Project.

The increase in deferred tax assets by P6,407 million was mainly due to the deferred income tax recognized on unrealized losses arising from the revaluation of foreign currency-denominated long-term debt and short-term loans, partially offset by the deferred income tax recognized on unrealized gains arising from the revaluation of foreign currency-denominated cash and cash equivalents of SMC.

The increase in other noncurrent assets - net by P15,239 million was primarily due to the additional advances to contractors and suppliers mainly for the power-related projects of the Energy business.

The increase in loans payable by P45,380 million was mainly due to the net availments by Petron.

The increase in income and other taxes payable by P3,092 million was mainly due to the higher sales taxes of Petron Malaysia, partially offset by the lower Value-Added Tax (VAT) and income tax payable of SMB.

The decrease in dividends and distributions payable by P868 million was mainly due to the payment in January 2026 of dividends declared in November 2025 to the preferred shareholders of SMC, partially offset by the dividends declared by: (a) PF-Hormel to its common shareholders in April 2026, payable in December 2026; and (b) San Miguel Brewing International Limited to its common shareholders in June 2026, payable in July 2026.

The increase in total long-term debt, net of debt issue costs, by P165,131 million was primarily due to the net availments made by the Group and translation adjustments of foreign currency-denominated loans.

The decrease in total lease liabilities by P1,586 million was primarily due to payments made by San Roque Hydropower Inc. to Power Sector Assets and Liabilities Management (PSALM) under the Independent Power Producer Administration (IPPA) Agreement, partially offset by new lease contract of Petron and the Infrastructure business.

The increase in deferred tax liabilities by P1,697 million was mainly due to the utilization of Minimum Corporate Income Tax and Net Operating Loss Carry-over by Petron.

The increase in other noncurrent liabilities by P1,520 million was mainly due to the new derivative contracts entered into by SMC in 2026 and additional advance payments received by the Energy business in relation to the disposal of certain real estate properties.

The decrease in equity reserves by P10,175 million was mainly due to the loss recognized on the redemption and exchange of capital securities by the Energy business and Petron, and the loss on cash flow hedges by SMC.

The increase in appropriated retained earnings by P32,669 million was attributable to the appropriations made for the: (a) New Decongestion Facilities Project by SMC Tollways Corporation; and (b) Pangasinan Poultry Processing Plant by the Food division, partially offset by the net reversal of appropriations for loans paid by SMB in March 2026.

The decrease in unappropriated retained earnings by P27,287 million was mainly due to net appropriations of retained earnings and dividends and distributions declared, partially offset by the net income attributable to equity holders of the Parent Company during the period.

The increase in treasury stock by P12,700 million represents the redemption of 169,333,400 SMC2I Preferred Shares at P75.00 per share on March 30, 2026.

The decrease in equity attributable to equity holders of the Parent Company by P17,493 million was mainly due to the: (a) redemption of preferred shares and dividends declared to holders of common and preferred shares of SMC; and (b) loss recognized on the redemption and exchange of capital securities by the Energy business and Petron. These were partially offset by the share in the net income earned in 2026.

The increase in NCI by P64,050 million was mainly due to the net issuance of capital securities and preferred shares by San Miguel Global Power, as well as the share of NCI in the Group’s net income and other comprehensive income. This was partially offset by the dividends and distributions declared to NCI and the net redemption of Petron’s preferred shares and capital securities.

2025 vs. 2024

	June 30	December 31	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(Amounts in Millions)	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P321,139	P293,677	P27,462	9%	13%	11%
Trade and other receivables - net	242,903	266,981	(24,078)	(9%)	9%	10%
Inventories	157,400	178,355	(20,955)	(12%)	6%	7%
Current portion of biological assets - net	3,427	3,241	186	6%	0%	0%
Prepaid taxes and licenses	105,786	126,022	(20,236)	(16%)	4%	5%
Prepaid expenses and other current assets	30,419	32,158	(1,739)	(5%)	1%	1%
Total Current Assets	861,074	900,434	(39,360)	(4%)	33%	34%
Investments and advances - net	108,584	52,948	55,636	105%	4%	2%
Investments in equity and debt instruments	21,126	21,050	76	0%	1%	1%
Property, plant and equipment - net	801,698	891,450	(89,752)	(10%)	31%	33%
Right-of-use assets - net	43,218	43,302	(84)	(0%)	2%	1%
Investment property - net	88,161	87,909	252	0%	3%	3%
Biological assets - net of current portion	2,612	2,652	(40)	(2%)	0%	0%
Goodwill - net	185,182	184,994	188	0%	7%	7%
Other intangible assets - net	347,047	340,496	6,551	2%	13%	13%
Contract assets	63,475	56,028	7,447	13%	2%	2%
Deferred tax assets	18,844	22,045	(3,201)	(15%)	1%	1%
Other noncurrent assets - net	76,765	73,622	3,143	4%	3%	3%
Total Noncurrent Assets	1,756,712	1,776,496	(19,784)	(1%)	67%	66%
Total Assets	P2,617,786	P2,676,930	(P59,144)	(2%)	100%	100%
Loans payable	P215,544	P293,230	(P77,686)	(26%)	8%	11%
Accounts payable and accrued expenses	246,724	289,038	(42,314)	(15%)	9%	11%
Lease liabilities - current portion	6,472	11,736	(5,264)	(45%)	0%	0%
Income and other taxes payable	37,831	43,628	(5,797)	(13%)	2%	2%
Dividends and distributions payable	5,221	5,160	61	1%	0%	0%
Current maturities of long-term debt - net of debt issue costs	125,230	94,123	31,107	33%	5%	4%
Total Current Liabilities	637,022	736,915	(99,893)	(14%)	24%	28%

Forward

(Amounts in Millions)	June 30 2025	December 31 2024	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2025	2024
Long-term debt - net of current maturities and debt issue costs	P1,163,526	P1,173,146	(P9,620)	(1%)	45%	44%
Lease liabilities - net of current portion	28,701	30,809	(2,108)	(7%)	1%	1%
Deferred tax liabilities	27,514	34,861	(7,347)	(21%)	1%	1%
Other noncurrent liabilities	23,129	24,758	(1,629)	(7%)	1%	1%
Total Noncurrent Liabilities	1,242,870	1,263,574	(20,704)	(2%)	48%	47%
Total Liabilities	1,879,892	2,000,489	(120,597)	(6%)	72%	75%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,442	-	0%	7%	6%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	(4,519)	(5,275)	756	14%	(0%)	(0%)
Retained earnings:						
Appropriated	85,276	79,849	5,427	7%	3%	3%
Unappropriated	140,447	89,413	51,034	57%	5%	3%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of the Parent Company	339,724	282,507	57,217	20%	13%	10%
Non-controlling interests	398,170	393,934	4,236	1%	15%	15%
Total Equity	737,894	676,441	61,453	9%	28%	25%
Total Liabilities and Equity	P2,617,786	P2,676,930	(P59,144)	(2%)	100%	100%

Consolidated total assets as at June 30, 2025 amounted to P2,617,786 million, P59,144 million lower than December 31, 2024. This was primarily due to the decrease in trade and other receivables, inventories, prepaid taxes and licenses and property, plant and equipment, partially offset by the increase in cash and cash equivalents and investments and advances.

The increase in cash and cash equivalents by P27,462 million to P321,139 million was mainly due to the cash generated from operations, proceeds from redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC issued to San Miguel Global Power, proceeds from net availment of long-term debt and collection of advances. This was reduced by the capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and the Food division, investment in 32.98% equity interest in Linseed Field Corporation (LFC), net payment of short-term loans and payment of interests, dividends and distributions, taxes and lease liabilities.

The decrease in trade and other receivables - net by P24,078 million was mainly attributable to the: (a) lower trade receivable balance brought by lower volume sold by Petron and lower receivable from the Malaysian Government due to subsidy claims received; and (b) net effect of deconsolidation of SPPC and EERI's receivables following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025.

The decrease in inventories by P20,955 million was attributable mainly to: (a) Petron's lower volume and prices of crude oil and finished products; and (b) the deconsolidation of SPPC and EERI.

The increase in total biological assets by P146 million was driven by expansion of growing capacity and higher volume of flocks loaded as compared to December 31, 2024 balances.

The decrease in prepaid taxes and licenses by P20,236 million was primarily due to: (a) the deconsolidation of SPPC and EERI; and (b) Petron's lower excise tax claims from sales to tax-exempt entities and input VAT, partially offset by increase in creditable withholding taxes.

The decrease in prepaid expenses and other current assets by P1,739 million was primarily due to the deconsolidation of SPPC.

The increase in investments and advances - net by P55,636 million mainly pertains to the 33% equity interests in SPPC, EERI and IPIEC, following the dilution of San Miguel Global Power's ownership interest effective January 27, 2025, and the investment in 32.98% equity interest in LFC.

The decrease in property, plant and equipment - net by P89,752 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by the costs of the ongoing projects of the Energy business.

The increase in contract assets by P7,447 million pertains to costs of the MRT 7 Project.

The decrease in deferred tax assets by P3,201 million was mainly due to the deferred income tax on unrealized gains on the revaluation of foreign currency-denominated long-term debt of SMC.

The decrease in loans payable by P77,686 million was mainly due to the net payment made by the Group.

The decrease in accounts payable and accrued expenses by P42,314 million was mainly due to the deconsolidation of SPPC and EERI, partially offset by net additional payables to contractors of ongoing construction projects of the Energy business and higher outstanding liabilities to contractors and suppliers of Petron.

The decrease in income and other taxes payable by P5,797 million was mainly due to the deconsolidation of SPPC, net payment of withholding tax payable of the Energy business and lower accrued taxes of Petron.

The increase in total long-term debt, net of debt issue costs, by P21,487 million was primarily due to the net availments made by the Group, reduced by the translation adjustments on foreign currency-denominated loans.

The decrease in total lease liabilities by P7,372 million was primarily due to payments made to PSALM by the entities of the Energy business under the IPPA Agreement.

The decrease in deferred tax liabilities by P7,347 million was mainly due to the deconsolidation of SPPC, partially offset by the increase in the deferred tax liabilities from temporary differences on lease-related expenses in relation to the IPPA Agreement of the Energy business.

The decrease in other noncurrent liabilities by P1,629 million was mainly due to the release of retention payable to contractors for the completed projects of the Infrastructure business.

The increase in equity reserves by P756 million was mainly due to the gain on exchange differences on the translation of foreign operations.

The increase in appropriated retained earnings by P5,427 million was attributable to the appropriations made for the South Luzon Expressway Widening Project by SMC SLEX Inc. and for payment of loans in December 2029 and December 2031, partially reduced by the reversal of appropriation for loans paid in March 2025 by SMB.

The increase in unappropriated retained earnings by P51,034 million was mainly due to net income attributable to equity holders of the Parent Company and the gain recognized by San Miguel Global Power on the redemption of investment in redeemable preferred shares of SPPC, EERI and IPIEC, partially reduced by the dividends and distributions declared and net appropriations of retained earnings in 2025.

The increase in equity attributable to equity holders of the Parent Company by P57,217 million was mainly due to the net income earned in 2025 and net gain on the redemption of investment in redeemable preferred shares held by San Miguel Global Power, reduced by the dividends and distributions declared to holders of common and preferred shares, and SPCS of SMC.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(In Millions)	**For the Periods Ended June 30**	
	2026	2025
Net cash flows provided by (used in) operating activities	**(P2,312)**	P63,509
Net cash flows provided by (used in) investing activities	**(77,307)**	43,150
Net cash flows provided by (used in) financing activities	**176,210**	(76,460)

Net cash flows provided by (used in) operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including payments of interest, other financing charges and income taxes.

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

(In Millions)	**For the Periods Ended June 30**	
	2026	2025
Additions to:		
Property, plant and equipment	**(P39,596)**	(P24,467)
Investments and advances	**(21,346)**	(10,178)
Other intangible assets	**(15,708)**	(11,740)
Advances to contractors and suppliers	**(11,126)**	(2,082)
Contract assets	**(3,638)**	(4,724)
Investment property	**(1,750)**	(2,070)
Investments in debt instruments	**(987)**	(463)
Increase in other noncurrent assets and others	**(9,402)**	(9,728)
Cash and cash equivalents of deconsolidated subsidiaries	**-**	(5,679)
Collection of advances	**9,326**	12,084
Interest received	**8,684**	7,718
Net proceeds of:		
Sale of property and equipment	**3,970**	3,430
Maturity and disposal of investments	**1,324**	445
Redemption of investment in redeemable preferred shares held by a subsidiary	**-**	78,717
Dividends received	**2,942**	11,887

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

(In Millions)	**For the Periods Ended June 30**	
	2026	2025
Net proceeds of long-term debt	**P130,172**	P34,971
Net proceeds of issuance of capital securities of subsidiaries	**49,394**	5,750
Net proceeds (payments) of short-term loans	**43,368**	(72,766)
Net issuance of preferred shares of a subsidiary	**36,299**	-
Redemption of capital securities of subsidiaries	**(27,631)**	(6,288)
Cash dividends and distributions paid to non-controlling shareholders	**(24,453)**	(20,339)
Redemption of preferred shares	**(12,700)**	-
Cash dividends and distributions paid	**(7,335)**	(6,444)
Redemption of preferred shares of a subsidiary	**(6,597)**	-
Payments of lease liabilities	**(4,169)**	(9,132)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	**(138)**	(1,093)
Acquisition of treasury shares of a subsidiary	**-**	(1,119)

The effect of exchange rate changes on cash and cash equivalents amounted to P5,595 million and (P2,737 million) for the periods ended June 30, 2026 and 2025, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II "Financial Performance" and III "Financial Position" for the discussion of certain Key Performance Indicators.

	June 30, 2026	December 31, 2025
Liquidity:		
Current Ratio	**1.31**	1.23
Quick Ratio	**0.89**	0.84
Solvency:		
Debt to Equity Ratio	**2.77**	2.65
Asset to Equity Ratio	**3.77**	3.65
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	**3.69%**	13.63%
Interest Rate Coverage Ratio	**1.91**	2.24
Return on Assets	**2.29%**	3.50%

	For the Periods Ended June 30	
	2026	2025
Operating Efficiency:		
Volume Growth (Decline)	**4%**	(6%)
Revenue Growth (Decline)	**34%**	(9%)
Operating Margin	**11%**	12%

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

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

* *Annualized for interim reporting.*

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P188,217 million as at June 30, 2026.

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

b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

c. There were no known events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2025.

d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations, except for the impact of the US-Israel-Iran conflict as discussed below:

   The escalation of geopolitical tensions in the Middle East, following the joint attack of the US and Israel on Iran on February 28, 2026, resulted in significant volatility in global oil and gas markets. This market instability was driven primarily by concerns over supply chain disruptions arising from traffic restrictions through the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes.

   During the first half of 2026, the conflict affected certain operations of the Group through higher fuel, raw material and power costs, margin pressures, and supply chain and shipping disruptions. The resulting increases in fuel prices, inflation and other uncertainties from the ongoing conflict also contributed to slower consumer spending and weaker demand for certain discretionary products.

   In light of these developments, management continues to closely monitor the situation and assess its implications on the Group's operations and financial position. It shall also continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

   Higher oil and fuel prices have affected and may continue to affect the Group's working capital requirements and operating costs. These impacts may be further influenced by depreciation of the Philippine Peso, as crude oil and fuel purchases and a portion of the Group's borrowings are denominated in US Dollars. The Group manages its exposure to commodity price and foreign currency fluctuations using derivative instruments under its risk management strategies.

   The Group remains focused on ensuring supply chain reliability, pursuing diversification of crude and product sourcing, optimizing inventory levels, and implementing operational and cost management initiatives. The Group continues to adopt prudent risk management measures to mitigate the adverse effects of the conflict.

   Considering the continuing uncertainty over the duration and extent of the conflict and its potential effects on global commodity prices, supply chains and financial markets, while certain impacts have already been reflected in the Group's results for the first half of 2026, the Group is currently unable to reliably estimate the potential additional financial impact on its financial position, financial performance, and cash flows for subsequent reporting periods.

e. There are no significant elements of income or loss that did not arise from continuing operations.

f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicality on the interim operations of the Group's businesses are not material.

g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.